

1 **Appendix A**

2 **Educational and Professional Background**

3 **James J. Cunningham, Jr.**

4

5 I am a graduate of Bentley University, Waltham, Massachusetts, and I hold a
6 Bachelor of Science-Accounting Degree. I joined the Commission in 1988. In
7 1995, I completed the NARUC Annual Regulatory Studies Program and
8 Michigan State University, sponsored by the National Association of Regulatory
9 Utility Commissioners. In 1998 I completed the Depreciation Studies Program,
10 sponsored by the Society of Depreciation Professionals, Washington, D.C., of
11 which I am a member. I have reviewed and provided direct testimony on a
12 variety of topics pertaining to New Hampshire electric, natural gas, steam, and
13 water utilities. In 2008, I was promoted to my current position of Utility Analyst.
14 Prior to joining the Commission I was employed by the General Electric
15 Company (GE). While at GE, I completed the Financial Management Training
16 Program and held assignments in General Accounting, Government Accounting
17 & Contracts and Financial Analysis.

18

19

20

21

22

23

1

Appendix B

2

Testimony of James J. Cunningham, Jr.

3

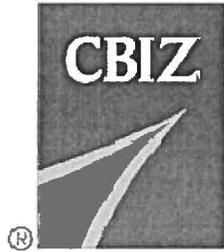
4 **Staff 8-39.1**

5 **Staff 8-39.2**

6 **Staff 8-39.3**

7 **Staff 8-42**

8 **Staff Tech 3-21**



CBIZ Cottonwood

NEW HAMPSHIRE PARTICIPANTS
IN THE
LIBERTY UTILITIES DEFINED BENEFIT PENSION PLAN

2017 EXPENSE

AUGUST 2017



CBIZ Cottonwood
CBIZ Benefits & Insurance Services, Inc.
6900 College Boulevard, Suite 300
Ph: 913.345.0500 • F: 913.354.0172
www.cbiz.com/retirement

August 31, 2017

Ms. Chantal Van Staveren
Director, Financial Reporting
Liberty Algonquin Business Services
354 Davis Road, Suite 100
Oakville, Ontario L6J 2X1

Dear Ms. Van Staveren:

This report provides actuarial information for the fiscal year ending December 31, 2017 for the New Hampshire portion of the Liberty Utilities Defined Benefit Pension Plan.

The purpose of this report is to provide Liberty Utilities Co. with the expense information under ASC 715 for 2017. The information in this report is only appropriate for purposes of expense and disclosure since it may differ significantly from calculations made for purposes of plan funding, governmental reporting, and/or other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices. The employee data was provided by the Company and the Plan asset data was provided by the Plan's Trustee. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. The valuation is based on the provisions of the plan as of the end of the year, including any changes agreed to on or before that date. Each actuarial assumption used in this valuation is reasonably related to the past experience of the Plan and represents reasonable expectations of future experience under the Plan.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of our work.

Respectfully submitted,

CBIZ Cottonwood

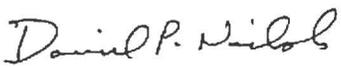
By 
Daniel P. Nichols, F.S.A.
Enrollment Number 17-03073

Table of Contents

	<u>PAGE</u>
INTRODUCTION AND COMMENTS	1
DEVELOPMENT OF 2017 EXPENSE	2

Introduction and Comments

This report outlines the pension expense for the New Hampshire participants in the Liberty Utilities Defined Benefit Pension Plan for 2017.

PARTICIPANT AND ASSET DATA

The Net Periodic Pension Cost for the fiscal year ending December 31, 2017 is based upon an actuarial valuation performed as of January 1, 2017. The participant census data and plan asset information were collected as of January 1, 2017.

ACTUARIAL METHODS

The information presented in this report is calculated in accordance with the methods specified in ASC-715. Where ASC-715 provides alternative methods, it was assumed Liberty Utilities has adopted the following policies:

- The market-related value of assets is defined as the market value of plan assets as provided by the Trustee.
- The unrecognized net obligation at transition, gains or losses in excess of the 10% corridor and prior service cost were amortized over the average expected future years of service on a straight-line basis.
- There are no substantial commitments for benefits other than as stated in this report.

ACTUARIAL ASSUMPTIONS

The discount rate used for determining 2017 expense is 4.00%. The remaining actuarial assumptions used for this report are summarized in Appendix C of the December 31, 2016 disclosure report issued January 16, 2017.

PLAN PROVISIONS

The Plan Provisions utilized in these calculations are summarized in Appendix D of the December 31, 2016 disclosure report issued January 16, 2017.

2017 Pension Expense (Income)

	Granite <u>State</u>	<u>EnergyNorth</u>	<u>Total</u>
Service Cost	250,415	238,873	489,288
Interest Cost	1,362,312	2,547,030	3,909,342
Expected Return on Assets	(1,710,807)	(3,252,858)	(4,963,665)
Amortization:			
Prior Service Cost	(84,673)	(205,651)	(290,324)
Actuarial Losses/(Gains)	116,930	85,269	202,199
Total Expense (Income)	(65,823)	(587,337) *	(653,160)



NEW HAMPSHIRE PARTICIPANTS
IN THE
LIBERTY UTILITIES CASH BALANCE PENSION PLAN

2017 EXPENSE

AUGUST 2017



CBIZ Cottonwood
CBIZ Benefits & Insurance Services, Inc.
6900 College Boulevard, Suite 300
Ph: 913.345.0500 • F: 913.354.0172
www.cbiz.com/retirement

August 24, 2017

Ms. Chantal Van Staveren
Director, Financial Reporting
Liberty Algonquin Business Services
354 Davis Road, Suite 100
Oakville, Ontario L6J 2X1

Dear Ms. Van Staveren:

This report provides actuarial information for the fiscal year ending December 31, 2017 for the New Hampshire portion of the Liberty Utilities Cash Balance Pension Plan.

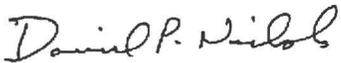
The purpose of this report is to provide Liberty Utilities Co. with the expense information under ASC 715 for 2017. The information in this report is only appropriate for purposes of expense and disclosure since it may differ significantly from calculations made for purposes of plan funding, governmental reporting, and/or other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices. The employee data was provided by the Company and the Plan asset data was provided by the Plan's Trustee. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. The valuation is based on the provisions of the plan as of the end of the year, including any changes agreed to on or before that date. Each actuarial assumption used in this valuation is reasonably related to the past experience of the Plan and represents reasonable expectations of future experience under the Plan.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of our work.

Respectfully submitted,

CBIZ Cottonwood

By 

Daniel P. Nichols, F.S.A.
Enrollment Number 17-03073

Table of Contents

	<u>PAGE</u>
INTRODUCTION AND COMMENTS	1
DEVELOPMENT OF 2017 EXPENSE	2

Introduction and Comments

This report outlines the pension expense for the New Hampshire participants in the Liberty Utilities Cash Balance Pension Plan for 2017.

PARTICIPANT AND ASSET DATA

The Net Periodic Pension Cost for the fiscal year ending December 31, 2017 is based upon an actuarial valuation performed as of January 1, 2017. The participant census data and plan asset information were collected as of January 1, 2017.

ACTUARIAL METHODS

The information presented in this report is calculated in accordance with the methods specified in ASC-715. Where ASC-715 provides alternative methods, it was assumed Liberty Utilities has adopted the following policies:

- The market-related value of assets is defined as the market value of plan assets as provided by the Trustee.
- The unrecognized net obligation at transition, gains or losses in excess of the 10% corridor and prior service cost were amortized over the average expected future years of service on a straight-line basis.
- There are no substantial commitments for benefits other than as stated in this report.

ACTUARIAL ASSUMPTIONS

The discount rate used for determining 2017 expense is 3.70%. The remaining actuarial assumptions used for this report are summarized starting on page 20 of the December 31, 2016 disclosure report issued January 12, 2017.

PLAN PROVISIONS

The Plan Provisions utilized in these calculations are summarized starting on page 35 of the December 31, 2016 disclosure report issued January 12, 2017.

2017 Pension Expense

	Granite <u>State</u>	<u>EnergyNorth</u>	<u>Total</u>
Service Cost	380,780	823,042	1,203,822
Interest Cost	52,972	100,293	153,265
Expected Return on Assets	(50,203)	(108,523)	(158,726)
Amortization:			
Prior Service Cost	-0-	-0-	-0-
Actuarial Losses/(Gains)	9,275	21,276	30,551
Total Expense (Income)	392,824	836,088	1,228,912



**LIBERTY UTILITIES
(NEW HAMPSHIRE)
OTHER POSTEMPLOYMENT BENEFIT PLAN**

2017 EXPENSE

SEPTEMBER 2017



CBIZ Cottonwood
CBIZ Benefits & Insurance Services, Inc.
6900 College Boulevard, Suite 300
Ph: 913.345.0500 • F: 913.354.0172
www.cbiz.com/retirement

August 24, 2016

This report provides preliminary actuarial information for the fiscal year ending December 31, 2017 for the Liberty Utilities (New Hampshire) Other Post-Employment Benefit Plan.

The purpose of this report is to provide Liberty Utilities Co. with expense information under ASC 715 for 2017. The information in this report is only appropriate for purposes of expense and disclosure since it may differ significantly from calculations made for purposes of plan funding, governmental reporting, and/or other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principals and practices. The employee data was provided by the Company, Plan asset data was provided by the Plan's Trustee and claims cost development was provided by Michael Round, ASA, MAAA of Rational Systems, Inc. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. The valuation is based on the provisions of the plan as of the beginning of the year, including any changes agreed to on or before that date. Each actuarial assumption used in this valuation is reasonably related to the past experience of the Plan and represents reasonable expectations of future experience under the Plan.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of our work.

Respectfully submitted,

CBIZ Cottonwood

By *Randall C. Conner*
Randall C. Conner, A.S.A., M.A.A.A.
Enrollment Number 17-04456

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION AND COMMENTS	1
DEVELOPMENT OF 2017 OPEB EXPENSE	2
APPENDIX A – PLAN SUMMARY	
APPENDIX B – ACTUARIAL ASSUMPTIONS & METHODS	

INTRODUCTION AND COMMENTS

This report outlines OPEB expense for 2017 under ASC Topic 715.

PARTICIPANT AND ASSET DATA

The Net Periodic Postretirement Benefit Cost for the fiscal year ending December 31, 2017 is based upon an actuarial valuation performed as of January 1, 2017. The participant census data and plan asset information were collected as of January 1, 2017.

ACTUARIAL METHODS

The information presented in this report is calculated in accordance with the methods specified in ASC-715. Where ASC-715 provides alternative methods, it was assumed Liberty Utilities has adopted the following policies:

- The market-related value of assets is defined as the market value of plan assets as provided by the Trustee.
- The unrecognized net obligation at transition, gains or losses in excess of the 10% corridor and prior service cost were amortized over the average expected future years of service on a straight-line basis.
- There are no substantial commitments for benefits other than as stated in this report.

ACTUARIAL ASSUMPTIONS

The discount rate used for determining 2017 expense is 4.03%. The remaining actuarial assumptions used for this report are summarized in Appendix B.

PLAN PROVISIONS

The Plan Provisions utilized in these calculations are summarized in Appendix A.

2017 OPEB EXPENSE

	<u>Granite State</u>	<u>EnergyNorth</u>	<u>Total</u>
Service Cost	244,998	63,133	308,131
Interest Cost	657,408	272,121	929,529
Expected Return on Assets	(419,672)	(9,226)	(428,898)
Amortization:			
Prior Service Cost	-0-	-0-	-0-
Actuarial Losses/(Gains)	(92,135)	-0-	(92,135)
Total Expense	390,599	326,028	716,627

Effect on OPEB Expense of a 10-basis point increase in discount rate

OPEB Expense after discount rate change	374,980	328,555	703,535
Increase/(decrease) in expense	(15,619)	2,527	(13,092)

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

Date Request Received: 10/4/17
Request No. Staff 8-42

Date of Response: 10/18/17
Respondent: Tisha Sanderson

REQUEST:

Reference Staff Tech 1-37. Year 2017 values were not provided. Please review response and provide 2017 data in a format consistent with 2015 and 2016 data provided in Response Staff 2-17.

RESPONSE:

Please find the forecasted 2017 values summarized below:

2017 F-16 Forecast		
Account	Account Description	Amount
8840-2-0000-69-5043-9260	Employee pensions and benefits - 401k	\$ 38,330
8840-2-0000-69-5043-9262	ESPP Expense	\$ 22,473
8840-2-0000-69-5043-9263	Opt-Out Credit	\$ 30,206
8840-2-0000-69-5043-9267	Pension	\$ 884,955
8840-2-0000-69-5043-9268	Pension Plan Expenses	\$ 27,369
8840-2-0000-69-5043-9269	401K Match	\$ 747,785
8840-2-0000-69-5044-9260	Group Benefits	\$ 3,893,966
8840-2-0000-69-5044-9262	FAS 106 (Retiree Health Care)	\$ 597,726
8840-2-0000-69-5044-9268	Group Life	\$ 9,895
		\$ 6,252,704



Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Technical Session Set 3

Date Request Received: 11/3/17
Request No. Staff Tech 3-21

Date of Response: 11/15/17
Respondent: Tisha Sanderson

REQUEST:

Reference: Staff 2-17 and Staff 8-42. Staff 8-42 (10/18/2017) indicates that the updated forecast for Group Benefits expense is \$3,893,966. By comparison, the 2016 test year amount is \$3,195,632 (Staff 2-17). Please reconcile these amounts by individual component – i.e., Medical Insurance, Dental/Vision, etc. – and provide an explanation for each variance.

RESPONSE:

Group Benefits Summary	2016	2017	Explanation
Medical Insurance	\$ 2,747,056	\$ 3,353,173	7% increase in insurance participation, 8% insurance premium increase
Dental/Vision/STD/LTD Insurance	\$ 255,526	\$ 277,535	2.5% increase in insurance participation, 8% insurance premium increase
Life Insurance	\$ 186,335	\$ 222,596	3% increase in insurance participation
Tuition Reimbursement	\$ 6,714	\$ 40,662	Increased participation in program
	\$ 3,195,631	\$ 3,893,966	

