

**DE 10-188 Liberty Utilities
Program Year 2 (January 1, 2012 - December 31, 2012) Actual Results**

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**Shareholder Incentive Template - Liberty Utilities
Savings Component**

Gas Savings in MMBTU's resulting from Energy Efficiency Measures Installed in the Program Year

Number of Participants served in the annual program year time period	3,184
MMBTU Savings per Participant Per Year	46.57
Total MMBTU Savings Per Year	<u>148,267</u>
Measure Life of Measures Installed in the annual program year time period	17.94
Grand Total MMBTU Savings Benchmark for Performance Incentive	<u>2,046,801</u>

Electric Savings in kWh's resulting from Energy Efficiency Measures Installed in the Program Year

Number of Participants served in the annual program year time period	-
kWh Savings per Participant Per Year	-
Total kWh Savings Per Year	<u>-</u>
Measure Life of Measures Installed in the annual program year time period	-
Grand Total kWh Savings Benchmark for Performance Incentive	<u>-</u>

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Benefit Cost (B/C) Benchmark for Computing Shareholder Incentives - Liberty Utilities

Residential Programs	footnotes	Low Income	High Efficiency Heating, Water Heating, Controls	Energy Audit w/Home Performance & Weatherization	New Home Construction w/ENERGY STAR	Residential Building Practices & Demo	Total
Benefits:							
Avoided Generation, Transmission & Distribution Costs for:							
Program Participants	(a.)	\$ 450,733	\$ 2,450,258	\$ 2,399,231	\$ 56,729	\$ -	\$ 5,356,952
Market effects (e.g., spillover, post-program adoptions)	(b.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Benefits (including O&M)	(c.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Quantifiable avoided resource costs (e.g., water, electricity)	(d.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adder for other non-quantifiable benefits (e.g., environmental and other)	(e.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Benefits		\$ 450,733	\$ 2,450,258	\$ 2,399,231	\$ 56,729	\$ -	\$ 5,356,952
Costs:							
Program costs (e.g. incentives, admin, monitoring, evaluation for:							
Utility Costs (e.g., for admin, monitoring, evaluation, marketing)	(f.)	\$ 933,440	\$ 884,794	\$ 1,017,640	\$ 34,319	\$ 27,175	\$ 2,897,369
Program participants (e.g., incremental costs not reimbursed)	(g.)	\$ -	\$ 1,277,498	\$ 831,030	\$ 7,608	\$ -	\$ 2,116,136
Market effects (e.g., spillover, post-program adoptions)	(b.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Costs (including O&M)	(c.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Quantifiable additional resource costs (e.g. water, electricity)	(h.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Costs		\$ 933,440	\$ 2,162,292	\$ 1,848,670	\$ 41,927	\$ 27,175	\$ 5,013,505
Utility Shareholder Incentive at the Sector Level	(i.)	n/a	n/a	n/a	n/a	n/a	\$ 231,493
Total Costs Including Utility Shareholder Incentives at Sector Level							\$ 5,244,998
Benefit Cost Ratio by Sector (i.e., B/C Benchmark for Shareholder Incentive Calc.)		0.48	1.13	1.30	1.35	-	1.02

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Benefit Cost (B/C) Benchmark for Computing Shareholder Incentives - Liberty Utilities

C&I Programs	<i>footnotes</i>	Large C&I Retrofit	New Equipment and Construction	Small Business Energy Solutions	Total
Benefits:					
Avoided Generation, Transmission & Distribution Costs for:					
Program Participants	(a.)	\$ 3,403,152	\$ 4,543,421	\$ 1,355,862	\$ 9,302,436
Market effects (e.g., spillover, post-program adoptions)	(b.)	\$ -	\$ -	\$ -	\$ -
Customer Benefits (including O&M)	(c.)	\$ -	\$ -	\$ -	\$ -
Quantifiable avoided resource costs (e.g., water, electricity)	(d.)	\$ -	\$ -	\$ -	\$ -
Adder for other non-quantifiable benefits (e.g., environmental and other)	(e.)	\$ -	\$ -	\$ -	\$ -
Total Benefits		\$ 3,403,152	\$ 4,543,421	\$ 1,355,862	\$ 9,302,436
Costs:					
Program costs (e.g. incentives, admin, monitoring, evaluation for:					
Utility Costs (e.g., for admin, monitoring, evaluation, marketing)	(f.)	\$ 1,532,640	\$ 1,542,168	\$ 253,993	\$ 3,328,801
Program participants (e.g., incremental costs not reimbursed)	(g.)	\$ 1,504,622	\$ 3,643,811	\$ 190,610	\$ 5,339,043
Market effects (e.g., spillover, post-program adoptions)	(b.)	\$ -	\$ -	\$ -	\$ -
Customer Costs (including O&M)	(c.)	\$ -	\$ -	\$ -	\$ -
Quantifiable additional resource costs (e.g. water, electricity)	(h.)	\$ -	\$ -	\$ -	\$ -
Total Costs		\$ 3,037,262	\$ 5,185,979	\$ 444,603	\$ 8,667,844
Utility Shareholder Incentive at the Sector Level	(i.)	n/a	n/a	n/a	\$ 244,509
Total Costs Including Utility Shareholder Incentives at Sector Level					\$ 8,912,353
Benefit Cost Ratio by Sector (i.e., B/C Benchmark for Shareholder Incentive Calc.)		1.12	0.88	3.05	1.04

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MMBTU Savings Benchmark for Computing Shareholder Incentives - Liberty Utilities

Residential Programs	<i>footnotes</i>	Low Income	High Efficiency Heating, Water Heating, Controls	Energy Audit w/Home Performance & Weatherization	New Home Construction w/ENERGY STAR	Residential Building Practices & Demo	Total
Gas Savings in MMBTU's from Measures Installed in the Program Year							
Number of Participants	(j.)	232	1,077	1,186	12	30	2,537
MMBTU Savings per Participant Per Year	(k.)	14	18	14	27	-	16
Total MMBTU Savings Per Year		3,142	19,512	16,723	326	-	39,702
Measure Life of Measures Installed During the Program Year	(i.)	20	18	20	25	-	19
Grand Total MMBTU Savings Benchmark for Performance Incentive		62,832	345,001	334,452	8,160	-	750,445

Electric Savings in kWh's from Measures Installed in the Program Year	
Number of Participants	
kWh Savings per Participant	
Total kWh Savings Per Participant Per Year	-
Measure Life of Measures Installed in the annual program year time period	-
Grand Total kWh Savings Benchmark for Performance Incentive	-

C&I Programs		Large C&I Retrofit	New Equipment and Construction	Small Business Energy Solutions	Total
Number of Participants		58	95	524	677
MMBTU Savings per Participant Per Year		780	352	57	160
Total MMBTU Savings Per Year		45,214	33,443	29,908	108,565
Measure Life of Measures Installed During the Program Year		10	19	6	12
Grand Total MMBTU Savings Benchmark for Performance Incentive		471,060	645,865	179,431	1,296,356

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Footnotes for Budget Benefit Cost Ratio-Liberty Utilities

Residential Programs	Low Income	High Efficiency Heating, Water Heating, Controls	Energy Audit w/Home Performance & Weatherization	New Home Construction w/ENERGY STAR	Residential Building Practices & Demo	Total
Number of Participants*	232	1,077	1,186	12	30	2,537
MMBTU Savings per Participant Per Year**	14	18	14	27	-	16
Total MMBTU Savings Per Year	3,142	19,512	16,723	326	-	39,702
Number of Years in the Measure Life**	20	18	20	25	-	19
Grand Total MMBTU Savings Benchmark for Performance Incentive	62,832	345,001	334,452	8,160	-	750,445
Lifetime Therm Savings	628,320	3,450,012	3,344,520	81,600	-	7,504,452
Rate of Savings per MMBTU ***	\$ 12.45	\$ 12.45	\$ 12.45	\$ 12.45	\$ 12.45	\$ 12.45
Grand Total Dollar Savings	\$ 782,258	\$ 4,295,265	\$ 4,163,927	\$ 101,592	\$ -	\$ 9,343,043

C&I Programs	Large C&I Retrofit	New Equipment and Construction	Small Business Energy Solutions	Total
Number of Participants*	58	95	524	677
MMBTU Savings per Participant Per Year**	780	352	57	160
Total MMBTU Savings Per Year	45,214	33,443	29,908	108,565
Number of Years in the Measure Life**	10	19	6	12
Grand Total MMBTU Savings Benchmark for Performance Incentive	471,060	645,865	179,431	1,296,356
Lifetime Therm Savings	4,710,602	6,458,649	1,794,305	12,963,556
Rate of Savings per MMBTU ***	\$ 12.45	\$ 12.45	\$ 12.45	\$ 12.45
Grand Total Dollar Savings	\$ 5,864,699	\$ 8,041,019	\$ 2,233,910	\$ 16,139,628

* InDemand

** The values are variable for program year measurement purposes and based upon the B/C model assumptions.

*** Source: Per email communication with J.Cunningham. Consistent with 2007 Synapse Avoided Cost Study.

Residential Programs	Low Income	High Efficiency Heating, Water Heating, Controls	Energy Audit w/Home Performance & Weatherization	New Home Construction w/ENERGY STAR	Residential Building Practices & Demo	Total
Number of Participants*	232	1,077	1,186	12	30	2,537
Participant Incremental Cost	\$ -	\$ 1,186	\$ 701	\$ 634	\$ -	\$ 834
Program Participant Cost	\$ -	\$ 1,277,498	\$ 831,030	\$ 7,608	\$ -	\$ 2,116,136

C&I Programs	Large C&I Retrofit	New Equipment and Construction	Small Business Energy Solutions	Total
Number of Participants*	58	95	524	677
Participant Incremental Cost	\$ 25,942	\$ 15,838	\$ 364	\$ 589
Program Participant Cost	\$ 1,504,622	\$ 1,504,622	\$ 190,610	\$ 398,529

Exhibit B - Shareholder Incentive Page 1 of 2

Liberty Utilities Gas Energy Efficiency

Target Shareholder Incentive Year TWO - January 1, 2012 - December 31, 2012

Commercial/Industrial Incentive	<u>Planned</u>	<u>Actual</u>
1. Benefit/Cost Ratio	1.30	1.04
2. Threshold Benefit / Cost Ratio	1.00	
3. Lifetime MMBTU Savings	1,254,438	1,296,356
4. Threshold Lifetime MMBTU Savings (65%)	815,384	
5. Budget / Actual Spend	\$3,496,571	\$3,328,801
6. Benefit / Cost Percentage of Budget	4.00%	
7. Lifetime MMBTU Percentage of Budget	4.00%	
8. C/I Incentive	\$279,726	\$244,509
9. Cap	\$419,589	\$419,589
Residential Incentive		
10. Benefit / Cost Ratio	1.00	1.02
11. Threshold Benefit / Cost Ratio	1.00	
12. Lifetime MMBTU Savings	768,824	750,445
13. Threshold Lifetime MMBTU Savings (65%)	499,736	
14. Budget / Actual Spend	\$3,647,647	\$2,897,369
15. Benefit / Cost Percentage of Budget	4.00%	
16. Lifetime MMBTU Percentage of Budget	4.00%	
17. Residential Incentive	\$291,812	\$231,493
18. Cap	\$437,718	\$437,718
19. TOTAL INCENTIVE	\$571,537	\$476,002

Exhibit B - Shareholder Incentive Page 2 of 2
Liberty Utilities Gas Energy Efficiency
Target Benefit-Cost Ratio by Sector
 Year TWO - January 1, 2012 - December 31, 2012

	<u>Planned</u>	<u>Actual</u>
Commercial & Industrial:		
1. Benefits (Value) From Eligible Programs	\$10,018,382	\$9,302,436
2. Implementation Expenses	\$3,496,571	\$3,328,801
3. Customer Contribution	\$3,921,475	\$5,339,043
4. Shareholder Incentive	\$279,726	\$244,509
5. Total Costs Including Shareholder Incentive	\$7,697,772	\$8,912,353
6. Benefit/Cost Ratio - C&I Sector	1.30	1.07
7. Benefit/Cost Ratio including SI in cost	1.30	1.04
Residential:		
8. Benefits (Value) From Eligible Programs	\$6,422,485	\$5,356,952
9. Implementation Expenses	\$3,647,647	\$2,897,369
10. Customer Contribution	\$2,487,388	\$2,116,136
11. Shareholder Incentive	\$291,812	\$231,493
12. Total Costs Including Shareholder Incentive	\$6,426,847	\$5,244,998
13. Benefit/Cost Ratio - Residential Sector	1.00	1.07
14. Benefit/Cost Ratio including SI in cost	1.00	1.02