

Mr. Gorman has more than 25 years of experience in the energy industry, including 15 years in rate and regulatory proceedings, and more than 30 years overall of professional experience in accounting, finance and rate and regulatory matters.

Mr. Gorman has testified as an expert witness on revenue requirements, class cost of service, revenue allocation and rate design. He has testified as an expert witness before the NYS PSC, and also before the Massachusetts Department of Public Utilities, New Jersey Board of Public Utilities, New Hampshire Public Utilities Commission, Ontario Energy Board, Pennsylvania Public Utility Commission and Rhode Island Public Utilities Commission.

Mr. Gorman also has experience in financial modeling, financial analysis and forecasting, developing accounting systems, competitive service, and treasury and financial management. He is a NYS Certified Public Accountant.

PROFESSIONAL EMPLOYMENT

2010 - Present	HSG Group, Inc. <i>President</i>
1997 - 2010	Black & Veatch Corporation (R.J. Rudden Associates, Inc. before 2005) <i>Principal Consultant</i>
1995 - 1997	<i>Independent Consultant</i>
1987 – 1995	Trigen Energy Corporation 1987-1993 <i>Corporate Controller</i> ; Trigen was formed in 1987 1993-1995 <i>Treasurer</i> ; Trigen had IPO with NYSE listing in 1994
1982 - 1987	Coleco Industries, Inc. <i>Director, Treasury</i>
1976 - 1979	Touche Ross & Co. <i>Staff Accountant</i>

PROFESSIONAL EXPERIENCE

Utility Accounting and Costing

Mr. Gorman has performed numerous class cost of service studies for electric and gas utilities, and has also developed and supported revenue requirements, revenue allocation proposals and rate designs. These assignments included development of test year data, establishment of cost causality, selection of allocation bases, development of allocators, and analysis of customer impacts and policy considerations.

Mr. Gorman also has extensive experience in financial accounting. As controller of Trigen Energy Corporation, he founded and built the finance and accounting function; developed reports, procedures and management tools; and managed subsidiary controllers across North America, including an IPO with NYSE listing.

Energy Project Analysis

Mr. Gorman has performed financial analyses of energy-related assets, including electric and gas distribution companies, power plants and transmission operators. These valuations included development of cash flows and financial statements based on both regulatory and accounting presentations, and included review of assumptions, analysis of data, modeling and forecasting, sensitivity testing and stress testing.

Among these analyses are: Valuations of power plants, combined heat and power plants and energy companies for the purpose of acquisition; Valuation and assessment of alternatives for the waste-to-energy assets and other energy assets of a diversified company on behalf of an interested acquirer; Valuation of the common stock of a publicly traded multi-jurisdiction utility for the purpose of investment; Assessment of strategic fit and valuation for a utility seeking to diversify into energy-related services; and Assistance with valuation and preparation for negotiation for a private entity seeking a buyer for energy assets.

Energy Project Financing

Mr. Gorman has negotiated and completed transactions including construction and term loans, tax-exempt bonds, taxable bonds, subordinated debt and asset-backed (receivables and inventory) revolving credit facilities. He has worked successfully with lenders and borrowers to source and structure transactions, and was instrumental in negotiating loan documents and in designing power sale and supply procurement contracts to be financed.

Mr. Gorman has supported energy projects in connection with due diligence for financing, including contract review, financial modeling, supply analysis, forward price projections, and economic valuation with cash flow forecasting, and the identification, assessment and mitigation of financial and operating risks for the project and its investors.

Financial Management and Related Areas

Mr. Gorman has developed, sourced and procured competitive contracts for loans as well as for energy, both as principal and on behalf of clients. He has bought and sold interest rate and currency forward contracts for the purpose of managing risk.

He managed the corporate insurance portfolios and the benefit plans for Trigen Energy Corporation and for Coleco Industries.

Computer Modeling and Decision Support

Mr. Gorman is an accomplished modeler with expertise in spreadsheet and database applications, as well as the use of programming tools. He has developed analytical tools to perform valuations, projections and simulations. These models have been applied to financial analysis, cost allocations, rate design and pricing, forecasting revenue requirements, numerous tax and accounting matters, supply modeling and optimizations. Several of these models have contained interactive modules for automated scenario testing and sensitivity analysis.

PUBLICATIONS AND PRESENTATIONS

- “What Wall Street Needs From FERC,” published in R. J. Rudden Financial, LLC’s *Energy Capital Markets Report*, September 2002
- “A Balanced Look at Balance Sheets,” published in R.J. Rudden Financial, LLC’s *Energy Capital Markets Report*, June 2002
- “From Wires To Riches: Shareholder Value Creation In The T&D Business,” April 2002 (co-authored).
- “Assessment of Retail Choice Programs,” presented at the American Gas Association Rate and Strategic Issues Committee Conference, March 2002
- “Value Creation With Transmission Assets,” quoted in *Electrical World’s Special Edition Quarter 1, 2002*, March 2002
- “The Remarkable Story on Enron,” published in Scudder’s *Annual End of Year Issue*, December 2001

EDUCATION

- New York University, B.S., Accounting, 1976
- Harvard Business School, MBA, 1981

Expert Testimony and Relevant Projects- Howard S. Gorman				
Jurisdiction	Docket	Client	Date	Subject Matter
New York	16-G-0058 16-G-0059	Brooklyn Union Gas/ KeySpan East d/b/a National Grid	2016	Gas class cost of service; revenue allocation; rate design; marginal cost
Massachusetts	DPU 15-155	Massachusetts Electric and Nantucket Electric	2015	Electric marginal cost
New York	15-E-0184	Jamestown Board of Public Utilities	2015	Electric revenue requirements
New Hampshire	DE14-180	Energy North Natural Gas	2014	Gas revenue requirements
New York	14-E-0035	Village of Freeport	2014	Electric revenue requirements; sales forecast; rate design
Pennsylvania	R-2013- 2386293	Veolia Energy Philadelphia, Inc.	2013	Steam system revenue requirements and sales forecast
Pennsylvania	R-2013- 2372129	Duquesne Light Company	2013	Electric class cost of service; revenue allocation; rate design
New Hampshire	DE13-063	Granite State Electric Company	2013	Electric class cost of service (marginal cost); revenue allocation; rate design
Ontario	EB-2005- 0378 et al	Hydro One Networks Inc.	2013, 2012, 2010, 2009, 2008, 2006, 2005	Electric Transmission and Distribution Cost allocation; OH capitalization rates
Ontario	EB-2007- 0905 et al	Ontario Power Generation Inc.	2013, 2010, 2006	Electric Cost allocation methodology
New York	12-E-0201	Niagara Mohawk (Electric)	2012	Electric class cost of service; revenue allocation
Rhode Island	RIPUC 4323	Narragansett Electric	2012	Electric class cost of service

Expert Testimony and Relevant Projects- Howard S. Gorman				
Jurisdiction	Docket	Client	Date	Subject Matter
New York	11-E-0590	Village of Rockville Centre	2011	Electric revenue requirements; rate design; sales forecast
New York	11-G-0142	Chautauqua Utilities, Inc.	2011	Gas revenue requirements, rate design
Pennsylvania	R-2010-2179103	Kellogg Company (intervener)	2010	Water class cost of service; revenue allocation
Pennsylvania	R-2010-2179522	Duquesne Light Company	2010	Electric class cost of service; revenue allocation; rate design
Pennsylvania	R-2010-2172662	Wellsboro Electric Company	2010	Electric revenue requirements, class cost of service, revenue allocation, rate design
Pennsylvania	R-2010-2172665	Citizens' Electric of Lewisburg, PA	2010	Electric revenue requirements, class cost of service, revenue allocation, rate design
Pennsylvania	R-2010-2174470	Valley Energy, Inc.	2010	Gas revenue requirements, rate design
Pennsylvania	R-2010-2161592	PECO Energy (Gas)	2010	Gas class cost of service; revenue allocation; rate design
Pennsylvania	R-2010-2161575	PECO Energy (Electric)	2010	Electric class cost of service; revenue allocation; rate design
New York	10-E-0050	Niagara Mohawk (Electric)	2010	Electric class cost of service
New York	09-E-0862	Jamestown Board of Public Utilities	2009	Electric revenue requirements
Pennsylvania	R-2009-2139884	Philadelphia Gas Works	2009	Gas class cost of service; revenue allocation
Rhode Island	RIPUC 4065	Narragansett Electric	2009	Electric class cost of service; revenue allocation; rate design
Massachusetts	DPU 09-39	Massachusetts Electric and Nantucket Electric	2009	Electric revenue requirements; adjustment mechanisms; class cost of service; revenue allocation; rate design
Pennsylvania	R-2008-2028394	PECO Energy (Gas)	2008	Gas class cost of service; revenue allocation; rate design

Expert Testimony and Relevant Projects- Howard S. Gorman				
Jurisdiction	Docket	Client	Date	Subject Matter
Pennsylvania	R-00072350	Wellsboro Electric Company	2007	Electric revenue requirements; rate design
Pennsylvania	R-00072348	Citizens' Electric of Lewisburg, PA	2007	Electric revenue requirements; rate design
Pennsylvania	R-00072349	Valley Energy, Inc.	2007	Gas revenue requirements; rate design
Pennsylvania	R-00061931	Philadelphia Gas Works	2006	Gas class cost of service; revenue allocation; rate design
New York	06-E-0911	Village of Freeport	2006	Electric revenue requirements; rate design
Pennsylvania	R-00061346	Duquesne Light Company	2006	Electric class cost of service; revenue allocation; rate design
New York	03-E-1568	Village of Rockville Centre	2003	Electric revenue requirements; rate design; sales forecast
New Jersey	ER02080506 et al	Gerdau AmeriSteel aka Co-Steel (intervenor)	2002	Electric cost allocation and rate design; industrial rates
New Jersey	ER02050303 et al	Gerdau AmeriSteel aka Co-Steel (intervenor)	2002	Electric cost allocation and rate design; industrial rates
Pennsylvania	M-00021612	Philadelphia Gas Works	2002	Gas rate unbundling
Pennsylvania	R-00017034	Philadelphia Gas Works	2002	Gas class cost of service
Pennsylvania	R-00006042	Philadelphia Gas Works	2001	Gas class cost of service; recovery of fixed costs

Index **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Index to Revenue Requirements Schedules**
IN **Historic Year Ended Dec. 31, 2015**

Index to Revenue Requirements Schedules

Line	Title	Reference
1	Computation of Revenue Deficiency and Revenue Requirement	Schedule RR-1
2	Components of Revenue Deficiency	Schedule RR-1-1
3	Operating Income Statement	Schedule RR-2
4	Operating Income Statement- Detail	Schedule RR-2-1
5	Flow Through Items	Schedule RR-2-2
6	Summary of Adjustments	Schedule RR-3
7	Balance Sheets	Schedule RR-4
8	Rate Base	Schedule RR-5
9	Rate Base Quarterly Balances	Schedule RR-5-1
10	Materials & Supplies	Schedule RR-5-2
11	Cash Working Capital	Schedule RR-5-3
12	Rate Base Adjustments-Capital Additions	Schedule RR-5-4
13	Rate Base Adjustments- Plant-Related ADIT	Schedule RR-5-5
14	Proposed ADIT on Acquisition Date Assets	Schedule RR-5-6
15	Historic and Projected ADIT on Acquisition Date Assets	Schedule RR-5-7
16	Weighted Average Cost of Capital	Schedule RR-6
17	Historical Capital Structure and Capitalization Ratios	Schedule RR-6-1
18		
19	<u>Adjustments</u>	
20	Adjustment 01- Payroll Expense	Schedule RR-3-01
21	Adjustment 02- Payroll Taxes	Schedule RR-3-02
22	Adjustment 03- Pension and Benefits Expense	Schedule RR-3-03
23	Adjustment 04- Property and Liability Insurance	Schedule RR-3-04
24	Adjustment 05- Contract Labor Costs	Schedule RR-3-05
25	Adjustment 06- Other Known and Measurable Changes	Schedule RR-3-06
26	Adjustment 07- Major Storm Reserve Fund	Schedule RR-3-07
27	Adjustment 08- Depreciation Annualization and Rates	Schedule RR-3-08
28	Adjustment 09- Depreciation Reserve Deficiency Amortization	Schedule RR-3-09
29	Adjustment 10- Algonquin / Liberty Support Costs	Schedule RR-3-10
30	Adjustment 11- Property Taxes	Schedule RR-3-11
31	Adjustment 12- Concord Training Center	Schedule RR-3-12
32	Adjustment 13- Other Revenue	Schedule RR-3-13
33	Adjustment 14- Adjustments to Normalize Distribution Revenue	Schedule RR-3-14
34	Adjustment 15- Income Tax Expense- Test Year Actual	Schedule RR-3-15

RR-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Computation of Revenue Deficiency and Revenue Requirement**
RR **Historic Year With Known and Measurable Changes**

Schedule RR-1

Line	Description	Reference	Amount
1	Rate Base	Schedule RR-5	97,496,042
2			
3	Target Rate of Return on Rate Base	Schedule RR-6	<u>8.31%</u>
4			
5	Operating income requirement	Line 1 X Line 3	8,101,921
6			
7	Operating income at present rates	Schedule RR-2	<u>4,883,989</u>
8			
9	Operating income deficiency	Line 5 - Line 7	3,217,932
10			
11	Gross-up Factor for Income tax	Line 21	<u>1.6559</u>
12			
13	Revenue deficiency	Line 9 X Line 11	<u><u>5,328,583</u></u>
14			
15	Increase in Income tax expense	Line 13 X Line 9	2,110,652
16			
17	<u>Gross-up factor for Income Taxes</u>		
18	Federal income tax rate		34.00%
19	New Hampshire state income tax rate		8.50%
20	Combined income tax rate	Line 18 + Line - (Line 18 X Line 19)	39.61%
21	Total Gross-up Factor	1 / (1 - Line 20)	1.6559

RR-1-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Components of Revenue Deficiency**
RR **Present Case Compared to Prior Case**

Schedule RR-1-1

Tax Gross-up
1.6559

Line	Description	Present Case	DE 13-063	Difference	Revenue Requirement Effect
1	Intangible Plant	2,106,648	24,808	2,081,839	
2	Land and land rights	360 1,647,193	1,627,441	19,752	
3	Structures and improvements	361 1,951,256	369,982	1,581,274	
4	Station equipment	362 20,196,455	17,362,914	2,833,541	
5	Poles, towers and fixtures	364 34,318,797	25,627,618	8,691,179	
6	Overhead conductors, devices	365 46,108,011	34,849,460	11,258,551	
7	Underground conduit	366 5,987,416	4,577,090	1,410,326	
8	Underground conductors, device	367 11,449,006	9,726,252	1,722,753	
9	Line transformers	368 20,767,405	16,659,915	4,107,490	
10	Services	369 9,233,479	7,552,255	1,681,224	
11	Meters	370 4,666,193	4,558,214	107,979	
12	Leased Prop on Customers' Prem	372 1,163,798	1,170,298	(6,500)	
13	Street lighting, signal system	373 4,720,493	4,225,154	495,339	
14	In Service not classified	10,947,581	5,121,716	5,825,865	
15	General plant	15,794,566	5,939,716	9,854,850	
16	Included in Step in DE 13-063		0	0	
17	Plant in service	191,058,296	139,392,833	51,665,463	
18	Accumulated Depreciation	(65,988,100)	(55,560,458)	(10,427,642)	
19	ADIT	(33,025,841)	(21,166,812)	(11,859,029)	
20	Other rate base, net	5,451,686	5,403,927	47,760	
21	Rate base	97,496,042	68,069,490	29,426,552	
22	Return at DE 13-063 WACC	7.93%	7.93%		
23	Target return	7,731,436	5,397,911	2,333,526	3,864,093
24	Depreciation expense	5,766,507	3,678,440	2,088,067	3,457,638
25	Due to Capital spending- Rate base, Return, Depreciation			4,421,593	7,321,730
26					
27	Target rate of return on rate base	8.31%	7.93%	0.38%	
28	Rate base			97,496,042	
29	Due to Rate of Return on Rate base			370,485	613,487
30					
31	Property tax expense	4,398,033	3,512,216	885,817	1,466,827
32	All other Distribution expenses	20,248,315	21,559,894	(1,311,579)	(2,171,848)
33	(Revenue) at present rates	(35,296,845)	(34,148,461)	(1,148,384)	(1,901,613)
34	Due to Revenue and Expenses			(1,574,146)	(2,606,634)
35	Total Revenue Deficiency			Sum lines 25, 29, 34	5,328,583

RR-2 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Operating Income Statement**

RR **Historic Year With Known and Measurable Changes**

Schedule RR-2

Line	Account	Source		RR-2-1		RR-3	RR-1		From FERC Form 1	
		Historic Year Ended Dec. 31, 2015	Flow-Through Items	Distribution Operating Income	Known and Measurable Adjustments	Pro Forma Test Year With Known and Measurable	Proposed Increase	Distribution Operating Income With Proposed Increase	Calendar Year 2014	Calendar Year 2013
1	Operating Revenue									
2	Distribution	46,565,639	(12,841,785)	33,723,854	378,222	34,102,076	5,328,583	39,430,659	59,926,354	45,813,097
3	Commodity	53,571,120	(53,571,120)	0	0	0	0	0	52,686,753	38,946,181
4	Other operating revenue	1,377,533	0	1,377,533	(182,764)	1,194,769		1,194,769	1,013,418	997,974
5		101,514,292	(66,412,905)	35,101,387	195,458	35,296,845	5,328,583	40,625,428	113,626,525	85,757,252
6										
7	Operating Expenses									
8	Purchased Power	47,204,775	(47,204,775)	0	0	0	0	0	52,686,753	38,946,181
9	Transmission Expenses	19,084,348	(19,117,443)	(33,095)	0	(33,095)		(33,095)	19,771,278	16,963,671
10	Distribution O&M	7,047,479	0	7,047,479	85,090	7,132,569		7,132,569	7,729,352	5,879,376
11	Customer Accounting	3,660,224	0	3,660,224	(287,392)	3,372,832		3,372,832	3,434,962	2,599,174
12	Customer Service & Info.	254,232	0	254,232	3,006	257,238		257,238	342,631	233,072
13	Administrative & General	7,132,684	0	7,132,684	851,286	7,983,970		7,983,970	8,352,099	9,543,950
14	Depreciation Expense	6,773,256	0	6,773,256	(1,006,748)	5,766,507		5,766,507	5,367,531	5,085,045
15	General Taxes	4,146,082	0	4,146,082	251,951	4,398,033		4,398,033	4,090,109	3,421,416
16	Income Taxes	1,632,801	0	1,632,801	(122,528)	1,510,273	2,110,652	3,620,925	3,701,088	711,916
17	Interest on Cust. Dep.	24,528	0	24,528	0	24,528		24,528		
18	Total Expenses	96,960,409	(66,322,218)	30,638,191	(225,335)	30,412,855	2,110,652	32,523,507	105,475,803	83,383,801
19										
20	Net operating income (loss)	4,553,883	(90,687)	4,463,196	420,793	4,883,989	3,217,932	8,101,921	8,150,722	2,373,451
21										
22	Rate Base			97,496,042		97,496,042		97,496,042		
23										
24	Rate of Return on Rate Base			4.58%		5.01%		8.31%		

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

Line	Account	Source Acct. No.	<u>RR-2-2</u>		<u>RR-3</u>	<u>At Current Rates</u>	
			Historic Year Ended Dec. 31, 2015	Flow- Through Items	Distribution Operating Income	Known and Measurable Adjustments	Pro Forma Test Year With Known and Measurable
1	Intangible Assets						
2	Organization		24,808		24,808 (A)	(5,326)	19,482
3	Other Intangible assets		8,253,934		8,253,934	(6,172,095)	2,081,839
4	<i>Total Intangible Plant</i>		<u>8,278,743</u>	0	<u>8,278,743</u>	<u>(6,177,421)</u>	<u>2,101,322</u>
5							
6	Distribution Plant						
7	Land and land rights	360	1,647,193		1,647,193 (A)	15,056	1,662,249
8	Structures and improvements	361	1,951,256		1,951,256 (A)	616,864	2,568,120
9	Station equipment	362	20,196,455		20,196,455 (A)	1,186,282	21,382,737
10	Poles, towers and fixtures	364	34,318,797		34,318,797 (A)	1,976,277	36,295,074
11	Overhead conductors, devices	365	46,108,011		46,108,011 (A)	4,304,948	50,412,959
12	Underground conduit	366	5,987,416		5,987,416 (A)	76,106	6,063,522
13	Underground conductors, device	367	11,449,006		11,449,006 (A)	363,290	11,812,296
14	Line transformers	368	20,767,405		20,767,405 (A)	374,774	21,142,179
15	Services	369	9,233,479		9,233,479 (A)	356,294	9,589,773
16	Meters	370	4,666,193		4,666,193 (A)	39,894	4,706,087
17	Leased Prop on Customers' Prem	372	1,163,798		1,163,798 (A)	22,084	1,185,882
18	Street lighting, signal system	373	4,720,493		4,720,493 (A)	59,571	4,780,064
19	<i>Total Distribution Plant</i>		<u>162,209,501</u>	0	<u>162,209,501</u>	<u>9,391,440</u>	<u>171,600,941</u>
20							
21	General / Common Plant						
22	General plant		15,794,566		15,794,566 (A)	1,561,467	17,356,033
23	Common plant		0		0		0
24	<i>Total General / Common Plant</i>		<u>15,794,566</u>	0	<u>15,794,566</u>	<u>1,561,467</u>	<u>17,356,033</u>
25	Total Plant in Service		<u>186,282,810</u>	0	<u>186,282,810</u>	<u>4,775,486</u>	<u>191,058,296</u>
26	<i>(A) Distribution of In service not classified</i>						
27	Accumulated Depreciation & Amortization						
28	Accumulated Depr & Amort	108	73,924,770		73,924,770	(1,354,410)	72,570,360
29	Accumulated Depreciation COR	108.4	(6,582,260)		(6,582,260)		(6,582,260)
30	<i>Total Accum. Depr. & Amort.</i>		<u>67,342,510</u>	0	<u>67,342,510</u>	<u>(1,354,410)</u>	<u>65,988,100</u>
31							

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

Line	Account	Source	RR-2-2		RR-3	At Current Rates
		Acct. No.	Historic Year Ended Dec. 31, 2015	Flow-Through Items	Distribution Operating Income	Known and Measurable Adjustments
32	Other Rate Base Items					
33	Materials and Supplies	154	1,605,519		1,605,519	1,605,519
34	Prepayments	165	1,188,847		1,188,847	1,188,847
35	Plant in service, Not classified	106	10,947,581		10,947,581 (A)	0
36	ARO	101	21,000		21,000	21,000
37	Accumulated Deferred FIT	ADIT	(3,623,355)		(3,623,355)	(3,623,355)
38	Customer deposits	CustDep	(777,252)		(777,252)	(777,252)
39	<i>Total Other Rate Base Items</i>		9,362,340	0	9,362,340	(10,947,581)
40	Total Rate Base		128,302,640	0	128,302,640	(4,817,685)
41			128,302,640			
42						
43	Purchased Power	555	47,204,775	(47,204,775)	0	0
44						
45	Transmission- Open Access		530,732		530,732	0
46	Elec Rev Wheeling		19,117,443	(19,117,443)	0	0
47	Trans Maint-Substation-Trouble-Labor		0		0	0
48	Maint of Overhead lines-Labor		(563,827)		(563,827)	0
49	Transmission Expenses-O&M		19,084,348	(19,117,443)	(33,095)	0
50						
51	Distribution O&M					
52	Transmisison Other	570	25,030		25,030	391
53	Supervision & Eng	580	1,652,625		1,652,625	15,395
54	Load Dispatching	581	626,072		626,072	10,567
55	Substations	582	123,875		123,875	1,496
56	Overhead Lines	583	478,091		478,091	4,743
57	Underground Lines	584	83,922		83,922	76
58	Outdoor Lighting	585	31,768		31,768	220
59	Electric Meters	586	128,354		128,354	2,334
60	Customer Installation	587	781		781	11
61	Misc Expenses	588	691,179		691,179	137,049
62	Supervision & Eng	590	43,868		43,868	814
63	Structures	591	2,509		2,509	47
64	Substations	592	243,763		243,763	1,169

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

Line	Account	Source Acct. No.	RR-2-2		RR-3	At Current Rates	
			Historic Year Ended Dec. 31, 2015	Flow- Through Items	Distribution Operating Income	Known and Measurable Adjustments	Pro Forma Test Year With Known and Measurable
65	Overhead Lines	593	1,922,369		1,922,369	80,828	2,003,197
66	Underground Lines	594	2,277		2,277	(187,158)	(184,881)
67	Line Transformers	595	21,186		21,186	346	21,532
68	Outdoor Lighting	596	65,209		65,209	1,211	66,419
69	Maint of meters	597	360,315		360,315	5,446	365,761
70	Main Misc Distr Plant	598	544,288		544,288	10,104	554,392
71	<i>Total Distribution O&M</i>		<u>7,047,479</u>	<u>0</u>	<u>7,047,479</u>	<u>85,090</u>	<u>7,132,569</u>
72							
73	Customer Accounting						
74	Supervision	901	48,273		48,273	896	49,169
75	Meter Reading	902	246,943		246,943	4,464	251,407
76	Customer Records & Collection	903	2,394,732		2,394,732	(292,752)	2,101,981
77	Uncollectible Accounts	904	928,309		928,309	0	928,309
78	Uncollectible Accounts- Commodity	904	0		0	0	0
79	Misc Expenses	905	41,967		41,967	0	41,967
80	<i>Total Customer Accounting</i>		<u>3,660,224</u>	<u>0</u>	<u>3,660,224</u>	<u>(287,392)</u>	<u>3,372,832</u>
81							
82	Customer Service & Information						
83	Cust Service-Supervision	907	121,441		121,441	2,203	123,645
84	Cust Assistance Expenses	908	84,226		84,226	73	84,299
85	Cust Service-Misc Expenses	910	48,564		48,564	730	49,294
86	<i>Total Customer Service & Info.</i>		<u>254,232</u>	<u>0</u>	<u>254,232</u>	<u>3,006</u>	<u>257,238</u>
87	<i>Total Customer Accounts</i>		<u>3,914,456</u>	<u>0</u>	<u>3,914,456</u>	<u>(284,385)</u>	<u>3,630,070</u>
88							
89	Administrative & General						
90	A&G-Salaries	920	1,947,618		1,947,618	(18,221)	1,929,397
91	A&G-Office Supplies	921	550,451		550,451	(26,319)	524,132
92	A&G-Transferred	922	(4,942,763)		(4,942,763)	0	(4,942,763)
93	A&G-Outside Services	923	582,946		582,946	0	582,946
94	Property Insurance	924	1,565,273		1,565,273	610,797	2,176,070
95	Injuries & Damages Insurance	925	800,379		800,379	0	800,379
96	Employee Pensions & Benefits	926	4,058,761		4,058,761	138,469	4,197,230
97	Regulatory Comm Expenses	928	375,750		375,750	0	375,750

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

Line	Account	Source	Acct. No.	RR-2-2		RR-3	At Current Rates	
				Historic Year Ended Dec. 31, 2015	Flow-Through Items	Distribution Operating Income	Known and Measurable Adjustments	Pro Forma Test Year With Known and Measurable
98	A&G-Misc Expenses		930	20,469		20,469	0	20,469
99	Rent		931	1,695		1,695	146,559	148,254
100	LU Costs		920LU	2,101,212		2,101,212	0	2,101,212
101	A&G Maint-General Plant-Elec		932	70,893		70,893	0	70,893
102	<i>Total Administrative & General</i>			7,132,684	0	7,132,684	851,286	7,983,970
103	<i>Total O&M Expense</i>			84,383,742	(66,322,218)	18,061,523	651,991	18,713,514
104				84,383,742				
105	Depreciation Expense							
106	Intangible assets		405	1,650,787		1,650,787	0	1,650,787
107	Distribution plant		403	5,122,469		5,122,469	(1,006,748)	4,115,720
108	Amortization expense- Regulatory			0		0	0	0
109	<i>Total Depreciation Expense</i>			6,773,256	0	6,773,256	(1,006,748)	5,766,507
110								
111	General Taxes							
112	Municipal tax		2.23%	3,459,410		3,459,410	238,518	3,697,928
113	Payroll tax			686,672		686,672	13,432	700,105
114	Other tax			0		0	0	0
115	<i>Total General taxes</i>			4,146,082	0	4,146,082	251,951	4,398,033
116								
117	Income Taxes							
118	FIT Expense			1,518,635		1,518,635	(332,455)	1,186,180
119	SIT Expense			114,167		114,167	209,926	324,093
120	<i>Total Income Tax</i>			1,632,801	0	1,632,801	(122,528)	1,510,273
121								
122	Interest on Customer Deposits			24,528		24,528	0	24,528
123								

RR-2-1 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2015**
Historic Year With Known and Measurable Changes
Schedule RR-2-1

Line	Account	Source Acct. No.	<u>RR-2-2</u>		<u>RR-3</u>	<u>At Current Rates</u>	
			Historic Year Ended Dec. 31, 2015	Flow- Through Items	Distribution Operating Income	Known and Measurable Adjustments	Pro Forma Test Year With Known and Measurable
124	Total Expenses		96,960,409	(66,322,218)	30,638,191	(225,335)	30,412,855
125							
126	Operating Revenue						
127	Residential, Commercial, Lighting	440	59,758,041	(26,034,187)	33,723,854	378,222	34,102,076
128	Commodity revenue	Comm	53,571,120	(53,571,120)	0	0	0
129	Prov. For Refunds	449	(13,192,402)	13,192,402	0	0	0
130	Forfeited discounts		0		0	0	0
131	Misc. service revenue	451	453,063		453,063	(182,764)	270,299
132	Rent from Electric property	454	327,565		327,565	0	327,565
133	Other revenue	456	382,953		382,953	0	382,953
134	Sales for resale	447	213,953		213,953	0	213,953
135	Total revenue		101,514,292	(66,412,905)	35,101,387	195,458	35,296,845
136							
137	Net operating income (loss)		4,553,883	(90,687)	4,463,196	420,793	4,883,989
138							

Note: Differences between Revenue and Expense for flow-through items are timing differences.
The differences are normalized out so that Revenue and Expense for flow-through items offset completely.

RR-2-2 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Flow Through Items**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-2-2		Expenses	Expenses	Revenue	Revenue	Revenue	Revenue	
		Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)	Debit (Credit)	
Line	Description	Purchased Power Costs	Electric Wheeling Costs	Distribution Revenue	Energy Revenue	Provision for Refunds	Net Income	Total
1	Balance in TB	47,204,775	19,117,443	(59,758,041)	(53,571,120)	13,192,402		100,136,759
2								
3	<u>Reclass Provision for Refunds:</u>							
4	Commodity o/u	1,518,741				(1,518,741)	0	1,518,741
5	Commodity unbilled	(2,095,593)				2,095,593	0	(2,095,593)
6	Prior year reversal	4,943,771				(4,943,771)	0	4,943,771
7	REC revenue	1,576,987				(1,576,987)	0	1,576,987
8	Working Capital- Commodity				121,354	(121,354)	0	0
9	Bad Debts- Commodity				446,908	(446,908)	0	0
10	Transmission o/u		7,020,897			(7,020,897)	0	7,020,897
11							0	0
12	Eliminate Commodity-related	(53,148,681)			53,002,858		145,822	(53,002,858)
13	Eliminate Transmission-related		(26,138,341)	26,105,245			33,096	(26,105,245)
14	Remove out-of-period amounts (2012-14)					497	(497)	(497)
15	Remove out-of-period amounts (2015)			(71,058)		71,058	0	0
16	Eliminate effect of adjustment to step revenue from DE 13-063					269,108	(269,108)	(269,108)
17	Total adjustments	(47,204,775)	(19,117,443)	26,034,187	53,571,120	(13,192,402)	(90,687)	(66,412,905)
18	<i>Posted to RR-2-1</i>	<i>Line 43</i>	<i>Line 46</i>	<i>Line 127</i>	<i>Line 128</i>	<i>Line 129</i>		
19	Adjusted balance	0	0	(33,723,854)	0	0	(90,687)	33,723,854
20	Street Lighting revenue over-accrued							(71,554)
21	Adjustment to Normalize Revenue							449,776
22	Distribution revenue in Revenue requirement							34,102,076

RR-3 Granite State Electric) Corp. d/b/a Liberty Utilities
Final Summary of Adjustments
RR To Historic Year Ended Dec. 31, 2015
Schedule RR-3

	Adjustment 01	Adjustment 02	Adjustment 03	Adjustment 04	Adjustment 05	Adjustment 06	Adjustment 07	Adjustment 08
(420,793)	136,166	13,432	138,469	610,797	(396,221)	16,220	0	(1,006,748)

Line	Account	Acct. No.	Total	Payroll Expense	Payroll Taxes	Pension and Benefits Expense	Property and Liability Insurance	Contract Labor Costs	Other Known and Measurable Changes	Major Storm Reserve Fund	Depreciation Annualization and Rates
1	Purchased Power	555	0	0							
2											
3	Transmission- Open Access		0	0							
4	Elec Rev Wheeling-Elim		0	0							
5	Trans Maint-Substation-Trouble-Labor		0	0							
6	Maint of Overhead lines-Labor		0	0							
7	Transmission Expenses-O&M		0	0	0	0	0	0	0	0	0
8											
9	Distribution O&M										
10	Transmission Other	570	391	391							
11	Supervision & Eng	580	15,395	15,682				(287)			
12	Load Dispatching	581	10,567	10,567							
13	Substations	582	1,496	1,496							
14	Overhead Lines	583	4,743	4,743							
15	Underground Lines	584	76	76							
16	Outdoor Lighting	585	220	220							
17	Electric Meters	586	2,334	2,334							
18	Customer Installation	587	11	11							
19	Misc Expenses	588	137,049	10,802				(13,753)	140,000		
20	Supervision & Eng	590	814	814							
21	Structures	591	47	47							
22	Substations	592	1,169	1,169							
23	Overhead Lines	593	80,828	4,721					76,107		
24	Underground Lines	594	(187,158)	37					(187,195)		
25	Line Transformers	595	346	346							
26	Outdoor Lighting	596	1,211	1,211							
27	Maint of meters	597	5,446	5,446							
28	Main Misc Distr Plant	598	10,104	10,104							
29			85,090	70,218	0	0	0	(14,040)	28,912	0	0
30											

RR-3 Granite State Electric) Corp. d/b/a Liberty Utilities
Final Summary of Adjustments
RR To Historic Year Ended Dec. 31, 2015
Schedule RR-3

	Adjustment 01	Adjustment 02	Adjustment 03	Adjustment 04	Adjustment 05	Adjustment 06	Adjustment 07	Adjustment 08
(420,793)	136,166	13,432	138,469	610,797	(396,221)	16,220	0	(1,006,748)

Line	Account	Acct. No.	Total	Payroll Expense	Payroll Taxes	Pension and Benefits Expense	Property and Liability Insurance	Contract Labor Costs	Other Known and Measurable Changes	Major Storm Reserve Fund	Depreciation Annualization and Rates
31	Customer Accounting										
32	Supervision	901	896	896							
33	Meter Reading	902	4,464	4,464							
34	Customer Records & Collection	903	(292,752)	22,049				(307,301)	(7,500)		
35	Uncollectible Accounts	904	0	0							
36	Uncollectible Accounts- Commodity	904	0	0							
37	Misc Expenses	905	0	0							
38	<i>Total Customer Accounting</i>		<u>(287,392)</u>	<u>27,409</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(307,301)</u>	<u>(7,500)</u>	<u>0</u>	<u>0</u>
39											
40	Customer Service & Informatic										
41	Cust Service-Supervision	907	2,203	2,203							
42	Cust Assistance Expenses	908	73	73							
43	Cust Service-Misc Expenses	910	730	730							
44	<i>Total Customer Service & Info.</i>		<u>3,006</u>	<u>3,006</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
45	<i>Total Customer Accounts</i>		<u>(284,385)</u>	<u>30,416</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(307,301)</u>	<u>(7,500)</u>	<u>0</u>	<u>0</u>
46											
47	Administrative & General										
48	A&G-Salaries	920	(18,221)	35,532				(53,753)			
49	A&G-Office Supplies	921	(26,319)	0				(21,127)	(5,192)		
50	A&G-Transferred	922	0	0							
51	A&G-Outside Services	923	0	0							
52	Property Insurance	924	610,797	0			610,797			0	
53	Injuries & Damages Insurance	925	0	0							
54	Employee Pensions & Benefits	926	138,469	0		138,469					
55	Regulatory Comm Expenses	928	0	0							
56	A&G-Misc Expenses	930	0	0							
57	Rent	931	146,559	0							
58	LU Costs	920LU	0	0							
59	A&G Maint-General Plant-Elec	932	0	0							
60	<i>Total Administrative & General</i>		<u>851,286</u>	<u>35,532</u>	<u>0</u>	<u>138,469</u>	<u>610,797</u>	<u>(74,880)</u>	<u>(5,192)</u>	<u>0</u>	<u>0</u>
61	<i>Total O&M Expense</i>		<u>651,991</u>	<u>136,166</u>	<u>0</u>	<u>138,469</u>	<u>610,797</u>	<u>(396,221)</u>	<u>16,220</u>	<u>0</u>	<u>0</u>

RR-3 Granite State Electric) Corp. d/b/a Liberty Utilities

Final Summary of Adjustments

RR To Historic Year Ended Dec. 31, 2015

(420,793)

Adjustment 01	Adjustment 02	Adjustment 03	Adjustment 04	Adjustment 05	Adjustment 06	Adjustment 07	Adjustment 08
136,166	13,432	138,469	610,797	(396,221)	16,220	0	(1,006,748)

Schedule RR-3

Line	Account	Acct. No.	Total	Payroll Expense	Payroll Taxes	Pension and Benefits Expense	Property and Liability Insurance	Contract Labor Costs	Other Known and Measurable Changes	Major Storm Reserve Fund	Depreciation Annualization and Rates
63	Depreciation Expense										
64	Intangible assets	405	0								
65	Distribution plant	403	(1,006,748)								(1,006,748)
66	Amortization expense- Regulatory	407	0								
67	<i>Total Depreciation Expense</i>		<u>(1,006,748)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,006,748)</u>
68											
69	General Taxes										
70	Municipal tax		238,518								
71	Payroll tax		13,432		13,432						
72	Other tax		0								
73	<i>Total General taxes</i>		<u>251,951</u>	<u>0</u>	<u>13,432</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
74											
75	Income Taxes										
76	FIT Expense		(332,455)								
77	SIT Expense		209,926								
78	<i>Total Income Tax</i>		<u>(122,528)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
79											
80	Interest on Customer Deposits		0								
81											
82	Total Expenses		<u>(225,335)</u>	<u>136,166</u>	<u>13,432</u>	<u>138,469</u>	<u>610,797</u>	<u>(396,221)</u>	<u>16,220</u>	<u>0</u>	<u>(1,006,748)</u>
83											
84	Operating Revenue										
85	Residential, Commercial, Lighting	440	378,222								
86	Commodity revenue	Comm	0								
87	Prov. For Refunds	449	0								
88	Forfeited discounts		0								
89	Misc. service revenue	451	(182,764)								
90	Rent from Electric property	454	0								
91	Other revenue	456	0								
92	Sales for resale	447	0								
93	Total revenue		<u>195,458</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
94											
95	Net operating income (loss)		<u>420,793</u>	<u>(136,166)</u>	<u>(13,432)</u>	<u>(138,469)</u>	<u>(610,797)</u>	<u>396,221</u>	<u>(16,220)</u>	<u>0</u>	<u>1,006,748</u>

RR-3 Granite State Electric) Corp. d/b/a Liberty Adjustment 10 Adjustment 11 Adjustment 12 Adjustment 13 Adjustment 14 Adjustment 15
Final Summary of Adjustments
RR To Historic Year Ended Dec. 31, 2015 0 238,518 146,559 182,764 (378,222) (122,528)
Schedule RR-3

Line	Account	Acct. No.	Algonquin / Liberty Support Costs	Property Taxes	Other Revenue	Adjustments to Normalize Distribution Revenue	Income Tax Expense- Test Year Actual
1	Purchased Power	555					
2							
3	Transmission- Open Access						
4	Elec Rev Wheeling-Elim						
5	Trans Maint-Substation-Trouble-Labor						
6	Maint of Overhead lines-Labor						
7	Transmission Expenses-O&M		0	0	0	0	0
8							
9	Distribution O&M						
10	Transmission Other	570					
11	Supervision & Eng	580					
12	Load Dispatching	581					
13	Substations	582					
14	Overhead Lines	583					
15	Underground Lines	584					
16	Outdoor Lighting	585					
17	Electric Meters	586					
18	Customer Installation	587					
19	Misc Expenses	588					
20	Supervision & Eng	590					
21	Structures	591					
22	Substations	592					
23	Overhead Lines	593					
24	Underground Lines	594					
25	Line Transformers	595					
26	Outdoor Lighting	596					
27	Maint of meters	597					
28	Main Misc Distr Plant	598					
29			0	0	0	0	0
30							

RR-3 Granite State Electric) Corp. d/b/a Liberty Adjustment 10 Adjustment 11 Adjustment 12 Adjustment 13 Adjustment 14 Adjustment 15
Final Summary of Adjustments
RR To Historic Year Ended Dec. 31, 2015 0 238,518 146,559 182,764 (378,222) (122,528)
Schedule RR-3

Line	Account	Acct. No.	Algonquin / Liberty Support Costs	Property Taxes	Other Revenue	Adjustments to Normalize Distribution Revenue	Income Tax Expense- Test Year Actual
31	Customer Accounting						
32	Supervision	901					
33	Meter Reading	902					
34	Customer Records & Collection	903					
35	Uncollectible Accounts	904					
36	Uncollectible Accounts- Commodity	904					
37	Misc Expenses	905					
38	<i>Total Customer Accounting</i>		0	0	0	0	0
39							
40	Customer Service & Informatic						
41	Cust Service-Supervision	907					
42	Cust Assistance Expenses	908					
43	Cust Service-Misc Expenses	910					
44	<i>Total Customer Service & Info.</i>		0	0	0	0	0
45	<i>Total Customer Accounts</i>		0	0	0	0	0
46							
47	Administrative & General						
48	A&G-Salaries	920	0				
49	A&G-Office Supplies	921					
50	A&G-Transferred	922	0				
51	A&G-Outside Services	923	0				
52	Property Insurance	924					
53	Injuries & Damages Insurance	925					
54	Employee Pensions & Benefits	926					
55	Regulatory Comm Expenses	928					
56	A&G-Misc Expenses	930					
57	Rent	931		146,559			
58	LU Costs	920LU					
59	A&G Maint-General Plant-Elec	932	0				
60	<i>Total Administrative & General</i>		0	0	146,559	0	0
61	<i>Total O&M Expense</i>		0	0	146,559	0	0
62							

RR-3 Granite State Electric) Corp. d/b/a Liberty Adjustment 10 Adjustment 11 Adjustment 12 Adjustment 13 Adjustment 14 Adjustment 15
Final Summary of Adjustments
RR To Historic Year Ended Dec. 31, 2015 0 238,518 146,559 182,764 (378,222) (122,528)
Schedule RR-3

Line	Account	Acct. No.	Algonquin / Liberty Support Costs	Property Taxes	Other Revenue	Adjustments to Normalize Distribution Revenue	Income Tax Expense- Test Year Actual
63	Depreciation Expense						
64	Intangible assets	405					
65	Distribution plant	403					
66	Amortization expense- Regulatory	407					
67	<i>Total Depreciation Expense</i>		0	0	0	0	0
68							
69	General Taxes						
70	Municipal tax			238,518			
71	Payroll tax						
72	Other tax						
73	<i>Total General taxes</i>		0	238,518	0	0	0
74							
75	Income Taxes						
76	FIT Expense						(332,455)
77	SIT Expense						209,926
78	<i>Total Income Tax</i>		0	0	0	0	(122,528)
79							
80	Interest on Customer Deposits						
81							
82	Total Expenses		0	238,518	146,559	0	0
83							
84	Operating Revenue						
85	Residential, Commercial, Lighting	440				378,222	
86	Commodity revenue	Comm					
87	Prov. For Refunds	449					
88	Forfeited discounts				0		
89	Misc. service revenue	451			(182,764)		
90	Rent from Electric property	454			0		
91	Other revenue	456			0		
92	Sales for resale	447			0		
93	Total revenue		0	0	0	(182,764)	378,222
94							
95	Net operating income (loss)		0	(238,518)	(146,559)	(182,764)	378,222

RR-3-01 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Adjustments to Test Year**
AD **Adjustment 01**
Payroll Expense
Schedule RR-3-01

Line	Description	Operations- Union	Operations- NonUnion	Billing- Union	Billing- NonUnion	Gas- Union and Gas- Non-Union	A&G- NonUnion	Total
1	Labor Complement at 12/31/15							
2	Number of employees	30	48	50	19	9	54	210
3	Salary- 2015	2,719,662	4,386,625	1,932,029	1,508,643	843,823	5,281,197	16,671,979
4	Salary, OT, Incentive to GS Operations- 2016	1,468,627	1,487,497	1,123,892	685,012	54,497	1,974,626	6,794,150
5								
6	Salary- 2016	2,772,095	4,518,223	1,968,112	1,553,902	866,489	5,439,633	17,118,455
7	Salary, OT, Incentive- 2016	3,542,545	5,116,751	2,306,494	1,740,722	1,044,578	6,140,477	19,891,567
8								
9	Salary, OT, Incentive to GS- 2016	3,542,305	2,814,661	1,190,224	733,187	87,138	2,348,203	10,715,719
10	Amount Capitalized	(2,045,248)	(1,282,539)	(45,099)	(27,625)	(31,022)	(314,338)	(3,745,871)
11	Salary, OT, Incentive to GS Operations- 2016	1,497,058	1,532,122	1,145,126	705,562	56,116	2,033,864	6,969,847
12								
13	% Capitalized- 2015	57.7%	45.6%	3.8%	3.8%	35.6%	13.4%	35.0%
14	Salary, OT, Incentive to GS Operations / Salary- 2016	0.540	0.339	0.582	0.454	0.065	0.374	0.407
15								
16	New Hires For 2016							
17	Number of employees	0	3	0	16	0	2	21
18	Salary- 2016	0	144,713	0	152,079	0	24,461	321,253
19								
20	Salary, OT, Incentive to GS- 2016	0	90,150	0	71,756	0	10,559	172,466
21	Amount Capitalized	0	(41,078)	0	(2,704)	0	(1,414)	(45,195)
22	Salary, OT, Incentive to GS Operations / Salary- 2016	0	49,072	0	69,053	0	9,146	127,271
23								
24	All Employees During 2016							
25	Number of employees	30	51	50	35	9	56	231
26	Salary	2,772,095	4,662,936	1,968,112	1,705,981	866,489	5,464,094	17,439,708
27								
28	Salary, OT, Incentive to GS	3,542,305	2,904,811	1,190,224	804,944	87,138	2,358,762	10,888,185
29	Amount Capitalized	(2,045,248)	(1,323,617)	(45,099)	(30,329)	(31,022)	(315,752)	(3,791,067)
30	Total Salary, OT, Incentive to GS Operations- 2016	1,497,058	1,581,194	1,145,126	774,615	56,116	2,043,010	7,097,118
31	Salary charged to Operations in 2015							6,960,952
32	Increase Due to Known and Measurable						<i>To RR-3</i>	136,166

RR-3-02 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**
AD **Adjustment 02**
Payroll Taxes
Schedule RR-3-02

Line	Description	Ref.	Amount
1	Actual 2015		
2	Salary charged to Operations	RR-3-01 Ln 31	6,960,952
3	Payroll Tax Expense	RR-2-1 Ln 113	686,672
4	% of Applicable Salary	Line 3 / Line 2	9.9%
5			
6	Pro Forma		
7	Salary charged to Operations- Labor complement at 12/31/2015	RR-3-01 Ln 11	6,969,847
8	Salary charged to Operations- New Hires	RR-3-01 Ln 11	127,271
9			<u>7,097,118</u>
10			
11	Payroll Taxes to O&M	Line 4 X Line 9	700,105
12	Test Year Expense- Account 408.4	Line 3	686,672
13	Increase Due to Known and Measurable	<i>To RR-3</i>	13,432

15 Note:
16 This adjustment aligns Payroll taxes with the Labor costs reflected on RR-3-01

RR-3-03 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Adjustments to Test Year
AD Adjustment 03
Pension and Benefits Expense
Schedule RR-3-03

Pro Forma Incurred for 2015											
Line	Description	Ref.	Operations- Union	Operations- NonUnion	Billing- Union	Billing- NonUnion	Gas- Union and Gas- Non-Union	A&G- NonUnion	Total	Capitalized	To Operations
1	Portion Capitalized	RR-3-01 Ln 13	57.7%	45.6%	3.8%	3.8%	35.6%	13.4%	35.0%		
2											
3	Labor Complement at 12/31/2015										
4	Salary, OT, Incentive to GS- 2016	RR-3-01 Ln 9	3,542,305	2,814,661	1,190,224	733,187	87,138	2,348,203	10,715,719	3,745,871	6,969,847
5											
6	Pension to GS		254,936	159,987	87,580	45,347	2,042	122,837	672,729	225,338	447,391
7	OPEB to GS		154,609	56,665	46,470	15,012	4,732	42,215	319,704	112,616	207,088
8	401K to GS		143,269	100,778	40,719	28,330	671	85,185	398,952	141,773	257,179
9	Workers Compensation to GS		86,206	14,581	18,541	2,517	2,238	8,028	132,110	56,986	75,124
10	<i>Salary-related Benefits</i>		<u>639,019</u>	<u>332,012</u>	<u>193,310</u>	<u>91,206</u>	<u>9,683</u>	<u>258,264</u>	<u>1,523,494</u>	<u>536,712</u>	<u>986,782</u>
11	Pension / OPEB / 401K as % of Salary paid	(Sum Lns 6-8) / Ln 4	15.6%	11.3%	14.7%	12.1%	8.5%	10.7%	13.0%	12.8%	13.1%
12	WC % Salary, OT, Incent to GS	Ln 9 / Ln 4	2.4%	0.5%	1.6%	0.3%	2.6%	0.3%	1.2%	1.5%	1.1%
13											
14	Medical to GS		382,267	296,313	235,301	71,183	9,939	253,762	1,248,765	405,763	843,002
15	Other Health Care to GS		74,164	58,845	50,521	15,289	1,606	50,851	251,276	77,319	173,957
16	<i>Per FTE-related Benefits</i>		<u>456,430</u>	<u>355,158</u>	<u>285,822</u>	<u>86,472</u>	<u>11,545</u>	<u>304,613</u>	<u>1,500,041</u>	<u>483,082</u>	<u>1,016,959</u>
17	FTE Employees	RR-3-01 Ln 2	30	48	50	19	9	54	210	210	210
18	Medical Per FTE	Ln 14 / Ln 17	12,742	6,173	4,706	3,746	1,104	4,699	5,946	1,932	4,014
19	Other Health Care Per FTE	Ln 15 / Ln 17	2,472	1,226	1,010	805	178	942	1,197	368	828
20											
21	New Hires in 2013										
22	Salary, OT, Incentive to GS- 2016	RR-3-01 Ln 20	0	90,150	0	71,756	0	10,559	172,466	45,195	127,271
23											
24	Pension/ OPEB / 401K	Ln 11 X Ln 22	0	10,167	0	8,680	0	1,125	19,972	5,110	14,862
25	Workers Compensation	Ln 12 X Ln 22	0	467	0	246	0	36	749	227	522
26	<i>Salary-related Benefits</i>		<u>0</u>	<u>10,634</u>	<u>0</u>	<u>8,926</u>	<u>0</u>	<u>1,161</u>	<u>20,722</u>	<u>5,337</u>	<u>15,384</u>
27											
28	FTE Employees	RR-3-01 Ln 17	0	3	0	16	0	2	21		
29											
30	Medical	Ln 18 X Ln 28	0	18,520	0	59,944	0	9,399	87,862	11,955	75,907
31	Other Health Care	Ln 19 X Ln 28	0	3,678	0	12,875	0	1,883	18,436	2,413	16,023
32	<i>Per FTE-related Benefits</i>		<u>0</u>	<u>22,197</u>	<u>0</u>	<u>72,819</u>	<u>0</u>	<u>11,282</u>	<u>106,298</u>	<u>14,368</u>	<u>91,930</u>
33											

RR-3-03 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Adjustments to Test Year
AD Adjustment 03
Pension and Benefits Expense
Schedule RR-3-03

Pro Forma Incurred for 2015											
Line	Description	Ref.	Operations- Union	Operations- NonUnion	Billing- Union	Billing- NonUnion	Gas- Union and Gas- Non-Union	A&G- NonUnion	Total	Capitalized	To Operations
34	Pension and Benefits- Active Employees	Sum Lns 10, 16, 26, 32	1,095,450	720,001	479,132	259,423	21,228	575,320	3,150,554	1,039,500	2,111,054
35	Inactive employees- FAS 112										53,839
36	Inactive employees- Pension and OPEB			Pension	(104,413)	OPEB		122,615			18,202
37	Deferred items to Pension / OPEB expens	NEES Acquisition Credit		Expires in 2016							None
38		Liberty Acquisition Debit	Amount	21,188,697	Years			10.52	Annual expense		2,014,135
39	Rate Year Expense- Account 926										4,197,230
40	Test Year Expense- Account 926										4,058,761
41	Increase Due to Known and Measur To RR-3										138,469

42
43 Notes:
44 This adjustment aligns Pension and Benefits expense with the Labor costs reflected on RR-3-01
45 1) Lines 6-8, 14-15, 17 and 28 are costs incurred related to Labor complement at 12/31/2015
46 2) Pension, OPEB, 401K and Workers Compensation are related to salary; the % of applicable salary developed for Labor
47 at 12/31/2015 (line 11) were applied to salary for New Hires (line 26).
48 3) Medical and Other health care are related to number of full-time employees; the cost per FTE developed for Labor
49 at 12/31/2015 (line 19) were applied to FTE for New Hires (line 32).
50 4) Lines 37-38- Reflect amortization of Pension / OPEB adjustments at acquisition.
51 Balances are being amortized over 10.52 years from acquisition reflecting estimated service lives of the employees.

RR-3-04 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Adjustments to Test Year**
AD **Adjustment 04**
Property and Liability Insurance
Schedule RR-3-04

From RR-3-01 Line 13 34.96%

Line	Carrier	Policy # (Insurer)	Invoice Amount	Basis for Split	Granite State	Period Covered	GS Annual Premium	Capitalized	To Operations
1	Zurich	GLO 3792974-07	974,551	Revenue	\$115M revenue, 13.9335% of US total	12/01/2015-16	135,789		135,789
2	AIG	8842542	285,250	Revenue	Same as CGL	12/01/2015-16	39,745		39,745
3			24,612	Revenue	Same as CGL		3,429		3,429
4	AEGIS	XL5115703P	1,081,667	Revenue	Same as CGL	12/01/2015-16	150,714		150,714
5	EIM	253334-15GL	231,600	Revenue	Same as CGL	12/01/2015-16	32,270		32,270
6	AIG	CE 2424 0937	176,080	Revenue	Same as CGL	12/01/2015-16	24,534		24,534
7	Northbridge	CRX63245	62,408	Revenue	Same as CGL	12/01/2015-16	8,696		8,696
8	Ironhorse	C444670515	96,287	Revenue	Same as CGL	12/01/2015-16	13,416		13,416
9	Liberty Mutual	1000099093-03	84,697	Revenue	Same as CGL	12/01/2015-16	11,801		11,801
10	OIL Casualty	U920527-1215	78,162	Revenue	Same as CGL	12/15/2015-12/01/16	10,891		10,891
11	AIG	CE 2424 0938	67,340	Revenue	Same as CGL	12/15/2015-12/01/16	9,383		9,383
12		TLTOAA6XQ4001	16,677	Number of employees	154 employees, 14.02% of total	08/17/2015-08/17/2016	2,381	832	1,549
13		02-940-12-70	26,010	Number of employees	GSEC 154 employees, 14.02% of total	02/06/2015-02/06/2016	3,646	1,275	2,371
14		BAP0171285-00	558,781	Number of autos	61 autos, 6.56% of total	06/01/2015-06/01/2016	36,612	12,798	23,814
15		WC017128601	1,142,743	Risk-adjusted PR, with EN	12.2% of total PR, 21.4% of non-clerical PR	06/01/2015-06/01/2016	201,170	70,323	130,848
16		SU892	857,091	Insured value	\$47.5M insured assets, 6.38% of total	12/01/2015-12/01/2016	54,648		54,648
17		01850019	Coverage is in Property 4-factor ratio			7/3/12-12/1/12			
18			190,000		11.67%		22,173		22,173
19			<u>5,953,956</u>				<u>761,298</u>	<u>85,228</u>	<u>676,070</u>
20									
21							From RR-3-07 Line 3		1,500,000
22									2,176,070
23									1,565,273
24							To RR-3		<u>610,797</u>
25									

RR-3-05 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 05**

Contract Labor Costs

Schedule RR-3-05

Line	Description	Account	Charged to GSEC in 2015 (A)	To be Charged to GSEC in 2016	Known and Measurable Change
1	Supervision	580	287		(287)
2	Misc distribution expenses	588	13,753		(13,753)
3	Customer records & collection expenses	903	316,001	(B) 8,700	(307,301)
4	A&G Salaries	920	70,253	(C) 16,500	(53,753)
5	Outsided services	923	21,127		(21,127)
6	Total adjustment to expense		421,421	25,200	(396,221)
7					
8	<u>Charged to Balance Sheet</u>				
9	Construction WIP		(92,146)		
10	Stores		(37,030)		
11	Total charged to GSE in 2015		<u>292,245</u>		

12 (A) Eliminate all costs

13 (B) 2 contractors for peak collection period (April-October). total costs \$29,000 30% to GSE = \$8,700. Continuing annual expense.

14 (C) 1 facility support resource, \$55,000 annually X 30% to GSE = \$16,500. Continuing annual expense.

15

16

RR-3-06 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 06**

Other Known and Measurable Changes

Schedule RR-3-06

Line	Account	Description	Account	Amount
1	Vegetation Management in base rates	Change from 5 year cycle to 4 year cycle	588	140,000
2				
3	Maint of Overhead Lines	Remove adjustments to 2014 recorded 2015	593	43,903
4	Maint of Overhead Lines-Veg Mgmt-Labor	Remove adjustments to 2014 recorded 2015	593	370
5	Maint of Overhead Lines Labor	Remove adjustments to 2014 recorded 2015	593	2,673
6	Maint of Overhead Lines-Veg Mgmt	Remove adjustments to 2014 recorded 2015	593	29,161
7				
8	Misc Distribution expenses	Remove Out-of-period costs	594	(187,195)
9				
10	Customer Records & Collections Expense	Remove non-recurring data access charges from National Grid	903	(7,500)
11				
12	Remove Employee relocation costs	Remove Employee relocation costs	921	(4,020)
13	Admin Exp Transferred-Cr	Remove adjustments to 2014 recorded 2015	921	(1,172)
14	Other Known and Measurable Changes			16,220
15				

RR-3-07 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 07**

Major Storm Reserve Fund

Schedule RR-3-07

Line	Description	Amount				
1	Proposed in Base Rates	1,500,000				
2	Proposed in SRA	0				
3	Annual Storm Funding	1,500,000				
4	Storm costs in Test Year O&M	(1,500,000)				
5	Adjustment to Major Storm Reserve Fund	Account 924	0			
6						
7	Storm Fund Rollforward	Opening Balance	Collected-Base Rates	Collected-SRA	Storm Costs	Interest
8	Balance 12/31/2011					
9	Year 2012- From DE 13-196	6,722,965	(120,000)	(1,948,715)	2,046,499	207,541
10	Year 2013- From Storm Fund Report	6,908,290	(120,000)	(2,190,746)	402,200	200,847
11	Year 2014- From Storm Fund Report	5,200,591	(1,097,500)	(2,889,985)	483,254	118,012
12	Year 2015	1,814,372	(1,500,000)	(1,843,648)	119,216	3,731
13	Total Period	6,722,965	(2,837,500)	(8,873,094)	3,051,169	530,131
14	Balance in account 8830-2-0000-10-1930-1825					
15	Balance in account 8830-2-0000-20-2142-2548					
16	Storm Fund Balance per books at 12/31/2015					
17		1.90%				
18	Storm Cost History	Date	Years to 12/31/2016	Nominal Cost	Inflate to 12/31/2016	Indexed Cost
19	Ice Storm A 12/12/2008	12/12/2008	8.1	1,372,551	116.36%	1,597,156
20	Windstorm 02/23-26/2010	02/26/2010	6.8	1,713,578	113.75%	1,949,185
21	Halloween Snow 10/31/2011	10/31/2011	5.2	1,560,182	110.22%	1,719,603
22	First Snow Storm 03/07/2011	03/07/2011	5.8	1,713,696	111.58%	1,912,110
23	Hurricane Irene 08/20/2011	08/20/2011	5.4	993,267	110.63%	1,098,829
24	Superstorm Sandy 10/29/2012	10/29/2012	4.2	1,628,452	108.17%	1,761,496
25	Storms 2013	12/31/2013	3.0	402,200	105.81%	425,569
26	Storms 2014	12/31/2014	2.0	483,254	103.84%	501,805
27	Storms 2015	12/31/2015	1.0	119,216	101.90%	121,486
28				<u>9,986,395</u>		<u>11,087,239</u>
29	December 2016	12/31/2016				
30	Average Annual Major Storm Cost		8 years			1,385,905
31						

RR-3-08 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Adjustments to Test Year
AD Adjustment 08
Depreciation Annualization and Rates
Schedule RR-3-08

Line	Account	Acct. No.	Balance Historic Year Ended Dec. 31, 2015	Rates		Annual Depreciation Expense			Accum Depr
				Current		Historic Year Ended Dec. 31, 2015	At Current Rates	Pro Forma Adjustment	Historic Year Ended Dec. 31, 2015
1	Intangible Assets								
2	Organization	301	24,808						
3	Other Intangible assets	303	8,253,934	20.00%	1,650,787	1,650,787	0	2,357,933	
4	<i>Total Intangible Assets</i>		<u>8,278,743</u>		<u>1,650,787</u>	<u>1,650,787</u>	<u>0</u>	<u>2,357,933</u>	
5									
6	Distribution Plant								
7	Land and land rights	360	1,647,193						
8	Structures and improvements	361	1,951,256	2.56%	55,696	49,952	(5,744)	332,535	
9	Station equipment	362	20,196,455	2.80%	531,760	565,501	33,741	7,692,975	
10	Poles, towers and fixtures	364	34,318,797	3.25%	1,091,491	1,115,361	23,870	20,415,018	
11	Overhead conductors, devices	365	46,108,011	3.19%	1,738,539	1,470,846	(267,693)	15,077,753	
12	Underground conduit	366	5,987,416	2.00%	129,166	119,748	(9,418)	1,187,041	
13	Underground conductors, device	367	11,449,006	3.17%	347,931	362,933	15,002	3,424,865	
14	Line transformers	368	20,767,405	3.51%	683,858	728,936	45,078	11,739,137	
15	Services	369	9,233,479	3.17%	291,466	292,701	1,235	5,111,052	
16	Meters	370	4,666,193	5.23%	243,833	244,042	209	2,378,012	
17	Leased Prop on Customers' Prem	372	1,163,798	4.17%	7,337	48,530	41,193	1,163,798	
18	Street lighting, signal system	373	4,720,493	4.33%	203,893	204,397	504	3,805,165	
19	<i>Total Distribution Plant</i>		<u>162,209,501</u>	<u>3.21%</u>	<u>5,324,970</u>	<u>5,202,948</u>	<u>(122,022)</u>	<u>72,327,351</u>	
20									
21	General Plant								
22	Land	389	1,620,372						
23	Structures and Improvements	390	8,235,094	1.68%	155,047	138,350	(16,697)	1,052,946	
24	Office Furniture and Equipment	391	599,312	4.00%	20,584	23,972	3,388	59,010	
25	Transportation Equipment	392	832,434	7.50%	57,787	62,433	4,646	179,511	
26	Stores Equipment	393	66,874	3.33%	2,227	2,227	(0)	51,567	
27	Tools Shop and Garage Equipmen	394	250,854	4.17%	8,492	10,461	1,969	115,440	
28	Laboratory Equipment	395	259,623	3.03%	7,276	7,867	591	114,945	
29	Power Equipment	396	2,149,957	8.23%	176,942	176,941	(1)	403,650	
30	Communication Equipment	397	1,706,687	4.55%	73,179	77,654	4,475	756,335	
31	Miscellaneous Equipment	398	73,360	3.85%	2,651	2,824	173	3,593	

RR-3-08 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Adjustments to Test Year
AD Adjustment 08
Depreciation Annualization and Rates
Schedule RR-3-08

Line	Account	Acct. No.	Balance Historic Year Ended Dec. 31, 2015	Rates		Annual Depreciation Expense			Accum Depr Historic Year Ended Dec. 31, 2015
				Current		Historic Year Ended Dec. 31, 2015	At Current Rates	Pro Forma Adjustment	
32	Total General Plant		15,794,566	3.18%		504,185	502,729	(1,456)	2,736,997
33	Total		<u>186,282,810</u>			7,479,942	7,356,464	(123,478)	77,422,281
34	Excess depreciation			From RR-3-09		(706,686)	(706,686)	0	(3,533,430)
35	Depreciation expense computed, Plant assets as of 12/31/2015					<u>6,773,256</u>	<u>6,649,778</u>	(123,478)	
36	Depreciation expense recorded for Historic Year					<u>6,773,256</u>			
37	Depreciation expense, Assets In service but not closed to Plant as of 12/31/2015				From RR-5-4		351,149	351,149	
38	Ratemaking Adjustment per DG 11-040 (Acquisition)				From RR-5-4		(1,234,419)	(1,234,419)	
39	Depreciation expense adjustment				To RR-3		<u>5,766,508</u>	<u>(1,006,748)</u>	
40	Difference								(6,546,341)
41	Non-utility property	Non-util	32,086						
42	Total per GL		<u>186,314,896</u>						<u>67,342,510</u>
43									

RR-3-09 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 09**

Depreciation Reserve Deficiency Amortization

Schedule RR-3-09

Line	Account	Source	Amount
1	Accumulated Depreciation Historical (Over) Theoretical	<i>DE 13-063</i>	(3,533,430)
2	Annual (Credit) to depreciation expense	<i>DE 13-063</i>	(706,686) <i>To RR-3-08</i>
3	Monthly (Credit) to depreciation expense		(58,891)
4	Amortization period- months		60
5			
6	Effective date	04/15/2014	
7	Amortization through	12/31/2015	20.5
8	Accumulated amortization of regulatory liability		(1,207,255)
9	Balance remaining to credit to expense		(2,326,175)
10	Trial balance amount		(2,326,175)
11	Amortization ends		04/14/2019
12			

RR-3-10 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 10**

Algonquin / Liberty Support Costs

Schedule RR-3-10

Line	Description	Account	Historic 2015	Change	Pro Forma
1	A&G-Salaries LU (A)	920LU	561,129		561,129
2	LU Capitalized (A)	922LU	(541,417)		(541,417)
3	LU Outside services	923LU	2,029,447		2,029,447
4	Rent- Intercompany	931LU	52,053		52,053
5	Adjustment		2,101,212	0	2,101,212
6					
7	The Company will update this item as new information becomes available.				
8					

RR-3-11 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**
AD **Adjustment 11**
Property Taxes
Schedule RR-3-11

Line	Municipality	Parcel	Tax Year 2015			Tax Year 2015	
			Installment #1	Installment #2	Total Due	Assessed Value #1	Assessed Value #2
1	Acworth	999-00000-999D	6,335	11,550	17,885	603,600	786,835
2	Alstead	999-UTIL-001	30,488	45,750	76,238	2,840,100	3,152,600
3	Bath	00	957	1,074	2,031	121,700	121,700
4	Canaan	00UTIL-00ELEC-000001	57,786	71,606	129,392	4,589,800	4,671,200
5	Charlestown	119-033	1,439	1,534	2,973	99,200	99,200
6	Charlestown	000-003	72,550	230,315	302,865	5,000,000	10,105,600
7	Charlestown	103-050	887	927	1,814	56,330	56,351
8	Charlestown	103-051	5	6	11	330	341
9	Charlestown	107-001	19	21	40	1,200	1,238
10	Cornish	000UTL - 000UTL - 00ELEC	2,269	2,360	4,629	226,900	226,900
11	Derry	11-100	1,543	1,502	3,045	114,372	114,372
12	Enfield	33-034	850	1,008	1,858	82,200	82,200
13	Enfield	UTL-001	33,807	40,082	73,889	3,268,000	3,268,000
14	Grafton	000UTL-00001-00000	325	1,308	1,633	32,000	65,700
15	Hanover	0-11	88,958	97,700	186,658	10,161,000	10,161,000
16	Langdon	1-00000.-0	8,665	9,881	18,546	764,800	764,800
17	Lebanon	103-14	75,204	24,415	99,619	5,727,700	3,608,100
18	Lebanon	105-105	1,698	1,899	3,597	143,300	143,400
19	Lebanon	116-4	47	52	99	3,600	3,600
20	Lebanon	117-17	759	658	1,417	64,100	64,100
21	Lebanon	6-1	2,653	2,968	5,621	223,900	223,900
22	Lebanon	999-2	357,941	313,263	671,204	30,206,000	26,762,500
23	Londonderry	7-34-1	9,250	9,188	18,438	2,923,600	2,923,600
24	Marlow	U7C	276	498	774	24,385	33,740
25	Monroe	000000-000002-000000	3,664	2,493	6,157	761,800	762,000
26	Orange	00UTLS-000GSE-000000	1,448	0	1,448	91,600	0
27	Pelham	0-14-3	101,996	105,987	207,983	9,980,000	9,980,000
28	Plainfield	000233-000020-000000	23,382	23,101	46,483	1,878,100	1,878,100
29	Salem	67-9809	1,355	1,435	2,790	147,100	147,100

RR-3-11 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Adjustments to Test Year**
AD **Adjustment 11**
Property Taxes
Schedule RR-3-11

Line	Municipality	Parcel	Tax Year 2015			Tax Year 2015		
			Installment #1	Installment #2	Total Due	Assessed Value #1	Assessed Value #2	
30	Salem	68-10101	174	184	358	18,900	18,900	
31	Salem	68-10102	197	207	404	21,300	21,300	
32	Salem	68-10103	99	106	205	10,800	10,800	
33	Salem	89-1099	798	845	1,643	76,800	76,800	
34	Salem	89-10115	924	977	1,901	100,300	100,300	
35	Salem	114-10116	796	843	1,639	76,600	76,600	
36	Salem	116-9915	12,607	13,335	25,942	1,212,800	1,212,800	
37	Salem	116-9915-2	973	1,029	2,002	93,600	93,600	
38	Salem	136-9903	1,360	1,438	2,798	147,600	147,600	
39	Salem	157-9715	455,985	482,209	938,194	49,482,800	49,482,800	
40	Surry	000UTL-000003-000GSE	1,279	1,393	2,672	120,100	120,100	
41	Walpole	00UTIL-00UTIL-00001B	35,141	40,595	75,736	3,496,600	3,496,600	
42	Walpole	00UTIL-00UTIL-00001A	11,899	13,195	25,094	996,600	996,600	
43	Windham	00B-00000-02795	19,533	27,429	46,962	1,812,000	2,418,224	
44	State of NH	NH DRA 1-2	131,299	131,299	262,598	79,575,115	79,575,115	
45	State of NH	NH DRA 3-4	131,299	131,299	262,598	79,575,115	79,575,115	
46			1,690,919	1,848,964	3,539,883	296,953,746	297,631,430	
47	Property Tax % Assessed Value						0.57%	0.62%
48								
49	Pro Forma Property Tax Expense (Installment #2 X 2)					3,697,928		
50	Property Tax expense, Test Year					3,459,410		594,585,177
51	Increase in Property tax expense					238,518		
52								

RR-3-12 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 12**
Concord Training Center
Schedule RR-3-12

<u>Line</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>
1	Annual lease expense		<u>146,559</u>
2			
3			
4			

RR-3-13 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Adjustments to Test Year**
AD **Adjustment 13**
Other Revenue
Schedule RR-3-13

Line	Description	Actual		Adjustment	Adjusted
1	Forfeited discounts	0	(a)		0
2	Misc. service revenue	453,063	(b)	(182,764)	270,299
3	Rent from Electric property	327,565	(c)		327,565
4	Other revenue	382,953	(d)		382,953
5	Sales for resale	213,953	(e)		213,953
6		<u>1,377,533</u>		<u>(182,764)</u>	<u>1,194,769</u>
7				Adjustment	
8	(a) Increase by estimated total bill increase of 15%				
9	(b) Remove incentive revenue for energy efficiency programs (\$125,153) and				
10	non-recurring charges to customers (\$57,611)				
11	(c) Pole attachment revenue, not affected by distribution rates				
12	(d) Represents CIAC and other revenue, which are not changing in this rate case				
13	(e) Border sales revenue				

15%

RR-3-14 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
 Final **Adjustments to Test Year**
 AD **Adjustment 14**
Adjustments to Normalize Distribution Revenue
 Schedule RR-3-14

Line	Description	Ref.	Amount
1	Distribution revenue, Historic unadjusted	RR-2-1	59,758,041
2	Flow-through items	RR-2-2	(26,034,187)
3			
4	Street Lighting revenue over-accrued		(71,554)
5	Adjustment to Normalize Revenue		449,776
6			378,222
7			
8	Distribution revenue, Historic adjusted		<u>34,102,076</u>
9			
10			

[To RR-3](#)

RR-3-15 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Adjustments to Test Year**

AD **Adjustment 15**

Income Tax Expense- Test Year Actual

Schedule RR-3-15

Line	Description	Reference	Amount
1	Test Year Actual to Statutory Rates		
2	Normalized Revenue	<i>RR-2, line 5</i>	35,296,845
3	Normalized Expenses, excluding income tax	<i>RR-2, lines 8-15, line 17</i>	28,902,582
4	Income (loss) before interest and taxes		6,394,263
5			
6	Rate base	<i>RR-1</i>	97,496,042
7	Debt Portion	<i>RR-6</i>	45.00%
8	Debt Component		43,873,219
9	Debt cost	<i>RR-6</i>	5.88%
10	Synchronized Interest expense		2,581,404
11	Pre-tax income, New Hampshire		3,812,858
12			
13	New Hampshire Business tax rate		8.50%
14	New Hampshire synchronized tax expense	<i>Line 11 X Line 13</i>	324,093
15	Pre-tax income, Federal	<i>Line 11 - Line 14</i>	3,488,765
16			
17	Federal statutory rate		34.00%
18	Federal synchronized tax expense	<i>Line 15 X Line 17</i>	1,186,180
19			
20	Total Income tax expense at Statutory rates	<i>Line 14 + Line 18</i>	1,510,273
21	Income tax expense (credit) recorded	<i>RR-2, line 16</i>	1,632,801
22	Adjustment to Normalize Historic Test Year		(122,528)
23			
24	Adjustment to New Hampshire		209,926
25	Adjustment to Federal		(332,455)
26	Total Adjustment		(122,528)
27			
28	This adjustment normalizes income tax expense in the Test Year to reflect statutory rates.		
29			

RR-4 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Balance Sheets**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-4

Line	Description	<i>FERC Form 1</i>		
		Historic Year Ended Dec. 31, 2015	Calendar Year Ending Dec. 31, 2014	Calendar Year Ending Dec. 31, 2013
1	Assets			
2	Utility plant	186,282,810	170,163,312	145,769,570
3	Depreciation reserve	(67,342,510)	(12,365,954)	(10,991,637)
4	Plant in service, Not classified	10,947,581	4,880,926	
5	CWIP	3,785,584	14,988,689	15,091,829
6			(53,062,479)	(53,184,734)
7	Net Utility plant	133,673,465	124,604,494	96,685,028
8				
9	Other property & investments	32,086	32,086	32,086
10				
11	<u>Current assets</u>			
12	Cash	25,515	25,921	822,064
13	Accounts receivable	13,061,446	16,684,673	9,158,547
14	Due from affiliates	6,712,349	1,403,750	10,458,924
15	Materials and supplies	1,605,519	2,074,781	768,208
16	Prepayments	1,188,847	750,114	709,945
17	Accrued revenues and other	3,840,006	2,095,941	1,669,804
18	Total Current assets	26,433,683	23,035,180	23,587,492
19				
20	ADIT- Debits	407,623	22,979,602	9,224,939
21	Deferred Assets- Pension / OPEB	18,195,884	30,659,599	30,182,154
22	Deferred Assets- Storm	121,177		
23	Plant removal	0		
24	ARO	21,000		
25	Other Assets	428,331	485,837	460,107
26	Total Other assets	19,174,015	54,125,038	39,867,200
27				
28	Total Assets	179,313,249	201,796,798	160,171,806

RR-4 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Balance Sheets**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-4

Line	Description	<i>FERC Form 1</i>		
		Historic Year Ended Dec. 31, 2015	Calendar Year Ending Dec. 31, 2014	Calendar Year Ending Dec. 31, 2013
29				
30	Capitalization & Liabilities			
31	<u>Capitalization</u>			
32	Common stock	82,024,903	82,024,903	82,024,903
33	Other Paid-in capital	17,000,000		
34	Retained Earnings	(10,191,379)	6,808,621	(16,741,259)
35	Retained earnings- Current year	2,828,315		
36	Retained Earnings adjustments	(1,638,476)	(2,551,710)	5,039,801
37	Total Proprietary capital	<u>90,023,362</u>	<u>86,281,814</u>	<u>70,323,445</u>
38				
39	Long-term debt	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
40	Total Capitalization	<u>105,023,362</u>	<u>101,281,814</u>	<u>85,323,445</u>
41				
42	<u>Current & accrued liabilities</u>			
43	Notes payable to Affiliates	17,000,000	17,000,000	17,000,000
44	Accounts payable	6,104,613	38,142	7,130
45	Due to affiliates	2,374,192	6,513,434	11,693,202
46	Customer deposits	777,252	765,837	719,809
47	Accrued expenses	13,501,396	17,630,065	14,400,397
48	Total Current & accrued liabilities	<u>39,757,453</u>	<u>41,947,478</u>	<u>43,820,538</u>
49				
50	ADIT- Credits	4,030,979	24,886,881	11,572,309
51	Deferred Assets- Pension / OPEB	21,619,103	23,420,781	11,148,385
52	Deferred Assets- Storm/ Other	1,527,505	9,973,986	8,028,400
	Plant removal	5,013,415		
53	Other Non-current liabilities	2,326,175	285,858	278,729
54	Customer advances for construction	15,257		
55	Total Capitalization & Liabilities	<u>179,313,249</u>	<u>201,796,798</u>	<u>160,171,806</u>

RR-5 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Rate Base**
RR **Balances at Dec. 31, 2015**

Schedule RR-5						
Line	Description	Balance Historic Year Ended Dec. 31, 2015	Ref.	Description	Adjustments	Pro Forma Rate Base
	<i>Source:</i>	<i>RR-5-1</i>				
1	Utility plant in service					
2	Utility plant	186,282,810	RR-5-4	In service Not	4,775,486	191,058,296
3	Depreciation reserve	(67,342,510)	RR-5-4	classified; Remove IT	1,354,410	(65,988,100)
4	Net Utility plant	<u>118,940,300</u>			<u>6,129,896</u>	<u>125,070,196</u>
5						
6	Materials and Supplies	1,605,519	RR-5-1	5 quarter avg	133,576	1,739,095
7	Prepayments	1,188,847	RR-5-1	5 quarter avg	(432,522)	756,325
8	Cash Working Capital		RR-5-3	27.50 days	3,727,139	3,727,139
9	Plant in service, Not classified	10,947,581		Included on line 2	(10,947,581)	0
10	ARO	21,000		Remove	(21,000)	0
11	Accumulated Deferred FIT	(3,623,355)	RR-5-5	Computed	(29,402,485)	(33,025,841)
12	Customer deposits	<u>(777,252)</u>	RR-5-1	5 quarter avg	<u>6,378</u>	<u>(770,874)</u>
13	Other Rate Base items	<u>9,362,340</u>			<u>(36,936,495)</u>	<u>(27,574,154)</u>
14	Rate Base	<u>128,302,640</u>			<u>(30,806,599)</u>	<u>97,496,042</u>
15		<i>128,302,640</i>				<i>97,496,042</i>
16						
17						

RR-5-1 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

Final Rate Base Quarterly Balances

RR Historic Year Ended Dec. 31, 2015

Schedule RR-5-1

Line	Description	12/31/2014	03/31/2015	06/30/2015	09/30/2015	12/31/2015	5 Quarter Average
1	Materials and Supplies	2,074,781	1,643,269	1,654,641	1,717,265	1,605,519	1,739,095
2	Prepayments	750,114	374,611	957,734	510,321	1,188,847	756,325
3							
4	Customer deposits	(765,837)	(726,939)	(774,882)	(809,458)	(777,252)	(770,874)
5							

RR-5-2 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Materials & Supplies**

RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-5-2

Line	Description	5-Quarter Average		
		Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
1	Materials & Supplies	1,739,095	1,089,629	676,087
2		1,739,095	1,089,629	676,087
3				
4				
5				
6	December 31 (prior year)	2,074,781	768,208	415,932
7	March 31	1,643,269	816,479	633,537
8	June 30	1,654,641	842,742	675,676
9	September 30	1,717,265	945,933	887,082
10	December 31 (this year)	1,605,519	2,074,781	768,208
11	Average	1,739,095	1,089,629	676,087
12				

RR-5-3 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Cash Working Capital**

RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-5-3

Line	Description	Reference	Pro Forma Test Year With Known and Measurable
1	Distribution, before adjustments	Schedule RR-2	30,638,191
2	Adjustments, before income tax	Schedule RR-2	(102,807)
3	Adjustment for income tax	Schedule RR-2	(122,528)
4	Transmission expenses	Schedule RR-2	19,084,348
5			49,497,204
6			
7	Cash Working Capital Required- 27.50 days		7.53%
8	Cash Working Capital Required		3,727,139
9			

RR-5-4 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Rate Base Adjustments-Capital Additions**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-5-4

Line	Description	Reference	Cost	Book Depreciation		
				Rate	Expense	Accumulated
1	In service at 12/31/2015, Unclassified	<i>From RR-2-1</i>	10,947,581	3.21%	351,149	351,149
2	Ratemaking Adjustment per DG 11-040 (Acquisition)		(6,172,095)	20.00%	(1,234,419)	(1,705,559)
3						
4						
5	Total Capital Additions		\$4,775,486		(\$883,270)	(\$1,354,410)
6			<i>To RR-5</i>		<i>To RR-3-08</i>	<i>To RR-5</i>
7						
8						

RR-5-5 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**

Final **Rate Base Adjustments- Plant-Related ADIT**

RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-5-5

Line	Description	Notes	Federal	State	Combined
1	ADIT on Acquisition Date Assets	<i>RR-5-6</i>	2015		\$21,960,571
2					
3	Post-Acquisition Capital Additions	Combined	Federal	State	
4	Plant in Service 12/31/2015	186,282,810			
5	Plant in Service 7/1/2012 (Acquisition)	134,515,402			
6	Change in plant balances since Acquisition	51,767,408			
7					
8	For Additions Since Acquisition- ADIT per books				
9	Rate=	Basis Difference	34.00%	5.61%	
10	Capital Assets	(50,736,152)	17,250,292	2,846,298	20,096,590
11	CWIP	5,244,400	(1,783,096)	(294,211)	(2,077,307)
12	Goodwill	9,553,904	(3,248,327)	(535,974)	(3,784,301)
13	Cost of Removal	4,823,421	(1,639,963)	(270,594)	(1,910,557)
14					
15	NH Bonus depreciation:				
16	Bonus Tax depreciation	26,030,000		(1,460,283)	(1,460,283)
17	Additional regular depreciation	(3,585,165)		201,128	201,128
18	ADIT Per Books at 12/31/2015 (Relates to Post-Acquisition Additions)				\$11,065,269
19	Total Accumulated Deferred Income Tax Adjustment to Rate Base, 12/31/2015				\$33,025,841
20					

RR-5-6 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Proposed ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**

Schedule RR-5-6 [RR-5-7](#) NPV @ 8.31% NPV @ 8.31%
189,419 189,404

Line	Year	ADIT Computed	ADIT In Effect	ADIT Proposed
1	2011	21,137		
2	2012	22,009	21,137	21,137
3	2013	22,126	21,137	21,137
4	2014	22,172	21,137	21,137
5	2015	21,961	21,137	21,137
6	2016	21,497	21,137	21,137
7	2017	20,697	20,697	21,000
8	2018	19,626	20,697	21,000
9	2019	18,724	20,697	21,000
10	2020	17,937	17,937	21,000
11	2021	17,152	17,937	21,000
12	2022	16,372	17,937	21,000
13	2023	15,596	15,596	21,000
14	2024	14,834	15,596	21,000
15	2025	14,091	15,596	20,000
16	2026	13,353	13,353	19,000
17	2027	12,622	13,353	18,000
18	2028	11,897	13,353	17,000
19	2029	11,179	11,179	10,000
20	2030	10,468	11,179	7,415
21	2031	9,766	11,179	
22	2032	9,071	9,071	
23	2033	8,386	9,071	
24	2034	7,706	9,071	
25	2035	7,033	7,033	
26	2036	6,366	7,033	
27	2037	5,714	7,033	
28	2038	5,089	5,089	
29	2039	4,489	5,089	
30	2040	3,917	5,089	
31	2041	3,375	3,375	
32	2042	2,867	3,375	

RR-5-6 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Proposed ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**

Schedule RR-5-6 [RR-5-7](#) NPV @ 8.31% NPV @ 8.31%
189,419 189,404

Line	Year	ADIT Computed	ADIT In Effect	ADIT Proposed
33	2043	2,398	3,375	
34	2044	1,957	1,957	
35	2045	1,545	1,957	
36	2046	1,183	1,957	
37	2047	891	891	
38	2048	666	891	
39	2049	491	891	
40	2050	360	360	
41	2051	280	360	
42	2052	231	360	
43	2053	190	190	
44	2054	154	190	
45	2055	123	190	
46	2056	98	98	
47	2057	79	98	
48	2058	62	98	
49	2059	46	46	
50	2060	33	46	
51	2061	23	46	
52	2062	16	16	
53	2063	12	16	
54	2064	9	16	
55	2065	7	7	
56	2066	5	7	
57	2067	4	7	
58	2068	3	3	
59	2069	2	3	
60	2070	1	3	
61	2071	1	1	
62	2072	1	1	
63	2073	1	1	
64	2074	1	1	

RR-5-7 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Historic and Projected ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**
Schedule RR-5-7

Tax Rate=	39.61%
-----------	--------

Line	Year	Plant Adds	Plant EOY	Book Depreciation Expense	Book Accum Deprec	Tax Depreciation Allowance	Tax Accum Deprec	Cum Tax Allow - Accum Book Deprec	ADIT	
1	1995				0		0			
2	1996	56,412	56,412	22,202	22,202	22,886	22,886	684	271	
3	1997	3,715	60,127	1,485	23,687	2,520	25,406	1,719	681	
4	1998	2,921	63,048	1,570	25,257	7,116	32,522	7,265	2,878	
5	1999	3,025	66,073	1,647	26,904	2,967	35,489	8,585	3,400	
6	2000	3,869	69,942	1,734	28,638	3,183	38,672	10,034	3,975	
7	2001	5,128	75,070	1,845	30,483	3,469	42,141	11,658	4,618	
8	2002	5,120	80,190	1,984	32,467	3,902	46,043	13,577	5,378	
9	2003	3,241	83,431	2,104	34,571	4,199	50,242	15,672	6,208	
10	2004	3,311	86,742	2,191	36,762	4,237	54,479	17,717	7,018	
11	2005	5,669	92,411	2,306	39,067	6,446	60,925	21,858	8,658	
12	2006	8,495	100,906	2,486	41,553	8,974	69,899	28,346	11,228	
13	2007	7,966	108,872	2,692	44,245	9,192	79,091	34,845	13,802	
14	2008	6,145	115,017	2,873	47,119	8,669	87,759	40,641	16,098	
15	2009	5,156	120,173	3,020	50,139	8,344	96,104	45,965	18,207	
16	2010	8,296	128,469	3,194	53,332	9,004	105,107	51,775	20,508	
17	2011	5,085	133,554	3,369	56,701	6,585	111,692	54,991	21,782	
18	DE 13-063 Settlement Exh 5-5 at 3/31/2012					56,786		111,691	54,905	21,100
19	DE 13-063 Settlement Exh 5-5 at 7/01/2012									21,137
20										
21	2012			3,436	60,137	4,008	115,700	55,564	22,009	
22	2013			3,436	63,573	3,733	119,433	55,861	22,126	
23	2014			3,436	67,008	3,549	122,983	55,975	22,172	
24	2015			3,436	70,444	2,903	125,886	55,442	21,961	
25	2016			3,436	73,880	2,266	128,152	54,272	21,497	
26	2017			3,436	77,316	1,416	129,568	52,253	20,697	
27	2018			3,436	80,751	731	130,299	49,547	19,626	
28	2019			2,391	83,142	113	130,412	47,270	18,724	
29	2020			1,987	85,129	0	130,412	45,283	17,937	
30	2021			1,980	87,109	0	130,412	43,303	17,152	
31	2022			1,970	89,078	0	130,412	41,333	16,372	
32	2023			1,960	91,039	0	130,412	39,373	15,596	
33	2024			1,922	92,961	0	130,412	37,451	14,834	
34	2025			1,876	94,837	0	130,412	35,575	14,091	

RR-5-7 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Historic and Projected ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**
Schedule RR-5-7

Tax Rate=	39.61%
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Line	Year	Plant Adds	Plant EOY	Book Depreciation Expense	Book Accum Deprec	Tax Depreciation Allowance	Tax Accum Deprec	Cum Tax Allow - Accum Book Deprec	ADIT
35	2026			1,862	96,699		130,412	33,712	13,353
36	2027			1,847	98,546		130,412	31,865	12,622
37	2028			1,829	100,376		130,412	30,036	11,897
38	2029			1,814	102,190		130,412	28,222	11,179
39	2030			1,793	103,983		130,412	26,428	10,468
40	2031			1,774	105,757		130,412	24,655	9,766
41	2032			1,753	107,510		130,412	22,901	9,071
42	2033			1,731	109,241		130,412	21,170	8,386
43	2034			1,715	110,956		130,412	19,455	7,706
44	2035			1,701	112,657		130,412	17,755	7,033
45	2036			1,684	114,340		130,412	16,071	6,366
46	2037			1,646	115,986		130,412	14,425	5,714
47	2038			1,578	117,564		130,412	12,847	5,089
48	2039			1,515	119,079		130,412	11,333	4,489
49	2040			1,445	120,524		130,412	9,888	3,917
50	2041			1,368	121,892		130,412	8,520	3,375
51	2042			1,282	123,174		130,412	7,238	2,867
52	2043			1,183	124,357		130,412	6,054	2,398
53	2044			1,113	125,470		130,412	4,941	1,957
54	2045			1,040	126,510		130,412	3,901	1,545
55	2046			913	127,424		130,412	2,988	1,183
56	2047			739	128,163		130,412	2,249	891
57	2048			566	128,729		130,412	1,682	666
58	2049			443	129,172		130,412	1,239	491
59	2050			330	129,502		130,412	909	360
60	2051			202	129,705		130,412	707	280
61	2052			124	129,828		130,412	583	231
62	2053			103	129,931		130,412	480	190
63	2054			91	130,022		130,412	389	154
64	2055			78	130,100		130,412	311	123
65	2056			64	130,164		130,412	248	98
66	2057			48	130,212		130,412	199	79
67	2058			43	130,255		130,412	157	62
68	2059			40	130,295		130,412	117	46
69	2060			34	130,329		130,412	83	33

RR-5-7 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Historic and Projected ADIT on Acquisition Date Assets**
RR **As of December 31, 2015**

Schedule RR-5-7

Tax Rate=	39.61%
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Line	Year	Plant Adds	Plant EOY	Book Depreciation Expense	Book Accum Deprec	Tax Depreciation Allowance	Tax Accum Deprec	Cum Tax Allow - Accum Book Deprec	ADIT
70	2061			25	130,354		130,412	57	23
71	2062			16	130,370		130,412	41	16
72	2063			11	130,381		130,412	30	12
73	2064			8	130,389		130,412	22	9
74	2065			6	130,395		130,412	16	7
75	2066			4	130,399		130,412	13	5
76	2067			2	130,401		130,412	10	4
77	2068			2	130,403		130,412	8	3
78	2069			2	130,406		130,412	6	2
79	2070			2	130,408		130,412	4	1
80	2071			1	130,409		130,412	2	1
81	2072			0	130,409		130,412	2	1
82	2073				130,409		130,412	2	1
83	2074				130,409		130,412	2	1
		133,554							
	Less: Land	130,410		130,409	130,409	130,412	130,412		

RR-6 **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Weighted Average Cost of Capital**
RR **Historic Year Ended Dec. 31, 2015**

Schedule RR-6

Line	Description	Refer-ence	Balance	Capital Structure per DE 13-063	Weight	Cost of Capital	Weighted Cost of Capital
1	Common stock	RR-4	82,024,903	55.00%	55.00%	10.30%	5.67%
2	Long-term debt	RR-4	15,000,000	45.00%	45.00%	5.88%	2.65%
3	Long-term debt Affiliate	RR-4	17,000,000		14.91%		
4			114,024,903	100.00%	114.91%		8.31%
5							

RR-6-1 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Final Historical Capital Structure and Capitalization Ratios
RR Historic Year Ended Dec. 31, 2015

Schedule RR-6-1

Line	Description	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
1	Common stock	82,024,903	82,024,903	82,024,903
2	Retained earnings	9,636,936	6,808,621	(16,741,259)
3	Accumulated Other Comprehensive Income	(1,638,476)	(2,551,710)	5,039,801
4	Long-term debt	15,000,000	15,000,000	15,000,000
5	Long-term debt to affiliate	17,000,000	17,000,000	17,000,000
6		<u>122,023,363</u>	<u>118,281,814</u>	<u>102,323,445</u>
7				
8	Common stock	67.2%	69.3%	80.2%
9	Retained earnings / OCI	6.6%	3.6%	(11.4%)
10	Long-term debt	12.3%	12.7%	14.7%
11	Short-term debt (year-end)	13.9%	14.4%	16.6%
12		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Step **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Step Adjustment- 2016 Capital Budget**
RR

Schedule Step

Line	Description	Substation	OH Conductors	UG Conductors	UG Conduits	Transformers	Meters	General	Telecom Equipment	Total
	<u>FERC Account</u>	362	364	366	367	368	370	390	397	
1	Deferred Tax Calculation									
2	Capital Spending	4,395,000	8,170,000	200,000	75,000	360,000	250,000	767,039	10,000	14,227,039
3										
4	Tax method	MACRS20	MACRS20	MACRS20	MACRS20	MACRS20	MACRS20	MACRS20	MACRS5	
5	Tax Depr. Rate, 20-year MACR	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	20.00%	
6										
7	Annual Tax Depreciation- Year	164,813	306,375	7,500	2,813	13,500	9,375	28,764	2,000	535,139
8										
9	Book Depreciation Rate- Year 1	2.80%	3.25%	2.00%	3.17%	3.51%	5.23%	1.68%	4.55%	
10	Annual Book Depreciation	123,060	265,525	4,000	2,378	12,636	13,075	12,886	455	434,015
11										
12	Tax over (under) Book	41,753	40,850	3,500	435	864	(3,700)	15,878	1,545	101,124
13	Deferred Tax Balance @ 39.6%	16,538	16,181	1,386	172	342	(1,466)	6,289	612	40,055
14										
15	<u>Rate Base Calculation</u>									
16	Plant in Service	4,395,000	8,170,000	200,000	75,000	360,000	250,000	767,039	10,000	14,227,039
17	Accumulated Depreciation	(123,060)	(265,525)	(4,000)	(2,378)	(12,636)	(13,075)	(12,886)	(455)	(434,015)
18	Deferred Tax Balance	(16,538)	(16,181)	(1,386)	(172)	(342)	1,466	(6,289)	(612)	(40,055)
19	Rate Base	4,255,402	7,888,294	194,614	72,450	347,022	238,391	747,864	8,933	13,752,969
20										
21	<u>Revenue Requirement Calculation</u>									
22	Return on Rate Base @ 12.04%	512,307	949,670	23,429	8,722	41,778	28,700	90,035	1,075	1,655,716
23	Depreciation Expense	123,060	265,525	4,000	2,378	12,636	13,075	12,886	455	434,015
24	Property Tax, Insurance @ 2.33	102,248	190,072	4,653	1,745	8,375	5,816	17,845	233	330,986
25	Annual Revenue Requirement	737,614	1,405,266	32,082	12,845	62,789	47,591	120,766	1,763	2,420,717
26		737,614	1,405,266	32,082	12,845	62,789	47,591	120,766	1,763	2,420,717

Step **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
Final **Step Adjustment- 2016 Capital Budget**
RR

Schedule Step

Line	Description	Substation	OH Conductors	UG Conductors	UG Conduits	Transformers	Meters	General	Telecom Equipment	Total
27										
28	<u>Rate of Return Calculation</u>	<u>Portion</u>	<u>After-Tax Cos</u>	<u>WACC</u>				<u>Pre-Tax</u>		
29	Equity	55.0%	10.30%	5.67%				9.39%		
30	Debt	45.0%	5.88%	2.65%				2.65%		
31		<u>100.0%</u>		<u>8.32%</u>				<u>12.04%</u>		
32	Bad Debt adder									
33										
34	Municipal taxes									3,697,928
35	Injuries and Damage (Insurance expense)									2,176,070
36	Less: Storm Fund									(1,500,000)
37	Maintenance of General Plant									70,893
38										<u>4,444,892</u>
39	Plant at Cost									191,058,296
40	As % of Plant Cost									2.33%
41										
42	Total Distribution with Step									7,749,300
43	% of distribution									21.95%
44	% total revenue									7.62%

RC **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities**
 Final **Rate Case Expenses**
 RR

Schedule RC

Line	Description	Vendor	Amount
1	Revenue Requirement	HSG Group, Inc.	105,000
2	Rate Design / Rate Calculations	Concentric Energy Advisors	45,300
3	Marginal Cost of Service	Concentric Energy Advisors	68,700
4	Cost of Capital	Sussex Economic Advisors LLC	76,500
5	Lead / Lag Study	Sussex Economic Advisors LLC	87,500
6	Supplies, Printing		12,000
7	Miscellaneous		100,000
8			<u>495,000</u>