

Professional Experience and Education **Donna H. Mullinax**

Summary

Mrs. Mullinax has over thirty-eight years of financial, management and consulting experience. She is President of Blue Ridge Consulting Services, Inc. Prior to becoming President, she held the position of Vice President and Chief Financial Officer for Blue Ridge and her former employer. She has served on various Boards of Directors holding the position of Treasurer. She has extensive experience in project management; regulatory and litigation support; financial, administration, and human resource management. She has performed numerous financial, compliance and management audits. Mrs. Mullinax has excellent analytical skills and report writing capabilities. She has designed and implemented accounting and business systems and developed policy and procedure manuals to support those systems.

Key Qualifications and Selected Professional Experience

Financial, Administration, and Human Resource Management

As Chief Financial Officer and Vice President she was responsible for all aspects of financial, administration, and human resources. Her responsibilities included accounting, cash management, budgeting, tax planning and preparation, fixed assets, human resources, and employee benefits. Records under her control have been subject to an IRS compliance audit with no findings.

Project Management

Mrs. Mullinax has successfully managed numerous projects controlling cost, schedule, and scope. These projects included management, financial, and compliance audits, M&A due diligence reviews, economic viability studies, prudence reviews, and litigation/regulatory support for construction contract claims and regulatory proceedings. She works well with diverse team members and has an excellent ability to reconcile various viewpoints and establish and maintain effective working relationships among cross-functional teams.

Financial, Compliance, and Management Auditing

Mrs. Mullinax is a skilled auditor. She has performed numerous financial, compliance, and management audits for governmental entities, businesses, and public utilities. As a CPA and CIA, she is knowledgeable about sound internal control processes and procedures and has made numerous recommendations for modifications to provide reasonable assurance regarding the achievement of objectives related to (1) effectiveness and efficiency of operations; (2) reliability of financial records, and (3) compliance with laws and regulations.

She has also conducted detailed base rates revenue requirements and rider compliance audits. She has analyzed financial information and budget projections, performed risk identification, and evaluated performance against industry benchmarks. Her extensive professional experience allows her to effectively analyze and evaluate methods and procedures and to thoroughly document her findings. She has successfully testified to her audit findings.

Professional Experience and Education

Donna H. Mullinax

❖ Before the Nebraska Public Service Commission (NEPSC) on behalf of the Public Advocate of Nebraska

- Application NG-0078.03, System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska (formerly SourceGas Distribution LLC), October 2016-December 2016.
- Application NG-0078.02, System Safety and Integrity Rider (SSIR) of SourceGas Distribution, LLC, October 2015 – January 2016
- Application NG-0078.01, System Safety and Integrity Rider (SSIR) of SourceGas Distribution, LLC, November 2014 – February 2015

Project Manager and Lead Auditor. Led the review of the Company's applications for a system safety and integrity rider for compliance to the Commission directives. The reviews included a detailed mathematical verification and validation of support for the revenue requirements model and reviews of proposed plant to be placed in service and the verification of planned versus actual plant placed in service for the prior year. Summarized the transactional testing results and calculated the impact to the customer charge. Drafted the report including documentation of findings, conclusions, and recommendations and coordinated the accumulation of work papers to thoroughly support all work.

- Application NG-0072.01, Infrastructure System Replacement Cost Recovery Charge (ISR Rider) of SourceGas Distribution, LLC May 2014-August 2014.
- Application No. NG-0074, Infrastructure System Replacement Cost Recovery Charge (ISR Rider) of Black Hills/Nebraska Gas Utility Company, LLC, d/b/a Black Hills Energy, July-November 2013.
- Application No. NG-0072, Infrastructure System Replacement Cost Recovery Charge (ISR Rider) of SourceGas Distribution, LLC March 2013-May 2013.

Project Manager and Lead Auditor. Led the review of the Company's applications for an infrastructure system replacement cost recovery charge for compliance to the Nebraska Natural Gas Regulation Act. The reviews included a detailed mathematical verification and validation of support for the revenue requirements model and reviews of plant work order supporting the requested recovery of utility plant in service. Summarized the transactional testing results and calculated the impact to the customer charge. Drafted the report including documentation of findings, conclusions, and recommendations and coordinated the accumulation of work papers to thoroughly support all work.

❖ On behalf of the Staff of the Public Utilities Commission of Ohio (PUCO)

- Case No. 15-1830-EL-AIR: Plant in Service Balance Audit of Dayton Power and Light Company, April 2017-present. Project Manager and Lead Auditor.
- Case No. 17-038-EL-RDR: Distribution Investment Rider (DIR) Audit of Columbus Southern Power Company and Ohio Power Company, d/b/a AEP-Ohio, March 2017-August 2017. Project Manager and Lead Auditor.
- Case No. 16-2041-EL-RDR: Delivery Capital Recovery (DCR) Rider Audit of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, Companies), December 2016-May 2017. Project Manager and Lead Auditor.

Professional Experience and Education

Donna H. Mullinax

- Case No. 16-0021-EL-RDR: Distribution Investment Rider (DIR) Audit of Columbus Southern Power Company and Ohio Power Company, d/b/a AEP-Ohio, March 2016-August 2016. Project Manager and Lead Auditor.
- Case No. 15-1739-EL-RDR: Delivery Capital Recovery (DCR) Rider Audit of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, Companies), December 2016-March 2016. Project Manager and Lead Auditor.
- Case No. 14-1628-EL-RDR: Delivery Capital Recovery (DCR) Rider Audit of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, Companies), December 2014-April 2014. Project Manager and Lead Auditor.
- Case No. 13-2100-EL-RDR: Delivery Capital Recovery (DCR) Rider Audit of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, Companies), December 2013-May 2014. Project Manager and Lead Auditor.
- Case No. 13-0419-EL-RDR: Distribution Investment Rider (DIR) Audit of Columbus Southern Power Company and Ohio Power Company, d/b/a AEP-Ohio, March-August 2013. Project Manager and Lead Auditor.
- Case No. 12-2855-EL-RDR: Delivery Capital Recovery (DCR) Rider Audit of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, Companies), December 2012-July 2013. Project Manager and Lead Auditor.
- Case No. 11-5428-EL-RDR: DCR Rider Audit of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, Companies), November 2011 - May 2012. Project Manager and Lead Auditor.

Led the review to ensure the accuracy and reasonableness of the Companies' compliance with its Commission-approved infrastructure cost recovery rider filings. The reviews included a detailed mathematical verification and validation of the support of the riders' revenue requirements model, development of sensitivity analysis that supported the PPS sampling techniques used to isolate specific plant work order for further testing. Summarized the transactional testing results and calculated the impact to the rider's revenue requirements. Detailed variance analyses of historical data with investigations into any significant changes. Drafted the report including documenting findings, conclusions, and recommendations and coordinated the accumulation of work papers to thoroughly support all work performed.

- Case # 08-0072-GA-AIR Columbia Gas of Ohio for an increase in gas rates, April-August 2008
- Case # 07-0829-GA-AIR Dominion East Ohio for an increase in gas rates, November 2007-July 2008
- Case # 07-0589-GA-AIR Duke Energy Ohio for an increase in gas rates. November 2007-February 2008

Lead Auditor and assistant project manager. Performed a comprehensive rate case audit of companies' gas rate filings to validate the filings, provided conclusions and recommendations concerning the reliability of the information, and supported Staff in its evaluation of the reasonableness of the filing. Drafted the report including

Professional Experience and Education

Donna H. Mullinax

documenting findings, conclusions, and recommendations and coordinated the accumulation of work papers to thoroughly document work performed.

- ❖ Before the New Hampshire Public Utilities Commission on behalf of Staff
 - Docket No. DE 16-822 – Public Service of New Hampshire d/b/a Eversource Energy. Project Manager and Lead Auditor. Led the review of the Company’s revised cash working capital study in its 2017 Energy Service rate calculations. February 2017-present.

- ❖ On behalf of the Massachusetts Department of Public Utilities, Case No. D.P.U. 08-110, regarding the Petition and Complaint of the Massachusetts Attorney General for an Audit of New England Gas Company (NEGC), February-August 2010. Lead Auditor and Assistant Project Manager. Conducted a management audit on how NEGC manages its accounting and financial reporting functions and whether sufficient controls are in place to ensure that the information included in the company’s filings can be reasonably relied upon for setting rates – areas reviewed included general accounting, financial reporting, and internal controls; plant accounting; income tax; accounts receivable; accounts payable; cash management; payroll; cost allocations; and capital structure. Developed the report including documenting findings, conclusions, and recommendations and coordinated the accumulation of work papers to thoroughly document work performed.

- ❖ On behalf of the Staff of the Connecticut Public Utilities Regulatory Authority (PURA)
 - Management Audit of Yankee Gas Services Company. June 2014 - April 3, 2015. Lead Auditor and Assistant Project Manager. Performed an in-depth investigation and assessment of the company’s business processes, procedures, and policies relating to the management operations and system of internal controls of the company’s executive management and financial operations. Lead auditor for scope areas of accounting and financial reporting, internal audit practices, and capital/O&M budgeting.
 - Diagnostic Management Audit of Connecticut Light and Power Company, July 2008-June 2009, Lead Auditor and Assistant Project Manager. Performed an in-depth investigation and assessment of the company’s business processes, procedures, and policies relating to the management operations and system of internal controls of the company’s executive management, system operations, financial operations, marketing operations, human resources, customer service, external relations, and support services. In addition, supported an in-depth review of the development and implementation process of the company’s new customer information system. Developed the report including documenting findings, conclusions, and recommendations and coordinated the accumulation of work papers to thoroughly document all findings.

- ❖ Before the Oregon Public Utilities Commission (ORPUC), Docket No. UP 205: Examination of NW Natural’s Rate Base and Affiliated Interests Issues, Co-sponsored between NW Natural, ORPUC Staff, Northwest Industrial Gas Users, Citizens Utility Board, August 2005-January 2006, Lead Auditor and Assistant Project Manager. Examined NW Natural’s Financial Instruments, Deferred Taxes, Tax Credits, and Security Issuance Costs to ensure Company compliance with orders, rules, and regulations of the ORPUC and with Company policies. Developed the report including

Professional Experience and Education

Donna H. Mullinax

documenting findings, conclusions, and recommendations and coordinated the accumulation of work papers to thoroughly document work performed.

Partial List of Reports and Publications

- Compliance Audit of the 2016 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 9, 2017
- Compliance Audit of the 2016 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, May 1, 2016
- Examination of Black Hills Gas Distribution, LLC Application for Recovery of 2017 Eligible System Safety and Integrity Costs on Behalf of the Nebraska Public Advocate, December 2, 2016
- Compliance Audit of the 2015 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 5, 2016
- Compliance Audit of the 2015 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 22, 2016
- Examination of SourceGas Distribution LLC Application for Recovery of 2015 Eligible System Safety and Integrity Costs on Behalf of the Nebraska Public Advocate, January 8, 2015
- Compliance Audit of the 2014 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, March 30, 2015
- Management Audit of Yankee Gas Services Company, April 3, 2015
- Examination of the Infrastructure System Replacement Cost Recovery Charge of SourceGas Distribution LLC, June 30, 2014
- Compliance Audit of the 2013 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 9, 2014
- Examination of the Infrastructure System Replacement Cost Recovery Charge of Black Hills/Nebraska Gas Utility, LLC d/b/a Black Hills Energy, October 4, 2013
- Compliance Audit of the 2012 Distribution Investment Rider (DIR) of Columbus Southern Power and Ohio Power Company d/b/a AEP-Ohio, June 19, 2013
- Examination of the Infrastructure System Replacement Cost Recovery Charge of SourceGas Distribution LLC, May 16, 2013
- Compliance Audit of the 2012 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, March 22, 2013
- Compliance Audit of the Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 12, 2012
- Revenue Requirements Audit of New England Gas Company, May 12, 2011
- Accounting and Financial Reporting Review of New England Gas Company, August 5, 2010
- Management Audit of The Connecticut Light & Power Company, May 29, 2009
- Report of Conclusions and Recommendations on the Financial Audit of the Columbia Gas of Ohio, Inc. in Regards to Case No. 08-0074-GA-AIR, August 13, 2008

Professional Experience and Education

Donna H. Mullinax

- Report of Conclusions and Recommendations on the Financial Audit of the East Ohio Gas Company d/b/a Dominion East Company in Regards to Case No. 07-0829-GA-AIR, April 16, 2008
- Report of Conclusions and Recommendations on the Financial Audit of Duke Energy Ohio, Inc. in Regards to Case No. 07-0589-GA-AIR, December 17, 2007
- Report of Conclusions and Recommendations of NW Natural's Rate Base and Affiliated Interest Issues in Support of Oregon Public Utilities Commission Docket UM1148, December 23, 2005

Regulatory and Civil Litigation

She has provided or supported civil or regulatory testimony in Arizona, Colorado, Connecticut, Delaware, Illinois, Maryland, Michigan, Missouri, New Hampshire, New York, North Carolina, North Dakota, South Carolina, Texas, and Utah. She has also served as an advisor to public service commissioners in the District of Columbia and Connecticut. In addition to providing analytical support, she has served as an expert witness and routinely works with other highly specialized expert witnesses. She has developed defensible analyses and testimony in connection with rate cases, audit findings, and other regulatory issues. She has also supported various civil litigations including delay and disruption construction claims and financial fraud. She has supported counsel with interrogatories, depositions, and hearings/trials support.

Regulatory Proceedings

- ❖ Before the New Hampshire Public Utilities Commission on behalf of Staff
 - Docket No. DG 17-0048 – Liberty Utilities (EnergyNorth Natural Gas) Corp., d/b/a Liberty Utilities general rate case. June 2017 – present.
 - Docket No. DE 16-384 – Unitil Energy Systems, Inc. general rate case. Testimony was filed on November 16, 2016.
 - Docket No. DE 16-383 – Liberty Utilities (Granite State Electric) Corp general rate case. Testimony was filed on December 16, 2016.

Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Supported Staff with Settlement discussions.
- ❖ Before the Massachusetts Department of Public Utilities on behalf of the Massachusetts Attorney General Office
 - D.P.U. 16-106, Fitchburg Gas and Electric Light Company d/b/a Unitil. January 2017-May 2017. Expert Witness reviewing the Company's Capital Cost Adjustment filing for compliance to the Department's Order.
- ❖ Before the Arizona Corporation Commission (AZCC) on behalf of Staff
 - Docket No. E-01933A-15-0322, Phase I, Tucson Electric Power Company, general rate case January 2016-August 2016. Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating

Professional Experience and Education

Donna H. Mullinax

recommended adjustments. Testimony was filed on June 3, 2016. Supported Staff during Settlement of revenue requirements. Agreement filed with Commission August 15, 2016.

- Docket No. E-04204A-15-0142, UNS Electric, Inc. general rate case August 2015 – January 2017. Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Direct Testimony was filed on November 6, 2016. Surrebuttal Testimony was filed February 23, 2016.

- ❖ Before the Nebraska Public Service Commission (NEPSC) on behalf of the Public Advocate of Nebraska
 - Application NG-0090, Black Hills/Nebraska Gas Utility, LLC d/b/a Black Hills Energy, December 2016-August 2017. Project Manager and Expert Witness. Led the evaluation of the Company's Farm Tap Safety Proposal. Testimony filed on March 17, 2017. Supported the Public Advocate during Settlement discussions.

 - Application NG-0084, Black Hills Holdings, Inc. acquisition of SourceGas Holdings, LLC, October 2015-December 2015. Project Manager and Expert Witness. Led the analysis of the impact of the proposed acquisition on whether it would be consistent with the public interest and not adversely affect the utility's ability to service its ratepayers. Testimony was filed on November 6, 2015.

 - Application NG-0078, SourceGas Distribution, LLC May 2014-November 2014.
Project Manager, Lead Auditor, and Expert Witness. Led the review of the Companies' applications to replace its infrastructure system replacement (ISR) cost recovery charge with a prospective System Safety and Integrity Rider (SSIR). The review included an analysis of the Company's projected revenue deficiency that led to the request for the prospective SSIR. The SSIR was subject to a detailed mathematical verification and validation of support for the revenue requirements model and reviews of proposed projects supporting the requested recovery of utility plant in service. Testimony on the analysis was filed in August 2014.

- ❖ On behalf of the Commissioners and Staff of the District of Columbia Public Service Commission (DCPSC)
 - Formal Case No. 1139 Pepco base electric rates case, October 2016-present.
 - Formal Case No. 1137 Washington Gas Light Company (WGL) base gas rates case, May 2016-March 2017.
 - Formal Case No. 1103 Potomac Electric Power Company (Pepco) base electric rate case, June 2013-August 2014. Project Manager.
 - Formal Case No. 1093 Washington Gas Light Company (WGL) base gas rates case, July 2011-July 2013. Project Manager.
 - Formal Case No. 1087 Pepco base electric rates case, September 2011-December 2012
 - Formal Case No. 1076 Pepco base electric rates case, July-December 2009
 - Formal Case No. 1053 Pepco base electric rates case, February 2007-June 2008

Professional Experience and Education

Donna H. Mullinax

Lead Consultant advising Commissioners and Staff of the Office of Technical and Regulatory Analysis regarding Companies' proposed rate base, net operating income and revenue requirements. Assessed the companies' and Intervenor's positions on various issues and provided defensible recommendations for the Commissioners' consideration. Developed "what if" revenue requirement model used during Commission deliberations to analyze the impact of various adjustments. Supported the drafting of the Commission's Order and supplied the revenue requirement schedules to support the final decision. Supported the Commissioners' legal team in addressing motions for reconsideration.

- Formal Case No. 1032 Pepco base electric rates case, January-March 2005. Senior Technical Consultant and Assistant Project Manager. Reviewed and evaluated Company's compliance filings for class cost of service and revenue requirements for distribution service pursuant to a settlement approved in May 2002. Provided analysis and recommended adjustments to Staff. Proceeding was settled in anticipation of a full rate case for rates to be effective August 8, 2007.
- Formal Case No. 1016 WGL natural gas base rates case, June-December 2003. Senior Technical Consultant and Project Manager. Analyzed and recommended adjustments regarding the company's proposed increase to base rates – advised the Commission on party positions during deliberations. Review and evaluation of company's depreciation study filed with the Commission.
- ❖ Before the Missouri Public Service Commission, Case No. HR-2011-0241, on behalf of the City of Kansas City: Veolia Energy Company 2011 and 2012 electric base rates case, July-September 2011. Senior Technical Consultant. Analyzed Company's proposed net operating income, rate base, and revenue requirements. Supported testifying witness with drafted testimony and development of a model to calculate an alternative revenue requirement incorporating recommended adjustments.
- ❖ Before the North Dakota Public Service Commission, Case No. PU-10-657/PU-11-55: Northern States Power Company (NSP) 2011 and 2012 electric base rates case, April-November 2011. On behalf of the Commission Staff, Lead Consultant and Assistant Project Manager. Led the analysis of NSP's rate increase filings and supported adjustments for the Commission's consideration. Developed a model to calculate the appropriate revenue requirements and exhibits to support Staff recommended adjustments.
- ❖ Before the Connecticut Public Utilities Regulatory Authority (PURA), Docket 10-02-13: Aquarion Water Company base rates case, on behalf of the PURA, April-August 2010. Senior Technical Consultant and Assistant Project Manager. Reviewed the expense component of the company's revenue requirement and recommended adjustments for Staff consideration.
- ❖ Before the of the Delaware Public Service Commission on behalf of Staff
 - Docket No. 09-414: Delmarva Power & Light Company (DPL) electric base rates case, September 2009-May 2010. Expert Witness and Assistant Project Manager. Analyzed the company's rate increase filings and provided testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements.

Professional Experience and Education

Donna H. Mullinax

- Docket No. 06-284: DPL's gas base rates case, October 2006-March 2007. Senior Technical Consultant and Assistant Project Manager. Analyzed the Company's filings, checked the mathematical accuracy of the Company's revenue requirements calculations, and provided analytical support to testifying witness.
- ❖ Before the Michigan Public Service Commission (MIPSC) on behalf of the Michigan Attorney General
 - Case No. U-15506: Consumers Energy Company base gas rates case, May-November 2008. Expert Witness and Assistant Project Manager. Analyzed the company's rate increase filings and provided testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements – proceeding was settled through negotiations.
 - Case No U-15244 Detroit Edison electric base rates case, September 2007-October 2008.
 - Case No. U-15245 Consumers Energy Company base gas rates case, July 2007-April 2008.

Senior Technical Consultant and Assistant Project Manager. Analyzed the Company's filings, checked the mathematical accuracy of the Company's revenue requirements calculations, and provided analytical support to testifying witness.
 - Case No. U-14547 Consumers Energy Company base gas rates case, December 2005-April 2006. Expert Witness and Assistant Project Manager. Analyzed Company's rate increase filings and provided testimony offering adjustments for Commission consideration related to the rate base and revenue requirements.
- ❖ Before the Maryland Public Service Commission (MDPSC)
 - Case No. 9092 Pepco electric base rates case, on behalf of the Staff of the MDPSC, December 2006-June 2007. Expert Witness and Assistant Project manager. Analyzed Company's rate increases filings and provided direct and rebuttal testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements.
 - Case No. 9062 Chesapeake Utilities Corporation gas base rates case, on Behalf of the Maryland Office of People's Counsel, May-August 2006. Expert Witness and Assistant Project Manager. Analyzed Company's rate increase filings and provided testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements – participated in settlement negotiations that were ultimately accepted by all parties.
- ❖ Before the Illinois Commerce Commission, Case No. 05-0597, on behalf of the Illinois Citizens Utility Board, Cook County State Attorney's Office and City of Chicago, November 2005-May 2006. Senior Technical Consultant and Assistant Project Manager. Analyzed the Company's filings, checked the mathematical accuracy of the Company's revenue requirements calculations, and provided analytical support to testifying witness.
- ❖ Before the Hawaii Public Utilities Commission (HPUC), Docket No. 05-0075: Instituting a Proceeding to Investigate Kauai Island Utility Cooperative's Proposed Revised Integrated Resource Planning and Demand Side Management Framework, On behalf of the Staff of the HPUC, June-November 2005. Senior Technical Consultant and Assistant

Professional Experience and Education

Donna H. Mullinax

Project Manager. Conducted and reported on the results of an industry survey of other cooperatives and Commissions to obtain an overview of how other entities approach the specific issues identified within this docket.

- ❖ Before the Public Utilities Commission of the State of Colorado (COPUC), Docket No. 04A-050E: Review of the Electric Commodity Trading Operations of Public Service Company of Colorado (PSCo), On behalf of the COPUC Staff, March-September 2004. Expert Witness and Assistant Project Manager. Performed a transaction audit of PSCo's electric commodity trading operations and submitted testimony describing the process used to conduct the investigation, a summary of the audit findings, and discussion of the significance of the findings.
- ❖ Before the New York Public Service Commission, Case No. 00-E-0612: Proceeding on Motion of the Commission to Investigate the Forced Outage at Consolidated Edison Company of New York, Inc.'s Indian Point No. 2 Nuclear Generation Facility, On behalf of Consolidated Edison Company of New York, Inc., October 2000-September 2003. Project Manager. Supervised cross functional teams to assist scheduling and nuclear engineering experts with responses to interrogatories and the development of three comprehensive rebuttal testimonies on the prudence of extended outages at the Indian Point 2 nuclear power plant. The proceeding settled prior to filing of testimony.

Civil Litigation

- ❖ ADF Construction vs. Kismet, On Behalf of ADF Construction, December 2003-February 2004. Assistant Project Manager for a delay and disruption construction claim related to a large hotel complex in North Carolina – worked with scheduling experts to determine schedule delay and disruption and calculated related damages.
- ❖ On behalf of New Carolina Construction, July 2002-January 2003
 - New Carolina Construction vs. Atlantic Coast
 - New Carolina Construction vs. Acousti

Project Manager for a delay and disruption claim related to construction of a large high school complex in South Carolina – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Claim was settled out of court.
- ❖ State of Nevada Bureau of Consumer Protection, September-December 2003. Assistant Project Manager for damage assessment project related to potential litigation regarding the Western Market Manipulation.
- ❖ Oakwood Homes, On behalf of Oakwood Homes, February 1999-May 2000. Assistant Project Manager for a delay and disruption claim related to the construction of a large manufacturing facility in Texas – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Dispute was settlement through mediation.
- ❖ McMillan Carter, On behalf of McMillan Carter, June-September 2002. Project Manager for a delay and disruption claim related to construction of a large high school complex in North Carolina – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Claim was settled out of court.
- ❖ Fluor Daniel Inc. vs. Solutia, Inc., On behalf of Fluor Daniel, May 2000-August 2001. Assistant Project Manager for a delay and disruption construction claim related to large

Professional Experience and Education

Donna H. Mullinax

chemical processing facility in Texas – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Dispute proceeded through mediation.

- ❖ First National Bank of South Carolina vs. Pappas, On Behalf of First National Bank of South Carolina, 1991-1992. Civil litigation, deposed during pre-trial discovery on analytical findings related to check kiting and fraudulent loan applications. Supported counsel and expert witnesses during civil proceeding.
- ❖ First Union vs. Pappas, On Behalf of First Union, 1991-1992. Civil litigation, deposed during pre-trial discovery on analytical findings related to check kiting and fraudulent loan applications. Dispute was settled out of court.

Testimony proffered

Before the Arizona Corporation Commission

- Tucson Electric Power Company – Docket No. E-01933A-0239
- UNS Electric, Inc. – Docket No. E-04204A-15-0142

Before the Colorado Public Utilities Commission

- Public Service Company of Colorado - Docket No. 04A-050E

Before the Delaware Public Service Commission

- Delmarva Power & Light Company - Docket No. 09-414

Before the Maryland Public Service Commission

- Potomac Electric Power Company - Case No. 9092
- Chesapeake Utilities Corporation - Case No. 9062

Before the Michigan Public Service Commission

- Consumers Energy Company - Case No. U-15506
- Consumers Energy Company - Case No. U-14547

Before the Public Service Commission of Nebraska

- SourceGas Distribution LLC – Docket No. NG-0078
- Black Hills Utility Holdings, Inc. and Source Gas Holdings Inc. – Docket No. NG-0084
- Black Hills Energy – Docket No. NG-0090

Before the New Hampshire Public Utilities Commission

- Unitil Energy Systems, Inc. – Docket No. DE 16-384
- Liberty Utilities (Granite State Electric) Corp., Docket No. DE 16-383

System Implementation

Mrs. Mullinax has worked with various business and local governmental entities to design and implement accounting and business systems that addressed real world problems and concerns. She has developed accounting policy and procedure manuals for county governments, a library, and a water utility.

Professional Experience

Blue Ridge Consulting Services, Inc.: 2004 - Present

President

Vice President and Chief Financial Officer

Senior Technical Consultant / Expert Witness

Professional Experience and Education
Donna H. Mullinax

Hawks, Giffels & Pullin, Inc.: 1993 - 2004

Vice President and Chief Financial Officer
Executive Consultant
Controller

Cherry, Bekaert & Holland, CPAs: 1991 - 1993

Accounting Supervisor
Senior Accountant
Staff Accountant

Smith, Kline and French Pharmaceutical Company: 1988 - 1991

Professional Sales Representative

Milliken & Company: 1979 - 1988

Quality Assurance Manager
Technical Cause Analyst
Department Manager

Professional Certification

Certified Public Accountant (CPA), State of South Carolina - 1993
Certified Financial Planner (CFP) - 1994
Certified Internal Auditor (CIA) - 2006
Chartered Global Management Account (CGMA) - 2012

Professional Affiliations

Member of the American Institute of Certified Public Accountants (AICPA)
Member of the South Carolina Association of Certified Public Accountants (SCACPA)
Member of the Institute of Internal Auditors (IIA)
Member of the Western Carolinas Chapter of the Institute of Internal Auditors (WCIIA)

Education

Clemson University, B.S. Administrative Management with honors, 1978
Clemson University, M.S. in Management, 1979
College for Financial Planning, 1994
NARUC Utility Rate School, 32nd Annual Eastern

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048

Liberty Utilities (EnergyNorth)

List of Schedules

| Line # | Schedule # | Description |
|---------------|---------------------|---|
| 1 | Schedule EN-1 | Summary Comparison of Computation of Revenue Requirement and Revenue Deficiency |
| 2 | Schedule EN 1.1 | Revenue Requirements and Revenue Deficiency with Staff's Recommended Adjustments |
| 3 | Schedule EN 1.2 | Computation of Gross Up for Income Taxes |
| 4 | Schedule EN 2 | Rate of Return Calculation |
| 5 | Schedule EN 2.1 | Impact of Staff's Recommended Rate of Return on Company's Revenue Deficiency |
| 6 | Schedule EN 3 | Ratemaking Adjustments |
| 7 | Schedule EN 3.1 | Adjustment 1 Cash Working Capital |
| 8 | Schedule EN 3.2 | Adjustment 2 Remove Prepayments Included in Cash Working Capital |
| 9 | Schedule EN 3.3 | Adjustment 3 Adjust Materials and Supplies |
| 10 | Schedule EN 3.3 WP | Adjustment 3 Materials and Supplies Comparison of 5 Qtr vs. 13 Month Average |
| 11 | Schedule EN 3.4 | Adjustment 4 Remove Concord Training Center |
| 12 | Schedule EN 3.5 | Adjustment 5 Modify Recovery Period of Theoretical Reserve Imbalance |
| 13 | Schedule EN 3.6 | Adjustment 6 Staff Audit Issue #17 Non-Recurring Expense |
| 14 | Schedule EN 3.7 | Adjustment 7 Modify Payroll, Payroll Taxes, and Benefits for Vacancies |
| 15 | Schedule EN 3.7 WP | Adjustment 7 Comparison of Test Year with Increase vs. Adjustment for Average Vacancies |
| 16 | Schedule EN 3.8 | Adjustment 8 Remove LTIP (PSU) Related to Shareholder Goals |
| 17 | Schedule EN 3.8 WP | Adjustment 8 Corporate Scorecard |
| 18 | Schedule EN 3.9 | Adjustment 9 iNATGAS Minimum Annual Transportation Quantity Adjustment |
| 19 | Schedule EN 3.10 | Adjustment 10 Modify Employee Pensions and Benefits |
| 20 | Schedule EN 3.11 | Adjustment 11 Adjust Revenue to Year-End Customer Count |
| 21 | Schedule EN 3.12 | Adjustment 12 Remove Out of Test Year Legal Fees and Degradation Fees |
| 22 | Schedule EN 3.13 | Adjustment 13 Remove Severance Associated with Resignations CONFIDENTIAL |
| 23 | Schedule EN 3.14 | Adjustment 14 Modify Amortization and Depreciation Accrual Rates |
| 24 | Schedule EN 3.14 WP | Adjustment 14 Modify Amortization and Depreciation Accrual Rates |
| 25 | Schedule EN 3.15 | Adjustment 15 Interest Synchronization |
| 26 | Schedule EN 4 | Step Adjustment Adjustment to Step Increase |
| 27 | Schedule EN 4.1 WP | Step Adjustment Adjustment to Step Increase - Company Proposal |
| 28 | Schedule EN 4.1 WP | Step Adjustment Adjustment to Step Increase - Staff Adjustment |

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN-1

Liberty Utilities (EnergyNorth)

Twelve Months Ending December 31, 2016

Summary Comparison of Computation of Revenue Requirement and Revenue Deficiency

| Line | Description | Company Application (A) | Company Revised 9/20/17 (B) | Company Revised 11/21/17 (C) | Staff Recommended (D) | Difference (E) |
|-------------|--|--|--|---|--------------------------------------|---------------------------|
| 1 | Rate Base | \$ 249,876,373 | \$ 249,891,998 | \$ 249,735,328 | \$ 240,514,539 | \$ (9,220,789) |
| 2 | Rate of Return | 7.36% | 7.36% | 7.36% | 6.42% | -0.94% |
| 3 | Return Requirement | 18,390,901 | 18,392,051 | 18,380,520 | 15,441,033 | (2,939,487) |
| 4 | Adjusted Net Operating Income | 10,491,807 | 9,844,045 | 9,961,580 | 12,760,015 | 2,798,435 |
| 5 | Deficiency | 7,899,094 | 8,548,006 | 8,418,940 | 2,681,018 | (5,737,922) |
| 6 | Income Tax Effect | 5,137,864 | 5,559,942 | 5,475,993 | 1,743,834 | (3,732,159) |
| 7 | Revenue Deficiency | <u>\$ 13,036,958</u> | <u>\$ 14,107,948</u> | <u>\$ 13,894,933</u> | \$ 4,424,853 | \$ (9,470,081) |
| 8 | iNATGAS Adjustment | | | | <u>\$ (379,264)</u> | <u>\$ (379,264)</u> |
| 9 | Revenue Deficiency with iNATGAS Adjustment | | | | <u>\$ 4,045,589</u> | <u>\$ (9,849,345)</u> |
| 10 | Percent of Original Request | | | | 31.03% | |

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 1.1
Page 1 of 1

Liberty Utilities (EnergyNorth)

Twelve Months Ending December 31, 2016

Revenue Requirements and Revenue Deficiency with Staff's Recommended Adjustments

| Line | Description | Energy North Application (A) | Energy North Revised 9/20/17 (B) | Energy North Revised 11/21/17 (C) | Adjustments (D) | Approved Total (E) |
|------|---|------------------------------------|--|---|-----------------------|--------------------------|
| 1 | Rate Base | | | | | |
| 2 | Plant in Service | \$ 475,493,896 | \$ 473,424,245 | \$ 473,265,618 | \$ (3,799,669) | \$ 469,465,949 |
| 3 | Accumulated Depreciation & Amortization | <u>(156,434,621)</u> | <u>(154,364,970)</u> | <u>(154,364,970)</u> | <u>837,542</u> | <u>(153,527,428)</u> |
| 4 | Net Plant in Service | \$ 319,059,274 | \$ 319,059,274 | \$ 318,900,647 | \$ (2,962,127) | \$ 315,938,521 |
| 5 | Material and Supplies | \$ 6,833,143 | \$ 6,833,143 | \$ 6,833,143 | \$ (3,662,176) | \$ 3,170,967 |
| 6 | Prepayments | 2,704,979 | 2,704,979 | 2,704,979 | (2,704,979) | - |
| 7 | Cash Working Capital | 2,635,735 | 2,651,360 | 2,653,317 | 108,493 | 2,761,810 |
| 8 | Accumulated Deferred Income Tax | (79,581,891) | (79,581,891) | (79,581,891) | - | (79,581,891) |
| 9 | Customer Deposits | <u>(1,774,868)</u> | <u>(1,774,868)</u> | <u>(1,774,868)</u> | - | <u>(1,774,868)</u> |
| 10 | Total Rate Base | \$ 249,876,373 | \$ 249,891,998 | \$ 249,735,328 | \$ (9,220,789) | \$ 240,514,539 |
| 11 | Rate of Return | <u>7.36%</u> | <u>7.36%</u> | <u>7.36%</u> | | <u>6.42%</u> |
| 12 | Return Requirement | <u>\$ 18,390,901</u> | <u>\$ 18,392,051</u> | <u>\$ 18,380,520</u> | <u>\$ (2,939,487)</u> | <u>\$ 15,441,033</u> |
| 13 | Revenues | | | | | |
| 14 | Operating Revenue | \$ 69,349,431 | \$ 69,349,431 | \$ 69,349,431 | \$ 1,094,251 | \$ 70,443,682 |
| 15 | Other Revenues | <u>869,284</u> | <u>869,284</u> | <u>869,284</u> | <u>(96,764)</u> | <u>772,520</u> |
| 16 | Total Revenues | \$ 70,218,715 | \$ 70,218,715 | \$ 70,218,715 | \$ 997,487 | \$ 71,216,202 |
| 17 | Expenses | | | | | |
| 18 | O&M-Gas | \$ (882,338) | \$ (878,406) | \$ (878,406) | \$ - | \$ (878,406) |
| 19 | O&M-Distribution | 12,473,595 | 12,539,232 | 12,539,232 | - | 12,539,232 |
| 20 | Customer Accounting | 5,957,352 | 6,111,513 | 6,108,893 | - | 6,108,893 |
| 21 | Sales and New Business | 163,302 | 163,927 | 163,927 | - | 163,927 |
| 22 | Administration & General | 11,585,769 | 11,961,228 | 11,728,833 | (416,324) | 11,312,509 |
| 23 | Depreciation and Amortization | 18,668,924 | 19,101,761 | 18,957,302 | (3,293,280) | 15,664,022 |
| 24 | Taxes other than Income Taxes | 10,718,820 | 10,755,486 | 10,938,721 | (56,061) | 10,882,660 |
| 25 | Income Taxes | 2,366,482 | 1,944,928 | 2,023,632 | 1,964,717 | 3,988,349 |
| 26 | Ratemaking Adjustment per DG 11-040 | <u>(1,325,000)</u> | <u>(1,325,000)</u> | <u>(1,325,000)</u> | - | <u>(1,325,000)</u> |
| 27 | Total Operating Expenses | \$ 59,726,907 | \$ 60,374,670 | \$ 60,257,135 | \$ (1,800,948) | \$ 58,456,186 |
| 28 | Net Operating Income | <u>\$ 10,491,807</u> | <u>\$ 9,844,045</u> | <u>\$ 9,961,580</u> | <u>\$ 2,798,435</u> | <u>\$ 12,760,015</u> |
| 29 | Income Deficiency | \$ 7,899,094 | \$ 8,548,006 | \$ 8,418,940 | \$ (5,737,922) | \$ 2,681,018 |
| 30 | Revenue Conversion Factor | <u>1.65044</u> | <u>1.65044</u> | <u>1.65044</u> | | <u>1.65044</u> |
| 31 | Revenue Deficiency | <u>\$ 13,036,958</u> | <u>\$ 14,107,948</u> | <u>\$ 13,894,933</u> | <u>\$ (9,470,081)</u> | <u>\$ 4,424,853</u> |
| 32 | iNATGAS Adjustment | | | | <u>\$ (379,264)</u> | <u>\$ (379,264)</u> |
| 33 | Revenue Deficiency with iNATGAS Adjustment | | | | <u>\$ (9,849,345)</u> | <u>\$ 4,045,589</u> |
| 32 | Change in Revenue Deficiency from Original Filing | | <u>\$ 1,070,990</u> | <u>\$ 857,975</u> | | |
| 33 | Percent of Original Request | | | | | 31.03% |

Notes and Sources

Column A-C, lines 1-10: Attachment DBS/DSD-2, Schedule RR-EN-5 (Revised 9/20/17 and 11/21/17)
 Column A-C, lines 13-26: Attachment DBS/DSD-2, Schedule RR-EN-2 (Revised 9/20/17 and 11/21/17)
 Line 11: Schedule 2
 Line 30: Schedule 3
 Column D: Schedule 3
 Line 32: See the Testimony of Stephen P. Frink

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Distribution Revenue | \$ 70,218,715 | \$ 70,218,715 | \$ 70,218,715 | \$ 71,216,202 |
| Revenue Deficiency | \$ 13,036,958 | \$ 14,107,948 | \$ 13,894,933 | \$ 4,045,589 |
| % Increase over Test Year Distribution Revenue | 18.6% | 20.1% | 19.8% | 5.7% |

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 1.2
Page 1 of 1

Liberty Utilities (EnergyNorth)

Twelve Months Ending December 31, 2016
Computation of Gross Up for Income Taxes

| Line | Description | Company | Adjustment | Adjusted Amount |
|-------------|--|----------------|-------------------|------------------------|
| | | (A) | (B) | (C) |
| 1 | NH Tax Rate | 8.20% | | 8.20% |
| 2 | Federal Statutory Tax rate | 34.00% | | 34.00% |
| 3 | Federal Effective Tax rate (1-State rate*Federal rate) | 31.21% | | 31.21% |
| 4 | Total Composite Tax rate | 39.41% | | 39.41% |
| 5 | Revenue Requirement Gross-Up Factor | 60.590% | | 60.590% |
| 6 | Revenue Conversion Factor | 1.6504 | | 1.6504 |

Notes and Sources

Column A - Attachment DBS/DSD-2, Schedule RR-1 (Revised 9/20/17 and 11/21/17)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 2
Page 1 of 1

Liberty Utilities (EnergyNorth)

Twelve Months Ending December 31, 2016
Rate of Return Calculation

| <u>Line</u> | <u>Description</u> | <u>Capital Structure</u> | <u>Cost %</u> | <u>Weighted Cost %</u> |
|--|--------------------|------------------------------|---------------|----------------------------|
| | | (A) | (B) | (C) |
| <u>Company Proposed Rate of Return</u> | | | | |
| 1 | Common Stock | 50.00% | 10.30% | 5.15% |
| 2 | Long-Term Debt | 50.00% | 4.425% | 2.21% |
| 3 | Total | <u>100.00%</u> | | 7.36% |
| <hr/> | | | | |
| <u>Staff Recommended Rate of Return</u> | | | | |
| 4 | Common Stock | 49.21% | 8.55% | 4.21% |
| 5 | Long-Term Debt | 49.85% | 4.390% | 2.19% |
| 6 | Short-Term Debt | 0.95% | 2.490% | 0.02% |
| 7 | Total | <u>100.00%</u> | | 6.42% |

Notes and Sources

Column A and B, lines 1-3: Attachment DBS/DSD-2, Schedule RR-4 (Revised 9/20/17 and 11/21/17)
Line 4-7: See Testimony of J. Randall Woolridge

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048

Schedule EN 2.1

Page 1 of 1

Liberty Utilities (EnergyNorth)

Twelve Months Ending December 31, 2016

Impact of Staff's Recommended **Rate of Return** on Company's Revenue Deficiency

| Line | Description | Company Proposed (A) | Adjustment (B) | Approved (C) |
|-------------|-----------------------------|-------------------------------------|---------------------------|-------------------------|
| 1 | Total Rate Base | \$ 249,735,328 | | \$ 249,735,328 |
| 2 | Rate of Return | 7.36% | -0.94% | 6.42% |
| 3 | Return Requirement | \$ 18,380,520 | \$ (2,347,512) | \$ 16,033,008 |
| 4 | Net Operating Income | \$ 9,961,580 | | \$ 9,961,580 |
| 5 | Income Deficiency | \$ 8,418,940 | | \$ 6,071,428 |
| 6 | Revenue Conversion Factor | 1.65044 | | 1.65044 |
| 7 | Revenue Deficiency | \$ 13,894,932 | \$ (3,874,422) | \$ 10,020,511 |
| | | <i>Check</i> 13,894,933 | | |

Notes and Sources

Column A: Summary Totals from Schedule 1

Line 2: Schedule 2

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3
Page 1 of 2

Liberty Utilities (EnergyNorth)
Twelve Months Ending December 31, 2016
Ratemaking Adjustments

| Line | Description | Company | Staff | Staff | Staff | Staff | Staff | Staff | Staff | Staff | Staff | Adjustment |
|------|---|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|----------------|
| | | Revised 11/21/17 | Adjustment 1 | Adjustment 2 | Adjustment 3 | Adjustment 4 | Adjustment 5 | Adjustment 6 | Adjustment 7 | Adjustment 8 | Subtotal | |
| | | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | |
| | Reference Schedule | | Schedule EN 3.1 | Schedule EN 3.2 | Schedule EN 3.3 | Schedule EN 3.4 | Schedule EN 3.5 | Schedule EN 3.6 | Schedule EN 3.7 | Schedule EN 3.8 | | |
| 1 | Rate Base | | | | | | | | | | | |
| 2 | Plant in Service | \$ 473,265,618 | | | | \$ (3,674,047) | | | | | | \$ (3,674,047) |
| 3 | Accumulated Depreciation & Amortization | (154,364,970) | | | | 218,377 | | | | | | 218,377 |
| 4 | Net Plant in Service | 318,900,648 | - | - | - | (3,455,670) | - | - | - | - | - | (3,455,670) |
| 5 | Material and Supplies | 6,833,143 | | | (3,662,176) | | | | | | | (3,662,176) |
| 6 | Prepayments | 2,704,979 | | (2,704,979) | | | | | | | | (2,704,979) |
| 7 | Cash Working Capital | 2,653,317 | 108,493 | | | | | | | | | 108,493 |
| 8 | Accumulated Deferred Income Tax | (79,581,891) | | | | | | | | | | - |
| 9 | Customer Deposits | (1,774,868) | | | | | | | | | | - |
| 10 | Total Rate Base | \$ 249,735,328 | \$ 108,493 | \$ (2,704,979) | \$ (3,662,176) | \$ (3,455,670) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (9,714,333) |
| 11 | Rate of Return | 7.36% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% |
| 12 | Return Requirement | \$ 18,380,520 | \$ 6,965 | \$ (173,660) | \$ (235,112) | \$ (221,854) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (623,660) |
| 13 | Revenues | | | | | | | | | | | |
| 14 | Operating Revenue | \$ 69,349,431 | | | | | | | | | | \$ - |
| 15 | Other Revenues | 869,284 | | | | (96,764) | | | | | | (96,764) |
| 16 | Total Revenues | \$ 70,218,715 | \$ - | \$ - | \$ - | \$ (96,764) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (96,764) |
| 17 | Operating Expenses | | | | | | | | | | | |
| 18 | O&M-Gas | \$ (878,406) | | | | | | | | | | \$ - |
| 19 | O&M-Distribution | 12,539,232 | | | | | | | | | | - |
| 20 | Customer Accounting | 6,108,893 | | | | | | | | | | - |
| 21 | Sales and New Business | 163,927 | | | | | | | | | | - |
| 22 | Administration & General | 11,728,833 | | | | (71,709) | | (28,395) | (210,599) | (52,008) | | (362,711) |
| 23 | Depreciation and Amortization | 18,957,302 | | | | (124,757) | (2,486,695) | | | | | (2,611,451) |
| 24 | Taxes other than Income Taxes | 10,938,721 | | | | (28,516) | | | (18,960) | | | (47,476) |
| 25 | Income Taxes | 2,023,632 | | | | 57,683 | 980,056 | 11,192 | 90,473 | 20,498 | | 1,159,902 |
| 26 | Ratemaking Adjustment per DG 11-040 | (1,325,000) | | | | | | | | | | - |
| 27 | Total Operating Expenses | \$ 60,257,134 | \$ - | \$ - | \$ - | \$ (167,299) | \$ (1,506,639) | \$ (17,203) | \$ (139,086) | \$ (31,510) | \$ - | \$ (1,861,736) |
| 28 | Net Operating Income | \$ 9,961,581 | \$ - | \$ - | \$ - | \$ 70,535 | \$ 1,506,639 | \$ 17,203 | \$ 139,086 | \$ 31,510 | \$ - | \$ 1,764,972 |
| 29 | Income Deficiency | \$ 8,418,939 | \$ 6,965 | \$ (173,660) | \$ (235,112) | \$ (292,389) | \$ (1,506,639) | \$ (17,203) | \$ (139,086) | \$ (31,510) | \$ - | \$ (2,388,632) |
| 30 | Revenue Conversion Factor | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 |
| 31 | Revenue Deficiency | \$ 13,894,933 | \$ 11,496 | \$ (286,614) | \$ (388,037) | \$ (482,570) | \$ (2,486,612) | \$ (28,392) | \$ (229,552) | \$ (52,005) | \$ - | \$ (3,942,288) |
| 32 | Percent of Total | Check \$ 13,894,933 | -0.1% | 2.1% | 2.8% | 3.5% | 17.9% | 0.2% | 1.7% | 0.4% | | |
| | Adjustment 1 | Cash Working Capital | | | | | | | | | | |
| | Adjustment 2 | Remove Prepayments Included in Cash Working Capital | | | | | | | | | | |
| | Adjustment 3 | Adjust Materials and Supplies | | | | | | | | | | |
| | Adjustment 4 | Remove Concord Training Center | | | | | | | | | | |
| | Adjustment 5 | Modify Recovery Period of Theoretical Reserve Imbalance | | | | | | | | | | |
| | Adjustment 6 | Staff Audit Issue #17 Non-Recurring Expense | | | | | | | | | | |
| | Adjustment 7 | Modify Payroll, Payroll Taxes, and Benefits for Vacancies | | | | | | | | | | |
| | Adjustment 8 | Remove LTIP (PSU) Related to Shareholder Goals | | | | | | | | | | |

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3
Page 2 of 2

Liberty Utilities (EnergyNorth)
Twelve Months Ending December 31, 2016
Ratemaking Adjustments

(in thousands)

| Line | Description (A) | Carry Forward (B) | Staff Adjustment 9 (C) Schedule EN 3.9 | Staff Adjustment 10 (D) Schedule EN 3.10 | Staff Adjustment 11 (E) Schedule EN 3.11 | Staff Adjustment 12 (F) Schedule EN 3.12 | Staff Adjustment 13 (G) Schedule EN 3.13 | Staff Adjustment 14 (G) Schedule EN 3.14 | Staff Adjustment 15 (H) Schedule EN 3.15 | Adjustment Subtotal (J) | Approved Totals (K) |
|------|---|----------------------|--|--|--|--|--|--|--|----------------------------|------------------------|
| | Reference Schedule | | | | | | | | | | |
| 1 | Rate Base | | | | | | | | | | |
| 2 | Plant in Service | \$ (3,674,047) | | \$ (125,622) | | | | | | \$ (3,799,669) | \$ 469,465,949 |
| 3 | Accumulated Depreciation & Amortization | 218,377 | | 4,146 | | | | \$ 615,020 | | 837,542 | (153,527,428) |
| 4 | Net Plant in Service | (3,455,670) | - | (121,476) | - | - | - | 615,020 | - | (2,962,127) | 315,938,521 |
| 5 | Material and Supplies | (3,662,176) | | | | | | | | (3,662,176) | 3,170,967 |
| 6 | Prepayments | (2,704,979) | | | | | | | | (2,704,979) | - |
| 7 | Cash Working Capital | 108,493 | | | | | | | | 108,493 | 2,761,810 |
| 8 | Accumulated Deferred Income Tax | - | | | | | | | | - | (79,581,891) |
| 9 | Customer Deposits | - | | | | | | | | - | (1,774,868) |
| 10 | Total Rate Base | \$ (9,714,333) | \$ - | \$ (121,476) | \$ - | \$ - | \$ - | \$ 615,020 | \$ - | \$ (9,220,789) | \$ 240,514,539 |
| 11 | Rate of Return | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% | 6.42% |
| 12 | Return Requirement | \$ (623,660) | \$ - | \$ (7,799) | \$ - | \$ - | \$ - | \$ 39,484 | \$ - | \$ (2,939,487) | \$ 15,441,033 |
| 13 | Revenues | | | | | | | | | | |
| 14 | Operating Revenue | \$ - | \$ 164,700 | | \$ 929,551 | | | | | \$ 1,094,251 | \$ 70,443,682 |
| 15 | Other Revenues | (96,764) | | | | | | | | (96,764) | 772,520 |
| 16 | Total Revenues | \$ (96,764) | \$ 164,700 | \$ - | \$ 929,551 | \$ - | \$ - | \$ - | \$ - | \$ 997,487 | \$ 71,216,202 |
| 17 | Operating Expenses | | | | | | | | | | |
| 18 | O&M-Gas | \$ - | | | | | | | | \$ - | \$ (878,406) |
| 19 | O&M-Distribution | - | | | | | | | | - | 12,539,232 |
| 20 | Customer Accounting | - | | | | | | | | - | 6,108,893 |
| 21 | Sales and New Business | - | | | | | | | | - | 163,927 |
| 22 | Administration & General | (362,711) | | 24,567 | | | (78,181) | | | (416,324) | 11,312,509 |
| 23 | Depreciation and Amortization | (2,611,451) | | | | (66,809) | | (615,020) | | (3,293,280) | 15,664,022 |
| 24 | Taxes other than Income Taxes | (47,476) | | | | | (8,585) | | | (56,061) | 10,882,660 |
| 25 | Income Taxes | 1,159,902 | 64,911 | (9,682) | 366,354 | 26,331 | 34,196 | 242,392 | 80,313 | 1,964,717 | 3,988,349 |
| 26 | Ratemaking Adjustment per DG 11-040 | - | | | | | | | | - | (1,325,000) |
| 27 | Total Operating Expenses | \$ (1,861,736) | \$ 64,911 | \$ 14,885 | \$ 366,354 | \$ (40,478) | \$ (52,569) | \$ (372,628) | \$ 80,313 | \$ (1,800,948) | \$ 58,456,186 |
| 28 | Net Operating Income | \$ 1,764,972 | \$ 99,789 | \$ (14,885) | \$ 563,197 | \$ 40,478 | \$ 52,569 | \$ 372,628 | \$ (80,313) | \$ 2,798,435 | \$ 12,760,016 |
| 29 | Income Deficiency | \$ (2,388,632) | \$ (99,789) | \$ 7,086 | \$ (563,197) | \$ (40,478) | \$ (52,569) | \$ (333,143) | \$ 80,313 | \$ (5,737,922) | \$ 2,681,017 |
| 30 | Revenue Conversion Factor | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 | 1.65044 |
| 31 | Revenue Deficiency | \$ (3,942,288) | \$ (164,695) | \$ 11,695 | \$ (929,521) | \$ (66,806) | \$ (86,762) | \$ (549,832) | \$ 132,552 | \$ (9,470,081) | \$ 4,424,852 |
| 32 | Percent of Total | | 1.2% | -0.1% | 6.7% | 0.5% | 0.6% | 4.0% | -1.0% | | |

Check

4,424,853

- Adjustment 9 INATGAS Minimum Annual Transportation Quantity Adjustment
- Adjustment 10 Modify Employee Pensions and Benefits
- Adjustment 11 Adjust Revenue to Year-End Customer Count
- Adjustment 12 Remove Out of Test Year Legal Fees and Degradation Fees
- Adjustment 13 Remove Severance Associated with Resignations
- Adjustment 14 Modify Amortization and Depreciation Accrual Rates
- Adjustment 15 Interest Synchronization

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.1
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 1

Cash Working Capital

| <u>Line</u> | <u>Description</u> | <u>Company Proposed</u> <u>(A)</u> | <u>Adjustment</u> <u>(B)</u> | <u>Adjusted Amount</u> <u>(C)</u> |
|-------------|--|---------------------------------------|---------------------------------|--------------------------------------|
| 1 | Distribution Expenses | | | |
| 2 | O&M-Gas | \$ (878,406) | \$ - | \$ (878,406) |
| 3 | O&M-Distribution | 12,539,232 | - | 12,539,232 |
| 4 | Customer Accounting | 6,108,893 | - | 6,108,893 |
| 5 | Sales and New Business | 163,927 | - | 163,927 |
| 6 | Administration & General | 11,728,833 | (416,324) | 11,312,509 |
| 7 | Total O&M Expense for CWC Calculation | <u>\$ 29,662,479</u> | <u>\$ (416,324)</u> | <u>\$ 29,246,155</u> |
| 8 | Taxes and Interest Expense | | | |
| 9 | Taxes other than Income Taxes | 10,938,721 | (56,061) | 10,882,660 |
| 10 | Income Taxes | 2,023,632 | - | 2,023,632 |
| 11 | Less Deferred Income Taxes | (6,128,035) | - | (6,128,035) |
| 12 | Income Taxes (Staff's Adjustments) | - | 1,884,404 | 1,884,404 |
| 13 | Interest Synchronization | - | 80,313 | 80,313 |
| 14 | Total Taxes and Interest Expense | <u>\$ 6,834,318</u> | <u>\$ 1,908,656</u> | <u>\$ 8,742,974</u> |
| 15 | Total Distribution Expenses Taxes and Interest | \$ 36,496,797 | \$ 1,492,332 | \$ 37,989,129 |
| 16 | Lead/Lag Days Ratio | 7.27% | | 7.27% |
| 17 | Total Cash Working Capital | <u>\$ 2,653,317</u> | <u>\$ 108,493</u> | <u>\$ 2,761,810</u> |
| 18 | Impact to Rate Base | <u>\$ 2,653,317</u> | <u>\$ 108,493</u> | <u>\$ 2,761,810</u> |

Check 2,653,317

Notes and Sources

Column A: Attachment DBS/DSD-2, Schedule RR-EN-5-2 and Schedule RR-EN-2-1 (Revised 11/21/17)
Column A, line 11: RR-EN-2-1 WP from Data Response Staff Tech 1-1 (misabeled as Schedule RR-K-1-08 when printed)

Interest Synchronization

| | <u>w/o Int Sync</u> | <u>w/ Int Sync</u> | <u>Int Sync</u> |
|--------------|---------------------|--------------------|-----------------|
| Income Taxes | 1,884,404 | 1,964,717 | 80,313 |
| | | Check | \$ 80,313 |

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.2
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 2

Remove Prepayments Included in Cash Working Capital

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|-------------|----------------------------------|-------------------------------------|---------------------------|------------------------------------|
| 1 | Prepaid Municipal Property Taxes | \$ 2,431,418 | \$ (2,431,418) | \$ - |
| 2 | Prepays | 273,561 | (273,561) | - |
| 3 | Total Prepayments | \$ 2,704,979 | \$ (2,704,979) | \$ - |
| 4 | Impact to Rate Base | <u>\$ 2,704,979</u> | <u>\$ (2,704,979)</u> | <u>\$ -</u> |

Notes and Sources

Column A: Attachment DBS/DSD-2, Schedule RR-EN-5-1 (Revised 11/21/17)

Attachment DBS/DSD-2, Schedule RR-EN-2-1 (Revised 11/21/17), line 80 - Property Taxes included in CWC \$9,259,401

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.3
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 3

Adjust Materials and Supplies

| <u>Line</u> | <u>Description</u> | <u>Company Proposed (A)</u> | <u>Adjustment (B)</u> | <u>Adjusted Amount (C)</u> |
|-------------|----------------------------|-------------------------------------|---------------------------|------------------------------------|
| 1 | Plant Supplies | \$ 3,170,967 | \$ - | \$ 3,170,967 |
| 2 | Gas Stored Underground | 2,710,013 | (2,710,013) | - |
| 3 | Fuel Stock - Propane | 884,306 | (884,306) | - |
| 4 | UG Storage - LNG | 67,857 | (67,857) | - |
| 6 | 5-Quarter Average | <u>\$ 6,833,143</u> | <u>\$ (3,662,176)</u> | <u>\$ 3,170,967</u> |
| 7 | Impact to Rate Base | <u>\$ 6,833,143</u> | <u>\$ (3,662,176)</u> | <u>\$ 3,170,967</u> |

Notes and Sources

Column A: Attachment DBS/DSD-2, Schedule RR-EN-5-1 (Revised 11/21/17)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.3 WP
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 3

Materials and Supplies Comparison of 5 Qtr vs. 13 Month Average

| Line | Period | Plant Supplies | | | Gas Stored Underground | | | Fuel Stock Propane | | | UG Storage - LNG | | |
|------|------------|----------------|-------------------|------------------|------------------------|-------------------|------------------|--------------------|-------------------|------------------|------------------|-------------------|------------------|
| | | Monthly | 5 Quarter Average | 13 Month Average | Monthly | 5 Quarter Average | 13 Month Average | Monthly | 5 Quarter Average | 13 Month Average | Monthly | 5 Quarter Average | 13 Month Average |
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) |
| 1 | Dec-15 | 3,090,778 | 3,090,778 | 3,090,778 | 3,650,875 | 3,650,875 | 3,650,875 | 1,116,257 | 1,116,257 | 1,116,257 | 80,382 | 80,382 | 80,382 |
| 2 | Jan-16 | 3,110,360 | | 3,110,360 | 3,268,995 | | 3,268,995 | 1,078,857 | | 1,078,857 | 66,910 | | 66,910 |
| 3 | Feb-16 | 3,166,027 | | 3,166,027 | 2,596,598 | | 2,596,598 | 694,991 | | 694,991 | 52,788 | | 52,788 |
| 4 | Mar-16 | 3,270,930 | 3,270,930 | 3,270,930 | 1,867,638 | 1,867,638 | 1,867,638 | 697,834 | 697,834 | 697,834 | 57,759 | 57,759 | 57,759 |
| 5 | Apr-16 | 3,209,265 | | 3,209,265 | 1,664,768 | | 1,664,768 | 690,916 | | 690,916 | 61,360 | | 61,360 |
| 6 | May-16 | 3,304,686 | | 3,304,686 | 1,890,868 | | 1,890,868 | 686,571 | | 686,571 | 47,902 | | 47,902 |
| 7 | Jun-16 | 3,237,327 | 3,237,327 | 3,237,327 | 2,185,128 | 2,185,128 | 2,185,128 | 681,382 | 681,382 | 681,382 | 62,938 | 62,938 | 62,938 |
| 8 | Jul-16 | 3,176,962 | | 3,176,962 | 2,611,479 | | 2,611,479 | 685,131 | | 685,131 | 52,614 | | 52,614 |
| 9 | Aug-16 | 3,244,604 | | 3,244,604 | 2,846,480 | | 2,846,480 | 870,817 | | 870,817 | 76,987 | | 76,987 |
| 10 | Sep-16 | 3,147,194 | 3,147,194 | 3,147,194 | 3,049,886 | 3,049,886 | 3,049,886 | 950,850 | 950,850 | 950,850 | 66,426 | 66,426 | 66,426 |
| 11 | Oct-16 | 3,180,737 | | 3,180,737 | 3,236,914 | | 3,236,914 | 943,510 | | 943,510 | 90,286 | | 90,286 |
| 12 | Nov-16 | 3,158,124 | | 3,158,124 | 3,207,859 | | 3,207,859 | 938,796 | | 938,796 | 80,301 | | 80,301 |
| 13 | Dec-16 | 3,108,605 | 3,108,605 | 3,108,605 | 2,796,536 | 2,796,536 | 2,796,536 | 975,209 | 975,209 | 975,209 | 71,783 | 71,783 | 71,783 |
| 14 | Averages | | <u>3,170,967</u> | <u>3,185,046</u> | | <u>2,710,013</u> | <u>2,682,617</u> | | <u>884,306</u> | <u>847,009</u> | | <u>67,857</u> | <u>66,803</u> |
| 15 | | | | | | | | | | | | | |
| 16 | Difference | | | 14,079 | | | (27,395) | | | (37,297) | | | (1,055) |

Notes and Sources

Response to Staff 8-31

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.4
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 4

Remove Concord Training Center

| <u>Line</u> | <u>Description</u> | <u>Company Proposed</u> <u>(A)</u> | <u>Adjustment</u> <u>(B)</u> | <u>Adjusted Amount</u> <u>(C)</u> |
|-------------|--|---------------------------------------|---------------------------------|--------------------------------------|
| 1 | Rate Base | | | |
| 2 | Concord Training Center | \$ 3,674,047 | \$ (3,674,047) | \$ - |
| 3 | Accumulated Depreciation | (218,377) | 218,377 | - |
| 4 | Impact to Rate Base | \$ 3,455,670 | \$ (3,455,670) | \$ - |
| 5 | <u>Operating Income</u> | | | |
| 6 | Revenue | | | |
| 7 | Granite State Lease Payments Concord Training Center | \$ 96,764 | \$ (96,764) | \$ - |
| 8 | Expense | | | |
| 9 | Depreciation Expense | \$ 124,757 | \$ (124,757) | \$ - |
| 10 | Admin and General | | | |
| 11 | Property and Liability Insurance | 350 | (350) | - |
| 12 | Utilities | 20,031 | (20,031) | - |
| 13 | All Other Admin and O&M | 51,329 | (51,329) | - |
| 14 | Total Admin and General | | (71,709) | - |
| 15 | Property Taxes | 28,516 | (28,516) | - |
| 16 | Total Expenses | 224,982.20 | (224,982.20) | - |
| 17 | Total Operating Income | \$ (128,218) | \$ 128,218 | \$ - |
| 18 | NH Income Tax | 8.20% | | 8.20% |
| 19 | Effect on NH income tax expense | \$ (10,514) | \$ 10,514 | \$ - |
| 20 | Federal Taxable | \$ (138,732) | | \$ - |
| 21 | Federal Income Tax Rate | 34% | | 34% |
| 22 | Effect on Federal income tax expense | \$ (47,169) | \$ 47,169 | \$ - |
| 23 | Total Taxes | \$ (57,683) | \$ 57,683 | \$ - |
| 24 | Impact to Operating Income | \$ (70,535) | \$ 70,535 | \$ - |

Notes and Sources

See Testimony of Al-Azad Iqbal
Column A, Line 2: Audit Issue #5
Column A, Line 3: Response to OCA 4-26

Column B, Line 9: Audit Report, page 33 (Note: Unitized out of CWIP 12/31/16)

| | <u>Plant in Service</u> | <u>Depreciation Rate</u> | <u>Annual Depreciation</u> |
|---|-------------------------|--------------------------|----------------------------|
| 390 General Structures/Equipment | \$ 3,743,921 | | |
| Fast Track Costs Removed in 11/21/17 Update | (158,627) | | |
| Adjusted 390 | \$ 3,585,294 | 3.33% | 119,390 |
| 394 Tools, Shop, Garage Equipment | 39,231 | 5.26% | 2,064 |
| 397 Communications Equipment | 18,313 | 6.67% | 1,221 |
| 398 Miscellaneous Equipment | 31,209 | 6.67% | 2,082 |
| | \$ 3,674,047 | | \$ 124,757 |

Column A, Lines 10-13: Response to Staff 2-26

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.5
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 5

Modify Recovery Period of Theoretical Reserve Imbalance

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|-------------|--|-------------------------------------|---------------------------|------------------------------------|
| 1 | Depreciation per Books | \$ 156,434,621 | - | \$ 156,434,621 |
| 2 | Theoretical Reserve with Net Salvage | 165,193,965 | - | 165,193,965 |
| 3 | Accumulated Reserve on Accounts 392, 396, and 1211 | 1,187,434 | - | 1,187,434 |
| 4 | Depreciation, Theoretical Reserve with Net Salvage | 166,381,399 | | 166,381,399 |
| 5 | Difference | 9,946,778 | | 9,946,778 |
| 6 | Recovery Period | 3.00 | 9.00 | 12.00 |
| 7 | Reserve Imbalance Annual Recovery | \$ 3,315,593 | \$ (2,486,695) | \$ 828,898 |
| 18 | NH Income Tax | 8.20% | | 8.20% |
| 19 | Effect on NH income tax expense | \$ (271,879) | \$ 203,909 | \$ (67,970) |
| 20 | Federal Taxable | \$ 3,043,714 | | \$ 760,928 |
| 21 | Federal Income Tax Rate | 34% | | 34% |
| 22 | Effect on Federal income tax expense | \$ (1,034,863) | \$ 776,147 | \$ (258,716) |
| 23 | Total Taxes | \$ (1,306,742) | \$ 980,056 | \$ (326,686) |
| 24 | Impact to Operating Income | \$ (2,008,851) | \$ 1,506,639 | \$ (502,212) |

Notes and Sources

See Testimony of Al-Azad Iqbal
Column A: Attachment DBS/DSD-2, Schedule RR-EN-3-6 (Revised 11/21/17)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.6
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 6

Staff Audit Issue #17 Non-Recurring Expense

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|-------------|--|-------------------------------------|---------------------------|------------------------------------|
| 1 | Staff Audit Issue #17 Non-Recurring | | | |
| 2 | 923 Outside Services-Sussex Economic Advisors NED Supply Pipeline Capacity Analysis | \$ 42,592 | \$ - | \$ 42,592 |
| 3 | Amortization Period | 1.00 | 2.00 | 3.00 |
| 4 | Annual Recovery | \$ 42,592 | (28,395) | \$ 14,197 |
| 5 | Total Audit Issues | \$ 42,592 | \$ (28,395) | \$ 14,197 |
| 6 | NH Income Tax | 8.20% | | 8.20% |
| 7 | Effect on NH income tax expense | <u>\$ (3,493)</u> | <u>\$ 2,329</u> | <u>\$ (1,164)</u> |
| 8 | Federal Taxable | \$ 39,099 | | \$ 13,033 |
| 9 | Federal Income Tax Rate | 34% | | 34% |
| 10 | Effect on Federal income tax expense | <u>\$ (13,294)</u> | <u>\$ 8,863</u> | <u>\$ (4,431)</u> |
| 11 | Total Taxes | <u>\$ (16,787)</u> | <u>\$ 11,192</u> | <u>\$ (5,595)</u> |
| 12 | Impact to Operating Income | <u>\$ (25,805)</u> | <u>\$ 17,203</u> | <u>\$ (8,602)</u> |

Notes and Sources

Lines 1: Commission Audit of Liberty Utilities dated August 22, 2017, pages 101-102, 151

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.7
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 7

Modify Payroll, Payroll Taxes, and Benefits for Vacancies

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|------|---|----------------------|----------------|---------------------|
| 1 | Payroll | | | |
| 2 | Proforma Total Salary and Wages | \$ 29,788,526 | | \$ 29,788,526 |
| 3 | Less Salaries for Average Vacancies | | | |
| 4 | Average Vacant Positions during 2017 | | 3.50 | |
| 5 | Average Salaries and Wages per Position | | \$ 96,092 | |
| 6 | Adjusted Total Salaries and Wages | \$ 29,788,526 | \$ (336,322) | \$ 29,452,204 |
| 7 | Allocation factor to EN | 71.2% | | 71.2% |
| 8 | Salaries and Wages to EN | \$ 21,203,848 | | \$ 20,964,450 |
| 9 | Allocation factor to EN OpEx | 72.1% | | 72.1% |
| 10 | Salaries and Wages to EN OpEx | 15,293,697 | (172,671) | 15,121,026 |
| 11 | Payroll Taxes | | | |
| 12 | Proforma Total Salary and Wages | \$ 29,788,526 | \$ (336,322) | \$ 29,452,204 |
| 13 | Payroll Tax Rate (%) | 10.98% | | 10.98% |
| 14 | Adjusted Total Payroll Taxes | 3,270,922 | | 3,233,992 |
| 15 | Allocation factor to EN | 71.2% | | 71.2% |
| 16 | Payroll Taxes to EN | \$ 2,328,284 | | \$ 2,301,997 |
| 17 | Allocation factor to EN OpEx | 72.1% | | 72.1% |
| 18 | Payroll Taxes to EN OpEx | 1,679,321 | (18,960) | 1,660,361 |
| 19 | Employer Benefits | | | |
| 20 | Proforma Total Salary and Wages | \$ 29,788,526 | (336,322) | \$ 29,452,204 |
| 21 | Health Care and Other / Proforma Total Salaries and Wages | 17.5% | | 17.5% |
| 22 | Health Care and Other | 5,203,308 | (58,747) | 5,144,561 |
| 23 | Proforma Total Salary and Wages | \$ 29,788,526 | | \$ 29,452,204 |
| 24 | 401(k) Matching / Proforma Total Salaries and Wages | 4.00% | | 4.00% |
| 25 | 401(k) Matching | 1,191,541 | | 1,178,088 |
| 26 | Adjusted Total Health Care and 401(k) Match | \$ 6,394,849 | | \$ 6,322,649 |
| 27 | Allocation factor to EN | 72.8% | | 72.8% |
| 28 | Health Care and 401(k) Match to EN | \$ 4,657,336 | | \$ 4,604,753 |
| 29 | Allocation factor to EN OpEx | 72.1% | | 72.1% |
| 30 | Health Care and 401(k) Match to EN OpEx | 3,359,337 | (37,928) | 3,321,409 |
| 31 | Total Payroll, Payroll Taxes, and Benefits | \$ 20,332,354 | \$ (229,559) | \$ 20,102,795 |
| 32 | NH Income Tax | 8.20% | | 8.20% |
| 33 | Effect on NH income tax expense | \$ (1,667,253) | \$ 18,824 | \$ (1,648,429) |
| 34 | Federal Taxable | \$ 18,665,101 | | \$ 18,454,366 |
| 35 | Federal Income Tax Rate | 34% | | 34% |
| 36 | Effect on Federal income tax expense | \$ (6,346,134) | \$ 71,649 | \$ (6,274,485) |
| 37 | Total Income Taxes | \$ (8,013,387) | \$ 90,473 | \$ (7,922,914) |
| 38 | Impact to Operating Income | \$ (12,318,967) | \$ 139,086 | \$ (12,179,881) |

Notes and Sources

Column A, Line 1: Attachment DBS/DSD-2, Schedule RR-EN-3-2 (Revised 11/21/17)

Column B, Line 3 Calculation

Average Vacancies

As of 11/1/16 (Staff Tech 3-13)

3.00

As of 11/1/17 (Staff Tech 3-13)

4.00

Average vacancies

3.50

Column B, Line 4: Calculation

Total Salaries and Wages (Att DBS/DSD-2, Sch RR-EN-3-2 Rev 11/21/17)

\$ 29,788,526

Number of Employees Att DBS/DSD-2, Sch RR-EN-3-2 Rev 11/21/17)

310

Average Salaries and Wages per position

\$ 96,092

Column A, Lines 7 and 9: Attachment DBS/DSD-2, Schedule RR-EN-3-2 (Revised 11/21/17)

Column A, Lines 12-18: Attachment DBS-DSD-2, Schedule RR-EN-3-3 (Revised 11/21/17)

Column A, Lines 20-30: Attachment DBS-DSD-2, Schedule RR-EN-3-4 (Revised 11/21/17)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.7 WP
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 7

Comparison of Test Year with Increase vs. Adjustment for Average Vacancies

| Line | Description | Company Methodology (A) | Adjustment (B) | Staff Methodology (C) |
|-------------|--|--|---------------------------|--------------------------------------|
| 1 | Test Year Payroll | \$ 14,518,377 | | \$ 14,518,377 |
| 2 | Percentage Increase | 5.3% | | 2.7% |
| 3 | Increase | 775,320 | (383,324) | 391,996 |
| 4 | Payroll To EN OpEx (based on % Increase) | \$ 15,293,697 | | \$ 14,910,373 |
| 5 | Staff's Average Vacancy Methodology | 15,121,026 | | 15,121,026 |
| 6 | Difference | <u>(172,671)</u> | 383,324 | <u>210,653</u> |

Notes and Sources

Column A, Line 1 and 2: Attachment DBS/DSD-2, Schedule RR-EN-3-2 (Revised 9/20/17)

Column C, Line 5: Adjustment 3.7, line 10

Payroll Increase per Response to Staff 5-15

Average wage increase for 2014, 2015, and 2016 non-union 3.0%, union 2.6%. 2017 budget non-union 3%, union 2.6%.

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.8
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 8

Remove LTIP (PSU) Related to Shareholder Goals

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|-------------|---|-------------------------------------|---------------------------|------------------------------------|
| 1 | PSU / Long Term Incentive Plan | \$ 81,581 | | \$ 81,581 |
| 2 | Performance Criteria | 100% | -63.75% | 36.25% |
| 3 | Adjusted PSU / Long Term Incentive Plan | \$ 81,581 | \$ (52,008) | \$ 29,573 |
| 4 | NH Income Tax | 8.20% | | 8.20% |
| 5 | Effect on NH income tax expense | \$ (6,690) | \$ 4,265 | \$ (2,425) |
| 6 | Federal Taxable | \$ 74,891 | | \$ 27,148 |
| 7 | Federal Income Tax Rate | 34% | | 34% |
| 8 | Effect on Federal income tax expense | \$ (25,463) | \$ 16,233 | \$ (9,230) |
| 9 | Total Taxes | \$ (32,153) | \$ 20,498 | \$ (11,655) |
| 10 | Impact to Operating Income | \$ (49,428) | \$ 31,510 | \$ (17,918) |

Notes and Sources

Column A, Line 1: Response to Staff 8-27

Column B: See Schedule 3.8 WP

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.9
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 9

iNATGAS Minimum Annual Transportation Quantity Adjustment

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|-------------|--|-------------------------------------|---------------------------|------------------------------------|
| 1 | iNATGAS Minimum Annual Transportation Quantity | \$ 18,300 | \$ 164,700 | \$ 183,000 |
| 2 | NH Income Tax | 8.20% | | 8.20% |
| 3 | Effect on NH income tax expense | <u>\$ 1,501</u> | <u>\$ 13,505</u> | <u>\$ 15,006</u> |
| 4 | Federal Taxable | \$ 16,799 | | \$ 167,994 |
| 5 | Federal Income Tax Rate | 34% | | 34% |
| 6 | Effect on Federal income tax expense | <u>\$ 5,712</u> | <u>\$ 51,406</u> | <u>\$ 57,118</u> |
| 7 | Total Taxes | <u>\$ 7,213</u> | <u>\$ 64,911</u> | <u>\$ 72,124</u> |
| 8 | Impact to Operating Income | <u>\$ 11,087</u> | <u>\$ 99,789</u> | <u>\$ 110,876</u> |

Notes and Sources

See the Testimony of Stephen P. Frink

Column A, Line 1: Attachment DBS/DSD-2, Schedule RR-EN-3-1 (Revised 11/21/17)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.10
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 10

Modify Employee Pensions and Benefits

| <u>Line</u> | <u>Description</u> | <u>Company Proposed (A)</u> | <u>Adjustment (B)</u> | <u>Adjusted Amount (C)</u> |
|-------------|---|-------------------------------------|---------------------------|------------------------------------|
| 1 | Rate Base | | | |
| 2 | Capitalized Portion of Employee Benefits and Pensions | \$ 2,072,794 | \$ (125,622) | \$ 1,947,172 |
| 3 | Composite Depreciation Rate | 3.30% | | 3.30% |
| 4 | Accumulated Depreciation | (68,402) | 4,146 | (64,257) |
| 5 | Impact to Rate Base | \$ 2,004,392 | \$ (121,476) | \$ 1,882,915 |
| 6 | Operating Income | | | |
| 7 | Pension Expense | \$ 965,003 | (636,204) | \$ 328,799 |
| 8 | OPEB Expense | 597,726 | (271,698) | 326,028 |
| 9 | 401(k) Matching | 786,115 | - | 786,115 |
| 10 | Group Benefits | 2,858,542 | 806,847 | 3,665,389 |
| 11 | Other Group Life | 9,895 | - | 9,895 |
| 12 | Pension Amortization (DG 14-080 Settlement) | 2,055,680 | - | 2,055,680 |
| 13 | Subtotal including Capitalized Portion | 7,272,961 | (101,055) | 7,171,906 |
| 14 | Less Capitalized Portion | | | |
| 15 | Capitalization Rate | 28.50% | -1.35% | 27.15% |
| 16 | Capitalized Portion to Account 922 | (2,072,794) | 125,622 | (1,947,172) |
| 17 | Employee Pension and Benefits Expense | \$ 5,200,167 | \$ 24,567 | \$ 5,224,734 |
| 18 | NH Income Tax | 8.20% | | 8.20% |
| 19 | Effect on NH income tax expense | \$ (426,414) | \$ (2,014) | \$ (428,428) |
| 20 | Federal Taxable | \$ 4,773,753 | | \$ 4,796,306 |
| 21 | Federal Income Tax Rate | 34% | | 34% |
| 22 | Effect on Federal income tax expense | \$ (1,623,076) | \$ (7,668) | \$ (1,630,744) |
| 23 | Total Taxes | \$ (2,049,490) | \$ (9,682) | \$ (2,059,172) |
| 24 | Impact to Operating Income | \$ (3,150,677) | \$ (14,885) | \$ (3,165,562) |

Notes and Sources

See Direct Testimony of James J. Cunningham, Jr.

Column A, Line 2: Line 16

Column A, Line 3: Attachment DBS/DSD-2, Schedule RR-EN-3-5 (Revised 9/20/17) Proforma Depr Expense / PIS Balance

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.11
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 11

Adjust Revenue to Year-End Customer Count

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|-------------|--------------------------------------|-------------------------------------|---------------------------|------------------------------------|
| 1 | Operating Revenue | \$ 83,244,364 | \$ 929,551 | \$ 84,173,915 |
| 2 | NH Income Tax | 8.20% | | 8.20% |
| 3 | Effect on NH income tax expense | \$ 6,826,038 | \$ 76,223 | \$ 6,902,261 |
| 4 | Federal Taxable | \$ 76,418,326 | | \$ 77,271,654 |
| 5 | Federal Income Tax Rate | 34% | | 34% |
| 6 | Effect on Federal income tax expense | \$ 25,982,231 | \$ 290,131 | \$ 26,272,362 |
| 7 | Total Taxes | \$ 32,808,269 | \$ 366,354 | \$ 33,174,623 |
| 8 | Impact to Operating Income | \$ 50,436,095 | \$ 563,197 | \$ 50,999,292 |

Notes and Sources

Column A: Attachment DBS/DSD-2, Schedule RR-EN-2 (Revised 11/21/17)
Column B: Response to Staff 8-17

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.12
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 12

Remove Out of Test Year Legal Fees and Degradation Fees

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|-------------|--|-----------------------------|-----------------------|----------------------------|
| 1 | Manchester / Concord Legal Fees | \$ 227,233 | | \$ 227,233 |
| 2 | Legal Fees Outside Test Year | | | |
| 3 | McLane-Middleton Invoice # 2017070584 / 07/13/17 | | \$ (1,063) | |
| 4 | McLane-Middleton Invoice # 2017080512 / 08/08/17 | | (2,379) | |
| 5 | McLane-Middleton Invoice # 2017091725 / 09/15/17 | | (1,217) | |
| 6 | Superior Court Stipulation - City of Concord / 08/04/17 | | (42,358) | |
| 7 | Supreme Court Stipulation - City of Concord / 08/04/17 | | (5,714) | |
| 8 | Superior/Supreme Court Stipulation-City of Manchester / 08/04/17 | | (119,785) | |
| 9 | Adjusted Manchester/Concord Legal Fees | 227,233 | \$ (172,517) | 54,716 |
| 10 | Amortization Period | 3 | | 3 |
| 11 | Manchester / Concord Legal Fees Amortization | \$ 75,744 | \$ (57,506) | \$ 18,239 |
| 12 | Degradation Fees | \$ 3,267,713 | | \$ 3,267,713 |
| 13 | Degradation Fees Outside Test Year | | | |
| 14 | City of Manchester Invoice # 1005802 / 01/31/17 | | \$ (8,015) | |
| 15 | City of Manchester Invoice # 1007948 / 03/31/17 | | (6,075) | |
| 16 | City of Manchester Invoice # 1009325 / 05/12/17 | | (29,165) | |
| 17 | City of Manchester Invoice # 1010222 / 05/31/17 | | (90,310) | |
| 18 | City of Manchester Invoice # 1011164 / 06/30/17 | | (52,500) | |
| 19 | Adjusted Degradation Fees | \$ 3,267,713 | \$ (186,065) | \$ 3,081,648 |
| 20 | Amortization Period | 20 | | 20 |
| 21 | Degradation Fees Amortization | \$ 163,386 | \$ (9,303) | \$ 154,082 |
| 22 | Total Amortization of Legal Fees and Degradation Fees | \$ 239,130 | \$ (66,809) | \$ 172,321 |
| 23 | NH Income Tax | 8.20% | | 8.20% |
| 24 | Effect on NH income tax expense | \$ (19,609) | \$ 5,479 | \$ (14,130) |
| 25 | Federal Taxable | \$ 219,521 | | \$ 158,191 |
| 26 | Federal Income Tax Rate | 34% | | 34% |
| 27 | Effect on Federal income tax expense | \$ (74,637) | \$ 20,852 | \$ (53,785) |
| 28 | Total Taxes | \$ (94,246) | \$ 26,331 | \$ (67,915) |
| 29 | Impact to Operating Income | \$ (144,884) | \$ 40,478 | \$ (104,406) |

Notes and Sources

Column A, Line 1: Attachment DBS/DSD-2, Schedule RR-EN-3-10 (Revised 11/21/17)
 Column A, Line 6: Attachment DBS/DSD-2, Schedule RR-EN-3-10 (Revised 11/21/17)
 Column B, Lines 3,4, 6, 8: Response to Staff 8-6
 Column B, Lines 5,7: Response to Staff 3-3
 Column B, Line 14-18: Response Staff 3-4

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

REDACTED

Docket No. DG 17-048
 Schedule EN 3.13
 Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 13

Remove Severance Associated with Resignations

| <u>Line</u> | <u>Description</u> | <u>Company Proposed</u> (A) | <u>Adjustment</u> (B) | <u>Adjusted Amount</u> (C) |
|-------------|---|--------------------------------|--------------------------|-------------------------------|
| 1 | Payroll - Severance | \$ 144,130 | \$ (78,181) | \$ 65,949 |
| 2 | Payroll Tax Rate (%) | 10.98% | | 10.98% |
| 3 | Payroll Taxes | 15,826 | \$ (8,585) | 7,242 |
| 4 | Total Severance Payroll and Payroll Taxes | \$ 159,956 | \$ (86,765) | \$ 73,191 |
| 5 | NH Income Tax | 8.20% | | 8.20% |
| 6 | Effect on NH income tax expense | \$ (13,116) | \$ 7,114 | \$ (6,002) |
| 7 | Federal Taxable | \$ 146,840 | | \$ 67,189 |
| 8 | Federal Income Tax Rate | 34% | | 34% |
| 9 | Effect on Federal income tax expense | \$ (49,926) | \$ 27,082 | \$ (22,844) |
| 10 | Total Taxes | \$ (63,042) | \$ 34,196 | \$ (28,846) |
| 11 | Impact to Operating Income | \$ (96,914) | \$ 52,569 | \$ (44,345) |

Notes and Sources

Line 1: Response to Staff 8-23 with Confidential Attachment

Line 2: Attachment DBS-DSD-2. Schedule RR-EN-3-3 (Revised 9/20/17)



NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.14
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 14

Modify Amortization and Depreciation Accrual Rates

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|-------------|---------------------------------------|-------------------------------------|---------------------------|------------------------------------|
| 1 | <u>Rate Base</u> | | | |
| 2 | Accumulated Depreciation | \$ (154,364,970) | \$ 615,020 | \$ (153,749,950) |
| 3 | Impact to Rate Base | \$ 154,364,970 | \$ (615,020) | \$ 153,749,950 |
| 4 | <u>Operating Income</u> | | | |
| 5 | Amortization Expense | \$ 2,378,512 | \$ (271,324) | \$ 2,107,188 |
| 6 | Depreciation Expense | 13,238,439 | (343,695) | 12,894,744 |
| 7 | Depreciation and Amortization Expense | \$ 15,616,951 | \$ (615,020) | \$ 15,001,931 |
| 8 | NH Income Tax | 8.20% | | 8.20% |
| 9 | Effect on NH income tax expense | \$ (1,280,590) | \$ 50,432 | \$ (1,230,158) |
| 10 | Federal Taxable | \$ 14,336,361 | | \$ 13,771,773 |
| 11 | Federal Income Tax Rate | 34% | | 34% |
| 12 | Effect on Federal income tax expense | \$ (4,874,363) | \$ 191,960 | \$ (4,682,403) |
| 13 | Total Taxes | \$ (6,154,953) | \$ 242,392 | \$ (5,912,561) |
| 14 | Impact to Operating Income | \$ (9,461,998) | \$ 372,628 | \$ (9,089,370) |

Notes and Sources

See Testimony of Al-Azad Iqbal
See 3.14 WP Depreciation Workpaper

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048

Schedule EN 3.14 WP

Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 14

Modify Amortization and Depreciation Accrual Rates

| Line | Description | Company Proposed | | | | Staff Recommendation | | | Difference |
|------|---|------------------|--------------|-------------------------|----------------------|----------------------|-------------------------|----------------------|---------------------|
| | | Account Number | Accrual Rate | Balance | Depreciation | Accrual Rate | Balance | Depreciation | |
| | | | | (less CIBS) 12/31/16 | Expense | | (less CIBS) 12/31/16 | Expense | |
| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | | |
| 1 | Miscellaneous Intangible Plant | 303 | 16.13% | \$ 14,745,889 | \$ 2,378,512 | 14.29% | \$ 14,745,889 | \$ 2,107,188 | \$ (271,324) |
| 2 | <u>Subtotal - INTANGIBLE PLANT</u> | | | <u>\$ 14,745,889</u> | <u>\$ 2,378,512</u> | | <u>\$ 14,745,889</u> | <u>\$ 2,107,188</u> | <u>\$ (271,324)</u> |
| 3 | Land & Land Rights | 304 | | \$ 394,087 | \$ - | | \$ 394,087 | \$ - | \$ - |
| 4 | Structures and Improvements | 305 | 2.86% | 1,975,163 | 56,490 | 2.86% | 1,975,163 | 56,490 | - |
| 5 | Liquefied Petroleum Gas Equipment | 311 | 2.86% | 258,481 | 7,393 | 2.86% | 258,481 | 7,393 | - |
| 6 | Other Equipment | 320 | 2.86% | 11,333,515 | 324,139 | 2.86% | 11,333,515 | 324,139 | - |
| 7 | Purification Equipment | 361 | 2.86% | 57,345 | 1,640 | 2.86% | 57,345 | 1,640 | - |
| 8 | Other Equipment | 363 | 2.86% | 7,646 | 219 | 2.86% | 7,646 | 219 | - |
| 9 | <u>Subtotal - PRODUCTION PLANT</u> | | | <u>\$ 14,026,237</u> | <u>\$ 389,879</u> | | <u>\$ 14,026,237</u> | <u>\$ 389,879</u> | <u>\$ -</u> |
| 10 | Land & Land Rights | 365 | | \$ 197,931 | \$ - | | \$ 197,931 | \$ - | \$ - |
| 11 | Structures and Improvements | 366 | 2.86% | 623,659 | 17,837 | 2.86% | 623,659 | 17,837 | \$ - |
| 12 | Mains | 367 | 1.92% | 227,111,541 | 4,360,542 | 1.92% | 227,111,541 | 4,360,542 | - |
| 13 | Measuring and Regulating Station Equipment | 369 | 2.86% | 4,909,208 | 140,403 | 2.86% | 4,909,208 | 140,403 | - |
| 14 | Services | 380 | 3.55% | 146,186,416 | 5,189,618 | 3.56% | 146,186,416 | 5,204,236 | 14,619 |
| 15 | Meters | 381.0 | 3.13% | 14,628,345 | 457,867 | 2.86% | 14,628,345 | 418,371 | (39,497) |
| 16 | Meters - Instrument | 381.1 | 3.13% | 188,398 | 5,897 | 2.86% | 188,398 | 5,388 | (509) |
| 17 | Meters - ERTS | 381.2 | 6.67% | 5,647,769 | 376,706 | 4.00% | 5,647,769 | 225,911 | (150,795) |
| 18 | Meter Installations | 382 | 3.13% | 14,360,005 | 449,468 | 2.86% | 14,360,005 | 410,696 | (38,772) |
| 19 | Other Equipment | 387 | 5.26% | 908,013 | 47,761 | 5.26% | 908,013 | 47,761 | - |
| 20 | <u>Subtotal - DISTRIBUTION PLANT</u> | | | <u>\$ 414,761,285</u> | <u>\$ 11,046,099</u> | | <u>\$ 414,761,285</u> | <u>\$ 10,831,145</u> | <u>\$ (214,954)</u> |
| 21 | Land & Land Rights | 389 | | \$ 16,806 | \$ - | | \$ 16,806 | \$ - | \$ - |
| 22 | Structures and Improvements | 390 | 3.33% | 21,912,075 | 729,672 | 2.86% | 21,912,075 | 626,685 | (102,987) |
| 23 | Office Furniture and Equipment | 391.0 | 5.28% | 285,566 | 15,078 | 5.28% | 285,566 | 15,078 | - |
| 24 | Office Furniture and Equipment - Computers | 391.1 | 10.00% | 1,840,911 | 184,091 | 9.09% | 1,840,911 | 167,339 | (16,752) |
| 25 | Office Furniture and Equipment - Laptop Computers | 391.2 | 20.00% | 679,916 | 135,983 | 20.00% | 679,916 | 135,983 | - |
| 26 | Transportation Equipment - Auto | 392.0 | 20.00% | 2,566,139 | 513,228 | 20.00% | 2,566,139 | 513,228 | - |
| 27 | Transportation Equipment - Truck | 392.1 | 20.00% | - | - | 20.00% | - | - | - |
| 28 | Stores Equipment | 393 | 3.33% | 99,421 | 3,311 | 3.33% | 99,421 | 3,311 | - |
| 29 | Tools, Shop, and Garage Equipment | 394 | 5.26% | 1,047,162 | 55,081 | 5.26% | 1,047,162 | 55,081 | - |
| 30 | Power Operated Equipment | 396 | 20.00% | 491,943 | 98,389 | 20.00% | 491,943 | 98,389 | - |
| 31 | Communications Equipment | 397 | 10.00% | 443,965 | 44,396 | 6.67% | 443,965 | 29,612 | (14,784) |
| 32 | Miscellaneous Equipment | 398 | 6.67% | 348,302 | 23,232 | 8.33% | 348,302 | 29,014 | 5,782 |
| 33 | <u>Subtotal - GENERAL PLANT</u> | | | <u>\$ 29,732,207</u> | <u>\$ 1,802,461</u> | | <u>\$ 29,732,207</u> | <u>\$ 1,673,719</u> | <u>\$ (128,741)</u> |
| 34 | TOTAL | | | <u>\$ 473,265,618</u> | <u>\$ 15,616,951</u> | | <u>\$ 473,265,618</u> | <u>\$ 15,001,931</u> | <u>\$ (615,020)</u> |
| 35 | OPI-STRUCTURES-RETAINED | 121 | | | | | | | |
| 36 | GRAND TOTAL | | | <u>\$ 473,265,618</u> | <u>\$ 15,616,951</u> | | <u>\$ 473,265,618</u> | <u>\$ 15,001,931</u> | |
| 37 | Less: Amortization expense included above | | | | \$ (2,378,512) | | | \$ (2,107,188) | |
| 38 | Amortization of Reserve Surplus | | | | \$ (933,588) | | | \$ (933,588) | |
| 39 | Pro Forma Depreciation Expense | | | | \$ 12,304,851 | | | \$ 11,961,156 | |

Notes and Sources

See Testimony of Al-Azad Iqbal

Column A: Attachment DBS/DSD-2, Schedule RR-EN-3-5 (Revised 11/21/17)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 3.15
Page 1 of 1

Liberty Utilities (EnergyNorth)

Adjustment 15

Interest Synchronization

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|-------------|--------------------------------------|-------------------------------------|---------------------------|------------------------------------|
| 1 | Rate Base | \$ 249,735,328 | (9,220,789) | 240,514,539 |
| 2 | Interest Component of Rate of Return | 2.21% | | 2.21% |
| 3 | Interest Attributable to Rate Base | 5,519,151 | | 5,315,371 |
| 4 | NH Income Tax | 8.20% | | 8.20% |
| 5 | Effect on NH income tax expense | \$ (452,570) | \$ 16,710 | \$ (435,860) |
| 6 | Federal Taxable | \$ 5,066,581 | | \$ 4,879,511 |
| 7 | Federal Income Tax Rate | 34% | | 34% |
| 8 | Effect on Federal income tax expense | \$ (1,722,637) | \$ 63,603 | \$ (1,659,034) |
| 9 | Total Taxes | \$ (2,175,207) | \$ 80,313 | \$ (2,094,894) |
| 10 | Impact to Operating Income | \$ 2,175,207 | \$ (80,313) | \$ 2,094,894 |

Notes and Sources

Column A, Lines 2-3: Attachment DBS/DSD-2, Schedule RR-EN-3-8
Column B, Lines 1: Schedule 1.1

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 4
Page 1 of 1

Liberty Utilities (EnergyNorth)

Step Adjustment

Adjustment to Step Increase

| Line | Description | Company Proposed (A) | Adjustment (B) | Adjusted Amount (C) |
|------|--|----------------------------|---------------------|---------------------------|
| 1 | Step Increase - Application | \$ 5,920,512 | | |
| 2 | Step Increase - Revised 9/20/17 | 6,082,417 | | |
| 3 | Step Increase - Revised 11/21/17 | 4,317,133 | | |
| 4 | Rate Base | | | |
| 5 | Capital Spending | \$ 27,464,521 | \$ (350,000) | \$ 27,114,521 |
| 6 | Accumulated Depreciation | (1,305,603) | 55,099 | (1,250,504) |
| 7 | Deferred Tax Calculation | (3,796,939) | 36,030 | (3,760,909) |
| 8 | Total Rate Base | <u>\$ 22,361,979</u> | <u>\$ (258,871)</u> | <u>\$ 22,103,108</u> |
| 9 | Revenue Requirements | | | |
| 10 | Return on Rate Base | \$ 2,394,968 | | \$ 2,022,434 |
| 11 | Depreciation Expense | 1,305,603 | | 1,250,504 |
| 12 | Property Tax . | 405,483 | | 398,290 |
| 13 | Insurance | 50,001 | | 49,311 |
| 14 | Annual Revenue Requirements | <u>4,156,055</u> | | <u>3,720,539</u> |
| 15 | Carry Over per DG-17-063 | | | |
| 16 | Annual Revenue Requirement for FY16 | 5,375 | | 5,375 |
| 17 | Paving Costs for FY17 | 155,703 | | 155,703 |
| 18 | Total Carry Over | <u>\$ 4,317,133</u> | | <u>\$ 3,881,617</u> |
| 19 | Manchester / Concord Legal Fees | | | |
| 20 | Legal Fees Outside Test Year | | | |
| 21 | McLane-Middleton Invoice # 2017070584 / 07/13/17 | | \$ 1,063 | \$ 1,063 |
| 22 | McLane-Middleton Invoice # 2017080512 / 08/08/17 | | 2,379 | 2,379 |
| 23 | McLane-Middleton Invoice # 2017091725 / 09/15/17 | | 1,217 | 1,217 |
| 24 | Superior Court Stipulation - City of Concord / 08/04/17 | | 42,358 | 42,358 |
| 25 | Supreme Court Stipulation - City of Concord / 08/04/17 | | 5,714 | 5,714 |
| 26 | Superior/Supreme Court Stipulation-City of Manchester / 08/04/17 | | 119,785 | 119,785 |
| 27 | Total Legal Fees Outside Test Year | | <u>\$ 172,517</u> | <u>\$ 172,517</u> |
| 28 | Degradation Fees | | | |
| 29 | Degradation Fees Outside Test Year | | | |
| 30 | City of Manchester Invoice # 1005802 / 01/31/17 | | \$ 8,015 | \$ 8,015 |
| 31 | City of Manchester Invoice # 1007948 / 03/31/17 | | 6,075 | 6,075 |
| 32 | City of Manchester Invoice # 1009325 / 05/12/17 | | 29,165 | 29,165 |
| 33 | City of Manchester Invoice # 1010222 / 05/31/17 | | 90,310 | 90,310 |
| 34 | City of Manchester Invoice # 1011164 / 06/30/17 | | 52,500 | 52,500 |
| 35 | Total Degradation Fees Outside Test Year | | <u>\$ 186,065</u> | <u>\$ 186,065</u> |
| 36 | Manchester / Concord Legal and Degradation Fees (2017) | <u>\$ -</u> | <u>\$ 358,582</u> | <u>\$ 358,582</u> |
| 37 | NH Income Tax | 8.20% | | 8.20% |
| 38 | Effect on NH income tax expense | <u>\$ -</u> | <u>\$ (29,404)</u> | <u>\$ (29,404)</u> |
| 39 | Federal Taxable | \$ - | | \$ 329,178 |
| 40 | Federal Income Tax Rate | 34% | | 34% |
| 41 | Effect on Federal income tax expense | <u>\$ -</u> | <u>\$ (111,921)</u> | <u>\$ (111,921)</u> |
| 42 | Total Taxes | <u>\$ -</u> | <u>\$ (141,325)</u> | <u>\$ (141,325)</u> |
| 43 | Step Adjustment | <u>\$ 4,317,133</u> | <u>\$ (217,257)</u> | <u>\$ 4,098,874</u> |

Notes and Sources

Column A, Line 1: Attachment DBS/DSD-2, Schedule STEP-EN (Revised 11/21/17)

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 4.1 WP
Page 1 of 1

Liberty Utilities (EnergyNorth)

Step Adjustment
Adjustment to Step Increase - Company Proposal

| Line | Description | Misc. Intangible Plant | LNG Plant | Mains | Station Equipment | General-Structures | Mains | Meas. & Reg. Station Equip. | Services | Meters | Structures and Improvements | Office Equipment | Vehicles | Tools | Total |
|------|-----------------------------------|------------------------|--------------|----------------|-------------------|--------------------|-------------|-----------------------------|--------------|--------------|-----------------------------|------------------|--------------|-------------|----------------|
| 1 | Capital Spending | \$ 2,105,141 | \$ 2,020,000 | \$ 14,414,334 | \$ 300,000 | \$ 1,215,000 | \$ 300,000 | \$ 325,000 | \$ 1,115,000 | \$ 1,600,000 | \$ 1,156,662 | \$ 760,384 | \$ 1,978,000 | \$ 175,000 | \$ 27,464,521 |
| 3 | Deferred Tax Calculation | | | | | | | | | | | | | | |
| 4 | Tax Method | MACRS15 | MACRS20 | MACRS20 | MACRS20 | MACRS39 | MACRS20 | MACRS20 | MACRS20 | MACRS20 | MACRS39 | MACRS7 | MACRS5 | MACRS7 | |
| 5 | Tax Depreciation Rate | 5.00% | 3.75% | 3.75% | 3.75% | 1.28% | 3.75% | 3.75% | 3.75% | 3.75% | 1.28% | 14.29% | 20.00% | 14.29% | |
| 7 | Bonus Depreciation @ 50.00% | | \$ 1,010,000 | \$ 7,207,167 | \$ 150,000 | \$ 607,500 | \$ 150,000 | \$ 162,500 | \$ 557,500 | \$ 800,000 | \$ 578,331 | \$ 380,192 | \$ 989,000 | \$ 87,500 | \$ 12,679,690 |
| 9 | Tax Basis | \$ 2,105,141 | \$ 1,010,000 | \$ 7,207,167 | \$ 150,000 | \$ 607,500 | \$ 150,000 | \$ 162,500 | \$ 557,500 | \$ 800,000 | \$ 578,331 | \$ 380,192 | \$ 989,000 | \$ 87,500 | \$ 14,784,831 |
| 10 | MACRS Depreciation | \$ 105,257 | \$ 37,875 | \$ 270,269 | \$ 5,625 | \$ 7,788 | \$ 5,625 | \$ 6,094 | \$ 20,906 | \$ 30,000 | \$ 7,415 | \$ 54,313 | \$ 197,800 | \$ 12,500 | \$ 761,467 |
| 12 | Tax Depreciation - Federal | \$ 105,257 | \$ 1,047,875 | \$ 7,477,436 | \$ 155,625 | \$ 615,288 | \$ 155,625 | \$ 168,594 | \$ 578,406 | \$ 830,000 | \$ 585,746 | \$ 434,505 | \$ 1,186,800 | \$ 100,000 | \$ 13,441,157 |
| 13 | Tax Depreciation - State | \$ 105,257 | \$ 75,750 | \$ 540,538 | \$ 11,250 | \$ 15,577 | \$ 11,250 | \$ 12,188 | \$ 41,813 | \$ 60,000 | \$ 14,829 | \$ 108,626 | \$ 395,600 | \$ 25,000 | \$ 1,305,603 |
| 15 | Book Depreciation Rate | 16.13% | 2.86% | 1.92% | 2.86% | 2.86% | 1.92% | 2.86% | 3.55% | 3.13% | 3.33% | 5.28% | 20.00% | 5.26% | |
| 16 | Book Depreciation | \$ 339,559 | \$ 57,772 | \$ 276,755 | \$ 8,580 | \$ 34,749 | \$ 5,760 | \$ 9,295 | \$ 39,583 | \$ 50,080 | \$ 38,517 | \$ 40,148 | \$ 395,600 | \$ 9,205 | \$ 1,305,603 |
| 18 | Tax over (under) Book - Federal | \$ (234,302) | \$ 990,103 | \$ 7,200,680 | \$ 147,045 | \$ 580,539 | \$ 149,865 | \$ 159,299 | \$ 538,824 | \$ 779,920 | \$ 547,229 | \$ 394,357 | \$ 791,200 | \$ 90,795 | \$ 12,135,554 |
| 19 | Tax over (under) Book - State | \$ (234,302) | \$ 17,978 | \$ 263,782 | \$ 2,670 | \$ (19,172) | \$ 5,490 | \$ 2,893 | \$ 2,230 | \$ 9,920 | \$ (23,688) | \$ 68,478 | \$ 0 | \$ 15,795 | \$ 112,074 |
| 20 | Deferred Taxes - Federal @ 31.21% | \$ (73,130) | \$ 309,031 | \$ 2,247,476 | \$ 45,896 | \$ 181,198 | \$ 46,776 | \$ 49,720 | \$ 168,178 | \$ 243,429 | \$ 170,801 | \$ 123,087 | \$ 246,949 | \$ 28,339 | \$ 3,787,749 |
| 21 | Deferred Taxes - State @ 8.20% | \$ (19,213) | \$ 1,474 | \$ 21,630 | \$ 219 | \$ (1,572) | \$ 450 | \$ 237 | \$ 183 | \$ 813 | \$ (1,942) | \$ 5,615 | \$ 0 | \$ 1,295 | \$ 9,190 |
| 22 | Deferred Tax Balance @ 39.41% | \$ (92,343) | \$ 310,505 | \$ 2,269,107 | \$ 46,115 | \$ 179,626 | \$ 47,226 | \$ 49,958 | \$ 168,361 | \$ 244,242 | \$ 168,859 | \$ 128,702 | \$ 246,949 | \$ 29,634 | \$ 3,796,939 |
| 24 | Rate Base Calculation | | | | | | | | | | | | | | |
| 25 | Plant in Service | \$ 2,105,141 | \$ 2,020,000 | \$ 14,414,334 | \$ 300,000 | \$ 1,215,000 | \$ 300,000 | \$ 325,000 | \$ 1,115,000 | \$ 1,600,000 | \$ 1,156,662 | \$ 760,384 | \$ 1,978,000 | \$ 175,000 | \$ 27,464,521 |
| 26 | Accumulated Depreciation | \$ (339,559) | \$ (57,772) | \$ (276,755) | \$ (8,580) | \$ (34,749) | \$ (5,760) | \$ (9,295) | \$ (39,583) | \$ (50,080) | \$ (38,517) | \$ (40,148) | \$ (395,600) | \$ (9,205) | \$ (1,305,603) |
| 27 | Deferred Tax Balance | \$ 92,343 | \$ (310,505) | \$ (2,269,107) | \$ (46,115) | \$ (179,626) | \$ (47,226) | \$ (49,958) | \$ (168,361) | \$ (244,242) | \$ (168,859) | \$ (128,702) | \$ (246,949) | \$ (29,634) | \$ (3,796,939) |
| 28 | Rate Base | \$ 1,857,925 | \$ 1,651,723 | \$ 11,868,472 | \$ 245,305 | \$ 1,000,625 | \$ 247,014 | \$ 265,747 | \$ 907,057 | \$ 1,305,678 | \$ 949,287 | \$ 591,534 | \$ 1,335,451 | \$ 136,161 | \$ 22,361,979 |
| 30 | Revenue Requirement Calculation | | | | | | | | | | | | | | |
| 31 | Return on Rate Base @ 10.71% | \$ 198,984 | \$ 176,900 | \$ 1,271,113 | \$ 26,272 | \$ 107,167 | \$ 26,455 | \$ 28,462 | \$ 97,146 | \$ 139,838 | \$ 101,669 | \$ 63,353 | \$ 143,027 | \$ 14,583 | \$ 2,394,968 |
| 32 | Depreciation Expense | \$ 339,559 | \$ 57,772 | \$ 276,755 | \$ 8,580 | \$ 34,749 | \$ 5,760 | \$ 9,295 | \$ 39,583 | \$ 50,080 | \$ 38,517 | \$ 40,148 | \$ 395,600 | \$ 9,205 | \$ 1,305,603 |
| 33 | Property Tax @ 2.06% | \$ 41,512 | \$ 296,222 | \$ 6,165 | \$ 24,969 | \$ 6,165 | \$ 6,679 | \$ 6,679 | \$ 23,770 | \$ 23,770 | \$ 23,770 | \$ 23,770 | \$ 23,770 | \$ 23,770 | \$ 405,483 |
| 34 | Insurance @ 0.20% | \$ 3,983 | \$ 28,421 | \$ 592 | \$ 2,396 | \$ 592 | \$ 641 | \$ 641 | \$ 2,198 | \$ 3,155 | \$ 2,281 | \$ 1,499 | \$ 3,900 | \$ 345 | \$ 50,001 |
| 35 | Annual Revenue Requirement | \$ 538,543 | \$ 280,166 | \$ 1,872,512 | \$ 41,609 | \$ 169,280 | \$ 38,972 | \$ 45,076 | \$ 138,927 | \$ 193,073 | \$ 166,236 | \$ 105,001 | \$ 542,527 | \$ 24,133 | \$ 4,317,133 |

| Rate of Return Calculation | | Portion | After-Tax Cost | Tax | Pre-Tax WACC |
|----------------------------|--|---------|----------------|--------|--------------|
| Equity | | 50.0% | 10.30% | 39.41% | 8.50% |
| Debt | | 50.0% | 4.425% | | 2.21% |
| | | 100.0% | | | 10.71% |

| "Carry Over Cost Provision Adjustments" per DG 17-063, Knepper Direct Testimony | |
|---|-----------|
| Unadjusted annual revenue requirement for FY 16 | 694,182 |
| Adjusted annual revenue requirement for FY 16 | 688,807 |
| Difference to be recovered | 5,375 |
| Estimated paving cost for FY 17 | 2,301,960 |
| Recoverable paving cost for FY 17 | 899,390 |
| Difference to be recovered | 1,402,570 |
| Revenue Requirement of the Difference, per CIBS model | 155,703 |

| Description | Reference | Amount |
|--|----------------|----------------|
| Property taxes (Account 408-P) | RR-StepWP2 | \$ 9,386,306 |
| Property insurance (Account 924) | RR-EN-2-1 | \$ 38,113 |
| Injuries and Damage (Casualty Insurance) (Account 925) | RR-EN-2-1 | \$ 877,844 |
| | | \$ 9,386,306 |
| Plant at Cost | RR-Step-EN-WP2 | \$ 456,742,424 |
| As % of Plant Cost | | 2.06% |

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DG 17-048
Schedule EN 4.1 WP
Page 1 of 1

Liberty Utilities (Energy/North)

Step Adjustment

Adjustment to Step Increase - Staff Adjustment

| Line | Description | Misc. Intangible Plant | LNG Plant | Mains | Station Equipment | General-Structures | Mains | Meas. & Reg. Station Equip. | Services | Meters | Structures and Improvements | Office Equipment | Vehicles | Tools | Total |
|--------------|-----------------------------------|------------------------|--------------|----------------|-------------------|--------------------|-------------|-----------------------------|--------------|--------------|-----------------------------|------------------|--------------|-------------|----------------|
| FERC Account | | 303 | 320 | 367 | 369 | 375 | 376 | 378 | 380 | 381 | 390 | 391 | 392 | 394 | |
| 1 | Capital Spending | \$ 2,105,141 | \$ 2,020,000 | \$ 14,064,334 | \$ 300,000 | \$ 1,215,000 | \$ 300,000 | \$ 325,000 | \$ 1,115,000 | \$ 1,600,000 | \$ 1,156,662 | \$ 760,384 | \$ 1,978,000 | \$ 175,000 | \$ 27,114,521 |
| 3 | Deferred Tax Calculation | | | | | | | | | | | | | | |
| 4 | Tax Method | MACRS15 | MACRS20 | MACRS20 | MACRS20 | MACRS19 | MACRS20 | MACRS20 | MACRS20 | MACRS20 | MACRS39 | MACRS7 | MACRS5 | MACRS7 | |
| 5 | Tax Depreciation Rate | 5.00% | 3.75% | 3.75% | 3.75% | 1.28% | 3.75% | 3.75% | 3.75% | 3.75% | 1.28% | 14.29% | 20.00% | 14.29% | |
| 7 | Bonus Depreciation @ 50.00% | | \$ 1,010,000 | \$ 7,032,167 | \$ 150,000 | \$ 607,500 | \$ 150,000 | \$ 162,500 | \$ 557,500 | \$ 800,000 | \$ 578,331 | \$ 380,192 | \$ 989,000 | \$ 87,500 | \$ 12,504,690 |
| 9 | Tax Basis | \$ 2,105,141 | \$ 1,010,000 | \$ 7,032,167 | \$ 150,000 | \$ 607,500 | \$ 150,000 | \$ 162,500 | \$ 557,500 | \$ 800,000 | \$ 578,331 | \$ 380,192 | \$ 989,000 | \$ 87,500 | \$ 14,609,831 |
| 10 | MACRS Depreciation | \$ 105,257 | \$ 37,875 | \$ 263,706 | \$ 5,625 | \$ 7,788 | \$ 5,625 | \$ 6,094 | \$ 20,906 | \$ 30,000 | \$ 7,415 | \$ 54,313 | \$ 197,800 | \$ 12,500 | \$ 754,904 |
| 12 | Tax Depreciation - Federal | \$ 105,257 | \$ 1,047,875 | \$ 7,295,873 | \$ 155,625 | \$ 615,288 | \$ 155,625 | \$ 168,594 | \$ 578,406 | \$ 830,000 | \$ 585,746 | \$ 434,505 | \$ 1,186,800 | \$ 100,000 | \$ 13,259,594 |
| 13 | Tax Depreciation - State | \$ 105,257 | \$ 75,750 | \$ 527,413 | \$ 11,250 | \$ 15,577 | \$ 11,250 | \$ 12,188 | \$ 41,813 | \$ 60,000 | \$ 14,829 | \$ 108,626 | \$ 395,600 | \$ 25,000 | \$ 1,250,504 |
| 15 | Book Depreciation Rate | 14.29% | 2.86% | 1.92% | 2.86% | 2.86% | 1.92% | 2.86% | 3.56% | 2.86% | 2.86% | 5.28% | 20.00% | 5.26% | |
| 16 | Book Depreciation | \$ 300,825 | \$ 57,772 | \$ 270,035 | \$ 8,580 | \$ 34,749 | \$ 5,760 | \$ 9,295 | \$ 39,694 | \$ 45,760 | \$ 33,081 | \$ 40,148 | \$ 395,600 | \$ 9,205 | \$ 1,250,504 |
| 18 | Tax over (under) Book - Federal | \$ (195,568) | \$ 990,103 | \$ 7,025,838 | \$ 147,045 | \$ 580,539 | \$ 149,865 | \$ 159,299 | \$ 538,712 | \$ 784,240 | \$ 552,665 | \$ 394,357 | \$ 791,200 | \$ 90,795 | \$ 12,009,091 |
| 19 | Tax over (under) Book - State | \$ (195,568) | \$ 17,978 | \$ 257,377 | \$ 2,670 | \$ (19,172) | \$ 2,893 | \$ 2,119 | \$ 14,240 | \$ (18,252) | \$ 68,478 | \$ 0 | \$ 15,795 | \$ 154,048 | \$ 3,748,277 |
| 20 | Deferred Taxes - Federal @ 31.21% | \$ (61,041) | \$ 309,031 | \$ 2,192,905 | \$ 45,896 | \$ 181,198 | \$ 46,776 | \$ 49,720 | \$ 168,143 | \$ 244,777 | \$ 172,498 | \$ 123,087 | \$ 246,949 | \$ 28,339 | \$ 3,748,277 |
| 21 | Deferred Taxes - State @ 8.20% | \$ (16,037) | \$ 1,474 | \$ 21,105 | \$ 219 | \$ (1,572) | \$ 237 | \$ 174 | \$ 1,168 | \$ (1,497) | \$ 5,615 | \$ 0 | \$ 1,295 | \$ 12,632 | \$ 8,200% |
| 22 | Deferred Tax Balance @ 39.41% | \$ (77,077) | \$ 310,505 | \$ 2,214,009 | \$ 46,115 | \$ 179,626 | \$ 47,226 | \$ 49,958 | \$ 168,317 | \$ 245,945 | \$ 171,001 | \$ 128,702 | \$ 246,949 | \$ 29,634 | \$ 3,760,909 |
| 24 | Rate Base Calculation | | | | | | | | | | | | | | |
| 25 | Plant in Service | \$ 2,105,141 | \$ 2,020,000 | \$ 14,064,334 | \$ 300,000 | \$ 1,215,000 | \$ 300,000 | \$ 325,000 | \$ 1,115,000 | \$ 1,600,000 | \$ 1,156,662 | \$ 760,384 | \$ 1,978,000 | \$ 175,000 | \$ 27,114,521 |
| 26 | Accumulated Depreciation | \$ (300,825) | \$ (57,772) | \$ (270,035) | \$ (8,580) | \$ (34,749) | \$ (5,760) | \$ (9,295) | \$ (39,694) | \$ (45,760) | \$ (33,081) | \$ (40,148) | \$ (395,600) | \$ (9,205) | \$ (1,250,504) |
| 27 | Deferred Tax Balance | \$ 77,077 | \$ (310,505) | \$ (2,214,009) | \$ (46,115) | \$ (179,626) | \$ (47,226) | \$ (49,958) | \$ (168,317) | \$ (245,945) | \$ (171,001) | \$ (128,702) | \$ (246,949) | \$ (29,634) | \$ (3,760,909) |
| 28 | Rate Base | \$ 1,881,393 | \$ 1,651,723 | \$ 11,580,289 | \$ 245,305 | \$ 1,000,625 | \$ 247,014 | \$ 265,747 | \$ 906,989 | \$ 1,308,295 | \$ 952,580 | \$ 591,534 | \$ 1,335,451 | \$ 136,161 | \$ 22,103,108 |
| 30 | Revenue Requirement Calculation | | | | | | | | | | | | | | |
| 31 | Return on Rate Base @ 9.15% | \$ 172,147 | \$ 151,133 | \$ 1,059,596 | \$ 22,445 | \$ 91,557 | \$ 22,602 | \$ 24,316 | \$ 82,990 | \$ 119,709 | \$ 87,161 | \$ 54,125 | \$ 122,194 | \$ 12,459 | \$ 2,022,434 |
| 32 | Depreciation Expense | \$ 300,825 | \$ 57,772 | \$ 270,035 | \$ 8,580 | \$ 34,749 | \$ 5,760 | \$ 9,295 | \$ 39,694 | \$ 45,760 | \$ 33,081 | \$ 40,148 | \$ 395,600 | \$ 9,205 | \$ 1,250,504 |
| 33 | Property Tax @ 2.06% | \$ 41,512 | \$ 289,030 | \$ 6,165 | \$ 24,969 | \$ 6,165 | \$ 6,679 | \$ 6,679 | \$ 23,770 | \$ 23,770 | \$ 23,770 | \$ 398,290 | \$ 398,290 | \$ 398,290 | \$ 398,290 |
| 34 | Insurance @ 0.20% | \$ 3,983 | \$ 27,731 | \$ 592 | \$ 2,396 | \$ 592 | \$ 641 | \$ 641 | \$ 2,198 | \$ 3,155 | \$ 2,281 | \$ 1,499 | \$ 3,900 | \$ 345 | \$ 49,311 |
| 35 | Annual Revenue Requirement | \$ 472,972 | \$ 254,400 | \$ 1,646,392 | \$ 37,782 | \$ 153,671 | \$ 35,118 | \$ 40,931 | \$ 124,882 | \$ 168,624 | \$ 146,292 | \$ 95,773 | \$ 521,694 | \$ 22,009 | \$ 3,881,617 |

| Rate of Return Calculation | Portion | After-Tax Cost | Tax | Pre-Tax WACC | Check |
|----------------------------|---------|----------------|--------|--------------|--------|
| Equity | 49.2% | 8.55% | 39.41% | 6.94% | 4.207% |
| Long Term Debt | 49.9% | 4.390% | | 2.19% | 2.188% |
| Short Term Debt | 0.95% | 2.490% | | 0.02% | 0.024% |
| | 100.0% | | | 9.15% | 6.420% |

| Description | Reference | Amount |
|--|----------------|----------------|
| Property taxes (Account 408-P) | RR-StepWP2 | \$ 9,386,306 |
| Property insurance (Account 924) | RR-EN-2-1 | \$ 38,113 |
| Injuries and Damage (Casualty Insurance) (Account 925) | RR-EN-2-1 | \$ 877,844 |
| | | \$ 9,386,306 |
| Plant at Cost | RR-Step-EN-WP2 | \$ 456,742,424 |
| As % of Plant Cost | | 2.06% |

"Carry Over Cost Provision Adjustments" per DG 17-063, Knepper Direct Testimony

| | |
|---|-----------|
| Unadjusted annual revenue requirement for FY 16 | 694,182 |
| Adjusted annual revenue requirement for FY 16 | 688,807 |
| Difference to be recovered | 5,375 |
| Estimated paving cost for FY 17 | 2,301,960 |
| Recoverable paving cost for FY 17 | 899,390 |
| Difference to be recovered | 1,402,570 |
| Revenue Requirement of the Difference, per CIBS model | 155,703 |

Response to Staff Tech 3-10: Varney, Worthely, and Rckland Project removed

SUPPLEMENTAL

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Technical Session Set 1

Date Request Received: 8/29/17
Request No. Staff Tech 1-1

Date of Response: 11/21/2017
Respondent: Daniel Dane
David Simek

REQUEST:

Reference Company's responses to Staff 2-25, Staff 2-26, Staff 2-27, Staff 2-46, Staff 3-1, Staff 3-2, Staff 3-12, Staff 3-13, Staff 3-14, Staff 3-15, and the NHPUC Final Audit Report. Please provide updated rate filing schedules that include the adjustments agreed to by the Company in the indicated data responses, the NHPUC Final Audit Report dated August 22, 2017, as well as any adjustments from the technical sessions or any other data responses to Staff or the OCA.

RESPONSE:

Please see Attachment Staff Tech 1-1.xlsx for revised revenue requirement schedules incorporating various corrections and updates that arose during the discovery and audit processes. The "Track" tab includes a list of all revisions and their impacts on the revenue requirement. In addition, changes have been highlighted in the individual tabs of the attachment.

With respect to Staff 2-46, the Company will be filing under separate cover a replacement schedule for EnergyNorth's Puc 1604.01(a)(17) filing schedule.

SUPPLEMENTAL RESPONSE:

Please see Supplemental Attachment Staff Tech 1-1.xlsx which incorporates additional corrections and updates up through the responses to discovery sets Staff Tech 3 and OCA Tech 2. Schedules STEP-EN and STEP-K were updated to remove certain 2017 capital projects as per the responses to Staff Tech 3-10 and Staff Tech 3-11. All other projects in those schedules remain at the 2017 budgeted amounts.

Track Change Liberty Utilities (EnergyNorth)
Track Changes
Rate Year Ending December 31, 2016

Current= 86,341,155 14,778,630

| Ref | Version | Rev Req | Increase | Change from prior | Step Increase Total | Change from prior | Temp Increase | Change from prior | NOTES |
|-----|-------------------------|------------|------------|-------------------|---------------------|-------------------|---------------|-------------------|--|
| 1 | vfiled | 85,311,886 | 13,749,361 | | 6,071,562 | | 7,778,497 | | |
| 2 | Staff 1-4 | 85,311,886 | 13,749,361 | 0 | 6,071,562 | 0 | 7,720,553 | (57,944) | Adjust the state tax rate used for temp rates from 8.5% to 8.2% |
| 3 | Staff 2-25 | 85,276,872 | 13,714,348 | (35,014) | 6,071,562 | 0 | 7,720,553 | 0 | Adjust JD Power costs |
| 4 | Staff 2-26 | 85,276,038 | 13,713,514 | (834) | 6,071,562 | 0 | 7,720,553 | 0 | Adjust the rental expense for the Concord Training center from \$95,930 to \$96,764 |
| 5 | Staff 2-27 | 85,276,038 | 13,713,514 | 0 | 6,065,379 | (6,183) | 7,720,553 | 0 | Adjust the depreciation rates applied to accounts 369, 378, and 394 in EN's step increase |
| 6 | Staff 3-1 & 3-2 | 85,276,038 | 13,713,514 | 0 | 6,065,379 | 0 | 7,720,553 | 0 | Adjust percentages displayed on RR-1 and RR-K-2-1 |
| 7 | Staff 3-9 | 85,276,266 | 13,713,741 | 227 | 6,065,379 | 0 | 7,720,553 | 0 | Adjust Keene Incident costs |
| 8 | Staff 3-12 through 3-14 | 85,274,778 | 13,712,253 | (1,488) | 6,065,379 | 0 | 7,720,553 | 0 | Adjust Keene rate base quarterly balances |
| 9 | Staff 3-15 | 85,274,778 | 13,712,253 | 0 | 6,067,535 | 2,156 | 7,720,553 | 0 | Adjust Keene depreciation rate in Step Increase, per Staff 3-15 response |
| 10 | Staff 5-53 | 85,274,045 | 13,711,521 | (732) | 6,067,535 | 0 | 7,720,553 | 0 | Adjust Concord Steam amortization |
| 11 | Audit Issue #7 | 85,377,778 | 13,815,253 | 103,732 | 6,072,654 | 5,119 | 7,720,553 | 0 | Adjust EN Acct 390 to depreciate at 3.33%, not 2.86%, as identified in audit issue #7 |
| 12 | Audit Issue #10 | 85,381,464 | 13,818,939 | 3,686 | 6,072,654 | 0 | 7,720,553 | 0 | Adjust Keene Rate base by 34,424 as identified in audit issue #10 (54,712 - 20,288 = 34,424) |
| 13 | Audit Issue #16 | 85,376,840 | 13,814,315 | (4,624) | 6,072,654 | 0 | 7,720,553 | 0 | Adjust EN Acct 874 downwards by \$4,500 and EN Acct 921 downwards by \$124 |
| 14 | Audit Issue #17 | 85,352,008 | 13,789,483 | (24,832) | 6,072,654 | 0 | 7,720,553 | 0 | Adjust EN Acct 921 downwards by \$21,959 (2,800 + 3,548 + 15,611), and Keene Acct 874 downwards by \$2,873 |
| 15 | Audit Issue #18 | 85,340,808 | 13,778,283 | (11,200) | 6,072,654 | 0 | 7,720,553 | 0 | Adjust EN Account 923 downwards by \$11,200 |
| 16 | Audit Issue #19 | 85,372,441 | 13,809,916 | 31,633 | 6,072,654 | 0 | 7,720,553 | 0 | Adjust EN pro forma property tax upwards by \$31,633 as identified in audit issue #19 |
| 17 | Audit Issue #20 | 85,369,316 | 13,806,791 | (3,125) | 6,072,654 | 0 | 7,720,553 | 0 | Adjust EN pro forma property tax downwards by \$3,125 as identified in audit issue #20 |
| 18 | Audit Issue #21 | 85,382,035 | 13,819,510 | 12,719 | 6,072,654 | 0 | 7,720,553 | 0 | Adjust Keene pro forma property tax upwards by \$12,719 as identified in audit issue #21 |
| 19 | Audit Issue #22 | 85,372,321 | 13,809,796 | (9,714) | 6,072,654 | 0 | 7,720,553 | 0 | Adjust EN Account 925 downwards by \$9,714, additional Step Increase Impact |
| 20 | Flow thru audit issues | 85,372,321 | 13,809,796 | 0 | 6,073,924 | 1,270 | 7,720,553 | 0 | Adjust property tax & insurance rates used in step increase to reflect pro forma adjustments |
| 21 | Staff Tech 1-33 | 85,666,720 | 14,104,195 | 294,399 | 6,073,924 | 0 | 7,720,553 | 0 | Adjust RR-EN-3-4 to reflect the impact of capitalizing a portion of the concluding amortization |
| 22 | PUC Invoice | 85,637,949 | 14,075,424 | (28,771) | 6,073,924 | 0 | 7,720,553 | 0 | Adjust to reflect most recently available PUC invoice (both EN and Keene) |
| 23 | EFV | 85,637,949 | 14,075,424 | 0 | 6,073,924 | 0 | 7,720,553 | 0 | Adjust \$30,000 EFV adjustment out of Keene and into EnergyNorth |
| 24 | Concord Lease | 85,670,709 | 14,108,184 | 32,760 | 6,073,924 | 0 | 7,720,553 | 0 | Adjust RR-EN-3-10 to reflect an additional \$3,900 (pre-allocation) per month of rent for Concord Lease |
| 25 | Keene Cost of Gas | 85,717,460 | 14,154,935 | 46,750 | 6,073,924 | 0 | 7,720,553 | 0 | Adjust Keene Production costs \$46,752 in accordance with the Summer 2016 COG audit |
| 26 | Keene Labor | 85,878,717 | 14,316,193 | 161,258 | 6,073,924 | 0 | 7,720,553 | 0 | Adjust RR-K-3-1, RR-K-3-2, and RR-K-3-3 |
| 27 | Updated Retirements | 85,829,702 | 14,267,177 | (49,016) | 6,076,635 | 2,711 | 7,720,553 | 0 | Adjust RR-EN-3-5 to reflect Mains & Services retirements after 12/31/16 |
| 28 | Pension/OPEB | 85,829,716 | 14,267,191 | 14 | 6,076,635 | 0 | 7,720,553 | 0 | Adjust RR-EN-3-4WP to reflect updated information |
| 29 | CIBS Penalty | 85,829,716 | 14,267,191 | 0 | 6,237,713 | 161,078 | 7,720,553 | 0 | Adjust EN Step increase to reflect CIBS carry over revenue requirement |
| 30 | Bad Debt | 86,007,388 | 14,444,863 | 177,671 | 6,237,713 | 0 | 7,720,553 | 0 | Adjust RR-EN-3-10 and RR-K-3-10 to reflect the impact of the deficiency on uncollectibles |
| 31 | EN Labor | 86,194,793 | 14,632,268 | 187,405 | 6,237,713 | 0 | 7,720,553 | 0 | Adjust RR-EN-3-2 and RR-EN-3-4 |
| 32 | Legal Fees | 86,409,714 | 14,847,190 | 214,922 | 6,237,713 | 0 | 7,720,553 | 0 | Adjust to amortize legal fees associated with Manchester & Concord over 3 years |
| 33 | Fee amortization | 86,573,100 | 15,010,575 | 163,386 | 6,237,713 | 0 | 7,720,553 | 0 | Adjust to include fees, with a proposed amortization period of 20 years |

33

15

| | | | | | | | | | |
|----|-----------------------|------------|------------|-----------|-----------|-------------|-----------|----------|---|
| 34 | Cash Working Capital | 86,582,775 | 15,020,250 | 9,675 | 6,237,713 | 0 | 7,720,553 | 0 | Update Cash Working Capital to reflect above changes & synchronize with uncollectibles |
| 35 | Staff Tech 1-1 | 86,582,775 | 15,020,250 | 1,270,889 | 6,237,713 | 166,151 | 7,720,553 | (57,944) | Total Changes from filed version |
| 36 | Staff 8-2 | 86,571,650 | 15,009,125 | (11,125) | 6,237,713 | 0 | 7,720,553 | 0 | Adjust RR-EN-3-10 to remove \$11,125 from the annual Concord Office Lease expense |
| 37 | Staff 8-3 | 86,571,650 | 15,009,125 | 0 | 6,236,929 | (784) | 7,720,553 | 0 | Adjust \$9,714 from audit issue #22 out of EnergyNorth and into Keene |
| 38 | Staff 8-10 | 86,573,057 | 15,010,532 | 1,407 | 6,236,929 | 0 | 7,720,553 | 0 | Adjust RR-K-3-10 to include the \$1,407 Fiscal Year '18 NHPUC Assessment amount relative to Gas Safety (GPSP) |
| 39 | Staff 8-19 | 86,550,747 | 14,988,222 | (22,310) | 6,237,138 | 209 | 7,704,385 | (16,168) | Adjust RR-EN-3-5 to remove \$158,627 of Concord Training Center "fast track" costs from account 390 |
| 40 | Staff 8-20 | 86,550,747 | 14,988,222 | 0 | 6,235,992 | (1,146) | 7,704,385 | 0 | Adjust RR-Step-EN-WP1 to include \$8,000 bond refund |
| 41 | Staff 8-49 | 86,387,623 | 14,825,098 | (163,124) | 6,235,992 | 0 | 7,704,385 | 0 | Adjust RR-EN-3-10 to reflect the impact of the Algonquin & EDE merger |
| 42 | Staff Tech 3-3 | 86,248,446 | 14,685,921 | (139,177) | 6,235,992 | 0 | 7,704,385 | 0 | Adjust RR-EN-3-10 row 76 from \$644,764.87 to \$227,233, as described in Staff Tech 3-3 |
| 43 | Staff Tech 3-5 | 86,257,887 | 14,695,363 | 9,442 | 6,235,992 | 0 | 7,704,385 | 0 | Adjust RR-K-3-4 to reflect the revisions to Keene accumulated depreciation in Staff Tech 3-5 |
| 44 | Staff Tech 3-5 part 2 | 86,252,397 | 14,689,872 | (5,491) | 6,235,992 | 0 | 7,704,385 | 0 | Adjust RR-K-3-4 to remove depreciation expense associated with fully depreciated plant accounts |
| 45 | Staff Tech 3-6 | 86,215,739 | 14,658,705 | (31,167) | 6,235,992 | 0 | 7,704,385 | 0 | Adjust RR-K-3-10 and RR-K-3-5 to amortize \$46,752 of previously included production costs over 3 years |
| 46 | Staff Tech 3-10 | 86,215,739 | 14,658,705 | 0 | 4,461,423 | (1,774,569) | 7,704,385 | 0 | Adjust RR-Step-EN-WP1 to align with Attachment Staff Tech 3-10.b |
| 47 | Staff Tech 3-11 | 86,215,739 | 14,658,705 | 0 | 4,408,770 | (52,653) | 7,704,385 | 0 | Adjust RR-Step-K-WP1 to align with Attachment Staff Tech 3-11.b |
| 48 | Staff Tech 3-18 | 86,147,879 | 14,590,845 | (67,860) | 4,408,770 | 0 | 7,704,385 | 0 | Adjust RR-EN-3-4 to reflect updated 401K percentages, per Staff Tech 3-18 |
| 49 | Property Tax Update | 86,338,689 | 14,781,655 | 190,810 | 4,418,885 | 10,115 | 7,704,385 | 0 | Adjust RR-EN-3-7 and RR-K-3-6 to reflect the most recently available property tax invoices |
| 50 | Cash Working Capital | 86,341,155 | 14,778,630 | (3,025) | 4,418,885 | 0 | 7,704,395 | 10 | Update Cash Working Capital & synchronize with uncollectibles, flow thru changes to temp tab |
| 51 | vCurrent | 86,341,155 | 14,778,630 | (241,620) | 4,418,885 | (1,818,828) | 7,704,395 | (16,158) | Total Changes from Staff Tech 1-1 |
| 52 | vCurrent | 86,341,155 | 14,778,630 | 1,029,269 | 4,418,885 | (1,652,677) | 7,704,395 | (74,102) | Total Changes from filed version |

Check TRUE TRUE TRUE
 Check (0.0000)

**Liberty Utilities (EnergyNorth)
Revenue Deficiency and Revenue Requirement
Test Year With Known and Measurable Changes**

| Line | Description | Reference | EnergyNorth | Keene | Total |
|------|---|---|----------------|--------------|----------------|
| 1 | Rate Base | RR-EN-5; RR-K-5 | \$ 249,735,328 | \$ 2,267,196 | \$ 252,002,525 |
| 2 | | | | | |
| 3 | Target Rate of Return on Rate Base | RR-4 | 7.36% | 7.36% | 7.36% |
| 4 | | | | | |
| 5 | Operating Income Requirement | Line 1 X Line 3 | \$ 18,380,520 | \$ 166,866 | \$ 18,547,386 |
| 6 | | | | | |
| 7 | Operating Income at Present Rates | RR-EN-2; RR-K-2 | \$ 9,961,580 | \$ (368,566) | \$ 9,593,014 |
| 8 | | | | | |
| 9 | Operating Income Deficiency | Line 5 - Line 7 | \$ 8,418,940 | \$ 535,432 | \$ 8,954,372 |
| 10 | | | | | |
| 11 | Gross-up Factor for Additional Income Taxes | Line 19 | 1.6504 | 1.6504 | 1.6504 |
| 12 | | | | | |
| 13 | Revenue Deficiency | Line 9 X Line 11 | \$ 13,894,933 | \$ 883,697 | \$ 14,778,630 |
| 14 | | | | | |
| 15 | <u>Gross-up Factor for Income Taxes</u> | | | | |
| 16 | Federal Income Tax Rate | | 34.00% | 34.00% | 34.00% |
| 17 | New Hampshire State Income Tax Rate | | 8.20% | 8.20% | 8.20% |
| 18 | Combined Income Tax Rate | Line 16 + Line 17 - (Line 16 X Line 17) | 39.41% | 39.41% | 39.41% |
| 19 | Gross-up Factor | 1 / (1 - Line 18) | 1.6504 | 1.6504 | 1.6504 |
| 20 | | | | | |
| 21 | Additional Income Tax Required | Line 13 - Line 9 | \$ 5,475,993 | \$ 348,265 | \$ 5,824,258 |
| 22 | | | | | |
| 23 | Distribution Revenue at Present Rates | RR-EN-2; RR-K-2 | \$ 70,218,715 | \$ 1,343,810 | \$ 71,562,525 |
| 24 | | | | | |
| 25 | % Increase Needed | Line 13 / Line 23 | 19.79% | 65.76% | 20.65% |
| 26 | | | | | |
| 27 | Revenue with Increase | RR-EN-2; RR-K-2 | \$ 84,113,648 | \$ 2,227,507 | \$ 86,341,155 |
| 28 | | | | | |
| 29 | % Increase Needed - Total Revenue | | 11.57% | 34.05% | 12.05% |

Liberty Utilities (EnergyNorth)
 Operating Income Statement - EnergyNorth
 Test Year With Known and Measurable Changes

| Line Account | Source | | RR-EN-3 | | RR-1 | | Distribution Operating Income with Proposed Increase |
|---|---|-----------------------|-------------------------------------|--|-------------------------------|----------------------|--|
| | Test Year Ended December 31, 2016 | Cost of Gas & LDAC | Distribution Operating Income | Known and Measurable Adjustments | Test Year at Current Rates | Proposed Increase | |
| 1 Revenue | | | | | | | |
| 2 Operating Revenue | \$ 119,202,714 | \$ (50,212,647) | \$ 68,990,067 | \$ 359,364 | \$ 69,349,431 | \$ 13,894,933 | \$ 83,244,364 |
| 3 Other Revenue | 850,935 | - | 850,935 | 18,348 | 869,284 | | 869,284 |
| 4 | \$ 120,053,649 | \$ (50,212,647) | \$ 69,841,002 | \$ 377,713 | \$ 70,218,715 | \$ 13,894,933 | \$ 84,113,648 |
| 5 | | | | | | | |
| 6 Operating Expenses | | | | | | | |
| 7 Operations and Maintenance - Gas | \$ 44,810,084 | \$ (45,726,956) | \$ (916,872) | \$ 38,466 | \$ (878,406) | | \$ (878,406) |
| 8 Operations and Maintenance - Distribution | 12,121,123 | - | 12,121,123 | 418,109 | 12,539,232 | | 12,539,232 |
| 9 Customer Accounting | 4,475,212 | 1,323,925 | 5,799,138 | 309,755 | 6,108,893 | | 6,108,893 |
| 10 Sales and New Business | 157,814 | - | 157,814 | 6,113 | 163,927 | | 163,927 |
| 11 Administrative & General | 11,027,275 | - | 11,027,275 | 701,558 | 11,728,833 | | 11,728,833 |
| 12 Depreciation and Amortization | 16,359,945 | (2,217,552) | 14,142,392 | 4,814,910 | 18,957,302 | | 18,957,302 |
| 13 Taxes other than Income Taxes | 10,060,520 | - | 10,060,520 | 878,201 | 10,938,721 | | 10,938,721 |
| 14 Income Taxes | 6,359,035 | - | 6,359,035 | (4,335,403) | 2,023,632 | 5,475,993 | 7,499,625 |
| 15 Ratemaking Adjustment per DG 11-040 | - | - | - | (1,325,000) | (1,325,000) | | (1,325,000) |
| 16 | \$ 105,371,008 | \$ (46,620,583) | \$ 58,750,425 | \$ 1,506,710 | \$ 60,257,135 | \$ 5,475,993 | \$ 65,733,128 |
| 17 | | | | | | | |
| 18 Utility Net Income | \$ 14,682,641 | \$ (3,592,064) | \$ 11,090,577 | \$ (1,128,997) | \$ 9,961,580 | \$ 8,418,940 | \$ 18,380,520 |
| 19 | | | | | | | |
| 20 Rate Base | | | \$ 249,735,328 | | \$ 249,735,328 | | \$ 249,735,328 |
| 21 | | | | | | | |
| 22 Rate of Return on Rate Base | | | 4.44% | | 3.99% | | 7.36% |

Liberty Utilities (Energy/North)
Operating Income Statement - Detail - Energy/North
Test Year With Known and Measurable Changes

| Line | Account | Account Number | Test Year Ended December 31, 2016 | Cost of Gas & LDAC | Distribution Operating Income | RR-EN-3 | | RR-EN-3 | |
|------|--|----------------|-----------------------------------|------------------------|-------------------------------|----------------------------------|----------------------------|----------------------|----------------------|
| | | | | | | Known and Measurable Adjustments | Test Year At Current Rates | Labor | Labor Pro Forma |
| 1 | OPERATION AND MAINTENANCE EXPENSES | | | | | | | | |
| 2 | O&M - Gas Production | | | | | | | | |
| 3 | Operation Supervision and Engineering | 710 | \$ 319,557 | | \$ 319,557 | \$ 15,238 | \$ 334,795 | \$ 285,347 | \$ 300,585 |
| 4 | Liquefied Petroleum Gas Expenses | 717 | 252,396 | | 252,396 | 12,478 | 264,874 | 233,653 | 246,131 |
| 5 | Liquefied Petroleum Gas | 728 | 45,557 | | 45,557 | 692 | 46,249 | 12,953 | 13,645 |
| 6 | Miscellaneous Production Expenses | 735 | 379,344 | | 379,344 | 9,929 | 389,273 | 185,919 | 195,847 |
| 7 | Maintenance of Production Equipment | 742 | 72,133 | | 72,133 | - | 72,133 | - | - |
| 8 | Natural Gas City Gate Purchases | 804 | (16,299,847) | 16,299,847 | - | - | - | - | - |
| 9 | Other Gas Purchases | 805 | 60,771,419 | (60,771,419) | - | - | - | - | - |
| 10 | Gas Withdrawn from Storage | 808 | 1,255,384 | (1,255,384) | - | - | - | - | - |
| 11 | Operation Labor and Expenses | 841 | 2,427 | | 2,427 | 130 | 2,556 | 2,427 | 2,556 |
| 12 | Other Expenses | 846 | (1,988,285) | | (1,988,285) | - | (1,988,285) | - | - |
| 13 | Total O&M - Gas Production | | \$ 44,810,084 | \$ (45,726,956) | \$ (916,872) | \$ 38,466 | \$ (878,406) | \$ 720,299 | \$ 758,765 |
| 14 | O&M - Distribution Expenses | | | | | | | | |
| 16 | Measuring and Regulating Station Expenses (Transmission) | 857 | \$ 30,299 | | \$ 30,299 | \$ - | \$ 30,299 | \$ - | \$ - |
| 17 | Maintenance of Mains (Transmission) | 863 | 5,483 | | 5,483 | (139) | 5,344 | (2,603) | (2,742) |
| 18 | Operation Supervision and Engineering (Transmission) | 870 | 1,686,434 | | 1,686,434 | 43,188 | 1,729,622 | 808,733 | 851,921 |
| 19 | Distribution Load Dispatching | 871 | 242,795 | | 242,795 | 10,975 | 253,771 | 205,519 | 216,494 |
| 20 | Mains Services Expenses | 874 | 4,691,554 | | 4,691,554 | 160,459 | 4,852,013 | 3,088,970 | 3,253,929 |
| 21 | Measuring and Regulating Station Expenses - General | 875 | 123,901 | | 123,901 | 6,617 | 130,517 | 123,901 | 130,517 |
| 22 | Measuring and Regulating Station Expenses - Industrial | 876 | 14,098 | | 14,098 | 488 | 14,586 | 9,131 | 9,619 |
| 23 | Meter and House Regulator Expenses | 878 | 1,730,441 | | 1,730,441 | 77,538 | 1,807,979 | 1,451,946 | 1,529,483 |
| 24 | Customer Installations Expenses | 879 | 2,331 | | 2,331 | 30,124 | 32,455 | 2,331 | 2,455 |
| 25 | Other Expenses | 880 | 903,449 | | 903,449 | 23,735 | 927,183 | 444,445 | 468,179 |
| 26 | Rents | 881 | 12,098 | | 12,098 | - | 12,098 | - | - |
| 27 | Maintenance Supervision and Engineering | 885 | - | | - | - | - | - | - |
| 28 | Maintenance of Structures and Improvements | 886 | 96,985 | | 96,985 | 3,911 | 100,897 | 73,244 | 77,155 |
| 29 | Maintenance of Mains | 887 | 1,644,243 | | 1,644,243 | 33,733 | 1,677,976 | 631,674 | 665,407 |
| 30 | Maintenance of Measuring and Regulating Station Expenses | 889 | 54,565 | | 54,565 | 1,572 | 56,138 | 29,440 | 31,012 |
| 31 | Maintenance of Services | 892 | 640,956 | | 640,956 | 18,049 | 659,005 | 337,981 | 356,030 |
| 32 | Maintenance of Meters and House Regulators | 893 | 235,276 | | 235,276 | 7,714 | 242,990 | 144,457 | 152,172 |
| 33 | Maintenance of Other Equipment | 894 | 6,216 | | 6,216 | 144 | 6,360 | 2,699 | 2,843 |
| 34 | Total O&M - Distribution | | \$ 12,121,123 | \$ - | \$ 12,121,123 | \$ 418,109 | \$ 12,539,232 | \$ 7,351,866 | \$ 7,744,475 |
| 35 | Total O&M - Gas Production and Distribution | | \$ 56,931,207 | \$ (45,726,956) | \$ 11,204,252 | \$ 456,575 | \$ 11,660,826 | \$ 8,072,165 | \$ 8,503,240 |
| 36 | Customer Accounts Expenses | | | | | | | | |
| 38 | Supervision | 901 | \$ 190,994 | | \$ 190,994 | \$ 9,432 | \$ 200,426 | \$ 176,623 | \$ 186,055 |
| 39 | Meter Reading Expenses | 902 | 364,666 | | 364,666 | 18,691 | 383,357 | 350,010 | 368,701 |
| 40 | Customer Records and Collection Expenses | 903 | 3,771,514 | | 3,771,514 | 110,724 | 3,882,239 | 2,339,421 | 2,464,352 |
| 41 | Uncollectible Accounts | 904.0 | 1,491,362 | | 1,491,362 | 170,908 | 1,662,270 | - | - |
| 42 | Bad Debt Expense - Commodity | 904.1 | (1,323,925) | 1,323,925 | - | - | - | - | - |
| 43 | Miscellaneous Customer Accounts Expenses | 905 | (19,398) | | (19,398) | - | (19,398) | - | - |
| 44 | Total Customer Accounting | | \$ 4,475,212 | \$ 1,323,925 | \$ 5,799,138 | \$ 309,755 | \$ 6,108,893 | \$ 2,866,053 | \$ 3,019,108 |
| 45 | Customer Service and Informational & Sales Expenses | | | | | | | | |
| 47 | Cust Assistance | 908 | \$ - | | \$ - | \$ - | \$ - | \$ - | \$ - |
| 48 | Cust Service Misc | 910 | 2,338 | | 2,338 | 204 | 2,542 | 3,811 | 4,015 |
| 49 | Sales & Advertising | 912 | 155,476 | | 155,476 | 5,910 | 161,386 | 110,663 | 116,573 |
| 50 | Total Customer Service and Informational & Sales Expenses | | \$ 157,814 | \$ - | \$ 157,814 | \$ 6,113 | \$ 163,927 | \$ 114,474 | \$ 120,588 |
| 51 | Total Customer Accounts, Customer Service and Informational | | \$ 4,633,026 | \$ 1,323,925 | \$ 5,956,952 | \$ 315,869 | \$ 6,272,820 | \$ 2,980,528 | \$ 3,139,696 |
| 52 | Administrative and General Expenses | | | | | | | | |
| 54 | A&G Salaries | 920.0 | \$ 3,547,265 | | \$ 3,547,265 | \$ 185,077 | \$ 3,732,342 | \$ 3,465,684 | \$ 3,650,761 |
| 55 | A&G Salaries - LU Head Office | 920.1 | 1,475,737 | | 1,475,737 | (17,742) | 1,457,995 | Allocated costs | - |
| 56 | Office Supplies and Expenses | 921 | 1,190,181 | | 1,190,181 | (22,083) | 1,168,098 | - | - |
| 57 | Administrative Expenses Transferred | 922.0 | (6,399,508) | | (6,399,508) | (234,362) | (6,633,870) | Allocated costs | - |
| 58 | LU Labor Allocations Capitalized | 922.1 | (1,084,868) | | (1,084,868) | 128,990 | (955,878) | - | - |
| 59 | Outside Services Employed | 923.0 | 612,935 | | 612,935 | (11,200) | 601,735 | - | - |
| 60 | Allocated LU Head Office | 923.1 | 3,748,438 | | 3,748,438 | (274,372) | 3,474,066 | - | - |
| 61 | Property Insurance | 924 | 38,113 | | 38,113 | - | 38,113 | - | - |
| 62 | Injuries and Damages | 925 | 877,844 | | 877,844 | - | 877,844 | - | - |
| 63 | Employee Pensions and Benefits | 926 | 6,338,058 | | 6,338,058 | 840,820 | 7,178,877 | - | - |
| 64 | Regulatory Commission Expenses | 928 | 634,272 | | 634,272 | 32,823 | 667,095 | - | - |
| 65 | Miscellaneous General Expenses | 930 | (129,230) | | (129,230) | - | (129,230) | - | - |
| 66 | Rents | 931 | 44,158 | | 44,158 | 73,607 | 117,765 | - | - |
| 67 | Maintenance of General Plant | 932 | 133,881 | | 133,881 | - | 133,881 | - | - |
| 68 | Total Administrative & General | | \$ 11,027,275 | \$ - | \$ 11,027,275 | \$ 701,558 | \$ 11,728,833 | \$ 3,465,684 | \$ 3,650,761 |
| 69 | Total Operation and Maintenance Expenses | | \$ 72,591,509 | \$ (44,403,031) | \$ 28,188,478 | \$ 1,474,002 | \$ 29,662,480 | \$ 14,518,377 | \$ 15,293,697 |
| 70 | DEPRECIATION AND AMORTIZATION EXPENSE | | | | | | | | |
| 71 | Depreciation Expense | 403 | \$ 11,610,051 | | \$ 11,610,051 | \$ 694,801 | \$ 12,304,851 | | |
| 72 | Amortization - Intangibles | 405 | 2,123,142 | | 2,123,142 | 494,500 | 2,617,642 | | |
| 74 | Regulatory Debits | 407.3 | 409,200 | | 409,200 | (227,873) | 181,327 | | |
| 75 | Regulatory Credits - Amortization of Regulatory Assets | 407.4 | 2,217,552 | (2,217,552) | - | 3,853,482 | 3,853,482 | | |
| 76 | Total Depreciation and Amortization Expense | | \$ 16,359,945 | \$ (2,217,552) | \$ 14,142,392 | \$ 4,814,910 | \$ 18,957,302 | | |
| 77 | TAXES OTHER THAN INCOME TAXES | | | | | | | | |
| 78 | Taxes other than Income Taxes - Payroll Taxes | 408 | \$ 1,594,187 | | \$ 1,594,187 | \$ 85,134 | \$ 1,679,321 | | |
| 79 | Taxes other than Income Taxes - Property Taxes | 408 | 8,466,333 | | 8,466,333 | 793,068 | 9,259,401 | | |
| 81 | Total Taxes other than Income Taxes | | \$ 10,060,520 | \$ - | \$ 10,060,520 | \$ 878,201 | \$ 10,938,721 | | |
| 82 | FEDERAL / STATE INCOME TAXES | | | | | | | | |
| 83 | | | | | | | | | |

Liberty Utilities (Energy/North)
Operating Income Statement - Detail - Energy/North
Test Year With Known and Measurable Changes

| Line | Account | Source | Account Number | Test Year Ended December 31, 2016 | Cost of Gas & LDAC | Distribution Operating Income | RR-EN-3 | | Labor | Labor Pro Forma |
|------|-------------------------------------|--------|----------------|-----------------------------------|--------------------|-------------------------------|----------------------------------|----------------------------|---------------|-----------------|
| | | | | | | | Known and Measurable Adjustments | Test Year At Current Rates | | |
| 84 | Income Tax Expense | | 409-410 | \$ 6,359,035 | \$ - | \$ 6,359,035 | \$ (4,335,403) | \$ 2,023,632 | | |
| 85 | Subtotal - Income Tax | | | \$ 6,359,035 | \$ - | \$ 6,359,035 | \$ (4,335,403) | \$ 2,023,632 | | |
| 86 | | | | | | | | | | |
| 87 | RATEMAKING ADJUSTMENT PER DG 11-040 | | | | | | \$ (1,325,000) | \$ (1,325,000) | | |
| 88 | | | | | | | | | | |
| 89 | TOTAL EXPENSES | | | \$ 105,371,008 | \$ (46,620,583) | \$ 58,750,425 | \$ 1,506,710 | \$ 60,257,135 | \$ 14,518,377 | \$ 15,293,697 |
| 90 | | | | | | | | | | |
| 91 | REVENUES | | | | | | | | | |
| 92 | Operating Revenue | | | \$ 119,202,714 | \$ (50,212,647) | \$ 68,990,067 | \$ 359,364 | \$ 69,349,431 | | |
| 93 | Other Revenue | | | 850,935 | | 850,935 | 18,348 | 869,284 | | |
| 94 | Total Revenue | | | \$ 120,053,649 | \$ (50,212,647) | \$ 69,841,002 | \$ 377,713 | \$ 70,218,715 | | |
| 95 | | | | | | | | | | |
| 96 | UTILITY NET INCOME | | | \$ 14,682,641 | \$ (3,592,064) | \$ 11,090,577 | \$ (1,128,997) | \$ 9,961,580 | | |
| 97 | | | | | | | | | | |
| 98 | TOTAL RATE BASE | | RR-EN-5 | \$ 249,735,328 | | \$ 249,735,328 | | \$ 249,735,328 | | |
| 99 | | | | | | | | | | |
| 100 | Income Tax Rate | | | 30.22% | | 36.44% | | 16.88% | | |
| 101 | | | | | | | | | | |
| 102 | Rate of Return | | | 5.88% | | 4.44% | | 3.99% | | |

| Account | Description | Beginning | Debit | Credit | Net Change | Ending Balance |
|--------------------------|-----------------------|-----------|-----------|---------|------------|------------------|
| 8840-2-0000-80-8720-4090 | State Income Tax | 0 | 231,000 | 0 | 231,000 | 231,000 |
| 8840-2-0000-80-8760-4101 | Def SIT Expense-Debit | 0 | 834,575 | 164,331 | 670,244 | 670,244 |
| 8840-2-0000-80-8760-4104 | Def FIT Expense-Debit | 0 | 6,453,736 | 995,945 | 5,457,790 | 5,457,790 |
| Total | | 0 | | | | 6,359,035 |

RR-EN-2-1-WP
update 11/21/17

| Energy North - Q4-16 Tax Entries | | | | | | |
|----------------------------------|-------------------------|---|-----------|---------|-----------|-----------|
| 8840-2-0000-80-8720-4090 | Pre-Tax Entry Balances | 0 | 176,400 | 0 | 176,400 | 176,400 |
| | Tax Entry | | 54,600 | | 54,600 | 54,600 |
| | Post-Tax Entry Balances | 0 | 231,000 | 0 | 231,000 | 231,000 |
| 8840-2-0000-80-8760-4101 | Pre-Tax Entry Balances | 0 | 712,326 | 164,331 | 547,995 | 547,995 |
| | Tax Entry | | 122,249 | | 122,249 | 122,249 |
| | Post-Tax Entry Balances | 0 | 834,575 | 164,331 | 670,244 | 670,244 |
| 8840-2-0000-80-8760-4104 | Pre-Tax Entry Balances | 0 | 4,317,126 | 995,945 | 3,321,181 | 3,321,181 |
| | Tax Entry | | 2,136,609 | | 2,136,609 | 2,136,609 |
| | Post-Tax Entry Balances | 0 | 6,453,736 | 995,945 | 5,457,790 | 5,457,790 |

6,128,034

used in CWC
calculation

Liberty Utilities (EnergyNorth)
Summary of Adjustments
Test Year Ended December 31, 2016

| | Adjustment 1 | Adjustment 2 | Adjustment 3 | Adjustment 4 | Adjustment 5 | Adjustment 6 | Adjustment 7 | Adjustment 8 | Adjustment 9 | Adjustment 10 | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------|
| | 1,128,997 | (377,713) | 775,319 | 85,134 | 606,458 | 694,801 | 3,880,979 | 793,068 | (1,659,701) | (2,675,702) | 331,355 |

| Line | Account | Account Number | Total | Revenue Adjustments | Salary and Wage Expense | Payroll Tax Expense | Pension and Benefits Expense | Depreciation Expense | Amortization Expense | Property Tax | Income Tax Expense - Historical Test Year | Income Tax Expense - Pro Forma Test Year at Current Rates | Other Adjustments | Historical Test Year Labor Expense | % Total Labor | |
|------|--|----------------|---------------------|---------------------|-------------------------|---------------------|------------------------------|----------------------|----------------------|--------------|---|---|-------------------|------------------------------------|----------------|--|
| 1 | OPERATION AND MAINTENANCE EXPENSES | | | | | | | | | | | | | | | |
| 2 | O&M - Gas Production | | | | | | | | | | | | | | | |
| 3 | Operation Supervision and Engineering | 710 | \$ 15,238 | | \$ 15,238 | | | | | | | | | \$ 285,347 | 1.97% | |
| 4 | Liquefied Petroleum Gas Expenses | 717 | 12,478 | | 12,478 | | | | | | | | | 233,653 | 1.61% | |
| 5 | Liquefied Petroleum Gas | 728 | 692 | | 692 | | | | | | | | | 12,953 | 0.09% | |
| 6 | Miscellaneous Production Expenses | 735 | 9,929 | | 9,929 | | | | | | | | | 185,919 | 1.28% | |
| 7 | Maintenance of Production Equipment | 742 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 8 | Natural Gas City Gate Purchases | 804 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 9 | Other Gas Purchases | 805 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 10 | Gas Withdrawn from Storage | 808 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 11 | Operation Labor and Expenses | 841 | 130 | | 130 | | | | | | | | | 2,427 | 0.02% | |
| 12 | Other Expenses | 846 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 13 | <i>Total O&M - Gas Production</i> | | <u>\$ 38,466</u> | <u>\$ -</u> | <u>\$ 38,466</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 720,299</u> | <u>4.96%</u> | |
| 14 | O&M - Distribution Expenses | | | | | | | | | | | | | | | |
| 15 | Measuring and Regulating Station Expenses (Transmission) | 857 | \$ - | | \$ - | | | | | | | | | \$ - | 0.00% | |
| 16 | Maintenance of Mains (Transmission) | 863 | (139) | | (139) | | | | | | | | | (2,603) | -0.02% | |
| 17 | Operation Supervision and Engineering (Transmission) | 870 | 43,188 | | 43,188 | | | | | | | | | 808,733 | 5.57% | |
| 18 | Distribution Load Dispatching | 871 | 10,975 | | 10,975 | | | | | | | | | 205,519 | 1.42% | |
| 19 | Mains Services Expenses | 874 | 160,459 | | 164,959 | | | | | | | | (4,500) | 3,088,970 | 21.28% | |
| 20 | Measuring and Regulating Station Expenses - General | 875 | 6,617 | | 6,617 | | | | | | | | | 123,901 | 0.85% | |
| 21 | Measuring and Regulating Station Expenses - Industrial | 876 | 488 | | 488 | | | | | | | | | 9,131 | 0.06% | |
| 22 | Meter and House Regulator Expenses | 878 | 77,538 | | 77,538 | | | | | | | | | 1,451,946 | 10.00% | |
| 23 | Customer Installations Expenses | 879 | 30,124 | | 124 | | | | | | | | 30,000 | 2,331 | 0.02% | |
| 24 | Other Expenses | 880 | 23,735 | | 23,735 | | | | | | | | | 444,445 | 3.06% | |
| 25 | Rents | 881 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 26 | Maintenance Supervision and Engineering | 885 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 27 | Maintenance of Structures and Improvements | 886 | 3,911 | | 3,911 | | | | | | | | | 73,244 | 0.50% | |
| 28 | Maintenance of Mains | 887 | 33,733 | | 33,733 | | | | | | | | | 631,674 | 4.35% | |
| 29 | Maintenance of Measuring and Regulating Station Expenses | 889 | 1,572 | | 1,572 | | | | | | | | | 29,440 | 0.20% | |
| 30 | Maintenance of Services | 892 | 18,049 | | 18,049 | | | | | | | | | 337,981 | 2.33% | |
| 31 | Maintenance of Meters and House Regulators | 893 | 7,714 | | 7,714 | | | | | | | | | 144,457 | 0.99% | |
| 32 | Maintenance of Other Equipment | 894 | 144 | | 144 | | | | | | | | | 2,699 | 0.02% | |
| 33 | <i>Total O&M - Distribution</i> | | <u>418,109</u> | <u>0</u> | <u>392,609</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>25,500</u> | <u>7,351,866</u> | <u>50.64%</u> | |
| 34 | <i>Total O&M - Gas Production and Distribution</i> | | <u>\$ 456,575</u> | <u>\$ -</u> | <u>\$ 431,075</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 25,500</u> | <u>\$ 8,072,165</u> | <u>55.60%</u> | |
| 35 | Customer Accounts Expenses | | | | | | | | | | | | | | | |
| 37 | Supervision | 901 | \$ 9,432 | | \$ 9,432 | | | | | | | | | \$ 176,623 | 1.22% | |
| 38 | Meter Reading Expenses | 902 | 18,691 | | 18,691 | | | | | | | | | 350,010 | 2.41% | |
| 39 | Customer Records and Collection Expenses | 903 | 110,724 | | 124,931 | | | | | | | | (14,207) | 2,339,421 | 16.11% | |
| 40 | Uncollectible Accounts | 904.0 | 170,908 | | 0 | | | | | | | | 170,908 | 0 | 0.00% | |
| 41 | Bad Debt Expense - Commodity | 904.1 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 42 | Miscellaneous Customer Accounts Expenses | 905 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 43 | <i>Total Customer Accounting</i> | | <u>\$ 309,755</u> | <u>\$ -</u> | <u>\$ 153,055</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 156,701</u> | <u>\$ 2,866,053</u> | <u>19.74%</u> | |
| 44 | Customer Service and Informational & Sales Expenses | | | | | | | | | | | | | | | |
| 45 | Cost Assistance | 908 | \$ - | | \$ - | | | | | | | | | \$ - | 0.00% | |
| 46 | Cost Service Misc | 910 | 204 | | 204 | | | | | | | | | 3,811 | 0.03% | |
| 48 | Sales & Advertising | 912 | 5,910 | | 5,910 | | | | | | | | | 110,663 | 0.76% | |
| 49 | <i>Total Customer Service and Informational & Sales Expenses</i> | | <u>6,113</u> | <u>0</u> | <u>6,113</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> | <u>114,474</u> | <u>0.79%</u> | |
| 50 | <i>Total Customer Accounts, Customer Service and Informational</i> | | <u>\$ 315,869</u> | <u>\$ -</u> | <u>\$ 159,168</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 156,701</u> | <u>\$ 2,980,528</u> | <u>20.53%</u> | |
| 51 | Administrative and General Expenses | | | | | | | | | | | | | | | |
| 52 | A&G Salaries | 920.0 | \$ 185,077 | | \$ 185,077 | | | | | | | | | \$ 3,465,684 | 23.87% | |
| 54 | A&G Salaries - LU Head Office | 920.1 | (17,742) | | 0 | | | | | | | | (17,742) | Allocated costs | 0.00% | |
| 55 | Office Supplies and Expenses | 921.0 | (22,083) | | 0 | | | | | | | | (22,083) | Allocated costs | 0.00% | |
| 56 | Administrative Expenses Transferred | 922.0 | (234,362) | | 0 | | (234,362) | | | | | | | Allocated costs | 0.00% | |
| 57 | LU Labor Allocations Capitalized | 922.1 | 128,990 | | 0 | | | | | | | | 128,990 | 0 | 0.00% | |
| 58 | Outside Services Employed | 923.0 | (11,200) | | 0 | | | | | | | | (11,200) | 0 | 0.00% | |
| 59 | Allocated LU Head Office | 923.1 | (274,372) | | 0 | | | | | | | | (274,372) | 0 | 0.00% | |
| 60 | Property Insurance | 924 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 61 | Injuries and Damages | 925 | 0 | | 0 | | | | | | | | 0 | 0 | 0.00% | |
| 62 | Employee Pensions and Benefits | 926 | 840,820 | | 0 | | 840,820 | | | | | | | 0 | 0.00% | |
| 63 | Regulatory Commission Expenses | 928 | 32,823 | | 0 | | | | | | | | 32,823 | 0 | 0.00% | |
| 64 | Miscellaneous General Expenses | 930 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 65 | Rents | 931 | 73,607 | | 0 | | | | | | | | 73,607 | 0 | 0.00% | |
| 66 | Maintenance of General Plant | 932 | 0 | | 0 | | | | | | | | | 0 | 0.00% | |
| 67 | <i>Total Administrative & General</i> | | <u>701,558</u> | <u>0</u> | <u>185,077</u> | <u>0</u> | <u>606,458</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(89,976)</u> | <u>3,465,684</u> | <u>23.87%</u> | |
| 68 | <i>Total Operation and Maintenance Expenses</i> | | <u>\$ 1,474,002</u> | <u>\$ -</u> | <u>\$ 775,319</u> | <u>\$ -</u> | <u>\$ 606,458</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 92,225</u> | <u>\$ 14,518,377</u> | <u>100.00%</u> | |
| 69 | DEPRECIATION AND AMORTIZATION EXPENSE | | | | | | | | | | | | | | | |
| 70 | Depreciation Expense | 403.0 | \$ 694,801 | | | | | \$ 694,801 | | | | | | | | |
| 72 | Amortization - Intangibles | 405.0 | 494,500 | | | | | | 255,370 | | | | 239,130 | | | |
| 73 | Regulatory Debits | 407.3 | (227,873) | | | | | | (227,873) | | | | | | | |

Liberty Utilities (EnergyNorth)
Summary of Adjustments
Test Year Ended December 31, 2016

| | Adjustment 1 | Adjustment 2 | Adjustment 3 | Adjustment 4 | Adjustment 5 | Adjustment 6 | Adjustment 7 | Adjustment 8 | Adjustment 9 | Adjustment 10 | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------|
| | 1,128,997 | (377,713) | 775,319 | 85,134 | 606,458 | 694,801 | 3,880,979 | 793,068 | (1,659,701) | (2,675,702) | 331,355 |

| Line | Account | Account Number | Total | Revenue Adjustments | Salary and Wage Expense | Payroll Tax Expense | Pension and Benefits Expense | Depreciation Expense | Amortization Expense | Property Tax | Income Tax Expense - Historical Test Year | Income Tax Expense - Pro Forma Test Year at Current Rates | Other Adjustments | Historical Test Year Labor Expense | % Total Labor |
|------|--|----------------|----------------|---------------------|-------------------------|---------------------|------------------------------|----------------------|----------------------|--------------|---|---|-------------------|------------------------------------|---------------|
| 74 | Regulatory Credits - Amortization of Regulatory Assets | 407.4 | 3,853,482 | | | | | | 3,853,482 | | | | | | |
| 75 | Total Depreciation and Amortization Expense | | \$ 4,814,910 | \$ - | \$ - | \$ - | \$ - | \$ 694,801 | \$ 3,880,979 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 239,130 |
| 76 | | | | | | | | | | | | | | | |
| 77 | TAXES OTHER THAN INCOME TAXES | | | | | | | | | | | | | | |
| 78 | Taxes other than Income Taxes - Payroll Taxes | 408 | \$ 85,134 | | \$ 85,134 | | | | | | | | | | |
| 79 | Taxes other than Income Taxes - Property Taxes | 408 | 793,068 | | | | | | | 793,068 | | | | | |
| 80 | Total Taxes other than Income Taxes | | \$ 878,201 | \$ - | \$ - | \$ 85,134 | \$ - | \$ - | \$ - | \$ 793,068 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 81 | | | | | | | | | | | | | | | |
| 82 | FEDERAL / STATE INCOME TAXES | | | | | | | | | | | | | | |
| 83 | Income Tax Expense | | \$ (4,335,403) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (1,659,701) | \$ (2,675,702) | \$ - | | |
| 84 | | | | | | | | | | | | | | | |
| 85 | RATEMAKING ADJUSTMENT PER DG 11-640 | | \$ (1,325,000) | | | | | | | | | | | | |
| 86 | | | | | | | | | | | | | | | |
| 87 | TOTAL EXPENSES | | \$ 1,506,710 | \$ - | \$ 775,319 | \$ 85,134 | \$ 606,458 | \$ 694,801 | \$ 3,880,979 | \$ 793,068 | \$ (1,659,701) | \$ (2,675,702) | \$ 331,355 | | |
| 88 | | | | | | | | | | | | | | | |
| 89 | REVENUES | | | | | | | | | | | | | | |
| 90 | Operating Revenue | | \$ 359,364 | \$ 359,364 | | | | | | | | | | | |
| 91 | Other Revenue | | 18,348 | 18,348 | | | | | | | | | | | |
| 92 | Total Revenue | | \$ 377,713 | \$ 377,713 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 93 | | | | | | | | | | | | | | | |
| 94 | UTILITY NET INCOME | | \$ (1,128,997) | \$ 377,713 | \$ (775,319) | \$ (85,134) | \$ (606,458) | \$ (694,801) | \$ (3,880,979) | \$ (793,068) | \$ 1,659,701 | \$ 2,675,702 | \$ (331,355) | | |

Liberty Utilities (EnergyNorth)
 Adjustments to Test Year
 Adjustment 1
 Revenue Adjustments

| Line | Description | Current Amounts (12/31/2016 Test Year) | Source/Notes |
|------|---|--|--|
| 1 | Operating Revenue | \$ 68,990,067 | Trial Balance |
| 2 | | | |
| 3 | <u>Adjustments to Operating Revenue</u> | | |
| 4 | Adjustment to Remove Actual Test Year Unbilled Revenue | \$ (2,269,372) | Input (Table 1 of Simek-Therrien Testimony) |
| 5 | Non-recurring Test Year Adjustments to Revenue | 15,968 | Input (Table 1 of Simek-Therrien Testimony) |
| 6 | Adjustment for Normal Unbilled Revenue | 121,530 | Input (Table 1 of Simek-Therrien Testimony) |
| 7 | Weather Normalization Adjustment | 1,987,559 | Input (Table 1 of Simek-Therrien Testimony) |
| 8 | Annualization Adjustment (CIBS) | 98,531 | Input (Table 1 of Simek-Therrien Testimony) |
| 9 | Removal of 2016 Concord Steam Revenue | (281,849) | Input (Table 2 of Simek-Therrien Testimony) |
| 10 | Anticipated new Concord Steam Annual Revenue | 660,735 | Input (Table 2 of Simek-Therrien Testimony) |
| 11 | iNATGAS Minimum Annual Transportation Quantity Adjustment | 18,300 | iNATGAS @MinTQ |
| 12 | Annualize Special Contract for October 1 Adjustment | 7,963 | Annualize special contract for GDP/IDP adjustment made October 1 |
| 13 | Pro Forma Operating Revenue | \$ 69,349,431 | |
| 14 | | | |
| 15 | Total Adjustment to Operating Revenues | <u>\$ 359,364</u> | |
| 16 | | | |
| 17 | <u>Other Revenue</u> | | |
| 18 | Miscellaneous Service Revenue | \$ 847,735 | Trial Balance |
| 19 | Rental Income | 3,200 | Trial Balance |
| 20 | Total Other Revenue | \$ 850,935 | |
| 21 | | | |
| 22 | <u>Adjustments to Other Revenue</u> | | |
| 23 | Annualize Rental Income | \$ 6,400 | Line 19 x 2 to add the annualization of the 4 months of iNat Gas Rental Income |
| 24 | Test Year Miscellaneous Service Revenue | 11,948 | Correcting Entries to Test Year Miscellaneous Service Revenue |
| 25 | Total | \$ 18,348 | |
| 26 | | | |
| 27 | Pro Forma Other Revenue | \$ 869,284 | |
| 28 | | | |
| 29 | Total Adjustment to Other Revenues | <u>\$ 18,348</u> | |

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 2
Salary and Wage Expense

| Line | Department | Empl- oyees | Regular Salary | Incentive | Overtime and Premiums | Total Salary | To EN | To EN OpEx | % To EN | % To EN OpEx | |
|------|--|----------------|----------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|--------------|-----------------|--|
| 1 | Sales & Marketing | 9 | \$ 671,029 | \$ 149,569 | \$ - | \$ 820,598 | \$ 596,789 | \$ 89,518 | 72.7% | 15.0% | |
| 2 | Operations-Engineering | 21 | 2,134,354 | 225,319 | 123,677 | 2,483,350 | 1,106,654 | 344,880 | 44.6% | 31.2% | |
| 3 | Human Resources | 4 | 484,805 | 84,481 | 0 | 569,286 | 322,637 | 322,637 | 56.7% | 100.0% | |
| 4 | Customer Care | 4 | 378,359 | 41,736 | 0 | 420,096 | 294,067 | 294,067 | 70.0% | 100.0% | |
| 5 | Environmental, Health & Safety | 3 | 366,259 | 42,893 | 0 | 409,151 | 239,677 | 239,677 | 58.6% | 100.0% | |
| 6 | Operations-Production/Dispatch/Control | 37 | 3,062,397 | 255,124 | 412,618 | 3,730,139 | 1,630,349 | 1,581,438 | 43.7% | 97.0% | |
| 7 | Operations-Compliance & Emergency Planning | 1 | 140,196 | 21,029 | 0 | 161,225 | 161,225 | 161,225 | 100.0% | 100.0% | |
| 8 | Operations-Gas-Construction | 5 | 427,659 | 22,025 | 28,559 | 478,243 | 478,243 | 72,892 | 100.0% | 15.2% | |
| 9 | Procurement | 8 | 738,804 | 64,386 | 0 | 803,189 | 371,276 | 107,893 | 46.2% | 29.1% | |
| 10 | Operations-Gas-CMS | 52 | 3,956,119 | 125,699 | 535,359 | 4,617,176 | 4,539,561 | 3,498,526 | 98.3% | 77.1% | |
| 11 | Operations-Gas | 2 | 268,563 | 50,641 | 0 | 319,203 | 319,203 | 115,566 | 100.0% | 36.2% | |
| 12 | Operations-Gas-Field Operations | 52 | 4,288,108 | 121,463 | 1,172,167 | 5,581,738 | 5,581,738 | 3,719,200 | 100.0% | 66.6% | |
| 13 | Executive | 7 | 1,231,481 | 236,894 | 0 | 1,468,375 | 739,641 | 466,652 | 50.4% | 63.1% | |
| 14 | Government Affairs | 1 | 100,000 | 10,000 | 0 | 110,000 | 77,000 | 77,000 | 70.0% | 100.0% | |
| 15 | Billing/Collections | 23 | 1,103,338 | 68,063 | 68,448 | 1,239,849 | 867,894 | 867,894 | 70.0% | 100.0% | |
| 16 | Customer Service | 33 | 1,392,063 | 88,073 | 95,232 | 1,575,368 | 1,102,758 | 1,102,758 | 70.0% | 100.0% | |
| 17 | Regulatory | 7 | 744,773 | 99,063 | 0 | 843,836 | 529,522 | 529,522 | 62.8% | 100.0% | |
| 18 | Energy Procurement | 10 | 953,063 | 107,806 | 0 | 1,060,870 | 521,296 | 521,296 | 49.1% | 100.0% | |
| 19 | General Accounting | 13 | 1,103,592 | 110,359 | 0 | 1,213,952 | 657,538 | 464,524 | 54.2% | 70.6% | |
| 20 | Legal | 2 | 208,662 | 20,866 | 0 | 229,528 | 160,669 | 160,669 | 70.0% | 100.0% | |
| 21 | Finance | 6 | 620,683 | 62,068 | 0 | 682,751 | 395,425 | 245,815 | 57.9% | 62.2% | |
| 22 | Operations-Resource Planning | 10 | 860,158 | 110,446 | 0 | 970,604 | 510,687 | 310,049 | 52.6% | 60.7% | |
| 23 | | | | | | | | | | | |
| 24 | | | | | | | | | | | |
| 25 | PLEASE NOTE - THIS EXHIBIT HAS BEEN REVISED | | | | | | | | | | |
| 26 | | | | | | | | | | | |
| 27 | | | | | | | | | | | |
| 28 | Totals | 310 | \$ 25,234,462 | \$ 2,118,003 | \$ 2,436,060 | \$ 29,788,526 | \$ 21,203,848 | \$ 15,293,697 | 71.2% | 72.1% | |
| 29 | | | | | | | | | | | |
| 30 | | | | | | | | | | | |
| 31 | Pro Forma Expense | | | | | | | | Capitalized | 27.9% | |
| 32 | Test Year 12/31/2016 | | | | | | | <u>\$ 14,518,377</u> | | | |
| 33 | Adjustment to Rate Year Expense | | | | | | | <u>\$ 775,319</u> | | | |
| 34 | Change % | | | | | | | 5.3% | | | |
| 35 | | | | | | | | | | | |
| 36 | This adjustment changes salary, incentive, and overtime expenses based on the 2017 budget. | | | | | | | | | | |

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 3
Payroll Tax Expense

| Line | Department | Reference | Expense (\$) | | | | |
|------|---|-----------|----------------------|---------------------|---------------------|---------------------|--|
| 1 | Unadjusted Test Year Labor Expense | RR-EN-2-1 | \$ | 14,518,377 | | | |
| 2 | Unadjusted Test Year Payroll Tax Expense | RR-EN-2-1 | \$ | 1,594,187 | | | |
| 3 | Payroll Tax Rate (%) | | | 10.98% | | | |
| 4 | | | | | | | |
| 5 | Department | | Total Salary | Payroll Tax | To EN | To EN OpEx | |
| 6 | Sales & Marketing | | \$ 820,598 | \$ 90,106 | \$ 65,530 | \$ 9,830 | |
| 7 | Operations-Engineering | | 2,483,350 | 272,684 | 121,516 | 37,869 | |
| 8 | Human Resources | | 569,286 | 62,510 | 35,427 | 35,427 | |
| 9 | Customer Care | | 420,096 | 46,128 | 32,290 | 32,290 | |
| 10 | Environmental, Health & Safety | | 409,151 | 44,927 | 26,318 | 26,318 | |
| 11 | Operations-Production/Dispatch/Control | | 3,730,139 | 409,587 | 179,020 | 173,649 | |
| 12 | Operations-Compliance & Emergency Planning | | 161,225 | 17,703 | 17,703 | 17,703 | |
| 13 | Operations-Gas-Construction | | 478,243 | 52,513 | 52,513 | 8,004 | |
| 14 | Procurement | | 803,189 | 88,194 | 40,768 | 11,847 | |
| 15 | Operations-Gas-CMS | | 4,617,176 | 506,988 | 498,465 | 384,155 | |
| 16 | Operations-Gas | | 319,203 | 35,050 | 35,050 | 12,690 | |
| 17 | Operations-Gas-Field Operations | | 5,581,738 | 612,901 | 612,901 | 408,386 | |
| 18 | Executive | | 1,468,375 | 161,235 | 81,216 | 51,241 | |
| 19 | Government Affairs | | 110,000 | 12,079 | 8,455 | 8,455 | |
| 20 | Billing/Collections | | 1,239,849 | 136,141 | 95,299 | 95,299 | |
| 21 | Customer Service | | 1,575,368 | 172,983 | 121,088 | 121,088 | |
| 22 | Regulatory | | 843,836 | 92,657 | 58,144 | 58,144 | |
| 23 | Energy Procurement | | 1,060,870 | 116,489 | 57,241 | 57,241 | |
| 24 | General Accounting | | 1,213,952 | 133,298 | 72,201 | 51,007 | |
| 25 | Legal | | 229,528 | 25,203 | 17,642 | 17,642 | |
| 26 | Finance | | 682,751 | 74,969 | 43,420 | 26,992 | |
| 27 | Operations-Resource Planning | | 970,604 | 106,577 | 56,076 | 34,045 | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | | | | | | | |
| 31 | | | | | | | |
| 32 | Totals | | \$ 29,788,526 | \$ 3,270,922 | \$ 2,328,284 | \$ 1,679,321 | |
| 33 | | | | | | | |
| 34 | Test Year 12/31/2016 | | | | \$ | 1,594,187 | |
| 35 | Adjustment to Rate Year Expense | | | | \$ | 85,134 | |
| 36 | Change % | | | | | 5.3% | |
| 37 | | | | | | | |
| 38 | This adjustment applies the 2016 payroll tax rate to 2017 salary information. | | | | | | |

Liberty Utilities (EnergyNorth)
 Adjustments to Test Year
 Adjustment 4
 Pension and Benefits Expense

| Line | Department | Total Salary | Health Care / Other | 401K @ 4% Matching | Total Health Care / 401K | To EnergyNorth | To EN OpEx | |
|------|--|----------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|--|
| 1 | Sales & Marketing | \$ 820,598 | \$ 144,473 | \$ 32,824 | \$ 177,297 | \$ 124,885 | \$ 90,079 | |
| 2 | Operations-Engineering | 2,483,350 | 376,715 | 99,334 | 476,049 | \$ 215,585 | \$ 155,502 | |
| 3 | Human Resources | 569,286 | 89,492 | 22,771 | 112,264 | \$ 67,772 | \$ 48,884 | |
| 4 | Customer Care | 420,096 | 66,491 | 16,804 | 83,294 | \$ 56,508 | \$ 40,759 | |
| 5 | Environmental, Health & Safety | 409,151 | 47,971 | 16,366 | 64,337 | \$ 38,153 | \$ 27,520 | |
| 6 | Operations-Production/Dispatch/Control | 3,730,139 | 603,998 | 149,206 | 753,204 | \$ 326,231 | \$ 235,311 | |
| 7 | Operations-Compliance & Emergency Planning | 161,225 | 24,682 | 6,449 | 31,131 | \$ 31,131 | \$ 22,455 | |
| 8 | Operations-Gas-Construction | 478,243 | 71,634 | 19,130 | 90,763 | \$ 85,518 | \$ 61,684 | |
| 9 | Procurement | 803,189 | 121,881 | 32,128 | 154,008 | \$ 67,699 | \$ 48,831 | |
| 10 | Operations-Gas-CMS | 4,617,176 | 938,130 | 184,687 | 1,122,817 | \$ 1,087,692 | \$ 784,552 | |
| 11 | Operations-Gas | 319,203 | 41,945 | 12,768 | 54,713 | \$ 54,713 | \$ 39,464 | |
| 12 | Operations-Gas-Field Operations | 5,581,738 | 987,797 | 223,270 | 1,211,067 | \$ 1,200,762 | \$ 866,110 | |
| 13 | Executive | 1,468,375 | 123,166 | 58,735 | 181,901 | \$ 92,977 | \$ 67,065 | |
| 14 | Government Affairs | 110,000 | 12,529 | 4,400 | 16,929 | \$ 11,850 | \$ 8,547 | |
| 15 | Billing/Collections | 1,239,849 | 285,384 | 49,594 | 334,978 | \$ 218,364 | \$ 157,506 | |
| 16 | Customer Service | 1,575,368 | 476,022 | 63,015 | 539,036 | \$ 357,058 | \$ 257,546 | |
| 17 | Regulatory | 843,836 | 124,261 | 33,753 | 158,014 | \$ 100,276 | \$ 72,329 | |
| 18 | Energy Procurement | 1,060,870 | 204,547 | 42,435 | 246,982 | \$ 126,880 | \$ 91,518 | |
| 19 | General Accounting | 1,213,952 | 201,534 | 48,558 | 250,092 | \$ 133,891 | \$ 96,576 | |
| 20 | Legal | 229,528 | 37,274 | 9,181 | 46,455 | \$ 32,518 | \$ 23,456 | |
| 21 | Finance | 682,751 | 63,326 | 27,310 | 90,636 | \$ 38,136 | \$ 27,508 | |
| 22 | Operations-Resource Planning | 970,604 | 160,058 | 38,824 | 198,882 | \$ 94,652 | \$ 68,272 | |
| 23 | | | | | | | | |
| 24 | PLEASE NOTE - THIS EXHIBIT HAS BEEN REVISED | | | | | | | |
| 25 | | | | | | | | |
| 26 | | | | | | | | |
| 27 | Totals | \$ 29,788,526 | \$ 5,203,308 | \$ 1,191,541 | \$ 6,394,849 | \$ 4,563,252 | \$ 3,291,474 | |
| 28 | | | <i>Check</i> | <i>1,191,541</i> | | | | |
| 29 | Test Year ended 12/31/2016 Benefits Expense | | | | RR-3-04WP | \$ 3,973,203 | | |
| 30 | Adjustment to Benefits Expense | | | | Line 27 - Line 29 | \$ 590,049 | | |
| 31 | | | | | | | | |
| 32 | Historical Test Year Pension & OPEB Expense | | | | RR-3-04WP | \$ 2,310,275 | | |
| 33 | Adjustment to Pension & OPEB Expense | | | | RR-3-04WP | \$ (771,945) | | |
| 34 | | | | | | | | |
| 35 | Historical Test Year Other Employee Benefits Expense | | | | RR-3-04WP | \$ 54,579 | | |
| 36 | Adjustment to Other Employee Benefits Expense | | | | | \$ - | | |
| 37 | | | | | | | | |
| 38 | Adjustment: Pension and OPEB Amortization Concludes | | | | | | | |
| 39 | Monthly Pension Amortization | | | | | \$ 60,609 | | |
| 40 | Monthly OPEB Amortization | | | | | 25,472 | | |
| 41 | Total Expense - Monthly | | | | | 86,080 | | |
| 42 | Total Expense - Annually | | | | | 1,032,964 | | |
| 43 | Adjustment | | | | | \$ (1,032,964) | | |
| 44 | | | | | | | | |
| 45 | Adjustment: Account 1930-1826 - FAS 158 - Pension | | | | | | | |
| 46 | Historical Test Year End of Year Balance | | | | | \$ 21,625,753 | | |
| 47 | Proposed Amortization Period (Years) | | | | | 10.52 | | |
| 48 | Yearly Amortization | | | | | 2,055,680 | | |
| 49 | Adjustment | | | | | \$ 2,055,680 | | |
| 50 | | | | | | | | |
| 51 | Adjustment - Including Capitalized Portion - To Account 926 | | | | | \$ 840,820 | | |

**Liberty Utilities (EnergyNorth)
 Adjustments to Test Year
 Adjustment 4
 Pension and Benefits Expense**

| Line | Department | Total Salary | Health Care / Other | 401K @ 4% Matching | Total Health Care / 401K | To EnergyNorth | To EN OpEx |
|------|--|--------------|------------------------|-----------------------|-----------------------------|---------------------|------------|
| 52 | | | | | | | |
| 53 | Total | | | | | 840,820 | |
| 54 | Capitalization Rate | | | | | 27.87% | |
| 55 | | | | | | | |
| 56 | Adjustment - Capitalized Portion - To Account 922 | | | | | <u>\$ (234,362)</u> | |
| 57 | | | | | | | |
| 58 | | | | | | | |
| 59 | Adjustment to Rate Year Expense | | | | | <u>\$ 606,458</u> | |
| 60 | | | | | | | |
| 61 | This adjustment reflects 2017 health care, 401K matching, and Pension/OPEB expense amounts based on the 2017 budget. | | | | | | |

Liberty Utilities (EnergyNorth)
 Adjustments to Test Year
 Adjustment 5
 Depreciation Expense

| Line | Account | Account Number | Depreciation Rates | Plant in Service | | | | | Pro Forma | Accumulated Reserve | | | |
|------|---|----------------|--------------------|--------------------|--|---------------|---------------------------------------|---------------|--------------------------------|----------------------|--------------------------------------|--|------------------------------|
| | | | | Balance 12/31/2015 | Additions, Less Post Test Year Retirements | Account 106 | Balance 12/31/2016, less "Fast Track" | CIBS spending | Balance (less CIBS) 12/31/2016 | Depreciation Expense | Accumulated Reserve as of 12/31/2016 | Accounts 1084 and 2420 by FERC Plant Account | Adjusted Accumulated Reserve |
| 1 | Miscellaneous Intangible Plant | 303 | 16.13% | \$ 12,134,139 | \$ 2,607,253 | \$ 4,497 | \$ 14,745,889 | \$ - | \$ 14,745,889 | \$ 2,378,512 | \$ 4,975,703 | \$ - | \$ 4,975,703 |
| 3 | Subtotal - INTANGIBLE PLANT | | | \$ 12,134,139 | \$ 2,607,253 | \$ 4,497 | \$ 14,745,889 | \$ - | \$ 14,745,889 | \$ 2,378,512 | \$ 4,975,703 | \$ - | \$ 4,975,703 |
| 5 | Land & Land Rights | 304 | | \$ 394,087 | \$ - | \$ - | \$ 394,087 | \$ - | \$ 394,087 | \$ - | \$ - | \$ - | \$ - |
| 6 | Structures and Improvements | 305 | 2.86% | 1,975,163 | - | - | 1,975,163 | 56,490 | 1,975,163 | 56,490 | 1,374,447 | - | 1,374,447 |
| 7 | Liquefied Petroleum Gas Equipment | 311 | 2.86% | 258,481 | - | - | 258,481 | 7,393 | 258,481 | 7,393 | 63,766 | - | 63,766 |
| 8 | Other Equipment | 320 | 2.86% | 10,858,157 | 30,356 | 445,002 | 11,333,515 | 11,333,515 | 11,333,515 | 324,139 | 8,130,128 | - | 8,130,128 |
| 9 | Purification Equipment | 361 | 2.86% | 57,345 | - | - | 57,345 | 1,640 | 57,345 | 1,640 | 9,179 | - | 9,179 |
| 10 | Other Equipment | 363 | 2.86% | 7,646 | - | - | 7,646 | 219 | 7,646 | 219 | 1,560 | - | 1,560 |
| 11 | Subtotal - PRODUCTION PLANT | | | \$ 13,550,879 | \$ 30,356 | \$ 445,002 | \$ 14,026,237 | \$ - | \$ 14,026,237 | \$ 389,879 | \$ 9,579,080 | \$ - | \$ 9,579,080 |
| 13 | Land & Land Rights | 365 | | \$ 197,931 | \$ - | \$ - | \$ 197,931 | \$ - | \$ 197,931 | \$ - | \$ - | \$ - | \$ - |
| 14 | Structures and Improvements | 366 | 2.86% | 623,659 | - | - | 623,659 | 17,837 | 623,659 | 17,837 | 455,849 | - | 455,849 |
| 15 | Mains | 367 | 1.92% | 208,516,455 | 6,526,687 | 18,102,066 | 233,145,208 | 6,033,667 | 227,111,541 | 4,360,542 | 58,932,904 | 4,745,773 | 52,653,204 |
| 16 | Measuring and Regulating Station Equipment | 369 | 2.86% | 4,909,092 | 115 | - | 4,909,208 | - | 4,909,208 | 140,403 | 1,916,351 | 26,735 | 1,889,616 |
| 17 | Services | 380 | 3.55% | 134,933,509 | 8,049,634 | 3,203,273 | 146,186,416 | 146,186,416 | 146,186,416 | 5,189,618 | 68,264,895 | 1,550,278 | 66,178,893 |
| 18 | Meters | 381.0 | 3.13% | 14,628,345 | - | - | 14,628,345 | 14,628,345 | 14,628,345 | 457,867 | 7,852,295 | 13,932 | 7,838,363 |
| 19 | Meters - Instrument | 381.1 | 3.13% | 188,398 | - | - | 188,398 | 188,398 | 188,398 | 5,897 | 31,378 | - | 31,378 |
| 20 | Meters - ERTS | 381.2 | 6.67% | 5,647,769 | - | - | 5,647,769 | 5,647,769 | 5,647,769 | 376,706 | 2,073,245 | - | 2,073,245 |
| 21 | Meter Installations | 382 | 3.13% | 11,066,005 | 3,294,000 | - | 14,360,005 | 14,360,005 | 14,360,005 | 449,468 | 2,516,155 | 5,801 | 2,510,354 |
| 22 | Other Equipment | 387 | 5.26% | 877,578 | 30,436 | - | 908,013 | 908,013 | 908,013 | 47,761 | 339,112 | - | 339,112 |
| 23 | Subtotal - DISTRIBUTION PLANT | | | \$ 381,588,740 | \$ 17,900,872 | \$ 21,305,339 | \$ 420,794,952 | \$ 6,033,667 | \$ 414,761,285 | \$ 11,046,099 | \$ 142,382,185 | \$ 6,342,520 | \$ 133,970,014 |
| 25 | Land & Land Rights | 389 | | \$ 16,806 | \$ - | \$ - | \$ 16,806 | \$ - | \$ 16,806 | \$ - | \$ - | \$ - | \$ - |
| 26 | Structures and Improvements | 390 | 3.33% | 12,663,867 | 4,163,183 | 5,243,651 | 21,912,075 | 21,912,075 | 21,912,075 | 729,672 | 3,319,951 | 5,900 | 3,314,051 |
| 27 | Office Furniture and Equipment | 391.0 | 5.28% | 284,914 | 653 | - | 285,566 | 285,566 | 285,566 | 15,078 | 26,275 | - | 26,275 |
| 28 | Office Furniture and Equipment - Computers | 391.1 | 10.00% | 1,990,778 | (149,867) | - | 1,840,911 | 1,840,911 | 1,840,911 | 184,091 | 297,543 | - | 297,543 |
| 29 | Office Furniture and Equipment - Laptop Computers | 391.2 | 20.00% | 656,386 | 23,530 | - | 679,916 | 679,916 | 679,916 | 135,983 | 81,882 | - | 81,882 |
| 30 | Transportation Equipment - Auto | 392.0 | 20.00% | 1,003,814 | 510,648 | 1,051,678 | 2,566,139 | 2,566,139 | 2,566,139 | 513,228 | 623,499 | - | 623,499 |
| 31 | Transportation Equipment - Truck | 392.1 | 20.00% | 45,117 | (45,117) | - | - | - | - | - | - | - | - |
| 32 | Stores Equipment | 393 | 3.33% | 99,421 | - | - | 99,421 | 99,421 | 99,421 | 3,311 | 28,007 | - | 28,007 |
| 33 | Tools, Shop, and Garage Equipment | 394 | 5.26% | 939,599 | 107,563 | - | 1,047,162 | 1,047,162 | 1,047,162 | 55,081 | 540,550 | - | 540,550 |
| 34 | Power Operated Equipment | 396 | 20.00% | 584,513 | (92,570) | - | 491,943 | 491,943 | 491,943 | 98,389 | 430,651 | - | 430,651 |
| 35 | Communications Equipment | 397 | 10.00% | 377,372 | 18,440 | 48,153 | 443,965 | 443,965 | 443,965 | 44,396 | 212,912 | - | 212,912 |
| 36 | Miscellaneous Equipment | 398 | 6.67% | 228,803 | 119,499 | - | 348,302 | 348,302 | 348,302 | 23,232 | 151,520 | - | 151,520 |
| 37 | Subtotal - GENERAL PLANT | | | \$ 18,891,390 | \$ 4,655,962 | \$ 6,343,483 | \$ 29,732,207 | \$ - | \$ 29,732,207 | \$ 1,802,461 | \$ 5,712,789 | \$ 5,900 | \$ 5,706,889 |
| 38 | TOTAL | | | \$ 426,165,148 | \$ 25,194,443 | \$ 28,098,321 | \$ 479,299,285 | \$ 6,033,667 | \$ 473,265,618 | \$ 15,616,951 | \$ 162,649,758 | \$ 6,348,420 | \$ 154,231,687 |
| 40 | OPI-STRUCTURES-RETAINED | 121 | | | | | | | | | 133,284 | | 133,284 |
| 42 | GRAND TOTAL | | | \$ 426,165,148 | \$ 25,194,443 | \$ 28,098,321 | \$ 479,299,285 | \$ 6,033,667 | \$ 473,265,618 | \$ 15,616,951 | \$ 162,783,041 | \$ 6,348,420 | \$ 154,364,970 |
| 44 | Less: Amortization expense included above | | | | | | | | To RR-EN-3-6 | \$ (2,378,512) | | | |
| 45 | Amortization of Reserve Surplus | | | | | | | | From Order 25,202 | \$ (933,588) | | | |
| 46 | Pro Forma Depreciation Expense | | | | | | | | | \$ 12,304,851 | | | |
| 47 | Test Year Actual Depreciation Expense | | | | | | | | | \$ 11,610,051 | | | |
| 48 | Adjustment to Depreciation Expense | | | | | | | | | \$ 694,801 | | | |

This adjustment removes the depreciation expense of certain added plant during the historical test year, and removes CIBS spending from plant.

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 6
Amortization Expense

| Line | Description | Reference | Amortization Expense |
|------|--|----------------------------|----------------------------|
| 1 | Adjustment 1: Account 1929-4073 - Amortization of Costs to Achieve | | |
| 2 | Pro Forma Annual Amortization Expense Pursuant to Order 25,797 | Order 25,797 at 7 | \$ 181,327 |
| 3 | Amount in Historical Test Year | RR-EN-2-1 | <u>409,200</u> |
| 4 | Adjustment | | \$ (227,873) |
| 5 | | | |
| 6 | Adjustment to Test Year Account 407.3 | | <u>\$ (227,873)</u> |
| 7 | | | |
| 8 | Adjustment 2: Account 1930-1824 - R/A Deferred Tilton Temp Compressors | | |
| 9 | Historical Test Year End of Year Balance | Trial Balances | \$ 124,124 |
| 10 | Proposed Amortization Period (Years) | | <u>3</u> |
| 11 | Adjustment | | \$ 41,375 |
| 12 | | | |
| 13 | Adjustment 3: Amortization of Concord Steam settlement | | \$ 496,515 |
| 14 | | | |
| 15 | Adjustment 4: Amortizing the depreciation reserve imbalance | | |
| 16 | Depreciation, per Books at 12/31/2016 | RR-EN-3-5 | \$ 156,434,621 |
| 17 | Depreciation, Theoretical Reserve with Net Salvage | | |
| 18 | Theoretical Reserve with Net Salvage, per Depreciation Study | Depreciation Study, Sch. A | \$ 165,193,965 |
| 19 | Accumulated Reserve on Accounts 392, 396, and 1211 | Depreciation Study, Sch. A | <u>1,187,434</u> |
| 20 | Total Depreciation, Theoretical Reserve with Net Salvage | | <u>\$ 166,381,399</u> |
| 21 | Difference | | \$ 9,946,778 |
| 22 | Proposed Amortization Period (Years) | | <u>3</u> |
| 23 | Adjustment | | \$ 3,315,593 |
| 24 | | | |
| 25 | Adjustment to Test Year Account 407.4 | | <u>\$ 3,853,482</u> |
| 26 | | | |
| 27 | Adjustment 4: Account 8640-4050 - Amortization of Intangibles | | |
| 28 | Pro Forma Annual Amortization Expense | RR-EN-3-5 | \$ 2,378,512 |
| 29 | Historical Test Year Expense | RR-EN-2-1 | <u>2,123,142</u> |
| 30 | Adjustment | | \$ 255,370 |
| 31 | | | |
| 32 | Adjustment to Test Year Account 405.0 | | <u>\$ 255,370</u> |

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 6
Amortization Expense

| Line | Description | Reference | Amortization Expense |
|------|--|-----------|----------------------------|
| 33 | | | |
| 34 | Total adjustment | | <u>\$ 3,880,979</u> |
| 35 | | | |
| 36 | This total adjustment reflects the commencement of amortization of 3 regulatory assets, the conclusion of amortization | | |
| 37 | of another, the annualization of the amortization expense related to intangible assets, and Order 25,797. | | |

Docket No. DG 17-048
Attachment DBS/DSD-2
Schedule RR-EN-3-7
Page 1 of 3

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 7
Property Tax

| Line | Municipality | Parcel | Tax Based on Most Recent Invoice | |
|------|--------------|----------------------|----------------------------------|---------|
| 1 | Allentown | 0400-001 | \$ | 58,994 |
| 2 | Amherst | 002-033-008 | | 89,940 |
| 3 | Amherst | 002-033-007 | | 7,634 |
| 4 | Auburn | 000001/000001/000UTL | | 1,378 |
| 5 | Bedford | 1-1-A | | 67,320 |
| 6 | Belmont | 999-000-000-001 | | 41,189 |
| 7 | Berlin | 000404-000051.0000L1 | | 22,281 |
| 8 | Boscawen | 000099-000002-000000 | | 14,860 |
| 9 | Bow | 0-9-99 | | 120,278 |
| 10 | Canterbury | 000000-000002-000000 | | 5,182 |
| 11 | Concord | 109/1/3 | | 2,067 |
| 12 | Concord | 109/1/4 | | 5 |
| 13 | Concord | 109/2/4 | | 19 |
| 14 | Concord | NO00/1/13 | | 5,384 |
| 15 | Concord | P000/1/6 | | 914 |
| 16 | Concord | P000/1/3 | | 87,925 |
| 17 | Concord | NO00/1/2 | | 947,781 |
| 18 | Concord | 77/2/23 | | 268 |
| 19 | Concord | 26/1/6 | | 7,297 |
| 20 | Concord | 70/1/1 | | 305 |
| 21 | Concord | 109/2/1 | | 1,423 |
| 22 | Concord | 109/2/3 | | 4,057 |
| 23 | Concord | 109/1/2 | | 28,516 |
| 24 | Concord | 494Z/3 | | 909 |
| 25 | Concord | 202Z/21 | | 798 |
| 26 | Derry | 35-102 | | 57,740 |
| 27 | Franklin | 000-001-00 | | 55,968 |
| 28 | Gilford | 210-002.000 | | 110 |
| 29 | Gilford | 210-003.000 | | 102 |
| 30 | Gilford | 210-004.000 | | 100 |
| 31 | Gilford | 210-005.000 | | 103 |
| 32 | Gilford | 200-003.000 | | 6,791 |
| 33 | Goffstown | 42 | | 48,220 |
| 34 | Goffstown | 99-4-1 | | 12,373 |
| 35 | Hollis | 056-027-001 | | 5,316 |
| 36 | Hooksett | 0GAS-0001 | | 287,971 |
| 37 | Hooksett | 0036-0041-0001 | | 7,430 |
| 38 | Hudson | 100-006-000 | | 427,742 |
| 39 | Hudson | 167-030-000 | | 1,635 |

Docket No. DG 17-048
Attachment DBS/DSD-2
Schedule RR-EN-3-7
Page 2 of 3

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 7
Property Tax

| Line | Municipality | Parcel | Tax Based on Most Recent Invoice |
|------|--|-------------------------------|----------------------------------|
| 40 | Hudson | 167-029-000 | 1,560 |
| 41 | Laconia | 425/44/83/1 | 220,852 |
| 42 | Litchfield | 000UTL-000UTL-000001 | 19,893 |
| 43 | Londonderry | 81-7-0 | 408,313 |
| 44 | Londonderry | 81-10-0 | 101,129 |
| 45 | Londonderry | 7-34-1 | 30,385 |
| 46 | Loudon | 000070-000004-000000 | 50,509 |
| 47 | Manchester | 0999A-0075 | 1,764,743 |
| 48 | Manchester | 0752-0001 | 45,378 |
| 49 | Manchester | 0508-0002A | 140 |
| 50 | Manchester | 0394-0004 | 604 |
| 51 | Manchester | 0471-0008 | 1,031 |
| 52 | Merrimack | 006D-3-000000-000000 | 339,233 |
| 53 | Milford | 036-183-000-000 | 1,746 |
| 54 | Milford | 055-007-000-000 | 105,641 |
| 55 | Nashua | 0039-00026 | 3,210 |
| 56 | Nashua | 0038-00063 | 243 |
| 57 | Nashua | 0038-00020 | 390 |
| 58 | Nashua | 0041-00011 | 1,310,791 |
| 59 | Nashua | 0000-00005 | 50,140 |
| 60 | Northfield | 000999-000001-000001 | 76,363 |
| 61 | Pembroke | 999-11 | 149,528 |
| 62 | Pembroke | 632-18-16 | - |
| 63 | Sanbornton | 00.003.000.000 | 1,013 |
| 64 | Tilton | 000R23-000014-000000 | 24,331 |
| 65 | Tilton | 000R23-000013-000000 | 202,713 |
| 66 | State of NH | Utility Property Tax RSA 83-F | 1,830,532 |
| 67 | Total | | \$ 9,168,736 |
| 68 | | | |
| 69 | Remove CIBS-related property tax | | |
| 70 | CIBS related spending | | \$ 6,033,667 |
| 71 | Property tax rate | | 2.06% |
| 72 | Amount | | \$ 123,995 |
| 73 | | | |
| 74 | Total with variance and CIBS | | \$ 9,262,310 |
| 75 | Less Amount for Non-Utility Property, Audit issue #20 | | \$ (2,910) |
| 76 | Property Tax expense, Test Year | | \$ 8,466,333 |
| 77 | Increase (Decrease) in Property tax expense | | \$ 793,068 |
| 78 | | | |

Docket No. DG 17-048
Attachment DBS/DSD-2
Schedule RR-EN-3-7
Page 3 of 3

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 7
Property Tax

| Line | Municipality | Parcel | Tax Based on Most Recent Invoice |
|-------------|--|---------------|---|
| 79 | This adjustment reflects the most recently available property tax expense information, | | |
| 80 | and removes estimated CIBS-related property tax. | | |

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 8
Income Tax Expense - Historical Test Year

| Line | Description | Reference | Amount |
|-------------|---|---------------------|-----------------------|
| 1 | Test Year Actual to Statutory Rates | | |
| 2 | Normalized Revenue | RR-EN-2, line 4 | \$ 69,841,002 |
| 3 | Normalized Expenses, Excluding Income Tax | RR-EN-2, lines 7-13 | 52,391,390 |
| 4 | Income (Loss) Before Taxes | | \$ 17,449,612 |
| 5 | | | |
| 6 | Rate Base | RR-1 | \$ 249,735,328 |
| 7 | Debt Portion | RR-4 | 50.00% |
| 8 | Debt Component | | 124,867,664 |
| 9 | Debt Cost | RR-4 | 4.425% |
| 10 | Synchronized Interest Expense | | 5,525,394 |
| 11 | Pre-Tax Income | | \$ 11,924,218 |
| 12 | | | |
| 13 | Combined Income Tax Rate | Line 20 | 39.41% |
| 14 | Income Tax Expense (Credit) at Statutory Rates | | \$ 4,699,334 |
| 15 | Income Tax Expense (Credit) Recorded | | 6,359,035 |
| 16 | Adjustment to Normalize Historical Test Year | | \$ (1,659,701) |
| 17 | | | |
| 18 | Federal Statutory Rate | | 34.00% |
| 19 | New Hampshire Business Tax Rate | | 8.20% |
| 20 | Combined Income Tax Rate | | 39.41% |
| 21 | | | |
| 22 | This adjustment normalizes income tax expense in the Test Year before adjustments to reflect statutory rates. | | |

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 9
Income Tax Expense - Pro Forma Test Year at Current Rates

| Line | Description | Reference | Adjustment Amount | Items with Tax Effects |
|------|--|------------|-----------------------|------------------------------|
| 1 | <u>Adjustments to increase (decrease) taxable income:</u> | | | () = Lower income |
| 2 | Revenue Adjustments | RR-EN-3-1 | \$ 377,713 | \$ 377,713 |
| 3 | Salary and Wage Expense | RR-EN-3-2 | (775,319) | (775,319) |
| 4 | Payroll Tax Expense | RR-EN-3-3 | (85,134) | (85,134) |
| 5 | Pension and Benefits Expense | RR-EN-3-4 | (606,458) | (606,458) |
| 6 | Depreciation Expense | RR-EN-3-5 | (694,801) | (694,801) |
| 7 | Amortization Expense | RR-EN-3-6 | (3,880,979) | (3,880,979) |
| 8 | Property Tax | RR-EN-3-7 | (793,068) | (793,068) |
| 9 | Income Tax Expense - Historical Test Year | RR-EN-3-8 | 1,659,701 | |
| 10 | Income Tax Expense - Pro Forma Test Year at Current Rates | RR-EN-3-9 | 2,675,702 | |
| 11 | Other Adjustments | RR-EN-3-10 | (331,355) | (331,355) |
| 12 | | | <u>\$ (2,453,997)</u> | <u>\$ (6,789,400)</u> |
| 13 | Tax Rate | | | 39.41% |
| 14 | Adjustment to Test Year at Current Rates | | | <u>\$ (2,675,702)</u> |
| 15 | | | | |
| 16 | This adjustment reflects income tax expense related to the Company's adjustments, computed at statutory rates. | | | |

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 10
Other Adjustments

| Line | Description | Monthly | Amount |
|------|---|----------|--------------------|
| 1 | | | |
| 2 | Adjustment for Concord Office Lease | | |
| 3 | Historical Test Year Expense | | \$ - |
| 4 | 2017 Expense | \$ 9,975 | 119,700 |
| 5 | Allocation to EnergyNorth | | 70% |
| 6 | Pro Forma Expense | | 83,790 |
| 7 | Adjustment to Account 931 | | \$ 83,790 |
| 8 | | | |
| 9 | Adjustment for PUC Annual Assessment | | |
| 10 | Liberty Utilities (ENNG) - Gas | | \$ 440,097 |
| 11 | Liberty Utilities (ENNG) - IESR | | \$ 138,860 |
| 12 | | | |
| 13 | Liberty Utilities (ENNG) - GPSP | | \$ 63,845 |
| 14 | Liberty Utilities (ENNG) - PIESR | | \$ 24,293 |
| 15 | Regulatory Expenses- Test Year | | (634,272) |
| 16 | Account 928 | | \$ 32,823 |
| 17 | | | |
| 18 | Adjustment to Account 928 | | \$ 32,823 |
| 19 | | | |
| 20 | Adjustment for Change in Customer Satisfaction Vendor | | |
| 21 | Previous Customer Satisfaction Survey cost (Annual EN Allocation) | | \$ 25,832 |
| 22 | JD Power cost (Annual EN Allocation) | | 11,625 |
| 23 | Difference | | (14,207) |
| 24 | EnergyNorth Allocation | | 100% |
| 25 | | | |
| 26 | Adjustment to Account 903 | | \$ (14,207) |
| 27 | | | |
| 28 | Adjustment for Concord Training Center | | |
| 29 | Test Year Credit to Account 931 for Rental Expense Intercompany Credit (\$146,559 x 8/12) | | \$ 97,706 |
| 30 | Annualization of Monthly Rental Expense Credit | \$ 8,064 | 96,764 |
| 31 | | | |
| 32 | Adjustment to Account 931 | | \$ (942) |

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 10
Other Adjustments

| Line | Description | Monthly | Amount |
|------|--|-----------|-----------------|
| 33 | | | |
| 34 | ALL ADJUSTMENTS BELOW THIS LINE ARE INCREMENTAL CHANGES SINCE THE INITIAL FILING | | |
| 35 | | | |
| 36 | Adjustment to reflect audit issue #16 | | |
| 37 | Adjustment to Account 874 | \$ | (4,500) |
| 38 | | | |
| 39 | Adjustment to Account 874 | <u>\$</u> | <u>(4,500)</u> |
| 40 | | | |
| 41 | Adjustment to reflect audit issue #16 | | |
| 42 | Adjustment to Account 921 | \$ | (124) |
| 43 | | | |
| 44 | Adjustment to Account 921 | <u>\$</u> | <u>(124)</u> |
| 45 | | | |
| 46 | Adjustment to reflect audit issue #17 | | |
| 47 | Adjustment to Account 921 | \$ | (2,800) |
| 48 | Adjustment to Account 921 | | (3,548) |
| 49 | Adjustment to Account 921 | | (15,611) |
| 50 | | | |
| 51 | Adjustment to Account 921 | <u>\$</u> | <u>(21,959)</u> |
| 52 | | | |
| 53 | Adjustment to reflect audit issue #18 | | |
| 54 | Adjustment to Account 923 | \$ | (11,200) |
| 55 | | | |
| 56 | Adjustment to Account 923 | <u>\$</u> | <u>(11,200)</u> |
| 57 | | | |
| 58 | Adjustment to reflect audit issue #22 | | |
| 59 | Adjustment to Account 925 | | |
| 60 | | | |
| 61 | Adjustment to Account 925 | <u>\$</u> | <u>-</u> |
| 62 | | | |
| 63 | Adjustment to move EFV expense from Keene to EN | | |
| 64 | 2017 Excess Flow Valve Expense | \$ | 30,000 |
| 65 | | | |
| 66 | Adjustment to Account 879 | <u>\$</u> | <u>30,000</u> |

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 10
Other Adjustments

| Line | Description | Monthly | Amount |
|------|---|-----------|-----------------|
| 67 | | | |
| 68 | Adjustment to uncollectibles | | |
| 69 | Uncollectibles rate | | 1.23% |
| 70 | Deficiency | | 13,894,933 |
| 71 | Additional uncollectibles | | 170,908 |
| 72 | | | |
| 73 | Adjustment to Account 904.0 | \$ | 170,908 |
| 74 | | | |
| 75 | Adjustment related to Manchester / Concord Legal Fees | | |
| 76 | Total legal fees | | 227,233 |
| 77 | Proposed amortization period (years) | | 3 |
| 78 | | | |
| 79 | Adjustment to Account 405 | \$ | 75,744 |
| 80 | | | |
| 81 | Adjustment related to Manchester / Concord Degradation Fees | | |
| 82 | Total Degradation fees | | 3,267,713 |
| 83 | Proposed amortization period (years) | | 20 |
| 84 | | | |
| 85 | Adjustment to Account 405 | \$ | 163,386 |
| 86 | | | |
| 87 | ALL ADJUSTMENTS BELOW THIS LINE ARE INCREMENTAL CHANGES SINCE STAFF TECH 1-1 | | |
| 88 | | | |
| 89 | Adjustment to remove portions of Concord Office Lease expense | | |
| 90 | Below-the-line activities charged to EnergyNorth | | (3,790) |
| 91 | Work performed by the Regional President for other regional entities | | (7,335) |
| 92 | | | |
| 93 | Adjustment to Account 931 | \$ | (11,125) |
| 94 | | | |
| 95 | Adjustments related to the acquisition of The Empire District Electric Company | | |
| 96 | | | |
| 97 | Adjustment to A&G Salaries - Account 920LU | | (17,742) |
| 98 | Adjustment to LU Capitalized - Account 922LU | | 128,990 |
| 99 | Adjustment to LU Outside Services - Account 923LU | | (274,372) |
| 100 | | | |

Liberty Utilities (EnergyNorth)
Adjustments to Test Year
Adjustment 10
Other Adjustments

| Line | Description | Monthly | Amount |
|------|---------------------------------|---------|--------------|
| 101 | Total Adjustments due to merger | | \$ (163,124) |
| 102 | | | |

Docket No. DG 17-048
Attachment DBS/DSD-2
Schedule RR-4
Page 1 of 1

Liberty Utilities (EnergyNorth)
Weighted Average Cost of Capital
Test Year Ended December 31, 2016

| Line | Description | Capital Structure | Cost of Capital | Weighted Cost of Capital | Tax Rate | Pre-Tax |
|-------------|--------------------|--------------------------|------------------------|---------------------------------|-----------------|----------------|
| 1 | Common Stock | 50.00% | 10.30% | 5.15% | 39.41% | 8.50% |
| 2 | Long-Term Debt | <u>50.00%</u> | 4.425% | <u>2.21%</u> | | <u>2.21%</u> |
| 3 | | <u>100.00%</u> | | <u>7.36%</u> | | <u>10.71%</u> |

Docket No. DG 17-048
Attachment DBS/DSD-2
Schedule RR-EN-5
Page 1 of 1

Liberty Utilities (EnergyNorth)
Rate Base - EnergyNorth
Balances at December 31, 2016

| Line | Description | Reference | Rate Base |
|-------------|--|------------------|------------------------------|
| 1 | Utility Plant (Balance 12/31/2016) | RR-EN-3-5 | \$ 473,265,618 |
| 2 | Depreciation Allowance (Balance 12/31/2016) | RR-EN-3-5 | (154,364,970) |
| 3 | Net Utility plant | | <u>\$ 318,900,647</u> |
| 4 | | | |
| 5 | Materials and Supplies (13-month Average) | RR-EN-5-1 | \$ 6,833,143 |
| 6 | Prepayments (13-month Average) | RR-EN-5-1 | 2,704,979 |
| 7 | Customer Deposits (13-month Average) | RR-EN-5-1 | (1,774,868) |
| 8 | | | |
| 9 | Cash Working Capital | RR-EN-5-2 | \$ 2,653,317 |
| 10 | | | |
| 11 | Deferred Tax Liability, Net (Balance 12/31/2016) | RR-EN-5WP1 | \$ (79,581,891) |
| 12 | | | |
| 13 | Rate Base | | <u><u>\$ 249,735,328</u></u> |

Liberty Utilities (EnergyNorth)
Rate Base Quarterly Balances - EnergyNorth
Test Year Ended December 31, 2016

| Line | Description | 2015 Q4 | 2016 Q1 | 2016 Q2 | 2016 Q3 | 2016 Q4 | 5 Quarter Average |
|------|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 | Materials and Supplies | | | | | | |
| 2 | Plant Supplies | \$ 3,090,778 | \$ 3,270,930 | \$ 3,237,327 | \$ 3,147,194 | \$ 3,108,608 | \$ 3,170,967 |
| 3 | Gas Stored Underground | 3,650,875 | 1,867,638 | 2,185,128 | 3,049,886 | 2,796,536 | 2,710,013 |
| 4 | Fuel Stock - Propane | 1,116,257 | 697,834 | 681,382 | 950,850 | 975,209 | 884,306 |
| 5 | UG Storage - LNG | 80,382 | 57,759 | 62,938 | 66,426 | 71,783 | 67,857 |
| 6 | | <u>\$ 7,938,290</u> | <u>\$ 5,894,161</u> | <u>\$ 6,166,774</u> | <u>\$ 7,214,356</u> | <u>\$ 6,952,136</u> | <u>\$ 6,833,143</u> |
| 7 | | | | | | | |
| 8 | Prepayments | | | | | | |
| 9 | Prepays | \$ 499,267 | \$ 442,603 | \$ 166,819 | \$ 132,102 | \$ 127,015 | \$ 273,561 |
| 10 | Prepaid Municipal Property Tax | 2,542,504 | 1,110,476 | 3,180,606 | 1,698,031 | 3,625,473 | 2,431,418 |
| 11 | | <u>\$ 3,041,771</u> | <u>\$ 1,553,079</u> | <u>\$ 3,347,425</u> | <u>\$ 1,830,133</u> | <u>\$ 3,752,488</u> | <u>\$ 2,704,979</u> |
| 12 | | | | | | | |
| 13 | Customer Deposits | | | | | | |
| 14 | Customer Deposits | \$ (1,751,946) | \$ (1,767,603) | \$ (1,703,949) | \$ (1,637,777) | \$ (1,723,598) | \$ (1,716,974) |
| 15 | Accrued Interest | (70,015) | (70,015) | (70,015) | (70,015) | (9,407) | (57,893) |
| 16 | | <u>\$ (1,821,961)</u> | <u>\$ (1,837,618)</u> | <u>\$ (1,773,964)</u> | <u>\$ (1,707,792)</u> | <u>\$ (1,733,004)</u> | <u>\$ (1,774,868)</u> |

Docket No. DG 17-048
Attachment DBS/DSD-2
Schedule RR-EN-5-2
Page 1 of 1

Liberty Utilities (EnergyNorth)
Cash Working Capital - EnergyNorth
Test Year Ended December 31, 2016

| Line | Description | Reference | Test Year Pro Forma |
|------|---|--------------|----------------------------|
| 1 | O&M Expenses | | |
| 2 | Distribution, before Adjustments | RR-EN-2-1 | \$ 58,750,425 |
| 3 | Less: Depreciation and Amortization | RR-EN-2-1 | (14,142,392) |
| 4 | Less: Deferred Income Taxes | RR-EN-2-1-WP | (6,128,035) |
| 5 | Known and Measurable Adjustments (excluding depreciation and amortization) | RR-EN-2-1 | (1,983,200) |
| 6 | | | <u>\$ 36,496,798</u> |
| 7 | | | |
| 8 | Cash Working Capital Required- Days | 26.53 | <u>7.27%</u> |
| 9 | | | |
| 10 | Cash Working Capital Required | | <u><u>\$ 2,653,317</u></u> |

Liberty Utilities (EnergyNorth)
 Step Increase - EnergyNorth

| Line | Description | Misc. Intangible Plant | LNG Plant | Mains | Station Equipment | General-Structures | Mains | Mens. & Reg. Station Equip. | Services | Meters | Structures and Improvements | Office Equipment | Vehicles | Tools | Total |
|------|-----------------------------------|------------------------|--------------|----------------|-------------------|--------------------|-------------|-----------------------------|--------------|--------------|-----------------------------|------------------|--------------|-------------|----------------|
| 1 | Capital Spending | \$ 2,105,141 | \$ 2,020,000 | \$ 14,414,334 | \$ 369,000 | \$ 1,215,000 | \$ 300,000 | \$ 325,000 | \$ 1,115,000 | \$ 1,600,000 | \$ 1,156,662 | \$ 760,384 | \$ 1,978,000 | \$ 175,000 | \$ 27,464,531 |
| 2 | FERC Account | 303 | 320 | 367 | 369 | 373 | 376 | 378 | 380 | 381 | 390 | 391 | 392 | 394 | |
| 3 | Deferred Tax Calculation | | | | | | | | | | | | | | |
| 4 | Tax Method | MACRS15 | MACRS20 | MACRS20 | MACRS20 | MACRS19 | MACRS20 | MACRS20 | MACRS20 | MACRS20 | MACRS39 | MACRS7 | MACRS5 | MACRS7 | |
| 5 | Tax Depreciation Rate | 5.00% | 3.75% | 3.75% | 3.75% | 1.28% | 3.75% | 3.75% | 3.75% | 3.75% | 1.28% | 14.29% | 20.00% | 14.29% | |
| 7 | Bonus Depreciation @ 50.00% | | \$ 1,010,000 | \$ 7,207,167 | \$ 150,000 | \$ 607,500 | \$ 150,000 | \$ 162,500 | \$ 557,500 | \$ 800,000 | \$ 578,331 | \$ 380,192 | \$ 989,000 | \$ 87,500 | \$ 12,679,690 |
| 9 | Tax Basis | \$ 2,105,141 | \$ 1,010,000 | \$ 7,207,167 | \$ 150,000 | \$ 607,500 | \$ 150,000 | \$ 162,500 | \$ 557,500 | \$ 800,000 | \$ 578,331 | \$ 380,192 | \$ 989,000 | \$ 87,500 | \$ 14,784,831 |
| 10 | MACRS Depreciation | \$ 105,257 | \$ 37,875 | \$ 270,269 | \$ 5,625 | \$ 7,788 | \$ 5,625 | \$ 6,094 | \$ 20,906 | \$ 30,000 | \$ 7,415 | \$ 54,313 | \$ 197,800 | \$ 12,500 | \$ 761,467 |
| 12 | Tax Depreciation - Federal | \$ 105,257 | \$ 1,047,875 | \$ 7,477,436 | \$ 155,625 | \$ 615,288 | \$ 155,625 | \$ 168,594 | \$ 578,406 | \$ 830,000 | \$ 585,746 | \$ 434,505 | \$ 1,186,800 | \$ 100,000 | \$ 13,441,157 |
| 13 | Tax Depreciation - State | \$ 105,257 | \$ 75,750 | \$ 540,538 | \$ 11,250 | \$ 15,577 | \$ 11,250 | \$ 12,188 | \$ 41,813 | \$ 60,000 | \$ 14,829 | \$ 108,626 | \$ 395,600 | \$ 25,000 | \$ 1,186,800 |
| 15 | Book Depreciation Rate | 16.13% | 2.86% | 1.92% | 2.86% | 2.86% | 1.92% | 2.86% | 3.55% | 3.13% | 3.33% | 5.28% | 20.00% | 5.26% | |
| 16 | Book Depreciation | \$ 339,559 | \$ 57,772 | \$ 276,755 | \$ 8,580 | \$ 34,749 | \$ 5,760 | \$ 9,295 | \$ 39,583 | \$ 50,080 | \$ 38,517 | \$ 40,148 | \$ 395,600 | \$ 9,205 | \$ 1,305,603 |
| 18 | Tax over (under) Book - Federal | \$ (234,302) | \$ 990,103 | \$ 7,200,680 | \$ 147,045 | \$ 580,539 | \$ 149,865 | \$ 159,299 | \$ 538,824 | \$ 779,920 | \$ 547,229 | \$ 394,357 | \$ 791,200 | \$ 90,795 | \$ 12,135,554 |
| 19 | Tax over (under) Book - State | \$ (234,302) | \$ 17,978 | \$ 263,782 | \$ 2,670 | \$ (19,172) | \$ 5,490 | \$ 2,893 | \$ 2,230 | \$ 9,920 | \$ (23,688) | \$ 68,478 | \$ 0 | \$ 15,795 | \$ 112,074 |
| 20 | Deferred Taxes - Federal @ 31.21% | \$ (73,130) | \$ 309,031 | \$ 2,247,476 | \$ 45,896 | \$ 181,198 | \$ 46,776 | \$ 49,720 | \$ 168,178 | \$ 243,429 | \$ 170,801 | \$ 123,087 | \$ 246,949 | \$ 28,339 | \$ 3,787,749 |
| 21 | Deferred Taxes - State @ 8.20% | \$ (19,213) | \$ 1,474 | \$ 21,630 | \$ 219 | \$ (1,572) | \$ 450 | \$ 237 | \$ 183 | \$ 813 | \$ (1,942) | \$ 5,615 | \$ 0 | \$ 1,295 | \$ 9,190 |
| 22 | Deferred Tax Balance @ 39.41% | \$ (92,343) | \$ 310,505 | \$ 2,269,107 | \$ 46,115 | \$ 179,626 | \$ 47,226 | \$ 49,958 | \$ 168,361 | \$ 244,242 | \$ 168,859 | \$ 128,702 | \$ 246,949 | \$ 29,634 | \$ 3,796,939 |
| 24 | Rate Base Calculation | | | | | | | | | | | | | | |
| 25 | Plant in Service | \$ 2,105,141 | \$ 2,020,000 | \$ 14,414,334 | \$ 300,000 | \$ 1,215,000 | \$ 300,000 | \$ 325,000 | \$ 1,115,000 | \$ 1,600,000 | \$ 1,156,662 | \$ 760,384 | \$ 1,978,000 | \$ 175,000 | \$ 27,464,531 |
| 26 | Accumulated Depreciation | \$ (339,559) | \$ (57,772) | \$ (276,755) | \$ (8,580) | \$ (34,749) | \$ (5,760) | \$ (9,295) | \$ (39,583) | \$ (50,080) | \$ (38,517) | \$ (40,148) | \$ (395,600) | \$ (9,205) | \$ (1,305,603) |
| 27 | Deferred Tax Balance | \$ 92,343 | \$ (310,505) | \$ (2,269,107) | \$ (46,115) | \$ (179,626) | \$ (47,226) | \$ (49,958) | \$ (168,361) | \$ (244,242) | \$ (168,859) | \$ (128,702) | \$ (246,949) | \$ (29,634) | \$ (3,796,939) |
| 28 | Rate Base | \$ 1,857,925 | \$ 1,651,723 | \$ 11,868,472 | \$ 245,305 | \$ 1,000,625 | \$ 247,014 | \$ 265,747 | \$ 907,057 | \$ 1,305,678 | \$ 949,287 | \$ 591,534 | \$ 1,335,451 | \$ 136,161 | \$ 22,361,979 |
| 30 | Revenue Requirement Calculation | | | | | | | | | | | | | | |
| 31 | Return on Rate Base @ 10.71% | \$ 198,984 | \$ 176,900 | \$ 1,271,113 | \$ 26,272 | \$ 107,167 | \$ 26,455 | \$ 28,462 | \$ 97,146 | \$ 139,838 | \$ 101,669 | \$ 63,353 | \$ 143,027 | \$ 14,583 | \$ 2,394,968 |
| 32 | Depreciation Expense | \$ 339,559 | \$ 57,772 | \$ 276,755 | \$ 8,580 | \$ 34,749 | \$ 5,760 | \$ 9,295 | \$ 39,583 | \$ 50,080 | \$ 38,517 | \$ 40,148 | \$ 395,600 | \$ 9,205 | \$ 1,305,603 |
| 33 | Property Tax @ 2.06% | \$ 41,512 | \$ 296,222 | \$ 6,165 | \$ 24,969 | \$ 6,165 | \$ 6,679 | \$ 6,779 | \$ 23,770 | \$ 31,770 | \$ 23,770 | \$ 31,770 | \$ 31,770 | \$ 31,770 | \$ 405,483 |
| 34 | Insurance @ 0.20% | \$ 3,981 | \$ 28,421 | \$ 592 | \$ 2,396 | \$ 592 | \$ 641 | \$ 641 | \$ 2,198 | \$ 3,155 | \$ 2,281 | \$ 1,499 | \$ 3,200 | \$ 345 | \$ 50,001 |
| 35 | Annual Revenue Requirement | \$ 538,543 | \$ 280,166 | \$ 1,872,512 | \$ 41,609 | \$ 169,280 | \$ 38,972 | \$ 45,076 | \$ 138,927 | \$ 193,073 | \$ 166,236 | \$ 105,001 | \$ 542,527 | \$ 24,133 | \$ 4,317,133 |

| Rate of Return Calculation | Portion | After-Tax Cost | Tax | Pre-Tax WACC |
|----------------------------|---------|----------------|--------|--------------|
| Equity | 50.0% | 10.30% | 39.41% | 8.50% |
| Debt | 50.0% | 4.425% | | 2.21% |
| | 100.0% | | | 10.71% |

| Description | Reference | Amount |
|--|----------------|----------------|
| Property taxes (Account 408-P) | RR-Step-WP2 | \$ 9,386,306 |
| Property insurance (Account 924) | RR-EN-2-1 | \$ 38,113 |
| Injuries and Damage (Casualty Insurance) (Account 925) | RR-EN-2-1 | \$ 877,844 |
| | | \$ 9,386,306 |
| Plant at Cost | RR-Step-EN-WP2 | \$ 456,742,424 |
| As % of Plant Cost | | 2.06% |

"Carry Over Cost Provisions Adjustments" per DG 17-063, Kaeppel Direct Testimony

| | |
|---|-----------|
| Unadjusted annual revenue requirement for FY 16 | 694,182 |
| Adjusted annual revenue requirement for FY 16 | 688,807 |
| Difference to be recovered | 5,375 |
| Estimated paying cost for FY 17 | 2,301,960 |
| Recoverable paying cost for FY 17 | 899,390 |
| Difference to be recovered | 1,402,570 |
| Revenue Requirement of the Difference, per CIBS model | 155,703 |

ACCOUNTING FOR PUBLIC UTILITIES

Volume 1

ROBERT L. HAHNE

GREGORY E. ALIFF

DELOITTE & TOUCHE LLP

Contributing Authors: The following were the original contributing authors of Accounting for Public Utilities. While much of what these individuals originally wrote has been removed or replaced through the annual update process, we wish to continue to recognize their contributions in the creation of this book.

FRANCIS J. ANDREWS, JR.
WILLIAM W. EYERS
JOHN S. FERGUSON
HERNAN GONZALEZ
JOHN D. MCCLELLAN
RICHARD W. MCCULLOUGH
JAMES E. MORRIS
RANDALL A. SNOWLING
JAN A. UMBAUGH

2015

Filed Through:
RELEASE NO. 32, December 2015



QUESTIONS ABOUT THIS PUBLICATION?

For questions about the Editorial Content appearing in this volume or reprint permission, please call:
Christine Lee-Pao at (848) 702-4541
Email: christine.lee-pao@lexisnexis.com
For assistance with replacement pages, shipments, billing or other customer service matters, please call:

Customer Services Department at (800) 833-9844
Outside the United States and Canada, please call (518) 487-3000
Fax Number (518) 487-3584
Customer Service Website <http://www.lexisnexis.com/custserv/>
For information on other Matthew Bender publications, please call

Your account manager or (800) 223-1940
Outside the United States and Canada, please call (518) 487-3000

Library of Congress Card Number: 83-070030

ISBN: 978-0-8205-1016-3 (print)

Cite As info:

Robert L. Hahne and Gregory E. Aliff, Accounting for Public Utilities § [sec no.] (Matthew Bender).

Example:

Robert L. Hahne and Gregory E. Aliff, Accounting for Public Utilities § 1.01 (Matthew Bender).

This publication is designed to provide authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

LexisNexis and the Knowledge Burst logo are registered trademarks of Reed Elsevier Properties Inc., used under license. Matthew Bender and the Matthew Bender Flame Design are registered trademarks of Matthew Bender Properties Inc.

Copyright © 2015 Matthew Bender & Company, Inc., a member of LexisNexis. All Rights Reserved.
Originally published in: 1983

No copyright is claimed by LexisNexis or Matthew Bender & Company, Inc., in the text of statutes, regulations, and excerpts from court opinions quoted within this work. Permission to copy material may be licensed for a fee from the Copyright Clearance Center, 222 Rosewood Drive, Danvers, Mass. 01923, telephone (978) 750-8400.

Editorial Offices
630 Central Ave., New Providence, NJ 07974 (908) 464-6800
201 Mission St., San Francisco, CA 94105-1831 (415) 908-3200
www.lexisnexis.com

MATTHEW  BENDER

(ReI. 32-12/2015 Pub.016)

CHAPTER 5

Working Capital Component of Rate Base

SYNOPSIS

- § 5.01 Fuel Inventory
- § 5.02 Materials and Supplies
- § 5.03 Prepayments
- § 5.04 Cash Working Capital
 - [1] Formula Approach
 - [2] Lead-Lag Study
 - [a] Revenue Lag
 - [b] Expense Lag
 - [i] Operating and Maintenance Lag
 - [ii] Depreciation and Deferred Tax Lag
 - [iii] Current Income Tax Lag
 - [iv] Taxes Other Than Income Tax Lag
 - [v] Total Expense Lag
 - [vi] Net Operating Income
 - [vii] Other Cash Working Capital Requirements in Lead-Lag Studies
 - [3] Balance Sheet Approach

The financial analyst's perspective of working capital reflects a measure of financial liquidity (i.e., the availability of cash on hand and other current assets that are readily convertible to cash that may be used to meet liabilities that must be paid in the current business cycle). This financial liquidity measure is based on a comparison of current assets to current liabilities at a point in time.

The ratemaking perspective of working capital is quite different. For ratemaking purposes, working capital is a measure of the amount of funding needed to satisfy the level of the daily operating expenditures and a variety of non-plant investments that are necessary to sustain ongoing operations of the utility. The ratemaking measure of working capital is designed to identify these ongoing average funding requirements over a test period.

Regulatory commissions vary as to the identification of individual components of working capital; however, in general, the components are:

- (1) fuel inventory;
- (2) materials and supplies (M&S);
- (3) prepayments; and

(4) cash working capital.

These components are discussed in the sections below, with particular attention given to cash working capital as this is often the most controversial item.

§ 5.01 Fuel Inventory

Determination of the fuel inventory component of working capital often parallels the method used for determining the plant investment component of rate base. For example, average balances during the year may be used in the case of an average-year rate base, and year-end balances may be used in the case of a year-end rate base. If the monthly balances are volatile, however, an average balance may be used in either situation. Also, the balance may be based on historic data or on forecasted data, depending on the test period.

On occasion, some regulatory commissions restrict the level of fuel inventory to a set number of days of supply. As an example, a commission may conclude that the level of coal inventory should be limited to 75 days of supply even though the actual quantity is 90 days of supply. Such a restriction would be made only if the commission concludes the additional inventory supply is an imprudent management decision. Levels of fuel inventory are affected by a variety of conditions, including purchase contracts, alternative generating sources, weather, transportation conditions, and a host of other factors. The investment in these fuel inventories is most often substantial. Prudent management, therefore, will not maintain a larger fuel inventory investment than that required to assure a dependable fuel supply.

A commission should have to be absolutely convinced that a lower level of fuel inventory could be maintained without affecting the assured supply of fuel before it reduces the amounts allowed in the rate base from that which is actually maintained. A disallowance would almost certainly force the utility to lower its level of fuel inventory. If such a reduction is not consistent with sound operating conditions, the regulatory decision is contrary to the public's interest.

At the other end of the spectrum, some argue that the anticipated quantities of fuel stocks needed during the period the rates will be in effect should be allowed in the rate base. This position is theoretically valid on the basis that rates should be designed to recover costs as incurred (including the cost of financing fuel inventory). An even better theoretical measure would be to value the anticipated inventory level at a projected price throughout the period that the rates are anticipated to be in effect.

§ 5.02 Materials and Supplies

A 13-month average of materials and supplies is used if the balances are volatile, and forecasted amounts are typically used when the test period is based on projected data. One issue raised by regulatory commissions from time to time in the determination of materials and supplies inventory to be included in working capital is to request that M&S inventories be segregated into the portion to be used for construction and the portion to be used for operations. It is argued that M&S inventory to be used for construction is similar to construction work in progress (CWIP) and, where CWIP investment is not allowed to earn a current return, M&S inventory for construction activities should also not be allowed to earn a current return. The problem

(Rel. 32-12/2015 Pub.016)

with this approach is the potential loss of the utility's ability to recover the carrying costs on the construction related M&S inventories. It is generally recognized that any dollar of investment should earn either a current return through inclusion in the rate base or that the financing cost of the investment should be allowed to be capitalized for future recovery through allowance for funds used during construction (AFUDC). However, if a regulatory commission disallows the materials and supply investment in construction-related materials, the commission should specifically prescribe that the financing costs of such investment be capitalized. Implementation of such a policy would be unduly burdensome, however, because it would require applying the carrying cost to the many individual supply items that may end up in construction or in operation. In addition, accounting problems exist because the controlling uniform system of accounts does not permit the capitalization of inventory carrying costs. Also, accounting principles generally accepted in the United States of America (GAAP) do not permit the capitalization of any equity component of inventory carrying costs. From a practical and theoretical standpoint, all M&S inventory, including the construction-related items, should be included in the rate base.

§ 5.03 Prepayments

Prepayments as a component of working capital represent an investment of funds that is generally included in the rate base if that investment has not been recognized elsewhere, such as in cash working capital. Prepayments represent cash payments that are made in advance of the period to which they apply and include items such as prepaid rents, insurance, and taxes. The amounts normally allowed are based on the same standards outlined above for fuel inventories and M&S inventories.

From a theoretical standpoint, the average measurement period should encompass more than a single test year review, since certain prepayments (such as prepayments for insurance coverage) often are made for periods in excess of one year. Therefore, one approach would be to measure the prepaid balances over whatever the longest cycle of any individual component of the prepayment item. In a period of continuing inflation or price increases, it is inequitable to make such a measurement based solely on prior years. Thus, prepayments are best measured by averaging the amount of prepayments over the period that rates will be in effect. For a three-year prepayment period, for example, it would seem to be a fair measurement of the average investment required for prepaid expenses to use the most recent historical year as well as the test year and one year into the future.

§ 5.04 Cash Working Capital

The determination of cash working capital is one of the most controversial elements in ratemaking. Even though cash working capital generally represents a small portion of the total investment in the rate base, it often consumes a significant portion of the hearing time in a regulatory proceeding.

One of the first problems in determining cash working capital is to agree on its definition. Many practitioners consider that cash working capital represents the investment requirement for cash to pay for operating expenses, to maintain compensating cash balances, and to provide for similar needs. If the usual definition of total

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

Date Request Received: 10/4/17
Request No. Staff 8-21

Date of Response: 10/18/17
Respondent: Noreen Canney

REQUEST:

EnergyNorth Prepayments: Reference Attachment DBS/DSN/-2, Schedule RR-EN-5-1.

Please provide a list of the charges included in each of the five quarter that are reflected in the 5 Quarter Average of \$273,561. For each vendor, please provide the nature of the expenditure.

RESPONSE:

Please see Attachment Staff 8-21.xlsx for the list of charges broken out by quarter, with net activity.

Staff 8-21
 EnergyNorth prepayments

| | Qtr 4 2015 | Qtr 1 2016 | Qtr 2 2016 | Qtr 3 2016 | Qtr 4 2016 |
|---|--------------|-------------|--------------|-------------|------------|
| Ending Balance per RR-EN-5-1 | 499,267.00 | 442,603.00 | 166,819.00 | 132,102.00 | 127,015.00 |
| Net Activity per Qtr - See tabs for details | (110,680.64) | (56,664.52) | (275,783.30) | (34,717.22) | (5,087.02) |

| Journal Entry | Series | TRX Date | Fiscal Period | Account Number | Account Description | Debit Amount | Credit Amount | Total | Originating Master ID | Originating Master Name | Description | Reference | Source Document | Last User | User Who Posted |
|---------------|------------|----------|---------------|--------------------------|---------------------|--------------|---------------|-------------|-----------------------|-------------------------------|--------------------------|-----------|-----------------|-----------|-----------------|
| 352003 | Financial | 10/30/15 | 10/30/15 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 57,108.08 | (57,108.08) | | | PUC Assessment | | GJ | RCAMPBELL | RCAMPBELL |
| 352005 | Financial | 10/30/15 | 10/30/15 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 9,354.33 | (9,354.33) | | | Gas Pipeline Assessment | | GJ | RCAMPBELL | RCAMPBELL |
| 352131 | Financial | 10/30/15 | 10/30/15 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 3,928.71 | (3,928.71) | | | American Gas Association | | GJ | RCAMPBELL | RCAMPBELL |
| 352003 | Financial | 11/30/15 | 11/30/15 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 57,108.08 | (57,108.08) | | | PUC Assessment | | GJ | RCAMPBELL | RCAMPBELL |
| 352005 | Financial | 11/30/15 | 11/30/15 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 9,354.33 | (9,354.33) | | | Gas Pipeline Assessment | | GJ | RCAMPBELL | RCAMPBELL |
| 352131 | Financial | 11/30/15 | 11/30/15 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 3,928.71 | (3,928.71) | | | American Gas Association | | GJ | RCAMPBELL | RCAMPBELL |
| 352003 | Financial | 12/30/15 | 12/31/15 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 57,108.08 | (57,108.08) | | | PUC Assessment | | GJ | RCAMPBELL | MCARROZZELLA |
| 352005 | Financial | 12/30/15 | 12/31/15 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 9,354.33 | (9,354.33) | | | Gas Pipeline Assessment | | GJ | RCAMPBELL | MCARROZZELLA |
| 352131 | Financial | 12/30/15 | 12/31/15 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 3,928.68 | (3,928.68) | | | American Gas Association | | GJ | SBILLECI | MCARROZZELLA |
| 469256 | Purchasing | 12/31/15 | 12/31/15 | 8840-2-0000-10-1240-1650 | Prepays | 13,430.46 | 0 | 13,430.46 | 8810-LIBCAN | LIBERTY UTILITIES CANADA CORP | Purchases | JC12915 | PMTRX | KYUNYAeva | SBILLECI |
| 469257 | Purchasing | 12/31/15 | 12/31/15 | 8840-2-0000-10-1240-1650 | Prepays | 87,062.23 | 0 | 87,062.23 | 8810-LIBCAN | LIBERTY UTILITIES CANADA CORP | Purchases | JC12912 | PMTRX | KYUNYAeva | SBILLECI |

(110,680.64)

Qtr 4 Transactions (110,680.64)

PUC Assesment for 2015-2016 year - (171,324.24)
 Gas Pipeline Assesment for 2015-2016 - (28,062.99)
 American Gas Association - annual membership- (11,786.10)
 Libcan - 87,062.23 - Cogsdale Yearly Maintenance
 Libcan - 13,430.46 - ESRI - Software Maintenance - 7,650.82
 Safe Software - Maintenance - 5,779.64

| Journal Entry | Series | TRX Date | Account Number | Account Description | Debit Amount | Credit Amount | Total | Originating Master ID | Originating Master Name | Description | Reference | Source Document | Last User | User Who Posted |
|---------------|------------|----------|--------------------------|---------------------|--------------|---------------|-------------|-----------------------|-------------------------------|------------------------------|-----------|-----------------|--------------|-----------------|
| 352003 | Financial | 1/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 57,108.08 | (57,108.08) | | | PUC Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352005 | Financial | 1/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 9,354.33 | (9,354.33) | | | Gas Pipeline Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352127 | Financial | 1/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 7,255.14 | (7,255.14) | | | Maintenance Accrual Cogsdale | | GJ | SBILLECI | MCARROZZELLA |
| 484577 | Financial | 1/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 5,241.88 | (5,241.88) | | | American Gas Association | | GJ | SBILLECI | MCARROZZELLA |
| 484579 | Financial | 1/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 637.55 | (637.55) | | | ESRI maintenance | | GJ | SBILLECI | MCARROZZELLA |
| 484580 | Financial | 1/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 481.6 | (481.60) | | | Safe Software Invoice | | GJ | SBILLECI | MCARROZZELLA |
| 484581 | Financial | 1/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 458.37 | (458.37) | | | ENSYTE Invoice | | GJ | SBILLECI | MCARROZZELLA |
| 485907 | Purchasing | 1/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 62,903.00 | 0 | 62,903.00 | 8810-LIBCAN | LIBERTY UTILITIES CANADA CORP | Purchases | JC13201 | PMTRX | DYNESA | SBILLECI |
| 485923 | Purchasing | 1/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 5,500.00 | 0 | 5,500.00 | 8810-LIBCAN | LIBERTY UTILITIES CANADA CORP | Purchases | JC13098 | PMTRX | DYNESA | SBILLECI |
| 352003 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 57,108.08 | (57,108.08) | | | PUC Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352005 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 9,354.33 | (9,354.33) | | | Gas Pipeline Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352127 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 7,255.19 | (7,255.19) | | | Maintenance Accrual Cogsdale | | GJ | SBILLECI | MCARROZZELLA |
| 484577 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 5,241.92 | (5,241.92) | | | American Gas Association | | GJ | SBILLECI | MCARROZZELLA |
| 484579 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 637.57 | (637.57) | | | ESRI maintenance | | GJ | SBILLECI | MCARROZZELLA |
| 484580 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 481.64 | (481.64) | | | Safe Software Invoice | | GJ | SBILLECI | MCARROZZELLA |
| 484581 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 458.33 | (458.33) | | | ENSYTE Invoice | | GJ | SBILLECI | MCARROZZELLA |
| 504537 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 3,402.53 | (3,402.53) | | | Telvent Ext Solution | | GJ | SBILLECI | MCARROZZELLA |
| 504538 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 3,768.36 | (3,768.36) | | | Telvent Arc FM Geodata | | GJ | SBILLECI | MCARROZZELLA |
| 504539 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 12,925.66 | (12,925.66) | | | Telvent SCADA | | GJ | SBILLECI | MCARROZZELLA |
| 504540 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 342.16 | (342.16) | | | Itron Hardware | | GJ | SBILLECI | MCARROZZELLA |
| 504541 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 227.58 | (227.58) | | | Itron Software | | GJ | SBILLECI | MCARROZZELLA |
| 504542 | Financial | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 14,556.03 | (14,556.03) | | | Dimension Data - 7 months | | GJ | SBILLECI | MCARROZZELLA |
| 503043 | Purchasing | 2/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 148,951.68 | 0 | 148,951.68 | 8810-LIBCAN | LIBERTY UTILITIES CANADA CORP | Purchases | JC13307 | PMTRX | DYNESA | SBILLECI |
| 352003 | Financial | 3/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 57,108.08 | (57,108.08) | | | PUC Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352005 | Financial | 3/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 9,354.33 | (9,354.33) | | | Gas Pipeline Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352127 | Financial | 3/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 7,255.19 | (7,255.19) | | | Maintenance Accrual Cogsdale | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484577 | Financial | 3/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 5,241.92 | (5,241.92) | | | American Gas Association | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484579 | Financial | 3/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 637.57 | (637.57) | | | ESRI maintenance | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484580 | Financial | 3/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 481.64 | (481.64) | | | Safe Software Invoice | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484581 | Financial | 3/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 458.33 | (458.33) | | | ENSYTE Invoice | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520350 | Financial | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 1,701.26 | (1,701.26) | | | Telvent Extended solutions | | GJ | SBILLECI | MCARROZZELLA |
| 520354 | Financial | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 1,884.21 | (1,884.21) | | | Telvent ArcFM Geodatabase | | GJ | SBILLECI | MCARROZZELLA |
| 520358 | Financial | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 6,462.82 | (6,462.82) | | | Telvent Scada | | GJ | SBILLECI | MCARROZZELLA |
| 520364 | Financial | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 171.07 | (171.07) | | | Itron Hardware Maint | | GJ | SBILLECI | MCARROZZELLA |
| 520367 | Financial | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 113.8 | (113.80) | | | Itron Software | | GJ | SBILLECI | MCARROZZELLA |
| 520370 | Financial | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 2,079.84 | (2,079.84) | | | Dimension Data | | GJ | SBILLECI | MCARROZZELLA |
| 523720 | Financial | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 300 | (300.00) | | | Prepaid ESRI #93092248 | | GJ | SBILLECI | MCARROZZELLA |
| 523724 | Financial | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 1,084.31 | (1,084.31) | | | ESRI # 93099215 Mar-Feb | | GJ | SBILLECI | MCARROZZELLA |
| 523727 | Financial | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | 2,650.00 | (2,650.00) | | | Ubisense Qtr 1 | | GJ | SBILLECI | MCARROZZELLA |
| 523517 | Purchasing | 3/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 19,261.50 | 0 | 19,261.50 | 8810-LIBCAN | LIBERTY UTILITIES CANADA CORP | Purchases | JC13538 | PMTRX | DYNESA | SBILLECI |

(56,664.52)

Qtr 1 2016 Net Activity

(56,664.52)

| | Invoices paid | Amortization |
|--------|---|---------------------------------------|
| Libcan | 62,903.00 American Gas - Annual Dues | (15,725.72) American Gas - Dues |
| Libcan | 5,500.00 Ensyte - Maintenance | (16,635.87) Dimension Data |
| Libcan | 148,951.68 | (1,375.03) Ensyte - Maintenance |
| | 20,415.13 Telvent Ext - Maintenance | (1,084.31) Esri (215) Maintenance |
| | 22,610.46 Telvent ArcFM - Maintenance | (1,912.69) ESRI Maintenance |
| | 77,553.86 Telvent Scada - Maintenance | (28,062.99) PUC Gas Pipeline |
| | 2,052.86 Itron Hardware - Maintenance | (513.23) Itron Hardware Maint |
| | 1,365.58 Itron Software - Maintenance | (341.38) Itron Software Maint |
| | 24,953.79 Dimension Data - Annual Maintenance | (21,765.52) Cogsdale Maint |
| Libcan | 19,261.50 | (300.00) ESRI (2248) Maint |
| | 13,011.50 ESRI - Maintenance - 93099215 | (171,324.24) PUC Assessment |
| | 3,600.00 ESRI - Maintenance - 93092248 | (1,444.88) Safe Software Maint |
| | 2,650.00 Ubisense Qtrly Maintenance | (5,652.57) Telvent ArcFM |
| | | (5,103.79) Telvent Extension Solution |
| | | (19,388.48) Telvent SCADA |
| | | (2,650.00) Ubisense Qtrly |

| Journal Entry | Series | TRX Date | Account Number | Account Description | Debit Amount | Credit Amount | Total | Originating Master ID | Originating Master Name | Description | Reference | Source Document | Last User | User Who Posted |
|---------------|------------|----------|--------------------------|---------------------|--------------|---------------|-----------|-----------------------|-------------------------------|------------------------------|-----------|-----------------|--------------|-----------------|
| 352003 | Financial | 4/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 57,108.08 | | | PUC Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352005 | Financial | 4/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 9,354.33 | | | Gas Pipeline Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352127 | Financial | 4/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 7,255.19 | | | Maintenance Accrual Cogsdale | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484577 | Financial | 4/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 5,241.92 | | | American Gas Association | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484579 | Financial | 4/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 637.57 | | | ESRI maintenance | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484580 | Financial | 4/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 481.64 | | | Safe Software Invoice | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484581 | Financial | 4/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 458.33 | | | ENSYTE Invoice | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520350 | Financial | 4/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 1,701.26 | | | Telvent Extended solutions | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520354 | Financial | 4/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 1,884.21 | | | Telvent ArcFM Geodatabase | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520358 | Financial | 4/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 6,462.82 | | | Telvent Scada | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520364 | Financial | 4/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 171.07 | | | Itron Hardware Maint | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520367 | Financial | 4/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 113.8 | | | Itron Software | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520370 | Financial | 4/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 2,079.48 | | | Dimension Data | | GJ | SBILLECI | MCARROZZELLA |
| 541279 | Financial | 4/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 300 | | | ESRI Invoice 93092248 | | GJ | SBILLECI | MCARROZZELLA |
| 541280 | Financial | 4/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 1,084.29 | | | ESRI invoice 93099215 | | GJ | SBILLECI | MCARROZZELLA |
| 352003 | Financial | 5/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 57,108.08 | | | PUC Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352005 | Financial | 5/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 9,354.33 | | | Gas Pipeline Assessment | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352127 | Financial | 5/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 7,255.19 | | | Maintenance Accrual Cogsdale | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484577 | Financial | 5/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 5,241.92 | | | American Gas Association | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484579 | Financial | 5/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 637.57 | | | ESRI maintenance | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484580 | Financial | 5/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 481.64 | | | Safe Software Invoice | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484581 | Financial | 5/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 458.33 | | | ENSYTE Invoice | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520350 | Financial | 5/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 1,701.26 | | | Telvent Extended solutions | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520354 | Financial | 5/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 1,884.21 | | | Telvent ArcFM Geodatabase | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520358 | Financial | 5/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 6,462.82 | | | Telvent Scada | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520364 | Financial | 5/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 171.07 | | | Itron Hardware Maint | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520367 | Financial | 5/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 113.8 | | | Itron Software | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520370 | Financial | 5/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 2,079.48 | | | Dimension Data | | GJ | MCARROZZELLA | MCARROZZELLA |
| 541279 | Financial | 5/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 300 | | | ESRI Invoice 93092248 | | GJ | MCARROZZELLA | MCARROZZELLA |
| 541280 | Financial | 5/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 1,084.29 | | | ESRI invoice 93099215 | | GJ | MCARROZZELLA | MCARROZZELLA |
| 352003 | Financial | 6/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 57,108.12 | | | PUC Assessment | | GJ | SBILLECI | MCARROZZELLA |
| 352005 | Financial | 6/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 9,354.37 | | | Gas Pipeline Assessment | | GJ | SBILLECI | MCARROZZELLA |
| 352127 | Financial | 6/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 7,255.19 | | | Maintenance Accrual Cogsdale | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484577 | Financial | 6/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 5,241.92 | | | American Gas Association | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484579 | Financial | 6/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 637.57 | | | ESRI maintenance | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484580 | Financial | 6/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 481.64 | | | Safe Software Invoice | | GJ | MCARROZZELLA | MCARROZZELLA |
| 484581 | Financial | 6/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 458.33 | | | ENSYTE Invoice | | GJ | MCARROZZELLA | MCARROZZELLA |
| 580511 | Financial | 6/29/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 156.25 | | | Prepaid Software license Gas | | GJ | SBILLECI | MCARROZZELLA |
| 520350 | Financial | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 1,701.26 | | | Telvent Extended solutions | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520354 | Financial | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 1,884.21 | | | Telvent ArcFM Geodatabase | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520358 | Financial | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 6,462.82 | | | Telvent Scada | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520364 | Financial | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 171.07 | | | Itron Hardware Maint | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520367 | Financial | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 113.8 | | | Itron Software | | GJ | MCARROZZELLA | MCARROZZELLA |
| 520370 | Financial | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 2,079.48 | | | Dimension Data | | GJ | MCARROZZELLA | MCARROZZELLA |
| 541279 | Financial | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 300 | | | ESRI Invoice 93092248 | | GJ | MCARROZZELLA | MCARROZZELLA |
| 541280 | Financial | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 0 | 1,084.29 | | | ESRI invoice 93099215 | | GJ | MCARROZZELLA | MCARROZZELLA |
| 580663 | Purchasing | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 5,500.00 | 5,500.00 | 8810-LIBCAN | LIBERTY UTILITIES CANADA CORP | Purchases | JC14223 | PMTRX | DYNSA | SBILLECI |
| 582494 | Purchasing | 6/30/16 | 8840-2-0000-10-1240-1650 | Prepays | | 1,875.00 | 1,875.00 | 8810-LIBCAN | LIBERTY UTILITIES CANADA CORP | Purchases | JC14327 | PMTRX | DYNSA | SBILLECI |

(275,783.30)

Qtr 2 Net Activity (275,783.30)

| | Invoices paid | Amortization |
|--------|-----------------------------------|---|
| Libcan | 5,500.00 Qtr 3 Ensyte Maintenance | (21,765.57) Cogsdale Maintenance |
| Libcan | 1,875.00 Technical Toolbox | (1,912.71) ESRI Maintenance (900.00) ESRI Maintenance 93092248 (3,252.87) ESRI Maintenance 93099215 (1,444.92) Safe Software Maintenance (1,374.99) ENSYTE Maintenance (15,725.76) American Gas (5,103.78) Telvent Extended Solutions (5,652.63) Telvent ArcFM Geodatabase (19,388.46) Telvent SCADA (156.25) Technical Toolbox software license fee (513.21) Itron - Hardware Maintenance (341.40) Itron - Software Maintenance (6,238.44) Dimension Data (171,324.28) PUC Assessment (28,063.03) PUC Pipeline |

| Journal Entry | Series | TRX Date | Account Number | Account Description | Debit Amount | Credit Amount | Total | Originating Master ID | Originating Master Name | Description | Reference | Source Document | Last User | User Who Posted |
|---------------|------------|----------|--------------------------|---------------------|--------------|---------------|-----------|-----------------------|-------------------------|--------------------------------|-----------|-----------------|--------------|-----------------|
| 352127 | Financial | 7/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 7,255.19 | (7,255.19) | | Maintenance Accrual Cogsdale | | GJ | MCARROZZELLA | TSANDERSON |
| 484577 | Financial | 7/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 5,241.92 | (5,241.92) | | American Gas Association | | GJ | MCARROZZELLA | TSANDERSON |
| 484579 | Financial | 7/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 637.57 | (637.57) | | ESRI maintenance | | GJ | MCARROZZELLA | TSANDERSON |
| 484580 | Financial | 7/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 481.64 | (481.64) | | Safe Software Invoice | | GJ | MCARROZZELLA | TSANDERSON |
| 484581 | Financial | 7/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 458.33 | (458.33) | | ENSYTE Invoice | | GJ | MCARROZZELLA | TSANDERSON |
| 597215 | Purchasing | 7/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 26,891.19 | | 26,891.19 | | 8810-LIBCAN | JC14445 | PMTRX | DYNESA | SBILLECI | |
| 520350 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,701.26 | (1,701.26) | | Liberty Utilities Canada Corp | | GJ | MCARROZZELLA | TSANDERSON |
| 520354 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,884.21 | (1,884.21) | | Telvent Extended solutions | | GJ | MCARROZZELLA | TSANDERSON |
| 520358 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 6,462.82 | (6,462.82) | | Telvent ArcFM Geodatabase | | GJ | MCARROZZELLA | TSANDERSON |
| 520364 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 171.07 | (171.07) | | Telvent Scada | | GJ | MCARROZZELLA | TSANDERSON |
| 520367 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 113.8 | (113.80) | | Itron Hardware Maint | | GJ | MCARROZZELLA | TSANDERSON |
| 520370 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,079.48 | (2,079.48) | | Itron Software | | GJ | MCARROZZELLA | TSANDERSON |
| 541279 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 300 | (300.00) | | Dimension Data | | GJ | MCARROZZELLA | TSANDERSON |
| 541280 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,084.29 | (1,084.29) | | ESRI Invoice 93092248 | | GJ | MCARROZZELLA | TSANDERSON |
| 598586 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 156.25 | (156.25) | | ESRI invoice 93099215 | | GJ | SBILLECI | TSANDERSON |
| 598587 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,833.33 | (1,833.33) | | Technical Tool box #16136 | | GJ | SBILLECI | TSANDERSON |
| 598588 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 945.11 | (945.11) | | Ensyte #051610 | | GJ | SBILLECI | TSANDERSON |
| 598589 | Financial | 7/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,004.65 | (2,004.65) | | Ubisense #SO-50021481 | | GJ | SBILLECI | TSANDERSON |
| 610925 | Purchasing | 8/24/16 | 8840-2-0000-10-1240-1650 | Prepays | 62,612.00 | | 62,612.00 | | 8810-PUBLICUTIL | Ensyte # 93146706 | PMTRX | DYNESA | RFOLEY | |
| 352127 | Financial | 8/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 7,255.19 | (7,255.19) | | Maintenance Accrual Cogsdale | | GJ | TSANDERSON | TSANDERSON |
| 484577 | Financial | 8/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 5,241.92 | (5,241.92) | | American Gas Association- Exec | | GJ | SBILLECI | TSANDERSON |
| 484579 | Financial | 8/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 3,187.85 | (3,187.85) | | ESRI maintenance - Engineering | | GJ | SBILLECI | TSANDERSON |
| 484581 | Financial | 8/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,291.65 | (2,291.65) | | ENSYTE Invoice - Metering | | GJ | SBILLECI | TSANDERSON |
| 520350 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,701.26 | (1,701.26) | | Telvent Extended solutions Eng | | GJ | SBILLECI | TSANDERSON |
| 520354 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,884.21 | (1,884.21) | | Telvent ArcFM Geodatabase Eng | | GJ | SBILLECI | TSANDERSON |
| 520358 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 6,462.82 | (6,462.82) | | Telvent Scada - Gas Control | | GJ | SBILLECI | TSANDERSON |
| 520364 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 855.35 | (855.35) | | Itron Hardware Maint Gas ops | | GJ | SBILLECI | TSANDERSON |
| 520367 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 569 | (569.00) | | Itron Software Gas Ops | | GJ | SBILLECI | TSANDERSON |
| 541279 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,100.00 | (2,100.00) | | ESRI Invoice 93092248 Engineer | | GJ | SBILLECI | TSANDERSON |
| 541280 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,084.29 | (1,084.29) | | ESRI invoice 93099215 Engineer | | GJ | SBILLECI | TSANDERSON |
| 598586 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,562.50 | (1,562.50) | | Technical Tool box #16136 Cust | | GJ | SBILLECI | TSANDERSON |
| 598587 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 3,666.67 | (3,666.67) | | Ensyte #051610 Metering | | GJ | SBILLECI | TSANDERSON |
| 598588 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,890.24 | (1,890.24) | | Ubisense #SO-50021481 Gas ops | | GJ | SBILLECI | TSANDERSON |
| 598589 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,004.65 | (2,004.65) | | Ensyte # 93146706 metering | | GJ | SBILLECI | TSANDERSON |
| 616914 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,130.86 | (2,130.86) | | Dimension Data 503737 Cust Ser | | GJ | SBILLECI | TSANDERSON |
| 617232 | Financial | 8/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 5,775.00 | (5,775.00) | | ENSYTE 081601 Metering | | GJ | SBILLECI | TSANDERSON |
| 616852 | Financial | 8/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 41,441.34 | (41,441.34) | | PUC Assessment | | GJ | SBILLECI | TSANDERSON |
| 616301 | Purchasing | 8/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 5,775.02 | | 5,775.02 | | 8810-LIBCAN | JC14659 | PMTRX | DYNESA | SBILLECI | |
| 616301 | Purchasing | 8/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 25,570.35 | | 25,570.35 | | 8810-LIBCAN | JC14659 | PMTRX | DYNESA | SBILLECI | |
| 352127 | Financial | 9/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 7,255.19 | (7,255.19) | | Maintenance Accrual Cogsdale | | GJ | SBILLECI | TSANDERSON |
| 484577 | Financial | 9/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 5,241.92 | (5,241.92) | | American Gas Association- Exec | | GJ | SBILLECI | TSANDERSON |
| 520350 | Financial | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,701.26 | (1,701.26) | | Telvent Extended solutions Eng | | GJ | SBILLECI | TSANDERSON |
| 520354 | Financial | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,884.21 | (1,884.21) | | Telvent ArcFM Geodatabase Eng | | GJ | TSANDERSON | TSANDERSON |
| 520358 | Financial | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 6,462.82 | (6,462.82) | | Telvent Scada - Gas Control | | GJ | TSANDERSON | TSANDERSON |
| 541280 | Financial | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,084.29 | (1,084.29) | | ESRI Invoice 93099215 Engineer | | GJ | TSANDERSON | TSANDERSON |
| 598589 | Financial | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,004.65 | (2,004.65) | | Ensyte # 93146706 metering | | GJ | TSANDERSON | TSANDERSON |
| 616852 | Financial | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 20,720.67 | (20,720.67) | | PUC Assessment | | GJ | SBILLECI | TSANDERSON |
| 616914 | Financial | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,130.86 | (2,130.86) | | Dimension Data 503737 Cust Ser | | GJ | SBILLECI | TSANDERSON |
| 633277 | Financial | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,408.24 | (2,408.24) | | Safe Software - Total remain | | GJ | SBILLECI | TSANDERSON |
| 635300 | Purchasing | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 10,436.50 | | 10,436.50 | | 8810-LIBCAN | JC14917 | PMTRX | DYNESA | SBILLECI | |
| 635301 | Purchasing | 9/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 8,807.55 | | 8,807.55 | | 8810-LIBCAN | JC14926 | PMTRX | DYNESA | SBILLECI | |

(34,717.22)

Qtr 3 Net Activity

(34,717.22)

| | Invoices paid | Amortization |
|--------|---------------|---|
| Libcan | 26,891.19 | (21,765.57) Cogsdale Maintenance |
| | 2,835.35 | (3,825.42) ESRI Maintenance |
| | 24,055.84 | (2,400.00) ESRI Maintenance 93092248 |
| PUC | 62,612.00 | (3,252.87) ESRI Maintenance 93099215 |
| Libcan | 25,570.35 | (2,835.35) Ubisense |
| Libcan | 5,775.02 | (6,013.95) ENSYTE 93146706 |
| Libcan | 10,436.50 | (2,889.88) Safe Software Maintenance |
| Libcan | 8,807.55 | (2,749.98) ENSYTE Maintenance |
| | | (5,500.00) ENSYTE Qtr 3 software license |
| | | (15,725.76) American Gas |
| | | (5,103.78) Telvent Extended Solutions |
| | | (5,652.63) Telvent ArcFM Geodatabase |
| | | (19,388.46) Telvent SCADA |
| | | (1,718.75) Technical Toolbox software license fee |
| | | (1,026.42) Itron - Hardware Maintenance |
| | | (682.80) Itron - Software Maintenance |
| | | (6,341.20) Dimension Data |
| | | (5,775.00) ENSYTE #081601 |
| | | (62,162.01) PUC Assessment |

| Journal Entry | Series | TRX Date | Account Number | Account Description | Debit Amount | Credit Amount | Total | Originating Master ID | Originating Master Name | Description | Reference | Source Document | Last User | User Who Posted |
|---------------|------------|----------|--------------------------|---------------------|--------------|---------------|------------|-----------------------|-------------------------|---|-----------|--------------------|------------|--------------------|
| 635025 | Purchasing | 10/5/16 | 8840-2-0000-10-1240-1650 | Prepays | 173,335.00 | | 0 | 173,335.00 | 8810-PUBLICUTIL | NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION | Purchases | Payables Trx Entry | PMTRX | DYNESA RFOLEY |
| 352127 | Financial | 10/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 7,255.19 | (7,255.19) | | | | GJ | TSANDERSON | TSANDERSON |
| 484577 | Financial | 10/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 5,241.92 | (5,241.92) | | | | GJ | TSANDERSON | TSANDERSON |
| 520350 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,701.26 | (1,701.26) | | | | GJ | TSANDERSON | TSANDERSON |
| 520354 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,884.21 | (1,884.21) | | | | GJ | TSANDERSON | TSANDERSON |
| 520358 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 6,462.82 | (6,462.82) | | | | GJ | TSANDERSON | TSANDERSON |
| 541280 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,084.29 | (1,084.29) | | | | GJ | TSANDERSON | TSANDERSON |
| 598589 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,004.65 | (2,004.65) | | | | GJ | TSANDERSON | TSANDERSON |
| 616852 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 56,123.33 | (56,123.33) | | | | GJ | SBILLECI | TSANDERSON |
| 616914 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,130.86 | (2,130.86) | | | | GJ | TSANDERSON | TSANDERSON |
| 651573 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,655.00 | (1,655.00) | | | | GJ | SBILLECI | TSANDERSON |
| 651861 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,739.42 | (1,739.42) | | | | GJ | SBILLECI | TSANDERSON |
| 651865 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 8,807.55 | (8,807.55) | | | | GJ | SBILLECI | TSANDERSON |
| 651867 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,801.34 | (1,801.34) | | | | GJ | SBILLECI | TSANDERSON |
| 651867 | Financial | 10/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 6,321.52 | (6,321.52) | | | | GJ | SBILLECI | TSANDERSON |
| 651431 | Purchasing | 10/31/16 | 8840-2-0000-10-1240-1650 | Prepays | 10,911.30 | | 0 | 10,911.30 | 8810-LIBCANA | LIBERTY UTILITIES CANADA CORP | Purchases | Payables Trx Entry | PMTRX | DYNESA SBILLECI |
| 352127 | Financial | 11/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 7,255.19 | (7,255.19) | | | | GJ | TSANDERSON | TSANDERSON |
| 484577 | Financial | 11/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 5,241.92 | (5,241.92) | | | | GJ | TSANDERSON | TSANDERSON |
| 520350 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,701.26 | (1,701.26) | | | | GJ | TSANDERSON | TSANDERSON |
| 520354 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,884.21 | (1,884.21) | | | | GJ | TSANDERSON | TSANDERSON |
| 520358 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 6,462.82 | (6,462.82) | | | | GJ | TSANDERSON | TSANDERSON |
| 541280 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,084.29 | (1,084.29) | | | | GJ | TSANDERSON | TSANDERSON |
| 598589 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,004.65 | (2,004.65) | | | | GJ | TSANDERSON | TSANDERSON |
| 616852 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 56,123.33 | (56,123.33) | | | | GJ | TSANDERSON | TSANDERSON |
| 616914 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,130.86 | (2,130.86) | | | | GJ | TSANDERSON | TSANDERSON |
| 651573 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,655.00 | (1,655.00) | | | | GJ | TSANDERSON | TSANDERSON |
| 651861 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 869.71 | (869.71) | | | | GJ | SBILLECI | TSANDERSON |
| 651865 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 5,565.53 | (5,565.53) | | | | GJ | SBILLECI | TSANDERSON |
| 651869 | Financial | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,788.44 | (2,788.44) | | | | GJ | SBILLECI | TSANDERSON |
| 666508 | Purchasing | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 90,494.96 | | 0 | 90,494.96 | 8810-LIBCANA | LIBERTY UTILITIES CANADA CORP | Purchases | Payables Trx Entry | PMTRX | DYNESA SBILLECI |
| 666509 | Purchasing | 11/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 5,565.53 | | 0 | 5,565.53 | 8810-LIBCANA | LIBERTY UTILITIES CANADA CORP | Purchases | Payables Trx Entry | PMTRX | DYNESA SBILLECI |
| 352127 | Financial | 12/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 7,255.19 | (7,255.19) | | | | GJ | TSANDERSON | TSANDERSON |
| 484577 | Financial | 12/29/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 5,241.92 | (5,241.92) | | | | GJ | TSANDERSON | TSANDERSON |
| 520350 | Financial | 12/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,701.26 | (1,701.26) | | | | GJ | TSANDERSON | TSANDERSON |
| 520354 | Financial | 12/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,884.21 | (1,884.21) | | | | GJ | TSANDERSON | TSANDERSON |
| 520358 | Financial | 12/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 6,462.82 | (6,462.82) | | | | GJ | TSANDERSON | TSANDERSON |
| 541280 | Financial | 12/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,084.29 | (1,084.29) | | | | GJ | TSANDERSON | TSANDERSON |
| 598589 | Financial | 12/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,004.65 | (2,004.65) | | | | GJ | TSANDERSON | TSANDERSON |
| 616852 | Financial | 12/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 56,123.33 | (56,123.33) | | | | GJ | TSANDERSON | TSANDERSON |
| 616914 | Financial | 12/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 2,130.86 | (2,130.86) | | | | GJ | TSANDERSON | TSANDERSON |
| 651573 | Financial | 12/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 1,655.00 | (1,655.00) | | | | GJ | TSANDERSON | TSANDERSON |
| 651861 | Financial | 12/30/16 | 8840-2-0000-10-1240-1650 | Prepays | 0 | | 869.71 | (869.71) | | | | GJ | TSANDERSON | TSANDERSON |
| | | | | | | | (5,087.02) | | | | | | | |

Qtr 4 Net Activity (5,087.02)

| | Invoices paid | Amortization |
|--------|-------------------------------|--|
| PUC | 173,335.00 PUC Assessment | (21,765.57) Cogsdale Maintenance |
| Libcan | 10,911.30 Itron Soft# 3574 | (3,252.87) ESRI Maintenance 93099215 |
| Libcan | 90,494.96 Cogsdale Maint 2017 | (6,013.95) ENSYTE 93146706 |
| Libcan | 5,565.53 ESRI 93194399 | (15,725.76) American Gas |
| | | (5,103.78) Telvent Extended Solutions |
| | | (5,652.63) Telvent ArcFM Geodatabase |
| | | (19,388.46) Telvent SCADA |
| | | (6,392.58) Dimension Data |
| | | (3,478.84) Docuware Corp JC 14917 |
| | | (8,807.55) BlueDrop Performance JC 14926 |
| | | (5,565.53) ESRI 93194399 |
| | | (10,911.30) Iron Software # 3574 |
| | | (168,369.99) PUC Assessment |
| | | (4,965.00) PUC Pipeline |

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: August 22, 2017
AT (OFFICE): NHPUC

FROM: The NH Public Utilities Commission Audit Staff

SUBJECT: Liberty Utilities (EnergyNorth Natural Gas) Corp.
d/b/a Liberty Utilities
FINAL Audit Report DG 17-048

TO: Mark Naylor, Director Gas/Water
Steve Frink, Asst. Director Gas/Water
Jayson Laflamme, Utility Analyst IV
Al-Azad Iqbal, Utility Analyst IV

INTRODUCTION

On March 28, 2017 Liberty Utilities (Liberty, the Company) filed with the Commission a notice of intent to file for an increase in rates. On April 28, 2017, the Company filed a petition for a permanent rate increase of \$13,749,361 which includes \$712,403 for the Keene division, and a request for a temporary rate increase of \$7,778,497 (excluding the Keene division) to be effective July 1, 2017. The filing is based on a twelve month test year ending December 31, 2016. The filing also proposes to roll the Keene division into the EnergyNorth division. As a result, Audit has conducted a financial audit of the books and records for the test year of both companies, with this report resulting.

The prior EnergyNorth rate case and related audit was docketed as DG 14-180 with a test year ended March 31, 2014. The final audit report was issued on February 6, 2015.

The Commission approved an ownership transfer of EnergyNorth from National Grid to Liberty Energy NH in docket DG 11-040. The transfer was effective July 3, 2012. The Commission approved the Liberty purchase of New Hampshire Gas (Keene), from Iberdrola via docket DG 14-155, effective January 2, 2015. The most recent rate case audit of the Keene division was conducted for test year December 31, 2008. At that time, Keene was owned by Energy East Corporation.

Leases

Audit reviewed the leases for the Keene Division (formerly New Hampshire Gas Corporation). The lease for the 207 Emerald St. property is used for Propane Air Sales Supply. New Hampshire Gas Corporation is the buyer and the seller is Keene Propane Corporation (KPC). The Amended Supply agreement went into effect on March 21, 2014. The air supply operating agreement is for twelve years. The Keene Division is responsible for all costs associated with purchasing propane, operations and maintenance of the property including structures and equipment. The Company is not responsible for costs to maintain KPC, file KPC state and federal taxes or other corporate filings, and any costs with cleanup or remediation of any hazardous substances.

The Pearl Street property lease was signed on March 16, 2012 between R and M Realty and New Hampshire Gas Corporation. The Company paid a \$5,000 dollar security deposit in 2012. The term of the lease is for ten year years beginning March 1, 2012 and terminates on February 28, 2022. The Company has the option to terminate its lease after 5 years on April 30, 2017. The Company paid \$49,087.50 in annual payments during the first five years of the lease. The monthly installment payments for rent were \$4,090.62 per month. Audit verified the monthly rent payments were debited to the general ledger account number 8843-2-0000-69-5110-9310 Rent and credited to account number 8843-2-0000-2810-2606 Due to Liberty Energy New Hampshire. Audit did this for each month for the 2015 and 2016 general ledger to verify the \$49,087 annual rent payment. The amendment to the lease, signed on November 1, 2016, increased the monthly rent for the next five years beginning 3/1/2018. The annual base rent will rise to \$53,587.50 paid in monthly installments of \$4,465.63 in 2018.

Concord Training Center

EnergyNorth owns a training facility in Concord, and leases space within it to Granite State Electric. The Company provided a copy of the lease agreement to the Commission, which was docketed as DA 16-560 on 5/10/2016. On 5/24/2017, the docket was closed and consolidated with this current rate case. The lease was signed on 5/10/2016, by then Liberty President, David Swain, on behalf of the lessor and lessee. For the period 5/1/2016 – 4/30/2017, the annual proportional share of the cost to be paid from GSE to ENG was outlined to be \$146,559, which was calculated as 25% of the cost of the facility. The costs were based on EnergyNorth's return on its investment in the Training Center at its weighted average cost of capital, annual book cost, accumulated depreciation, insurance, electricity, property taxes, natural gas, water and sewer, and routine maintenance.

Audit requested the revenue account to which the GSE lease payments are booked to the ENG general ledger, and was told that the lease payments reduce ENG's Intercompany Rental Expense account 8840-2-0000-69-6125-9310. Audit did note that credit entries were booked monthly beginning at the end of May 2016. Overall, the eight entries during the test year, identified within the filing on RR-EN-3-10, were traced to the

ENG general ledger. The offsetting debit entries were booked to the Due to Liberty Energy New Hampshire account 8840-2-0000-20-2810-2606.

Audit reviewed the second adjustment noted within the RR-EN-3-10 and noted that the 5/2017 – 4/2018 lease payments are dropping from the \$146,559 to \$95,930.

| | |
|--|-----------------|
| Test Year Credit to #931 Rental Expense Interco (\$146,559*8/12) | \$97,706 |
| <u>Annualized</u> Adjustment to Rental Expense Credit | <u>\$95,930</u> |
| Net adjustment to account 931 | \$ (1,776) |

The annualized lease was updated in the current case, in response to Staff Data Request 2-26 to be \$96,764. Refer to the Debt section of this report for additional information on account 2606, as well as the Plant section below for a review of the Concord Training Center documentation. See also Staff testimony of Al-Azad Iqbal in docket DE 16-383, filed on 12/16/2016.

PLANT

The accounts comprising Total Property, Plant and Equipment shown on the filing page 1604.01(a)(1)(b) were traced to the NHPUC Annual Report for December 2016 for both ENG and Keene.

Bidding

The Company provided a copy of the Purchasing Policy for New Hampshire Materials and Services. The policy showed a revision in June of 2014 and approved the same date by the Manager of Purchasing. The purchasing policy is the same for ENG and Keene.

ENG Reported Plant in Service

The following summarizes the ENG plant in service changes since the prior audit, per the PUC Annual Reports for the period:

| EnergyNorth Utility Plant Activity since the Previous Test Year | | | | | | | | |
|---|----------------|---------------|----------------|--------------|---------------|----------------|---------------|--------|
| | Beginning | | | | Ending | Completed | TOTAL | % |
| | Balance | Additions | Retirements | Adjustments | Balance | not Classified | Utility Plant | change |
| 2014 | \$ 361,053,443 | \$ 18,404,973 | \$ (1,642,194) | \$ 1,885,493 | \$379,701,715 | \$ 15,907,115 | \$395,608,830 | 10% |
| 2015 | \$ 379,701,715 | \$ 43,548,784 | \$ (571,005) | \$ 3,624,940 | \$426,304,434 | \$ 7,509,616 | \$433,814,050 | 14% |
| 2016 | \$ 426,304,434 | \$ 25,265,172 | \$ (469,155) | \$ 2,468,076 | \$453,568,527 | \$ 28,098,321 | \$481,666,848 | 13% |
| | | \$ 87,218,929 | \$ (2,682,354) | \$ 7,978,509 | | | | |

The activity noted within each of the three years’ annual reports could not be tied to the unitization pivot table provided to Audit. However, at year-end 2016, the noted

Operations and Engineering. The budgeted amount for the project was \$1,538,434 and the actual amount was \$1,748,465. The project reflected a cost overrun of \$210,031, which was documented to be the result of more fleet purchased and up fitting costs were more expensive than estimated.

Invoice Review

Audit reviewed a screenshot of Journal Entry number 203765 from September 2014 that showed a debit entry in the amount of \$377,614 to Construction Work in Progress account number 8840-2-0000-10-1618-1070 and credited in the amount of \$377,614 to account number 8810-2-0000-20-2002-2328 A/P Unpaid Invoice Accrual. The screenshot shows the payment made to Midway Ford for Ford F-250's. The Company provided the unexecuted purchase from 2013 Midway Ford Truck Center that stated the trucks cost \$376,734. This is a difference \$880. The Company did not provide the executed purchase order. Audit was able to verify the journal entry to the 2014-2016 project cost summary.

Vehicles

Audit reviewed a list of ten active vehicles for this project that were selected for testing. The vehicles are not authorized for personal use. The Company does not track what vehicles they use by work order.

| Date Added | Asset ID | Asset Description | Asset Class ID | Cost Basis | Accumulated Deprecation | Place in Service Date | Remaining Life |
|------------|-----------------|-----------------------------------|----------------|---------------------|-------------------------|-----------------------|----------------|
| 9/30/2016 | 8840-EN16000017 | 2016 Ford F150 Pickup Trucks | 8840-3920 | \$ 329,469 | \$ 32,947 | 8/31/2016 | 4 |
| 6/15/2016 | 8840-EN16000024 | Sportster Cargo Trailer12 Ft | 8840-3920 | \$ 3,595 | \$ 659 | 3/31/2016 | 4 |
| 9/30/2016 | 8840-EN16000025 | 2 Intl Dump Truck 4400 4X2@5yd | 8840-3920 | \$ 180,234 | \$ 18,023 | 8/31/2016 | 4 |
| 12/31/2013 | 8840-ENIC0037 | Ford 250 Supercab BiFuel 4X4 | 8840-3920 | \$ 107,576 | \$ 65,742 | 11/27/2013 | 1 |
| 12/31/2013 | 8840-ENIC0038 | Internat'l Cargo Van 18' Terra | 8840-3920 | \$ 69,340 | \$ 43,915 | 12/2/2013 | 1 |
| 3/31/2014 | 8840-ENIC0053 | BOBCAT Attachments & Trailer | 8840-3920 | \$ 12,572 | \$ 7,543 | 2/28/2014 | 2 |
| 6/30/2014 | 8840-ENIC0054 | 3 Dual Fuel Transit Pickup Trucks | 8840-3920 | \$ 137,385 | \$ 70,575 | 7/31/2014 | 2 |
| 9/30/2014 | 8840-ENIC0055 | Ford E250 Vans CNG Bifuel | 8840-3920 | \$ 501,920 | \$ 233,092 | 10/31/2014 | 2 |
| 3/31/2015 | 8840-ENIC0108 | Ford F150 Supercab BiFuel Truck | 8840-3920 | \$ 89,956 | \$ 38,630 | 12/31/2014 | 2 |
| 2/29/2016 | 8840-ENIC0126 | 2014 Ford Transit Connects | 8840-3920 | \$ 82,415 | \$ 24,725 | 8/7/2015 | 3 |
| | | | | <u>\$ 1,514,462</u> | <u>\$ 535,851</u> | | |

8840-C18772 Concord Training Center Project \$3,832,909

One work order, 8840-ENIC0066 was unitized at the end of the test year.

| | |
|------------------------------|-------------|
| Cost Element 1-Labor | \$ 47,149 |
| Cost Element 2- | \$ 1,288 |
| Cost Element 4- Vouchers | \$3,345,931 |
| Cost Element 6- Burden | \$ 287,072 |
| Cost Element 9- AFUDC | \$ 41,690 |
| Total <u>Unitized</u> Amount | \$3,832,674 |
| Remaining to be unitized | \$ -0- |

| Audit verified the total unitized figure to: | | Depreciation <u>Rate</u> |
|---|------------------|-----------------------------|
| 8840-2-0000-10-1615-3900 General Structures/Equipment | \$3,743,921 | 3.33% |
| 8840-2-0000-10-1615-3940 Tools, Shop, Garage Equip. | \$ 39,231 | 5.26% |
| 8840-2-0000-10-1615-3970 Communications Equipment | \$ 18,313 | 6.67% |
| 8840-2-0000-10-1615-3980 Miscellaneous Equipment | <u>\$ 31,209</u> | 6.67% |
| Total booked to general ledger | \$3,832,674 | |

The general ledger reflected the unitization out of CWIP into the above accounts on 12/31/2016.

The depreciation rates associated with the training center agree with the depreciation summary provided to the Commission in docket DG 08-009, based on the depreciation study conducted at that time.

Budget

Audit reviewed the 2014 capital budget and noted the line item “Install Training Center” at an estimated cost of \$1,028,100 within the “Improvement” section of the budget. Within the 2015 capital budget, the Center was estimated to cost \$1,400,000 and was listed as part of the Regulatory Programs section of the budget. The 2016 capital budget reflects no estimated costs, but an actual credit of \$270,397. That amount was credited to the Training Center project and debited to the iNATGAS project, due to water line work done that benefited both projects.

Business Cases and Capital Project Expenditure Application

The installation of the Concord Training Center at 10 Broken Bridge Road in Concord, NH was contemplated as a Regulatory Improvement Program within the 2014 capital budget, estimated at \$1,028,100. As noted above, the 2015 capital budget reflected the total Training Center cost at \$1,400,000. The 2016 capital Budget reflected a negative \$270,397 for the Training Center (per Attachment Staff 1-9.1). The Business Case, dated 5/1/2014 recommended that a training center be installed at Broken Bridge in Concord, NH, to provide Liberty with a training center to implement Liberty’s business strategy and transition from National Grid’s training facility. The estimated project cost was \$1,053,100 and was noted as a capital project improvement upgrade. The 2014 estimate was \$1,028,100 with an additional \$25,000 in future years. The source of funds to be used for the project was identified as the 2014 approved capital budget. The signature of S. Szczechura was noted on the first page as the project lead, with C. Brouillard, as the project sponsor. Mr. Brouillard’s signature was noted on the second page as the Director/VP and on the capital project expenditure application page 4 of the business case as the requesting party. Evidence of approvals of the President-LU Central, VP Finance, CFO, CEO signatures was not on the copy provided to Audit. **Audit Issue #4**

Audit was provided with a Project Cost History, beginning in January 2014 through November 2014. The History reflected 25 Change Proposals and seven additions to the overall cost which were not included in the original project estimate received from North Branch Construction. Of the change proposals, five, summing to \$304,202 were the result of beginning the project later in the construction year than anticipated.

Specifically (CP = Change Proposal, CO = Certificate of Occupancy):

| | |
|--|------------------|
| September 2014 | |
| - added winter contingency and trolley hoist allowance | \$ 86,300 |
| CP #5 | |
| - 2" sched 80 sleeve for gas service after base paving vs. before | \$ 1,527 |
| CP#6 | |
| -winter upcharge for pavement plant winter conditions CO March | \$ 11,181 |
| CP #16 | |
| -per Liberty Mgmt fast track schedule for CO 3/31/15 | \$158,627 |
| CP #23 | |
| -winter condition closeout allowance change due to city of Concord | <u>\$ 46,567</u> |
| Increase in costs due to delay in construction start / completion 3/2015 | \$304,202 |

Additional expenses included in the total cost of the training center included safety requirements that exceed code compliance, and adjustments. Specifically:

| | |
|--|-----------------|
| CP13R-added data and power in event of large classes | \$10,549 |
| CP14-red lobby phone as required at Liberty facilities | \$ 514 |
| CP20-roof hatch safety railing not required by code | \$ 1,677 |
| CP22-rubber stair tread grip tape not required by code | \$ 742 |
| CP24-zoning board variance due to sign significantly big | <u>\$15,821</u> |
| Discretionary adjustments | \$29,303 |

Additional items which were not part of the original project estimate:

| | |
|---|------------------|
| Oct 14-testing agency fees | \$ 14,000 |
| Jul 14-architectural fees | \$152,600 |
| Jul 14-civil engineering fees for building/roadwork | \$102,561 |
| Oct 14-security | \$ 58,898 |
| Oct 14-traffic impact fee | \$ 19,015 |
| Oct 14-Concord inspection fee | \$ 33,300 |
| Oct 14-water investment | \$ 2,595 |
| Nov 14-FFE | <u>\$ 23,810</u> |
| Total items not included in original estimate | \$406,779 |

Application for Over Expenditure Request Form

Audit was provided with a copy of an over-expenditure request form, unsigned by M. Knott as the requestor, and no other approvals, requested an increase in costs from the initial budget of \$1,028,100 TO \$2,347,000. The form was not dated. **Audit Issue #4**

Monthly Variance Report

The Company did provided Audit with monthly variance reports, and the annual capital budgets were provided. The Company indicated that the capital expenses are discussed monthly.

Project Close-out Report

The 2016 Project close-out report was provided to Audit and was signed by the Director of Engineering and the Vice President-Operations and Engineering, on 2/21/17 and 2/22/17 respectively. The report indicated that the project was begun on 1/1/2016 and completed 12/31/2016, at a total cost reduction of \$270,397. The reduction represents the amount of the water line transferred to the CNG iNATGAS plant on adjoining property.

The report also noted that an audit of the supporting documentation had been completed, and that all documentation was maintained in an electronic file at the Company.

The report further indicated that the Project manager was GSA, the general contractor was North Branch Construction, and that the firm used to install the water line was Hiltz.

Based on the review conducted, it appears that the cost of the training center should be reduced by the fast track additional expenses of \$304,202 and the safety items which exceed code requirements, \$29,303 or a total of \$333,505. Audit was informed, while onsite in July 2017, that a bond refund in the amount of \$8,000 was received and credited to the CWIP account 1/31/2017. **Audit Issue #5**

Audit requested and was provided with supporting documentation for:

| | | |
|---------------------|---------------------|------------------|
| Labor burden | \$ 11,739.09 | 4/21/2015 |
| Vouchers-Structures | \$2,608,860.09 | 12/2014 – 7/2015 |
| Vouchers-Tools | \$ 12,856.27 | 9/2015 – 6/2016 |
| AFUDC | <u>\$ 23,220.78</u> | 2/2015 – 3/2015 |
| Reviewed | \$2,656,676.23 | |

The Labor burden was verified to the detailed listing of 104 Wennsoft jobs which were allocated the respective percentage of \$20,167, accumulated in WS job 8840-TEMP-CAP-BRD for the month of March 2015. The 104 jobs in the CWIP account at the time reflected total CWIP \$1,148,068. The burden of \$20,166 was spread based on the percentage each of the jobs was in relation to the CWIP total. The Training Center, at that time represented 58% of the CWIP jobs to which the burden job was spread.

The Vouchers-Structures total of \$2,608,860 was verified to specific Contractor Application for Payment requests. Six contractor applications for payment received from North Branch Construction, were properly notarized, signed by the contractor, and initialed by the Liberty representative. Each also reflected a 10% retainage based on the total completed to date for each. The original contract amount was \$2,041,792. Change orders through the course of construction summed to an additional \$758,772 bringing the total contract to \$2,800,564.

One application for payment, in the amount of \$238,325 received from RH White also reflected the contractor signature, notary stamp, and approval by the Liberty engineer. The original contract amount was \$333,375 with change orders summing to \$169,777 for a contract total of \$503,152. Retainage was not reflected on the application for payment.

The Vouchers-Tools total of \$12,856 reviewed by Audit is the sum of two entries. One in the amount of \$6,975 was verified to an invoice from Utilitronics for a Heath DP4 flame ionization unit. The other was a reclassification out of GSE into ENG relating to training equipment which had initially been booked to a GSE work order. The invoices, from irby Electrical Distributor were provided reflecting tools to be used in the training center sessions.

The AFUDC total of \$23,220 was also the sum of two entries. The Company provided Audit with the calculation for the 2/28/2015 \$9,884 allocated to the Training Center. The eligible jobs, amounting to an average monthly balance of \$6,215,211 had the debt portion of AFUDC calculated at an annual rate of 1.99%, monthly 0.166% for a total of \$10,317. The Equity allocation was calculated using an annual rate of 5.32%, monthly 0.4432% for a total of \$27,546. The Training Center job was allocated its percentage based on the CWIP average for the month vs. the total. Specifically, the Training Center at 2/2015 represented 26% of the average eligible jobs.

The second calculation was calculated for 3/31/2015 using the same method. The Training Center at that time represented 30.8% of the work in process jobs to which the AFUDC was applied. Debt was reflected at \$3,634 and Equity at \$9,703.

Refer to testimony filed in this instant rate case, by Steve Mullen, Manager of Rates and Regulatory Affairs at Liberty Utilities, on June 30, 2017. Refer as well to the Commission Staff data requests in this docket.

8840-C18806 CNG Facility/iNATGAS

One job, EN-8840-ENIC0110, was reviewed. The Company indicated that the Compressed Natural Gas station at 20 Broken Bridge Road in Concord, was in the CWIP account at year-end 2016. Documentation provided to Audit indicated that on 5/4/2017,

Keene Accumulated Provision for Uncollectible Accounts

The \$(14,846) noted in account 8843-2-0000-10-1102-1440 was verified to the Keene PUC annual report and is discussed in detail in the Revenue portion of this report.

EnergyNorth Goodwill

Audit reviewed the 12/31/2016 ending balance \$28,151,896 noted in the filing schedule 1604.01(a)(1)bs, general ledger account 8840-2-0000-10-1910-1141, Goodwill. However, as noted in Audit Issue #1, the figure is reflected on the ENG PUC annual report balance sheet on the line for account 116, Utility Plant Adjustment. The detailed general ledger did not reflect any activity for the test year. Audit reviewed the year-end balances for 2014, 2015, and 2016, and each reflected the same dollar. Measurement period adjustments made in 2013 were reviewed during the DE16-383 2015 rate case for Granite State Electric.

Within the PUC annual report, the figure had been presented as part of Miscellaneous Deferred Debits, account 186 in the years 2013 and 2014. In 2015 it was moved to Utility Plant Adjustments, account 116 on the annual report. It was presented on that line for the 2016 report as well. Refer to Audit Issue #2, as the annual report placement and the general ledger account do not agree.

Keene Goodwill

Audit reviewed the 12/31/2016 ending balance of \$67,207 noted in the filing schedule 1604.01(a)(1)bs account 8843-2-0000-10-1910-1141 Goodwill. There was no activity in the account during the test year. Refer to Audit Issue #1 regarding 2015 activity. Refer to Audit Issue #2, as the annual report placement and the general ledger account do not agree.

Audit reviewed the account activity for 2015 and verified the activity to the annual report ending balance of \$67,207. The tax worksheet provided by the Tax Division of Algonquin reflected \$210,355. The \$143,147 difference between the worksheet and the annual report was verified to a year end entry on the general ledger “to record 2015 deferred income tax”. Refer to the Tax portion of this report for additional information.

ENG Prepayments

Audit verified the 12/31/2016 prepayments balance of \$3,752,488 noted in the ENG PUC annual report to the following general ledger accounts:

| | |
|---|--------------------|
| 8840-2-0000-10-1240-1650 Prepaids | \$ 127,015 |
| 8840-2-0000-10-1240-1653 Prepaid Taxes-Municipal Property | <u>\$3,625,473</u> |
| | \$3,752,488 |

Account 8840-2-0000-10-1240-1650, Prepaids, represents prepayments for Telvent, Itron Hardware Maintenance, and Software, Ensyte, Ubisense, ESRI maintenance, Safe Software, Dimension Date, American Gas Association, Cogsdale maintenance accrual, among others. Refer to the Expense portion of this report.

Account 8840-2-0000-10-1240-1653, Prepaid Taxes-Municipal Property, was reviewed by Audit. See the Tax section of this report for more detail.

Keene Prepayments

Prepayments noted within the PUC annual report reflected a total of \$91,715 which was comprised of:

| | |
|---|-----------------|
| 8843-2-0000-10-1240-1650 Prepaids | \$25,582 |
| 8843-2-0000-10-1240-1653 Prepaid Taxes-Mun Property Oth | <u>\$66,133</u> |
| Total Prepayments | \$91,715 |

The Prepaids account represents costs associated with property insurance, general liability insurance, and the NH PUC assessments. Refer to the Expense portion of this report for additional information. Prepaid Property Taxes are discussed in the Tax section of this report.

The filing schedule RR-K-5-1 reflects the five quarterly balances for the Prepaid accounts as \$1,600 for Q4 2015 through Q3 of 2016, with a five quarter average of \$1,600. However, the detailed general ledger reflects the quarterly account balances for Prepaids as:

| | |
|------------|-----------------|
| Q4 2015 | \$31,638 |
| Q1 2016 | \$24,801 |
| Q2 2016 | \$16,065 |
| Q3 2016 | \$11,265 |
| Q4 2016 | <u>\$25,582</u> |
| 5Q average | \$21,870 |

As represented within the RR-K-5-1, the Materials and Supplies agreed with the general ledger.

The Prepaid Municipal Property Tax line within RR-K-5-1 reflects the correct Q4 balance, but the 2016 quarterly figures do not agree with the general ledger. Those figures are:

| | |
|------------|-----------------|
| Q4 2015 | \$50,498 |
| Q1 2016 | \$25,468 |
| Q2 2016 | \$44,467 |
| Q3 2016 | \$14,577 |
| Q4 2016 | <u>\$66,133</u> |
| 5Q average | \$40,229 |

The other invoice reviewed was from a recruitment firm dated October 27, 2015. It was the third installment for the recruitment of the Vice President of Operations. The total invoice was \$16,000 and \$11,200 was allocated to 8840. Audit reviewed the general ledger and did not find any of the other installments booked in 2016. \$11,200 should be removed as the expense was incurred out of the test year. **Audit Issue #18**

8840-2-9820-69-5200-9230 Outside Services – Finance and Admin \$21,331

Audit reviewed an invoice from Liberty Utilities in the amount of \$29,104. The full amount was charged to 8840 with \$25,902 being allocated to 8840-2-9820-69-520-9230. The customer ID on the invoice was 2100ENORTH. Supporting documentation for the charge was included. No exception was noted.

8840-2-9823-69-5200-9230 Outside Services – Legal \$33,050

Audit requested and reviewed three invoices from the Legal Outside Services account. One invoice was for professional services for HR and Benefits. \$4,595 was allocated to 8840 and the total invoice was \$6,564.

Another invoice was for professional legal services relating to the Liberty Consulting audit. The total invoice was \$5,863 and 100% was charged to ENG. This expense is deemed below the line as the recovery of this expense has not been determined. **Audit Issue #16**

The third and final invoice reviewed was for \$525 for the transcript of a hearing on the scope of audit from Docket DG 14-180. The full amount was booked to ENG's Legal services account.

8840-2-9835-69-5200-9230 Outside Services – Energy Procurement \$381,674

Audit selected three invoices to review from 8840-2-9835-69-5200-9230. Two of the invoices were for the same legal firm for professional services.

One invoice in the amount of \$5,822 was 100% charged to ENG as it related to the Liberty Consulting audit. As noted with the above legal invoice, the \$5,822 expense for the audit is below the line. **Audit Issue #16**

The second invoice in the amount of \$18,122 was also expensed 100% to ENG. This invoice related to Pipeline Awareness Network (PLAN) and the Company's agreement with the Tennessee Gas Pipeline.

The third invoice reviewed was from Sussex Economic Advisors for professional services for the Liberty NED Supply Pipeline Capacity Analysis. The total invoice of

\$42,592 was allocated to ENG. This expense is also non-recurring as the pipeline project was cancelled in 2016. **Audit Issue #17**

8840-2-0000-69-5200-9231 Outside Services LU HO Allocations \$1,533,737

Audit reviewed one invoice from Liberty Utilities Canada for the June four factor allocation. The supporting documentation showed the invoice total in CAD and converted to USD. The total USD invoice was \$633,815 and 18.07% was allocated to ENG. \$114,548 was allocated to the Outside Service LU HO Allocations account. No exceptions were noted.

8840-2-0000-69-5200-9232 Outside Services APUC HP Allocations \$756,181

Audit selected one invoice from Algonquin Power & Utilities to review. The invoice totaled \$139,159 and the full amount was booked to the Outside Services APUC HP Allocation account. The invoice stated Customer ID 1050EN and supporting documentation was provided for the charges. No exceptions were noted.

8840-2-0000-69-5615-9302 Miscellaneous General Expenses \$(129,322)

Audit selected and reviewed two invoices from the Miscellaneous General Expense account. One invoice reviewed was for “Thrust (Waste) Block” in the amount of \$2,030. The full amount was booked to ENG.

The other invoice reviewed totaled \$210 for DOT physicals. The full amount was expensed to ENG. No exceptions were noted.

P-Card Expenses

On a monthly basis Liberty receives an invoice from JP Morgan Chase for the purchases made on their P Cards. Liberty keeps a spreadsheet of all charges to reconcile to the invoice. The invoice contains purchases for both ENG and Keene and the expenses are allocated based on the purchaser. Audit received the spreadsheet back up and the invoice from JP Morgan Chase. Audit verified one charge, for each employee, from the invoice to the spreadsheet back up. No exceptions were noted.

Payments Made to Vendors over \$100,000

As part of the filing, 1604.01(a)(17), ENG provided a listing of payments made to vendors over \$100,000. Audit questioned some of the amounts on the filing and ENG sent back a revised listing and filed it in the response to Staff 2-46. Some of the revised payment amounts were significantly different from the original filing. ENG’s response to the revision was as follows:

Audit Issue #5 see page 35

Costs Relating to the Concord Training Center

Background

The Company provided supporting documentation relating to the total cost of the Concord Training Center, \$3,832,674.

Issue

The Company incurred the following costs which should reduce the contemplated recovery of the construction:

| | |
|---|-----------------|
| Fast track to obtain certificate of occupancy | \$304,202 |
| Safety measures above code requirements | \$ 29,303 |
| Apply the bond refund | <u>\$ 8,000</u> |
| Total reduction | \$341,505 |

Recommendation

Audit recommends that the contemplated cost of the Concord Training Center be reduced from the original \$3,832,674 to \$3,491,169. It is understood that within this docket, the parties are reviewing the Training Center.

Company Response

First, it is necessary to properly characterize the \$304,202. On page 34 of this report, the costs are collectively described as being incurred as "...the result of beginning the project later in the construction year than anticipated." At no point was the Company asked why the construction began later in the construction year than originally planned.

Regardless of the delay, recommendations of reductions to the project costs for "winter conditions" ignore the reality of construction conditions experienced during the winter months, particularly during the winter of 2014-2015. It is incorrect to group those costs as "fast track" costs along with the \$158,627 that was specifically for the purpose of accelerating the construction schedule. The winter conditions that were experienced were part of the reason the construction was behind schedule, but were not related to the accelerated schedule at the very end of the construction activity. The Company will remove the \$158,627 from rate base for the rate case filing, but the other costs included in the \$304,202 are normal costs prudently incurred as part of winter building construction (enclosing the building, temporary heat source, etc.) in New Hampshire and would not be appropriate to remove from the total project costs.

As detailed on page 34 of this report, the \$29,303 identified above as “safety measures above code requirements” comprises five items, none of which the Company agrees should be removed from the cost of the project. Addressing each of those items individually:

- \$10,549 for added data and power in event of large classes – This expenditure was necessary to address the poor wireless signal available at the Training Center. The original plan was to use wireless service for classes; however, it became necessary to install additional cabling and power to address the poor signal quality and allow for a more efficient use of the building, particularly during times of heavy attendance. Not doing so would have resulted in inefficient use of the building.
- \$ 514 for a red lobby phone – Liberty installs these landline phones in its facilities for safety and security contingency purposes in the event of power outages, phone system outages or unavailability of cellular service. Having these landline phones allows for contacting emergency services when necessary.
- \$1,677 for a roof hatch safety railing – The write-up by the Audit Staff states that this item was not required by code and that is apparently the basis for recommending removing the costs from the filing. Whether or not the safety railing is required by code is really irrelevant. Safety of the Company’s workers and contractors is of primary importance and investing just under \$1,700 for a safety enhancement protects against unnecessary injuries and the related costs of those injuries, not to mention the resulting increase in insurance rates, which would certainly be significantly higher than \$1,700. In the event of such an unnecessary injury, it is virtually certain that the Company would be deemed imprudent by Staff for not installing such an inexpensive precautionary measure.
- \$742 for rubber stair grip tape – the disagreement with this item is identical to the reasoning with respect to the roof hatch safety railing.
- \$15,821 sign variance, the Company is still researching this issue.

Finally, regarding the \$8,000 bond refund, as it was received in 2017, it would not be appropriate to reduce the December 31, 2106 year-end rate base by that amount because the refund had not been received as of that date. However, the Company is willing to consider including the \$8,000 bond refund as a reduction to its proposed step adjustment for 2017 capital investments.

Audit Comment

Audit appreciates the Company’s response, and restates the conclusion reached in the Recommendation.

**Audit Issue #17 see pages below
Non-Recurring**

Background

Audit reviewed, in detail, the general ledger transactions for all of the EnergyNorth’s expense accounts.

Issue

| | | |
|--|----------|-----------------|
| Audit recommends that the following expenses be deemed non-recurring | | |
| 8840-2-9810-69-5130-9210 Office Supplies – HR pg 97 | | \$ 2,800 |
| 8840-2-9820-69-5130-9210 Office Supplies –Finance and Admin pg 97 | | \$ 3,548 |
| 8840-2-9860-69-5130-9210 Office Supplies – Executive pg 97 | | \$15,611 |
| 8840-2-9835-69-5200-9230 Outside Services – Energy Procur pg 102 | | <u>\$42,592</u> |
| ENG Non-recurring | | \$64,551 |
| Keene Non-recurring | | |
| 8843-2-0000-51-5436-8740 Mains & Service Expense | page 104 | \$2,873 |

Recommendation

Audit recommends that the filing be reduced by the total of the above entries, \$64,551 for ENG and \$2,873 for Keene.

Company Comment

The Company agrees that the first three items and the item for Keene are non-recurring in nature and will remove them from the rate case filing.

The \$42,592 paid to a consultant for a proceeding that was before the Commission during the test year is a normal business expense incurred by a utility. Each year, the Company will have different cases pending before the Commission, and due to their technical nature or other requirements, will necessitate the use of consultants to thoroughly research and prepare the respective filings as well as respond to discovery requests. The fact that the pipeline project that was the subject of the proceeding was ultimately cancelled by the project sponsor has absolutely no bearing on whether the costs should be considered recurring or non-recurring. Consultant costs are a normal and recurring cost for a regulated utility, whether the costs are incurred directly by the Company or are charged to the Company by a consultant hired by the Commission.

Audit Comment

Audit agrees that certain consultants will be hired by the Company on a regular basis. However, given the cost and the basis, this particular consultant expense should be considered non-recurring.

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

Date Request Received: 10/4/17
Request No. Staff 8-31

Date of Response: 10/18/17
Respondent: Noreen Canney

REQUEST:

EnergyNorth Materials and Supplies: Reference Attachment DBS/DSD-2, Schedule RR-EN-5-1. Please supply the monthly amounts of M&S from October 2015 through December 2016.

RESPONSE:

Please see Attachment Staff 8-31 for the monthly amounts, as requested.

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Technical Session Set 3

Date Request Received: 11/3/17
Request No. Staff Tech 3-8

Date of Response: 11/15/17
Respondent: David Simek
Steven Mullen

REQUEST:

Reference Company's response to Staff 8-31:

- a) Please justify and explain the inclusion of the following three inventory accounts within the Materials and Supplies component of the Company's rate base for purposes of determining Distribution Rates.
 - i. Gas Stored Underground
 - ii. Fuel Stock – Propane
 - iii. UG Storage – LNG
- b) If the above account descriptions do not accurately reflect the inventory items represented by such, please indicate the appropriate inventory items which are represented by these accounts.

RESPONSE:

- a) The rationale for including these three inventory accounts within the Material and Supplies component of the Company's rate base is that there is no other mechanism for the Company to receive a return on the average balance of these three inventory accounts. The inclusion of these three inventory accounts in the Materials and Supplies component of the Company's rate base is consistent with the Company's last distribution rate case, Docket No. DG 14-180.
- b) The Gas Stored Underground account is for EnergyNorth gas stored underground by Tennessee Gas Pipeline Company. The Fuel Stock - Propane account accurately reflects that inventory item. The UG Storage – LNG account accurately reflects stored LNG, although the LNG is stored above ground.

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

Date Request Received: 10/4/17
Request No. Staff 8-15

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

REQUEST:

Reference Company's response to Staff Tech 1-19, Attachment Staff Tech 1-19:

- a) With regard to Pages 2 – 7 of Attachment Staff Tech 1-19, and for each column containing amounts, please provide a brief explanation with regard to how each of the column amounts was derived.
- b) With regard to the 20 open positions contained within Pages 2 – 7 and summarized on Page 8, please indicate whether these are current open positions, open positions as of 12/31/16, or other. Please explain.
- c) Depending on the Company's response to (b), please identify:
 - i. All open positions as of 12/31/16.
 - ii. All current open positions.
 - iii. All positions which became vacant during 2017.
 - iv. All newly created positions during 2017.
- d) Please explain and justify why the Payroll Tax Expense amounts included in Attachment DBS/DSD-2, Schedule RR-EN-3-3 of the Company's response to Staff Tech 1-1 do not correspond with the Payroll Tax Expense amounts calculated in Attachment Staff Tech 1-19.

RESPONSE:

- a) The data provided in Attachment Staff Tech 1-19 was derived from our Payroll System, PeoplePower, and allocations were based on historical data updated for known and measurable changes. The list below provides an explanation for each column:
 - Regular Salary – Salary data was taken from PeoplePower.
 - Incentive – Incentive data was based on a percentage of salary at target award.
 - OT/Premium – Data was based on historical data and updated for known and measurable changes.
 - Total Salary – This is the sum of regular salary, incentive, and OT/Premium amounts.

Docket No. DG 17-048 Request No. Staff 8-15

- To GSE – Percentage of time allocated to Granite State Electric was based on historical data updated for known and measurable changes.
 - To EN – Percentage of time allocated to EnergyNorth was based on historical data updated for known and measurable changes.
 - To Affiliates – Percentage of time allocated to Affiliates was based on historical data updated for known and measurable changes.
 - To EN Opex – This amount is based on historical data and updated for known and measurable changes.
 - Health Care – This amount is based on historical data and updated for known and measurable changes.
 - Payroll Taxes – This amount is based on historical data and updated for known and measurable changes.
 - To EN2 – This amount equals the payroll tax amount multiplied by the allocation of labor to EnergyNorth.
 - To EN Opex2 – This amount equals the payroll tax amount multiplied by the allocation of labor to EnergyNorth Opex.
 - 401K – This amount is based on historical data and updated for known and measurable changes.
 - To EN3 – This amount equals the healthcare and 401K multiplied by the allocation of labor to EnergyNorth.
 - To EN Opex3 – This amount equals the healthcare and 401K amounts multiplied by the allocation of labor to EnergyNorth Opex.
- b) This information is provided in an attachment to Staff 8-14. Please see Attachment Staff 8-14.b.
- c) Please see Attachment Staff 8-15.c.
- d) Please see the response to Staff 5-21, which explains the composite approach used to calculate payroll taxes in Attachment DBS/DSD-2, Schedule RR-EN-3-3 of the Company's response to Staff Tech 1-1. The amounts calculated in Attachment Staff Tech 1-19 were performed on an individual employee basis.

i. Open positions referenced in Staff Tech 1-19

| Position | Explanation |
|---|------------------------------|
| 1 Billing Representative | Backfill Position |
| 2 Collection Representative | Backfill Position |
| 3 Customer Service Representative | Current Open Position |
| 4 Customer Service Representative | Backfill Position |
| 5 Customer Service Representative | Backfill Position |
| 6 Customer Service Representative | Backfill Position |
| 7 Sr. Financial Analyst, Revenue Requirements | Current Open Position |
| 8 Finance Manager | Current Open Position |
| 9 Plant Accountant - Electric | New Position |
| 10 Accounts Payable Coordinator | Current Open Position |
| 11 Manager Government Relations | New Position |
| 12 Director Human Resources | Backfill Position |
| 13 Distribution Design Engineer - Electric | New Position |
| 14 Electric Engineer | New Position |
| 15 Meter Service Technician | Backfill Position |
| 16 Meter Service Representative | Backfill Position |
| 17 Training Coordinator - Electric | New Position |
| 18 Operations Coordinator - Electric | Backfill Position |
| 19 Regulatory Analyst | Open Position as of 12/31/16 |
| 20 Regulatory Analyst | Open Position as of 12/31/16 |

ii. All current open positions

| Position |
|---|
| 1 Customer Service Representative |
| 2 Sr. Financial Analyst, Revenue Requirements |
| 3 Finance Manager |
| 4 Accounts Payable Coordinator |
| 5 Regulatory Analyst |
| 6 Regulatory Analyst |

iii. All positions which became vacant during 2017

| Position |
|---|
| 1 Electric Service Rep |
| 2 Director, Electric Operations |
| 3 Director, Engineering |
| 4 Technician A |
| 5 Supervisor, Gas Field Operations Construction and Maintenance |
| 6 Senior Billing Representative |
| 7 Lineworker 1/C |
| 8 Representative, Customer Service |
| 9 Operations Coordinator |
| 10 Senior Billing Representative |
| 11 Utility Technician B |
| 12 Analyst, Collections |
| 13 Customer Billing and Support Analyst |
| 14 Senior Representative Customer Service |
| 15 Representative, Customer Service |
| 16 Representative, Customer Service |

- 17 Senior Representative Customer Service
- 18 Representative, Customer Service
- 19 Representative, Customer Service
- 20 Representative, Customer Service
- 21 Representative, Customer Service
- 22 Representative, Customer Service
- 23 Representative, Customer Service
- 24 Representative, Customer Service

iv. All newly created positions during 2017

Position

- 1 SCADA Specialist
- 2 Senior Analyst, Revenue Requirements
- 3 Senior Manager, Energy Efficiency
- 4 Supervisor, Resource Planning
- 5 Technical Trainer- Gas
- 6 Technician A - Field Operations (Construction Crew)
- 7 Technician C - Field Operations (Construction Crew)
- 8 Business Development Professional
- 9 GIS Specialist
- 10 Maintenance Technician
- 11 Manager, Finance
- 12 Manager, Government Relations

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Technical Session Set 3

Date Request Received: 11/3/17
Request No. Staff Tech 3-13

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

REQUEST:

Reference Company's response to Staff 8-15 and Attachment DBS/DSD-3, Schedule RR-EN-3-2.

- a) The response indicates that there were an additional 24 positions that became vacant during 2017. The Company's revenue requirements filed with its Application indicated that there were 33 vacant positions. Please provide the positions that were vacant at the beginning of the test year (January 1, 2016).
- b) Please provide ENNG's employee headcount and current number of open positions, as of 11/1/17.

RESPONSE:

- a) Please see Attachment Staff Tech 3-13.a.
- b) Please see Attachment Staff Tech 3-13.b.

Docket No. DG 17-048
Attachment Staff Tech 3-13.a

Vacancies on January 1, 2016

Manager, EHS

Customer Service Rep

Supervisor, Customer Metering Services

Docket No. DG 17-048
Attachment Staff Tech 3-13.b

| Department | Headcount |
|--|------------------|
| Billing/Collections | 23 |
| Customer Care | 4 |
| Customer Service | 33 |
| Energy Procurement | 10 |
| Environmental, Health & Safety | 3 |
| Executive | 7 |
| Finance | 6 |
| General Accounting | 13 |
| Government Affairs | 1 |
| Human Resources | 4 |
| Legal | 2 |
| Meter Data Services | 3 |
| Operations-Compliance & Emergency Planning | 1 |
| Operations-Engineering | 21 |
| Operations-Gas | 2 |
| Operations-Gas-CMS | 49 |
| Operations-Gas-Construction | 5 |
| Operations-Gas-Field Operations | 52 |
| Operations-Production/Dispatch/Control | 37 |
| Operations-Resource Planning | 10 |
| Procurement | 8 |
| Regulatory | 7 |
| Sales & Marketing | 9 |
| Grand Total | 310 |

Vacancies as of 11/01/2017

Position

Customer Service Representative
Customer Service Representative
Customer Service Representative
Finance Manager

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests - Set 5

Date Request Received: 7/27/17
Request No. Staff 5-15

Date of Response: 8/10/17
Respondent: Lori Oliveira

REQUEST:

Salaries and Wages: Reference Direct Testimony of David Simek and Daniel Dan, pages 10-11.

- a. For 2014, 2015, and 2016, please provide the average wage increase for each department
- b. What was the 2017 budgeted wage increase for each department?
- c. Please provide the documentation showing that the increase has been approved and is known and measureable.

RESPONSE:

- a. The following departments listed in Schedule RR-EN-3-4 have both union and non-union employees:
 - Operations-Engineering
 - Operations-Gas Production
 - Operations-Gas-Field Operations
 - Billing/Collections
 - Customer Service

For 2014, 2015, and 2016 the average wage increase was 3% for non-union employees and 2.6% for union employees.

The following department only has union employees:

- Operations-Gas-CMS

For 2014, 2015, and 2016 average wage increase 2.6%.

All other departments listed in Schedule RR-EN-3-4 have only non-union employees. For 2014, 2015, and 2016 average wage increase 3%.

- b. The 2017 budgeted wage increase for non-union employees was 3%.
The 2017 budgeted wage increase for union employees was 2.6%.
- c. Below is a copy of the communication emailed to all employees on February 13, 2017, for this year's merit:

Docket No. DG 17-048 Request No. Staff 5-15

Subject: Please Read | Important Information Regarding Merit Increases

This notice is to inform you that merit increases based on 2016 performance will be effective February 19, 2017 and will appear on your March 10, 2017 pay stub.

We have eliminated the practice of retroactive payment to January 1st, in order to align us with the external market and to align our practice across the enterprise to one common merit increase date.

To assist with the transition of the new effective date and, therefore, the elimination of retroactive payments, we will be providing a onetime 1% lump sum payment to all employees receiving a 2017 merit increase. The 1% increase will be calculated based on your December 31, 2016 salary. This lump sum payment will be paid to you on March 10, 2017, along with your merit increase, under the pay code 'Other'.

Going forward, merit increases will be paid the first paycheck of March of each year.

[NH Communication | Liberty Utilities](#)
E: SMNHCommunication@libertyutilities.com
15 Buttrick Road, Londonderry, New Hampshire 03053

Union employee increases are contractual and are outlined in the collective bargaining agreements.

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

Date Request Received: 10/4/17
Request No. Staff 8-26

Date of Response: 10/18/17
Respondent: Lori Oliveira

REQUEST:

Performance Share Unit Plan and Balanced Scorecard: Reference Staff Tech 1-3 and Puc 1604.01(a) (15) incentive plans: Please provide the PSU Award – Program Outline for 2016 and 2017. Please provide the PSU performance targets for each area and their weighting that must be met prior to award of any incentive compensation for 2015, 2016, and 2017.

RESPONSE:

Please refer to Attachment Staff 8-26.1 for the PSU Award Program Outline applicable as of June 8, 2017, and Attachment Staff 8-26.2 for the PSU Award Outline applicable through June 8, 2017.

Please refer to Attachment Staff 8-26.3 for PSU performance targets for each area and their weighting that must be met prior to award of any incentive compensation for 2015, 2016, and 2017.

June 8, 2017 FINAL

**Performance and Restricted Share Unit Plan
for Employees of Algonquin Power & Utilities Corp.
and its Participating Affiliates**

Adopted with effect from January 1, 2011, as amended March 6, 2014 and June 8, 2017

1. PREAMBLE AND DEFINITIONS

1.1 Title and Conflict.

The Plan described in this document shall be called the “**Performance and Restricted Share Unit Plan for Employees of Algonquin Power & Utilities Corp. and its Participating Affiliates**”.

In the event of any conflict or inconsistency between the Plan described in this document and the Award Agreement (as defined below), the terms and conditions of the Award Agreement shall prevail.

The Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario.

1.2 Purpose of the Plan.

The purposes of the Plan are:

- (i) to promote a significant alignment between employees of the Corporation and the participating Affiliates and the growth objectives of the Corporation and the participating Affiliates;
- (ii) to associate a portion of participating employees’ compensation with the performance of the Corporation and its participating Affiliates over the long term; and
- (iii) to attract and retain the critical employees to drive the business success of the Corporation and its participating Affiliates.

1.3 Definitions.

1.3.1 “**Account**” has the meaning set out in Section 5.1.

1.3.2 “**Affiliate**” means any corporation, partnership or other entity (i) in which the Corporation, directly or indirectly, has majority ownership interest or (ii) which the Corporation controls. For the purposes of this definition, the Corporation is deemed to “**control**” such corporation, partnership or other entity if the Corporation possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise.

1.3.3 “**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities and tax legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules.

- 2 -

- 1.3.4 **“Award Agreement”** means the written or electronic agreement between the Corporation and a Participant under which the terms of an award are established, as contemplated by Section 4.1, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.
- 1.3.5 **“Award Date”** means the effective date of a grant of PSUs or RSUs, as applicable, to a Participant as stated in the applicable Award Agreement.
- 1.3.6 **“Award PSUs”** means the number of PSUs awarded to a Participant in respect of a Performance Period and as stated in the applicable Award Agreement.
- 1.3.7 **“Award RSUs”** means the number of RSUs awarded to a Participant as stated in the applicable Award Agreement.
- 1.3.8 **“Award Value”** means the value, in dollars, of an award made to a Participant and as stated in the applicable Award Agreement, which is provided under the Plan in the form of PSUs or RSUs, as the case may be.
- 1.3.9 **“Board”** means the Board of Directors of the Corporation.
- 1.3.10 **“Change in Control”** shall be deemed to have occurred for purposes of this Plan if:
- (i) there is any change in the holding, directly or indirectly, of securities of the Corporation (or the participating Affiliate by which the applicable Participant is employed) or of any voting rights attached to any securities of the Corporation (or the participating Affiliate by which the applicable Participant is employed), as a result of which any corporation or other person, or a group of corporations or persons acting in concert, or corporations or persons associated with or affiliated with any such corporation, person or group within the meaning of the *Securities Act* (Ontario), would be entitled to cast 50% or more of the votes attached to all shares of the Corporation (or the participating Affiliate by which the applicable Participant is employed) that may be cast to elect directors of the Corporation (or the participating Affiliate by which the applicable Participant is employed), other than a transaction in which holders of the voting shares of the Corporation, or of an Affiliate, as applicable, prior to such transaction continue to control more than fifty percent (50%) of the Corporation’s or Affiliate’s voting power through a new ownership structure on completion of the transaction and provided that, for greater certainty, a Change in Control shall not include any transaction to which the parties consist only of the Corporation and its Affiliates;

- 3 -

- (ii) Incumbent Directors cease to constitute a majority of the Board of the Corporation (for the purposes of this paragraph, an “**Incumbent Director**” shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of the Corporation); or
 - (iii) the Board adopts a resolution to the effect that, for the purposes of this Plan, a Change in Control of the Corporation (or the participating Affiliate by which the applicable Participant is employed) has occurred, or that such a Change in Control is imminent, in which case, the date of the Change in Control shall be deemed to be the date specified in such resolution, provided that the Change in Control actually occurs.
- 1.3.11 “**Change in Control Price**” means the per Share consideration paid in conjunction with any transaction resulting in a Change in Control (or, if the Board so determines, the cash value of such consideration as determined in good faith by the Board if any part of the consideration is payable other than in cash) or in the event a Change in Control is determined by the Board to arise in connection with an asset sale, the per Share consideration paid for the assets sold pursuant to such Change in Control (or, if the Board so determines, the cash value of such consideration as determined in good faith by the Board if any part of the consideration is payable other than in cash), net of any transaction expenses incurred in connection with such Change in Control to the extent not otherwise reflected in the per Share consideration (or cash value of such consideration as the case may be), plus or minus the residual assets and liabilities of the Corporation, each as determined by the Board in good faith on a per Share basis
- 1.3.12 “**Committee**” means, in relation to Awards to Participants other than members of the Senior Management Committee, the Senior Management Committee and, in relation to Awards to any member of the Senior Management Committee, the Board or such committee of the Board which may be designated by the Board as the “Committee” with respect to such Awards.
- 1.3.13 “**Corporation**” means Algonquin Power & Utilities Corp. and any successor corporation, whether by amalgamation, merger or otherwise.
- 1.3.14 “**Disability**” means a physical or mental incapacity of the Participant that has prevented the Participant from performing the duties customarily assigned to the Participant for one hundred and eighty (180) calendar days, whether or not consecutive, out of any twelve (12) consecutive months and that in the opinion of the Corporation, acting on the basis of advice

- 4 -

from a duly qualified medical practitioner, is likely to continue to a similar degree.

- 1.3.15 **“Dividend Equivalent Units”** has the meaning set out in Section 5.2.
- 1.3.16 **“Insider”** has the meaning ascribed to this term for the purposes of the Stock Exchange rules relating to Securities-Based Compensation Arrangements.
- 1.3.17 **“Market Value”** at any date in respect of the Shares means, subject to Section 1.3.11, the volume weighted average trading price of such Shares on the Toronto Stock Exchange (or, if such Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange in Canada on which such Shares are listed and posted for trading as may be selected for such purpose by the Committee) for the five (5) consecutive trading days immediately preceding such date, provided that in the event that such Shares did not trade on any of such trading days, the Market Value shall be the average of the bid and ask prices in respect of such Shares at the close of trading on all of such trading days and provided that in the event that such Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Shares as determined by the Committee in its sole discretion.
- 1.3.18 **“Participant”** means such executive or other employee of the Corporation or any Affiliate as the Committee may designate to receive a grant of PSUs or RSUs under the Plan pursuant to an Award Agreement.
- 1.3.19 **“Performance Adjustment Factor”** means the performance adjustment factor (either upwards or downwards) calculated following the end of the Performance Period in accordance with the Award Agreement.
- 1.3.20 **“Performance Criteria”** means, in respect of a grant of a PSU, such financial and/or personal performance criteria as may be determined by the Committee in respect of a grant of PSUs to any Employee or Employees and set out in an Award Agreement. Performance Criteria may apply to the Corporation, an Affiliate, the Corporation and its Affiliates as a whole, a business unit of the Corporation or group comprised of the Corporation and one or more Affiliates, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified Performance Period, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparator group.
- 1.3.21 **“Performance Period”** means, in respect of a grant of a PSU, the particular designated time period(s) in respect of which the Performance Criteria are assessed and determined to be satisfied by the Committee in

- 5 -

order for such PSU to become a Vested PSU as set forth in the Award Agreement applicable to such grant.

- 1.3.22 **“Period of Absence”** means, with respect to a Participant, a period of time that lasts for at least ninety (90) days throughout which the Participant is on a leave of absence from the Corporation or an Affiliate that has been approved by the Corporation or Affiliate, as applicable, a Statutory Leave, or is experiencing a Disability.
- 1.3.23 **“Plan”** means this Performance and Restricted Share Unit Plan for Employees of Algonquin Power & Utilities Corp. and its Participating Affiliates, including any schedules or appendices hereto, as such may be amended from time to time and as attached to an Award Agreement.
- 1.3.24 **“PSU Balance”** in respect of any particular date means the number of PSUs recorded in a Participant’s Account in respect of a particular Performance Period, which shall include the PSU Award plus all Dividend Equivalent Units in respect of such PSUs.
- 1.3.25 **“PSU”** means a unit granted to a Participant that is represented by a bookkeeping entry on the books of the Corporation, the value of which on any particular date shall be equal to the Market Value and which generally becomes Vested, if at all, subject to the attainment of certain Performance Criteria and satisfaction of such other conditions to Vesting, if any, as may be determined by the Committee.
- 1.3.26 **“RSU”** means a unit granted to a Participant that is represented by a bookkeeping entry on the books of the Corporation, the value of which on any particular date shall be equal to the Market Value and which generally becomes Vested, if at all, following a period of continuous employment of the Participant with the Corporation or an Affiliate.
- 1.3.27 **“RSU Balance”** in respect of any particular date means the number of RSUs recorded in a Participant’s Account in respect of a particular Vesting Period, which shall include the RSU Award plus all Dividend Equivalent Units in respect of such RSUs.
- 1.3.28 **“Securities-Based Compensation Arrangement”** means a stock option, stock option plan, employee stock purchase or ownership plan or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance, from treasury, of Shares or other securities of the Corporation to employees, insiders or service providers, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise.
- 1.3.29 **“Senior Management Committee”** means the Chief Executive Officer of the Corporation with the input of the Chief Financial Officer of the

- 6 -

Corporation and the President of the Corporation or, in relation to an Award to a Participant employed by a participating Affiliate, the President of such Affiliate, or such other committee or individuals which may be appointed by the Chief Executive Officer of the Corporation to, among other things, interpret, administer and implement the Plan in relation to Awards to Participants other than the members of the Senior Management Committee.

- 1.3.30 **“Share”** means a common share of the Corporation and such other share as may be substituted for it as a result of amendments to the articles of the Corporation, arrangement, reorganization or otherwise, including any rights that form a part of the common share or substituted share.
- 1.3.31 **“Statutory Leave”** means, with respect to a Participant, a period of time throughout which the Participant is on a leave of absence to which he or she is entitled under applicable legislation and following which he or she has the right, pursuant to such legislation, to return to active employment with the Corporation or an Affiliate.
- 1.3.32 **“Stock Exchange”** means the Toronto Stock Exchange, or if the Shares are not listed on the Toronto Stock Exchange, such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market.
- 1.3.33 **“Stock Exchange Rules”** means the applicable rules of the Stock Exchange.
- 1.3.34 **“Successor Entity”** shall have the meaning set out in Section 7.8.1(iii).
- 1.3.35 **“Vested”** means the applicable conditions for payment or other settlement in relation to a whole number, or a percentage (which may be more or less than 100%) of the number of Award PSUs or Award RSUs determined by the Committee, (i) have been met; or (ii) have been waived or deemed to be met pursuant to the terms of the Plan or the applicable Award Agreement, and **“Vest”** or **“Vesting”** have a corresponding meaning
- 1.3.36 **“Vesting Date”** means, with respect to a PSU or RSU, the date on which the applicable conditions for payment or other settlement of such PSU or RSU are met, deemed to have been met or waived as contemplated in Section 1.3.35.

2. CONSTRUCTION AND INTERPRETATION

- 2.1 **Gender, Singular, Plural.** In the Plan, references to the masculine include the feminine; and references to the singular shall include the plural and vice versa, as the context shall require.

- 7 -

- 2.2 **Governing Law.** The Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of Ontario.
- 2.3 **Severability.** If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.
- 2.4 **Headings, Sections.** Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

3. EFFECTIVE DATE AND EMPLOYMENT RIGHTS

- 3.1 **Effective Date.** The Corporation established the Plan effective January 1, 2011. The Plan was subsequently amended and restated effective March 6, 2014, and is further amended and restated as set forth herein effective June 8, 2017.
- 3.2 **No Employment Rights.** Nothing contained in the Plan shall be deemed to give any person the right to be retained as an employee of the Corporation or of an Affiliate. For greater certainty, except as expressly required by applicable employment standards legislation, a period of notice, if any, or payment in lieu thereof, upon termination of employment, wrongful or otherwise, shall not be considered as extending the period of employment for the purposes of the Plan.

4. PSU AND RSU GRANTS AND PERFORMANCE PERIODS

- 4.1 **Awards of PSUs and RSUs.** The Plan shall be administered by the Committee.

The Committee shall have the authority in its sole and absolute discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan subject to and not inconsistent with the express provisions of this Plan, including, without limitation, the authority to:

- 4.1.1 determine the Award Value for each award under an Award Agreement;
- 4.1.2 make grants of PSUs and RSUs in respect of any award under an Award Agreement;
- 4.1.3 determine the Award Date for grants of PSUs and RSUs, if not the date on which the Committee determines to make such grants under an Award Agreement;

- 8 -

- 4.1.4 determine the Participants to whom, and the time or times at which, awards shall be made and PSUs and RSUs shall be granted under an Award Agreement;
- 4.1.5 approve or authorize the applicable form and terms of the related Award Agreements;
- 4.1.6 determine the terms and conditions of awards, and grants of PSUs and RSUs in respect thereof, to any Participant, including, without limitation the following, (A) the number of PSUs and RSUs to be granted; (B) the Performance Period(s) applicable to PSUs; (C) the Performance Criteria applicable to PSUs and any other conditions to the Vesting of any PSUs and RSUs granted hereunder; (D) the conditions, if any, upon which Vesting of any PSUs or RSUs will be waived or accelerated without any further action by the Committee; (E) the extent to which the Performance Criteria must be achieved in order for any PSUs to become Vested PSUs and the multiplier, if any, that will be applied to determine the number of PSUs that become Vested PSUs having regard to the achievement of the Performance Criteria; (F) the circumstances in which a PSU or RSU shall be forfeited, cancelled or expire; (G) the consequences of a termination of employment with respect to a PSU or RSU; (H) the manner of settlement of Vested PSUs and Vested RSUs, including whether particular Vested PSUs or Vested RSUs will be settled in cash, Shares issued from treasury or Shares bought on the open market; and (I) whether and the terms upon which any Shares delivered upon settlement of a PSU or RSU must continue to be held by a Participant for any specified period;
- 4.1.7 determine whether and the extent to which any Performance Criteria applicable to the Vesting of a PSU or other conditions applicable to the Vesting of a PSU or RSU have been satisfied or shall be waived or modified;
- 4.1.8 amend the terms of any outstanding Award Agreement provided, however, that no such amendment, shall be made at any time to the extent such action would materially adversely affect the existing rights of a Participant with respect to any then outstanding PSU or RSU related to such Award Agreement without his or her consent in writing and provided further, however, that the Committee may amend the terms of an Award Agreement without the consent of the Participant if complying with Applicable Law;
- 4.1.9 determine whether, and the extent to which, adjustments shall be made pursuant to Section 5.3 and the terms of any such adjustments;
- 4.1.10 interpret the Plan and Award Agreements;

- 9 -

- 4.1.11 prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and Award Agreements;
- 4.1.12 determine the terms and provisions of Award Agreements (which need not be identical) entered into in respect of awards hereunder; and
- 4.1.13 make all other determinations deemed necessary or advisable for the administration of the Plan.

4.2 **Eligibility and Award Determination.**

- 4.2.1 In determining the Participants to whom awards may be made and the Award Value (and accordingly the number of PSUs and RSUs to be granted) for each award (subject, in the case of PSUs, to adjustment based on achievement of Performance Criteria), the Committee may take into account such factors as it shall determine in its sole and absolute discretion.
- 4.2.2 The PSUs granted to a Participant for a Performance Period shall be determined by dividing the Award Value determined for the Participant for such Performance Period by the Market Value as at the end of the calendar quarter immediately preceding the Award Date, rounded down to the next whole number.
- 4.2.3 The RSUs granted to a Participant shall be determined by dividing the Award Value of an award to be provided to the Participant in the form of RSUs by the Market Value as at the end of the calendar quarter immediately preceding the Award Date, rounded down to the next whole number.
- 4.2.4 For greater certainty and without limiting the discretion conferred on the Committee pursuant to this Section, the Committee's decision to approve a grant of PSUs in any Performance Period, or any grant of RSUs shall not entitle any Participant to an award of PSUs in respect of any other Performance Period or any future grant of RSUs; nor shall the Committee's decision with respect to the size or terms and conditions of an award require it to approve an award of the same or similar size or with the same or similar terms and conditions to any Participant at any other time. No Participant has any claim or right to receive an award or any PSUs or RSUs.
- 4.2.5 An Award Agreement shall set forth, among other things, the following: the Award Date of the award evidenced thereby; the number of PSUs or RSUs, as applicable, granted in respect of such award; the Performance Criteria applicable to PSUs and any other conditions to the Vesting of the PSUs or RSUs, as applicable; in the case of PSUs, the applicable

- 10 -

Performance Period; and may specify such other terms and conditions as the Committee shall determine or as shall be required under any other provision of the Plan. The Committee may include in an Award Agreement terms or conditions pertaining to confidentiality of information relating to the Corporation's operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting of PSUs or RSUs.

- 4.3 **PSUs and RSUs.** Each whole PSU and RSU will give a Participant the right to receive either a Share or a cash payment as determined by the Committee, in an amount determined in accordance with the terms of the Plan and the applicable Award Agreement. For greater certainty, a Participant shall have no right to receive Shares or a cash payment with respect to any PSUs or RSUs that do not become Vested PSUs or RSUs, as the case may be, under Article 7.
- 4.4 **Clawback.** Notwithstanding anything in the Plan to the contrary, but subject to the terms of any Award Agreement or any written employment agreement between the Participant and the Corporation or any Affiliate, all PSUs and RSUs granted under the Plan, any Shares issued or payments made under the Plan and any gains realized upon settlement of a PSU or an RSU shall be subject to clawback or recoupment as permitted or mandated by Applicable Law or any policy as enacted, adopted or modified from time to time by the Corporation or an Affiliate.

5. ACCOUNTS, DIVIDEND EQUIVALENTS AND REORGANIZATION

- 5.1 **Account.** An account ("**Account**") shall be maintained by the Corporation for each award made to each Participant pursuant to an Award Agreement and which will be credited with an opening balance equal to the Award PSUs and/or Award RSUs granted pursuant to such Award Agreement. PSUs or RSUs that fail to vest pursuant to Article 7, or that are paid out to the Participant or his legal representative, shall be cancelled and shall cease to be recorded in the Participant's Account as of the date on which such PSUs or RSUs, as applicable, are forfeited or cancelled under the Plan or are paid out, as the case may be.
- 5.2 **Dividend Equivalent Units.** Whenever cash dividends are paid on the Shares during the period from the Award Date under the Award Agreement to the date of settlement of the PSUs or RSUs granted thereunder, additional PSUs or RSUs, as applicable, will be credited to the Participant's Account in accordance with this Section 5.2 ("**Dividend Equivalent Units**"). The number of such additional PSUs or RSUs to be credited to the Participant's Account in respect of any particular dividend paid on the Shares will be calculated by dividing (i) the amount of the cash dividend that would have been paid to the Participant if each of the PSUs and RSUs recorded in the Participant's Account as at the record date for the cash dividend had been Shares by (ii) the Market Value on the date on which the dividend is paid on the Shares. Dividend Equivalent Units shall be Vested to the same extent and paid at the same time as the PSUs or RSUs, as applicable, to which they relate and shall

- 11 -

be considered to be designated as payable in Shares or in cash as the related PSUs or RSUs in the Participant's Account are so designated.

- 5.3 **Adjustments.** In the event of any stock dividend, stock split, combination or exchange of shares, capital reorganization, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other similar changes affecting the Shares, proportionate adjustments to reflect such change or changes shall be made with respect to the number of PSUs and RSUs outstanding under the Plan, or securities into which the Shares are changed or are convertible or exchangeable and as may be substituted for Shares under this Plan, on a basis proportionate to the number of PSUs and RSUs in the Participant's Account or some other appropriate basis, all as determined by the Committee in its sole discretion.

6. FUNDING OF AWARDS BY SHARE PURCHASES OR ISSUANCES

- 6.1 **Maximum Number of Shares Issuable from Treasury.** The maximum number of Shares that are issuable under the Plan to pay awards under the Plan shall be an aggregate of 7,000,000 Shares.
- 6.2 **Purchases of Shares on Open Market.** Shares may be purchased to satisfy the settlement of Vested PSUs and Vested RSUs pursuant to the Plan by a trustee appointed by the Corporation for this purpose or by a broker designated by the Corporation who is independent of the Corporation in accordance with Stock Exchange Rules. Shares purchased pursuant to this Section 6.2 shall be purchased on the open market at prevailing market prices with amounts contributed by the Corporation or an Affiliate. The designation of a Trustee or broker may be changed from time to time.
- 6.3 **Issuances of Shares from Treasury.** Any issuances of Shares from treasury to pay awards as contemplated by Section 7.4 shall be issued at a price per Share equal to the Market Value on the date of issuance.
- 6.4 **Insider Participation Limit.** Awards under the Plan shall not be paid in Shares issued from treasury if, at the time of such issuance, such issuance could result, at any time, in:
- 6.4.1 the number of Shares reserved for issuance to Insiders under the Plan, together with Shares reserved for issuance to Insiders under all other Securities-Based Compensation Arrangements, exceeding 10% of the issued and outstanding Shares; or
 - 6.4.2 the issuance to Insiders, within a one year period, of a number of Shares under the Plan, together with Shares that may be issued to Insiders under all other Securities-Based Compensation Arrangements, exceeding 10% of the issued and outstanding Shares.

7. VESTING AND PAYMENT OF AWARDS

- 7.1 **Vesting of PSUs.** Upon the first day immediately following the end of the Performance Period, the PSUs represented by the PSU Balance as at such date shall vest, with the number of Vested PSUs being equal to the PSU Balance as at such date multiplied by the Performance Adjustment Factor as determined by the Committee in accordance with the Award Agreement. For certainty, in the event the Performance Adjustment Factor is equal to zero, no PSUs will vest. Except where the context requires otherwise, each PSU which vests pursuant to this Article 7 and each Dividend Equivalent Unit credited in respect of such PSUs after the end of the Performance Period shall be referred to herein as a Vested PSU. PSUs which do not become Vested PSUs in accordance with this Article 7 shall be forfeited by the Participant and the Participant will have no further right, title or interest in such PSUs. The Participant waives any and all right to compensation or damages in consequence of the termination of employment (whether lawfully or unlawfully) or otherwise for any reason whatsoever insofar as those rights arise or may arise from the Participant ceasing to have rights or be entitled to receive any Shares or cash payment under the Plan pursuant to this Section 7.1.
- 7.2 **Performance Criteria.** The PSUs granted to a Participant under an Award Agreement and Section 4.1 (and the related Dividend Equivalent Units credited on or before the end of the Performance Period specified in the Award Agreement) shall become Vested PSUs only upon the Committee's determination with respect to the Performance Adjustment Factor in accordance with the Award Agreement applicable to such PSUs or have been waived in accordance with Section 4.1.7.
- 7.3 **Vesting of RSUs.** Upon the Vesting Date(s) specified in the applicable Award Agreement, the RSUs comprising a Participants RSU Balance shall Vest in such proportion as is may be determined in accordance with such Award Agreement. Except where the context requires otherwise, each RSU which vests pursuant to Article 7 and each Dividend Equivalent Unit credited in respect of such RSU after its Vesting Date shall be referred to herein as a Vested RSU. RSUs which do not become Vested RSUs in accordance with this Article 7 shall be forfeited by the Participant and the Participant will have no further right, title or interest in such RSUs. The Participant waives any and all right to compensation or damages in consequence of the termination of employment (whether lawfully or unlawfully) or otherwise for any reason whatsoever insofar as those rights arise or may arise from the Participant ceasing to have rights or be entitled to receive any Shares or cash payment under the Plan pursuant to this Section 7.3.
- 7.4 **Payment in Shares.** In the event that a Participant's Vested PSUs or Vested RSUs have been designated by the Committee for settlement in Shares, the Participant or his legal representative, as applicable, shall receive a number of Shares equal to the number of Vested PSUs or Vested RSUs, as the case may be, credited to the Participant's Account on the date fixed by the Committee for the delivery of the Shares in respect of such Vested PSUs or Vested RSUs (rounded

- 13 -

down to the nearest whole number of Shares). Subject to Section 10.10, in the event that such Vested PSUs or Vested RSUs have been designated by the Committee for settlement by way of issuance of Shares from treasury, such Shares shall be distributed to the Participant or his legal representative, as applicable, at such time or times as may be determined in accordance with such Award Agreement. Subject to Section 10.10, in the event that such Vested PSUs or Vested RSUs have been designated by the Committee for settlement by way of the delivery of Shares bought on the open market, such Shares shall be delivered no later than the earlier of (i) the date that is six (6) months following the last day of the Performance Period (or, in the event Vested RSUs are being settled in connection with the Participant's death, no later than six (6) months following the Participant's death); or (ii) December 31 of the third year following the year in which the Participant performed the services to which the Vested PSUs or Vested RSUs relate.

7.5 **Payment in Cash.**

7.5.1 In the event that a Participant's Vested PSUs or Vested RSUs have not been designated by the Committee for settlement in Shares, the Participant or his legal representative, as applicable, shall receive a cash payment equal to: (i) in the case of PSUs, the Market Value determined as of the last day of the Performance Period multiplied by the number of Vested PSUs credited to his PSU Account as of the last day of such Performance Period, (rounded down to the nearest whole number of PSUs); and (ii) in the case of RSUs, the Market Value determined as of the Vesting Date of such RSUs multiplied by the number of Vested RSUs credited to his Account as of the Vesting Date (rounded down to the nearest whole number of RSUs). Subject to Section 10.10, the cash payment shall be made to the Participant or his legal representative, as applicable, in a single lump sum no later than the earlier of (i) the date that is six (6) months following the last day of the Performance Period (or, in the event Vested RSUs are being settled in connection with the Participant's death, no later than six (6) months following the Participant's date of death); or (ii) December 31 of the third year following the year in which the Participant performed the services to which the Vested PSUs or Vested RSUs relate.

7.6 **Death, Period of Absence.**

7.6.1 **Death.** Where the employment of a Participant terminates during a Performance Period in the case of PSUs or prior to a Vesting Date in the case of RSUs by reason of the Participant's death: (i) the PSUs credited to the Participant's Account as at December 31 of the year immediately preceding the Participant's date of death shall continue to be eligible to become Vested PSUs in accordance with Sections 7.1 and 7.2; and (ii) the RSUs credited to the Participant's Account as at December 31 of the year

- 14 -

immediately preceding the Participant's date of death shall Vest as of the Participant's date of death. The Participant shall be entitled to receive cash or Shares (or a combination thereof), as specified by the Committee, determined in accordance with Sections 7.4 or 7.5. For greater clarity, the number of Vested PSUs used to calculate the value of the payment shall equal the number of Vested PSUs determined in accordance with Sections 7.1 and 7.2 as at December 31 of the year immediately preceding the Participant's date of death.

- 7.6.2 **Period of Absence.** In the event of a Participant's Period of Absence during a Performance Period for PSUs or prior to a Vesting Date for RSUs and subject to this Section 7.6.2 and Section 7.6.4, PSUs and RSUs credited to the Participant's Account immediately prior to the commencement of such Period of Absence (and any related Dividend Equivalent PSUs and RSUs) shall continue to be eligible to become Vested in accordance with the provisions of Sections 7.1 and 7.2 and the Participant shall be entitled to receive in cash or in Shares (or a combination thereof), as specified by the Committee in respect of such Vested PSUs and Vested RSUs determined in accordance with Section 7.4 or 7.5, as applicable, except that the number of Vested PSUs and Vested RSUs used to calculate the value of the payment shall equal the number of Vested PSUs or Vested RSUs, as applicable determined in accordance with Section 7.1 and 7.2 multiplied by a fraction, the numerator of which equals the number of whole and partial months in the Performance Period for which the Participant actively performed services for the Corporation or an Affiliate and the denominator of which equals the number of whole and partial months in the Performance Period; in the case of PSUs, or in the period from the Award Date to the Vesting Date of such RSUs.
- 7.6.3 For greater clarity, no additional PSUs or RSUs (whether pursuant to Section 4.1 or in the form of Dividend Equivalent Units) shall be granted to a Participant following his or her date of death or during his or her Period of Absence, including following his or her date of Disability.
- 7.6.4 Notwithstanding Section 7.6.2, where a Participant experiences a Period of Absence that extends beyond the end of a Performance Period for PSUs or a Vesting Date for RSUs and fails to return to active full-time employment with the Corporation or an Affiliate within one hundred and eighty (180) days following the end of such Performance Period or such Vesting Date, no portion of the PSUs subject to such Performance Period or RSUs that would otherwise Vest on such Vesting Date shall Vest and the Participant shall receive no payment or other compensation in respect of such PSUs or RSUs or loss thereof, on account of damages or otherwise.

- 15 -

7.7 **Other Terminations of Employment.** Except as otherwise provided in the Award Agreement governing the grant of PSUs or RSUs to a Participant or a written employment or other agreement between the Participant and the Corporation or any Affiliate, in the event that, during a Performance Period with respect to PSUs or prior to a Vesting Date with respect to RSUs, (i) the Participant's employment is terminated by the Corporation or an Affiliate of the Corporation for any reason, or (ii) a Participant voluntarily terminates his employment with the Corporation or an Affiliate of the Corporation, including due to retirement, no portion of the PSUs subject to such Performance Period or RSUs that would otherwise Vest on such Vesting Date shall Vest and the Participant shall receive no payment or other compensation in respect of such PSUs or RSUs or loss thereof, on account of damages or otherwise; provided that any Vested PSUs and Vested RSUs will be settled in accordance with Sections 7.4 and 7.5.

7.8 **Change in Control.**

7.8.1 Unless otherwise determined by the Committee or otherwise provided in a written agreement between the Corporation and a Participant, the occurrence of a Change in Control will not result in the Vesting of PSUs or RSUs that have not previously Vested, provided that

- (i) such PSUs and RSUs that have not previously Vested will continue to Vest in accordance with the Plan and the Award
- (ii) in the case of PSUs, the Performance Adjustment Factor for fiscal years of the Corporation or other relevant periods, as determined in accordance with the Award Agreement for such PSUs, completed prior to the date of the Change in Control shall be based on the actual performance achieved to the date of the Change in Control and the Performance Adjustment Factor for periods following the date of the Change in Control shall be deemed to be 100%; and
- (iii) an entity that directly or indirectly acquires control of the Corporation (or the Affiliate that employs the Participant, as applicable) or otherwise becomes a successor to Algonquin Power & Utilities Corp. (or the Affiliate that employs the Participant, as applicable) (a "Successor Entity") agrees to assume the obligations of the Corporation in respect of the Participant's unvested RSUs and PSUs.

- 16 -

- 7.8.2 Unless determined otherwise by the Committee or pursuant to the terms of a written agreement between the Corporation or a Successor Entity and the Participant, where a Participant's employment terminates following a Change in Control, the provisions of Section 7.6.1 or Section 7.7, as the case may be, shall apply.
- 7.8.3 Subject to the provisions of Section 7.8.4 or as otherwise provided in the Award Agreement, in the event of a Change in Control, the Committee shall have the discretion to unilaterally determine that all outstanding Awards shall be cancelled upon a Change in Control, and that the value of such Awards, as determined by the Committee in accordance with the terms of the Plan and the Award Agreements, shall be paid out in cash in an amount based on the Change in Control Price within a reasonable time subsequent to the Change in Control.
- 7.8.4 Notwithstanding Section 7.8.3, no cancellation, acceleration of vesting, lapsing of restrictions, payment of an Award, cash settlement or other payment shall occur with respect to any Award if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Award shall be honored or assumed, or new rights substituted therefor (with such honored, assumed or substituted Award hereinafter referred to as an "Alternative Award") by any Successor Entity; provided, however, that any such Alternative Award must:
- (i) be based on stock which is traded on the Toronto Stock Exchange and/or an established U.S. securities market;
 - (ii) provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better Vesting conditions (including Vesting upon termination of employment) and identical or better timing and methods of payment;
 - (iii) recognize, for the purpose of Vesting provisions, the time that the Award was held prior to the Change in Control; and
 - (iv) have substantially equivalent economic value to such Award (determined immediately prior to the time of the Change in Control).

- 17 -

8. CURRENCY

- 8.1 **Currency.** All references in the Plan to currency refer to lawful Canadian or United States currency as indicated.

9. SHAREHOLDER RIGHTS

- 9.1 **No Rights to Shares.** PSUs and RSUs are not Shares and neither the grant of PSUs or RSUs nor the fact that Shares may be provided by the Corporation in satisfaction of Vested PSUs or Vested RSUs will entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

10. ADMINISTRATION

- 10.1 **Committee.** Unless otherwise determined by the Board, the Plan shall be administered by the Committee.
- 10.2 **Delegation and Administration.** The Committee may delegate to any one or more directors, officers or employees of the Corporation and/or its participating Affiliates such duties and powers relating to the Plan as it may see fit. The Committee may, in its discretion, delegate such of its powers, rights and duties under the Plan, in whole or in part, to any committee or any one or more directors, officers or employees of the Corporation and/or its participating Affiliates as it may determine from time to time, on terms and conditions as it may determine, except the Committee shall not, and shall not be permitted to, delegate any such powers, rights or duties to the extent such delegation is not consistent with Applicable Law. .
- 10.3 **Effects of Committee's Decision.** Any interpretation, rule, regulation, determination or other act of the Committee hereunder shall be made in its sole discretion and shall be conclusively binding upon all persons.
- 10.4 **Liability Limitation.** No member of the Committee, the Board or any officer, director or employee of the Corporation or any Affiliate shall be liable for any action or determination made in good faith pursuant to the Plan or any Award Agreement under the Plan. To the fullest extent permitted by law, the Corporation and its Affiliates shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Committee or the Board or is or was an officer, director or employee of the Corporation or an Affiliate.
- 10.5 **Compliance with Laws and Policies.** The Corporation's issuance of any PSUs and RSUs and its obligation to make any payments or discretion to provide any Shares hereunder is subject to compliance with Applicable Law. Each Participant shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Participant will, at

- 18 -

all times, act in strict compliance with Applicable Law and all other laws and any policies of the Corporation applicable to the Participant in connection with the Plan including, without limitation, furnishing to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law. Such laws, regulations, rules and policies shall include, without limitation, those governing “insiders” or “reporting issuers” as those terms are construed for the purposes of Applicable Laws.

- 10.6 **Withholdings.** So as to ensure that the Corporation or an Affiliate, as applicable, will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Corporation, or an Affiliate may withhold or cause to be withheld from any amount payable to a Participant, either under this Plan, or otherwise, such amount, or may require the sale of such number of Shares, as may be necessary to permit the Corporation or the Affiliate, as applicable, to so comply. The Corporation and any Affiliate may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Corporation may determine in its sole discretion, by (a) selling on such Participant’s behalf, or requiring such Participant to sell, any Shares, and retaining any amount payable which would otherwise be provided or paid to such Participant in connection with any such sale, or (b) requiring, as a condition to the delivery of Shares hereunder, that such Participant make such arrangements as the Corporation may require so that the Corporation and its Affiliates can satisfy such withholding obligations, including requiring such Participant to remit an amount to the Corporation or an Affiliate in advance, or reimburse the Corporation or any Affiliate for, any such withholding obligations.
- 10.7 **No Additional Rights.** Neither designation of an employee as a Participant nor the establishment of an Award Value for or grant of any PSUs or RSUs to any Participant entitles any person to the establishment of an Award Value, grant, or any additional grant, as the case may be, of any PSUs or RSUs under the Plan.
- 10.8 **Amendment, Termination.** The Plan may be amended or terminated at any time by the Committee in whole or in part, provided that:
- 10.8.1 no amendment of the Plan shall, without the consent of the Participants affected by the amendment, or unless required by Applicable Law, adversely affect the rights accrued to such Participants with respect to PSUs or RSUs granted prior to the date of the amendment;
 - 10.8.2 no amendment of the Plan shall be effective unless such amendment is approved by the Stock Exchange; and
 - 10.8.3 approval by a majority of the votes cast by shareholders present and voting in person or by proxy at a meeting of shareholders of the Corporation shall be obtained for any:

- 19 -

- 10.8.3.1 amendment for which, under the requirements of the Stock Exchange or any applicable law, shareholder approval is required;
 - 10.8.3.2 reduction of the purchase price of Shares issued or purchased to pay awards granted under the Plan or the cancellation and reissuance of awards under the Plan;
 - 10.8.3.3 extension of the term of an award under the Plan beyond the original expiry date of the award;
 - 10.8.3.4 any amendment to remove or exceed the insider participation limit set out in Section 6.4;
 - 10.8.3.5 an increase to the maximum number of Shares issuable from treasury under the Plan;
 - 10.8.3.6 amendments to eligible Participants that may permit the introduction or non-employee directors on a discretionary basis;
 - 10.8.3.7 allowance of awards granted under the Plan to be transferable or assignable other than for estate settlement purposes; or
 - 10.8.3.8 amendment to this Section 10.8.
- 10.9 **Administration Costs.** The Corporation will be responsible for all costs relating to the administration of the Plan. For greater certainty and unless otherwise determined by the Committee, a Participant shall be responsible for brokerage fees and other administration or transaction costs relating to the transfer, sale or other disposition of Shares on behalf of the Participant that have been previously distributed to or provided to the Participant pursuant to the Plan.
- 10.10 **Compliance with Section 409A of the U.S. Internal Revenue Code.** Notwithstanding any provision in this Plan or an Award Agreement to the contrary, to the extent a Participant is subject to taxation under the U.S. Internal Revenue Code of 1986, as amended (the “U.S. Tax Code”), then any PSUs and RSUs awarded to such Participant shall be interpreted and administered so that any amount payable with respect to such awards shall be paid in a manner that is either exempt from or compliant with the requirements of Section 409A of the U.S. Tax Code and the applicable regulatory and other guidance issued thereunder (“Section 409A”). In furtherance of the foregoing, and notwithstanding Section 7.4 or 7.5 to the contrary, if any PSU or RSU awarded under this Plan would constitute non-exempt “deferred compensation” for purposes of Section 409A, then payment shall be made to the Participant or his legal representative, as applicable, in a single lump sum, less any applicable statutory withholdings or deductions, either (1) during the immediately following calendar year if the last day of the Performance Period or the

- 20 -

Vesting Date, as applicable, is December 31, or (2) if (1) does not apply, no later than 90 days following the last day of the Performance Period or Vesting Date, as applicable (or, in the event of the Participant's death, no later than 90 days following the date of the Participant's death), provided that the Participant does not have a right to designate the year of the payment. Neither the Committee, the Corporation nor its directors, officers or employees make any representations or warranties regarding the tax treatment of any payments under the Plan and none of them shall be held liable for any taxes, interest, penalties or other monetary amounts owed by a Participant as a result of the application of Section 409A.

11. ASSIGNMENT

- 11.1 **Assignment.** The assignment or transfer of the PSUs or RSUs, or any other benefits under this Plan, shall not be permitted, other than by operation of law.

**Performance and Restricted Share Unit Plan
for Employees of Algonquin Power & Utilities Corp.
and its Participating Affiliates**

Adopted with effect from January 1, 2011, as amended March 6, 2014

1. PREAMBLE AND DEFINITIONS

1.1 Title and Conflict.

The Plan described in this document shall be called the “**Performance and Restricted Share Unit Plan for Employees of Algonquin Power & Utilities Corp. and its Participating Affiliates**”.

In the event of any conflict or inconsistency between the Plan described in this document and the Award Agreement (as defined below), the terms and conditions of the Award Agreement shall prevail.

The Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario.

1.2 Purpose of the Plan.

The purposes of the Plan are:

- (i) to promote a significant alignment between employees of the Corporation and the participating Affiliates and the growth objectives of the Corporation and the participating Affiliates;
- (ii) to associate a portion of participating employees’ compensation with the performance of the Corporation and its participating Affiliates over the long term; and
- (iii) to attract and retain the critical employees to drive the business success of the Corporation and its participating Affiliates.

1.3 Definitions.

1.3.1 “**Account**” has the meaning set out in Section 5.1.

1.3.2 “**Affiliate**” means any corporation, partnership or other entity (i) in which the Corporation, directly or indirectly, has majority ownership interest or (ii) which the Corporation controls. For the purposes of this definition, the Corporation is deemed to “**control**” such corporation, partnership or other entity if the Corporation possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise.

1.3.3 “**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities and tax legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules.

- 2 -

- 1.3.4 **“Award Agreement”** means the written or electronic agreement between the Corporation and a Participant under which the terms of an award are established, as contemplated by Section 4.1, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.
- 1.3.5 **“Award Date”** means the effective date of a grant of PSUs or RSUs, as applicable, to a Participant as stated in the applicable Award Agreement.
- 1.3.6 **“Award PSUs”** means the number of PSUs awarded to a Participant in respect of a Performance Period and as stated in the applicable Award Agreement.
- 1.3.7 **“Award RSUs”** means the number of RSUs awarded to a Participant in as stated in the applicable Award Agreement.
- 1.3.8 **“Award Value”** means the value, in dollars, of an award made to a Participant and as stated in the applicable Award Agreement, which is provided under the Plan in the form of PSUs or RSUs, as the case may be.
- 1.3.9 **“Board”** means the Board of Directors of the Corporation.
- 1.3.10 **“Change in Control”** shall be deemed to have occurred for purposes of this Plan if:
- (i) there is any change in the holding, directly or indirectly, of securities of the Corporation (or the participating Affiliate by which the applicable Participant is employed) or of any voting rights attached to any securities of the Corporation (or the participating Affiliate by which the applicable Participant is employed), as a result of which any corporation or other person, or a group of corporations or persons acting in concert, or corporations or persons associated with or affiliated with any such corporation, person or group within the meaning of the *Securities Act* (Ontario), would be entitled to cast 50% or more of the votes attached to all shares of the Corporation (or the participating Affiliate by which the applicable Participant is employed) that may be cast to elect directors of the Corporation (or the participating Affiliate by which the applicable Participant is employed); or
 - (ii) Incumbent Directors cease to constitute a majority of the Board of the Corporation (for the purposes of this paragraph, an **“Incumbent Director”** shall mean any member of the Board who is a member of the Board immediately prior to the occurrence of a contested election of directors of the Corporation); or
 - (iii) the Board adopts a resolution to the effect that, for the purposes of this Plan, a Change in Control of the Corporation (or the

- 3 -

participating Affiliate by which the applicable Participant is employed) has occurred, or that such a Change in Control is imminent, in which case, the date of the Change in Control shall be deemed to be the date specified in such resolution, provided that the Change in Control actually occurs.

- 1.3.11 **“Committee”** means, in relation to Awards to Participants other than members of the Senior Management Committee, the Senior Management Committee and, in relation to Awards to any member of the Senior Management Committee, the Board or such committee of the Board which may be designated by the Board as the “Committee” with respect to such Awards.
- 1.3.12 **“Corporation”** means Algonquin Power & Utilities Corp. and any successor corporation, whether by amalgamation, merger or otherwise.
- 1.3.13 **“Disability”** means a physical or mental incapacity of the Participant that has prevented the Participant from performing the duties customarily assigned to the Participant for one hundred and eighty (180) calendar days, whether or not consecutive, out of any twelve (12) consecutive months and that in the opinion of the Corporation, acting on the basis of advice from a duly qualified medical practitioner, is likely to continue to a similar degree.
- 1.3.14 **“Dividend Equivalent Units”** has the meaning set out in Section 5.2.
- 1.3.15 **“Insider”** has the meaning ascribed to this term for the purposes of the Stock Exchange rules relating to Securities-Based Compensation Arrangements.
- 1.3.16 **“Market Value”** at any date in respect of the Shares means the volume weighted average trading price of such Shares on the Toronto Stock Exchange (or, if such Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange in Canada on which such Shares are listed and posted for trading as may be selected for such purpose by the Committee) for the five (5) consecutive trading days immediately preceding such date, provided that in the event that such Shares did not trade on any of such trading days, the Market Value shall be the average of the bid and ask prices in respect of such Shares at the close of trading on all of such trading days and provided that in the event that such Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Shares as determined by the Committee in its sole discretion.
- 1.3.17 **“Participant”** means such executive or other employee of the Corporation or any Affiliate as the Committee may designate to receive a grant of PSUs or RSUs under the Plan pursuant to an Award Agreement

- 4 -

- 1.3.18 **“Performance Adjustment Factor”** means the performance adjustment factor (either upwards or downwards) calculated following the end of the Performance Period in accordance with the Award Agreement.
- 1.3.19 **“Performance Criteria”** means, in respect of a grant of a PSU, such financial and/or personal performance criteria as may be determined by the Committee in respect of a grant of PSUs to any Employee or Employees and set out in an Award Agreement. Performance Criteria may apply to the Corporation, an Affiliate, the Corporation and its Affiliates as a whole, a business unit of the Corporation or group comprised of the Corporation and one or more Affiliates, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified Performance Period, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparator group.
- 1.3.20 **“Performance Period”** means, in respect of a grant of a PSU, the particular designated time period(s) in respect of which the Performance Criteria are assessed and determined to be satisfied by the Committee in order for such PSU to become a Vested PSU as set forth in the Award Agreement applicable to such grant.
- 1.3.21 **“Period of Absence”** means, with respect to a Participant, a period of time that lasts for at least ninety (90) days throughout which the Participant is on a leave of absence from the Corporation or an Affiliate that has been approved by the Corporation or Affiliate, as applicable, a Statutory Leave, or is experiencing a Disability.
- 1.3.22 **“Plan”** means this Performance and Restricted Share Unit Plan for Employees of Algonquin Power & Utilities Corp. and its Participating Affiliates, including any schedules or appendices hereto, as such may be amended from time to time and as attached to an Award Agreement.
- 1.3.23 **“PSU Balance”** in respect of any particular date means the number of PSUs recorded in a Participant’s Account in respect of a particular Performance Period, which shall include the PSU Award plus all Dividend Equivalent Units in respect of such PSUs.
- 1.3.24 **“PSU”** means a unit granted to a Participant that is represented by a bookkeeping entry on the books of the Corporation, the value of which on any particular date shall be equal to the Market Value and which generally becomes Vested, if at all, subject to the attainment of certain Performance Criteria and satisfaction of such other conditions to Vesting, if any, as may be determined by the Committee.
- 1.3.25 **“RSU”** means a unit granted to a Participant that is represented by a bookkeeping entry on the books of the Corporation, the value of which on

- 5 -

any particular date shall be equal to the Market Value and which generally becomes Vested, if at all, following a period of continuous employment of the Participant with the Corporation or an Affiliate.

- 1.3.26 **“Securities-Based Compensation Arrangement”** means a stock option, stock option plan, employee stock purchase or ownership plan or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance, from treasury, of Shares or other securities of the Corporation to employees, insiders or service providers, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise.
- 1.3.27 **“Senior Management Committee”** means the Chief Executive Officer of the Corporation with the input of the Chief Financial Officer of the Corporation and the President of the Corporation or, in relation to an Award to a Participant employed by a participating Affiliate, the President of such Affiliate, or such other committee or individuals which may be appointed by the Chief Executive Officer of the Corporation to, among other things, interpret, administer and implement the Plan in relation to Awards to Participants other than the members of the Senior Management Committee.
- 1.3.28 **“Share”** means a common share of the Corporation and such other share as may be substituted for it as a result of amendments to the articles of the Corporation, arrangement, reorganization or otherwise, including any rights that form a part of the common share or substituted share.
- 1.3.29 **“Statutory Leave”** means, with respect to a Participant, a period of time throughout which the Participant is on a leave of absence to which he or she is entitled under applicable legislation and following which he or she has the right, pursuant to such legislation, to return to active employment with the Corporation or an Affiliate.
- 1.3.30 **“Stock Exchange”** means the Toronto Stock Exchange, or if the Shares are not listed on the Toronto Stock Exchange, such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market.
- 1.3.31 **“Stock Exchange Rules”** means the applicable rules of the Stock Exchange.
- 1.3.32 **“Vested”** means the applicable conditions for payment or other settlement in relation to a whole number, or a percentage (which may be more or less than 100%) of the number of Award PSUs or Award RSUs determined by the Committee, (i) have been met; or (ii) have been waived or deemed to be met pursuant to the terms of the Plan or the applicable Award Agreement, and **“Vest”** or **“Vesting”** have a corresponding meaning

- 6 -

1.3.33 “**Vesting Date**” means, with respect to a PSU or RSU, the date on which the applicable conditions for payment or other settlement of such PSU or RSU are met, deemed to have been met or waived as contemplated in Section 1.3.32.

2. CONSTRUCTION AND INTERPRETATION

- 2.1 **Gender, Singular, Plural.** In the Plan, references to the masculine include the feminine; and references to the singular shall include the plural and vice versa, as the context shall require.
- 2.2 **Governing Law.** The Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of Ontario.
- 2.3 **Severability.** If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.
- 2.4 **Headings, Sections.** Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

3. EFFECTIVE DATE AND EMPLOYMENT RIGHTS

- 3.1 **Effective Date.** The Corporation is establishing the Plan effective January 1, 2011.
- 3.2 **No Employment Rights.** Nothing contained in the Plan shall be deemed to give any person the right to be retained as an employee of the Corporation or of an Affiliate. For greater certainty, a period of notice, if any, or payment in lieu thereof, upon termination of employment, wrongful or otherwise, shall not be considered as extending the period of employment for the purposes of the Plan.

4. PSU AND RSU GRANTS AND PERFORMANCE PERIODS

- 4.1 **Awards of PSUs and RSUs.** The Plan shall be administered by the Committee.

The Committee shall have the authority in its sole and absolute discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan subject to and not inconsistent with the express provisions of this Plan, including, without limitation, the authority to:

- 4.1.1 determine the Award Value for each award under an Award Agreement;

- 7 -

- 4.1.2 make grants of PSUs and RSUs in respect of any award under an Award Agreement;
- 4.1.3 determine the Award Date for grants of PSUs and RSUs, if not the date on which the Committee determines to make such grants under an Award Agreement;
- 4.1.4 determine the Participants to whom, and the time or times at which, awards shall be made and PSUs and RSUs shall be granted under an Award Agreement;
- 4.1.5 approve or authorize the applicable form and terms of the related Award Agreements;
- 4.1.6 determine the terms and conditions of awards, and grants of PSUs and RSUs in respect thereof, to any Participant, including, without limitation the following, (A) the number of PSUs and RSUs to be granted; (B) the Performance Period(s) applicable to PSUs; (C) the Performance Criteria applicable to PSUs and any other conditions to the Vesting of any PSUs and RSUs granted hereunder; (D) the conditions, if any, upon which Vesting of any PSUs or RSUs will be waived or accelerated without any further action by the Committee; (E) the extent to which the Performance Criteria must be achieved in order for any PSUs to become Vested PSUs and the multiplier, if any, that will be applied to determine the number of PSUs that become Vested PSUs having regard to the achievement of the Performance Criteria; (F) the circumstances in which a PSU or RSU shall be forfeited, cancelled or expire; (G) the consequences of a termination of employment with respect to a PSU or RSU; (H) the manner of settlement of Vested PSUs and Vested RSUs; and (I) whether and the terms upon which any Shares delivered upon settlement of a PSU or RSU must continue to be held by a Participant for any specified period;
- 4.1.7 determine whether and the extent to which any Performance Criteria applicable to the Vesting of a PSU or other conditions applicable to the Vesting of a PSU or RSU have been satisfied or shall be waived or modified;
- 4.1.8 amend the terms of any outstanding Award Agreement provided, however, that no such amendment, shall be made at any time to the extent such action would materially adversely affect the existing rights of a Participant with respect to any then outstanding PSU or RSU related to such Award Agreement without his or her consent in writing and provided further, however, that the Committee may amend the terms of an Award Agreement without the consent of the Participant if complying with Applicable Law;

- 8 -

- 4.1.9 determine whether, and the extent to which, adjustments shall be made pursuant to Section 5.3 and the terms of any such adjustments;
- 4.1.10 interpret the Plan and Award Agreements;
- 4.1.11 prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and Award Agreements;
- 4.1.12 determine the terms and provisions of Award Agreements (which need not be identical) entered into in respect of awards hereunder; and
- 4.1.13 make all other determinations deemed necessary or advisable for the administration of the Plan.

4.2 **Eligibility and Award Determination.**

- 4.2.1 In determining the Participants to whom awards may be made and the Award Value (and accordingly the number of PSUs and RSUs to be granted) for each award (subject, in the case of PSUs, to adjustment based on achievement of Performance Criteria), the Committee may take into account such factors as it shall determine in its sole and absolute discretion.
- 4.2.2 The PSUs granted to a Participant for a Performance Period shall be determined by dividing the Award Value determined for the Participant for such Performance Period by the Market Value as at the end of the calendar quarter immediately preceding the Award Date, rounded down to the next whole number.
- 4.2.3 The RSUs granted to a Participant shall be determined by dividing the Award Value of an award to be provided to the Participant in the form of RSUs by the Market Value as at the end of the calendar quarter immediately preceding the Award Date, rounded down to the next whole number.
- 4.2.4 For greater certainty and without limiting the discretion conferred on the Committee pursuant to this Section, the Committee's decision to approve a grant of PSUs in any Performance Period, or any grant of RSUs shall not entitle any Participant to an award of PSUs in respect of any other Performance Period or any future grant of RSUs; nor shall the Committee's decision with respect to the size or terms and conditions of an award require it to approve an award of the same or similar size or with the same or similar terms and conditions to any Participant at any other time. No Participant has any claim or right to receive an award or any PSUs or RSUs.

- 9 -

4.2.5 An Award Agreement shall set forth, among other things, the following: the Award Date of the award evidenced thereby; the number of PSUs or RSUs, as applicable, granted in respect of such award; the Performance Criteria applicable to PSUs and any other conditions to the Vesting of the PSUs or RSUs, as applicable; in the case of PSUs, the applicable Performance Period; and may specify such other terms and conditions as the Committee shall determine or as shall be required under any other provision of the Plan. The Committee may include in an Award Agreement terms or conditions pertaining to confidentiality of information relating to the Corporation's operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting of PSUs or RSUs.

4.3 **PSUs and RSUs.** Each whole PSU and RSU will give a Participant the right to receive either a Share or a cash payment, as determined by the Committee, in an amount determined in accordance with the terms of the Plan and the applicable Award Agreement. For greater certainty, a Participant shall have no right to receive Shares or a cash payment with respect to any PSUs or RSUs that do not become Vested PSUs or RSUs, as the case may be, under Article 7.

5. ACCOUNTS, DIVIDEND EQUIVALENTS AND REORGANIZATION

5.1 **Account.** An account ("**Account**") shall be maintained by the Corporation for each award made to each Participant pursuant to an Award Agreement and which will be credited with an opening balance equal to the Award PSUs and/or Award RSUs granted pursuant to such Award Agreement. PSUs or RSUs that fail to vest pursuant to Article 7, or that are paid out to the Participant or his legal representative, shall be cancelled and shall cease to be recorded in the Participant's Account as of the date on which such PSUs or RSUs, as applicable, are forfeited or cancelled under the Plan or are paid out, as the case may be.

5.2 **Dividend Equivalent Units.** Whenever cash dividends are paid on the Shares during the Performance Period applicable to a particular Award Agreement, additional PSUs or RSUs, as applicable, will be credited to the Participant's Account in accordance with this Section 5.2 ("**Dividend Equivalent Units**"). The number of such additional PSUs or RSUs to be credited to the Participant's Account in respect of any particular dividend paid on the Shares will be calculated by dividing (i) the amount of the cash dividend that would have been paid to the Participant if each of the PSUs and RSUs recorded in the Participant's Account as at the record date for the cash dividend had been Shares by (ii) the Market Value on the date on which the dividend is paid on the Shares. Dividend Equivalent Units shall Vest and be paid at the same time as the PSUs or RSUs, as applicable, to which they relate and shall be considered to be designated as payable in Shares or in cash as the related PSUs or RSUs in the Participant's Account are so designated.

5.3 **Adjustments.** In the event of any stock dividend, stock split, combination or

- 10 -

exchange of shares, capital reorganization, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other similar changes affecting the Shares, proportionate adjustments to reflect such change or changes shall be made with respect to the number of PSUs and RSUs outstanding under the Plan, or securities into which the Shares are changed or are convertible or exchangeable and as may be substituted for Shares under this Plan, on a basis proportionate to the number of PSUs and RSUs in the Participant's Account or some other appropriate basis, all as determined by the Committee in its sole discretion.

6. FUNDING OF PSU AWARDS BY SHARE PURCHASES OR ISSUANCES

- 6.1 **Maximum Number of Shares Issuable from Treasury.** The maximum number of Shares that are issuable under the Plan to pay awards under the Plan shall be an aggregate of 500,000 Shares.
- 6.2 **Purchases of Shares on Open Market.** Any purchases of Shares pursuant to the Plan shall be made on the open market by a broker designated by the Corporation who is independent of the Corporation in accordance with Stock Exchange Rules and who is a member of the Stock Exchange. Subject to the foregoing part of this Section 6.1, any such designation may be changed from time to time.
- 6.3 **Issuances of Shares from Treasury.** Any issuances of Shares from treasury to pay awards as contemplated by Section 7.3 shall be issued at a price per Share equal to the Market Value on the date of issuance.
- 6.4 **Insider Participation Limit.** Awards under the Plan shall not be paid in Shares issued from treasury if, at the time of such issuance, such issuance could result, at any time, in:
- 6.4.1 the number of Shares reserved for issuance to Insiders under the Plan, together with Shares reserved for issuance to Insiders under all other Securities-Based Compensation Arrangements, exceeding 10% of the issued and outstanding Shares; or
 - 6.4.2 the issuance to Insiders, within a one year period, of a number of Shares under the Plan, together with Shares that may be issued to Insiders under all other Securities-Based Compensation Arrangements, exceeding 10% of the issued and outstanding Shares.

7. VESTING AND PAYMENT OF PSU AWARDS

- 7.1 **Vesting of PSUs.** Upon the first day immediately following the end of the Performance Period, the PSU's represented by the PSU Balance as at such date shall vest, with the number of Vested PSUs being equal to the PSU Balance as at such date multiplied by the Performance Adjustment Factor as determined by the Committee in accordance with the Award Agreement. For certainty, in the event the

- 11 -

Performance Adjustment Factor is equal to zero, no PSU's will vest. Except where the context requires otherwise, each PSU which vests pursuant to Article 7 shall be referred to herein as a Vested PSU. PSUs which do not become Vested PSUs in accordance with this Article 7 shall be forfeited by the Participant and the Participant will have no further right, title or interest in such PSUs. The Participant waives any and all right to compensation or damages in consequence of the termination of employment (whether lawfully or unlawfully) or otherwise for any reason whatsoever insofar as those rights arise or may arise from the Participant ceasing to have rights or be entitled to receive any Shares or cash payment under the Plan pursuant to this Section 7.1.

- 7.2 **Performance Criteria.** The PSUs granted to a Participant under an Award Agreement and Section 4.1 (and the related Dividend Equivalent PSUs) shall become Vested PSUs only upon the Committee's determination with respect to the Performance Adjustment Factor in accordance with the Award Agreement applicable to such PSUs or have been waived in accordance with Section 4.1.7.
- 7.3 **Vesting of RSUs.** Award RSUs shall Vest on the Vesting Date(s) specified in the Award Agreement for such Award RSUs, together with Dividend Equivalent Units granted in respect of such Award RSUs, in such proportion as is may be determined in accordance with such Award Agreement. Except where the context requires otherwise, each RSU which vests pursuant to Article 7 shall be referred to herein as a Vested RSU. RSUs which do not become Vested RSUs in accordance with this Article 7 shall be forfeited by the Participant and the Participant will have no further right, title or interest in such RSUs. The Participant waives any and all right to compensation or damages in consequence of the termination of employment (whether lawfully or unlawfully) or otherwise for any reason whatsoever insofar as those rights arise or may arise from the Participant ceasing to have rights or be entitled to receive any Shares or cash payment under the Plan pursuant to this Section 7.3.
- 7.4 **Payment in Shares.** In the event that a Participant's Vested PSUs or Vested RSUs have been designated by the Committee as payable in Shares, the Participant or his legal representative, as applicable, shall receive a number of Shares equal to the number of Vested PSUs credited to the Participant's Account as of the last day of such Performance Period and the number of Vested RSUs credited to the Participant's Account on the Vesting Date thereof that have been designated for payment in Shares (rounded down to the nearest whole number of Shares). The Shares shall be distributed to the Participant or his legal representative, as applicable, in a single transfer no later than six (6) months following the last day of the Performance Period (or, in the event of the Participant's death, no later than six (6) months following the date of the Participant's death).
- 7.5 **Payment in Cash.** In the event that a Participant's Vested PSUs or Vested RSUs have not been designated by the Committee as payable in Shares, the Participant or his legal representative, as applicable, shall receive a cash payment equal to: (i) in

- 12 -

the case of PSUs, the Market Value determined as of the last day of the Performance Period multiplied by the number of Vested PSUs credited to his PSU Account as of the last day of such Performance Period, (rounded down to the nearest whole number of PSUs); and (ii) in the case of RSUs, the Market Value determined as of the Vesting Date of such RSUs multiplied by the number of Vested RSUs credited to his Account as of the Vesting Date (rounded down to the nearest whole number of PSUs). Subject to Section 10.10, the cash payment shall be made to the Participant or his legal representative, as applicable, in a single lump sum no later than six (6) months following the last day of the Performance Period or Vesting Date, as applicable (or, in the event of the Participant's death, no later than six (6) months following the date of the Participant's death), less any applicable statutory withholdings or deductions.

7.6 **Death, Period of Absence.**

7.6.1 **Death.** Where the employment of a Participant terminates during a Performance Period in the case of PSUs or prior to a Vesting Date in the case of RSUs by reason of the Participant's death: (i) the PSUs credited to the Participant's Account as at December 31 of the year immediately preceding the Participant's date of death shall continue to be eligible to become Vested PSUs in accordance with Sections 7.1 and 7.2; and (ii) the RSUs credited to the Participant's Account as at December 31 of the year immediately preceding the Participant's date of death shall Vest as of the Participant's date of death. The Participant shall be entitled to receive in cash or in Shares (or a combination thereof), as specified by the Committee, a payment relating to such Vested PSUs and/or RSUs determined in accordance with Sections 7.4 or 7.5. For greater clarity, the number of Vested PSUs used to calculate the value of the payment shall equal the number of Vested PSUs determined in accordance with Sections 7.1 and 7.2 as at December 31 of the year immediately preceding the Participant's date of death.

7.6.2 **Period of Absence.** In the event of a Participant's Period of Absence during a Performance Period for PSUs or prior to a Vesting Date for RSUs and subject to this Section 7.6.2 and Section 7.6.4, PSUs and RSUs credited to the Participant's Account immediately prior to the commencement of such Period of Absence (and any related Dividend Equivalent PSUs and RSUs) shall continue to be eligible to become Vested in accordance with the provisions of Sections 7.1 and 7.2 and the Participant shall be entitled to receive in cash or in Shares (or a combination thereof), as specified by the Committee in respect of such Vested PSUs and Vested RSUs determined in accordance with Section 7.4 or 7.5, as applicable, except that the number of Vested PSUs and Vested RSUs used to calculate the value of the payment shall equal the number of Vested PSUs or Vested RSUs, as applicable determined in accordance with Section 7.1 and 7.2 multiplied by a fraction, the numerator of which

- 13 -

equals the number of whole and partial months in the Performance Period for which the Participant actively performed services for the Corporation or an Affiliate and the denominator of which equals the number of whole and partial months in the Performance Period; in the case of PSUs, or in the period from the Award Date to the Vesting Date of such RSUs.

7.6.3 For greater clarity, no additional PSUs or RSUs (whether pursuant to Section 4.1 or in the form of Dividend Equivalent Units) shall be granted to a Participant following his or her date of death or during his or her Period of Absence, including following his or her date of Disability.

7.6.4 Notwithstanding Section 7.6.2, where a Participant experiences a Period of Absence that extends beyond the end of a Performance Period for PSUs or a Vesting Date for RSUs and fails to return to active full-time employment with the Corporation or an Affiliate within one hundred and eighty (180) days following the end of such Performance Period or such Vesting Date, no portion of the PSUs subject to such Performance Period or RSUs that would otherwise Vest on such Vesting Date shall Vest and the Participant shall receive no payment or other compensation in respect of such PSUs or RSUs or loss thereof, on account of damages or otherwise.

7.7 **Other Terminations of Employment.** In the event that, during a Performance Period with respect to PSUs or prior to a Vesting Date with respect to RSUs, (i) the Participant's employment is terminated by the Corporation or an Affiliate of the Corporation for any reason, or (ii) a Participant voluntarily terminates his employment with the Corporation or an Affiliate of the Corporation, including due to retirement, no portion of the PSUs subject to such Performance Period or RSUs that would otherwise Vest on such Vesting Date shall Vest and the Participant shall receive no payment or other compensation in respect of such PSUs or RSUs or loss thereof, on account of damages or otherwise; provided that any Vested PSUs and Vested RSUs will be settled in accordance with Sections 7.4 and 7.5.

7.8 **Change in Control.** Notwithstanding any other provision of the Plan, but subject to the terms of any Award Agreement or any employment agreement between the Participant and the Corporation or any Affiliate, in the event of a Change in Control, all PSUs and RSUs credited to each Account (including for greater certainty Dividend Equivalent Units) which have not become Vested PSUs or Vested RSUs, shall become Vested PSUs and Vested RSUs on the basis of one (1) PSU becoming one (1) Vested PSU and one (1) RSU becoming one (1) Vested RSU, as at the time of Change in Control (unless otherwise determined by the Committee). As soon as practicable following a Change in Control each Participant shall, at the discretion of the Committee, receive in cash or in Shares (or a combination thereof) a payment equal to the number of such Vested PSUs and Vested RSUs (as determined pursuant to this Section 7.7) credited to the Participant's Account at the time of the Change in Control (rounded down to the

- 14 -

nearest whole number of Vested PSUs and Vested RSUs) multiplied by the price at which the Shares are valued for the purpose of the transaction or series of transactions giving rise to the Change in Control, or if there is no such transaction or transactions at the Market Value on the date of the Change in Control, less any statutory withholdings or deductions. Notwithstanding the foregoing, where a Change in Control occurs and no Shares are distributed and no cash payments are made to a Participant within thirty (30) days following the Change in Control, the Corporation shall cease to have the discretion to provide the Participant with Shares and shall be required to pay (or cause an Affiliate to pay) to the Participant in respect of his Vested PSUs and Vested RSUs and Dividend Equivalent Units the amount determined in accordance with the cash payment formula set out above.

8. CURRENCY

- 8.1 **Currency.** All references in the Plan to currency refer to lawful Canadian or United States currency as indicated.

9. SHAREHOLDER RIGHTS

- 9.1 **No Rights to Shares.** PSUs and RSUs are not Shares and neither the grant of PSUs or RSUs nor the fact that Shares may be acquired by, or provided from, the Corporation in satisfaction of Vested PSUs or Vested RSUs will entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

10. ADMINISTRATION

- 10.1 **Committee.** Unless otherwise determined by the Board, the Plan shall be administered by the Committee.
- 10.2 **Delegation and Administration.** The Committee may delegate to any one or more directors, officers or employees of the Corporation and/or its participating Affiliates such duties and powers relating to the Plan as it may see fit. The Committee may, in its discretion, delegate such of its powers, rights and duties under the Plan, in whole or in part, to any committee or any one or more directors, officers or employees of the Corporation and/or its participating Affiliates as it may determine from time to time, on terms and conditions as it may determine, except the Committee shall not, and shall not be permitted to, delegate any such powers, rights or duties to the extent such delegation is not consistent with Applicable Law. .
- 10.3 **Effects of Committee's Decision.** Any interpretation, rule, regulation, determination or other act of the Committee hereunder shall be made in its sole discretion and shall be conclusively binding upon all persons.
- 10.4 **Liability Limitation.** No member of the Committee, the Board or any officer, director or employee of the Corporation or any Affiliate shall be liable for any action or determination made in good faith pursuant to the Plan or any Award

- 15 -

Agreement under the Plan. To the fullest extent permitted by law, the Corporation and its Affiliates shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Committee or the Board or is or was an officer, director or employee of the Corporation or an Affiliate.

- 10.5 **Compliance with Laws and Policies.** The Corporation's issuance of any PSUs and RSUs and its obligation to make any payments or discretion to provide any Shares hereunder is subject to compliance with Applicable Law. Each Participant shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Participant will, at all times, act in strict compliance with Applicable Law and all other laws and any policies of the Corporation applicable to the Participant in connection with the Plan including, without limitation, furnishing to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law. Such laws, regulations, rules and policies shall include, without limitation, those governing "insiders" or "reporting issuers" as those terms are construed for the purposes of Applicable Laws.
- 10.6 **Withholdings.** So as to ensure that the Corporation or an Affiliate, as applicable, will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Corporation, or an Affiliate may withhold or cause to be withheld from any amount payable to a Participant, either under this Plan, or otherwise, such amount, or may require the sale of such number of Shares, as may be necessary to permit the Corporation or the Affiliate, as applicable, to so comply.
- 10.7 **No Additional Rights.** Neither designation of an employee as a Participant nor the establishment of an Award Value for or grant of any PSUs or RSUs to any Participant entitles any person to the establishment of an Award Value, grant, or any additional grant, as the case may be, of any PSUs or RSUs under the Plan.
- 10.8 **Amendment, Termination.** The Plan may be amended or terminated at any time by the Committee in whole or in part, provided that:
- 10.8.1 no amendment of the Plan shall, without the consent of the Participants affected by the amendment, or unless required by Applicable Law, adversely affect the rights accrued to such Participants with respect to PSUs or RSUs granted prior to the date of the amendment;
 - 10.8.2 no amendment of the Plan shall be effective unless such amendment is approved by the Stock Exchange; and
 - 10.8.3 approval by a majority of the votes cast by shareholders present and voting in person or by proxy at a meeting of shareholders of the Corporation shall be obtained for any:

- 16 -

- 10.8.3.1 amendment for which, under the requirements of the Stock Exchange or any applicable law, shareholder approval is required;
 - 10.8.3.2 reduction of the purchase price of Shares issued or purchased to pay awards granted under the Plan or the cancellation and reissuance of awards under the Plan;
 - 10.8.3.3 extension of the term of an award under the Plan beyond the original expiry date of the award;
 - 10.8.3.4 any amendment to remove or exceed the insider participation limit set out in Section 6.4;
 - 10.8.3.5 an increase to the maximum number of Shares issuable from treasury under the Plan;
 - 10.8.3.6 amendments to eligible Participants that may permit the introduction or non-employee directors on a discretionary basis;
 - 10.8.3.7 allowance of awards granted under the Plan to be transferable or assignable other than for estate settlement purposes; or
 - 10.8.3.8 amendment to this Section 10.8.
- 10.9 **Administration Costs.** The Corporation will be responsible for all costs relating to the administration of the Plan. For greater certainty and unless otherwise determined by the Committee, a Participant shall be responsible for brokerage fees and other administration or transaction costs relating to the transfer, sale or other disposition of Shares on behalf of the Participant that have been previously distributed to or provided to the Participant pursuant to the Plan.
- 10.10 **Compliance with Section 409A of the U.S. Internal Revenue Code.** Notwithstanding any provision in this Plan or an Award Agreement to the contrary, to the extent a Participant is subject to taxation under the U.S. Internal Revenue Code of 1986, as amended (the “U.S. Tax Code”), then any PSUs and RSUs awarded to such Participant shall be interpreted and administered so that any amount payable with respect to such awards shall be paid in a manner that is either exempt from or compliant with the requirements of Section 409A of the U.S. Tax Code and the applicable regulatory and other guidance issued thereunder (“Section 409A”). In furtherance of the foregoing, and notwithstanding Section 7.4 or 7.5 to the contrary, if any PSU or RSU awarded under this Plan would constitute non-exempt “deferred compensation” for purposes of Section 409A, then payment shall be made to the Participant or his legal representative, as applicable, in a single lump sum, less any applicable statutory withholdings or deductions, either (1) during the immediately following calendar year if the last day of the Performance Period or the

- 17 -

Vesting Date, as applicable, is December 31, or (2) if (1) does not apply, no later than 90 days following the last day of the Performance Period or Vesting Date, as applicable (or, in the event of the Participant's death, no later than 90 days following the date of the Participant's death), provided that the Participant does not have a right to designate the year of the payment. Neither the Committee, the Corporation nor its directors, officers or employees make any representations or warranties regarding the tax treatment of any payments under the Plan and none of them shall be held liable for any taxes, interest, penalties or other monetary amounts owed by a Participant as a result of the application of Section 409A.

11. ASSIGNMENT

- 11.1 **Assignment.** The assignment or transfer of the PSUs or RSUs, or any other benefits under this Plan, shall not be permitted, other than by operation of law.



LTIP AWARD MATRIX

| LEVEL | CRITERIA | EXAMPLES |
|------------------|---|--|
| Solid Performer | Solid performer who meets all expectations | -Reliable and consistent level of performance and has delivered on all material objectives set for the individual or department. |
| Bronze Performer | Identified performer who has exceeded expectations within the past 12 months | -Reliable and consistent level of high performance and has delivered on all and exceeded on some of the objectives set for the individual or department. |
| Silver Performer | Noted performer and has identified successes within the past 12 months | -Strong performer in current position and (i) has delivered on a major project or initiative which improves efficiency, process or performance of an area in the organization or (ii) has achieved a result that warrants reward or recognition (eg. completion of construction of a key project) -Successful management of a project team that is cross functional or in multiple locations |
| Gold Performer | Strong performer, has significant successes in past 12 months and expected or identified succession candidate | -Potential or identified succession candidate for more senior roles, a critical role or C Suite -Consistently performs at a level which is above and beyond the position -Successfully completed a major transaction or project (ahead of schedule or favourable to budget) -Successful implementation of a significant process, system or reorganization with national or enterprise wide impact eg. CAM, HRIS, AMI/AMR -Addressed a major issue/overcome a significant obstacle and the result has significant impact financially or operationally on the organization |





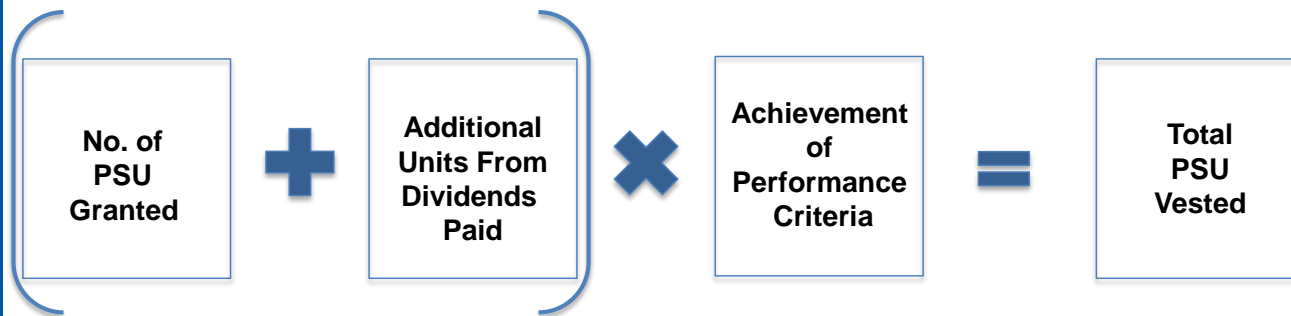
LTIP TARGETS BY ROLE

| Position | Solid | Bronze | Silver | Gold |
|--|----------|----------|----------|----------|
| Director, Senior Counsel, Managing Director | \$5,000 | \$10,000 | \$20,000 | \$40,000 |
| Vice President | \$10,000 | \$20,000 | \$40,000 | \$80,000 |

Values are in CDN \$



PSU AWARD – PROGRAM OUTLINE



Performance Share
 Units Granted =

 Award \$ Value
 divided
 by
 Share Price
 (Jan 1 13)

Dividend Paid during
 3 Year Period
 X
 PSU Units Awarded
 Converted to
 Additional PSU

Efficiency (85%)*
Safety (10%)
Cust. Satisfaction (5%)

 Percentage Score based
 on Criteria Achievement
 Potential > 100%

PSU Award +
 Dividend PSU

 X

 Achievement
 Score

* Note: Efficiency criteria is 75% Base Efficiency Factor/25% Directional Efficiency Factor weighted.





AWARD VESTING EXAMPLE-SILVER AWARD

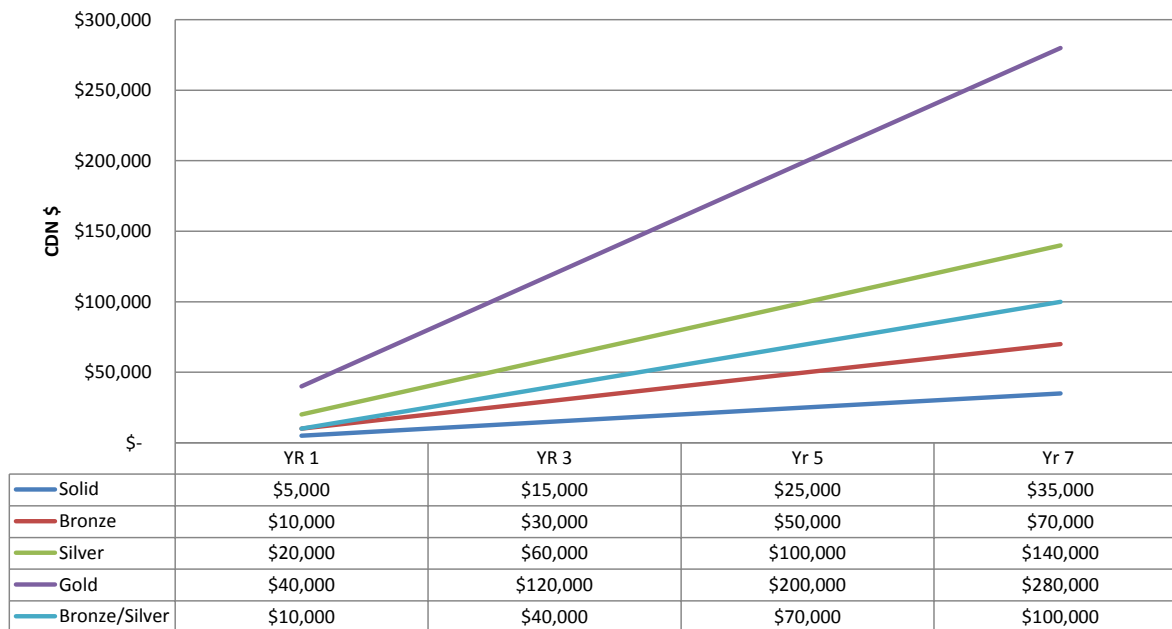
| | | | | |
|---|--|------------------|--------------------|------------------|
| • Award value in Award Agreement | | | | \$ 20,000 |
| • Market value of APUC Shares at the end of year preceding the award | | | | \$ 7.37 |
| • PSU Award based on Award Dollar Value and Market Value of APUC Shares | | | | 2,713 |
| • PSU from dividends paid on APUC shares over 3 Year Performance Period | | | | 137 |
| • Total PSUs at end of 3 Year Performance Period | | | | 2,850 |
| • Hypothetical performance against LTIP Scorecard | | | | |
| Safety Factor | 1.05 | | | |
| Efficiency Factor | 1.10 | | | |
| Customer Satisfaction Achievement Factor | 0.95 | | | |
| | | | Actual | |
| | <u>Weighted Average</u> | <u>Weighting</u> | <u>Performance</u> | |
| | Safety Achievement Factor | 10% | 1.05 | |
| | Efficiency Achievement Factor | 85% | 1.10 | |
| | Customer Satisfaction Achievement Factor | 5% | 0.95 | |
| | Performance Adjustment Factor (Weighted average of above) | | | 1.09 |
| • Number of PSU's which vest at the end of 3 Year Performance Period (1.09*2,850) | | | | 3,106 |
| • Hypothetical APUC Share Price at the end of 3 Year Performance Period | | | | \$8.50 |
| • Hypothetical LTIP Award 2016 | | | | \$26,405 |





CUMULATIVE GRANT VALUE OVER TIME

Director Level - Original Grant Values



NOTE: Values shown do not adjust for share price changes or accretive value of dividends paid during Performance Period



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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

Date Request Received: 10/4/17
Request No. Staff 8-23

Date of Response: 10/18/17
Respondent: Lori Oliveira

REQUEST:

Salaries and Wages: Reference Staff 1.1, attachment 1-1.1 Tab RR-EN-3-2 and Audit Report dated August 22, 2017, page 117. Audit found that EnergyNorth included severance pay of \$144,130. Please provide:

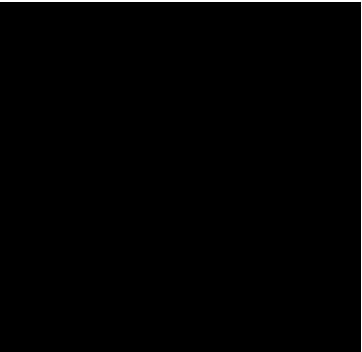
- a) Amount included in test year
- b) When was the severance paid?
- c) What were the circumstances that resulted in severance pay being paid?
- d) What were the positions and the amount for each person that received severance pay?

RESPONSE:

- a) \$144,129.54
- b) Severance payments were made throughout 2016 for employee resignations and layoffs.
- c) Please refer to Confidential Attachment Staff 8-23.
- d) Please refer to Confidential Attachment Staff 8-23.

In Confidential Attachment Staff 8-23 the Company has marked as confidential (or redacted) only the amount of severance paid in 2016 to a list of employees, by title only, who resigned or were laid off in 2016. Since one could easily determine the identity of the employees who resigned or were laid off by reviewing the job titles disclosed in Confidential Attachment Staff 8-23, the amount paid to those job titles constitutes confidential personnel information protected by RSA 91-A:5, IV. Therefore, pursuant to that statute and Puc 203.08(d), the Company has a good faith basis to seek confidential treatment of this information, and will submit a motion seeking confidential treatment prior to the final hearing in this docket.

REDACTED
Docket No. DG 17-048
Attachment Staff 8-23

| Position | Reason | 8840-2-9820-69-5010-9200 |
|--|---------------|--|
| Accountant, Energy North | Resignation |  |
| Manager, Gas | Resignation | |
| Payroll Specialist | Layoff | |
| Manager, Contact Center and Load Data Services | Resignation | |
| Manager, EHSS | Resignation | |
| Revenue Accountant | Layoff | |
| Coordinator, Accounts Payable | Layoff | |
| Vice President, Finance | Layoff | |
| Manager, Compliance, Quality, and Emergency Management | Layoff | |
| 8840-2-9820-69-5010-9200 | | 144,129.54 |

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

Date Request Received: 10/4/17
Request No. Staff 8-6

Date of Response: 10/18/17
Respondent: Steven Mullen

REQUEST:

Reference Company's response to Staff Tech 1-1, Attachment DBS/DSD-2, Schedule RR-EN-3-10, Page 2 of 2, Lines 75 – 79 and Lines 81 – 85:

- a) Please provide a detailed explanation regarding the basis for the two proposed adjustments of \$214,922 and \$163,386 for Manchester / Concord Legal Fees.
- b) Please provide copies of all documentation, ie, statements and invoices, in support of the respective total legal fee amounts of \$644,765 (Line 76) and \$3,267,713 (Line 82).
- c) Please breakout the \$3,267,713 (Line 82) by year that main or service was placed in service.
- d) Please explain the basis for the respective proposed amortization periods of 3 years (Line 77) and 20 years (Line 83).

RESPONSE:

- a) The \$214,922 is the annual cost resulting from amortizing over a three-year period the \$644,765 of legal costs incurred in the Manchester/Concord degradation fee case. The \$163,386 is the annual cost resulting from amortizing the \$3,267,713 of degradation fees over a 20-year period.
- b) Please see Attachments Staff 8-6.b.1, Staff 8-6.b.2, and Staff 8-6.b.3 for copies of the legal invoices. Please see Attachment Staff-8-6.b.4 for a summary of the legal costs by month/year. The total on Attachment Staff 8-6.b.4 is \$635,609, which differs from the \$644,765 amount shown on line 76 of Schedule RR-EN-3-10 in Attachment Staff Tech 1-1 by \$9,156. The Company is looking into this discrepancy and will adjust the amount used in the rate case filing, if necessary, in the Corrections and Updates filing.

Please see Attachment Staff 8-6.b.5 and Attachment Staff 8-6.b.6 for copies of the degradation fee costs incurred by National Grid and Liberty, respectively.
- c) The degradation fees incurred from the City of Manchester over the years were not only related to mains and service capital projects but also for expense work for jobs such as leak repairs and corrosion repairs. A breakdown of the fees among mains, services, and expense work would require a detailed review of each invoice going back to 2010.

Docket No. DG 17-048 Request No. Staff 8-6

Please see page 1 of Attachment Staff 8-6.b.5 and Attachment Staff 8-6.b.6 for a listing of the invoice amounts by date.

- d) The legal costs were incurred with respect to fees charged by both the City of Manchester and the City of Concord and were related to the court proceedings that took place over several years. As the legal costs were not directly related to the work performed but rather to the reasonableness of the degradation fees, those costs should be treated differently than the actual degradation fees. The three-year amortization period for the legal costs would allow the costs to be recovered over the estimated amount of time between rate cases.

As stated in part c) of the response, degradation fees were charged by the City of Manchester for both capital and expense work. With respect to capital work for mains and services, there are several factors that were considered. First, as the invoices date back as far as 2010, some mains and services have already been in service for as much as seven years. Second, as the degradation fees were not previously included in the plant costs, the Company's plant costs are lower than they otherwise would have been due to lower AFUDC that would have been incurred. Third, the lower plant costs due to the non-inclusion of the degradation fees and the lower AFUDC means that the Company has forgone the depreciation expense and return associated with the higher plant costs. With respect to degradation fees associated with expense work, as expenses typically impact only a single year of the Company's income statement, a shorter amortization period seemed appropriate. Weighing all of the above factors, the Company selected a twenty-year amortization period as representing a reasonable balance.

Date Received: 7/21/17
Job Number: 8840-ENIC0106
Accounting String:
Approva

Docket No. DG 17-048
Attachment Staff 8-6.b.1
Page 138 of 143



Invoice Date: 07/13/17
Invoice Number: 2017070584

David Swain, President
Liberty Utilities
15 Buttrick Road
Londonderry, NH 03053

| | |
|-------------------------|-------------------|
| AMOUNT DUE: | \$1,063.00 |
| AMOUNT REMITTED: | |

Matter Code: 92540
Matter Name: Liberty Utilities (EnergyNorth Natural Gas) Corp. v. City of Concord

BALANCE DUE THIS INVOICE

| | |
|----------------------------|-------------------|
| Services | \$1,048.00 |
| Expenses | 15.00 |
| TOTAL | \$1,063.00 |
| OUTSTANDING BALANCE | \$0.00 |

| | |
|--------------------------|-------------------|
| TOTAL BALANCE DUE | \$1,063.00 |
|--------------------------|-------------------|

TERMS: PAYMENT IS DUE UPON RECEIPT OF INVOICE

| |
|---|
| <p>Please make your check payable and remit to: McLane Middleton, Professional Association P.O. Box 326 Manchester, NH 03105-0326</p> |
|---|

cl.rtf

McLane Middleton

Matter Code: 92540

Invoice Date: 07/13/17

Matter Name: Liberty Utilities (Energy/North Natural Gas) Corp. v.
City of Concord

Invoice Number: 2017070584

Detail of Services

| Date | Attorney | Description of Services | Hours | Rate | Amount |
|-------------------------------------|----------|--|-------------|--------|-------------------|
| 06/16/17 | BWF | Electronic mail correspondence regarding Court decision; Review decision; Electronic mail correspondence to client | 0.70 | 530.00 | 371.00 |
| 06/16/17 | SJD | Review and analysis of New Hampshire Supreme Court Order; Communications with Attorney Sheehan regarding same | 0.50 | 340.00 | 170.00 |
| 06/19/17 | BWF | Review decision in detail; Telephone call to Mr. Sheehan regarding decision | 0.40 | 530.00 | 212.00 |
| 06/22/17 | BWF | Office conference with Attorney Dutton regarding decision; Telephone call to Mr. Sheehan; Electronic mail correspondence with client | 0.30 | 530.00 | 159.00 |
| 06/22/17 | SJD | Confer with Attorney Felmy regarding New Hampshire Supreme Court Order and merits of potential Motion for Reconsideration | 0.20 | 340.00 | 68.00 |
| 06/28/17 | SJD | Review Stipulation with City of Manchester; Communications with Attorney Sheehan regarding same | 0.20 | 340.00 | 68.00 |
| Services Billed this Invoice | | | 2.30 | | \$1,048.00 |

McLane Middleton

Matter Code: 92540

Invoice Date: 07/13/17

Matter Name: Liberty Utilities (EnergyNorth Natural Gas) Corp. v.
City of Concord

Invoice Number: 2017070584

| Date | Description of Expenses | Amount |
|------|-------------------------------------|----------------|
| | Copying/Printing Charges | \$15.00 |
| | Expenses Billed this Invoice | \$15.00 |

E2.rtf

Date Received: 8/23/17
Job Number: 8840-ENIC0106
Accounting:
8840-2-0-10-1618-1070

Docket No. DG 17-048
Attachment Staff 8-6.b.1
Page 141 of 143



Invoice Date: 08/08/17
Invoice Number: 2017080512

David Swain, President
Liberty Utilities
15 Buttrick Road
Londonderry, NH 03053

| | |
|------------------|------------|
| AMOUNT DUE: | \$2,379.45 |
| AMOUNT REMITTED: | |

Matter Code: 92540
Matter Name: Liberty Utilities (EnergyNorth Natural Gas) Corp. v. City of Concord

BALANCE DUE THIS INVOICE

| | |
|----------------------------|-------------------|
| Services | \$2,343.00 |
| Expenses | 36.45 |
| TOTAL | \$2,379.45 |
| OUTSTANDING BALANCE | \$0.00 |

| | |
|--------------------------|-------------------|
| TOTAL BALANCE DUE | \$2,379.45 |
|--------------------------|-------------------|

TERMS: PAYMENT IS DUE UPON RECEIPT OF INVOICE

Please make your check payable and remit to:
 McLane Middleton, Professional Association
 P.O. Box 326
 Manchester, NH 03105-0326

cl.rtf

McLane Middleton

Matter Code: 92540

Invoice Date: 08/08/17

Matter Name: Liberty Utilities (EnergyNorth Natural Gas) Corp. v.
City of Concord

Invoice Number: 2017080512

Detail of Services

| Date | Attorney | Description of Services | Hours | Rate | Amount |
|-------------------------------------|----------|---|-------------|--------|-------------------|
| 07/14/17 | BWF | Review taxation of costs; Electronic mail correspondence with Attorney Dutton | 0.30 | 530.00 | 159.00 |
| 07/14/17 | SJD | Review proposes Taxation of Costs by both Cities; Communications with Attorney Sheehan regarding same | 1.00 | 340.00 | 340.00 |
| 07/17/17 | BWF | Work on taxation of costs; Electronic mail correspondence with Attorney Dutton | 0.20 | 530.00 | 106.00 |
| 07/17/17 | SJD | Research and analysis of law concerning allowable costs; Review requests for costs filed in New Hampshire Supreme Court; Communications with Attorney Sheehan regarding same | 1.80 | 340.00 | 612.00 |
| 07/18/17 | SJD | Prepare for and meet with Attorney Felmly regarding Cities' requests for costs and strategy for responding to same | 1.00 | 340.00 | 340.00 |
| 07/24/17 | BWF | Electronic mail correspondence with Attorney Dutton regarding taxation of costs | 0.20 | 530.00 | 106.00 |
| 07/24/17 | SJD | Telephone discussion with counsel for Manchester regarding issues in Taxations of Costs; Communications with Counsel for Concord regarding same; Draft Assented-To Motion to Respond to Taxations of Costs; Confer with Attorney Felmly regarding same; Communications with Attorney Sheehan regarding same | 1.00 | 340.00 | 340.00 |
| 07/27/17 | SJD | Prepare proposals to Cities regarding requests for costs; Confer with Attorney Felmly regarding same; Confer with Attorney Sheehan regarding same; Finalize same and send to counsel for the Cities | 1.00 | 340.00 | 340.00 |
| Services Billed this Invoice | | | 6.50 | | \$2,343.00 |

McLane Middleton

Matter Code: 92540

Invoice Date: 08/08/17

Matter Name: Liberty Utilities (EnergyNorth Natural Gas) Corp. v.
City of Concord

Invoice Number: 2017080512

| Date | Description of Expenses | Amount |
|-------------|-------------------------------------|----------------|
| | Copying/Printing Charges | \$36.45 |
| | Expenses Billed this Invoice | \$36.45 |

E2.rtf

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket Nos. 217-2010-CV-00402 and 216-2010-EQ-00172

Liberty Utilities (EnergyNorth Natural Gas) Corp.

v.

City of Concord
and
City of Manchester

STIPULATION FOR TAXATION OF COSTS TO CITY OF CONCORD

Liberty Utilities (EnergyNorth Natural Gas) Corp. (“Liberty Utilities”) and the City of Concord (“Concord”) hereby stipulate and agree as follows:

1. Concord filed a Verified Motion for Taxation of Costs on July 17, 2017.
2. Liberty Utilities and Concord have conferred, and hereby stipulate and agree that costs shall be taxed against Liberty Utilities in the total amount of \$42,358.33, broken down as follows:

| <u>Cost</u> | <u>Amount</u> |
|---|----------------------|
| Liberty Utilites' expert witness — reimbursement to the McLane firm for Mr. Todres December 30, 2014 deposition travel expenses from Chicago to New Hampshire. | \$449.05 |
| H. Alan Todres, Liberty Utilities' expert witness — reimbursement to the McLane firm for Mr. Todres' deposition testimony on December 30, 2014. | \$936.00 |
| H. Alan Todres, Liberty Utilities' expert witness — reimbursement to the McLane firm for Mr. Todres' February 5, 2015 deposition testimony and travel expenses. | \$540.25 |
| Wayne Seiler, All-About Pavements, Inc., reimbursement to the City of | \$38,773.00 |

| | |
|---|--------------------|
| Manchester for Concord's expert witness fees — August 31, 2014 through May 31, 2015. | |
| Connelly Reporting & Video Services, Inc. - stenographer attendance fee and transcripts, original and copy, for IL Alan Todres' December 30, 2014 deposition. | \$639.01 |
| Jensen Litigation Solutions — stenographer attendance fee and Transcripts, original and copy, for H. Alan Todres' February 5, 2015 deposition. | \$598.18 |
| Avtranz — City's costs for preparation of February 5, 2015 Deposition Transcript Copy | \$212.50 |
| Sheraton Chicago O'Hare Airport Hotel conference room fee for February 5, 2015 depositions of H. Alan Todres and Wayne Seiler. | \$210.34 |
| TOTAL | \$42,358.33 |

3. Payment to Concord shall be made within ten (10) business days of the receipt of the Order approving the Parties' Stipulation.

Respectfully submitted,

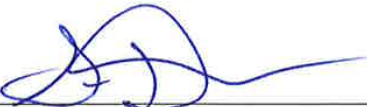
LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By Its Attorneys,

McLANE, GRAF, RAULERSON & MIDDLETON,
PROFESSIONAL ASSOCIATION

Date: August 4, 2017


By:



Bruce W. Felmly (NH Bar # 787)
Steven J. Dutton (NH Bar # 17101)
900 Elm Street, P.O. Box 326
Manchester, NH 03105-0326
Telephone (603) 625-6464

CITY OF CONCORD

Date: August 4 2017

By:  w/ permission
For James W. Kennedy (NH Bar # 15849)

City of Concord
41 Green Street
Concord, New Hampshire 03301
Telephone (603) 225-8505

SO ORDERED.

Dated: _____

PRESIDING JUSTICE

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket Nos. 217-2010-CV-00402 and 216-2010-EQ-00172

Liberty Utilities (EnergyNorth Natural Gas) Corp.

v.

City of Concord
and
City of Manchester

STIPULATION FOR TAXATION OF COSTS TO CITY OF MANCHESTER

Liberty Utilities (EnergyNorth Natural Gas) Corp. (“Liberty Utilities”) and the City of Manchester (“Manchester”) hereby stipulate and agree as follows:

1. Manchester filed a Verified Motion for Taxation of Costs on July 17, 2017.
2. Liberty Utilities and Manchester have conferred, and hereby stipulate and agree

that costs shall be taxed against Liberty Utilities in the total amount of \$119,784.87, broken down as follows:

| <u>Cost</u> | <u>Amount</u> |
|--|----------------------|
| H. Alan Todres, Liberty Utilities’ expert witness – reimbursement to the McLane firm Mr. Todres’ December 30, 2014 deposition travel expenses from Chicago to New Hampshire (50% share of \$898.10). | \$449.05 |
| H. Alan Todres, Liberty Utilities’ expert witness – reimbursement to the McLane firm for Mr. Todres’ deposition testimony on December 30, 2014 (50% share of \$1,872) | \$936.00 |
| H. Alan Todres, Liberty Utilities’ expert witness – reimbursement to the Mclane firm for Mr. Todres’ February 5, 2015 deposition testimony and travel expenses (50% share of \$1,080.50) | \$540.25 |

| | |
|---|---------------------|
| Dr. Wayne Seiler, All-About Pavements, Inc., Manchester expert witness – August 31, 2014 through May 31, 2015 | \$99,157.05 |
| GeoInsight, Inc., subcontractor for Wayne Seiler provided professional services for utility patch pavement assessment | \$17,234.31 |
| Connelly Reporting & Video Services, Inc. -- stenographer attendance fee and transcripts, original and copy, for H. Alan Todres December 30, 2014 deposition | \$639.00 |
| Jensen Litigation Solutions -- stenographer attendance fee and transcripts, original and copy, for H. Alan Todres February 5, 2015 deposition (50% of \$1,196.36) | \$598.18 |
| Sheraton Chicago O'Hare Airport Hotel -- conference room fee for February 5, 2015 depositions of H. Alan Todres and Wayne Seiler | \$231.03 |
| TOTAL | \$119,784.87 |

Respectfully submitted,

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By Its Attorneys,

McLANE, GRAF, RAULERSON & MIDDLETON,
PROFESSIONAL ASSOCIATION

Date: August 4, 2017

By: _____




Bruce W. Felmly (NH Bar # 787)
Steven J. Dutton (NH Bar # 17101)
900 Elm Street, P.O. Box 326
Manchester, NH 03105-0326
Telephone (603) 625-6464

CITY OF MANCHESTER

By Its Attorneys,

PRIMMER PIPER EGGLESTON & CRAMER, PC

Date: August 4 2017

By:  *w/ Permission*
FOR Thomas J. Pappas (NH Bar # 4111)
Gary M. Burt (NH Bar # 5510)
Matthew J. Delude (NH Bar # 18305)
P.O. Box 3600
Manchester, NH 03105-3600
Telephone (603) 626-3300

SO ORDERED.

Dated: _____

PRESIDING JUSTICE

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

DG 17-048
Distribution Service Rate Case

OCA Data Requests - Set 4

Date Request Received: 10/4/17
Request No. OCA 4-26

Date of Response: 10/18/17
Respondent: Steven Mullen

REQUEST:

Training Center/Revenue Requirements

Reference Liberty Utilities (EnergyNorth Natural Gas) 2016 balance sheet beginning at Bates page 6 (Tab 1 PUC 1604 filing requirement). Relative to the Concord training center, please provide the page, account number and dollar amount for the following, for Jan 2016 and Dec 2016:

- a. Gross amount;
- b. Accumulated depreciation;
- c. Net amount;

RESPONSE:

Please see the table below for the information requested in parts a. through c. The amounts in the Cost Basis column are included on Bates 006 of the Puc 1604.01 filing requirements in the respective lines for the individually identified plant accounts. The Accumulated Depreciation amounts are all included in 8840-2-0000-10-1655-1080 Accumulated Depreciation of Utility Plant, which is also on Bates 006. The net plant amounts are not individually shown on the balance sheet on Bates 006-011 as they are included in the "Total Assets" line on Bates 009.

| <u>Balances as of January 31, 2016</u> | | | | |
|---|-----------------------------------|---------------------|--------------------------|---------------------|
| Account Number | Account Name | Cost Basis | Accumulated Depreciation | Net Book Value |
| 8840-2-0000-10-1615-3900 | General Structures & Improvements | 3,743,921.31 | 97,971.48 | 3,645,949.83 |
| 8840-2-0000-10-1615-3940 | Tools, Shop, and Garage Equipment | 37,664.47 | 594.19 | 37,070.28 |
| 8840-2-0000-10-1615-3970 | Communications Equipment | 18,313.32 | 712.53 | 17,600.79 |
| 8840-2-0000-10-1615-3980 | Misc. Equipment | 31,208.46 | 393.32 | 30,815.14 |
| | | 3,831,107.56 | 99,671.52 | 3,731,436.04 |
| <u>Balances as of December 31, 2016</u> | | | | |
| Account Number | Account Name | Cost Basis | Accumulated Depreciation | Net Book Value |
| 8840-2-0000-10-1615-3900 | General Structures & Improvements | 3,743,921.31 | 211,757.19 | 3,532,164.12 |
| 8840-2-0000-10-1615-3940 | Tools, Shop, and Garage Equipment | 39,230.47 | 2,485.72 | 36,744.75 |
| 8840-2-0000-10-1615-3970 | Communications Equipment | 18,313.32 | 1,832.24 | 16,481.08 |
| 8840-2-0000-10-1615-3980 | Misc. Equipment | 31,208.46 | 2,301.45 | 28,907.01 |
| | | 3,832,673.56 | 218,376.60 | 3,614,296.96 |

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests - Set 2

Date Request Received: 6/16/17
Request No. Staff 2-26

Date of Response: 6/30/17
Respondent: Daniel Dane

REQUEST:

Reference Attachment DBS/DSD-2, Schedule RR-EN-3-10, Page 1 of 1 (Bates 057), Lines 28-32 – Concord Training Center: The pro-forma adjustment appears to indicate there was an effective decrease in the annual rental expense intercompany credit amount from \$146,559 (5/1/16 – 4/30/17) to \$95,930 (5/1/17 – 4/30/18). (See also RR-EN-3-10 WP). Please explain.

RESPONSE:

The rental expense for the Concord Training Center is to be updated on May 1 of each year, per the Training Center Lease Agreement. The amount of the expense is based on EnergyNorth's annual costs of ownership of the Concord Training Center. Per the Company's calculation of EnergyNorth's costs of ownership for the period May 1, 2017 to April 30, 2018, the costs will decrease from the prior year, resulting in the *pro forma* reduction shown in DBS/DSD-2, Schedule RR-EN-3-10.

As indicated in both Docket No. DA 16-560 and Docket No. DE 16-383, the \$146,559 was derived using a combination of actual and estimated amounts as it was for the initial year of the lease and a full year of actual costs had not yet been experienced. The \$95,930 was calculated in advance of the rate case filing and involved some estimated costs as actual costs for the lease year ended April 30, 2017, were not yet fully available. Following the completion of the lease year and after submittal of the rate case filing, the lease amount was recalculated using actual amounts as well as an updated count of union employees to determine Granite State's Proportionate Share (as defined in the Lease Agreement). The updated count of union employees was 37 for Granite State and 147 for EnergyNorth, resulting in Granite State's Proportional Share to be 20.11% versus EnergyNorth's at 79.89%. The recalculated lease amount for Granite State is \$96,764. The amount of lease revenue to be received by EnergyNorth will be adjusted by \$834 as part of the Corrections and Updates filing.

Please see Attachment Staff 2-26 for a comparison of the calculation of the \$146,559 and the \$96,764.

Docket No. DG 17-048
Attachment Staff 2-26

Concord Training Center
Annual Determination of Lease Payment

| | Year 2 (Commencing May 1, 2017) | Initial Year Estimate | Difference | Comments |
|---|---------------------------------------|-----------------------|------------------------|---|
| Cost of building on books, 4/30/2017 | \$ 3,824,673.56 | \$ 4,109,880 | \$ (285,206.44) | Mostly reclassified expenditures to another job; see tab FA 106<->0317 |
| Accum Depr thru 4/30/2017 | \$ (261,669.64) | \$ (118,365) | \$ (143,304.64) | Depreciated more months |
| NBV as of 4/30/2017 | \$ 3,563,003.92 | \$ 3,991,515 | \$ (428,511.08) | |
| Return @ EnergyNorth WACC of 7.05% | \$ 251,191.78 | \$ 281,401.81 | \$ (30,210.03) | |
| Annual Book Depreciation | \$ 129,788.49 | \$ 118,364 | \$ 11,424.49 | EN rate case utilized various depreciation rates by FERC code. Initial year used a blended rate |
| Annual Property and Liability Insurance | \$ 349.55 | \$ 1,500 | \$ (1,150.45) | EN Rate Case based on gross book value allocation; Initial year was an estimate |
| Utilities (gas, electric, communications) | \$ 20,031.11 | \$ 39,762 | \$ (19,730.89) | EN Rate Case based on actual; Initial year based on annualized 4 months of actuals |
| Property Taxes | \$ 28,516.33 | \$ 30,210 | \$ (1,693.67) | Both from tax bills |
| All other Admin and O&M | \$ 51,328.69 | \$ 115,000 | \$ (63,671.31) | Initial year based on estimates; EN Rate Case based on actuals |
| Total | \$ 481,205.95 | \$ 586,238 | \$ (105,031.86) | |
| Percentage to GSE - Annual | \$ 96,764.24 | 20.11% | 25% | \$ (49,795.21) |
| (Monthly GSE) | \$ 8,063.69 | | | |
| Percentage to EN - Annual | \$ 384,441.71 | 79.89% | 75% | \$ (55,236.65) |
| (Monthly EN) | \$ 32,036.81 | | | |

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

Date Request Received: 10/4/17
Request No. Staff 8-24

Date of Response: 10/18/17
Respondent: Lori Oliveira

REQUEST:

Short Term Plan and Balanced Scorecard: Reference Staff Tech 1-3 and Puc 1604.01(a) (15) incentive plans. The Short Term Plan states that awards are based on two components each split by a weighting that varies by position level. The two components are Balanced Scorecard Achievement and Individual Performance Achievement. Please provide the performance objectives and their weighting on the Balanced Scorecard that must be met prior to award of any incentive compensation for 2015, 2016, and 2017. If not clearly delineated, please indicate the goals for senior management, non-union, and union employees.

RESPONSE:

Please refer to Bates 104-107 of the Puc 1604.01(a) filing requirements for Short Term Incentive Plan (“STIP”) details. Individual performance achievements discussed in the STIP details refer to individual goals developed for each employee in consultation with his or her manager.

Please refer to Attachment Staff 8-24.1.xlsx, Attachment Staff 8-24.2.xlsx, and Attachment Staff 8-24.3.xlsx for established balanced scorecard targets and their weightings for 2015, 2016, and 2017, respectively.

Senior Management employees and Non-Union employees that participate in the STIP use the same goal setting processes and systems. Union employees do not participate in the STIP.

Select Qtr ==> Q2

2017 Rate Regulated Distribution Business Group Balanced Scorecard

| | Q1 | Q2 | Q3 | Q4 | YTD Bgt | 2017 Fct |
|---------------------------|-----|-----|----|----|---------|----------|
| Stakeholders | 22% | 44% | | | 45% | 110% |
| People | 5% | 36% | | | 17% | 115% |
| Efficiency | 22% | 41% | | | 43% | 95% |
| Business Processes | 21% | 52% | | | 49% | 115% |

STATE Period 9

| Owner | Section | Region | 4-Factor | Description | Region | State |
|---|-------------|--------|----------|---|--------------|--------------|
| STAKEHOLDERS - Public and Employees | | | | | 45.0% | 45.0% |
| Gary Gazan | Stakeholder | NH | 14.4% | Deliver World Class Safety Metrics in Operations (RIR) | 7.5% | 7.5% |
| Gary Gazan | Stakeholder | NH | 14.4% | Deliver World Class Safety Metrics in Operations LTI) | 7.5% | 7.5% |
| Gary Gazan | Stakeholder | NH | 14.4% | Complete execution against 2017 EH&S Plan | 5.0% | 5.0% |
| Gary Gazan | Stakeholder | NH | 14.4% | Operate without any Notices of Violation | 15.0% | 15.0% |
| Gary Gazan | Stakeholder | NH | 14.4% | Operate in Accordance with MVA Targets | 10.0% | 10.0% |
| STAKEHOLDERS - Customers and Communities | | | | | 45.0% | 45.0% |
| Katy C. | Stakeholder | NH | 14.4% | Achieve Targeted Customer Service Levels | 10.0% | 10.0% |
| Katy C. | Stakeholder | NH | 14.4% | Achieve Targeted Customer Satisfaction Levels | 10.0% | 10.0% |
| Gerald T. | Stakeholder | NH | 14.4% | Deliver Targeted System Reliability | 15.0% | 15.0% |
| | Stakeholder | NH | 14.4% | Develop and Implement Central Billing and Billprint Plan | 5.0% | 5.0% |
| | Stakeholder | NH | 14.4% | Operating Expenses (Excluding Allocations) | | |
| | Stakeholder | NH | 14.4% | Active Customers | | |
| | Stakeholder | NH | 14.4% | Evaluate and control cost per customer metrics | 5.0% | 5.0% |
| STAKEHOLDERS - Capital Markets | | | | | 15.0% | 15.0% |
| Arthur K. | Stakeholder | NH | 14.4% | Deliver on Adjusted FFO/Debt Metrics | 15.0% | 15.0% |
| PEOPLE - Engagement and Cultural Initiatives | | | | | 70.0% | 70.0% |
| Greg R. | People | NH | 14.4% | Implement 2017 Cultural Initiatives | 25.0% | 25.0% |
| Greg R. | People | NH | 14.4% | Continue Engagement Plan Development / Implementation | 25.0% | 25.0% |
| Lisa J. | People | NH | 14.4% | Implement Risk Culture Building Initiatives | 10.0% | 10.0% |
| Dainna D. | People | NH | 14.4% | DBG/Reg/State Completion rate for Company Policy e-learning | 5.0% | 5.0% |
| Presidents | People | NH | 14.4% | Complete Targeted Interconnection Hours for State/Reg/DBG | 5.0% | 5.0% |
| PEOPLE - Talent Development | | | | | 10.0% | 10.0% |
| Dainna D. | People | NH | 14.4% | Participation in Top Talent Programs | 10.0% | 10.0% |
| PEOPLE - Leadership | | | | | 35.0% | 35.0% |
| Dainna D. | People | NH | 14.4% | Succession Planning Program 2017 | 15.0% | 15.0% |
| Dainna D. | People | NH | 14.4% | Implement 2017 Leadership Development Plan | 10.0% | 10.0% |
| Greg R. | People | NH | 14.4% | Participation in Rollout of Career Planning Program | 10.0% | 10.0% |
| EFFICIENCY - Create Cost of Capital Efficiency | | | | | 65.0% | 65.0% |
| Executive T | Efficiency | NH | 14.4% | Deliver Targeted State Net Income | 20.0% | 20.0% |
| | Efficiency | NH | 14.4% | Deliver Targeted State ROE | 20.0% | 20.0% |
| Executive T | Efficiency | NH | 14.4% | Deliver EBITDA (State BG Profit) | 25.0% | 25.0% |
| EFFICIENCY - Create Operational Scale Efficiency | | | | | 15.0% | 15.0% |
| Presidents/ | Efficiency | NH | 14.4% | Deliver Targeted State Organic Growth | 5.0% | 5.0% |
| Presidents/ | Efficiency | NH | 14.4% | Deliver Targeted Growth in Regional Operating Profit | 10.0% | 10.0% |
| EFFICIENCY - Create Operating Cost Efficiency | | | | | 20.0% | 20.0% |
| Executive T | Efficiency | NH | 14.4% | Distribution Operating Costs < Target QTR | 15.0% | 15.0% |
| Executive T | Efficiency | NH | 14.4% | Distribution Operating Costs < Target FY | 5.0% | 5.0% |

| BUSINESS PROCESSES - Governance and Controls | | | | | 30.0% | 30.0% |
|--|--------------|----|-------|---|--------------|--------------|
| Todd M. | Business Prc | NH | 14.4% | Implementation of centralized capital planning system | 10.0% | 10.0% |
| Dwight V. / I | Business Prc | NH | 14.4% | Implement and operate against SOX Compliance Plan | 10.0% | 10.0% |
| Katy C. / Mil | Business Prc | NH | 14.4% | Implement Liberty Way Initiative | 10.0% | 10.0% |
| BUSINESS PROCESSES - Planning and Forecasting | | | | | 35.0% | 30.0% |
| Presidents | Business Prc | NH | 14.4% | Minimize Regulatory complaints | 10.0% | 15.0% |
| Presidents | Business Prc | NH | 14.4% | Development and Implement Compliance Program | 10.0% | 10.0% |
| Presidents | Business Prc | NH | 14.4% | Continuing Emergency Preparation Evaluation | 5.0% | 5.0% |
| BUSINESS PROCESSES - Operational Initiatives | | | | | 45.0% | 50.0% |
| Gerald T. / | Business Prc | NH | 14.4% | Complete Regional Structure Implementation | 10.0% | 10.0% |
| Bill K. / Pres | Business Prc | NH | 14.4% | Ensure Timing of Rate Case Filings (State Specific) | 15.0% | 15.0% |
| Lisa J. | Business Prc | NH | 14.4% | Complete Development/Implementation of BCP | 5.0% | 5.0% |
| Mike S. | Business Prc | NH | 14.4% | Complete 2017 Capital Projects on-time/on budget | 10.0% | 10.0% |
| Presidents | Business Prc | NH | 14.4% | Conduct Facilities Rehabilitation | 5.0% | 10.0% |

Stakeholders
People
Efficiency
Business Processes
Total Points

2016 Distribution Business Group Balanced Scorecard

| | Q1 | Q2 | Q3 | Q4 | BGT |
|---------------------------|-----------|-----------|-----------|-----------|------------|
| Efficiency | 15% | 34% | 62% | 88% | 100% |
| Stakeholders | 18% | 36% | 58% | 91% | 100% |
| Business Processes | 20% | 45% | 70% | 95% | 110% |
| People | 7% | 36% | 88% | 106% | 110% |

STATE Period 12

| Section | Region | 4-Factor | Description | Consol | State |
|---|--------|----------|---|--------|-------|
| EFFICIENCY - Create Cost of Capital Efficiency | | | | | |
| Efficiency | NH | 10.2% | Deliver APUC EBITDA | 20% | 30% |
| Efficiency | NH | 10.2% | Deliver APUC Net Income | 40% | 40% |
| EFFICIENCY - Create Operational Scale Efficiency | | | | | |
| Efficiency | NH | 10.2% | Drive Organic Growth | 5% | 10% |
| EFFICIENCY - Create Operating Cost Efficiency | | | | | |
| Efficiency | NH | 10.2% | Distribution Operating Costs < Target QTR | 15% | 15% |
| Efficiency | NH | 10.2% | Distribution Operating Costs < Target FY | 5% | 5% |
| STAKEHOLDERS - Safety Performance | | | | | |
| Stakeholders | NH | 10.2% | Drive World Class Safety Performance | 15% | 15% |
| Stakeholders | NH | 10.2% | Execute on 2016 EHS Plan | 10% | 10% |
| Stakeholders | NH | 10.2% | Minimize Notices of Violation | 5% | 5% |
| Stakeholders | NH | 10.2% | Motor Vehicle Accident Targets | 5% | 5% |
| STAKEHOLDERS - Customers and Communities | | | | | |
| Stakeholders | NH | 10.2% | Provide Satisfactory Customer Experience | 10% | 10% |
| Stakeholders | NH | 10.2% | Achieve Target Customer Service Levels | 5% | 5% |
| Stakeholders | NH | 10.2% | Bill Accuracy | 5% | 5% |
| Stakeholders | NH | 10.2% | Bad Debt as a percentage of Gross Revenue | 1.7% | 1.7% |
| Stakeholders | NH | 10.2% | Bad Debt versus Budget | 1.7% | 1.7% |
| Stakeholders | NH | 10.2% | Bad Debt versus PUC allowance | 1.7% | 1.7% |
| Stakeholders | NH | 10.2% | A/R management metrics | 5% | 5% |
| Stakeholders | NH | 10.2% | State & Municipal Government Outreach | 5% | 5% |
| STAKEHOLDERS - Operations Reliability | | | | | |
| Stakeholders | NH | 10.2% | Deliver Targeted System Reliability | 15% | 15% |
| Stakeholders | NH | 10.2% | Business Continuity Plan | 10% | 10% |
| Stakeholders | NH | 10.2% | Maintain Target Credit Metrics | 10% | 10% |
| BUSINESS PROCESSES - Capital & Asset Initiatives | | | | | |
| Business Processes | NH | 10.2% | SOX Compliance Plan | 5% | 5% |
| Business Processes | NH | 10.2% | Conduct Facilities Rehabilitation | 0% | 10% |
| Business Processes | NH | 10.2% | Achieve LU State Asset Growth | 0% | 15% |
| BUSINESS PROCESSES - Strategic Planning Initiatives | | | | | |
| Business Processes | NH | 10.2% | Long Term Plan for Enterprise Technology and Business Systems | 5% | 5% |
| Business Processes | NH | 10.2% | Regulatory complaints | 0% | 10% |
| Business Processes | NH | 10.2% | Compliance reporting on time to Commission | 0% | 10% |
| Business Processes | NH | 10.2% | Complete Continuing Emergency Preparation Evaluation | 0% | 5% |
| BUSINESS PROCESSES - Operational Initiatives | | | | | |
| Business Processes | NH | 10.2% | Implement Liberty / APCo Way Initiative | 15% | 15% |
| Business Processes | NH | 10.2% | Capital Project Prioritization, Optimization & Management | 15% | 15% |
| Business Processes | NH | 10.2% | Implementation of centralized capital planning system | 10% | 10% |
| Business Processes | NH | 10.2% | Ensure timings of Rate Case filings | 0% | 5% |

| | | | | | |
|--------------------|----|-------|--|----|----|
| Business Processes | NH | 10.2% | Operating Expenses (Excluding Allocations) | | |
| Business Processes | NH | 10.2% | Active Customers | | |
| Business Processes | NH | 10.2% | Cost per customer | 0% | 5% |

PEOPLE - Engagement and Cultural Initiatives

| | | | | | |
|--------------------|----|-------|---|-----|-----|
| Business Processes | NH | 10.2% | Roll-out 2016 Cultural Plan | 25% | 25% |
| Business Processes | NH | 10.2% | Continue Employee Engagement Plan Development and Impleme | 20% | 20% |
| Business Processes | NH | 10.2% | Combined Spirit of Algonquin / Liberty Program | 10% | 10% |
| Business Processes | NH | 10.2% | Completion rate for Company Policy e-learning | 10% | 10% |

PEOPLE - Leadership Development

| | | | | | |
|--------------------|----|-------|---|-----|-----|
| Business Processes | NH | 10.2% | Complete Succession Planning Process - Phase 2 | 15% | 15% |
| Business Processes | NH | 10.2% | Organize and Hold 2016 Leadership Summit | 10% | 10% |
| Business Processes | NH | 10.2% | Implementation of Leadership Development Training | 10% | 10% |
| Business Processes | NH | 10.2% | Implement HRIS Phase 2 (Performance Management) | 10% | 10% |

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

Date Request Received: 10/4/17
Request No. Staff 8-27

Date of Response: 10/18/17
Respondent: Lori Oliveira

REQUEST:

Long Term Incentive: Reference Staff Tech 1.4. The Company stated that \$81,580 of long term incentive is included in its revenue requirement.

- a) Please confirm that this amount was awarded under the Performance Share Unit Plan.
- b) If the amount was not awarded under the PSU, please describe the incentive plan and provide the performance targets and their weights that were met that resulted in the award.
- c) Who was the incentive given to?

RESPONSE:

- a) Yes, this amount was awarded under the Performance Share Unit Plan.
- b) Not applicable as the amount was awarded under the Performance Share Unit Plan.
- c) The incentive was given to:

VP, Ops & Engineering
VP, Human Resources
Director, Engineering
Assistant General Counsel
Director, Electric Operations
Director, Gas Operations
Director, Utility Planning, Finance
VP, Finance
Director, Rates and Regulatory Affairs.
President, NH
Director, Production/Dispatch/Control
Director, Government and Community Relations

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Set 8

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

Date of Response: 10/18/17
Respondent: James Bonner

REQUEST:

Reference Attachment DBS/DSD-2, Schedule RR-EN-3-1 (Bates 047): Please provide a calculation of EnergyNorth's pro-forma test year revenues based on its actual customer count as of 12/31/16.

RESPONSE:

A calculation of an adjustment to EnergyNorth's pro-forma test year revenues based on its actual customer bill count as of 12/31/16 is provided in Attachment Staff 8-17.

The customer bill count adjustment calculation includes a correcting factor to account for the fact that EnergyNorth's bills are rendered on a 30-day basis, which results in highly variable monthly bill counts during the course of the year. In order to properly calculate the difference between the Year Ending Number of Bills and the Average Number of Bills, it necessary to correct the Average Number of Bills for the difference in billing cycle length between the annual average 2016 cycle length and December 2016 cycle length.

Liberty Utilities (EnergyNorth Natural Gas) Corp.
Docket DG 17-048
Response to Staff 8-17
Adjustment to Pro-Forma Test Year Revenues for Year-End Bill Count

| Rate Class | R-1 | R-3 | R-4 | G-41 | G-42 | G-43 | G-51 | G-52 | G-53 | G-54 | Total |
|--|-----------|--------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 1. Cal Mo WN Base Revenues at Current Rates ¹ | \$694,481 | \$36,326,571 | \$1,118,646 | \$11,016,982 | \$12,084,183 | \$2,418,701 | \$1,391,427 | \$1,585,741 | \$1,376,073 | \$931,478 | \$68,944,283 |
| 2. Average Number of Bills ² | 3,036 | 70,646 | 5,447 | 8,389 | 1,679 | 49 | 1,252 | 309 | 34 | 27 | 90,868 |
| 3. Avg WN Base Revenue per Bill | \$228.75 | \$514.21 | \$205.37 | \$1,313.27 | \$7,197.25 | \$49,361.24 | \$1,111.36 | \$5,131.85 | \$40,472.74 | \$34,499.17 | |
| 4. 12/2016 Avg Billing Cycle Length | 31.5950 | 31.5950 | 31.5950 | 31.5950 | 31.5950 | 31.5950 | 31.5950 | 31.5950 | 31.5950 | 31.5950 | 31.5950 |
| 5. Annual 2016 Avg Billing Cycle Length | 30.4082 | 30.4082 | 30.4082 | 30.4082 | 30.4082 | 30.4082 | 30.4082 | 30.4082 | 30.4082 | 30.4082 | 30.4082 |
| 6. Avg Cycle Length Adjustment | 1.03903 | 1.03903 | 1.03903 | 1.03903 | 1.03903 | 1.03903 | 1.03903 | 1.03903 | 1.03903 | 1.03903 | 1.03903 |
| 7. Adj Average Number of Bills | 3,154 | 73,403 | 5,660 | 8,716 | 1,745 | 51 | 1,301 | 321 | 35 | 28 | 94,414 |
| 8. Year-End Number of Bills 2016 ² | 3,186 | 74,599 | 5,519 | 8,989 | 1,773 | 48 | 1,309 | 327 | 33 | 27 | 95,810 |
| 9. Difference YE 2016 to YE 2015 | 32 | 1,196 | (141) | 273 | 28 | (3) | 8 | 6 | (2) | (1) | 1,396 |
| Incr/(Decr) Weather Normal | | | | | | | | | | | |
| 10. Base Revenues | \$7,320 | \$614,990 | (\$28,957) | \$358,521 | \$201,523 | (\$148,084) | \$8,891 | \$30,791 | (\$80,945) | (\$34,499) | \$929,551 |

¹ from Attachment RATES-3, p. 4

² from Attachment RATES-1, p. 1

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Technical Session Set 3

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

Date of Response: 11/20/17
Respondent: Steven Mullen

REQUEST:

Reference Company's response to Staff 8-6(b):

- a) It does not appear that copies of legal invoices were included in Attachment Staff 8-6.b.1 to support of the following month's legal expenses indicated in Attachment Staff 8-6.b.4. Please explain and/or provide copies of invoices in support of the following legal charges.

| | | |
|------|----------------|---------------|
| i. | September 2013 | \$14,185.41 |
| ii. | October 2013 | 1,776.50 |
| iii. | January 2014 | 8,446.95 |
| iv. | February 2014 | 2,309.40 |
| v. | March 2014 | <u>465.00</u> |
| | | \$27,183.26 |

- b) Attachment Staff 8-6.b.4 indicates accrued legal expenses of \$3,296.70 for the month of November, 2014. However, McLane Invoice # 2014120526 dated 12/04/14 (Page 27 of 143 of Attachment 8-6.b.1) only indicates a total of \$1,178.25 in accrued legal charges during the month of November, 2014; a difference of \$2,118.45. Please explain. (Note: The \$2,118.45 difference appears to be the outstanding balance from a previous billing period as of the invoice date.)
- c) Attachment Staff 8-6.b.4 indicates accrued legal expenses of \$45,908.62 for the month of December, 2014. However, McLane Invoice # 2015010795 dated 01/13/15 (Page 30 of 143 of Attachment 8-6.b.1) only indicates a total of \$44,730.37 in accrued legal charges during the month of December, 2014; a difference of \$1,178.25. Please explain. (Note: The \$1,178.25 difference appears to be the outstanding balance from a previous billing period as of the invoice date.)
- d) Attachment Staff 8-6.b.4 indicates accrued legal expenses of \$15,602.84 for the month of January, 2015. However, McLane Invoice # 2015020788 dated 02/11/15 (Page 40 of 143 of Attachment 8-6.b.1) only indicates a total of \$14,050.48 in accrued legal charges during the month of January, 2015; a difference of \$1,552.36. Please explain.

Docket No. DG 17-048 Request No. Staff Tech 3-3

- e) Attachment Staff 8-6.b.4 indicates accrued legal expenses of \$85,587.69 for the month of February, 2015. However, McLane Invoice # 2015031378 dated 03/12/15 (Page 46 of 143 of Attachment 8-6.b.1) only indicates a total of \$82,743.43 (\$75,665.50 Services + \$7,077.93 Expenses) in accrued legal charges during the month of February, 2015; a difference of \$2,844.26. Please explain.

RESPONSE:

- a) As mentioned during the November 1, 2017, technical session, the Company was in the process of acquiring further backup from the McLane law firm in support of various invoices. That supporting information included copies of invoices covering costs incurred beginning in July 2012. As a result, the Company has revised the spreadsheet originally provided as Attachment Staff 8-6.b.4. Please see Attachment Staff Tech 3-3.a.1 for the revised spreadsheet.

Please see Attachment Staff Tech 3-3.a.2 for copies of legal invoices covering the months of July 2012 through March 2014.

Copies of legal invoices beginning with April 2014 were previously provided in Attachment Staff 8-6-b.1. In reviewing the information in preparing this response, it was discovered that invoices for the following months were not included in that response:

| | |
|---------------|------------|
| February 2016 | \$1,223.30 |
| April 2016 | \$ 989.65 |
| August 2017 | \$1,217.28 |

Those amounts are now included in Attachment Staff Tech 3-3.a.1, and copies of those invoices are provided in Attachment Staff Tech 3-3.a.3.

Finally, Attachment Staff 8-6-b.4 included stipulated amounts for the Cities of Concord and Manchester related to costs incurred on their behalf, and reimbursed by Liberty, related to proceedings at Superior Court and Supreme Court. The \$119,784.87 amount reported for Manchester was a combined settled amount for costs incurred at both Superior Court and Supreme Court. The \$42,358.33 reported for Concord only related to Superior Court costs. There was a separate stipulated amount, \$5,714.23, related to Supreme Court costs that was not originally included. Please see Attachment Staff Tech 3-3.a.4 for a copy of the Stipulation Agreement, and Attachment Staff Tech 3-3.a.5 for a copy of the check paid to the City of Concord in the amount of \$48,071.56 to cover both stipulated amounts.

Items i. and ii. in the question were amounts covering a period of time through October 2013 but, upon obtaining the additional supporting information described above, were found not to be fully inclusive. Those amounts should be considered superseded by the copies of invoices provided in pages 1 – 58 of Attachment Staff Tech 3-3.a.2.

Item iii. is a combination of the invoices for December 2013 (\$3,215.30) and January 2014 (\$5,231.65). Those invoices are provided in pages 59 – 66 of Attachment Staff Tech 3-3.a.2.

Docket No. DG 17-048 Request No. Staff Tech 3-3

Copies of invoices for items iv. and v. are provided in pages 67 – 71 of Attachment Staff Tech 3-3.a.2.

- b) It is correct that the \$3,296.70 included an outstanding balance of \$2,118.45 for the prior month. Please see Attachment Staff Tech 3-3.a.1 showing a revised amount of \$1,178.25 for the month of November 2014.
- c) It is correct that the \$45,908.62 included an outstanding balance of \$1,178.25 for the prior month. Please see Attachment Staff Tech 3-3.a.1 showing a revised amount of \$44,730.37 for the month of December 2014.
- d) The \$15,602.84 reported for the month of January 2015 was incorrect. Please see Attachment Staff Tech 3-3.a.1 showing a revised amount of \$14,050.48 for that month.
- e) The correct amount of charges for the month of February 2015 is \$62,077.93. The \$82,743.43 stated in the question was reduced by the “Deferred Billing Amount” of \$20,665.50 noted on the invoice which was a negotiated reduction to the charges. Please see Attachment Staff Tech 3-3.a.1 showing a revised amount of \$62,077.93 for the month of February 2015.

One other correction in Attachment Staff Tech 3-3.a.1 that should be noted is to the month of October 2016. The original amount of charges reported for that month was \$2,579.95. However, that amount should have been reduced by a credit of \$2,092.50 shown on the monthly invoice. Please see Attachment Staff Tech 3-3.a.1 showing a revised amount of \$487.45 for the month of October 2016.

Finally, in reconciling all of the costs, there were additional invoices found for transcription services as well invoices from the McLane law firm that had not been previously supplied in discovery. Those additional invoices are included in the attachments to this response noted in the summary of costs below.

In summary, the total costs included in the deferral for legal costs associated with the degradation fee case are:

| | | | |
|-----------------------------|--------------|-------------------------------------|---|
| McLane Law Firm | 475,069.50 | Legal costs incurred by EnergyNorth | Attachment Staff Tech 3-3.a.1 |
| H.A. Todres, P.E. | 68,011.69 | Expert Witness Costs | Attachment Staff Tech 3-3.1 |
| City of Concord | 48,071.56 | Costs per Stipulation | Attachments Staff 8-6.b.2, Staff Tech 3-3.a.4 |
| City of Manchester | 119,784.87 | Costs per Stipulation | Attachment Staff 8-6.b.3 |
| AVTRANZ | 1,650.00 | Transcription Services | Attachment Staff Tech 3-3.2 |
| Jensen Litigation Solutions | 1,552.36 | Transcription Services | Attachment Staff Tech 3-3.3 |
| Add'l McLane invoices | 14,120.18 | Legal costs incurred by EnergyNorth | Attachment Staff Tech 3-3.4 |
| | 728,260.16 | | |
| Remove Prior Liability | (501,027.16) | | |
| Balance to Recover | 227,233.00 | | |

The line item above to “Remove Prior Liability” relates to the following circumstances: Prior to Liberty’s acquisition of EnergyNorth, National Grid had recognized a liability on its books related to the legal costs associated with the degradation fee case. The entry to record that liability would have been a debit to expense and a credit to the liability account. That liability remained on the books of Liberty, and as of September 30, 2017, the liability was \$501,027.16.

Docket No. DG 17-048 Request No. Staff Tech 3-3

In order to remove the liability from the books, and recognizing that National Grid would have received the tax benefit of the earlier expense entry, on September 30, 2017, Liberty recorded an entry to debit the liability and credit the deferred debit by \$501,027.16. This results in a net amount of \$227,233.00, which the Company is seeking recovery over a three-year period.



Invoice Date: 09/15/17

Invoice Number: 2017091725

David Swain, President
Liberty Utilities
15 Buttrick Road
Londonderry, NH 03053

| | |
|-------------------------|-------------------|
| AMOUNT DUE: | \$1,217.28 |
| AMOUNT REMITTED: | |

Matter Code: 92540

Matter Name: Liberty Utilities (EnergyNorth Natural Gas) Corp. v. City of Concord

BALANCE DUE THIS INVOICE

| | |
|--------------------------------|-------------------|
| Services | \$1,183.00 |
| Expenses | 34.28 |
| TOTAL | \$1,217.28 |
| OUTSTANDING BALANCE | \$0.00 |

| | |
|--------------------------|-------------------|
| TOTAL BALANCE DUE | \$1,217.28 |
|--------------------------|-------------------|

TERMS: PAYMENT IS DUE UPON RECEIPT OF INVOICE

| |
|--|
| <p><u>Please make your check payable and remit to:</u></p> <p>McLane Middleton, Professional Association P.O. Box 326 Manchester, NH 03105-0326</p> |
|--|

c1.rtf

McLane Middleton

Matter Code: 92540

Invoice Date: 09/15/17

Matter Name: Liberty Utilities (EnergyNorth Natural Gas) Corp. v.
City of Concord

Invoice Number: 2017091725

Detail of Services

| Date | Attorney | Description of Services | Hours | Rate | Amount |
|-------------------------------------|----------|---|-------------|--------|-------------------|
| 08/01/17 | BWF | Telephone call to Attorney Kennedy regarding taxation | 0.20 | 530.00 | 106.00 |
| 08/03/17 | BWF | Electronic mail correspondence regarding taxation of costs stipulations | 0.30 | 530.00 | 159.00 |
| 08/03/17 | SJD | Communications with opposing counsel regarding taxation of costs; Communications with Attorney Felmlly regarding same | 0.50 | 340.00 | 170.00 |
| 08/04/17 | SJD | Draft Stipulations for Taxation of Costs; Negotiate same with opposing counsel; Finalize and file same | 2.00 | 340.00 | 680.00 |
| 08/17/17 | SJD | Review Court Order on Stipulated Taxation of Costs; Communications with Attorney Sheehan regarding same | 0.20 | 340.00 | 68.00 |
| Services Billed this Invoice | | | 3.20 | | \$1,183.00 |

THE STATE OF NEW HAMPSHIRE
SUPREME COURT

Docket No. 2015-0510

Liberty Utilities (EnergyNorth Natural Gas) Corp.

v.

City of Concord
and
City of Manchester

STIPULATION FOR TAXATION OF COSTS TO CITY OF CONCORD

Liberty Utilities (EnergyNorth Natural Gas) Corp. (“Liberty Utilities”) and the City of Concord (“Concord”) hereby stipulate and agree as follows:

1. On July 17, 2017, Concord filed a Request for Taxation of Costs Pursuant to Supreme Court Rule 23.
2. Liberty Utilities and Concord have conferred, and hereby stipulate and agree that costs shall be taxed against Liberty Utilities in the total amount of \$5,714.23, broken down as follows:

| <u>Cost</u> | <u>Amount</u> |
|--|-------------------|
| Concord' s Notice of Mandatory Appeal (October 11, 2011) | \$205.00 |
| AVTranz- costs for preparation of transcript | \$350.00 |
| Binding of Brief | \$258.10 |
| Cross Appeal Filing Fee (August 27, 2015) | \$250.00 |
| AVTranz cost for preparation of transcript | \$1,650.00 |
| Binding of Brief and Joint Appendix | \$3,001.13 |
| <u>TOTAL:</u> | \$5,714.23 |

3. Payment to Concord shall be made within ten (10) business days of the receipt of the Court's Order approving the Parties' Stipulation.


Respectfully submitted,

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By Its Attorneys,

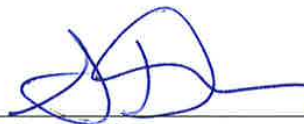
McLANE, GRAF, RAULERSON & MIDDLETON,
PROFESSIONAL ASSOCIATION

Date: August 4, 2017

By: 
Bruce W. Felmly (NH Bar # 787)
Steven J. Dutton (NH Bar # 17101)
900 Elm Street, P.O. Box 326
Manchester, NH 03105-0326
Telephone (603) 625-6464

CITY OF CONCORD

Date: August 4 2017

By:  *with permission*
FOR James W. Kennedy (NH Bar # 15849)
City of Concord
41 Green Street
Concord, New Hampshire 03301
Telephone (603) 225-8505

SO ORDERED.

Dated: _____

PRESIDING JUSTICE

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Technical Session Set 3

Date Request Received: 11/3/17
Request No. Staff Tech 3-4

Date of Response: 11/15/17
Respondent: Steven Mullen

REQUEST:

Reference Company’s response to Staff 8-6(c): It does not appear that copies of certain Degradation Fee invoices were included in Attachment 8-6.b.6 to support the following Degradation Fee expenditures indicated on Page 1 of 48 of Attachment Staff 8-6.b.6. Please explain and/or provide copies of invoices in support of the following Degradation Fee expenditures.

| <u>Invoice Date</u> | <u>Invoice #</u> | <u>Amount Due</u> | <u>Due Date</u> |
|---------------------|------------------|-------------------|-----------------|
| 06/28/13 | 9959427 | \$33,285.00 | 07/29/13 |
| 10/25/13 | 9962402 | 102,160.00 | 11/25/13 |
| 01/16/14 | 9966583 | 25,345.00 | 02/17/14 |
| 05/14/14 | 9970076 | 105,655.00 | 06/13/14 |
| 06/30/14 | 9971461 | 37,740.00 | 07/30/14 |
| 06/30/14 | 9971468 | 36,750.00 | 07/30/14 |
| 08/21/14 | 9973083 | 26,280.00 | 09/22/14 |
| 09/11/14 | 9973873 | 16,870.00 | 10/13/14 |
| 12/22/14 | 9978099 | 26,050.00 | 01/21/15 |
| 12/22/14 | 9978100 | 114,070.00 | 01/21/15 |
| 12/22/14 | 9978101 | 1,190.00 | 01/21/15 |
| 05/28/15 | 9982347 | 107,660.00 | 06/29/15 |
| 06/03/15 | 9982814 | 38,175.00 | 07/03/15 |
| 06/30/15 | 9983575 | 53,620.00 | 07/30/15 |
| 09/10/15 | 9985809 | 48,380.00 | 10/12/15 |
| 10/06/15 | 9986654 | 112,125.00 | 11/05/15 |
| 12/08/15 | 9989243 | 30,955.00 | 01/07/16 |
| 01/12/16 | 9990896 | 14,000.00 | 02/11/16 |
| 01/29/16 | 9991621 | 15,840.00 | 02/29/16 |
| 05/06/16 | 9994553 | 21,925.00 | 06/06/16 |
| 05/31/16 | 9995609 | 17,995.00 | 06/30/16 |
| 06/30/16 | 9996448 | 30,765.00 | 08/01/16 |
| 08/11/16 | 9998061 | 68,080.00 | 09/12/16 |
| 08/31/16 | 9998490 | 11,845.00 | 09/30/16 |

Docket No. DG 17-048 Request No. Staff Tech 3-4

| <u>Invoice Date</u> | <u>Invoice #</u> | <u>Amount Due</u> | <u>Due Date</u> |
|---------------------|------------------|-----------------------|-----------------|
| 10/06/16 | 6 | 6,935.00 | 11/07/16 |
| 10/31/16 | 1001097 | 137,905.00 | 11/30/16 |
| 11/30/16 | 1002448 | 13,560.00 | 12/30/16 |
| 12/15/16 | 1003255 | 35,810.00 | 01/16/17 |
| 01/31/17 | 1005802 | 8,015.00 | 03/02/17 |
| 03/31/17 | 1007948 | 6,075.00 | 05/01/17 |
| 05/12/17 | 1009325 | 29,165.00 | 06/12/17 |
| 05/31/17 | 1010222 | 90,310.00 | 06/30/17 |
| 06/30/17 | 1011164 | <u>52,500.00</u> | 07/31/17 |
| | | <u>\$1,477,035.00</u> | |

RESPONSE:

Please see Attachment Staff Tech 3-4 for copies of the invoices.



CITY OF MANCHESTER, NH
 Departmental Invoice

INVOICE NO: 1005802

To: LIBERTY UTILITIES, INC
 ATTN: ACCOUNTS PAYABLE
 15 BUTTRICK ROAD
 LONDONDERRY, NH 03053

Invoice Date: 1/31/17
 Due Date*: 3/02/17
 Customer No: 18609/20670
 Customer Type: 50

Terms:

Please remit your payment in the amount of **\$8,015.00**
 to the address shown at right on or before **3/02/17** .
 Return the Remittance Copy with your payment.

Remit payment to:

CITY OF MANCHESTER
 DEPT OF PUBLIC WORKS / HIGHWAY DIVISION
 475 VALLEY STREET
 MANCHESTER NH 03103
 (603) 624-6444

Make checks payable to "City of Manchester, NH".

| Quantity | Description | Unit Price | Extended Price |
|----------|--------------------------|------------|----------------|
| 1.00 | DEGRADATION FEE-JAN 2017 | 8,015.00 | 8,015.00 |

** MANCHESTER THANKS YOU FOR YOUR PROMPT PAYMENT **

**A finance charge of 18%, annual percentage rate, will be added to any amount on this invoice unpaid after the Due Date shown above.*

| | |
|-------------------|-------------------|
| TOTAL DUE: | \$8,015.00 |
|-------------------|-------------------|

CUSTOMER COPY

Keep this copy for your records.

Excavation Permits

| Work Order | Vendorname | Address | Final size S.F. | Perm Patch Date | Notes | Moratorium | DEG FEE WAIVED | DEG FEE OWED |
|------------|----------------------------|------------------|-----------------|-----------------|---|------------|----------------|--------------|
| 48924 | HWY-LIBERTY UTILITIES INC. | 317 PUTNAM ST | NA | | PERMIT EXPIRED | | NA \$ | - |
| 49558 | HWY-LIBERTY UTILITIES INC. | 1800 ELM ST | NA | | PERMIT EXPIRED | | NA \$ | - |
| 49724 | HWY-LIBERTY UTILITIES INC. | 602 GRANITE ST | NA | | PERMIT EXPIRED | | NA \$ | - |
| 50225 | HWY-LIBERTY UTILITIES INC. | 85-159 S Main St | NA | | PERMIT EXPIRED | | NA \$ | - |
| 51210 | HWY-LIBERTY UTILITIES INC. | 643 HARVARD ST | 0 | 6/3/16 | | no | yes \$ | - |
| 51211 | HWY-LIBERTY UTILITIES INC. | 364 HILL ST | 140 | 1/31/17 | | no | no \$ | 700.00 |
| 51594 | HWY-LIBERTY UTILITIES INC. | 109 State Street | NA | | PERMIT EXPIRED | | NA \$ | - |
| 51595 | HWY-LIBERTY UTILITIES INC. | 52 RAMSAY ST | NA | | PERMIT EXPIRED | | NA \$ | - |
| 51694 | HWY-LIBERTY UTILITIES INC. | 274 W HANCOCK ST | 4 | 1/30/17 | | no | no \$ | 20.00 |
| 52001 | HWY-LIBERTY UTILITIES INC. | 301 ORANGE ST | NA | | PERMIT EXPIRED | | NA \$ | - |
| 52063 | HWY-LIBERTY UTILITIES INC. | 16 WALNUT ST | 28 | 7/7/16 | | no | no \$ | 140.00 |
| 53562 | HWY-LIBERTY UTILITIES INC. | 79 BEECH ST | 0 | | PART OF SOMMERVILLE ST PATCH PERMIT 50863 | | yes \$ | - |
| 53708 | HWY-LIBERTY UTILITIES INC. | 101 UNION ST | 120 | 1/30/17 | | yes | no \$ | 1,200.00 |

Excavation Permits

| Work Order | Vendorname | Address | Final size S.F. | Perm Patch Date | Notes | Moratorium | DEG FEE WAIVED | DEG FEE OWED |
|--------------|----------------------------|-----------------|-----------------|-----------------|----------------|------------|----------------|--------------------|
| 54032 | HWY-LIBERTY UTILITIES INC. | 647 CILLEY RD | NA | | PERMIT EXPIRED | | NA \$ | - |
| 54687 | HWY-LIBERTY UTILITIES INC. | 200 BOUCHARD ST | 442 | 1/30/17 | | no | no \$ | 2,210.00 |
| 55235 | HWY-LIBERTY UTILITIES INC. | 492 CEDAR ST | 80 | | | no | no \$ | 400.00 |
| 55376 | HWY-LIBERTY UTILITIES INC. | 571 LAYDON ST | NA | | PERMIT EXPIRED | | NA \$ | - |
| 55697 | HWY-LIBERTY UTILITIES INC. | 274 PROSPECT ST | 120 | 1/30/17 | | no | no \$ | 600.00 |
| 55698 | HWY-LIBERTY UTILITIES INC. | 425 HAYWARD ST | 205 | | | no | no \$ | 1,025.00 |
| 55872 | HWY-LIBERTY UTILITIES INC. | 180 BOW ST | 81 | | | no | no \$ | 405.00 |
| 56088 | HWY-LIBERTY UTILITIES INC. | 216 SMYTH RD | 110 | | | no | no \$ | 550.00 |
| 56101 | HWY-LIBERTY UTILITIES INC. | 431 Laurel St | NA | | PERMIT EXPIRED | | NA \$ | - |
| 56971 | HWY-LIBERTY UTILITIES INC. | 64 Titus Ave. | 153 | 1/31/17 | | no | no \$ | 765.00 |
| TOTAL | | | 1483 | | | | | \$ 8,015.00 |

LIBERTY

**Excavation
Permits**

| Work Order | Vendorname | Address | Final size S.F. | Perm Patch Date | Notes | Moratorium | DEG FEE WAIVED | DEG FEE OWED |
|--------------|----------------------------|-------------------|-----------------|-----------------|--------------------------------------|------------|----------------|-------------------|
| 45724 | HWY-LIBERTY UTILITIES INC. | 236-238 Ash St | 190 | | | no | no | \$ 950.00 |
| 45833 | HWY-LIBERTY UTILITIES INC. | 85 MAST RD | 138 | 4/20/16 | | no | no | \$ 690.00 |
| 46636 | HWY-LIBERTY UTILITIES INC. | 329 ASH ST | 240 | 11/18/16 | dug in sw also | no | no | \$ 1,200.00 |
| 48655 | HWY-LIBERTY UTILITIES INC. | 1889 ELM ST | 0 | | CITY PROJ- MISC SW PAVING EXPECTED | no | | \$ - |
| 50308 | HWY-LIBERTY UTILITIES INC. | 111 FRONT ST | 64 | 7/27/16 | EXC IN SW | no | no | \$ 320.00 |
| 50631 | HWY-LIBERTY UTILITIES INC. | 400 COMMERCIAL ST | 0 | | DID NOT USE | | yes | \$ - |
| 50676 | HWY-LIBERTY UTILITIES INC. | 400 COMMERCIAL ST | 0 | | DID NOT USE | | yes | \$ - |
| 51700 | HWY-LIBERTY UTILITIES INC. | 662 Harvard St | 317 | 3/7/17 | | no | no | \$ 1,585.00 |
| 54567 | HWY-LIBERTY UTILITIES INC. | 26 RESERVOIR AVE | 0 | | part of trench | no | yes | \$ - |
| 55110 | HWY-LIBERTY UTILITIES INC. | 225 OAK ST | 266 | 1/30/17 | | no | no | \$ 1,330.00 |
| 58089 | HWY-LIBERTY UTILITIES INC. | 714 MAPLE ST | 0 | | PATCH IS IN TRENCH OF MAPLE ST.RELAY | no | yes | \$ - |
| TOTAL | | | 1215 | | | | | \$6,075.00 |

MARCH 2017



CITY OF MANCHESTER, NH
 Departmental Invoice

INVOICE NO: 1009325

To: LIBERTY UTILITIES, INC
 ATTN: ACCOUNTS PAYABLE
 15 BUTTRICK ROAD
 LONDONDERRY, NH 03053

Invoice Date: 5/12/17
 Due Date*: 6/12/17
 Customer No: 18609/20670
 Customer Type: 50

Terms:

Please remit your payment in the amount of \$29,165.00 to the address shown at right on or before 6/12/17 . Return the Remittance Copy with your payment.

Remit payment to:

CITY OF MANCHESTER
 DEPT OF PUBLIC WORKS / HIGHWAY DIVISION
 475 VALLEY STREET
 MANCHESTER NH 03103
 (603) 624-6444

Make checks payable to "City of Manchester, NH".

| Quantity | Description | Unit Price | Extended Price |
|----------|---------------------------|------------|----------------|
| 1.00 | DEGRADATION FEE-APRIL '17 | 29,165.00 | 29,165.00 |

** MANCHESTER THANKS YOU FOR YOUR PROMPT PAYMENT **

**A finance charge of 18%, annual percentage rate, will be added to any amount on this invoice unpaid after the Due Date shown above.*

| | |
|-------------------|--------------------|
| TOTAL DUE: | \$29,165.00 |
|-------------------|--------------------|

CUSTOMER COPY

Keep this copy for your records.

LIBERTY

Excavation Permits

| Work Order | Vendorname | Address | Final size S.F. | Perm Patch Date | Notes | Moratorium | DEG FEE WAIVED | DEG FEE OWED |
|------------|----------------------------|---------------------|-----------------|-----------------|------------------|------------|----------------|--------------|
| 39971 | HWY-LIBERTY UTILITIES INC. | 401 RIVER RD | 40 | 4/7/17 | | | no | \$ 200.00 |
| 45363 | HWY-LIBERTY UTILITIES INC. | 593 BEACON ST | 121 | 4/17/17 | CONCRETE SW | no | no | \$ 605.00 |
| 50814 | HWY-LIBERTY UTILITIES INC. | 945 UNION ST | 65 | 4/7/17 | | no | no | \$ 325.00 |
| 51593 | HWY-LIBERTY UTILITIES INC. | 115 BOYNTON ST | 0 | 4/11/17 | CITY OVERLAY | no | yes | \$ - |
| 54470 | HWY-LIBERTY UTILITIES INC. | 265 SALMON ST | 240 | 4/17/17 | | no | no | \$ 1,200.00 |
| 54791 | HWY-LIBERTY UTILITIES INC. | 250 WALNUT ST | 322 | | | no | no | \$ 1,610.00 |
| 55059 | HWY-LIBERTY UTILITIES INC. | 112 ARLINGTON ST | 208 | | 2 PATCHES INTO 1 | no | no | \$ 1,040.00 |
| 55375 | HWY-LIBERTY UTILITIES INC. | 870 CLAY ST | 260 | 4/11/17 | | no | no | \$ 1,300.00 |
| 57020 | HWY-LIBERTY UTILITIES INC. | 51 SAGAMORE ST | 60 | | | no | no | \$ 300.00 |
| 57157 | HWY-LIBERTY UTILITIES INC. | 277 MERRIMACK ST | 156 | 4/12/17 | | no | no | \$ 780.00 |
| 57161 | HWY-LIBERTY UTILITIES INC. | 496 BLODGET ST | 171 | | | no | no | \$ 855.00 |
| 57165 | HWY-LIBERTY UTILITIES INC. | 63 SEAMES DR | 72 | 4/13/17 | | | no | \$ 360.00 |
| 57166 | HWY-LIBERTY UTILITIES INC. | 710 S BEECH ST | 153 | 4/17/17 | | no | no | \$ 765.00 |
| 57182 | HWY-LIBERTY UTILITIES INC. | 88 WARNER ST | 120 | 4/14/17 | | no | no | \$ 600.00 |
| 57198 | HWY-LIBERTY UTILITIES INC. | 214 CALEF RD | 126 | 4/17/17 | | no | no | \$ 630.00 |
| 57223 | HWY-LIBERTY UTILITIES INC. | 823 CHESTNUT ST | 72 | 4/14/17 | | no | no | \$ 360.00 |
| 57224 | HWY-LIBERTY UTILITIES INC. | 334 BARRETT ST | 144 | | | no | no | \$ 720.00 |
| 57225 | HWY-LIBERTY UTILITIES INC. | 315 MERRIMACK ST | 252 | 4/11/17 | | no | no | \$ 1,260.00 |
| 57226 | HWY-LIBERTY UTILITIES INC. | 66 ORANGE ST | 252 | 4/12/17 | | no | no | \$ 1,260.00 |
| 57319 | HWY-LIBERTY UTILITIES INC. | 54 -56 PENNACOOK ST | 296 | 4/13/17 | | no | no | \$ 1,480.00 |
| 57353 | HWY-LIBERTY UTILITIES INC. | 30 Brook St | 207 | | | no | no | \$ 1,035.00 |
| 58126 | HWY-LIBERTY UTILITIES INC. | 543 DIX ST | 129 | 4/11/17 | | no | no | \$ 645.00 |
| 58167 | HWY-LIBERTY UTILITIES INC. | 166 SMYTH RD | 392 | | | no | no | \$ 1,960.00 |

APRIL 2017

LIBERTY

| | | | | | | | | | |
|--------------|----------------------------|--------------------|-------------|---------|---|----|-----|-----------|------------------|
| 58169 | HWY-LIBERTY UTILITIES INC. | 211 YOUNG ST | 171 | 4/14/17 | | no | no | \$ | 855.00 |
| 58170 | HWY-LIBERTY UTILITIES INC. | 431 Laurel St | 136 | 4/11/17 | | no | no | \$ | 680.00 |
| 58171 | HWY-LIBERTY UTILITIES INC. | 336 MANCHESTER ST | 32 | 4/13/17 | SW ONLY ST TO BE OVERLAYED CITY PROJECT | no | no | \$ | 160.00 |
| 58172 | HWY-LIBERTY UTILITIES INC. | 208 SAGAMORE ST | 411 | 4/11/17 | | no | no | \$ | 2,055.00 |
| 59199 | HWY-LIBERTY UTILITIES INC. | 339-349 Brown Ave | 144 | 4/17/17 | | no | no | \$ | 720.00 |
| 59200 | HWY-LIBERTY UTILITIES INC. | 1123 Somerville St | 120 | 4/12/17 | | no | no | \$ | 600.00 |
| 59681 | HWY-LIBERTY UTILITIES INC. | 11 PINE ST | 126 | 4/17/17 | | no | no | \$ | 630.00 |
| 59789 | HWY-LIBERTY UTILITIES INC. | 651 GREEN ST | 327 | | | no | no | \$ | 1,635.00 |
| 59790 | HWY-LIBERTY UTILITIES INC. | 789 HARVARD ST | 126 | | | no | no | \$ | 630.00 |
| 60492 | HWY-LIBERTY UTILITIES INC. | 1074 SOMERVILLE ST | 192 | 4/12/17 | | no | no | \$ | 960.00 |
| 61200 | HWY-LIBERTY UTILITIES INC. | 142 LAVAL ST | 190 | 4/17/17 | | no | no | \$ | 950.00 |
| 63648 | HWY-LIBERTY UTILITIES INC. | 1528 ELM ST | 0 | 4/12/17 | NC-CORE | no | yes | \$ | - |
| 63649 | HWY-LIBERTY UTILITIES INC. | 1014 UNION ST | 0 | | DUG IN GRASS | no | yes | \$ | - |
| 63768 | HWY-LIBERTY UTILITIES INC. | 889 WELLINGTON RD | 0 | 4/17/17 | NC-CORE | no | yes | \$ | - |
| 63773 | HWY-LIBERTY UTILITIES INC. | 1123 SOMERVILLE ST | 0 | 4/18/17 | CORE | no | yes | \$ | - |
| 64003 | HWY-LIBERTY UTILITIES INC. | 221 Maple St | 0 | 4/24/17 | NC-CORE | no | yes | \$ | - |
| 64034 | HWY-LIBERTY UTILITIES INC. | 4634 BROWN AVE | 0 | 4/25/17 | CITY OVERLAY | no | yes | \$ | - |
| TOTAL | | | 5833 | | | | | \$ | 29,165.00 |

LIBERTY

Excavation Permits

| Work Order | Vendorname | Address | Final size S.F. | Perm Patch Date | Notes | Moratorium | Degradation Fee Waived | Degradation Fee |
|---------------|----------------------------|---------------------|------------------|-----------------|---------------------------------------|------------|------------------------|---------------------|
| 50452 | HWY-LIBERTY UTILITIES INC. | 380 TARRYTOWN RD | 2404 | 11/1/16 | KENNEY ST ONLY | no | no | \$ 12,020.00 |
| 56249 | HWY-LIBERTY UTILITIES INC. | 300 KELLER ST | 88 | 5/8/17 | | no | no | \$ 440.00 |
| 56854 | HWY-LIBERTY UTILITIES INC. | 67 FOREST ST | 8234 | 5/19/17 | | no | no | \$ 41,170.00 |
| 56855 | HWY-LIBERTY UTILITIES INC. | 508 CENTRAL ST | 6370 | | | no | no | \$ 31,850.00 |
| 58173 | HWY-LIBERTY UTILITIES INC. | 25 Ohio Ave | 966 | 5/1/17 | 5" CONCRETE UNDER ASPHALT RIENEFORCED | no | no | \$ 4,830.00 |
| 63770 | HWY-LIBERTY UTILITIES INC. | 44 N ADAMS ST | | 5/8/17 | NC-CORE | no | yes | \$ - |
| 64007 | HWY-LIBERTY UTILITIES INC. | 145 GRAY ST | | 5/3/17 | NC-CORE | no | yes | \$ - |
| 64008 | HWY-LIBERTY UTILITIES INC. | 734 Union St | | 5/9/17 | NC-CORE | no | yes | \$ - |
| 64080 | HWY-LIBERTY UTILITIES INC. | 216 ROSEDALE AVE | | | NC-CORE | no | yes | \$ - |
| 64081 | HWY-LIBERTY UTILITIES INC. | 153 GABRIELLE ST | | 5/1/17 | NC-CORE | no | yes | \$ - |
| 64113 | HWY-LIBERTY UTILITIES INC. | 200 GABRIELLE ST | | | NC-CORE | no | yes | \$ - |
| 64719 | HWY-LIBERTY UTILITIES INC. | 6 RIVER FRONT DR | | | DUG IN GRASS | no | yes | \$ - |
| 64924 | HWY-LIBERTY UTILITIES INC. | 507 S JEWETT ST | | 5/10/17 | nc-core | no | yes | \$ - |
| 64925 | HWY-LIBERTY UTILITIES INC. | 890 S WILLOW ST | | 5/11/17 | NC-CORE | no | yes | \$ - |
| 64936 | HWY-LIBERTY UTILITIES INC. | 285 MANCHESTER ST | | 5/10/17 | NC-CORE | no | yes | \$ - |
| 65242 | HWY-LIBERTY UTILITIES INC. | 55 JOHN E DEVINE DR | | | duq in grass | NO | yes | \$ - |
| TOTALS | | | 18,062.00 | | | | | \$ 90,310.00 |

LIBERTY

Excavation Permits

| Work Order | Vendorname | Address | Final size S.F. | Perm Patch Date | Notes | Moratorium | DEG FEE WAIVED | DEG FEE OWED |
|--------------|-------------|-------------------|-----------------|-----------------|---------------------------|------------|----------------|---------------------|
| 53289 | HWY-LIBERTY | 156 MAPLE ST | 0 | 5/19/17 | CITY PROJECT CITY OVERLAY | no | yes | \$ - |
| 60276 | HWY-LIBERTY | 9 TALBOT ST | 1357 | 6/20/17 | | yes | no | \$ 13,570.00 |
| 60278 | HWY-LIBERTY | 241 CANDIA RD | 2480 | | | yes | no | \$ 24,800.00 |
| 62761 | HWY-LIBERTY | 456 BEACON ST | 240 | 6/1/17 | | no | no | \$ 1,200.00 |
| 63688 | HWY-LIBERTY | 437 DIX ST | 100 | | | no | no | \$ 500.00 |
| 63866 | HWY-LIBERTY | 217 BLODGET ST | 249 | 6/20/17 | | no | no | \$ 1,245.00 |
| 63875 | HWY-LIBERTY | 542 MERRIMACK ST | 187 | 5/29/17 | | no | no | \$ 935.00 |
| 64667 | HWY-LIBERTY | 276 YOUVILLE ST | 84 | 6/20/17 | | no | no | \$ 420.00 |
| 64682 | HWY-LIBERTY | 98 ALSACE ST | 120 | 6/1/17 | | no | no | \$ 600.00 |
| 64683 | HWY-LIBERTY | 517 MONTGOMERY ST | 140 | 6/20/17 | | no | no | \$ 700.00 |
| 64716 | HWY-LIBERTY | 142 BROOK ST | 120 | | CONCRETE SW | no | no | \$ 600.00 |
| 64753 | HWY-LIBERTY | 198 WILSON ST | 84 | 6/1/17 | | no | no | \$ 420.00 |
| 64886 | HWY-LIBERTY | 51 DICKEY ST | 220 | 6/20/17 | | no | no | \$ 1,100.00 |
| 64887 | HWY-LIBERTY | 9 WARNER ST | 168 | | 4" CONCRETE SW | no | no | \$ 840.00 |
| 64888 | HWY-LIBERTY | 28 LEANDRE ST | 355 | | | no | no | \$ 1,775.00 |
| 65003 | HWY-LIBERTY | 66 PROSPECT ST | 189 | | | no | no | \$ 945.00 |
| 65036 | HWY-LIBERTY | 47 LINDEN ST | 187 | 6/1/17 | | no | no | \$ 935.00 |
| 65091 | HWY-LIBERTY | 110 AVON ST | 135 | 6/20/17 | | no | no | \$ 675.00 |
| 65126 | HWY-LIBERTY | 533 ELM ST | 248 | | 6" COBBLESTONE 2 PATCHES | no | no | \$ 1,240.00 |
| 65310 | HWY-LIBERTY | 88 PATRICIA LN | 0 | | PERMIT EXPIRED | no | yes | \$ - |
| 66095 | HWY-LIBERTY | 1 WHITFORD ST | 0 | 6/8/17 | DUG IN GRASS | no | yes | \$ - |
| 66283 | HWY-LIBERTY | 274 W HANCOCK ST | 0 | | NC-CORE | no | yes | \$ - |
| TOTAL | | | 6663 | | | | | \$ 52,500.00 |

JUNE 2017

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

DG 17-048
Distribution Service Rate Case

Staff Data Requests – Technical Session Set 3

Date Request Received: 11/3/17
Request No. Staff Tech 3-10

Date of Response: 11/20/17
Respondent: Tisha Sanderson
Steven Mullen

REQUEST:

Reference Attachment DBS/DSD-3, Schedule STEP-EN, Page 1 of 1 (Bates 076):

- a) The Company's supporting workpaper identified as RR-STEP-EN-WP1 indicates that of the total amount of \$41,437,907 in 2017 capital additions contemplated for inclusion in the Company's proposed step adjustment, \$14,315,387 represents capital additions that are classified as "Growth". Please explain and justify the inclusion of these growth related capital additions in the Company's proposed step adjustment for ENNG.
- b) Please provide the 2017 Construction Budget and Actuals to date by Priority, Project Number and Description and identify projects to be recovered through the CIBS program. Provide supporting work papers in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
- c) Please provide an updated Schedule STEP-EN which reflects the Company's actual 2017 year-to-date capital additions for ENNG. Please also provide updated accompanying supporting workpapers RR-EN-WP1 and RR-EN-WP2. Please identify all "Growth" and "Revenue Producing" capital additions. Provide supporting work papers in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.

RESPONSE:

- a) The Company has included one growth related capital addition in the proposed step adjustment because this investment has an objective to eliminate pressure losses. The Company has highlighted the revenue producing growth projects and they will be removed from the step adjustment calculation. The project to install main on Varney, Worthely, and Rockland has an objective to eliminate pressure losses due to inefficiencies associated with hydraulic constraints.
- b) Please see Attachment Staff Tech 3-10.b.xlsx. Please note that additional spending for certain projects will occur prior to December 31, 2017.
- c) An updated Schedule STEP-EN and supporting workpapers will be included in the Corrections and Updates filing.

| Priority | Project | Project Description | CY2017 Capital Budget | Actual to Date (10/31/17) |
|--------------------------|-------------|---|-----------------------|---------------------------|
| LU CapEx - Growth | 8840-1747 | Growth New Main | \$ 2,661,540 | \$ 2,959,516 |
| LU CapEx - Growth | 8840-1748 | New Reinforcement Main for Growth | \$ 2,873,330 | \$ (5,024) |
| LU CapEx - Growth | 8840-1749 | Growth Fitting | \$ 350,000 | \$ 1,339,726 |
| LU CapEx - Growth | 8840-1750 | New Service Residential | \$ 4,581,850 | \$ 2,819,519 |
| LU CapEx - Growth | 8840-1751 | New Service Comm/Industrial | \$ 2,773,667 | \$ 1,736,636 |
| LU CapEx - Growth | 8840-1752 | Install Main 60psig on McElwain St, MMK | \$ 275,000 | \$ - |
| LU CapEx - Growth | 8840-1753 | Install Main on Varney and Worthely and Rockland | \$ 350,000 | \$ - |
| LU CapEx - Growth | 8840-1754 | Marketing & Sales | \$ 150,000 | \$ (42,180) |
| LU CapEx - Growth | 8840-1760 | Hanover-Lebanon Franchise Expansion | \$ 300,000 | \$ - |
| LU CapEx - Growth | 8840-1761 | Windham Pelham | \$ 4,724,223 | \$ 3,782,958 |
| LU CapEx - Growth | 8840-1782 | GOF Warren Avenue MEP | \$ - | \$ 593,939 |
| LU CapEx - Growth | 8840-1784 | Derry Schools Expansion | \$ - | \$ 409,961 |
| LU CapEx - Growth | TBD | Install Main @ Hooksett TS outlet | \$ - | \$ - |
| LU CapEx - Growth | TBD | Install Main HDPE on E Main St, TIL @ #40 E Main St | \$ - | \$ - |
| LU CapEx - Improvement | 8840-1721 | Install Security Equipment - EN Facilities | \$ 125,000 | \$ 25,479 |
| LU CapEx - Improvement | 8840-1722 | Inactive Service Program | \$ 75,000 | \$ (916) |
| LU CapEx - Improvement | 8840-1723 | Main & Service Replacement City/State Construction | \$ 5,200,000 | \$ 3,036,051 |
| LU CapEx - Improvement | 8840-1725 | Service Replacement Fitting City/State Construction | \$ 60,000 | \$ 110,093 |
| LU CapEx - Improvement | 8840-1726 | LNG/LPG Capital Improvements | \$ 100,000 | \$ 57,615 |
| LU CapEx - Improvement | 8840-1727 | Facility Improvements & Additions - Various | \$ 100,000 | \$ 28,069 |
| LU CapEx - Improvement | 8840-1728 | Upgrade Hi Line - Concord to Tilton Phase 2 | \$ 350,000 | \$ - |
| LU CapEx - Improvement | 8840-1729 | Pre-Code Stee Pipe Protection Program | \$ 175,000 | \$ 7,592 |
| LU CapEx - Improvement | 8840-1730 | IT - Software, Equipment & Infrastructure | \$ 50,000 | \$ 46,059 |
| LU CapEx - Improvement | 8840-1731 | Gas System Planning & Reliability | \$ 500,000 | \$ 79,372 |
| LU CapEx - Improvement | 8840-1732 | Gas System Control & Regulation | \$ 300,000 | \$ 291,650 |
| LU CapEx - Improvement | 8840-1733 | Facility Improvements & Additions - Manchester | \$ 200,000 | \$ 18,890 |
| LU CapEx - Improvement | 8840-1734 | Facility Improvements & Additions - Nashua | \$ 100,000 | \$ - |
| LU CapEx - Improvement | 8840-1735 | Facility Improvements & Additions - Tilton | \$ 200,384 | \$ 30,933 |
| LU CapEx - Improvement | 8840-1736 | Facility Improvements & Additions - Londonderry | \$ 75,000 | \$ 58,264 |
| LU CapEx - Improvement | 8840-1737 | Facility Improvements & Additions - Concord | \$ 60,000 | \$ 53,208 |
| LU CapEx - Improvement | 8840-1738 | IT Systems Allocations - Corporate | \$ 750,000 | \$ 546,569 |
| LU CapEx - Improvement | 8840-1739 | Dresser Coupling Replacement Program | \$ 300,000 | \$ 550,962 |
| LU CapEx - Improvement | 8840-1740 | ERP Foundation Year | \$ 536,463 | \$ - |
| LU CapEx - Improvement | 8840-1741 | EAM Foundation Year | \$ 536,463 | \$ - |
| LU CapEx - Improvement | 8840-1742 | GIS Gas Upgrade | \$ 118,544 | \$ - |
| LU CapEx - Improvement | 8840-1743 | GIS - One Graphic Card | \$ 15,440 | \$ - |
| LU CapEx - Improvement | 8840-1744 | GIS Marketing Enhancement | \$ 51,177 | \$ - |
| LU CapEx - Improvement | 8840-1745 | Mobiletech Enhancements | \$ 37,054 | \$ - |
| LU CapEx - Improvement | 8840-1746 | Concord Office | \$ 500,000 | \$ 537,907 |
| LU CapEx - Improvement | 8840-1755 | Motorized Gate for Concord Plant | \$ 55,000 | \$ 9,191 |
| LU CapEx - Improvement | 8840-1756 | Nashua Meter Building Repointing | \$ 150,000 | \$ 46,266 |
| LU CapEx - Improvement | 8840-1757 | CNG Fast Fill Station for Manchester and Tilton Yards | \$ 1,920,000 | \$ 163,035 |
| LU CapEx - Improvement | 8840-1758 | Manchester Solar Install | \$ 190,000 | \$ 13,846 |
| LU CapEx - Improvement | 8840-1759 | Paving Manchester Yard | \$ 900,000 | \$ 149,190 |
| LU CapEx - Improvement | 8840-1762 | Tilton Office Refresh | \$ 600,000 | \$ 449,604 |
| LU CapEx - Improvement | 8840-1763 | Manchester Kitchen Refresh | \$ 35,000 | \$ 30,921 |
| LU CapEx - Improvement | 8840-1764 | Supplemental AC for Londonderry (Dispatch/Training Rms) | \$ 21,000 | \$ 44,474 |
| LU CapEx - Improvement | 8840-1765 | Tilton Yard Shelving Replacement | \$ 8,662 | \$ 8,410 |
| LU CapEx - Improvement | 8840-1766 | Chestnut Street, Nashua Regulator Station Replacement | \$ 325,000 | \$ 30,065 |
| LU CapEx - Improvement | 8840-1769 | Laconia Phase II | \$ 850,000 | \$ 123,793 |
| LU CapEx - Improvement | 8840-1770 | Daniel Webster Highway | \$ 650,000 | \$ - |
| LU CapEx - Improvement | 8840-1771 | Upgrade Main - Supply to Franklin | \$ - | \$ 4,415 |
| LU CapEx - Improvement | 8840-1772 | Upgrade West End Loop - Manchester | \$ - | \$ 18,645 |
| LU CapEx - Improvement | 8840-1773 | Purchase Robotic Camera | \$ - | \$ 57,643 |
| LU CapEx - Improvement | 8840-1774 | Manchester Gax Mixer Replacement | \$ - | \$ 150,559 |
| LU CapEx - Improvement | 8840-1775 | Concord Training Center - Contingency Center | \$ - | \$ 146,305 |
| LU CapEx - Improvement | 8840-1776 | Londonderry Snow Canopy | \$ - | \$ 2,143 |
| LU CapEx - Improvement | 8840-1777 | 2017 RAV 4 Hybrid Purchase | \$ - | \$ - |
| LU CapEx - Improvement | 8840-1778 | Tilton & Manchester Roofs | \$ - | \$ 170,042 |
| LU CapEx - Improvement | 8840-1779 | Purchase of 3 Customer Built Trailers | \$ - | \$ - |
| LU CapEx - Improvement | 8840-1780 | Purchase of AEDs-C&M & Production Crew Trucks | \$ - | \$ 12,250 |
| LU CapEx - Improvement | 8840-1781 | Purchase TDW Stopping Equip Trailer | \$ - | \$ - |
| LU CapEx - Improvement | 8840-1783 | Install 3 Storage Bldgs in Nashua & Manchester | \$ - | \$ 16,246 |
| LU CapEx - Improvement | 8840-1785 | New Hampshire PC Refresh | \$ - | \$ 3,676 |
| LU CapEx - Improvement | 8840-1786 | Track Star AVLS Vehicle Tracking System | \$ - | \$ - |
| LU CapEx - Improvement | 8840-1787 | First Responder Mobile Application | \$ - | \$ 150,000 |
| LU CapEx - Improvement | 8840-1788 | Gazomat Laser Leak Detection Equipment | \$ - | \$ - |
| LU CapEx - Improvement | 8840-C18800 | Upgrade Hi Line - Concord to Tilton Phase 1 | \$ 700,000 | \$ 1,332,472 |
| LU CapEx - Replenishment | 8840-1701 | Reserve for Unidentified Mandated/Growth Projects | \$ 3,139,334 | \$ - |
| LU CapEx - Replenishment | 8840-1702 | Meter Protection Program | \$ 50,000 | \$ 201,589 |
| LU CapEx - Replenishment | 8840-1703 | Cathodic Protection Program | \$ 750,000 | \$ 769,706 |
| LU CapEx - Replenishment | 8840-1704 | Replacement Services Random (Non Leaks) | \$ 490,000 | \$ 440,487 |
| LU CapEx - Replenishment | 8840-1705 | Replacement Services Random (Due to Leaks) | \$ 300,000 | \$ 630,008 |
| LU CapEx - Replenishment | 8840-1706 | Meter Work Project (Changes) | \$ 150,000 | \$ 25,313 |
| LU CapEx - Replenishment | 8840-1707 | Meter Work Project (Meter Purchases) | \$ 1,300,000 | \$ 704,445 |
| LU CapEx - Replenishment | 8840-1708 | Corrosion & Miscellaneous Fitting | \$ 100,000 | \$ 205,940 |
| LU CapEx - Replenishment | 8840-1709 | Valve Installation/Replacement | \$ 50,000 | \$ - |
| LU CapEx - Replenishment | 8840-1710 | Leak Repairs | \$ 250,000 | \$ 678,685 |
| LU CapEx - Replenishment | 8840-1711 | Main & Service Replacement LPP | \$ 17,300,000 | \$ 10,468,150 |
| LU CapEx - Replenishment | 8840-1713 | Main Replacement Fitting LPP | \$ 200,000 | \$ 1,216,330 |
| LU CapEx - Replenishment | 8840-1714 | K Meter Replacement Program | \$ 100,000 | \$ 242,310 |

Docket No. DG 17-048
Attachment DSB/DSD-2
Schedule RR-K-3-08
Page 2 of 2

| | | | | |
|--------------------------|-----------|---|---------------|---------------|
| LU CapEx - Replenishment | 8840-1715 | Aldyl-A Replacement Program | \$ 550,000 | \$ 256,049 |
| LU CapEx - Replenishment | 8840-1716 | Main Replacement Reactive | \$ 100,000 | \$ 24,132 |
| LU CapEx - Replenishment | 8840-1717 | Dispatch and Control Center | \$ 10,000 | \$ 9,010 |
| LU CapEx - Replenishment | 8840-1718 | Purchase Misc Capital Equipment & Tools | \$ 175,000 | \$ 138,089 |
| LU CapEx - Replenishment | 8840-1719 | Transportation Fleet and Equipment Purchases | \$ 1,978,000 | \$ 1,305,780 |
| LU CapEx - Replenishment | 8840-1720 | SCADA Capital Improvements | \$ 10,000 | \$ 8,575 |
| LU CapEx - Replenishment | 8840-1767 | Replace Mueller Stopping Equipment w/ TD Williamson | \$ 500,000 | \$ 232,203 |
| | | | \$ 63,462,130 | \$ 39,762,841 |