

**Liberty Utilities (EnergyNorth)  
Index to Revenue Requirement Schedules  
Test Year Ended December 31, 2016**

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

<b>Line</b>	<b>Description</b>	<b>Reference</b>	<b>EnergyNorth</b>	<b>Keene</b>	<b>Total</b>	<b>Staff Tech 1-1 Supplemental</b>	<b>Difference</b>
1	Rate Base	<i>RR-EN-5; RR-K-5</i>	\$ 249,741,831	\$ 2,267,196	\$ 252,009,027	\$ 252,002,525	\$ 6,502
2							
3	Target Rate of Return on Rate Base	<i>RR-4</i>	<u>7.36%</u>	<u>7.36%</u>	<u>7.36%</u>	<u>7.36%</u>	
4							
5	Operating Income Requirement	<i>Line 1 X Line 3</i>	\$ 18,380,999	\$ 166,866	\$ 18,547,864	\$ 18,547,386	\$ 479
6							
7	Operating Income at Present Rates	<i>RR-EN-2; RR-K-2</i>	<u>\$ 10,103,650</u>	<u>\$ (368,566)</u>	<u>\$ 9,735,083</u>	<u>\$ 9,593,014</u>	<u>\$ 142,070</u>
8							
9	Operating Income Deficiency	<i>Line 5 - Line 7</i>	\$ 8,277,349	\$ 535,432	\$ 8,812,781	\$ 8,954,372	\$(141,591)
10							
11	Gross-up Factor for Additional Income Taxes	<i>Line 19</i>	<u>1.6504</u>	<u>1.6504</u>	<u>1.6504</u>	<u>1.6504</u>	
12							
13	Revenue Deficiency	<i>Line 9 X Line 11</i>	<u>\$ 13,661,246</u>	<u>\$ 883,697</u>	<u>\$ 14,544,943</u>	<u>\$ 14,778,630</u>	<u>\$(233,687)</u>
14							
15	<b>Gross-up Factor for Income Taxes</b>						
16	Federal Income Tax Rate		34.00%	34.00%	34.00%	34.00%	
17	New Hampshire State Income Tax Rate		8.20%	8.20%	8.20%	8.20%	
18	Combined Income Tax Rate	<i>Line 16 + Line 17 - (Line 16 X Line 17)</i>	39.41%	39.41%	39.41%	39.41%	
19	Gross-up Factor	<i>1 / (1 - Line 18)</i>	1.6504	1.6504	1.6504	1.6504	
20							
21	Additional Income Tax Required	<i>Line 13 - Line 9</i>	<u>\$ 5,383,897</u>	<u>\$ 348,265</u>	<u>\$ 5,732,162</u>	<u>\$ 5,824,258</u>	<u>\$(92,096)</u>
22							
23	Distribution Revenue at Present Rates	<i>RR-EN-2; RR-K-2</i>	\$ 70,383,415	\$ 1,343,810	\$ 71,727,225	\$ 71,562,525	\$ 164,700
24							
25	% Increase Needed	<i>Line 13 / Line 23</i>	19.41%	65.76%	20.28%	20.65%	-0.37%
26							
27	Revenue with Increase	<i>RR-EN-2; RR-K-2</i>	\$ 84,044,661	\$ 2,227,507	\$ 86,272,168	\$ 86,341,155	\$ (68,987)
28							
29	% Increase Needed - Total Revenue		11.38%	34.05%	11.86%	12.05%	-0.19%

**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 <b>Revenue</b>								
2 Operating Revenue	\$ 119,202,714	\$ (50,212,647)	\$ 68,990,067	\$ 524,064	\$ 69,514,131	\$ 13,661,246	\$ 83,175,377	
3 Other Revenue	850,935	-	850,935	18,348	869,284		869,284	
4	<b>\$ 120,053,649</b>	<b>\$ (50,212,647)</b>	<b>\$ 69,841,002</b>	<b>\$ 542,413</b>	<b>\$ 70,383,415</b>	<b>\$ 13,661,246</b>	<b>\$ 84,044,661</b>	
5								
6 <b>Operating Expenses</b>								
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	306,881	6,106,019		6,106,019	
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	4,748,101	18,890,493		18,890,493	
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	(4,243,089)	2,115,945	5,383,897	7,499,843	
15 Ratemaking Adjustment per DG 11-040	-	-	-	(1,325,000)	(1,325,000)		(1,325,000)	
16	<b>\$ 105,371,008</b>	<b>\$ (46,620,583)</b>	<b>\$ 58,750,425</b>	<b>\$ 1,529,340</b>	<b>\$ 60,279,765</b>	<b>\$ 5,383,897</b>	<b>\$ 65,663,662</b>	
17								
18 <b>Utility Net Income</b>	<b>\$ 14,682,641</b>	<b>\$ (3,592,064)</b>	<b>\$ 11,090,577</b>	<b>\$ (986,927)</b>	<b>\$ 10,103,650</b>	<b>\$ 8,277,349</b>	<b>\$ 18,380,999</b>	
19								
20 Rate Base			<u>\$ 249,741,831</u>		<u>\$ 249,741,831</u>		<u>\$ 249,741,831</u>	
21								
22 Rate of Return on Rate Base			4.44%		4.05%		7.36%	

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

Source

RR-EN-3

RR-EN-3

Line	Account	Account Number	Test Year Ended December 31, 2016	Cost of Gas & LDAC	Distribution Operating Income	Known and Measurable Adjustments	Test Year At Current Rates	Labor	Labor Pro Forma
1	<b>OPERATION AND MAINTENANCE EXPENSES</b>								
2	<b>O&amp;M - Gas Production</b>								
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									
15	<b>O&amp;M - Distribution Expenses</b>								
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									
37	<b>Customer Accounts Expenses</b>								
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	168,033	1,659,396	-	-
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	\$ 306,881	\$ 6,106,019	\$ 2,866,053	\$ 3,019,108
45									
46	<b>Customer Service and Informational &amp; Sales Expenses</b>								
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	\$ 312,994	\$ 6,269,946	\$ 2,980,528	\$ 3,139,696
52									
53	<b>Administrative and General Expenses</b>								
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	<b>Total Operation and Maintenance Expenses</b>		\$ 72,591,509	\$ (44,403,031)	\$ 28,188,478	\$ 1,471,128	\$ 29,659,605	\$ 14,518,377	\$ 15,293,697
70									

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

Line	Account	Account Number	Source		RR-EN-3			RR-EN-3	
			Test Year Ended December 31, 2016	Cost of Gas & LDAC	Distribution Operating Income	Known and Measurable Adjustments	Test Year At Current Rates	Labor	Labor Pro Forma
71	<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>								
72	Depreciation Expense	403	\$ 11,610,051		\$ 11,610,051	\$ 694,801	\$ 12,304,851		
73	Amortization - Intangibles	405	2,123,142		2,123,142	427,691	2,550,833		
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	<i>Total Depreciation and Amortization Expense</i>		<u>\$ 16,359,945</u>	<u>\$ (2,217,552)</u>	<u>\$ 14,142,392</u>	<u>\$ 4,748,101</u>	<u>\$ 18,890,493</u>		
77									
78	<b>TAXES OTHER THAN INCOME TAXES</b>								
79	Taxes other than Income Taxes - Payroll Taxes	408	\$ 1,594,187		\$ 1,594,187	\$ 85,134	\$ 1,679,321		
80	Taxes other than Income Taxes - Property Taxes	408	8,466,333		8,466,333	793,068	9,259,401		
81	<i>Total Taxes other than Income Taxes</i>		<u>\$ 10,060,520</u>	<u>\$ -</u>	<u>\$ 10,060,520</u>	<u>\$ 878,201</u>	<u>\$ 10,938,721</u>		
82									
83	<b>FEDERAL / STATE INCOME TAXES</b>								
84	Income Tax Expense	409-410	\$ 6,359,035	\$ -	\$ 6,359,035	\$ (4,243,089)	\$ 2,115,945		
85	<i>Subtotal - Income Tax</i>		<u>\$ 6,359,035</u>	<u>\$ -</u>	<u>\$ 6,359,035</u>	<u>\$ (4,243,089)</u>	<u>\$ 2,115,945</u>		
86									
87	<b>RATEMAKING ADJUSTMENT PER DG 11-040</b>					\$ (1,325,000)	\$ (1,325,000)		
88									
89	<b>TOTAL EXPENSES</b>		<u>\$ 105,371,008</u>	<u>\$ (46,620,583)</u>	<u>\$ 58,750,425</u>	<u>\$ 1,529,340</u>	<u>\$ 60,279,765</u>	<u>\$ 14,518,377</u>	<u>\$ 15,293,697</u>
90									
91	<b>REVENUES</b>								
92	Operating Revenue		\$ 119,202,714	\$ (50,212,647)	\$ 68,990,067	\$ 524,064	\$ 69,514,131		
93	Other Revenue		850,935		850,935	18,348	869,284		
94	<b>Total Revenue</b>		<u>\$ 120,053,649</u>	<u>\$ (50,212,647)</u>	<u>\$ 69,841,002</u>	<u>\$ 542,413</u>	<u>\$ 70,383,415</u>		
95									
96	<b>UTILITY NET INCOME</b>		<u>\$ 14,682,641</u>	<u>\$ (3,592,064)</u>	<u>\$ 11,090,577</u>	<u>\$ (986,927)</u>	<u>\$ 10,103,650</u>		
97									
98	<b>TOTAL RATE BASE</b>	RR-EN-5	<u>\$ 249,741,831</u>		<u>\$ 249,741,831</u>		<u>\$ 249,741,831</u>		

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

	<u>Adjustment 1</u>	<u>Adjustment 2</u>	<u>Adjustment 3</u>	<u>Adjustment 4</u>	<u>Adjustment 5</u>	<u>Adjustment 6</u>	<u>Adjustment 7</u>	<u>Adjustment 8</u>	<u>Adjustment 9</u>	<u>Adjustment 10</u>
986,927	(542,413)	775,319	85,134	606,458	694,801	3,880,979	793,068	(1,659,757)	(2,583,332)	261,671

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	<b>OPERATION AND MAINTENANCE EXPENSES</b>															
2	<b>O&amp;M - Gas Production</b>															
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&amp;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	<b>O&amp;M - Distribution Expenses</b>															
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 Expen	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&amp;M - Distribution</i>		<u>\$ 418,109</u>	<u>\$ -</u>	<u>\$ 392,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,500</u>	<u>\$ 7,351,866</u>	<u>50.64%</u>	
34	<i>Total O&amp;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	<b>Customer Accounts Expenses</b>															
36	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	168,033		0								168,033	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>\$ 306,881</u>	<u>\$ -</u>	<u>\$ 153,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,826</u>	<u>\$ 2,866,053</u>	<u>19.74%</u>	
44	<b>Customer Service and Informational &amp; Sales Expenses</b>															
45	Cust Assistance	908	\$ -		\$ -									\$ -	0.00%	
47	Cust 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 &amp; Sales Expenses</i>		<u>\$ 6,113</u>	<u>\$ -</u>	<u>\$ 6,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,474</u>	<u>0.79%</u>	
50	<i>Total Customer Accounts Customer Service and Informational</i>		<u>\$ 312,994</u>	<u>\$ -</u>	<u>\$ 159,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,826</u>	<u>\$ 2,980,528</u>	<u>20.53%</u>	
51	<b>Administrative and General Expenses</b>															
52	A&G Salaries	920.0	\$ 185,077		\$ 185,077									\$ 3,465,684	23.87%	
53	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)	0	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 &amp; General</i>		<u>\$ 701,558</u>	<u>\$ -</u>	<u>\$ 185,077</u>	<u>\$ -</u>	<u>\$ 606,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (89,976)</u>	<u>\$ 3,465,684</u>	<u>23.87%</u>	
68	<b>Total Operation and Maintenance Expenses</b>		<u>\$ 1,471,128</u>	<u>\$ -</u>	<u>\$ 775,319</u>	<u>\$ -</u>	<u>\$ 606,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,350</u>	<u>\$ 14,518,377</u>	<u>100.00%</u>	
69																

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

	<u>Adjustment 1</u>	<u>Adjustment 2</u>	<u>Adjustment 3</u>	<u>Adjustment 4</u>	<u>Adjustment 5</u>	<u>Adjustment 6</u>	<u>Adjustment 7</u>	<u>Adjustment 8</u>	<u>Adjustment 9</u>	<u>Adjustment 10</u>
986,927	(542,413)	775,319	85,134	606,458	694,801	3,880,979	793,068	(1,659,757)	(2,583,332)	261,671

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
70	<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>														
71	Depreciation Expense	403.0	\$ 694,801					\$ 694,801							
72	Amortization - Intangibles	405.0	427,691						255,370						
73	Regulatory Debits	407.3	(227,873)						(227,873)						172,321
74	Regulatory Credits - Amortization of Regulatory Assets	407.4	3,853,482						3,853,482						
75	<i>Total Depreciation and Amortization Expense</i>		<u>\$ 4,748,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 694,801</u>	<u>\$ 3,880,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,321</u>
76															
77	<b>TAXES OTHER THAN INCOME TAXES</b>														
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	<i>Total Taxes other than Income Taxes</i>		<u>\$ 878,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 793,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
81															
82	<b>FEDERAL / STATE INCOME TAXES</b>														
83	Income Tax Expense		\$ (4,243,089)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,659,757)	\$ (2,583,332)	\$ -		
84															
85	<b>RATEMAKING ADJUSTMENT PER DG 11-040</b>		\$ (1,325,000)												
86															
87	<b>TOTAL EXPENSES</b>		<u>\$ 1,529,340</u>	<u>\$ -</u>	<u>\$ 775,319</u>	<u>\$ 85,134</u>	<u>\$ 606,458</u>	<u>\$ 694,801</u>	<u>\$ 3,880,979</u>	<u>\$ 793,068</u>	<u>\$ (1,659,757)</u>	<u>\$ (2,583,332)</u>	<u>\$ 261,671</u>		
88															
89	<b>REVENUES</b>														
90	Operating Revenue		\$ 524,064	\$ 524,064											
91	Other Revenue		18,348	18,348											
92	<b>Total Revenue</b>		<u>\$ 542,413</u>	<u>\$ 542,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
93															
94	<b>UTILITY NET INCOME</b>		<u>\$ (986,927)</u>	<u>\$ 542,413</u>	<u>\$ (775,319)</u>	<u>\$ (85,134)</u>	<u>\$ (606,458)</u>	<u>\$ (694,801)</u>	<u>\$ (3,880,979)</u>	<u>\$ (793,068)</u>	<u>\$ 1,659,757</u>	<u>\$ 2,583,332</u>	<u>\$ (261,671)</u>		

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

Line	Description	Current Amounts (12/31/2016 Test Year)	Staff Tech 1-1 Supplemental	Difference	Source/Notes
1	<b>Operating Revenue</b>	\$ 68,990,067	\$ 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)	\$ (2,269,372)		Input (Table 1 of Simek-Therrien Testimony)
5	Non-recurring Test Year Adjustments to Revenue	15,968	15,968		Input (Table 1 of Simek-Therrien Testimony)
6	Adjustment for Normal Unbilled Revenue	121,530	121,530		Input (Table 1 of Simek-Therrien Testimony)
7	Weather Normalization Adjustment	1,987,559	1,987,559		Input (Table 1 of Simek-Therrien Testimony)
8	Annualization Adjustment (CIBS)	98,531	98,531		Input (Table 1 of Simek-Therrien Testimony)
9	Removal of 2016 Concord Steam Revenue	(281,849)	(281,849)		Input (Table 2 of Simek-Therrien Testimony)
10	Anticipated new Concord Steam Annual Revenue	660,735	660,735		Input (Table 2 of Simek-Therrien Testimony)
11	iNATGAS Minimum Annual Transportation Quantity Adjustment	183,000	18,300	164,700	iNATGAS @MinTQ
12	Annualize Special Contract for October 1 Adjustment	7,963	7,963		Annualize special contract for GDP/IDP adjustment made October 1
13	Pro Forma Operating Revenue	\$ 69,514,131	\$ 69,349,431	\$ 164,700	
14					
15	<b>Total Adjustment to Operating Revenues</b>	<b>\$ 524,064</b>	<b>\$ 359,364</b>	<b>\$ 164,700</b>	
16					
17	<b>Other Revenue</b>				
18	Miscellaneous Service Revenue	\$ 847,735	\$ 847,735		Trial Balance
19	Rental Income	3,200	3,200		Trial Balance
20	Total Other Revenue	\$ 850,935	\$ 850,935		
21					
22	<u>Adjustments to Other Revenue</u>				
23	Annualize Rental Income	\$ 6,400	\$ 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	11,948		Correcting Entries to Test Year Miscellaneous Service Revenue
25	Total	\$ 18,348	\$ 18,348		
26					
27	Pro Forma Other Revenue	\$ 869,284	\$ 869,284		
28					
29	<b>Total Adjustment to Other Revenues</b>	<b>\$ 18,348</b>	<b>\$ 18,348</b>		



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

<b>Line</b>	<b>Description</b>	<b>Reference</b>	<b>Amount</b>	<b>Staff Tech 1-1 Supplemental</b>	<b>Difference</b>
1	<b>Test Year Actual to Statutory Rates</b>				
2	Normalized Revenue	RR-EN-2, line 4	\$ 69,841,002	\$ 69,841,002	
3	Normalized Expenses, Excluding Income Tax	RR-EN-2, lines 7-13	52,391,390	52,391,390	
4	Income (Loss) Before Taxes		\$ 17,449,612	\$ 17,449,612	
5					
6	Rate Base	RR-1	\$ 249,741,831	\$ 249,735,328	\$ 6,502
7	Debt Portion	RR-4	50.00%	50.00%	
8	Debt Component		124,870,915	124,867,664	3,251
9	Debt Cost	RR-4	4.425%	4.425%	
10	Synchronized Interest Expense		5,525,538	5,525,394	144
11	Pre-Tax Income		\$ 11,924,074	\$ 11,924,218	\$ (144)
12					
13	Combined Income Tax Rate	Line 20	39.41%	39.41%	
14	Income Tax Expense (Credit) at Statutory Rates		\$ 4,699,278	\$ 4,699,334	\$ (57)
15	Income Tax Expense (Credit) Recorded		6,359,035	6,359,035	0
16	<b>Adjustment to Normalize Historical Test Year</b>		<b>\$ (1,659,757)</b>	<b>\$ (1,659,701)</b>	<b>\$ (57)</b>
17					
18	Federal Statutory Rate		34.00%	34.00%	
19	New Hampshire Business Tax Rate		8.20%	8.20%	
20	Combined Income Tax Rate		39.41%	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 10**  
**Other Adjustments**

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

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

Line	Description	Monthly Amount	Staff Tech 1-1 Supplemental	Difference
33				
34	ALL ADJUSTMENTS BELOW THIS LINE ARE INCREMENTAL CHANGES SINCE THE INITIAL FILING			
35				
36	<b>Adjustment to reflect audit issue #16</b>			
37	Adjustment to Account 874	\$ (4,500)	\$ (4,500)	
38				
39	<b>Adjustment to Account 874</b>	<b>\$ (4,500)</b>	<b>\$ (4,500)</b>	
40				
41	<b>Adjustment to reflect audit issue #16</b>			
42	Adjustment to Account 921	\$ (124)	\$ (124)	
43				
44	<b>Adjustment to Account 921</b>	<b>\$ (124)</b>	<b>\$ (124)</b>	
45				
46	<b>Adjustment to reflect audit issue #17</b>			
47	Adjustment to Account 921	\$ (2,800)	\$ (2,800)	
48	Adjustment to Account 921	(3,548)	(3,548)	
49	Adjustment to Account 921	(15,611)	(15,611)	
50				
51	<b>Adjustment to Account 921</b>	<b>\$ (21,959)</b>	<b>\$ (21,959)</b>	
52				
53	<b>Adjustment to reflect audit issue #18</b>			
54	Adjustment to Account 923	\$ (11,200)	\$ (11,200)	
55				
56	<b>Adjustment to Account 923</b>	<b>\$ (11,200)</b>	<b>\$ (11,200)</b>	
57				
58	<b>Adjustment to reflect audit issue #22</b>			
59	Adjustment to Account 925			
60				
61	<b>Adjustment to Account 925</b>	<b>\$ -</b>	<b>\$ -</b>	
62				
63	<b>Adjustment to move EFV expense from Keene to EN</b>			
64	2017 Excess Flow Valve Expense	\$ 30,000	\$ 30,000	
65				
66	<b>Adjustment to Account 879</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	
67				
68	<b>Adjustment to uncollectibles</b>			
69	Uncollectibles rate	1.23%	1.23%	
70	Deficiency	13,661,246	13,894,933	(233,687)
71	Additional uncollectibles	168,033	170,908	(2,874)
72				0
73	<b>Adjustment to Account 904.0</b>	<b>\$ 168,033</b>	<b>\$ 170,908</b>	<b>\$ (2,874)</b>
74				
75	<b>Adjustment related to Manchester / Concord Legal Fees</b>			
76	Total legal fees paid through the end of the Historical Test Year	54,716	227,233	(172,517)
77	Proposed amortization period (years)	3	3	
78				
79	<b>Adjustment to Account 405</b>	<b>\$ 18,239</b>	<b>\$ 75,744</b>	<b>\$ (57,506)</b>
80				
81	<b>Adjustment related to Manchester / Concord Degradation Fees</b>			
82	Total degradation fees paid through the end of the Historical Test Year	3,081,648	3,267,713	(186,065)
83	Proposed amortization period (years)	20	20	
84				
85	<b>Adjustment to Account 405</b>	<b>\$ 154,082</b>	<b>\$ 163,386</b>	<b>\$ (9,303)</b>
86				

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

Line	Description	Monthly	Amount	Staff Tech 1-1 Supplemental	Difference
87	ALL ADJUSTMENTS BELOW THIS LINE ARE INCREMENTAL CHANGES SINCE STAFF TECH 1-1				
88					
89	<b>Adjustment to remove portions of Concord Office Lease expense</b>				
90	Below-the-line activities charged to EnergyNorth		(3,790)	(3,790)	
91	Work performed by the Regional President for other regional entities		(7,335)	(7,335)	
92					
93	<b>Adjustment to Account 931</b>		<b>\$ (11,125)</b>	<b>\$ (11,125)</b>	
94					
95	<b>Adjustments related to the acquisition of The Empire District Electric Company</b>				
96					
97	Adjustment to A&G Salaries - Account 920LU		(17,742)	(17,742)	
98	Adjustment to LU Capitalized - Account 922LU		128,990	128,990	
99	Adjustment to LU Outside Services - Account 923LU		(274,372)	(274,372)	
100					
101	<b>Total Adjustments due to merger</b>		<b>\$ (163,124)</b>	<b>\$ (163,124)</b>	

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

<b>Line</b>	<b>Description</b>	<b>Reference</b>	<b>Rate Base</b>
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 (5-Quarter Average)	RR-EN-5-1	\$ 6,833,143
6	Prepayments (5-Quarter Average)	RR-EN-5-1	2,704,979
7	Customer Deposits (5-Quarter Average)	RR-EN-5-1	(1,774,868)
8			
9	Cash Working Capital	RR-EN-5-2	\$ 2,659,819
10			
11	Deferred Tax Liability, Net (Balance 12/31/2016)	RR-EN-5WP1	\$ (79,581,891)
12			
13	<b>Rate Base</b>		<u><u>\$ 249,741,831</u></u>

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

Line	Description	Reference	Test Year Pro Forma	Staff Tech 1-1 Supplemental	Difference
1	<b>O&amp;M Expenses</b>				
2	Distribution, before Adjustments	RR-EN-2-1	\$ 58,750,425	\$ 58,750,425	
3	Less: Depreciation and Amortization	RR-EN-2-1	(14,142,392)	(14,142,392)	
4	Less: Deferred Income Taxes	RR-EN-2-1-WP	(6,128,035)	(6,128,035)	
5	Known and Measurable Adjustments (excluding depreciation and amortization)	RR-EN-2-1	(1,893,760)	(1,983,200)	89,439
6			\$ 36,586,237	\$ 36,496,798	\$ 89,439
7					
8	Cash Working Capital Required- Days	26.53	7.27%	7.27%	
9					
10	<b>Cash Working Capital Required</b>		<b>\$ 2,659,819</b>	<b>\$ 2,653,317</b>	<b>\$ 6,502</b>

Liberty Utilities (EnergyNorth)  
Step Increase - EnergyNorth

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	Staff Tech 1-1 Supplemental	Difference
	<i>FERC Account</i>	<i>303</i>	<i>320</i>	<i>367</i>	<i>369</i>	<i>375</i>	<i>376</i>	<i>378</i>	<i>380</i>	<i>381</i>	<i>390</i>	<i>391</i>	<i>392</i>	<i>394</i>			
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	\$ 27,464,521	
2																	
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%			
6																	
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	\$ 12,679,690	
8																	
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	\$ 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	\$ 761,467	
11																	
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	\$ 13,441,157	
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			
14																	
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	\$ 1,305,603	
17																	
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	\$ 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	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	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	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	\$ 3,796,939	
23																	
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	\$ 27,464,521	
26	Accumulated Depreciation	(339,559)	(57,772)	(2,269,107)	(8,580)	(34,749)	(5,760)	(9,295)	(39,583)	(50,080)	(38,517)	(40,148)	(395,600)	(9,205)	(1,305,603)	(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)	(3,796,939)	
28	<b>Rate Base</b>	<b>\$ 1,857,925</b>	<b>\$ 1,651,723</b>	<b>\$ 11,868,472</b>	<b>\$ 245,305</b>	<b>\$ 1,000,625</b>	<b>\$ 247,014</b>	<b>\$ 265,747</b>	<b>\$ 907,057</b>	<b>\$ 1,305,678</b>	<b>\$ 949,287</b>	<b>\$ 591,534</b>	<b>\$ 1,335,451</b>	<b>\$ 136,161</b>	<b>\$ 22,361,979</b>	<b>\$ 22,361,979</b>	
29																	
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	\$ 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	1,305,603	
33	Property Tax @ 2.06%		41,512	296,222	6,165	24,969	6,165	6,679			23,770				405,483	405,483	
34	Insurance @ 0.20%		3,983	28,421	592	2,396	592	641	2,198	3,155	2,281	1,499	3,900	345	50,001	50,001	
35	<b>Annual Revenue Requirement</b>	<b>\$ 538,543</b>	<b>\$ 280,166</b>	<b>\$ 1,872,512</b>	<b>\$ 41,609</b>	<b>\$ 169,280</b>	<b>\$ 38,972</b>	<b>\$ 45,076</b>	<b>\$ 138,927</b>	<b>\$ 193,073</b>	<b>\$ 166,236</b>	<b>\$ 105,001</b>	<b>\$ 542,527</b>	<b>\$ 24,133</b>	<b>\$ 5,095,298</b>	<b>\$ 4,317,133</b>	<b>\$ 778,165</b>

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

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
		\$ 915,957
Plant at Cost	RR-Step-EN-WP2	\$ 456,742,424
As % of Plant Cost		2.06%
		0.20%

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

Adjustments Identified in Rebuttal Testimony	Reference	Amount
Increase in Expense Portion of Pension & OPEB Costs	Response to Staff Tech 3-15	419,583
Legal Fees, 2017	Laflamme & Mullinax Direct, Schedule EN 4, Line 27	172,517
Degradation Fees, 2017	Laflamme & Mullinax Direct, Schedule EN 4, Line 35	186,065
Total Additional Expense - Goes to Line 35		778,165

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