

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Annual Rate Changes
Annual Incremental Rate Adjustments**

| | <u>Actual</u> <u>7/1/2008</u> (a) | <u>Actual</u> <u>7/1/2009</u> (b) | <u>Actual</u> <u>7/1/2010</u> (c) | <u>Actual</u> <u>7/1/2011</u> (d) | <u>Actual</u> <u>7/1/2012</u> (e) | <u>Actual</u> <u>7/1/2013</u> (f) | <u>Actual</u> <u>6/1/2014</u> (g) | <u>Actual</u> <u>5/1/2015</u> (h) | <u>Actual</u> <u>6/1/2016</u> (i) | <u>Actual</u> <u>5/1/2017</u> (j) | <u>Actual</u> <u>5/1/2018</u> (j) | <u>Actual</u> <u>5/1/2019</u> (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| <u>Annual Incremental Rate Adjustments</u> | | | | | | | | | | | | |
| 1 REP/VMP O&M Adjustment Factor | \$0 | \$113,832 | \$1,047,770 | (\$758,113) | (\$295,207) | (\$52,081) | (\$275,840) | (\$210,585) | \$346,184 | (\$76,104) | \$552,414 | \$444,301 |
| 2 REP Capital Program | <u>\$165,840</u> | <u>\$75,740</u> | <u>\$163,663</u> | <u>\$102,941</u> | <u>(\$18,005)</u> | <u>\$125,829</u> | <u>\$37,374</u> | <u>\$253,423</u> | <u>\$180,132</u> | <u>\$120,019</u> | <u>\$76,833</u> | <u>\$199,645</u> |
| 3 Total for Fiscal Year | \$165,840 | \$189,572 | \$1,211,433 | (\$655,172) | (\$313,213) | \$73,748 | (\$238,466) | \$42,838 | \$526,316 | \$43,915 | \$629,247 | \$643,946 |
| 4 Termination of Prior Period O&M Recovery | <u>\$0</u> | <u>\$0</u> | <u>(\$113,832)</u> | <u>(\$1,047,770)</u> | <u>\$758,113</u> | <u>\$295,207</u> | <u>\$52,081</u> | <u>\$275,840</u> | <u>\$210,585</u> | <u>(\$346,184)</u> | <u>\$76,104</u> | <u>(\$552,414)</u> |
| 5 Net Change in Recovery | \$165,840 | \$189,572 | \$1,097,601 | (\$1,702,942) | \$444,900 | \$368,955 | (\$186,385) | \$318,678 | \$736,901 | (\$302,269) | \$705,351 | \$91,532 |

Notes:
Line 1 From DBS-1, Page 2 of 15, Line 7
Line 2 From DBS-1, Page 3 of 15, Line 66
Line 3 Line 1 + Line 2
Line 4 Line 1 of Prior Year
Line 5 Line 3 + Line 4

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP O&M Adjustment Factor
Computation of Annual Revenue Requirement
CY 2018 Actual**

| | Actual FY <u>2008</u> (a) | Actual FY <u>2009</u> (b) | Actual FY <u>2010</u> (c) | Actual FY <u>2011</u> (d) | Actual FY <u>2012</u> (e) | Actual FY <u>2013</u> (f) | Actual CYS <u>2013</u> (f) | Actual CY <u>2014</u> (g) | Actual CY <u>2015</u> (h) | Actual CY <u>2016</u> (i) | Actual CY <u>2017</u> (j) | Actual CY <u>2018</u> (k) | |
|--|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------|
| Incremental VMP and REP O&M Spend | | | | | | | | | | | | | |
| 1 | Actual VMP and REP Program Spending | \$2,169,258 | \$1,477,916 | \$2,556,530 | \$1,245,985 | \$1,467,486 | \$1,560,973 | \$1,055,861 | \$1,395,166 | \$1,994,184 | \$1,633,896 | \$2,495,406 | \$2,422,443 |
| 2 | Proposed Annual Program Budget | \$1,950,000 | \$1,473,832 | \$2,556,530 | \$1,552,000 | \$1,556,000 | \$1,721,585 | \$1,238,200 | \$1,521,200 | \$1,860,397 | \$1,948,000 | \$2,281,803 | \$2,157,086 |
| 3 | Amount Subject to Recovery | \$1,950,000 | \$1,473,832 | \$2,556,530 | \$1,245,985 | \$1,467,486 | \$1,560,973 | \$1,055,861 | \$1,395,166 | \$1,994,184 | \$1,633,896 | \$2,495,406 | \$2,422,443 |
| 4 | VMP and REP Base Spending Level | \$1,950,000 | \$1,360,000 | \$1,360,000 | \$1,360,000 | \$1,360,000 | \$1,360,000 | \$1,020,000 | \$1,360,000 | \$1,360,000 | \$1,360,000 | \$1,500,000 | \$1,500,000 |
| 5 | Total Revenue Requirement | \$0 | \$113,832 | \$1,196,530 | (\$114,015) | \$107,486 | \$200,973 | \$35,861 | \$35,166 | \$634,184 | \$273,896 | \$995,406 | \$922,443 |
| 6 | Less Reimbursements from FairPoint/Consolidated | \$0 | \$0 | (\$148,760) | (\$644,098) | (\$402,693) | (\$253,054) | (\$311,701) | (\$245,751) | (\$288,000) | (\$350,000) | (\$442,992) | (\$478,142) |
| 7 | Total Incremental Revenue Requirement | \$0 | \$113,832 | \$1,047,770 | (\$758,113) | (\$295,207) | (\$52,081) | (\$275,840) | (\$210,585) | \$346,184 | (\$76,104) | \$552,414 | \$444,301 |
| 8 | Total O&M Recovery | \$1,950,000 | \$1,473,832 | \$2,407,770 | \$601,887 | \$1,064,793 | \$1,307,919 | \$744,160 | \$1,149,415 | \$1,706,184 | \$1,283,896 | \$2,052,414 | \$1,944,301 |

Notes:

- Line 1 2018 Actual VMP and REP program spending
- Line 4 VMP and REP base spending level per Docket No. DE 16-383
- Line 5 Line 3 minus Line 4
- Line 6 Reflects reimbursements related to vegetation management expenses from FairPoint Communications
- Line 7 Line 5 plus Line 6
- Line 8 Line 3 plus Line 6

| Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities | | | | | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| REP/MP Revenue Requirement | | | | | | | | | | | | |
| Computation of REP Revenue Requirement | | | | | | | | | | | | |
| CY 2018 Actual | | | | | | | | | | | | |
| | Revised FY 2008 | Revised FY 2009 | Revised FY 2010 | Revised FY 2011 | Revised FY 2012 | Actual FY 2013 | Actual FY 2013 | Actual FY 2014 | Actual FY 2015 | Actual FY 2016 | Actual FY 2017 | Actual FY 2018 |
| Deferred Tax Calculation | | | | | | | | | | | | |
| 1 REP Program Annual Spend | \$950,000 | \$500,000 | \$876,243 | \$810,835 | \$398,239 | \$545,916 | \$416,755 | \$2,201,899 | \$1,321,456 | \$849,390 | \$1,699,030 | \$1,087,416 |
| 2 Cumulative REP Program Spend | \$950,000 | \$1,450,000 | \$2,326,243 | \$2,937,078 | \$3,335,317 | \$3,881,233 | \$4,297,988 | \$6,499,887 | \$7,821,343 | \$8,670,733 | \$10,369,763 | \$11,457,180 |
| 3 Book Depreciation Rate (a) | | 3.70% | 3.72% | 3.71% | 3.73% | 3.72% | 3.33% | 3.72% | 2.88% | 2.86% | 2.76% | 2.75% |
| 4 FEDERAL Vintage Year Tax Depreciation: | | | | | | | | | | | | |
| 5 FY 2008 Spend | \$429,887 | \$39,010 | \$36,081 | \$33,379 | \$30,872 | \$28,559 | \$14,858 | \$19,810 | \$24,112 | \$24,106 | \$24,112 | \$24,106 |
| 6 FY 2009 Spend | | \$338,156 | \$12,139 | \$11,227 | \$10,387 | \$9,606 | \$4,999 | \$6,665 | \$8,219 | \$7,503 | \$7,503 | \$7,503 |
| 7 FY 2010 Spend | | | \$50,022 | \$22,630 | \$22,630 | \$23,956 | \$10,882 | \$14,522 | \$17,913 | \$16,567 | \$15,123 | \$15,123 |
| 8 FY 2011 Spend | | | | \$81,705 | \$39,685 | \$8,958 | \$4,662 | \$6,215 | \$7,665 | \$7,090 | \$6,938 | \$5,986 |
| 9 FY 2012 Spend | | | | | \$377,329 | \$2,968 | \$1,544 | \$2,009 | \$2,539 | \$2,349 | \$2,173 | \$2,009 |
| 10 FY 2013 Spend | | | | | | \$32,964 | \$11,900 | \$15,867 | \$14,676 | \$13,577 | \$12,557 | \$11,616 |
| 11 CY 2013 Spend | | | | | | | \$212,773 | \$5,861 | \$15,043 | \$13,913 | \$12,871 | \$11,905 |
| 12 CY 2014 Spend | | | | | | | | \$79,478 | \$44,117 | \$73,510 | \$68,006 | \$62,897 |
| 13 CY 2015 Spend | | | | | | | | | \$685,505 | \$47,698 | \$44,117 | \$40,813 |
| 14 CY 2016 Spend | | | | | | | | | | \$30,659 | \$28,357 | \$26,326 |
| 15 CY 2017 Spend | | | | | | | | | | | \$81,372 | \$61,728 |
| 16 CY 2018 Spend | | | | | | | | | | | | \$40,778 |
| 17 Annual Tax Depreciation | \$429,887 | \$377,166 | \$598,242 | \$550,778 | \$450,902 | \$403,992 | \$261,627 | \$1,213,235 | \$85,149 | \$848,934 | \$1,105,049 | \$2,716,338 |
| 18 Cumulative Tax Depreciation | \$429,887 | \$807,053 | \$1,405,295 | \$1,956,073 | \$2,406,975 | \$2,810,967 | \$3,072,594 | \$4,285,829 | \$5,140,977 | \$5,787,911 | \$6,892,960 | \$7,164,598 |
| 19 STATE Vintage Year Tax Depreciation: | | | | | | | | | | | | |
| 20 FY 2008 Spend | | | | | | | | | | | | |
| 21 FY 2009 Spend | | \$46,127 | \$42,664 | \$39,469 | \$36,504 | \$33,770 | \$17,568 | \$23,425 | \$28,511 | \$28,504 | \$28,511 | \$28,504 |
| 22 FY 2010 Spend | | \$176,311 | \$24,277 | \$22,465 | \$20,773 | \$19,213 | \$9,898 | \$13,330 | \$16,438 | \$15,006 | \$15,002 | \$15,006 |
| 23 FY 2011 Spend | | | \$23,901 | \$46,935 | \$45,261 | \$41,872 | \$21,784 | \$29,045 | \$35,825 | \$33,134 | \$30,246 | \$30,239 |
| 24 FY 2012 Spend | | | | | \$99,462 | \$28,336 | \$14,850 | \$19,800 | \$24,417 | \$22,988 | \$20,891 | \$19,071 |
| 25 FY 2013 Spend | | | | | | \$30,854 | \$30,854 | \$13,761 | \$16,973 | \$15,698 | \$14,522 | \$13,431 |
| 26 CY 2013 Spend | | | | | | | \$181,087 | \$20,395 | \$27,193 | \$23,268 | \$21,522 | \$19,908 |
| 27 CY 2014 Spend | | | | | | | | \$20,395 | \$27,193 | \$23,268 | \$21,522 | \$20,395 |
| 28 CY 2015 Spend | | | | | | | | \$179,810 | \$8,791 | \$82,571 | \$125,794 | \$125,794 |
| 29 CY 2016 Spend | | | | | | | | | \$168,955 | \$95,396 | \$88,234 | \$81,626 |
| 30 CY 2017 Spend | | | | | | | | | | \$61,317 | \$56,714 | \$56,714 |
| 31 CY 2018 Spend | | | | | | | | | | | \$122,653 | \$40,778 |
| 32 Annual Tax Depreciation | \$334,991 | \$222,438 | \$290,742 | \$310,320 | \$314,480 | \$323,039 | \$103,706 | \$220,846 | \$385,912 | \$440,294 | \$505,712 | \$477,817 |
| 33 Cumulative Tax Depreciation | \$334,991 | \$557,429 | \$848,171 | \$1,158,492 | \$1,472,971 | \$1,796,010 | \$1,899,716 | \$2,120,562 | \$2,506,473 | \$2,946,767 | \$3,452,479 | \$3,930,296 |
| 34 Book Depreciation | \$35,150 | \$83,940 | \$86,304 | \$109,645 | \$124,074 | \$129,109 | \$119,933 | \$140,398 | \$123,680 | \$247,923 | \$286,265 | \$315,419 |
| 35 Cumulative Book Depreciation | \$35,150 | \$83,940 | \$175,394 | \$285,039 | \$409,113 | \$538,222 | \$658,155 | \$798,553 | \$1,022,243 | \$1,270,228 | \$1,556,491 | \$1,871,850 |
| 36 Book/Tax Timer (Federal) | | | | | | | | | | | | |
| 37 less: Deferred Tax Reserve (State) | | | | | | | | | | | | |
| 38 Net Book/Tax Timer (Federal) | | | | | | | | | | | | |
| 39 Effective Tax Rate (Federal) | | | | | | | | | | | | |
| 40 Book/Tax Timer (State) | \$394,737 | \$717,963 | \$1,229,901 | \$1,671,034 | \$1,997,862 | \$2,272,745 | \$2,414,439 | \$3,487,276 | \$4,118,734 | \$4,517,685 | \$5,336,638 | \$5,292,747 |
| 41 less: Deferred Tax Reserve (State) | \$35,486 | \$39,809 | \$57,186 | \$74,283 | \$90,428 | \$106,912 | \$105,593 | \$112,371 | \$126,180 | \$142,508 | \$155,476 | \$158,500 |
| 42 Net Book/Tax Timer (Federal) | \$369,251 | \$678,154 | \$1,172,715 | \$1,596,751 | \$1,907,435 | \$2,165,833 | \$2,308,906 | \$3,374,905 | \$3,992,575 | \$4,375,179 | \$5,181,032 | \$5,134,247 |
| 43 Effective Tax Rate (Federal) | \$5,000% | \$5,000% | \$5,000% | \$5,000% | \$5,000% | \$5,000% | \$4,000% | \$4,000% | \$4,000% | \$4,000% | \$4,000% | \$4,000% |
| 44 Book/Tax Timer (State) | \$299,841 | \$468,339 | \$672,778 | \$873,453 | \$1,063,859 | \$1,257,788 | \$1,241,561 | \$1,322,009 | \$1,487,475 | \$1,487,561 | \$1,781,558 | \$1,078,192 |
| 45 Effective Tax Rate (State) | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 7.70% |
| 46 Deferred Tax Reserve (State) | \$25,486 | \$39,809 | \$57,186 | \$74,283 | \$90,428 | \$106,912 | \$105,593 | \$112,371 | \$126,180 | \$142,508 | \$155,476 | \$158,500 |
| 47 TOTAL Deferred Tax Reserve | \$154,724 | \$277,163 | \$467,636 | \$653,120 | \$758,030 | \$864,953 | \$890,561 | \$1,259,839 | \$1,483,635 | \$1,630,067 | \$1,917,034 | \$1,238,692 |
| 48 | | | | | | | | | | | | |
| 49 | | | | | | | | | | | | |
| 50 | | | | | | | | | | | | |
| 51 Plant in Service | \$860,000 | \$1,450,000 | \$2,326,243 | \$2,937,078 | \$3,335,317 | \$3,881,233 | \$4,297,988 | \$6,499,887 | \$7,821,343 | \$8,670,733 | \$10,369,763 | \$11,457,180 |
| 52 Accumulated Book Depreciation | (\$15,150) | (\$89,080) | (\$175,394) | (\$285,039) | (\$409,113) | (\$538,222) | (\$658,155) | (\$798,553) | (\$1,022,243) | (\$1,270,228) | (\$1,556,491) | (\$1,871,850) |
| 53 Deferred Tax Reserve | (\$154,724) | (\$277,163) | (\$467,636) | (\$653,120) | (\$758,030) | (\$864,953) | (\$890,561) | (\$1,259,839) | (\$1,483,635) | (\$1,630,067) | (\$1,917,034) | (\$1,238,692) |
| 54 Year End Rate Base | \$760,126 | \$1,083,747 | \$1,683,213 | \$2,018,919 | \$2,168,174 | \$2,478,057 | \$2,749,272 | \$4,441,496 | \$5,315,465 | \$5,770,440 | \$6,896,298 | \$8,348,637 |
| 55 | | | | | | | | | | | | |
| 56 Revenue Requirement Calculation | | | | | | | | | | | | |
| 57 Year End Rate Base | \$760,126 | \$1,083,747 | \$1,683,213 | \$2,018,919 | \$2,168,174 | \$2,478,057 | \$2,749,272 | \$4,441,496 | \$5,315,465 | \$5,770,440 | \$6,896,298 | \$8,348,637 |
| 58 Pre-Tax ROR | 11.91% | 11.91% | 11.91% | 11.91% | 11.91% | 11.91% | 11.36% | 11.36% | 11.36% | 11.36% | 8.74% | 9.43% |
| 59 Return and Taxes | \$90,515 | \$129,051 | \$200,435 | \$240,410 | \$258,183 | \$295,084 | \$312,413 | \$504,338 | \$603,837 | \$655,522 | \$603,059 | \$787,334 |
| 60 Book Depreciation | \$35,150 | \$83,940 | \$86,304 | \$109,645 | \$124,074 | \$129,109 | \$119,933 | \$140,398 | \$123,680 | \$247,923 | \$286,265 | \$315,419 |
| 61 Property Taxes (b) | \$21,773 | \$27,218 | \$66,676 | \$89,904 | \$110,318 | \$118,343 | \$149,961 | \$190,995 | \$161,819 | \$323,376 | \$323,449 | \$409,608 |
| 62 Annual Revenue Requirement | \$147,438 | \$210,209 | \$353,415 | \$492,575 | \$542,536 | \$628,307 | \$835,730 | \$1,015,862 | \$1,135,881 | \$1,212,714 | \$1,412,359 | \$1,829,359 |
| 63 Prior Period Change for Repairs Tax Deduct & Bonus Depreciation, FY 08 - 14) (e) | \$147,438 | \$210,209 | \$353,415 | \$492,575 | \$542,536 | \$628,307 | \$835,730 | \$1,015,862 | \$1,135,881 | \$1,212,714 | \$1,412,359 | \$1,829,359 |
| 64 Adjusted Annual Revenue Requirement | \$147,438 | \$210,209 | \$353,415 | \$492,575 | \$542,536 | \$628,307 | \$835,730 | \$1,015,862 | \$1,135,881 | \$1,212,714 | \$1,412,359 | \$1,829,359 |
| 65 Annual Rate Adjustment | | | | | | | | | | | | |
| 66 Incremental Annual Rate Adjustment | \$147,438 | \$62,771 | \$143,205 | \$86,545 | (\$20,856) | \$125,829 | \$37,374 | \$253,423 | \$180,132 | \$120,019 | \$76,833 | \$48,274 |
| 67 Prior Period Debt Correction (f) | | | | | | | | | | | | |
| 68 Incremental Annual Rate Adjustment with Prior Period Correction | | | | | | | | | | | | |
| 69 | | | | | | | | | | | | |
| 70 | | | | | | | | | | | | |
| 71 Imputed Capital Structure (c) | | | | | | | | | | | | |
| 72 Long Term Debt | | | | | | | | | | | | |
| 73 Common Equity | | | | | | | | | | | | |
| 74 | | | | | | | | | | | | |
| 75 | | | | | | | | | | | | |
| 76 Imputed Capital Structure (d) | | | | | | | | | | | | |
| 77 Long Term Debt | | | | | | | | | | | | |
| 78 Common Equity | | | | | | | | | | | | |
| 79 | | | | | | | | | | | | |
| 80 | | | | | | | | | | | | |
| 81 | | | | | | | | | | | | |
| 82 | | | | | | | | | | | | |
| 83 Imputed Capital Structure (e) | | | | | | | | | | | | |
| 84 Long Term Debt | | | | | | | | | | | | |
| 85 Common Equity | | | | | | | | | | | | |
| 86 | | | | | | | | | | | | |
| 87 | | | | | | | | | | | | |
| 88 | | | | | | | | | | | | |
| 89 | | | | | | | | | | | | |

(a) Prior Period Actual Calendar Year Composite Depreciation rate for distribution property, reference Schedule DBS-6.
 (b) Prior Period Actual Calendar Year ratio of municipal tax expense to net plant in service, reference Schedule DBS-5.
 (c) Capital structure per Mergers Settlement in Docket DG 06-107 Exhibit 1, Section 3(c).
 (d) Capital structure per Rate Case Settlement in Docket DE 13-063, Attachment A, Schedule 1B.
 (e) Capital structure per Rate Case Settlement in Docket DE 16-383, Section IIA, Undeclared LT debt rate as of Q3 2018.
 (f) Additional \$48,274 due to the cost of debt rate used in Docket DG 16-034 (CY 2018) being too low.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2008 - Per Tax Return
Using Capital Repairs Tax Return Rate

| | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) 2013 | (g) CYS2013 | (h) CY2014 | (i) CY2015 | (j) CY2016 | (k) CY2017 | (l) CY2018 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|----------------|---------------|---------------|---------------|---------------|---------------|
| 1 <u>Capital Repairs Deduction</u> | | | | | | | | | | | | |
| 2 Plant Additions | \$950,000 | | | | | | | | | | | |
| 3 Capital Repairs Deduction Rate | 32.74% | | | | | | | | | | | |
| 4 Capital Repairs Deduction | \$311,030 | | | | | | | | | | | |
| 5 | | | | | | | | | | | | |
| 6 <u>Bonus Depreciation</u> | | | | | | | | | | | | |
| 7 Plant Additions | \$950,000 | | | | | | | | | | | |
| 8 Less Capital Repairs Deduction | \$311,030 | | | | | | | | | | | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$638,970 | | | | | | | | | | | |
| 10 | | | | | | | | | | | | |
| 11 Percent of Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007 | 69.14% | | | | | | | | | | | |
| 12 Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007 | \$441,784 | | | | | | | | | | | |
| 13 Bonus Depreciation rate April 2007- December 2007 | 0% | | | | | | | | | | | |
| 14 Bonus Depreciation for April 2007 - December 2007 | \$0 | | | | | | | | | | | |
| 15 | | | | | | | | | | | | |
| 16 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 | 30.86% | | | | | | | | | | | |
| 17 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 | \$197,186 | | | | | | | | | | | |
| 18 Bonus Depreciation rate January 2008 - March 2008 | 50% | | | | | | | | | | | |
| 19 Bonus Depreciation for January 2008 - March 2008 | \$98,593 | | | | | | | | | | | |
| 20 | | | | | | | | | | | | |
| 21 Bonus Depreciation | \$98,593 | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 <u>Remaining Tax Depreciation (Federal)</u> | | | | | | | | | | | | |
| 24 Plant Additions | \$950,000 | | | | | | | | | | | |
| 25 Less Capital Repairs Deduction | \$311,030 | | | | | | | | | | | |
| 26 Less Bonus Depreciation | \$98,593 | | | | | | | | | | | |
| 27 Additions Subject to 20 YR MACRS Tax Depreciation | \$540,377 | \$540,377 | \$540,377 | \$540,377 | \$540,377 | \$540,377 | \$540,377 | \$540,377 | \$540,377 | \$540,377 | \$540,377 | \$540,377 |
| 28 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% | 6.677% | 6.177% | 5.713% | 5.285% | 3.666% | 4.888% | 4.462% | 4.461% | 4.462% | 4.461% |
| 29 Remaining Tax Depreciation | \$20,264 | \$39,010 | \$36,081 | \$33,379 | \$30,872 | \$28,559 | \$14,858 | \$19,810 | \$24,112 | \$24,106 | \$24,112 | \$24,106 |
| 30 | | | | | | | | | | | | |
| 31 <u>Remaining Tax Depreciation (State)</u> | | | | | | | | | | | | |
| 32 Plant Additions | \$950,000 | | | | | | | | | | | |
| 33 Less Capital Repairs Deduction | \$311,030 | | | | | | | | | | | |
| 34 Additions Subject to 20 YR MACRS Tax Depreciation | \$638,970 | \$638,970 | \$638,970 | \$638,970 | \$638,970 | \$638,970 | \$638,970 | \$638,970 | \$638,970 | \$638,970 | \$638,970 | \$638,970 |
| 35 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% | 6.677% | 6.177% | 5.713% | 5.285% | 3.666% | 4.888% | 4.462% | 4.461% | 4.462% | 4.461% |
| 36 Remaining Tax Depreciation | \$23,961 | \$46,127 | \$42,664 | \$39,469 | \$36,504 | \$33,770 | \$17,568 | \$23,425 | \$28,511 | \$28,504 | \$28,511 | \$28,504 |
| 37 | | | | | | | | | | | | |
| 38 Federal Tax Depreciation | \$429,887 | \$39,010 | \$36,081 | \$33,379 | \$30,872 | \$28,559 | \$14,858 | \$19,810 | \$24,112 | \$24,106 | \$24,112 | \$24,106 |
| 39 State Tax Depreciation | \$334,991 | \$46,127 | \$42,664 | \$39,469 | \$36,504 | \$33,770 | \$17,568 | \$23,425 | \$28,511 | \$28,504 | \$28,511 | \$28,504 |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

| Period | Rate |
|--------------------------------------|------|
| April 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2009 - Per Tax Return
Using Capital Repairs Tax Return Rate**

| | (a) <u>2009</u> | (b) <u>2010</u> | (c) <u>2011</u> | (d) <u>2012</u> | (e) <u>2013</u> | (f) <u>CYS2013</u> | (g) <u>CY2014</u> | (h) <u>CY2015</u> | (i) <u>CY2016</u> | (j) <u>CY2017</u> | (k) <u>CY2018</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1 <u>Capital Repairs Deduction</u> | | | | | | | | | | | |
| 2 Plant Additions | \$500,000 | | | | | | | | | | |
| 3 Capital Repairs Deduction Rate | 32.74% | | | | | | | | | | |
| 4 Capital Repairs Deduction | <u>\$163,700</u> | | | | | | | | | | |
| 5 | | | | | | | | | | | |
| 6 <u>Bonus Depreciation</u> | | | | | | | | | | | |
| 7 Plant Additions | \$500,000 | | | | | | | | | | |
| 8 Less Capital Repairs Deduction | <u>\$163,700</u> | | | | | | | | | | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$336,300 | | | | | | | | | | |
| 10 | | | | | | | | | | | |
| 11 Percent of Plant Additions Eligible for Bonus Depreciation | <u>100.00%</u> | | | | | | | | | | |
| 12 Plant Additions Eligible for Bonus Depreciation | <u>\$336,300</u> | | | | | | | | | | |
| 13 Bonus Depreciation Rate | 50% | | | | | | | | | | |
| 14 Bonus Depreciation | <u>\$168,150</u> | | | | | | | | | | |
| 15 | | | | | | | | | | | |
| 16 Bonus Depreciation | \$168,150 | | | | | | | | | | |
| 17 | | | | | | | | | | | |
| 18 <u>Remaining Tax Depreciation (Federal)</u> | | | | | | | | | | | |
| 19 Plant Additions | \$500,000 | | | | | | | | | | |
| 20 Less Capital Repairs Deduction | \$163,700 | | | | | | | | | | |
| 21 Less Bonus Depreciation | <u>\$168,150</u> | | | | | | | | | | |
| 22 Additions Subject to 20 YR MACRS Tax Depreciation | <u>\$168,150</u> | \$168,150 | \$168,150 | \$168,150 | \$168,150 | \$168,150 | \$168,150 | \$168,150 | \$168,150 | \$168,150 | \$168,150 |
| 23 20 YR MACRS Tax Depreciation Rates | <u>3.750%</u> | 7.219% | 6.677% | 6.177% | 5.713% | 3.964% | 5.285% | 4.888% | 4.462% | 4.461% | 4.462% |
| 24 Remaining Tax Depreciation | \$6,306 | \$12,139 | \$11,227 | \$10,387 | \$9,606 | \$4,999 | \$6,665 | \$8,219 | \$7,503 | \$7,501 | \$7,503 |
| 25 | | | | | | | | | | | |
| 26 <u>Remaining Tax Depreciation (State)</u> | | | | | | | | | | | |
| 27 Plant Additions | \$500,000 | | | | | | | | | | |
| 28 Less Capital Repairs Deduction | <u>\$163,700</u> | | | | | | | | | | |
| 29 Additions Subject to 20 YR MACRS Tax Depreciation | <u>\$336,300</u> | \$336,300 | \$336,300 | \$336,300 | \$336,300 | \$336,300 | \$336,300 | \$336,300 | \$336,300 | \$336,300 | \$336,300 |
| 30 20 YR MACRS Tax Depreciation Rates | <u>3.750%</u> | 7.219% | 6.677% | 6.177% | 5.713% | 3.964% | 5.285% | 4.888% | 4.462% | 4.461% | 4.462% |
| 31 Remaining Tax Depreciation | \$12,611 | \$24,277 | \$22,455 | \$20,773 | \$19,213 | \$9,998 | \$13,330 | \$16,438 | \$15,006 | \$15,002 | \$15,006 |
| 32 | | | | | | | | | | | |
| 33 Federal Tax Depreciation | <u>\$338,156</u> | \$12,139 | \$11,227 | \$10,387 | \$9,606 | \$4,999 | \$6,665 | \$8,219 | \$7,503 | \$7,501 | \$7,503 |
| 34 State Tax Depreciation | <u>\$176,311</u> | \$24,277 | \$22,455 | \$20,773 | \$19,213 | \$9,998 | \$13,330 | \$16,438 | \$15,006 | \$15,002 | \$15,006 |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

| Period | Rate |
|--------------------------------------|------|
| April 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2010 - Per Tax Return
Using Capital Repairs Tax Return Rate**

| | (a) <u>2010</u> | (b) <u>2011</u> | (c) <u>2012</u> | (d) <u>2013</u> | (e) <u>CYS2013</u> | (f) <u>CY2014</u> | (g) <u>CY2015</u> | (h) <u>CY2016</u> | (i) <u>CY2017</u> | (j) <u>CY2018</u> |
|---|--------------------|--------------------|--------------------|--------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1 <u>Capital Repairs Deduction</u> | | | | | | | | | | |
| 2 Plant Additions | \$876,243 | | | | | | | | | |
| 3 Capital Repairs Deduction Rate | <u>22.64%</u> | | | | | | | | | |
| 4 Capital Repairs Deduction | \$198,381 | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 <u>Bonus Depreciation</u> | | | | | | | | | | |
| 7 Plant Additions | \$876,243 | | | | | | | | | |
| 8 Less Capital Repairs Deduction | <u>\$198,381</u> | | | | | | | | | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$677,862 | | | | | | | | | |
| 10 | | | | | | | | | | |
| 11 Percent of Plant Additions Eligible for Bonus Depreciation | <u>100.00%</u> | | | | | | | | | |
| 12 Plant Additions Eligible for Bonus Depreciation | \$677,862 | | | | | | | | | |
| 13 Bonus Depreciation Rate | <u>50%</u> | | | | | | | | | |
| 14 Bonus Depreciation | \$338,931 | | | | | | | | | |
| 15 | | | | | | | | | | |
| 16 Bonus Depreciation | \$338,931 | | | | | | | | | |
| 17 | | | | | | | | | | |
| 18 <u>Remaining Tax Depreciation (Federal)</u> | | | | | | | | | | |
| 19 Plant Additions | \$876,243 | | | | | | | | | |
| 20 Less Capital Repairs Deduction | \$198,381 | | | | | | | | | |
| 21 Less Bonus Depreciation | <u>\$338,931</u> | | | | | | | | | |
| 22 Additions Subject to 20 YR MACRS Tax Depreciation | \$338,931 | \$338,931 | \$338,931 | \$338,931 | \$338,931 | \$338,931 | \$338,931 | \$338,931 | \$338,931 | \$338,931 |
| 23 20 YR MACRS Tax Depreciation Rates | <u>3.750%</u> | <u>7.219%</u> | <u>6.677%</u> | <u>6.177%</u> | <u>4.285%</u> | <u>5.713%</u> | <u>5.285%</u> | <u>4.888%</u> | <u>4.462%</u> | <u>4.461%</u> |
| 24 Remaining Tax Depreciation | \$12,710 | \$24,467 | \$22,630 | \$20,936 | \$10,892 | \$14,522 | \$17,913 | \$16,567 | \$15,123 | \$15,120 |
| 25 | | | | | | | | | | |
| 26 <u>Remaining Tax Depreciation (State)</u> | | | | | | | | | | |
| 27 Plant Additions | \$876,243 | | | | | | | | | |
| 28 Less Capital Repairs Deduction | <u>\$198,381</u> | | | | | | | | | |
| 29 Additions Subject to 20 YR MACRS Tax Depreciation | \$677,862 | \$677,862 | \$677,862 | \$677,862 | \$677,862 | \$677,862 | \$677,862 | \$677,862 | \$677,862 | \$677,862 |
| 30 20 YR MACRS Tax Depreciation Rates | <u>3.750%</u> | <u>7.219%</u> | <u>6.677%</u> | <u>6.177%</u> | <u>4.285%</u> | <u>5.713%</u> | <u>5.285%</u> | <u>4.888%</u> | <u>4.462%</u> | <u>4.461%</u> |
| 31 Remaining Tax Depreciation | \$25,420 | \$48,935 | \$45,261 | \$41,872 | \$21,784 | \$29,045 | \$35,825 | \$33,134 | \$30,246 | \$30,239 |
| 32 | | | | | | | | | | |
| 33 Federal Tax Depreciation | <u>\$550,022</u> | <u>\$24,467</u> | <u>\$22,630</u> | <u>\$20,936</u> | <u>\$10,892</u> | <u>\$14,522</u> | <u>\$17,913</u> | <u>\$16,567</u> | <u>\$15,123</u> | <u>\$15,120</u> |
| 34 State Tax Depreciation | <u>\$223,801</u> | <u>\$48,935</u> | <u>\$45,261</u> | <u>\$41,872</u> | <u>\$21,784</u> | <u>\$29,045</u> | <u>\$35,825</u> | <u>\$33,134</u> | <u>\$30,246</u> | <u>\$30,239</u> |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's

| Period | Rate |
|--|------|
| April 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2010 | 100% |

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2011 - Per Tax Return
Using Capital Repairs Tax Return Rate

| | (a) <u>2011</u> | (b) <u>2012</u> | (c) <u>2013</u> | (d) <u>CYS2013</u> | (e) <u>CY2014</u> | (f) <u>CY2015</u> | (g) <u>CY2016</u> | (h) <u>CY2017</u> | (i) <u>CY2018</u> |
|---|--------------------|--------------------|--------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1 <u>Capital Repairs Deduction</u> | | | | | | | | | |
| 2 Plant Additions | \$610,835 | | | | | | | | |
| 3 Capital Repairs Deduction Rate | <u>30.03%</u> | | | | | | | | |
| 4 Capital Repairs Deduction | \$183,434 | | | | | | | | |
| 5 | | | | | | | | | |
| 6 <u>Bonus Depreciation</u> | | | | | | | | | |
| 7 Plant Additions | \$610,835 | | | | | | | | |
| 8 Less Capital Repairs Deduction | <u>\$183,434</u> | | | | | | | | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$427,401 | | | | | | | | |
| 10 | | | | | | | | | |
| 11 Percent of Plant Additions Eligible for Bonus Depreciation April 2010 - September 2010 | <u>62.78%</u> | | | | | | | | |
| 12 Plant Additions Eligible for Bonus Depreciation April 2010 - September 2010 | <u>\$268,322</u> | | | | | | | | |
| 13 Bonus Depreciation rate April 2010- September 2010 | <u>50%</u> | | | | | | | | |
| 14 Bonus Depreciation for April 2010 - September 2010 | \$134,161 | | | | | | | | |
| 15 | | | | | | | | | |
| 16 Plant Additions Eligible for Bonus Depreciation for October 2010 - March 2011 | <u>37.22%</u> | | | | | | | | |
| 17 Plant Additions Eligible for Bonus Depreciation for October 2010 - March 2011 | <u>\$159,079</u> | | | | | | | | |
| 18 Bonus Depreciation rate October 2010 - March 2011 | <u>100%</u> | | | | | | | | |
| 19 Bonus Depreciation for October 2010 - March 2011 | \$159,079 | | | | | | | | |
| 20 | | | | | | | | | |
| 21 Bonus Depreciation | \$293,240 | | | | | | | | |
| 22 | | | | | | | | | |
| 23 <u>Remaining Tax Depreciation (Federal)</u> | | | | | | | | | |
| 24 Plant Additions | \$610,835 | | | | | | | | |
| 25 Less Capital Repairs Deduction | \$183,434 | | | | | | | | |
| 26 Less Bonus Depreciation | <u>\$293,240</u> | | | | | | | | |
| 27 Additions Subject to 20 YR MACRS Tax Depreciation | <u>\$134,161</u> | \$134,161 | \$134,161 | \$134,161 | \$134,161 | \$134,161 | \$134,161 | \$134,161 | \$134,161 |
| 28 20 YR MACRS Tax Depreciation Rates | <u>3.750%</u> | 7.219% | 6.677% | 4.633% | 6.177% | 5.713% | 5.285% | 4.888% | 4.462% |
| 29 Remaining Tax Depreciation | <u>\$5,031</u> | \$9,685 | \$8,958 | \$4,662 | \$6,215 | \$7,665 | \$7,090 | \$6,558 | \$5,986 |
| 30 | | | | | | | | | |
| 31 <u>Remaining Tax Depreciation (State)</u> | | | | | | | | | |
| 32 Plant Additions | \$610,835 | | | | | | | | |
| 33 Less Capital Repairs Deduction | <u>\$183,434</u> | | | | | | | | |
| 34 Additions Subject to 20 YR MACRS Tax Depreciation | <u>\$427,401</u> | \$427,401 | \$427,401 | \$427,401 | \$427,401 | \$427,401 | \$427,401 | \$427,401 | \$427,401 |
| 35 20 YR MACRS Tax Depreciation Rates | <u>3.750%</u> | 7.219% | 6.677% | 4.633% | 6.177% | 5.713% | 5.285% | 4.888% | 4.462% |
| 36 Remaining Tax Depreciation | <u>\$16,028</u> | \$30,854 | \$28,538 | \$14,850 | \$19,800 | \$24,417 | \$22,588 | \$20,891 | \$19,071 |
| 37 | | | | | | | | | |
| 38 Federal Tax Depreciation | <u>\$481,705</u> | \$9,685 | \$8,958 | \$4,662 | \$6,215 | \$7,665 | \$7,090 | \$6,558 | \$5,986 |
| 39 State Tax Depreciation | <u>\$199,462</u> | \$30,854 | \$28,538 | \$14,850 | \$19,800 | \$24,417 | \$22,588 | \$20,891 | \$19,071 |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have been as follows:

| Period | Rate |
|--|------|
| April 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2011 | 100% |

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2012 - Per Tax Return
Using Capital Repairs Tax Return Rate

| | (a) 2012 | (b) 2013 | (c) CYS2013 | (d) CY2014 | (e) CY2015 | (f) CY2016 | (g) CY2017 | (h) CY2018 |
|---|-------------|-------------|----------------|---------------|---------------|---------------|---------------|---------------|
| 1 <u>Capital Repairs Deduction</u> | | | | | | | | |
| 2 Plant Additions | \$398,239 | | | | | | | |
| 3 Capital Repairs Deduction Rate | 31.00% | | | | | | | |
| 4 Capital Repairs Deduction | \$123,454 | | | | | | | |
| 5 | | | | | | | | |
| 6 <u>Bonus Depreciation</u> | | | | | | | | |
| 7 Plant Additions | \$398,239 | | | | | | | |
| 8 Less Capital Repairs Deduction | \$123,454 | | | | | | | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$274,785 | | | | | | | |
| 10 | | | | | | | | |
| 11 Percent of Plant Additions Eligible for Bonus Depreciation April 2011 - December, 2011 | 72.52% | | | | | | | |
| 12 Plant Additions Eligible for Bonus Depreciation April 2011 - December, 2011 | \$199,274 | | | | | | | |
| 13 Bonus Depreciation rate April 2011- December 2011 | 100% | | | | | | | |
| 14 Bonus Depreciation for April 2011 - December 2011 | \$199,274 | | | | | | | |
| 15 | | | | | | | | |
| 16 Plant Additions Eligible for Bonus Depreciation for January 2012 - March 2012 | 25.04% | | | | | | | |
| 17 Plant Additions Eligible for Bonus Depreciation for January 2012 - March 2012 | \$68,806 | | | | | | | |
| 18 Bonus Depreciation rate January 2012 - March 2012 | 50% | | | | | | | |
| 19 Bonus Depreciation for January 2012 - March 2012 | \$34,403 | | | | | | | |
| 20 | | | | | | | | |
| 21 Bonus Depreciation | \$233,677 | | | | | | | |
| 22 | | | | | | | | |
| 23 <u>Remaining Tax Depreciation (Federal)</u> | | | | | | | | |
| 24 Plant Additions | \$398,239 | | | | | | | |
| 25 Less Capital Repairs Deduction | \$123,454 | | | | | | | |
| 26 Less Bonus Depreciation | \$233,677 | | | | | | | |
| 27 Additions Subject to 20 YR MACRS Tax Depreciation | \$41,108 | \$41,108 | \$41,108 | \$41,108 | \$41,108 | \$41,108 | \$41,108 | \$41,108 |
| 28 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% | 5.008% | 6.677% | 6.177% | 5.713% | 5.285% | 4.888% |
| 29 Remaining Tax Depreciation | \$1,542 | \$2,968 | \$1,544 | \$2,059 | \$2,539 | \$2,349 | \$2,173 | \$2,009 |
| 30 | | | | | | | | |
| 31 <u>Remaining Tax Depreciation (State)</u> | | | | | | | | |
| 32 Plant Additions | \$398,239 | | | | | | | |
| 33 Less Capital Repairs Deduction | \$123,454 | | | | | | | |
| 34 Additions Subject to 20 YR MACRS Tax Depreciation | \$274,785 | \$274,785 | \$274,785 | \$274,785 | \$274,785 | \$274,785 | \$274,785 | \$274,785 |
| 35 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% | 5.008% | 6.677% | 6.177% | 5.713% | 5.285% | 4.888% |
| 36 Remaining Tax Depreciation | \$10,304 | \$19,837 | \$10,320 | \$13,761 | \$16,973 | \$15,698 | \$14,522 | \$13,431 |
| 37 | | | | | | | | |
| 38 Federal Tax Depreciation | \$358,673 | \$2,968 | \$1,544 | \$2,059 | \$2,539 | \$2,349 | \$2,173 | \$2,009 |
| 39 State Tax Depreciation | \$133,758 | \$19,837 | \$10,320 | \$13,761 | \$16,973 | \$15,698 | \$14,522 | \$13,431 |
| 40 | | | | | | | | |
| 41 | | | | | | | | |
| 42 FY 2012 Safe Harbor True Up (Federal) | \$18,656 | | | | | | | |
| 43 FY 2012 Tax Depreciation (Federal) | \$377,329 | | | | | | | |
| 44 FY 2012 Safe Harbor True Up (State) | \$47,329 | | | | | | | |
| 45 FY 2012 Tax Depreciation (State) | \$181,087 | | | | | | | |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the Company's REP/VMP program have

| Period | Rate |
|--|------|
| April 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2011 | 100% |
| January 1, 2012 to December 31, 2013 | 50% |

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2013 - Per Tax Return
Using Capital Repairs Tax Return Rate

| | (a) 2013 | (b) CYS2013 | (c) CY2014 | (d) CY2015 | (e) CY2016 | (f) CY2017 | (g) CY2018 |
|---|-------------|----------------|---------------|---------------|---------------|---------------|---------------|
| 1 <u>Capital Repairs Deduction</u> | | | | | | | |
| 2 Plant Additions | \$545,916 | | | | | | |
| 3 Capital Repairs Deduction Rate | 31.00% | | | | | | |
| 4 Capital Repairs Deduction | \$169,234 | | | | | | |
| 5 | | | | | | | |
| 6 <u>Bonus Depreciation</u> | | | | | | | |
| 7 Plant Additions | \$545,916 | | | | | | |
| 8 Less Capital Repairs Deduction | \$169,234 | | | | | | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$376,682 | | | | | | |
| 10 | | | | | | | |
| 11 Percent of Plant Additions Eligible for Bonus Depreciation April 2012 - December, 2012 | 62.48% | | | | | | |
| 12 Plant Additions Eligible for Bonus Depreciation April 2012 - December, 2012 | \$235,332 | | | | | | |
| 13 Bonus Depreciation rate April 2012 - December 2012 | 50% | | | | | | |
| 14 Bonus Depreciation for April 2012 - December 2012 | \$117,666 | | | | | | |
| 15 | | | | | | | |
| 16 Plant Additions Eligible for Bonus Depreciation for January 2013 - March 2013 | 20.83% | | | | | | |
| 17 Plant Additions Eligible for Bonus Depreciation for January 2013 - March 2013 | \$78,444 | | | | | | |
| 18 Bonus Depreciation rate January 2013 - March 2013 | 50% | | | | | | |
| 19 Bonus Depreciation for January 2013 - March 2013 | \$39,222 | | | | | | |
| 20 | | | | | | | |
| 21 Bonus Depreciation | \$156,888 | | | | | | |
| 22 | | | | | | | |
| 23 <u>Remaining Tax Depreciation (Federal)</u> | | | | | | | |
| 24 Plant Additions | \$545,916 | | | | | | |
| 25 Less Capital Repairs Deduction | \$169,234 | | | | | | |
| 26 Less Bonus Depreciation | \$156,888 | | | | | | |
| 27 Additions Subject to 20 YR MACRS Tax Depreciation | \$219,794 | \$219,794 | \$219,794 | \$219,794 | \$219,794 | \$219,794 | \$219,794 |
| 28 20 YR MACRS Tax Depreciation Rates | 3.750% | 5.414% | 7.219% | 6.677% | 6.177% | 5.713% | 5.285% |
| 29 Remaining Tax Depreciation | \$8,242 | \$11,900 | \$15,867 | \$14,676 | \$13,577 | \$12,557 | \$11,616 |
| 30 | | | | | | | |
| 31 <u>Remaining Tax Depreciation (State)</u> | | | | | | | |
| 32 Plant Additions | \$545,916 | | | | | | |
| 33 Less Capital Repairs Deduction | \$169,234 | | | | | | |
| 34 Additions Subject to 20 YR MACRS Tax Depreciation | \$376,682 | \$376,682 | \$376,682 | \$376,682 | \$376,682 | \$376,682 | \$376,682 |
| 35 20 YR MACRS Tax Depreciation Rates | 3.750% | 5.414% | 7.219% | 6.677% | 6.177% | 5.713% | 5.285% |
| 36 Remaining Tax Depreciation | \$14,126 | \$20,395 | \$27,193 | \$25,151 | \$23,268 | \$21,520 | \$19,908 |
| 37 | | | | | | | |
| 38 Federal Tax Depreciation | \$334,364 | \$11,900 | \$15,867 | \$14,676 | \$13,577 | \$12,557 | \$11,616 |
| 39 State Tax Depreciation | \$183,360 | \$20,395 | \$27,193 | \$25,151 | \$23,268 | \$21,520 | \$19,908 |
| 40 | | | | | | | |
| 41 | | | | | | | |
| 42 Effect of FY 2012 Safe Harbor True Up on FY 2013 Tax Depreciation (Federal) | (\$1,400) | | | | | | |
| 43 FY 2013 Tax Depreciation (Federal) | \$332,964 | | | | | | |
| 44 Effect of FY 2012 Safe Harbor True Up on FY 2013 Tax Depreciation (State) | (\$3,550) | | | | | | |
| 45 FY 2013 Tax Depreciation (State) | \$179,810 | | | | | | |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the

| Period | Rate |
|--|------|
| April 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2011 | 100% |
| January 1, 2012 to December 31, 2013 | 50% |

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2013 - Per Tax Return
Using Capital Repairs Tax Return Rate

| | <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> | <u>(e)</u> | <u>(f)</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>CY2013</u> | <u>CY2014</u> | <u>CY2015</u> | <u>CY2016</u> | <u>CY2017</u> | <u>CY2018</u> |
| 1 <u>Capital Repairs Deduction</u> | | | | | | |
| 2 Plant Additions | \$416,755 | | | | | |
| 3 Capital Repairs Deduction Rate | <u>0.00%</u> | | | | | |
| 4 Capital Repairs Deduction | \$0 | | | | | |
| 5 | | | | | | |
| 6 <u>Bonus Depreciation</u> | | | | | | |
| 7 Plant Additions | \$416,755 | | | | | |
| 8 Less Capital Repairs Deduction | <u>\$0</u> | | | | | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$416,755 | | | | | |
| 10 | | | | | | |
| 11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 | <u>100.00%</u> | | | | | |
| 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 | \$416,755 | | | | | |
| 13 Bonus Depreciation rate April 2013 - December 2013 | <u>50%</u> | | | | | |
| 14 Bonus Depreciation for April 2013 - December 2013 | \$208,378 | | | | | |
| 15 | | | | | | |
| 16 Bonus Depreciation | \$208,378 | | | | | |
| 17 | | | | | | |
| 18 <u>Remaining Tax Depreciation (Federal)</u> | | | | | | |
| 19 Plant Additions | \$416,755 | \$416,755 | \$416,755 | \$416,755 | \$416,755 | \$416,755 |
| 20 Less Capital Repairs Deduction | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 21 Less Bonus Depreciation | <u>\$208,378</u> | <u>\$208,378</u> | <u>\$208,378</u> | <u>\$208,378</u> | <u>\$208,378</u> | <u>\$208,378</u> |
| 22 Additions Subject to 20 YR MACRS Tax Depreciation | \$208,378 | \$208,378 | \$208,378 | \$208,378 | \$208,378 | \$208,378 |
| 23 20 YR MACRS Tax Depreciation Rates | <u>2.813%</u> | <u>3.750%</u> | <u>7.219%</u> | <u>6.677%</u> | <u>6.177%</u> | <u>5.713%</u> |
| 24 Remaining Tax Depreciation | \$4,395 | \$5,861 | \$15,043 | \$13,913 | \$12,871 | \$11,905 |
| 25 | | | | | | |
| 26 <u>Remaining Tax Depreciation (State)</u> | | | | | | |
| 27 Plant Additions | \$416,755 | \$416,755 | \$416,755 | \$416,755 | \$416,755 | \$416,755 |
| 28 Less Capital Repairs Deduction | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 29 Additions Subject to 20 YR MACRS Tax Depreciation | <u>\$416,755</u> | <u>\$416,755</u> | <u>\$416,755</u> | <u>\$416,755</u> | <u>\$416,755</u> | <u>\$416,755</u> |
| 30 20 YR MACRS Tax Depreciation Rates | <u>2.813%</u> | <u>3.750%</u> | <u>7.219%</u> | <u>6.677%</u> | <u>6.177%</u> | <u>5.713%</u> |
| 31 Remaining Tax Depreciation | \$8,791 | \$11,721 | \$30,086 | \$27,827 | \$25,743 | \$23,809 |
| 32 | | | | | | |
| 33 Federal Tax Depreciation | <u>\$212,773</u> | <u>\$5,861</u> | <u>\$15,043</u> | <u>\$13,913</u> | <u>\$12,871</u> | <u>\$11,905</u> |
| 34 State Tax Depreciation | <u>\$8,791</u> | <u>\$11,721</u> | <u>\$30,086</u> | <u>\$27,827</u> | <u>\$25,743</u> | <u>\$23,809</u> |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods

| <u>Period</u> | <u>Rate</u> |
|--|-------------|
| April 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2011 | 100% |
| January 1, 2012 to December 31, 2013 | 50% |

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2014 - Per Tax Return
Using Capital Repairs Tax Return Rate

| | (a) <u>CY 2014</u> | (b) <u>CY 2015</u> | (c) <u>CY 2016</u> | (d) <u>CY 2017</u> | (e) <u>CY 2018</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1 <u>Capital Repairs Deduction</u> | | | | | |
| 2 Plant Additions | \$2,201,899 | | | | |
| 3 Capital Repairs Deduction Rate | 0.00% | | | | |
| 4 Capital Repairs Deduction | \$0 | | | | |
| 5 | | | | | |
| 6 <u>Bonus Depreciation</u> | | | | | |
| 7 Plant Additions | \$2,201,899 | | | | |
| 8 Less Capital Repairs Deduction | \$0 | | | | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$2,201,899 | | | | |
| 10 | | | | | |
| 11 Plant Additions Eligible for Bonus Depreciation | 100.00% | | | | |
| 12 Plant Additions Eligible for Bonus Depreciation | \$2,201,899 | | | | |
| 13 Bonus Depreciation rate | 50% | | | | |
| 14 Bonus Depreciation rate | \$1,100,950 | | | | |
| 15 | | | | | |
| 16 Bonus Depreciation | \$1,100,950 | | | | |
| 17 | | | | | |
| 18 <u>Remaining Tax Depreciation (Federal)</u> | | | | | |
| 19 Plant Additions | \$2,201,899 | \$2,201,899 | \$2,201,899 | \$2,201,899 | \$2,201,899 |
| 20 Less Capital Repairs Deduction | \$0 | \$0 | \$0 | \$0 | \$0 |
| 21 Less Bonus Depreciation | \$1,100,950 | \$1,100,950 | \$1,100,950 | \$1,100,950 | \$1,100,950 |
| 22 Additions Subject to 20 YR MACRS Tax Depreciation | \$1,100,950 | \$1,100,950 | \$1,100,950 | \$1,100,950 | \$1,100,950 |
| 23 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% | 6.677% | 6.177% | 5.713% |
| 24 Remaining Tax Depreciation | \$41,286 | \$79,478 | \$73,510 | \$68,006 | \$62,897 |
| 25 | | | | | |
| 26 <u>Remaining Tax Depreciation (State)</u> | | | | | |
| 27 Plant Additions | \$2,201,899 | \$2,201,899 | \$2,201,899 | \$2,201,899 | \$2,201,899 |
| 28 Less Capital Repairs Deduction | \$0 | \$0 | \$0 | \$0 | \$0 |
| 29 Additions Subject to 20 YR MACRS Tax Depreciation | \$2,201,899 | \$2,201,899 | \$2,201,899 | \$2,201,899 | \$2,201,899 |
| 30 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% | 6.677% | 6.177% | 5.713% |
| 31 Remaining Tax Depreciation | \$82,571 | \$158,955 | \$147,021 | \$136,011 | \$125,794 |
| 32 | | | | | |
| 33 Federal Tax Depreciation | \$1,142,236 | \$79,478 | \$73,510 | \$68,006 | \$62,897 |
| 34 State Tax Depreciation | \$82,571 | \$158,955 | \$147,021 | \$136,011 | \$125,794 |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at

| Period | Rate |
|--|------|
| January 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2011 | 100% |
| January 1, 2012 to December 31, 2013 | 50% |
| January 1, 2014 to December 31, 2014 | 50% |

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2015 - Per Tax Return
Using Capital Repairs Tax Return Rate**

| | <u>(a)</u> | <u>(b)</u> | <u>(c)</u> | <u>(d)</u> |
|--|----------------|----------------|----------------|----------------|
| | <u>CY 2015</u> | <u>CY 2016</u> | <u>CY 2017</u> | <u>CY 2018</u> |
| 1 <u>Capital Repairs Deduction</u> | | | | |
| 2 Plant Additions | \$1,321,456 | | | |
| 3 Capital Repairs Deduction Rate | 0.00% | | | |
| 4 Capital Repairs Deduction | \$0 | | | |
| 5 | | | | |
| 6 <u>Bonus Depreciation</u> | | | | |
| 7 Plant Additions | \$1,321,456 | | | |
| 8 Less Capital Repairs Deduction | \$0 | | | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$1,321,456 | | | |
| 10 | | | | |
| 11 Plant Additions Eligible for Bonus Depreciation | 100.00% | | | |
| 12 Plant Additions Eligible for Bonus Depreciation | \$1,321,456 | | | |
| 13 Bonus Depreciation rate | 50% | | | |
| 14 Bonus Depreciation rate | \$660,728 | | | |
| 15 | | | | |
| 16 Bonus Depreciation | \$660,728 | | | |
| 17 | | | | |
| 18 <u>Remaining Tax Depreciation (Federal)</u> | | | | |
| 19 Plant Additions | \$1,321,456 | \$1,321,456 | \$1,321,456 | \$1,321,456 |
| 20 Less Capital Repairs Deduction | \$0 | \$0 | \$0 | \$0 |
| 21 Less Bonus Depreciation | \$660,728 | \$660,728 | \$660,728 | \$660,728 |
| 22 Additions Subject to 20 YR MACRS Tax Depreciation | \$660,728 | \$660,728 | \$660,728 | \$660,728 |
| 23 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% | 6.677% | 6.177% |
| 24 Remaining Tax Depreciation | \$24,777 | \$47,698 | \$44,117 | \$40,813 |
| 25 | | | | |
| 26 <u>Remaining Tax Depreciation (State)</u> | | | | |
| 27 Plant Additions | \$1,321,456 | \$1,321,456 | \$1,321,456 | \$1,321,456 |
| 28 Less Capital Repairs Deduction | \$0 | \$0 | \$0 | \$0 |
| 29 Additions Subject to 20 YR MACRS Tax Depreciation | \$1,321,456 | \$1,321,456 | \$1,321,456 | \$1,321,456 |
| 30 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% | 6.677% | 6.177% |
| 31 Remaining Tax Depreciation | \$49,555 | \$95,396 | \$88,234 | \$81,626 |
| 32 | | | | |
| 33 Federal Tax Depreciation | \$685,505 | \$47,698 | \$44,117 | \$40,813 |
| 34 State Tax Depreciation | \$49,555 | \$95,396 | \$88,234 | \$81,626 |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and

| <u>Period</u> | <u>Rate</u> |
|--|-------------|
| January 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2011 | 100% |
| January 1, 2012 to December 31, 2013 | 50% |
| January 1, 2014 to December 31, 2014 | 50% |
| January 1, 2015 to December 31, 2015 | 50% |

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2016 - Per Tax Return
Using Capital Repairs Tax Return Rate**

| | | <u>(a)</u> | <u>(b)</u> | <u>(c)</u> |
|----|---|------------------|------------------|------------------|
| | | <u>CY 2016</u> | <u>CY 2017</u> | <u>CY 2018</u> |
| 1 | <u>Capital Repairs Deduction</u> | | | |
| 2 | Plant Additions | \$849,390 | | |
| 3 | Capital Repairs Deduction Rate | 0.00% | | |
| 4 | Capital Repairs Deduction | <u>\$0</u> | | |
| 5 | | | | |
| 6 | <u>Bonus Depreciation</u> | | | |
| 7 | Plant Additions | \$849,390 | | |
| 8 | Less Capital Repairs Deduction | <u>\$0</u> | | |
| 9 | Plant Additions Net of Capital Repairs Deduction | \$849,390 | | |
| 10 | | | | |
| 11 | Plant Additions Eligible for Bonus Depreciation | <u>100.00%</u> | | |
| 12 | Plant Additions Eligible for Bonus Depreciation | \$849,390 | | |
| 13 | Bonus Depreciation rate | <u>50%</u> | | |
| 14 | Bonus Depreciation rate | \$424,695 | | |
| 15 | | | | |
| 16 | Bonus Depreciation | \$424,695 | | |
| 17 | | | | |
| 18 | <u>Remaining Tax Depreciation (Federal)</u> | | | |
| 19 | Plant Additions | \$849,390 | \$849,390 | \$849,390 |
| 20 | Less Capital Repairs Deduction | \$0 | \$0 | \$0 |
| 21 | Less Bonus Depreciation | <u>\$424,695</u> | <u>\$424,695</u> | <u>\$424,695</u> |
| 22 | Additions Subject to 20 YR MACRS Tax Depreciation | \$424,695 | \$424,695 | \$424,695 |
| 23 | 20 YR MACRS Tax Depreciation Rates | <u>3.750%</u> | <u>7.219%</u> | <u>6.677%</u> |
| 24 | Remaining Tax Depreciation | <u>\$15,926</u> | <u>\$30,659</u> | <u>\$28,357</u> |
| 25 | | | | |
| 26 | <u>Remaining Tax Depreciation (State)</u> | | | |
| 27 | Plant Additions | \$849,390 | \$849,390 | \$849,390 |
| 28 | Less Capital Repairs Deduction | \$0 | \$0 | \$0 |
| 29 | Additions Subject to 20 YR MACRS Tax Depreciation | <u>\$849,390</u> | <u>\$849,390</u> | <u>\$849,390</u> |
| 30 | 20 YR MACRS Tax Depreciation Rates | <u>3.750%</u> | <u>7.219%</u> | <u>6.677%</u> |
| 31 | Remaining Tax Depreciation | <u>\$31,852</u> | <u>\$61,317</u> | <u>\$56,714</u> |
| 32 | | | | |
| 33 | Federal Tax Depreciation | <u>\$440,621</u> | <u>\$30,659</u> | <u>\$28,357</u> |
| 34 | State Tax Depreciation | <u>\$31,852</u> | <u>\$61,317</u> | <u>\$56,714</u> |

Note: Plant additions not subject to the capital repairs deduction may be subject to bonus depreciation. During 2008, Congress passed the Economic Stimulus Act of 2008 which established a 50% bonus depreciation deduction for certain eligible plant additions. Congress has passed further laws which have extended and changed the bonus depreciation rate at different periods of time. The bonus depreciation rates in effect since the start of the

| <u>Period</u> | <u>Rate</u> |
|--|-------------|
| January 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2011 | 100% |
| January 1, 2012 to December 31, 2013 | 50% |
| January 1, 2014 to December 31, 2014 | 50% |
| January 1, 2015 to December 31, 2015 | 50% |
| January 1, 2016 to December 31, 2016 | 50% |

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2017 - Per Tax Return
Using Capital Repairs Tax Return Rate

| | <u>(a)</u> <u>CY 2017</u> | <u>(b)</u> <u>CY 2018</u> |
|--|------------------------------|------------------------------|
| 1 <u>Capital Repairs Deduction</u> | | |
| 2 Plant Additions | \$1,699,030 | |
| 3 Capital Repairs Deduction Rate | 0.00% | |
| 4 Capital Repairs Deduction | <u>\$0</u> | |
| 5 | | |
| 6 <u>Bonus Depreciation</u> | | |
| 7 Plant Additions | \$1,699,030 | |
| 8 Less Capital Repairs Deduction | <u>\$0</u> | |
| 9 Plant Additions Net of Capital Repairs Deduction | \$1,699,030 | |
| 10 | | |
| 11 Plant Additions Eligible for Bonus Depreciation | 100.00% | |
| 12 Plant Additions Eligible for Bonus Depreciation | <u>\$1,699,030</u> | |
| 13 Bonus Depreciation rate | 50% | |
| 14 Bonus Depreciation rate | <u>\$849,515</u> | |
| 15 | | |
| 16 Bonus Depreciation | \$849,515 | |
| 17 | | |
| 18 <u>Remaining Tax Depreciation (Federal)</u> | | |
| 19 Plant Additions | \$1,699,030 | \$1,699,030 |
| 20 Less Capital Repairs Deduction | \$0 | \$0 |
| 21 Less Bonus Depreciation | <u>\$849,515</u> | <u>\$849,515</u> |
| 22 Additions Subject to 20 YR MACRS Tax Depreciation | \$849,515 | \$849,515 |
| 23 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% |
| 24 Remaining Tax Depreciation | <u>\$31,857</u> | <u>\$61,326</u> |
| 25 | | |
| 26 <u>Remaining Tax Depreciation (State)</u> | | |
| 27 Plant Additions | \$1,699,030 | \$1,699,030 |
| 28 Less Capital Repairs Deduction | <u>\$0</u> | <u>\$0</u> |
| 29 Additions Subject to 20 YR MACRS Tax Depreciation | \$1,699,030 | \$1,699,030 |
| 30 20 YR MACRS Tax Depreciation Rates | 3.750% | 7.219% |
| 31 Remaining Tax Depreciation | <u>\$63,714</u> | <u>\$122,653</u> |
| 32 | | |
| 33 Federal Tax Depreciation | <u>\$881,372</u> | <u>\$61,326</u> |
| 34 State Tax Depreciation | <u>\$63,714</u> | <u>\$122,653</u> |

Note: Plant additions not subject to the capital repairs deduction may be

| <u>Period</u> | <u>Rate</u> |
|--|-------------|
| January 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2011 | 100% |
| January 1, 2012 to December 31, 2013 | 50% |
| January 1, 2014 to December 31, 2014 | 50% |
| January 1, 2015 to December 31, 2015 | 50% |
| January 1, 2016 to December 31, 2016 | 50% |
| January 1, 2017 to December 31, 2017 | 50% |

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
REP/VMP Revenue Requirement
Calculation of REP Tax Depreciation 2018 - Per Tax Return
Using Capital Repairs Tax Return Rate

| | (a) <u>CY 2018</u> |
|--|-------------------------------------|
| 1 <u>Capital Repairs Deduction</u> | |
| 2 Plant Additions | \$1,087,416 |
| 3 Capital Repairs Deduction Rate | 0.00% |
| 4 Capital Repairs Deduction | \$0 |
| 5 | |
| 6 <u>Bonus Depreciation</u> | |
| 7 Plant Additions | \$1,087,416 |
| 8 Less Capital Repairs Deduction | \$0 |
| 9 Plant Additions Net of Capital Repairs Deduction | \$1,087,416 |
| 10 | |
| 11 Plant Additions Eligible for Bonus Depreciation | 100.00% |
| 12 Plant Additions Eligible for Bonus Depreciation | \$1,087,416 |
| 13 Bonus Depreciation rate | 0% |
| 14 Bonus Depreciation rate | \$0 |
| 15 | |
| 16 Bonus Depreciation | \$0 |
| 17 | |
| 18 <u>Remaining Tax Depreciation (Federal)</u> | |
| 19 Plant Additions | \$1,087,416 |
| 20 Less Capital Repairs Deduction | \$0 |
| 21 Less Bonus Depreciation | \$0 |
| 22 Additions Subject to 20 YR MACRS Tax Depreciation | \$1,087,416 |
| 23 20 YR MACRS Tax Depreciation Rates | 3.750% |
| 24 Remaining Tax Depreciation | \$40,778 |
| 25 | |
| 26 <u>Remaining Tax Depreciation (State)</u> | |
| 27 Plant Additions | \$1,087,416 |
| 28 Less Capital Repairs Deduction | \$0 |
| 29 Additions Subject to 20 YR MACRS Tax Depreciation | \$1,087,416 |
| 30 20 YR MACRS Tax Depreciation Rates | 3.750% |
| 31 Remaining Tax Depreciation | \$40,778 |
| 32 | |
| 33 Federal Tax Depreciation | \$40,778 |
| 34 State Tax Depreciation | \$40,778 |

Note: Plant additions not subject to the capital repairs deduction may be

| <u>Period</u> | <u>Rate</u> |
|--|-------------|
| January 1, 2007 to December 31, 2007 | 0% |
| January 1, 2008 to September 7, 2010 | 50% |
| September 8, 2010 to December 31, 2011 | 100% |
| January 1, 2012 to December 31, 2013 | 50% |
| January 1, 2014 to December 31, 2014 | 50% |
| January 1, 2015 to December 31, 2015 | 50% |
| January 1, 2016 to December 31, 2016 | 50% |
| January 1, 2017 to December 31, 2017 | 50% |

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Procedure for Adjusting Distribution Rates for Capital Investment Allowance
Calculation of Percentage Adjustment to Distribution Rates
Based on Rates Effective May 1, 2019 (a)**

| Rate Class | Distribution Rate Component | Current | Forecasted | Forecasted |
|---------------------------|---|--------------------------------|--------------|-----------------|
| | | Base Distribution Rates (a) | Units (b) | Revenues (c) |
| D | Customer Charge | \$ 14.08 | 421,281 | \$ 5,931,636 |
| | 1st 250 kWh | \$ 0.04699 | 93,002,563 | \$ 4,370,190 |
| | Excess 250 kWh | \$ 0.04699 | 172,155,006 | \$ 8,089,564 |
| | Off Peak kWh | \$ 0.04057 | 1,472,320 | \$ 59,732 |
| | Farm kWh | \$ 0.04435 | 1,002,087 | \$ 44,443 |
| | D-6 kWh | \$ 0.04132 | 800,050 | \$ 33,058 |
| D-10 | Customer Charge | \$ 14.08 | 5,363 | \$ 906,132 |
| | On Peak kWh | \$ 0.10098 | 1,854,674 | \$ 187,285 |
| | Off Peak kWh | \$ 0.00140 | 3,477,600 | \$ 4,869 |
| G-1 | Customer Charge | \$ 366.85 | 1,707 | \$ 626,213 |
| | Demand Charge | \$ 7.81 | 981,764 | \$ 7,667,577 |
| | On Peak kWh | \$ 0.00503 | 168,806,788 | \$ 849,098 |
| | Off Peak kWh | \$ 0.00151 | 209,431,849 | \$ 316,242 |
| | Credit for High Voltage Delivery > 2.4 kv | (0.42) | 354,650 | \$ (119,955) |
| G-2 | Customer Charge | \$ 61.17 | 11,660 | \$ 713,242 |
| | Demand Charge | \$ 7.86 | 522,041 | \$ 4,103,242 |
| | All kWh | \$ 0.00197 | 157,384,800 | \$ 310,048 |
| | Credit for High Voltage Delivery > 2.4 kv | \$ (0.42) | 1,121 | |
| G-3 | Customer Charge | \$ 14.08 | 64,820 | \$ 912,666 |
| | All kWh | \$ 0.04462 | 91,104,797 | \$ 4,065,096 |
| | Minimum Charge > 25 kVA | \$ 2.49 | | |
| M | Luminaire Charge | | | \$ 998,836 |
| | All kWh | \$ - | 4,393,570 | \$ - |
| T | Customer Charge | \$ 14.08 | 10,842 | \$ 152,655 |
| | All kWh | \$ 0.03882 | 13,377,598 | \$ 519,318 |
| V | Minimum Charge | \$ 14.08 | 162 | \$ 2,281 |
| | All kWh | \$ 0.04587 | 334,712 | \$ 15,353 |
| Total Forecasted Revenues | | | | \$ 40,758,822 |

(a) Includes Docket No. DE 16-383 compliance adjustments filed 3/12/19

(b) Company Forecast

(c) Column (a) x column (b)

Luminaire forecasted revenues determined by attachmentment 5 of Settlement Agreement in Docket DE 16-383 line 32 of

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities
REP/VMP Rate Design
Procedure for Adjusting Distribution Rates for Capital Investment Allowance
Calculation of Percentage Adjustment to Distribution Rates
Rates Effective May 1, 2019

| | |
|--|--------------|
| (1) Increase in Annual Revenue Requirement | \$247,919 |
| (2) Forecasted Base Distribution Revenues | \$40,758,822 |
| (3) Percentage of Adjustment to Distribution Rates | 0.61% |

- (1) DBS-1 Page 3 Line 66
- (2) Forecasted Base Distribution Revenues for the period of May 1, 2019 - April 30, 2020
- (3) Line (1) ÷ Line (2)

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities
Calculation of Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor
Rates Effective May 1, 2019

| | |
|---|-------------------|
| (1) O&M Expense Above Base O&M Expense | \$444,301 |
| (2) Final Balance of Reconciliation of CY 2017 Incremental O&M Expense Above Base O&M Expense | <u>(\$11,822)</u> |
| (3) Reliability Enhancement Program and Vegetation Management Plan Expense | \$432,479 |
| (4) Estimated kWh deliveries May 1, 2019 - April 30, 2020 | 918,598,414 |
| (5) Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor | \$0.00047 |

- (1) Schedule DBS-1, Page 2, Line 7
- (2) Schedule DBS-3, Page 1, Line 13
- (3) Line (1) + Line (2)
- (4) Per Company forecast
- (5) Line (3) ÷ Line (4), truncated after 5 decimal places

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities
REP/VMP Rate Design
Procedure for Adjusting Distribution Rates for Capital Investment Allowance & Incremental O&M Expense
Rates Effective May 1, 2019

| Rate Class | Distribution Rate Component | Current Rates (a) | Proposed May 1, 2019 Distribution % Increase/ % (Decrease) (b) | Proposed May 1, 2019 Base Distribution Charges (c) | Proposed May 1, 2019 REP/VMP O&M Adjustment Factor (d) | Proposed May 1, 2019 Total Distribution Charges (e) |
|------------|--|----------------------|---|--|--|---|
| D | Customer Charge | \$14.08 | 0.61% | \$14.16 | | \$14.16 |
| | All kWh | \$0.04699 | 0.61% | \$0.04727 | \$0.00047 | \$0.04774 |
| | 16 Hour Off Peak kWh | \$0.04057 | 0.61% | \$0.04081 | \$0.00047 | \$0.04128 |
| | Farm kWh | \$0.04435 | 0.61% | \$0.04462 | \$0.00047 | \$0.04509 |
| | D-6 kWh | \$0.04132 | 0.61% | \$0.04157 | \$0.00047 | \$0.04204 |
| D-10 | Customer Charge | \$14.08 | 0.61% | \$14.16 | | \$14.16000 |
| | On Peak kWh | \$0.10098 | 0.61% | \$0.10159 | \$0.00047 | \$0.10206 |
| | Off Peak kWh | \$0.00140 | 0.61% | \$0.00140 | \$0.00047 | \$0.00187 |
| G-1 | Customer Charge | \$366.85 | 0.61% | \$369.08 | | \$369.08 |
| | Demand Charge | \$7.81 | 0.61% | \$7.86 | | \$7.86 |
| | On Peak kWh | \$0.00503 | 0.61% | \$0.00506 | \$0.00047 | \$0.00553 |
| | Off Peak kWh | \$0.00151 | 0.61% | \$0.00151 | \$0.00047 | \$0.00198 |
| | Credit for High Voltage Delivery > 2.4 k | (\$0.42) | 0.61% | (\$0.42) | | (\$0.42) |
| G-2 | Customer Charge | \$61.17 | 0.61% | \$61.54 | | \$61.54 |
| | Demand Charge | \$7.86 | 0.61% | \$7.91 | | \$7.91 |
| | All kWh | \$0.00197 | 0.61% | \$0.00198 | \$0.00047 | \$0.00245 |
| | Credit for High Voltage Delivery > 2.4 k | (\$0.42) | 0.61% | (\$0.42) | | (\$0.42) |
| G-3 | Customer Charge | \$14.08 | 0.61% | \$14.16 | | \$14.16 |
| | All kWh | \$0.04462 | 0.61% | \$0.04488 | \$0.00047 | \$0.04535 |
| | Minimum Charge > 25 kVA | \$2.49 | 0.61% | \$2.51 | | \$2.51 |
| M | Luminaire Charge | | | | | |
| | <u>Description</u> | | | | | |
| | HPS 4,000 | \$7.39 | 0.61% | \$7.43 | | \$7.43 |
| | HPS 9,600 | \$8.97 | 0.61% | \$9.02 | | \$9.02 |
| | HPS 27,500 | \$15.77 | 0.61% | \$15.86 | | \$15.86 |
| | HPS 50,000 | \$20.54 | 0.61% | \$20.66 | | \$20.66 |
| | HPS 9,600 (Post Top) | \$10.34 | 0.61% | \$10.39 | | \$10.39 |
| | HPS 27,500 Flood | \$15.90 | 0.61% | \$15.99 | | \$15.99 |
| | HPS 50,000 Flood | \$21.96 | 0.61% | \$22.09 | | \$22.09 |
| | Incandescent 1,000 | \$9.88 | 0.61% | \$9.94 | | \$9.94 |
| | Mercury Vapor 4,000 | \$7.14 | 0.61% | \$7.18 | | \$7.18 |
| | Mercury Vapor 8,000 | \$8.70 | 0.61% | \$8.75 | | \$8.75 |
| | Mercury Vapor 22,000 | \$16.45 | 0.61% | \$16.55 | | \$16.55 |
| | Mercury Vapor 63,000 | \$31.22 | 0.61% | \$31.40 | | \$31.40 |
| | Mercury Vapor 22,000 Flood | \$18.19 | 0.61% | \$18.30 | | \$18.30 |
| | Mercury Vapor 63,000 Flood | \$31.42 | 0.61% | \$31.60 | | \$31.60 |
| | <u>LED Fixtures</u> | | | | | |
| | 30 Watt Pole Top | \$10.92 | 0.61% | \$10.98 | | \$10.98 |
| | 50 Watt Pole Top | \$11.37 | 0.61% | \$11.43 | | \$11.43 |
| | 130 Watt Pole Top | \$13.14 | 0.61% | \$13.21 | | \$13.21 |
| | 190 Watt Pole Top | \$17.30 | 0.61% | \$17.40 | | \$17.40 |
| | 50 Watt URD | \$12.49 | 0.61% | \$12.57 | | \$12.57 |
| | 90 Watt Flood | \$12.60 | 0.61% | \$12.67 | | \$12.67 |
| | 130 Watt Flood | \$13.79 | 0.61% | \$13.87 | | \$13.87 |
| | 50 Watt Barn | \$4.81 | 0.61% | \$4.84 | | \$4.84 |
| | <u>Pole and Accessory Charge</u> | | | | | |
| | <u>Description</u> | | | | | |
| | Pole -Wood | \$8.72 | 0.61% | \$8.77 | | \$8.77 |
| | Fiberglass - Direct Embedded | \$9.03 | 0.61% | \$9.08 | | \$9.08 |
| | Fiberglass w/Foundation <25 ft | \$15.33 | 0.61% | \$15.42 | | \$15.42 |
| | Fiberglass w/Foundation >=25 ft | \$25.60 | 0.61% | \$25.76 | | \$25.76 |
| | Metal Poles - Direct Embedded | \$18.26 | 0.61% | \$18.37 | | \$18.37 |
| | Metal Poles with Foundation | \$22.03 | 0.61% | \$22.16 | | \$22.16 |
| | All kWh | \$0.00000 | 0.61% | \$0.00000 | \$0.00047 | \$0.00047 |
| T | Customer Charge | \$14.08 | 0.61% | \$14.16 | | \$14.16 |
| | All kWh | \$0.03882 | 0.61% | \$0.03905 | \$0.00047 | \$0.03952 |
| V | Minimum Charge | \$14.08 | 0.61% | \$14.16 | | \$14.16 |
| | All kWh | \$0.04587 | 0.61% | \$0.04615 | \$0.00047 | \$0.04662 |

(a) Includes Docket No. DE 16-383 compliance adjustments filed 3/12/19
(b) Schedule DBS-2, Page 2, Line 3
(c) Column (a) x (1+Column (b))
(d) Schedule DBS-2, Page 3, Line 3
(e) Column (c) + Column (d)

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities
Reconciliation of CY 2019 O&M Expense

| | Beginning Balance With Interest (a) | Delivery Sales (kWh) (b) | (Credit)/ Charge (c) | Ending Balance (d) | Balance Subject to Interest (e) | Effective Interest Rate (f) | Interest (g) | Cumulative Interest (h) |
|----------------|--|--------------------------------|----------------------------|--------------------------|--|--------------------------------------|-----------------|-------------------------------|
| 1 June-18 | \$541,144 | 77,249,726 | \$552,414 | (\$11,270) | (\$11,270) | 4.75% | (\$45) | (\$45) |
| 3 July-18 | (\$11,315) | 84,002,513 | | (\$11,315) | (\$11,315) | 5.00% | (\$47) | (\$92) |
| 4 August-18 | (\$11,362) | 90,131,042 | | (\$11,362) | (\$11,362) | 5.00% | (\$47) | (\$139) |
| 5 September-18 | (\$11,409) | 85,696,403 | | (\$11,409) | (\$11,409) | 5.00% | (\$48) | (\$187) |
| 6 October-18 | (\$11,457) | 69,871,752 | | (\$11,457) | (\$11,457) | 5.25% | (\$50) | (\$237) |
| 7 November-18 | (\$11,507) | 65,591,799 | | (\$11,507) | (\$11,507) | 5.25% | (\$50) | (\$287) |
| 8 December-18 | (\$11,557) | 78,628,696 | | (\$11,557) | (\$11,557) | 5.25% | (\$51) | (\$338) |
| 9 January-19 | (\$11,608) | 79,161,490 | | (\$11,608) | (\$11,608) | 5.50% | (\$53) | (\$391) |
| 10 February-19 | (\$11,661) | 75,763,818 | | (\$11,661) | (\$11,661) | 5.50% | (\$53) | (\$444) |
| * 11 March-19 | (\$11,714) | 72,047,583 | | (\$11,714) | (\$11,714) | 5.50% | (\$54) | (\$498) |
| * 12 April-19 | (\$11,768) | 68,054,934 | | (\$11,768) | (\$11,768) | 5.50% | (\$54) | (\$552) |
| 13 | | (Over)/Under Recovery: | (\$11,822) | | | | | |

- (a) Schedule DBS-2, Page 3, Line 4 in Docket DE 18-034
- (b) Company Billing Reports, Line 11 & 12 estimated
- (c) Supplemental Attachment 1, Line 6 in Docket DE 18-050
- (d) Column (a) - Column (c)
- (e) Line 1 equals Column (d) Lines 2-12 average of Column (a) and Column (d)
- (f) Interest rate on customer deposits
- (g) Column (e) x Column (f) ÷ 12
- (h) Prior month Column (h) + Current month Column (g)
- * Estimate

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities
Bill Calculation

| | | | | | | |
|-----------------------------------|-----|-----|------------------|--------------|----------------|-----------------|
| Usage | 650 | kWh | | | | |
| | | | Current | May 1, 2019 | Current | May 1, 2019 |
| | | | <u>Rates (a)</u> | <u>Rates</u> | <u>Bill</u> | <u>Proposed</u> |
| | | | | | | <u>Bill</u> |
| Customer Charge | | | \$14.08 | \$14.16 | \$14.08 | \$14.16 |
| Distribution Charge | | | | | | |
| All kWh | | | \$0.04699 | \$0.04774 | \$11.75 | \$11.94 |
| Storm Recovery Adjustment | | | \$0.00000 | \$0.00000 | \$0.00 | \$0.00 |
| Transmission Charge | | | \$0.03460 | \$0.03460 | \$22.49 | \$22.49 |
| Stranded Cost Charge | | | (\$0.00095) | (\$0.00095) | -\$0.62 | -\$0.62 |
| System Benefits Charge | | | \$0.00535 | \$0.00535 | \$3.48 | \$3.48 |
| Electricity Consumption Tax | | | \$0.00000 | \$0.00000 | <u>\$0.00</u> | <u>\$0.00</u> |
| Subtotal Retail Delivery Services | | | | | \$51.18 | \$51.45 |
| Energy Service Charge | | | \$0.08299 | \$0.08299 | <u>\$53.94</u> | <u>\$53.94</u> |
| | | | | Total Bill | \$105.12 | \$105.39 |
| | | | | | | \$0.27 |
| | | | | | | 0.25% |

(a) Includes Docket No. DE 16-383 compliance adjustments filed 3/12/19

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities
Municipal Taxes as a Percentage of Net Plant

| | 12/31/2016 | 12/31/2017 |
|---|------------|------------|
| 1 Plant in Service, per Form 1, Page 200, Line 3 (+) Line 6 | 215,486 | 229,296 |
| 2 Depreciation Reserve, per Form 1, Page 200, Line 12 (+) Line 18 | (72,886) | (79,789) |
| 3 Net Plant | 142,600 | 149,507 |
| | | |
| 4 Average Net Plant | | |
| 5 Plant in Service | 197,157 | 213,227 |
| 6 Depreciation Reserve | (69,527) | (74,658) |
| 7 Net Plant | 127,630 | 138,569 |
| | | |
| 8 Municipal Taxes, Form 1, Page 262, Line 1 | 4,682 | 4,478 |
| | | |
| 9 % Municipal Taxes to Net Plant | 3.67% | 3.23% |

**Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Book Depreciation Calculation Using 2017 FERC Form 1 Data Filed April 18, 2018**

| | Depreciation Expense | | Depreciable Plant Balances | | Average | Depreciation |
|---|----------------------|--------------------|----------------------------|--------------------|--------------------|--------------|
| | 12/31/2016 | 12/31/2017 | 12/31/2016 | 12/31/2017 | Depreciable Plant | Rate |
| 1 Distribution | 4,920,000 | 5,304,849 | 186,221,800 | 199,161,361 | 192,691,581 | 2.75% |
| 2 General | 607,870 | 483,791 | 16,449,769 | 16,714,527 | 16,582,148 | 2.92% |
| 3 Total - Granite | <u>5,527,870</u> | <u>5,788,640</u> | <u>202,671,569</u> | <u>215,875,888</u> | <u>209,273,729</u> | <u>2.77%</u> |
| 4 Depreciation Expense per Form 1: | | | | | | |
| 5 FERC Form 1, Page 114 | | | | | | |
| 6 Depreciation Expense (403) Line 6 | 5,527,870 | 5,788,640 | | | | |
| 7 Depreciation Expense for ARO (403.1) Line 7 | - | - | | | | |
| 8 Total per Form 1, Page 114 | <u>5,527,870</u> | <u>5,788,640</u> | | | | |
| 9 FERC Form 1, Page 336 | | | | | | |
| 10 Distribution (incl ARO) Line 8 | 4,920,000 | 5,304,849 | | | | |
| 11 General Line 10 | 607,870 | 483,791 | | | | |
| 12 Total per Form 1, Page 336 | <u>5,527,870</u> | <u>5,788,640</u> | | | | |
| 13 Depreciable Plant Balances per Form 1: | | | | | | |
| 14 FERC Form 1, Page 204-207 | | | | | | |
| 15 Distribution Plant Page 207 Line 75 | 187,908,011 | 200,859,082 | | | | |
| 16 Land & Land Rights Page 207 Line 60 | 1,686,211 | 1,697,721 | | | | |
| 17 Total | <u>186,221,800</u> | <u>199,161,361</u> | | | | |
| 18 General Plant Page 207 Line 99 | 18,070,141 | 18,334,899 | | | | |
| 19 Land & Land Rights Page 207 Line 86 | 1,620,372 | 1,620,372 | | | | |
| 20 Total | <u>16,449,769</u> | <u>16,714,527</u> | | | | |
| 21 Total, excluding Land & Land Rights | <u>202,671,569</u> | <u>215,875,888</u> | | | | |

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