

#	Source	Schedule(s) Changed	Description	Adjustment Amount - Rate Base	Change in Revenue Increase
1	Audit Issue #6	RR-2-1 RR-3-08	Removal of costs related to EAP software upgrade from rate base.	(168,498)	(33,865)
2	Audit Issue #12	RR-2-1 RR-3-08	Reclassification of substation fencing from expense to Plant (structures & improvements)	3,500	57
3	Rebuttal	RR-3-01 RR-3-02	Adjustment to amount of known and measurable adjustment for vacancies.	0	(39,989)
4	Model Correction	RR-3-10	Correction to properly reflect test year vegetation management expenses @ \$1,500,000	0	45,270
5	Rebuttal	RR-3-17	Removal of Severance Related to a Mutual Separation Agreement	0	(9,382)
6	Audit Issue #13	RR-3-17	Removal of \$75 donation from distribution expense	0	(75)
7	Audit Issue #20	RR-3-17	Adjustment to remove Statewide Education Tax assessed by cities and towns in error (2019 tax as basis for adjustment).	0	(17,186)
8	Audit Issue #21	RR-3-17	Adjustment to correct overstatement of income tax expense for the test year.	0	(122,750)
9	Audit Issue #19	RR-3-17	Removal of expenses for vegetation management not charged to 593 during the test year.	0	(96,388)
10	Rebuttal	RR-5-3	Removal of depreciation expense from Cash Working Capital	0	(58,893)
				<u><u>(333,200)</u></u>	

RR-1 **Liberty Utilities (Granite State Electric) Corp.**
Final **Computation of Revenue Deficiency and Revenue Requirement**
RR

Schedule RR-1 (R)

Line	Description	Reference	Amount
1	Rate Base	Schedule RR-5 (CU)	102,434,842
2			
3	Target Rate of Return on Rate Base	Schedule RR-6 (CU)	<u>8.19%</u>
4			
5	Operating income requirement	Line 1 X Line 3	8,389,414
6			
7	Operating income at present rates	Schedule RR-2 (CU)	<u>3,766,072</u>
8			
9	Operating income deficiency	Line 5 - Line 7	4,623,342
10			
11	Gross-up Factor for Income tax	Line 21	<u>1.37136588</u>
12			
13	Revenue deficiency	Line 9 X Line 11	<u><u>6,340,293</u></u>
14			
15	Increase in Income tax expense	Line 13 - Line 9	1,716,951
16			
17	<u>Gross-up factor for Income Taxes</u>		
18	Federal income tax rate		21.00%
19	New Hampshire state income tax rate		7.70%
20	Combined income tax rate	Line 18 + Line 19 - (Line 18 X Line 19)	27.08%
21	Total Gross-up Factor	1 / (1 - Line 20)	1.3714

RR-2-1 **Liberty Utilities (Granite State Electric) Corp.**
Final **Rate Base and Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2018**
Historic Year With Known and Measurable Changes
Schedule RR-2-1 (R)

Line	Account	Source	Acct. No.	RR-2-2		RR-3	At Current Rates
				Historic Year Ended Dec. 31, 2018	Flow-Through Items	Distribution Operating Income	Known and Measurable Adjustments
1	Intangible Assets						
2	Organization			24,808		24,808	24,808
3	Other Intangible assets			10,987,554		10,987,554 (A)	11,012,615
4	Total Intangible Plant			11,012,362	0	11,012,362	11,037,423
5							
6	Distribution Plant						
7	Land and land rights	360		1,672,947		1,672,947 (A)	1,672,947
8	Structures and improvements	361		1,965,160		1,965,160 (A)	1,965,160
9	Station equipment	362		28,894,637		28,894,637 (A)	30,756,049
10	Poles, towers and fixtures	364		40,575,975		40,575,975 (A)	41,667,046
11	Overhead conductors, devices	365		58,746,906		58,746,906 (A)	65,174,236
12	Underground conduit	366		6,674,970		6,674,970 (A)	6,948,378
13	Underground conductors, device	367		14,932,982		14,932,982 (A)	17,274,059
14	Line transformers	368		29,063,612		29,063,612 (A)	29,638,555
15	Services	369		10,437,741		10,437,741 (A)	11,634,212
16	Meters	370		3,507,367		3,507,367 (A)	3,688,487
17	Leased Prop on Customers' Prem	372		1,167,465		1,167,465 (A)	(0)
18	Street lighting, signal system	373		5,553,466		5,553,466 (A)	5,626,782
19	Total Distribution Plant			203,193,227	0	203,193,227	216,045,911
20							
21	General / Common Plant						
22	General plant			18,297,542		18,297,542 (A)	19,275,178
23	Total General / Common Plant			18,297,542	0	18,297,542	19,275,178
24	Total Plant in Service			232,503,131	0	232,503,131	246,358,513
25	(A) Distribution of In service not classified						
26	Accumulated Depreciation & Amortization						
27	Accumulated Depr & Amort	108		93,623,954		93,623,954	92,416,370
28	Total Accum. Depr. & Amort.			93,623,954	0	93,623,954	92,416,370
29							

RR-2-1 **Liberty Utilities (Granite State Electric) Corp.**
Final **Rate Base and Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2018**
Historic Year With Known and Measurable Changes
Schedule RR-2-1 (R)

Line	Account	Source Acct. No.	RR-2-2		RR-3	At Current Rates
			Historic Year Ended Dec. 31, 2018	Flow- Through Items	Distribution Operating Income	Known and Measurable Adjustments
30	Other Rate Base Items					
31	Materials and Supplies	154	1,877,163			1,877,163
32	Plant in service, Not classified	106	15,227,964		(15,227,964)	0
33	Accumulated Deferred FIT	ADIT	(14,944,899)			(14,944,899)
34	Customer deposits	CustDep	(1,278,349)			(1,278,349)
35	<i>Total Other Rate Base Items</i>		881,878	0	(15,227,964)	(14,346,085)
36	Total Rate Base		139,761,056	0	(164,998)	139,596,057
37						
38						
39	Purchased Power	555	38,378,791	(38,378,791)	0	0
40						
41	Transmission- Open Access		592,856	(592,856)	0	0
42	Elec Rev Wheeling		21,757,093	(21,757,093)	0	0
43	Maint of Overhead lines-Labor		(271,053)	271,053	0	0
44	Transmission Expenses-O&M		22,078,896	(22,078,896)	0	0
45						
46	Distribution O&M					
47	Transmisison Other	570	4,926		614	5,540
48	Supervision & Eng	580	1,499,505		176,100	1,675,605
49	Load Dispatching	581	558,385		51,227	609,612
50	Substations	582	129,660		10,307	139,967
51	Overhead Lines	583	712,491		50,142	762,634
52	Underground Lines	584	87,249		7,572	94,821
53	Outdoor Lighting	585	88,997		6,283	95,281
54	Electric Meters	586	234,938		21,624	256,562
55	Customer Installation	587	149,677		(66,214)	83,463
56	Misc Expenses	588	1,249,771		37,420	1,287,191
57	Supervision & Eng	590	24,326		3,031	27,357
58	Structures	591	72,857		7,729	80,586
59	Substations	592	156,145		(45,393)	110,751
60	Overhead Lines	593	3,081,104		937,652	4,018,756
61	Underground Lines	594	71,684		1,499	73,183
62	Line Transformers	595	49,039		2,910	51,948

RR-2-1 **Liberty Utilities (Granite State Electric) Corp.**
Final **Rate Base and Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2018**
Historic Year With Known and Measurable Changes
Schedule RR-2-1 (R)

Line	Account	Acct. No.	RR-2-2		RR-3	At Current Rates	
			Historic Year Ended Dec. 31, 2018	Flow-Through Items	Distribution Operating Income	Known and Measurable Adjustments	Pro Forma Test Year With Known and Measurable
63	Outdoor Lighting	596	145,926		145,926	11,445	157,371
64	Maint of meters	597	69,893		69,893	2,199	72,091
65	Main Misc Distr Plant	598	185,504		185,504	(41,620)	143,885
66	<i>Total Distribution O&M</i>		<u>8,572,078</u>	0	<u>8,572,078</u>	<u>1,174,525</u>	<u>9,746,603</u>
67							
68	Customer Accounting						
69	Supervision	901	181,262		181,262	22,585	203,848
70	Meter Reading	902	378,155		378,155	27,243	405,398
71	Customer Records & Collection	903	1,373,203		1,373,203	88,518	1,461,721
72	Uncollectible Accounts	904	244,477		244,477	0	244,477
73	Uncollectible Accounts- Commodity	904	(175,815)		(175,815)	0	(175,815)
74	Misc Expenses	905	30,228		30,228	0	30,228
75	<i>Total Customer Accounting</i>		<u>2,031,510</u>	0	<u>2,031,510</u>	<u>138,347</u>	<u>2,169,856</u>
76							
77	Customer Service & Information						
78	Cust Service-Supervision	907	426		426	53	479
79	Cust Assistance Expenses	908	32,314		32,314	6	32,320
80	Cust Service-Misc Expenses	910	136,663		136,663	12,742	149,406
81	<i>Total Customer Service & Info.</i>		<u>169,404</u>	0	<u>169,404</u>	<u>12,801</u>	<u>182,205</u>
82	<i>Total Customer Accounts</i>		<u>2,200,913</u>	0	<u>2,200,913</u>	<u>151,148</u>	<u>2,352,061</u>
83							
84	Administrative & General						
85	A&G-Salaries	920	2,053,610		2,053,610	234,272	2,287,882
86	A&G-Office Supplies	921	634,851		634,851	(591)	634,260
87	A&G-Transferred	922	(5,568,517)		(5,568,517)	0	(5,568,517)
88	A&G-Outside Services	923	869,617		869,617	0	869,617
89	Property Insurance	924	1,505,054		1,505,054	(10,689)	1,494,365
90	Injuries & Damages Insurance	925	750,028		750,028	22,647	772,675
91	Employee Pensions & Benefits	926	4,240,545		4,240,545	612,004	4,852,549
92	Regulatory Comm Expenses	928	453,765		453,765	0	453,765
93	A&G-Misc Expenses	930	7,142		7,142	0	7,142

RR-2-1 **Liberty Utilities (Granite State Electric) Corp.**
Final **Rate Base and Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2018**
Historic Year With Known and Measurable Changes
Schedule RR-2-1 (R)

Line	Account	Source Acct. No.	<u>RR-2-2</u>		<u>RR-3</u>	<u>At Current Rates</u>	
			Historic Year Ended Dec. 31, 2018	Flow- Through Items	Distribution Operating Income	Known and Measurable Adjustments	Pro Forma Test Year With Known and Measurable
94	Rent	931	18,385		18,385	(345)	18,040
95	LU Costs	920LU	2,099,548		2,099,548	0	2,099,548
96	A&G Maint-General Plant-Elec	932	0		0	0	0
97	<i>Total Administrative & General</i>		7,064,028	0	7,064,028	857,298	7,921,326
98	<i>Total O&M Expense</i>		78,294,707	(60,457,687)	17,837,019	2,182,971	20,019,991
99			78,294,707				
100	Depreciation Expense						
101	Intangible assets	405	2,156,872		2,156,872	0	2,156,872
102	Distribution plant	403	6,167,294		6,167,294	2,309,377	8,476,671
103	Amortization expense- Regulatory	407	359,904		359,904	0	359,904
104	<i>Total Depreciation Expense</i>		8,684,070	0	8,684,070	2,309,377	10,993,447
105							
106	General Taxes						
107	Municipal tax	2.23%	4,673,568		4,673,568	107,881	4,781,449
108	Payroll tax		740,520		740,520	(166,855)	573,666
109	Other tax		0		0	0	0
110	<i>Total General taxes</i>		5,414,088	0	5,414,088	(58,973)	5,355,115
111							
112	Income Taxes						
113	FIT Expense		2,544,566		2,544,566	(2,546,780)	(2,214)
114	SIT Expense		252,948		252,948	(265,027)	(12,079)
115	<i>Total Income Tax</i>		2,797,514	0	2,797,514	(2,811,807)	(14,293)
116							
117	Interest on Customer Deposits		0		0	0	0
118							
119	Total Expenses		95,190,378	(60,457,687)	34,732,691	1,621,569	36,354,259
120							

RR-2-1 **Liberty Utilities (Granite State Electric) Corp.**
Final **Rate Base and Operating Income Statement- Detail**
RR **Historic Year Ended Dec. 31, 2018**
Historic Year With Known and Measurable Changes
Schedule RR-2-1 (R)

Line	Account	Source Acct. No.	<u>RR-2-2</u>			<u>RR-3</u>	<u>At Current Rates</u>
			Historic Year Ended Dec. 31, 2018	Flow- Through Items	Distribution Operating Income	Known and Measurable Adjustments	Pro Forma Test Year With Known and Measurable
121	Operating Revenue						
122	Residential, Commercial, Lighting	440	62,827,628	(22,562,375)	40,265,253	(618,740)	39,646,512
123	Commodity revenue	Comm	38,380,547	(38,380,547)	0	0	0
124	Prov. For Refunds	449	(362,756)	362,756	0	0	0
125	Forfeited discounts		0		0	0	0
126	Misc. service revenue	451	633,217		633,217	(473,132)	160,085
127	Rent from Electric property	454	303,082		303,082	0	303,082
128	Other revenue	456	(143,536)		(143,536)	(11,712)	(155,247)
129	Sales for resale	447	165,899		165,899	0	165,899
130	Total revenue		101,804,082	(60,580,166)	41,223,915	(1,103,584)	40,120,331
131							
132	Net operating income (loss)		6,613,704	(122,479)	6,491,225	(2,725,153)	3,766,072
133							

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

RR-3	Utilities (Granite State Electric) Corp.		Adjustment 01	Adjustment 02	Adjustment 03	Adjustment 04	Adjustment 05	Adjustment 06	Adjustment 07	Adjustment 08	Adjustment 10	Adjustment 11	Adjustment 12	Adjustment 13	Adjustment 14	Adjustment 15	Adjustment 16	Adjustment 17
Final	Summary of Adjustments																	
RR	To Historic Year Ended Dec. 31, 2018	3,346,771	910,057	(166,855)	612,004	(10,689)	(196,018)	769,188	(345)	1,527,943	844,301	168,744	22,647	192,548	618,740	(2,526,720)	369,725	211,499
	Schedule RR-3 (R)																	

Line	Account	Acct. No.	Total	Payroll Expense	Payroll Taxes	Pension and Benefits Expense	Property and Liability Insurance	Adjustments due to Tax Reform	Other Known and Measurable Changes	Intercompany Rent Expense	Depreciation Annualization and Rates	Vegetation Management	Property Taxes	Injuries & Damages	Other Revenue	Adjustments to Normalize Distribution Revenue	Income Tax Expense- Test Year Actual	Other Adjustments (Corrections & Updates)	Other Adjustments (Corrections & Updates)
1	Purchased Power	555	0	0															
2																			
3	Transmission- Open Access		0	0															
4	Elec Rev Wheeling-Elim		0	0															
5	Trans Maint-Substation-Trouble-Labor		0	0															
6	Maint of Overhead lines-Labor		0	0															
7	Transmission Expenses-O&M		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8																			
9	Distribution O&M																		
10	Transmission Other	570	614	614															
11	Supervision & Eng	580	176,100	176,100															
12	Load Dispatching	581	51,227	51,227															
13	Substations	582	10,307	10,307															
14	Overhead Lines	583	50,142	50,142															
15	Underground Lines	584	7,572	7,572															
16	Outdoor Lighting	585	6,283	6,283															
17	Electric Meters	586	21,624	21,624															
18	Customer Installation	587	(66,214)	7,709														(73,923)	
19	Misc Expenses	588	37,420	37,420															
20	Supervision & Eng	590	3,031	3,031															
21	Structures	591	7,729	7,729															
22	Substations	592	(45,393)	5,094															(50,487)
23	Overhead Lines	593	937,652	105,493					(12,142)			844,301							
24	Underground Lines	594	1,499	1,603					(104)										
25	Line Transformers	595	2,910	2,910															
26	Outdoor Lighting	596	11,445	11,445															
27	Maint of meters	597	2,199	2,199															
28	Main Misc Distr Plant	598	(41,620)	3,811															(45,430)
29			1,174,525	512,311	0	0	0	0	(12,246)	0	0	844,301	0	0	0	0	0	(73,923)	(95,917)
30																			

RR-3 Utilities (Granite State Electric) Corp.		Adjustment 01	Adjustment 02	Adjustment 03	Adjustment 04	Adjustment 05	Adjustment 06	Adjustment 07	Adjustment 08	Adjustment 10	Adjustment 11	Adjustment 12	Adjustment 13	Adjustment 14	Adjustment 15	Adjustment 16	Adjustment 17		
Final Summary of Adjustments																			
RR To Historic Year Ended Dec. 31, 2018		3,346,771	910,057	(166,855)	612,004	(10,689)	(196,018)	769,188	(345)	1,527,943	844,301	168,744	22,647	192,548	618,740	(2,526,720)	369,725	211,499	
Schedule RR-3 (R)																			
Line	Account	Acct. No.	Total	Payroll Expense	Payroll Taxes	Pension and Benefits Expense	Property and Liability Insurance	Adjustments due to Tax Reform	Other Known and Measurable Changes	Intercompany Rent Expense	Depreciation Annualization and Rates	Vegetation Management	Property Taxes	Injuries & Damages	Other Revenue	Adjustments to Normalize Distribution Revenue	Income Tax Expense- Test Year Actual	Other Adjustments (Corrections & Updates)	Other Adjustments (Corrections & Updates)
31	Customer Accounting																		
32	Supervision	901	22,585	22,585															
33	Meter Reading	902	27,243	27,243															
34	Customer Records & Collection	903	88,518	88,518															
35	Uncollectible Accounts	904	0	0															
36	Uncollectible Accounts- Commodity	904	0	0															
37	Misc Expenses	905	0	0															
38	Total Customer Accounting		138,347	138,347	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39																			
40	Customer Service & Informati																		
41	Cust Service-Supervision	907	53	53															
42	Cust Assistance Expenses	908	6	6															
43	Cust Service-Misc Expenses	910	12,742	15,732														(2,990)	
44	Total Customer Service & Info.		12,801	15,791	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,990)	0
45	Total Customer Accounts		151,148	154,138	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,990)	0
46																			
47	Administrative & General																		
48	A&G-Salaries	920	234,272	243,608								0							(9,336)
49	A&G-Office Supplies	921	(591)	0														(516)	(75)
50	A&G-Transferred	922	0	0								0							
51	A&G-Outside Services	923	0	0								0							
52	Property Insurance	924	(10,689)	0			(10,689)												
53	Injuries & Damages Insurance	925	22,647	0										22,647					
54	Employee Pensions & Benefits	926	612,004	0		612,004													
55	Regulatory Comm Expenses	928	0	0															
56	A&G-Misc Expenses	930	0	0															
57	Rent	931	(345)	0					(345)										
58	LU Costs	920LU	0	0															
59	A&G Maint-General Plant-Elec	932	0	0								0							
60	Total Administrative & General		857,298	243,608	0	612,004	(10,689)	0	0	(345)	0	0	0	22,647	0	0	0	(516)	(9,411)
61	Total O&M Expense		2,182,971	910,057	0	612,004	(10,689)	0	(12,246)	(345)	0	844,301	0	22,647	0	0	0	(77,429)	(105,328)
62																			

RR-3 Utilities (Granite State Electric) Corp.		Adjustment 01	Adjustment 02	Adjustment 03	Adjustment 04	Adjustment 05	Adjustment 06	Adjustment 07	Adjustment 08	Adjustment 10	Adjustment 11	Adjustment 12	Adjustment 13	Adjustment 14	Adjustment 15	Adjustment 16	Adjustment 17		
Final Summary of Adjustments																			
RR To Historic Year Ended Dec. 31, 2018		3,346,771	910,057	(166,855)	612,004	(10,689)	(196,018)	769,188	(345)	1,527,943	844,301	168,744	22,647	192,548	618,740	(2,526,720)	369,725	211,499	
Schedule RR-3 (R)																			
Line	Account	Acct. No.	Total	Payroll Expense	Payroll Taxes	Pension and Benefits Expense	Property and Liability Insurance	Adjustments due to Tax Reform	Other Known and Measurable Changes	Intercompany Rent Expense	Depreciation Annualization and Rates	Vegetation Management	Property Taxes	Injuries & Damages	Other Revenue	Adjustments to Normalize Distribution Revenue	Income Tax Expense- Test Year Actual	Other Adjustments (Corrections & Updates)	Other Adjustments (Corrections & Updates)
63	Depreciation Expense																		
64	Intangible assets	405	0																
65	Distribution plant	403	2,309,377						781,434		1,527,943								
66	Amortization expense- Regulatory	407	0																
67	Total Depreciation Expense		2,309,377	0	0	0	0	0	781,434	0	1,527,943	0	0	0	0	0	0	0	0
68																			
69	General Taxes																		
70	Municipal tax		107,881										124,983						(17,102)
71	Payroll tax		(166,855)		(166,855)														
72	Other tax		0																
73	Total General taxes		(58,973)	0	(166,855)	0	0	0	0	0	0	0	124,983	0	0	0	0	0	(17,102)
74																			
75	Income Taxes																		
76	FIT Expense		(2,546,780)					(196,018)									(2,350,762)		
77	SIT Expense		(265,027)														(175,958)		(89,069)
78	Total Income Tax		(2,811,807)	0	0	0	0	(196,018)	0	0	0	0	0	0	0	0	(2,526,720)	0	(89,069)
79																			
80	Interest on Customer Deposits		0																
81																			
82	Total Expenses		1,621,569	910,057	(166,855)	612,004	(10,689)	(196,018)	769,188	(345)	1,527,943	844,301	124,983	22,647	0	0	(2,526,720)	(77,429)	(211,499)
83																			
84	Operating Revenue																		
85	Residential, Commercial, Lighting	440	(618,740)													(618,740)			
86	Commodity revenue	Comm	0																
87	Prov. For Refunds	449	0																
88	Forfeited discounts		0												0				
89	Misc. service revenue	451	(473,132)												(192,548)			(280,584)	
90	Rent from Electric property	454	0												0				
91	Other revenue	456	(11,712)												0			(11,712)	
92	Sales for resale	447	0												0				
93	Total revenue		(1,103,584)	0	0	0	0	0	0	0	0	0	0	0	(192,548)	(618,740)	0	(292,296)	0
94																			
95	Net operating income (loss)		(2,725,153)	(910,057)	166,855	(612,004)	10,689	196,018	(769,188)	345	(1,527,943)	(844,301)	(124,983)	(22,647)	(192,548)	(618,740)	2,526,720	(369,725)	(211,499)

RR-3-01 **Liberty Utilities (Granite State Electric) Corp.**

Final **Adjustments to Test Year**

AD **Adjustment 01**

Payroll Expense

Schedule RR-3-01 (R)

Line	Description	Total
1	Test Year LU NH Labor Charged to Granite State Electric - O&M	7,081,853
2	2019 Salary & Wage Increase - O&M ⁽¹⁾	3%
3	2019 Payroll Increase	212,456
4	Adjustment for pro rated increase (effective March)	(35,409)
5		
6	Test year LU Regional Allocated Labor (not included in test year labor)	474,230
7	2019 Salary & Wage Increase - O&M ⁽¹⁾	3%
8	2019 Payroll Increase on Regional Allocated Labor	14,227
9	Adjustment for pro rated increase (effective March)	(2,371)
10		
11	Adjustment for 2018 Vacancies and/or 2019 (incremental) Additions ⁽¹⁾	721,155
12		
13	Pro Forma LU NH Labor for 2019 Payroll Increase	7,991,910
14		
15	Test Year Labor Charged to Granite State Electric - O&M	7,081,853
16		
17	Increase Due to Known and Measurable - O&M Payroll	910,057

RR-3-02 **Liberty Utilities (Granite State Electric) Corp.**

Final **Adjustments to Test Year**

AD **Adjustment 02**

Payroll Taxes

Schedule RR-3-02 (R)

Line	Description	Ref.	Amount
1	Actual 2018		
2	Total Payroll (including capitalized payroll)	RR-3-01 Ln 15	10,928,574
3	Payroll Tax Expense	RR-2-1 Ln 108	740,520
4	% of Applicable Salary	Line 3 / Line 2	6.78%
5			
6	Pro Forma		
7	2019 Salary & Wage Increase(1)	RR-3-01 Ln 2	1,384,287
8			1,384,287
9			
10	Pro Forma Salary & Wages - O&M		8,466,140
11	Payroll Taxes to O&M	Line 4 X Line 10	573,666
12	Test Year Expense- Account 408.4	Line 3	740,520
13	Decrease Due to Known and Measurable	<i>To RR-3</i>	(166,855)

Note:

This adjustment aligns Payroll taxes with the Labor costs reflected on RR-3-01

RR-3-08 Liberty Utilities (Granite State Electric) Corp.
Final Adjustments to Test Year
AD Adjustment 08
Depreciation Annualization and Rates
Schedule RR-3-08 (R)

				Pro Forma					
Line	Account	Acct. No.	Depreciation Rates	Balance Historic Year Ended Dec. 31, 2018	Account 106	Balance Historic Year Ended Dec. 31, 2018	Adjustments to Plant Balances	Balance Historic Year Ended Dec. 31, 2018	Depreciation Expense
1	Intangible Assets								
2	Organization	301		24,808		24,808		24,808	0
3	Other Intangible assets	303	20.00%	10,987,554		10,987,554	(10,987,554)	0	0
4	Other Intangible assets (3 yr life)	303	33.33%			0	320,288	320,288	106,752
5	Other Intangible assets (5 yr life)	303	20.00%			0	5,759,108	5,759,108	1,151,822
6	Other Intangible assets (10 yr life)	303	10.00%		193,559	193,559	5,152,610	5,346,170	534,617
7	<i>Total Intangible Assets</i>			<u>11,012,362</u>	<u>193,559</u>	<u>11,205,921</u>	<u>244,453</u>	<u>11,450,375</u>	<u>1,793,191</u>
8									
9	Distribution Plant								
10	Land and land rights	360		1,672,947	0	1,672,947		1,672,947	0
11	Structures and improvements	361	2.39%	1,965,160	0	1,965,160		1,965,160	46,967
12	Station equipment	362	3.00%	28,894,637	1,861,412	30,756,049		30,756,049	922,681
13	Poles, towers and fixtures	364	3.64%	40,575,975	1,091,070	41,667,046		41,667,046	1,516,680
14	Overhead conductors, devices	365	3.26%	58,746,906	6,427,330	65,174,236		65,174,236	2,124,680
15	Underground conduit	366	1.96%	6,674,970	273,408	6,948,378		6,948,378	136,188
16	Underground conductors, device	367	3.04%	14,932,982	2,341,077	17,274,059		17,274,059	525,131
17	Line transformers	368	3.51%	29,063,612	574,943	29,638,555		29,638,555	1,040,313
18	Services	369	3.89%	10,437,741	1,196,471	11,634,212		11,634,212	452,571
19	Meters	370	5.00%	3,507,367	181,121	3,688,487		3,688,487	184,424
20	Leased Prop on Customers' Prem	372	10.00%	1,167,465	40,119	1,207,584	(1,207,584)	0	0
21	Street lighting, signal system	373	3.67%	5,553,466	73,315	5,626,782		5,626,782	206,503
22	<i>Total Distribution Plant</i>			<u>203,193,227</u>	<u>14,060,268</u>	<u>217,253,495</u>	<u>(1,207,584)</u>	<u>216,045,911</u>	<u>7,156,140</u>
23									
24	General Plant								
25	Land	389		1,620,372		1,620,372		1,620,372	0
26	Structures and Improvements	390	1.62%	8,934,141	375,659	9,309,799	(56,121)	9,253,678	149,910
27	Office Furniture and Improvement	391	4.00%	847,122		847,122	(676,961)	170,161	6,806
28		391.1	20.00%				44,312	44,312	8,862
29		391.2	20.00%				279,318	279,318	55,864
30	Transportation Equipment	392	7.50%	2,730,590	384,144	3,114,734		3,114,734	233,605
31	Stores Equipment	393	3.33%	161,336	8,320	169,656		169,656	5,650
32	Tools Shop and Garage Equipment	394	4.17%	317,359	63,547	380,905		380,905	15,884
33	Laboratory Equipment	395	3.03%	270,548	21,943	292,491		292,491	8,862
34	Power Equipment	396	6.00%	1,466,922	55,510	1,522,432		1,522,432	91,346
35	Communication Equipment	397	4.17%	1,828,418	36,544	1,864,962		1,864,962	77,769
36	Miscellaneous Equipment	398	10.00%	120,736	28,469	149,205		149,205	14,921
37	<i>Total General Plant</i>			<u>18,297,542</u>	<u>974,137</u>	<u>19,271,678</u>	<u>(409,452)</u>	<u>18,862,227</u>	<u>669,478</u>
38	Total			<u>232,503,131</u>	<u>15,227,964</u>	<u>247,731,095</u>	<u>(1,372,582)</u>	<u>246,358,513</u>	<u>9,618,809</u>
39	Depreciation Deficiency (Annual)								233,300
40	Rate-making Adjustment per DG 11-040 (Acquisition)								0
41	Depreciation expense computed, Plant assets as of 12/31/2018								<u>9,852,109</u>
42	Depreciation expense recorded for Historic Year								<u>8,324,166</u>
43	Depreciation expense adjustment								<u>1,527,943</u>

To RR-3

RR-3-10 **Granite State Electric Company**

Final **Adjustments to Test Year**

RR **Adjustment 10**

Vegetation Management

Schedule RR-3-10 (R)

Line	Account	Description	Account	Amount
1	Adjustment for Annual Vegetation Management Expenses(1)	Adjust based on actual expenses - 2018		1,944,301
2				
3	Additional Adjustment for Hazard Tree Adjustment	Additional \$1.6m over 4 years (\$400k/y)		<u>400,000</u>
4				
5	Total REP/Vegetation Management			2,344,301
6				
7	Test Year Total Expense	Vegetation Management	593	<u>1,500,000</u>
8				
9	VMP/REP Adjustment to Test Year			<u><u>844,301</u></u>

(1) Adjustment in consideration for total actual Vegetation management expenses incurred during the test year

RR-3-15 **Liberty Utilities (Granite State Electric) Corp.**
Final **Adjustments to Test Year**
AD **Adjustment 15**
Income Tax Expense- Test Year Actual
Schedule RR-3-15 (R)

Line	Description	Reference	Amount
1	Test Year Actual to Statutory Rates		
2	Normalized Revenue	<i>RR-2, line 5</i>	40,120,331
3	Normalized Expenses, excluding income tax	<i>RR-2, lines 8-15, line 17</i>	36,368,552
4	Income (loss) before interest and taxes		3,751,779
5			
6	Rate base	<i>RR-1</i>	102,434,842
7	Debt Portion	<i>RR-6</i>	45.00%
8	Debt Component		46,095,679
9	Debt cost	<i>RR-6</i>	5.97%
10	Synchronized Interest expense		2,751,912
11	Pre-tax income, New Hampshire		999,867
12			
13	New Hampshire Business tax rate		7.70%
14	New Hampshire synchronized tax expense	<i>Line 11 X Line 13</i>	76,990
15	Pre-tax income, Federal	<i>Line 11 - Line 14</i>	922,877
16			
17	Federal statutory rate		21.00%
18	Federal synchronized tax expense	<i>Line 15 X Line 17</i>	193,804
19			
20	Total Income tax expense at Statutory rates	<i>Line 14 + Line 18</i>	270,794
21	Income tax expense (credit) recorded	<i>RR-2, line 16</i>	2,797,514
22	Adjustment to Normalize Historic Test Year		(2,526,720)
23			
24	Adjustment to New Hampshire		(175,958)
25	Adjustment to Federal		(2,350,762)
26	Total Adjustment		(2,526,720)
27			
28	This adjustment normalizes income tax expense in the Test Year to reflect statutory rates.		
29			

RR-3-17 **Liberty Utilities (Granite State Electric) Corp.**

Final **Adjustments to Test Year**

AD **Adjustment 17**

Other Adjustments (Rebuttal Filing)

Schedule RR-3-17 (R)

Line	Description	Source	Amount
1	Removal of Severance Related to a Mutual Separation Agreement		(9,336)
2			
3	Removal of charitable donation to St. Jude from distribution expenses (FERC 921)		(75)
4			
5	Removal of Vegetation Management Expenses from FERC Account 592		(50,487)
6			
7	Removal of Vegetation Management Expenses from FERC Account 598		(45,430)
8			
9	Removal of Statewide Education Tax (calculated for 2019 tax year)		(17,102)
10			
11	Adjustment for overstated Income Tax Expense in FERC 409		(89,069)
12			
13	Total Other Adjustments		<u>(211,499)</u>

(1) Adjustment reflects amount of 2019 tax bills where Statewide Education Tax was assessed against the Company. The Company will be unable to collect for any periods prior to January 1, 2019.

RR-3-17 **Liberty Utilities (Granite State Electric) Corp.**

Final **Adjustments to Test Year**

AD **Adjustment 17**

Other Adjustments (Rebuttal Filing)

Schedule RR-3-17 (R)

Line	Description	Source	Amount
1	Removal of Severance Related to a Mutual Separation Agreement		(9,336)
2			
3	Removal of charitable donation to St. Jude from distribution expenses (FERC 921)		(75)
4			
5	Removal of Vegetation Management Expenses from FERC Account 592		(50,487)
6			
7	Removal of Vegetation Management Expenses from FERC Account 598		(45,430)
8			
9	Removal of Statewide Education Tax (calculated for 2019 tax year)		(17,102)
10			
11	Adjustment for overstated Income Tax Expense in FERC 409		(89,069)
12			
13	Total Other Adjustments		<u>(211,499)</u>

(1) Adjustment reflects amount of 2019 tax bills where Statewide Education Tax was assessed against the Company. The Company will be unable to collect for any periods prior to January 1, 2019.

RR-5-3 Liberty Utilities (Granite State Electric) Corp.

Final Cash Working Capital

RR Historic Year Ended Dec. 31, 2018

Schedule RR-5-3 (R)

Line	Description	Reference	Pro Forma Test Year With Known and Measurable
1	Distribution, before adjustments	Schedule RR-2 (R)	34,732,691
2	Adjustments, before income tax	Schedule RR-2 (R)	4,433,375
3	Adjustment for income tax	Schedule RR-2 (R)	(2,822,583)
4	Adjustment for depreciation	Schedule RR-2 (R)	(8,684,070)
5			27,659,413
6			
7	Cash Working Capital Required- 24.20 days		6.63%
8	Cash Working Capital Required		1,833,819

REVISED

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

DE 19-064
Distribution Service Rate Case

Staff Technical Session Data Requests - Set 1

Date Request Received: 10/18/19
Request No. Staff TS 1-35

Date of Response: 1/3/20
Respondent: Philip E. Greene
David B. Simek

REQUEST:

Payroll/Vacancies: Reference Staff 6-4 CONFIDENTIAL. Please provide the amount of severance paid and included within the Company's revenue request for each of the following positions:

- a. XXXXXXXXXXXX – Elimination was the result of a mutually agreed upon separation, a replacement was put into place
- b. XXXXXXXXXXXX – Elimination was the result of a mutually agreed upon separation. Another employee was promoted into this role under new restructured roles and responsibilities within the role.
- c. XXXXXXXXXXXX – Elimination was the result of a mutually agreed upon separation. The role was subsequently filled based on a re-evaluation of increasing workload related with the XXXXXXXXXXXX department.

RESPONSE:

The amount of severance paid during the test year for the three positions identified by the above cited language from the response to Staff 6-4 CONFIDENTIAL is as follows:

- a. \$0
- b. \$23,961.94
- c. \$2,362.50

In reviewing the prior responses on this topic, the response to Staff 3-14 CONFIDENTIAL indicated that the position that is the subject of part a. of this question received severance during the test year; however, that severance was only paid during 2017. Staff 3-14 was a follow-up to OCA 1-29, which requested information for both 2017 and 2018 and that is why that position was included in the response.

Docket No. DE 19-064 Request No. Staff TS 1-35 (Revised)

REVISED RESPONSE:

As a result of further inquiry during the audit process, and consistent with the change to total severance paid in 2018 per the Second Revised response to OCA 1-29, it was determined that the correct amount to response b. above is \$9,335.82. All other information included in the original response remains the same.

**DE 19-064 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
OCA Responses to LU Set 1**

Date Request Received: 12/20/19
Request Number: LU 1-30
Witness: Bion Ostrander

Date of Response: 1/10/20
Page 1 of 2

Data Request:

Refer to Bates 70, lines 3-16.

- a. Please confirm that you are not an expert on the topics of depreciation rates and lives.
- b. Please provide reasoning and support for your decision to accept the proposed amortization rates for intangible plant but not for any of the other plant accounts.
- c. Was your decision based at all on the overall lengthening of lives for a significant portion of the intangible plant? Please explain.
- d. On what basis did you determine it reasonable to essentially ignore the results of the depreciation study indicating a reserve deficiency?
- e. Do you believe that there is no reserve deficiency? If so, on what basis?

Response a.:

I am not an expert on the topics of depreciation rates and lives for depreciation-expense related utility plant.

However, the amortization rates and lives for intangibles, such as software, is less complex and does not require analysis of Iowa curves and details that might be ordinarily addressed for non-intangible related plant. I have addressed issues related to revenue requirements and related lives for intangible plant (such as software) in some prior cases.

For example, in Case No. 9481, before the Public Service Commission of Maryland (“PSC”) related to a rate case for Washington Gas Light Company (“WGL”), I addressed a software amortization issue and related adjustment on behalf of the Staff of the PSC. I proposed to capitalize and amortize certain software costs related to a new Customer Information Billing System (related to data conversion, training, and change management) over a five year period that had been previously expensed by WGL. The Commission’s Order No. 88844 (pp. 88-90), issued December 11, 2018, adopted my proposed adjustment in full.

Response b.:

I have been instructed by the OCA, as a matter of its internal policy, not to reflect the impact of new depreciation rates or the related reserve deficiency for non-intangible related plant in the revenue requirement of this case.

**DE 19-064 Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
OCA Responses to LU Set 1**

Date Request Received: 12/20/19
Request Number: LU 1-30
Witness: Bion Ostrander

Date of Response: 1/10/20
Page 2 of 2

However, I have accepted Liberty's proposed lives and rates for intangible plant because these issues are less complex and do not require analysis of Iowa curves, and generally the software included in intangibles is merely a consideration of 3, 5 or 10 year lives. I have reviewed the testimony and related depreciation study (Attachment DAW-2) of Liberty's depreciation rate witness Mr. Dane Watson regarding treatment of intangible plant/software. The analysis is brief, fairly general and not complex, and I am not opposed to Mr. Watson's recommended rates/lives for intangibles/software.

Response c.:

No. Please see the response to (b) above.

Response d.:

Please see the response to (b) above.

Response e.:

Please see the response to (b) above.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

DE 19-064
Distribution Service Rate Case

OCA Data Requests - Set 2

Date Request Received: 6/25/19
Request No. OCA 2-23

Date of Response: 7/10/19
Respondent: Anthony Strabone
Heather M. Tebbetts

REQUEST:

Address the following Consolidated and other companies (i.e., cable, internet, telephone and others) payments/credits to Liberty for use of the Company's poles and other facilities:

- a. Explain if Consolidated and other companies make payments/credits to Liberty for pole rental fees and use of other Liberty facilities, and explain why these pole rental fees should not be treated as reimbursement/credits to offset against VMP costs.
- b. Provide the amount of pole rental payments/credits paid to Liberty by account number and for each entity for each of the years 2016 to 2019 year-to-date, and explain the reasons for the changes in these fees.
- c. Regarding (b) above, explain how these amounts are recorded on Liberty's books, and the reason for that method. Provide copies of contracts and explain if these contracts have escalation or inflation factor components that automatically trigger increased payments to Liberty for each year of the contract.
- d. Cite to FERC or FCC policy regarding the calculation of pole rental and similar fees, and explain and show how Company fees are consistent with this policy.

RESPONSE:

- a. Consolidated does not pay the Company for pole attachment fees as it is either a joint owner of the poles, or is not attached to Granite State Electric solely owned poles.

Other communication companies do attach to the Company's poles and pay pole attachment fees. These fees are not treated as reimbursement/credit to the VMP costs as they don't specifically relate to vegetation management activities. Pole attachment fees are treated as other revenue.
- b. The fees have not changed since Liberty acquired the National Grid assets. Please see Attachments OCA 2-23.b.1, OCA 2-23.b.2, OCA 2-23.b.3, and OCA 2-23.b.4 for the invoices from Liberty for pole attachment fees.
- c. The amounts are recorded in the following manner:

Debit: 8830-2-0000-20-2141-2420 Current & Accrued Liability – Pole Attachment Rental

Credit: 8830-2-0000-40-4210-4540 Rental Income

Please see Attachment OCA 2-23.c. for the contracts. The contracts for wired facilities do not have escalation factors. The contracts for wireless facilities provide for a yearly increase.

- d. The formula used to calculate is provided in the link below. In light of the final adoption of the Puc 1300 rules on September 1, 2018, requiring pole owners to adopt the FCC calculation among other things, the Company reviewed its pole attachment fees in 2018 using the calculation found in Attachment OCA 2-23.d to ensure the fees charged to pole attachers was calculated in a way that provided for fees that were consistent with the FCC formula, as those calculations had not been completed in the past. While it was found that there could be an increase to the Standard Rate from \$20.03 to \$24.33, the Company has not undertaken requesting changes to the contracts as there are 21 different attachers and each contract would need to be reopened. The Puc 1300 rules also provide for negotiation between parties and while they provide that the FCC formula be used, there are many other considerations in Puc 1304.06 that complicate whether or not the proposed FCC calculated rate of \$24.33 would be just and reasonable for each attaching entity.

The current fee structure is provided below:

Standard Rate	Solely Owned Pole	\$20.03
	Jointly Owned Pole	\$10.02
Cable Rate	Solely Owned Pole	13.84
	Jointly Owned Pole	\$6.92

<https://www.gpo.gov/fdsys/pkg/CFR-2002-title47-vol1/pdf/CFR-2002-title47-vol1-sec1-1409.pdf>