

Liberty Utilities Capital Spending Plan

<u>Project</u>	<u>2019</u> <u>Costs</u>	<u>In</u> <u>Service</u> ¹	<u>2020</u> <u>Costs</u>	<u>In</u> <u>Service</u>	<u>2021</u> <u>Costs</u>	<u>In</u> <u>Service</u>	<u>2022</u> <u>Costs</u>	<u>In</u> <u>Service</u>	<u>2023</u> <u>Costs</u>	<u>In</u> <u>Service</u>	<u>Total In</u> <u>Service</u>
Merrimack System Capacity and Reliability	\$ 500,000	\$ 505,000	\$ 200,000	\$ -	\$ 3,250,000	\$ 3,450,000	\$ -	\$ -	\$ -	\$ -	\$ 3,955,000
Laconia System and pressure increase	\$ 800,000	\$ 800,000	\$ 1,000,000	\$ 1,000,000	\$ 50,000	\$ -	\$ 1,750,000	\$ 1,750,000	\$ -	\$ -	\$ 3,550,000
Concord - Capacity Constraint	\$ 950,000	\$ 950,000	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 1,850,000
Manchester Gate Station - Age and Condition	\$ -	\$ -	\$ 600,000	\$ -	\$ 3,000,000	\$ 3,600,000	\$ -	\$ -	\$ -	\$ -	\$ 3,600,000

¹For costs shown in 2019, the projects will go in service between July 1, 2019, and December 31, 2019.

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Illustrative Step Adjustment Calculation
Computation of Revenue Requirement
CY 2020

		CY <u>2020</u>		
1	Total Investment	\$40,000,000		
2	Less Growth	(\$15,000,000)		
3	Total	<u>\$25,000,000</u>		
4	80% of Non Growth Capital	<u>\$20,000,000</u>		
5				
6	<u>Deferred Tax Calculation</u>			
7	Book Depreciation Rate	1.92%		
8	Federal Tax Depreciation Rate	3.75%		
9	FEDERAL Vintage Year Tax Depreciation:			
10	CY 2020 Spend	<u>\$750,000</u>		
11	Annual Tax Depreciation	\$750,000		
12	Cumulative Tax Depreciation	\$750,000		
13				
14	STATE Vintage Year Tax Depreciation:			
15	CY 2020 Spend	<u>\$750,000</u>		
16	Annual Tax Depreciation	\$750,000		
17	Cumulative Tax Depreciation	\$750,000		
18				
19	Book Depreciation	\$384,000		
20	Cumulative Book Depreciation	\$384,000		
21				
22	Book/Tax Timer (Federal)	\$366,000		
23	less: Deferred Tax Reserve (State)	<u>\$28,182</u>		
24	Net Book/Tax Timer (Federal)	\$337,818		
25	Effective Tax Rate (Federal)	<u>21.00%</u>		
26	Deferred Tax Reserve (Federal)	<u>\$70,942</u>		
27	Book/Tax Timer (State)	\$366,000		
28	Effective Tax Rate (State)	<u>7.70%</u>		
29	Deferred Tax Reserve (State)	<u>\$28,182</u>		
30	TOTAL Deferred Tax Reserve	<u><u>\$99,124</u></u>		
31				
32	<u>Rate Base Calculation</u>			
33	Plant In Service	\$20,000,000		
34	Accumulated Book Depreciation	(\$384,000)		
35	Deferred Tax Reserve	(\$99,124)		
36	Year End Rate Base	<u><u>\$19,516,876</u></u>		
37				
38	<u>Revenue Requirement Calculation</u>			
39	Year End Rate Base	\$19,516,876		
40	Pre-Tax ROR	<u>9.06%</u>		
41	Return and Taxes	\$1,767,665		
42	Book Depreciation	\$384,000		
43	Property Taxes ¹	2.50% \$490,400		
44	Annual Revenue Requirement	<u>\$2,642,065</u>		
45				
46	Adjusted Annual Revenue Requirement	<u>\$2,642,065</u>		
47				
48				
49	<u>Imputed Capital Structure</u>		Weighted	
50		Ratio	Rate	Pre Tax
51	Long Term Debt	50.00%	4.42%	2.21%
52	Common Equity	50.00%	10.00%	5.00%
53				6.86%
54		<u>100.00%</u>	<u>7.21%</u>	<u>9.06%</u>