Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Docket No DE 18-xxx Schedule DBS-1 Page 1 of 14

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities REP/VMP Revenue Requirement Annual Rate Changes CY 2017 Actual

Δ	nnual Incremental Rate Adjustments	Actual <u>7/1/2008</u> (a)	Actual <u>7/1/2009</u> (b)	Actual <u>7/1/2010</u> (c)	Actual <u>7/1/2011</u> (d)	Actual <u>7/1/2012</u> (e)	Actual <u>7/1/2013</u> (f)	Actual <u>6/1/2014</u> (g)	Actual <u>5/1/2015</u> (h)	Actual <u>6/1/2016</u> (i)	Actual <u>5/1/2017</u> (i)	Actual <u>5/1/2018</u> (j)
-												
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
2	REP Capital Program	\$165,840	\$75,740	\$163,663	\$102,941	(\$18,005)	\$125,829	\$37,374	\$253,423	\$180,132	\$120,019	\$166,322
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	\$718,736
4	Termination of Prior Period O&M Recovery	\$0	\$0	(\$113,832)	(\$1,047,770)	\$758,113	\$295,207	\$52,081	\$275,840	\$210,585	(\$346,184)	\$76,104
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)	\$794,840

Notes:

Line 1 From Page 2 of 14, Line 7 Line 2 From Page 3 of 14, Line 60 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 2017 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)
Ir	cremental 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	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
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
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
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
6	Less Reimbursements from FairPoint Communications	\$0	\$0	(\$148,760)	(\$644,098)	(\$402,693)	(\$253,054)	(\$311,701)	(\$245,751)	(\$288,000)	(\$350,000)	(\$442,992)
7	Total Incremental Revenue Requirement for Adj. Factor	\$0	\$113,832	\$1,047,770	(\$758,113)	(\$295,207)	(\$52,081)	(\$275,840)	(\$210,585)	\$346,184	(\$76,104)	\$552,414
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

Notes:

Line 1 2017 Actual VMP and REP program spending includes \$306,512 of 2016 invoices that were paid in 2017

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

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Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities REP//MP Revenue Requirement Computation of REP Revenue Requirement CY 2017 Actual

		Revised	Revised	Revised	Revised	Revised	Actual	Actual	Actual	Actual	Actual	Actual
		FY 2008	FY <u>2009</u>	FY <u>2010</u>	FY 2011	FY <u>2012</u>	FY <u>2013</u>	CYS 2013	CY 2014	CY <u>2015</u>	CY 2016	CY 2017
		2000	2005	2010	2011	2012	2010	2010	2014	2010	2010	2011
1	Deferred Tax Calculation REP Program Annual Spend	\$950,000	\$500,000	\$876,243	\$610,835	\$398,239	\$545,916	\$416,755	\$2,201,899	\$1,321,456	\$849,390	\$1,699,030
2	Cumulative REP Program Spend					\$3,335,317			\$6,499,887	\$7,821,343	\$8,670,733	\$10,369,763
3 4	Book Depreciation Rate (a)	3.70%	3.72%	3.71%	3.73%	3.72%	3.33%	3.72%	2.88%	2.86%	2.86%	2.76%
5	FEDERAL Vintage Year Tax Depreciation:	5.7078	5.7270	5.7170	5.7578	5.7270	5.5578	5.7270	2.0078	2.0078	2.0078	2.7070
6 7	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
8	FY 2009 Spend FY 2010 Spend		\$338,156	\$12,139 \$550,022	\$11,227 \$24,467	\$10,387 \$22,630	\$9,606 \$20,936	\$4,999 \$10,892	\$6,665 \$14,522	\$8,219 \$17,913	\$7,503 \$16,567	\$7,501 \$15,123
9	FY 2011 Spend				\$481,705	\$9,685	\$8,958	\$4,662	\$6,215	\$7,665	\$7,090	\$6,558
10 11	FY 2012 Spend FY 2013 Spend					\$377,329	\$2,968 \$332,964	\$1,544 \$11,900	\$2,059 \$15,867	\$2,539 \$14,676	\$2,349 \$13,577	\$2,173 \$12,557
12	CYS 2013 Spend							\$212,773	\$5,861	\$15,043	\$13,913	\$12,871
13 14	CY 2014 Spend CY 2015 Spend								\$1,142,236	\$79,478 \$685,505	\$73,510 \$47,698	\$68,006 \$44,117
15	CY 2016 Spend									φ000,000	\$440,621	\$30,659
15	CY 2017 Spend Annual Tax Depreciation	\$429,887	\$377,166	\$598,242	\$550,778	\$450,902	\$403,992	\$261,627	\$1,213,235	\$855,149	\$646,934	\$881,372 \$1,105,049
16	Cumulative Tax Depreciation	\$429,887		\$1,405,295				\$3,072,594	\$4,285,829	\$5,140,977	\$5,787,911	\$6,892,960
17 18	STATE Vintage Year Tax Depreciation:											
19	FY 2008 Spend	\$334,991	\$46,127	\$42,664	\$39,469	\$36,504	\$33,770	\$17,568	\$23,425	\$28,511	\$28,504	\$28,511
20	FY 2009 Spend		\$176,311	\$24,277	\$22,455	\$20,773	\$19,213	\$9,998	\$13,330 \$20,045	\$16,438	\$15,006	\$15,002
21 22	FY 2010 Spend FY 2011 Spend			\$223,801	\$48,935 \$199,462	\$45,261 \$30,854	\$41,872 \$28,538	\$21,784 \$14,850	\$29,045 \$19,800	\$35,825 \$24,417	\$33,134 \$22,588	\$30,246 \$20,891
23	FY 2012 Spend					\$181,087	\$19,837	\$10,320	\$13,761	\$16,973	\$15,698	\$14,522
24 25	FY 2013 Spend CYS 2013 Spend						\$179,810	\$20,395 \$8,791	\$27,193 \$11,721	\$25,151 \$30,086	\$23,268 \$27,827	\$21,520 \$25,743
26	CY 2014 Spend							\$0,101	\$82,571	\$158,955	\$147,021	\$136,011
27 28	CY 2015 Spend CY 2016 Spend									\$49,555	\$95,396 \$31,852	\$88,234 \$61,317
20	CY 2017 Spend											\$63,714
28 29	Annual Tax Depreciation Cumulative Tax Depreciation	\$334,991 \$334,991	\$222,438 \$557,429	\$290,742 \$848,171	\$310,320 \$1,158,492	\$314,480 \$1,472,971	\$323,039 \$1,796,010	\$103,706 \$1,899,716	\$220,846 \$2,120,562	\$385,912 \$2,506,473	\$440,294 \$2,946,767	\$505,712 \$3,452,479
30		ф334,991	ф007,429	φ040,171	φ1,130,492	φ1,472,971	\$1,790,010	φ1,099,710	φ2,120,302	φ2,500,475	φ2,940,707	φ3,432,479
31	Book Depreciation Cumulative Book Depreciation	\$35,150	\$53,940	\$86,304	\$109,645	\$124,074	\$129,109	\$119,933	\$140,398	\$223,690	\$247,983	\$286,205
32 33	Cumulative Book Depreciation	\$35,150	\$89,090	\$175,394	\$285,039	\$409,113	\$538,222	\$658,155	\$798,553	\$1,022,243	\$1,270,226	\$1,556,431
34	Book/Tax Timer (Federal)	\$394,737		* 1 -1	* 1- 1	\$1,997,862		\$2,414,439	\$3,487,276	\$4,118,734	\$4,517,685	\$5,336,528
35 36	less: Deferred Tax Reserve (State) Net Book/Tax Timer (Federal)	\$25,486 \$369,251	\$39,809 \$678,154	\$57,186 \$1,172,715	\$74,243 \$1,596,791	\$90,428 \$1,907,435	\$106,912 \$2,165,833	\$105,533 \$2,308,906	\$112,371 \$3,374,905	\$126,160 \$3,992,575	\$142,506 \$4,375,179	\$155,476 \$5,181,052
37	Effective Tax Rate (Federal)	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	34.00%	34.00%	34.00%	34.00%	34.00%
38 39	Deferred Tax Reserve (Federal) Book/Tax Timer (State)	\$129,238 \$299,841	\$237,354 \$468,339	\$410,450 \$672,778	\$558,877 \$873,453	\$667,602 \$1,063,859	\$758,041 \$1,257,788	\$785,028 \$1,241,561	\$1,147,468 \$1,322,009	\$1,357,475 \$1,484,231	\$1,487,561 \$1,676,542	\$1,761,558 \$1,896,048
40	Effective Tax Rate (State)	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.20%
41 42	Deferred Tax Reserve (State) TOTAL Deferred Tax Reserve	\$25,486 \$154,724	\$39,809 \$277,163	\$57,186 \$467,636	\$74,243 \$633,120	\$90,428 \$758,030	\$106,912 \$864,953	\$105,533 \$890,561	\$112,371 \$1,259,839	\$126,160 \$1,483,635	\$142,506 \$1,630,067	\$155,476 \$1,917,034
43		φ.σ.,,. <u>2</u> .	<i>Q211,100</i>	φ101,000	<i>\</i> 0000,120	<i></i>	400 1,000	<i>Q</i> CCC , CC I	ψ1,200,000	¢1,100,000	φ1,000,001	\$1,011,001
44 45	Rate Base Calculation Plant In Service	\$950,000	\$1,450,000	¢0 006 040	\$2,937,078	¢0 005 017	\$3,881,233	\$4,297,988	\$6,499,887	\$7,821,343	¢0 670 722	\$10,369,763
45	Accumulated Book Depreciation	(\$35,150)	(\$89,090)	(\$175,394)	(\$285,039)	(\$409,113)	(\$538,222)	(\$658,155)	(\$798,553)	(\$1,022,243)	(\$1,270,226)	(\$1,556,431)
47 48	Deferred Tax Reserve Year End Rate Base	(\$154,724) \$760,126	(\$277,163) \$1,083,747	(\$467,636) \$1,683,213	(\$633,120) \$2,018,919	(\$758,030) \$2,168,174	(\$864,953)	(\$890,561) \$2,749,272	(\$1,259,839) \$4,441,496	(\$1,483,635) \$5,315,465	(\$1,630,067) \$5,770,440	(\$1,917,034) \$6,896,298
49		ψ100,120	ψ1,000,747	ψ1,00 <u>3</u> ,213	ψ2,010,313	ψ2,100,174	ψ2,470,007	ψ <u>2</u> ,1 4 3,212	ψ 4 ,441,430	ψ 0,010,40 0	ψ3,770,440	ψ0,030,230
50	Revenue Requirement Calculation	¢700.400	64 000 747	\$4 000 040	\$0.040.040	* 0 400 474	* 0 470 057	¢0 740 070	¢ 4 4 4 4 4 0 0	* = 045 405	AC 770 440	£0.000.000
51 52	Year End Rate Base Pre-Tax ROR	\$760,126 11.91%	\$1,083,747 11.91%	\$1,683,213 11.91%	\$2,018,919 11.91%	\$2,168,174 11.91%	\$2,478,057 11.91%	\$2,749,272 11.36%	\$4,441,496 11.36%	\$5,315,465 11.36%	\$5,770,440 11.36%	\$6,896,298 10.04%
53	Return and Taxes	\$90,515	\$129,051	\$200,435	\$240,410	\$258,183	\$295,084	\$312,413	\$504,338	\$603,837	\$655,522	\$692,548
54 55	Book Depreciation Property Taxes (b) 3.67%	\$35,150 \$21,773	\$53,940 \$27,218	\$86,304 \$66,676	\$109,645 \$89,904	\$124,074 \$110,318	\$129,109 \$118,343	\$119,933 \$149,961	\$140,398 \$190,995	\$223,690 \$161,819	\$247,983 \$232,376	\$286,205 \$323,449
56	Annual Revenue Requirement	\$147,438	\$210,209	\$353,415	\$439,960	\$492,575	\$542,536	\$582,307	\$835,730	\$1,015,862	\$1,135,881	\$1,302,202
57 58	Prior Period Change for Repairs Tax Deduct & Be Adjusted Annual Revenue Requirement	onus Depreci \$147,438	ation (FY 08 \$210,209	- 14) (e) \$353,415	\$439,960	(\$73,471) \$419,104	\$2,397 \$544,933	\$582,307	\$835,730	\$1,015,862	\$1,135,881	\$1,302,202
59	Annual Rate Adjustment	7/1/2008	7/1/2009	7/1/2010	7/1/2011	7/1/2012	7/1/2013	6/1/2014	5/1/2015	6/1/2016	5/1/2017	5/1/2018
60 61	Incremental Annual Rate Adjustment	\$147,438	\$62,771	\$143,205	\$86,545	(\$20,856)	\$125,829	\$37,374	\$253,423	\$180,132	\$120,019	\$166,322
62	Imputed Capital Structure (c)	_	_	Weighted	_							
63 64	Long Term Debt	Ratio 50.00%	Rate 7.54%	Rate 3.77%	Pre Tax 3.77%	•						
65	Common Equity	50.00%	9.67%	4.84%	8.14%							
66 67		100.00%		8.61%	11.91%							
68	•	100.0070		0.0170	11.5170							
69 70	Imputed Capital Structure (d)	Patio	Poto	Weighted	Pre Tax							
70	Long Term Debt	Ratio 45.00%	Rate 5.95%	Rate 2.68%	2.68%							
72	Common Equity	55.00%	9.55%	5.25%	8.68%							
73 74		100.00%		7.93%	11.36%							
75	=											
76 77	Imputed Capital Structure (e)	Ratio	Rate	Weighted Rate	Pre Tax							
78	Long Term Debt	50.00%	4.57%	2.29%	2.29%	•						
79 80	Common Equity	50.00%	9.40%	4.70%	7.76%	•						
81	<u> </u>	100.00%		6.99%	10.04%							

(a) Actual Calendar Year Composite Depreciation rate for distribution property.
(b) Actual Calendar Year ratio of municipal tax expense to net plant in service, reference Schedule DBS-5
(c) Capital structure per Merger 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 II A. Updated LT debt rate as of Q3 2017.

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Docket No DE 18-xxx Schedule DBS-1 Page 4 of 14

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

Capital Repairs Deduction Second 2 Plant Additions 32,74% 3 Capital Repairs Deduction Rate 32,74% 4 Capital Repairs Deduction 331,030 6 Brunt Additions 8 Bruns Depreciation 5 7 Plant Additions Reigible for Bouns Depreciation April 2007 - December 2007 58,14% 9 Plant Additions Eligible for Bouns Depreciation April 2007 - December 2007 58,14% 1 Bruns Depreciation rate April 2007 - December 2007 58,14% 1 Bruns Additions Eligible for Bouns Depreciation April 2007 - December 2007 58,14% 1 Bruns Additions Eligible for Bouns Depreciation April 2007 - December 2007 58,14% 1 Bruns Depreciation for January 2008 - March 2008 30,89% 9 Plant Additions Eligible for Bouns Depreciation for January 2008 - March 2008 59% 9 Bouns Depreciation for January 2008 - March 2008 59% 9 Bouns Depreciation for January 2008 - March 2008 59% 9 Bouns Depreciation for January 2008 - March 2008 59% 9 Bouns Depreciation for January 2008 - March 2008 59% 9 Bouns Depreciation for January 2008 - March 2008 59% 9 Bouns Depreciation for January 2008 - March 2008 59%		(a) <u>2008</u>	(b) <u>2009</u>	(c) <u>2010</u>	(d) <u>2011</u>	(e) <u>2012</u>	(f) <u>2013</u>	(g) <u>CYS2013</u>	(h) <u>CY2014</u>	(i) <u>CY2015</u>	(j) <u>CY2016</u>	(k) <u>CY2017</u>
2 Pint Additions \$950,000 3 Capital Repairs Deduction \$311,030 4 Capital Repairs Deduction \$311,030 7 Pint Additions Net of Capital Repairs Deduction \$311,030 8 Less Capital Repairs Deduction \$311,030 9 Pint Additions Net of Capital Repairs Deduction \$638,970 10 \$638,970 11 Percent of Pinnt Additions Stiglible for Bonus Depreciation April 2007 - December 2007 \$61,44% 12 Pinnt Additions Eligible for Bonus Depreciation April 2007 - December 2007 \$61,44% 13 Bonus Depreciation (Fapril 2007 - December 2007 \$638,970 14 Bonus Depreciation for April 2007 - December 2007 \$638,970 15 \$50 16 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$10,86% 19 Bonus Depreciation for January 2008 - March 2008 \$50% 19 Bonus Depreciation for January 2008 - March 2008 \$50% 20 \$20 21 Bonus Depreciation (Faderal) \$50% 22 Bernard Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$50% 21 Bonus Depreciation (Faderal) \$50% 22 Bernard Additions Eligible for Bonus Depreciation for January 2008 - March 2008 <td< th=""><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></td<>												
3 Capital Repairs Deduction Rate 32.74% 4 Capital Repairs Deduction \$311,030 5 60mus Depreciation Repairs Deduction \$1100 7 Plant Additions Eligible tor Bonus Depreciation April 2007 - December 2007 69.14% 5 5 10 Plant Additions Eligible tor Bonus Depreciation April 2007 - December 2007 69.14% 5 <td></td>												
4 Capital Repairs Deduction \$311,030 6 Damus Descreciation \$950,000 8 Less Capital Repairs Deduction \$311,030 9 Plant Additions Ret of Capital Repairs Deduction \$11,030 9 Plant Additions Ret of Capital Repairs Deduction \$11,030 9 Plant Additions Ret of Capital Repairs Deduction \$11,030 9 Plant Additions Ret of Capital Repairs Deduction April 2007 - December 2007 \$441,784 11 Percent of Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007 \$441,784 13 Bonus Depreciation rate April 2007 - December 2007 \$50 14 Bonus Depreciation for January 2008 - March 2008 \$197,186 18 Bonus Depreciation for January 2008 - March 2008 \$197,186 19 Bonus Depreciation for January 2008 - March 2008 \$197,186 19 Bonus Depreciation for January 2008 - March 2008 \$197,186 19 Bonus Depreciation for January 2008 - March 2008 \$197,186 20 \$197,186 21 Bonus Depreciation for January 2008 - March 2008 \$197,186 22 Brant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$197,186 23 Berneliation \$98,593 24 Damu Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$197,186		. ,										
5 Bonus Depreciation 7 Plant Additions \$950,000 8 Less Capital Repairs Deduction \$\$111,130 9 Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007 \$61,45% 12 Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007 \$61,1784 13 Bonus Depreciation Inte April 2007 - December 2007 \$61,45% 14 Bonus Depreciation Inte April 2007 - December 2007 \$61,45% 15 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$197,186 16 Plant Additions April 2007 - December 2007 \$61,45% 19 Bonus Depreciation for April 2007 - December 2007 \$0 19 Bonus Depreciation for April 2007 - December 2007 \$0 19 Bonus Depreciation for January 2008 - March 2008 \$197,186 19 Bonus Depreciation for January 2008 - March 2008 \$85,533 20 Bonus Depreciation (Federal) \$40 24 Plant Additions \$96,000 21 Bonus Depreciation (Federal) \$40 24 Plant Additions \$96,												
6 Bonus Depreciation 7 Plant Additions \$950,000 8 Lass Capital Repairs Deduction \$363,970 9 Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007 \$441,724 11 Percent of Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007 \$441,724 13 Bonus Depreciation rate April 2007 - December 2007 \$441,724 14 Bonus Depreciation for January 2008 - March 2008 \$50 15 16 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$50,75% 16 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$50,75% 17 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$50,75% 18 Bonus Depreciation for January 2008 - March 2008 \$50,75% 19 Bonus Depreciation for January 2008 - March 2008 \$50,000 20 20 20 21 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$50,000 22 Sass Capital Repairs Deduction \$30,500 \$44,775 24 Plant Additions Eligible for Donus Depreciation fFaderal) \$40,377		\$311,030										
7 Plant Additions \$850,000 8 Less Capital Repairs Deduction \$638,970 10 9 Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007 \$441,754 12 Plant Additions Eligible for Bonus Depreciation April 2007 - December 2007 \$441,754 13 Bonus Depreciation for April 2007 - December 2007 \$441,754 14 Bonus Depreciation for April 2007 - December 2007 \$50 15 16 Plant Additions Eligible for Bonus Depreciation for April 2007 - December 2007 \$30 16 Plant Additions Eligible for Bonus Depreciation for April 2007 - December 2007 \$30 16 Plant Additions Eligible for Bonus Depreciation for April 2007 - December 2007 \$30 16 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$306% 17 Plant Additions Eligible for Bonus Depreciation for January 2008 - March 2008 \$50% 19 Bonus Depreciation for January 2008 - March 2008 \$38,593 20 Repairs Deduction \$311,030 21 Bonus Depreciation (Federal) \$40,377 24 Plant Additions Eligible for 20 YR MACRS Tax Depreciation Agril 20 YR MACRS Tax Depreciation Rate \$34,0377 \$540,3	•											
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20 \$98,593 21 Bonus Depreciation 23 Remaining Tax Depreciation (Federal) 24 Plant Additions 25 Less Capital Repairs Deduction 26 \$950,000 25 Less Bonus Depreciation 26 \$950,000 25 Less Bonus Depreciation 26 Less Bonus Depreciation 27 Additions Subject to 20 YR MACRS Tax Depreciation 28 20 YR MACRS Tax Depreciation Rates 29 Remaining Tax Depreciation 29 S20,264 31 S20,264 320,264 \$33,010 \$36,081 \$33,379 \$30,872 \$28,559 \$14,858 \$19,810 32 Plant Additions 32 Plant Additions 33 Less Capital Repairs Deduction 34 Additions 350,000 \$31,1030 34 Additions 350,000 \$31,030 34 Additions 350,000 \$33,970 \$638,970 \$638,970 \$638,970	18 Bonus Depreciation rate January 2008 - March 2008	50%										
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22 3 Remaining Tax Depreciation (Federal) 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 \$98,593 27 Additions Subject to 20 YR MACRS Tax Depreciation Rates \$7,219% 6.677% 6.177% 5.713% 5.285% 3.666% 4.888% 4.462% 4.461% 4.462% 29 Remaining Tax Depreciation Rates \$20,264 \$39,010 \$36,081 \$33,379 \$30,872 \$28,559 \$14,858 \$19,810 \$24,112 <td></td>												
23 Remaining Tax Depreciation (Federal) 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 \$96,377 \$540,377	•	\$98,593										
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												
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26 Less Bonus Depreciation \$98,593 27 Additions Subject to 20 YR MACRS Tax Depreciation Rates \$540,377<												
27 Additions Subject to 20 YR MACRS Tax Depreciation \$540,377 \$54												
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% 29 Remaining Tax Depreciation \$20,264 \$39,010 \$36,081 \$33,379 \$30,872 \$28,559 \$14,858 \$19,810 \$24,112	•		AF (A A F	* = + • • = = =	A= 10 0==	A = 40 077		A = 40 0==	* = + • • = =	A= 10 0==	A= 40 0==	A= 10 077
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 30 31 Remaining Tax Depreciation (State) 32 Plant Additions \$950,000 33 Less Capital Repairs Deduction \$311,030 34 Additions Subject to 20 YR MACRS Tax Depreciation Rates \$638,970 \$63		+ , -		. ,				. ,		. ,		
30 31 Remaining Tax Depreciation (State) 32 Plant Additions 33 Less Capital Repairs Deduction 34 Additions Subject to 20 YR MACRS Tax Depreciation 35 20 YR MACRS Tax Depreciation Rates												
31 Remaining Tax Depreciation (State) 32 Plant Additions 33 Less Capital Repairs Deduction 34 Additions Subject to 20 YR MACRS Tax Depreciation 35 20 YR MACRS Tax Depreciation Rates		φ20,264	\$39,010	\$30,00 I	\$33,379	\$30,67Z	⊅ ∠0,009	φ14,000	φ19,010	φ 2 4,112	φ24,100	φ24,11Z
32 Plant Additions \$950,000 33 Less Capital Repairs Deduction \$311,030 34 Additions Subject to 20 YR MACRS Tax Depreciation \$638,970 \$638,												
33 Less Capital Repairs Deduction \$311,030 34 Additions Subject to 20 YR MACRS Tax Depreciation \$638,970 <td></td> <td>\$950.000</td> <td></td>		\$950.000										
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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%			\$638.970	\$638.970	\$638.970	\$638.970	\$638.970	\$638.970	\$638.970	\$638.970	\$638.970	\$638.970
				. ,						. ,	. ,	. ,
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	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
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	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
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	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

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%

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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>
1 Capital Repairs Deduction										
2 Plant Additions	\$500,000									
3 Capital Repairs Deduction Rate4 Capital Repairs Deduction	32.74% \$163,700									
5	\$163,700									
6 Bonus Depreciation										
7 Plant Additions	\$500,000									
8 Less Capital Repairs Deduction	\$163,700									
9 Plant Additions Net of Capital Repairs Deduction	\$336,300									
10										
11 Percent of Plant Additions Eligible for Bonus Depreciation	100.00%									
12 Plant Additions Eligible for Bonus Depreciation	\$336,300									
13 Bonus Depreciation Rate	50%									
14 Bonus Depreciation	\$168,150									
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	\$168,150									
22 Additions Subject to 20 YR MACRS Tax Depreciation	\$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	3.750%	7.219%	6.677%	6.177%	5.713%	3.964%	5.285%	4.888%	4.462%	4.461%
24 Remaining Tax Depreciation	\$6,306	\$12,139	\$11,227	\$10,387	\$9,606	\$4,999	\$6,665	\$8,219	\$7,503	\$7,501
25										
26 Remaining Tax Depreciation (State)										
27 Plant Additions	\$500,000									
28 Less Capital Repairs Deduction	\$163,700	* ***	* ~~~~~~~	* ~~~~~~~	* ~~~~~~~	* ~~~~~~~	* ***	* ~~~~~~~	* ~~~~~~~	* ~~~~~~
29 Additions Subject to 20 YR MACRS Tax Depreciation	\$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	3.750% \$12,611	7.219%	6.677%	<u>6.177%</u> \$20,773	5.713%	3.964%	5.285%	4.888%	4.462% \$15.006	4.461% \$15.002
31 Remaining Tax Depreciation 32	ΦΙΖ, 011	\$24,277	\$22,455	φ∠U,113	\$19,213	\$9,998	\$13,330	\$16,438	\$15,006	\$15,002
33 Federal Tax Depreciation	\$338,156	\$12,139	\$11,227	\$10,387	\$9,606	\$4,999	\$6,665	\$8,219	\$7,503	\$7,501
34 State Tax Depreciation	\$176,311	\$24,277	\$22,455	\$20,773	\$19,213	\$9,998	\$13,330	\$16,438	\$15,006	\$15,002

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%

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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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) CYS2013	(f) CY2014	(g) CY2015	(h) CY2016	(i) CY2017
1	Capital Repairs Deduction									
2	Plant Additions	\$876,243								
3	Capital Repairs Deduction Rate	22.64%								
4	Capital Repairs Deduction	\$198,381								
5										
6	Bonus Depreciation									
7	Plant Additions	\$876,243								
8	Less Capital Repairs Deduction	\$198,381								
9	Plant Additions Net of Capital Repairs Deduction	\$677,862								
10										
11	Percent of Plant Additions Eligible for Bonus Depreciation	100.00%								
12	Plant Additions Eligible for Bonus Depreciation	\$677,862								
13	Bonus Depreciation Rate	50%								
14	Bonus Depreciation	\$338,931								
15	Panua Depresiation	¢000.004								
16 17	Bonus Depreciation	\$338,931								
18	Remaining Tax Depreciation (Federal)									
19	Plant Additions	\$876.243								
20	Less Capital Repairs Deduction	\$198,381								
21	Less Bonus Depreciation	\$338,931								
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
23	20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	6.177%	4.285%	5.713%	5.285%	4.888%	4.462%
24	Remaining Tax Depreciation	\$12,710	\$24,467	\$22,630	\$20,936	\$10,892	\$14,522	\$17,913	\$16,567	\$15,123
25										
26	Remaining Tax Depreciation (State)									
27	Plant Additions	\$876,243								
28	Less Capital Repairs Deduction	\$198,381								
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
30	20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	6.177%	4.285%	5.713%	5.285%	4.888%	4.462%
31	Remaining Tax Depreciation	\$25,420	\$48,935	\$45,261	\$41,872	\$21,784	\$29,045	\$35,825	\$33,134	\$30,246
32										
33	Federal Tax Depreciation	\$550,022	\$24,467	\$22,630	\$20,936	\$10,892	\$14,522	\$17,913	\$16,567	\$15,123
34	State Tax Depreciation	\$223,801	\$48,935	\$45,261	\$41,872	\$21,784	\$29,045	\$35,825	\$33,134	\$30,246

<u>Note</u>: 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

Rate
0%
50%
100%

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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) 2011	(b) 2012	(c) 2013	(d) CYS2013	(e) CY2014	(f) CY2015	(g) CY2016	(h) CY2017
1	Capital Repairs Deduction								
2	Plant Additions	\$610.835							
3	Capital Repairs Deduction Rate	30.03%							
4	Capital Repairs Deduction	\$183,434							
5									
6	Bonus Depreciation								
7	Plant Additions	\$610,835							
8	Less Capital Repairs Deduction	\$183,434							
9	Plant Additions Net of Capital Repairs Deduction	\$427,401							
10									
11	Percent of Plant Additions Eligible for Bonus Depreciation April 2010 - September 2010	62.78%							
12	Plant Additions Eligible for Bonus Depreciation April 2010 - September 2010	\$268,322							
13	Bonus Depreciation rate April 2010- September 2010	50%							
14	Bonus Depreciation for April 2010 - September 2010	\$134,161							
15		07.000/							
16	Plant Additions Eligible for Bonus Depreciation for October 2010 - March 2011	37.22% \$159.079							
17	Plant Additions Eligible for Bonus Depreciation for October 2010 - March 2011 Bonus Depreciation rate October 2010 - March 201	• /							
18 19	Bonus Depreciation rate October 2010 - March 2011 Bonus Depreciation for October 2010 - March 2011	100% \$159,079							
20	Bonds Depreciation for October 2010 - March 2011	\$159,079							
20	Bonus Depreciation	\$293,240							
22		φ200,240							
23	Remaining Tax Depreciation (Federal)								
24	Plant Additions	\$610.835							
25	Less Capital Repairs Deduction	\$183,434							
26	Less Bonus Depreciation	\$293,240							
27	Additions Subject to 20 YR MACRS Tax Depreciation	\$134,161	\$134,161	\$134,161	\$134,161	\$134,161	\$134,161	\$134,161	\$134,161
28	20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	4.633%	6.177%	5.713%	5.285%	4.888%
29	Remaining Tax Depreciation	\$5,031	\$9,685	\$8,958	\$4,662	\$6,215	\$7,665	\$7,090	\$6,558
30									
31	Remaining Tax Depreciation (State)								
32	Plant Additions	\$610,835							
33	Less Capital Repairs Deduction	\$183,434							
34	Additions Subject to 20 YR MACRS Tax Depreciation	\$427,401	\$427,401	\$427,401	\$427,401	\$427,401		\$427,401	
35	20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	6.677%	4.633%	6.177%	5.713%	5.285%	4.888%
36	Remaining Tax Depreciation	\$16,028	\$30,854	\$28,538	\$14,850	\$19,800	\$24,417	\$22,588	\$20,891
37		A 40 4 = 0-	A A A A -	A0.05-	<u> </u>	6 0.01-	A= oc -	A = 0.6 -	<u> </u>
38	Federal Tax Depreciation	\$481,705	\$9,685	\$8,958	\$4,662	\$6,215	\$7,665	\$7,090	\$6,558
39	State Tax Depreciation	\$199,462	\$30,854	\$28,538	\$14,850	\$19,800	\$24,417	\$22,588	\$20,891

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%

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(6)

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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)

(h)

(a)

(d)

(a)

		(a) <u>2012</u>	(b) <u>2013</u>	(c) <u>CYS2013</u>	(d) <u>CY2014</u>	(e) <u>CY2015</u>	(f) <u>CY2016</u>	(g) <u>CY2017</u>
1	Capital Repairs Deduction							
2	Plant Additions	\$398,239						
3	Capital Repairs Deduction Rate	31.00%						
4 5	Capital Repairs Deduction	\$123,454						
6	Bonus Depreciation							
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 15	Bonus Depreciation for April 2011 - December 2011	\$199,274						
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	Remaining Tax Depreciation (Federal)							
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
28	20 YR MACRS Tax Depreciation Rates	3.750%	7.219%	5.008%	6.677%	6.177%	5.713%	5.285%
29	Remaining Tax Depreciation	\$1,542	\$2,968	\$1,544	\$2,059	\$2,539	\$2,349	\$2,173
30								
31	Remaining Tax Depreciation (State)	* ~~~~~~~~						
32	Plant Additions	\$398,239						
33	Less Capital Repairs Deduction Additions Subject to 20 YR MACRS Tax Depreciation	\$123,454	¢074 705	CO74 705	¢074 705	¢074 705	CO74 705	©074 705
34		\$274,785	\$274,785	\$274,785	\$274,785		\$274,785	
35 36	20 YR MACRS Tax Depreciation Rates Remaining Tax Depreciation	3.750% \$10,304	7.219%	5.008% \$10,320	6.677% \$13,761	6.177% \$16,973	5.713% \$15,698	5.285% \$14,522
30	Remaining Tax Depreciation	\$10,304	\$19,037	\$10,320	\$13,701	\$10,975	\$15,690	φ14,5ZZ
38	Federal Tax Depreciation	\$358,673	\$2.968	\$1,544	\$2,059	\$2,539	\$2,349	\$2,173
39	State Tax Depreciation	\$133,758	\$19,837	\$10,320	\$13,761	\$16,973	\$15,698	\$14,522
40		\$100,100	<i></i>	φ.0,020	Q10,101	<i></i>	φ.0,000	\$11,02E
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 Rate

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%

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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) <u>2013</u>	(b) <u>CYS2013</u>	(c) <u>CY2014</u>	(d) <u>CY2015</u>	(e) <u>CY2016</u>	(f) <u>CY2017</u>
1	Capital Repairs Deduction						
2	Plant Additions	\$545,916					
3	Capital Repairs Deduction Rate	31.00%					
4	Capital Repairs Deduction	\$169,234					
5							
6	Bonus Depreciation						
7 8	Plant Additions Less Capital Repairs Deduction	\$545,916 \$169,234					
9 9	Plant Additions Net of Capital Repairs Deduction	\$376.682					
10	Train Additions Net of Capital Repairs Deduction	ψ 370,00 Ζ					
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		20.83% \$78.444					
17 18	Plant Additions Eligible for Bonus Depreciation for January 2013 - March 2013 Bonus Depreciation rate January 2013 - March 2013	\$78,444 50%					
19	Bonus Depreciation for January 2013 - March 2013	\$39,222					
20		\$00,EEE					
21	Bonus Depreciation	\$156,888					
22							
23							
24		\$545,916					
	Less Capital Repairs Deduction	\$169,234					
	Less Bonus Depreciation Additions Subject to 20 YR MACRS Tax Depreciation	\$156,888 \$219,794	\$219,794	\$219,794	\$210 70/	\$219,794	\$210 70/
28		3.750%	5.414%	7.219%	6.677%	6.177%	5.713%
29	Remaining Tax Depreciation	\$8,242	\$11,900	\$15,867	\$14,676	\$13,577	\$12,557
30							• ,
31	Remaining Tax Depreciation (State)						
	Plant Additions	\$545,916					
	Less Capital Repairs Deduction	\$169,234					
	Additions Subject to 20 YR MACRS Tax Depreciation	\$376,682	\$376,682	\$376,682	\$376,682		
35 36	20 YR MACRS Tax Depreciation Rates Remaining Tax Depreciation	3.750% \$14.126	5.414% \$20,395	7.219%	6.677% \$25,151	6.177% \$23,268	5.713% \$21,520
37	Remaining Tax Depreciation	φ14,120	φ <u>2</u> 0,395	φ27,193	φ20,101	φ23,200	φ21,320
38	Federal Tax Depreciation	\$334,364	\$11,900	\$15,867	\$14,676	\$13,577	\$12,557
39	State Tax Depreciation	\$183,360	\$20,395	\$27,193	\$25,151	\$23,268	\$21,520
40							
41							
	Effect of FY 2012 Safe Harbor True Up on FY 2013 Tax Depreciation (Federal)	(\$1,400)					
	FY 2013 Tax Depreciation (Federal)	\$332,964					
	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 honus	Appreciation [Juring 2008	Congress n	esed the Er	conomic	

 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%

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 Docket No DE 18-xxx Schedule DBS-1 Page 10 of 14

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

Classis Cristis Cristis <t< th=""><th></th><th></th><th>(a) CYS2013</th><th>(b) CY2014</th><th>(c) CY2015</th><th>(d) CY2016</th><th>(e) CY2017</th></t<>			(a) CYS2013	(b) CY2014	(c) CY2015	(d) CY2016	(e) CY2017
2 Plant Additions Capital Repairs Deduction Rate 0.00% 0.00% 3 Capital Repairs Deduction \$0 6 Bonus Depreciation Plant Additions \$416,755 7 Plant Additions Net of Capital Repairs Deduction \$416,755 9 Plant Additions Net of Capital Repairs Deduction \$416,755 10 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$208,378 14 Bonus Depreciation for April 2013 - December 2013 \$208,378 15 Bonus Depreciation for April 2013 - December 2013 \$208,378 16 Bonus Depreciation \$208,378 17 Plant Additions \$208,378 \$208,378 18 Remaining Tax Depreciation \$208,378 \$208,378 \$208,378 \$208,378 19 Plant Additions \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 <			0102013	012014	012015	012010	012011
2 Plant Additions Capital Repairs Deduction Rate \$416,755 3 Capital Repairs Deduction \$0 6 Borus Depreciation Plant Additions \$416,755 7 Plant Additions Net of Capital Repairs Deduction \$416,755 9 Plant Additions Net of Capital Repairs Deduction \$416,755 10 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 14 Bonus Depreciation for April 2013 - December 2013 \$208,378 15 Bonus Depreciation for April 2013 - December 2013 \$208,378 16 Bonus Depreciation \$208,378 17 Remaining Tax Depreciation (Federal) \$208,378 19 Plant Additions \$208,378 \$208,378 19 Plant Additions \$208,378 \$208,378 \$208,378 20 R MACRS Tax Depreciation \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378<	1	Capital Repairs Deduction					
3 Capital Repairs Deduction Rate 0.00% 4 Capital Repairs Deduction \$0 6 Bonus Depreciation \$416,755 7 Plant Additions \$416,755 10 \$416,755 11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 100.00% 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 100.00% 13 Bonus Depreciation rate April 2013 - December 2013 \$416,755 14 Bonus Depreciation for April 2013 - December 2013 \$208,378 15 Bonus Depreciation for April 2013 - December 2013 \$208,378 16 Bonus Depreciation f(Federal) \$208,378 17 Plant Additions \$416,755 \$416,755 \$416,755 18 Remaining Tax Depreciation (Federal) \$208,378			\$416 755				
4 Capital Repairs Deduction \$0 5 Bonus Depreciation \$0 7 Plant Additions Net of Capital Repairs Deduction \$416,755 8 Less Capital Repairs Deduction \$416,755 9 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 100.00% 11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 100.00% 12 Plant Additions Fligible for Bonus Depreciation for April 2013 - December 2013 50% 13 Bonus Depreciation for April 2013 - December 2013 50% 14 Bonus Depreciation for April 2013 - December 2013 50% 15 Bonus Depreciation for April 2013 - December 2013 \$208,378 16 Bonus Depreciation (Federal) \$208,378 17 Plant Additions \$416,755 \$416,755 \$416,755 18 Remaining Tax Depreciation \$208,378 \$208,378 \$208,378 19 Plant Additions \$4208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378							
5 Bonus Depreciation 7 Plant Additions 9 Plant Additions Net of Capital Repairs Deduction 9 Plant Additions Net of Capital Repairs Deduction 10 \$416,755 11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 13 Bonus Depreciation for April 2013 - December 2013 14 Bonus Depreciation for April 2013 - December 2013 15 Bonus Depreciation for April 2013 - December 2013 16 Bonus Depreciation for April 2013 - December 2013 17 S208,378 18 Remaining Tax Depreciation (Federal) 19 Plant Additions 100.00% \$416,755 100.00% \$0 100.00% \$208,378 110 \$208,378 111 Plant Additions 112 \$416,755 113 Bonus Depreciation 114 \$208,378 115 Less Capital Repairs Deduction 116 \$208,378 117 \$208,378 11							
6 Bonus Depreciation 7 Plant Additions 8 Less Capital Repairs Deduction 9 Plant Additions Net of Capital Repairs Deduction 10 9 11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 13 Bonus Depreciation rate April 2013 - December 2013 14 Bonus Depreciation for April 2013 - December 2013 15 S208,378 16 Bonus Depreciation (Federal) 17 8 18 Remaining Tax Depreciation (Federal) 19 Plant Additions 10 S208,378 17 S208,378 18 Remaining Tax Depreciation (Federal) 19 Plant Additions 10 S416,755 \$416,755 10 S208,378 \$208,378 12 Less Capital Repairs Deduction \$208,378 13 Remaining Tax Depreciation Rates \$208,378 14 S208,378 \$208,378 \$208,378 14 S208,378 \$208,3							
Less Capital Repairs Deduction \$0 9 Plant Additions Net of Capital Repairs Deduction \$416,755 10 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$50% 13 Bonus Depreciation rate April 2013 - December 2013 \$208,378 14 Bonus Depreciation for April 2013 - December 2013 \$208,378 15 Bonus Depreciation for April 2013 - December 2013 \$208,378 16 Bonus Depreciation for April 2013 - December 2013 \$208,378 17 Plant Additions \$208,378 18 Remaining Tax Depreciation (Federal) \$208,378 \$208,378 \$208,378 19 Plant Additions \$416,755 \$416,755 \$416,755 \$416,755 10 Less Bonus Depreciation \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 \$208,378 <td></td> <td>Bonus Depreciation</td> <td></td> <td></td> <td></td> <td></td> <td></td>		Bonus Depreciation					
9 Plant Additions Net of Capital Repairs Deduction \$416,755 11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 100.00% 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 13 Bonus Depreciation rate April 2013 - December 2013 50% 14 Bonus Depreciation for April 2013 - December 2013 \$208,378 15 Bonus Depreciation for April 2013 - December 2013 \$208,378 16 Bonus Depreciation for April 2013 - December 2013 \$208,378 17 Remaining Tax Depreciation (Federal) \$208,378 19 Plant Additions \$416,755 \$416,755 \$416,755 \$416,755 20 Less Bonus Depreciation \$208,378 \$208	7	Plant Additions	\$416,755				
10 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 100.00% 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 13 Bonus Depreciation for April 2013 - December 2013 \$208,378 14 Bonus Depreciation for April 2013 - December 2013 \$208,378 15 Bonus Depreciation for April 2013 - December 2013 \$208,378 16 Bonus Depreciation \$208,378 17 Remaining Tax Depreciation (Federal) \$208,378 19 Plant Additions \$416,755 \$416,755 \$416,755 20 Less Capital Repairs Deduction \$0 \$0 \$0 \$0 \$0 20 YR MACRS Tax Depreciation \$208,378 \$208	8	Less Capital Repairs Deduction	\$0				
11 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 100.00% 12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 13 Bonus Depreciation rate April 2013 - December 2013 \$50% 14 Bonus Depreciation for April 2013 - December 2013 \$208,378 15 Bonus Depreciation \$208,378 16 Bonus Depreciation (Federal) \$208,378 17 Plant Additions \$416,755 \$416,755 \$416,755 19 Plant Additions \$208,378 \$208,378 \$0	9	Plant Additions Net of Capital Repairs Deduction	\$416,755				
12 Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013 \$416,755 13 Bonus Depreciation rate April 2013 - December 2013 \$208,378 14 Bonus Depreciation for April 2013 - December 2013 \$208,378 15 Bonus Depreciation for April 2013 - December 2013 \$208,378 16 Bonus Depreciation for April 2013 - December 2013 \$208,378 17 Remaining Tax Depreciation (Federal) \$416,755 \$416,755 \$416,755 \$416,755 19 Plant Additions \$0 \$0 \$0 \$0 \$0 \$0 \$0 20 Less Capital Repairs Deduction \$208,378	10						
13 Bonus Depreciation rate April 2013 - December 2013 14 Bonus Depreciation for April 2013 - December 2013 15 Bonus Depreciation 16 Bonus Depreciation 17 Remaining Tax Depreciation (Federal) 19 Plant Additions 12 S208,378 13 Remaining Tax Depreciation (Federal) 19 Plant Additions 208,378 \$208,378 208,378 \$208,378 209,778 \$208,378 200,778 \$208,378 200,778 \$208,378 200,778 \$208,378 200,778 \$208,378 200,778 \$208,378 200,778 \$208,378 200,778 \$208,378 200,778 \$208,378 200,778 \$208,378 200,778 \$208,378 200,778 \$208,378 201,713 \$5,861 \$11,721 \$30,086 201,773 \$5,861 \$11,721 \$30,086 201,773 \$5,861 \$11,721 \$30,086	11	Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013	100.00%				
14 Bonus Depreciation for April 2013 - December 2013 \$208,378 15 Bonus Depreciation \$208,378 16 Bonus Depreciation \$208,378 17 Remaining Tax Depreciation (Federal) \$416,755 <	12	Plant Additions Eligible for Bonus Depreciation for April 2013 - December 2013	\$416,755				
15 Bonus Depreciation \$208,378 17 Remaining Tax Depreciation (Federal) 19 Plant Additions \$416,755 \$416,7	13	Bonus Depreciation rate April 2013 - December 2013	50%				
16 Bonus Depreciation \$208,378 17 Remaining Tax Depreciation (Federal) 19 Plant Additions \$416,755 \$416,7	14	Bonus Depreciation for April 2013 - December 2013	\$208,378				
17 Remaining Tax Depreciation (Federal) 19 Plant Additions \$416,755 \$416,756 \$416,756 \$416,755 \$416,	15						
18 Remaining Tax Depreciation (Federal) 19 Plant Additions \$416,755 \$416,756 \$416,756 \$416,756 \$416,756 \$416,755 \$416,		Bonus Depreciation	\$208,378				
19 Plant Additions \$416,755 <t< td=""><td>17</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	17						
20 Less Capital Repairs Deduction \$0 \$0 \$0 \$0 21 Less Bonus Depreciation \$208,378 \$20	18						
21 Less Bonus Depreciation \$208,378	19		. ,	. ,	. ,	. ,	\$416,755
22 Additions Subject to 20 YR MACRS Tax Depreciation \$208,378 <td></td> <td></td> <td>¥ -</td> <td>• -</td> <td>+ -</td> <td>+ -</td> <td>+ -</td>			¥ -	• -	+ -	+ -	+ -
23 20 YR MACRS Tax Depreciation Rates 2.813% 3.750% 7.219% 6.677% 6.177% 24 Remaining Tax Depreciation \$4,395 \$5,861 \$15,043 \$13,913 \$12,871 25 Remaining Tax Depreciation (State) \$416,755 <t< td=""><td></td><td></td><td>+ /</td><td>. ,</td><td>. ,</td><td>. ,</td><td>. ,</td></t<>			+ /	. ,	. ,	. ,	. ,
24 Remaining Tax Depreciation \$4,395 \$5,861 \$15,043 \$13,913 \$12,871 25 Remaining Tax Depreciation (State) \$416,755 \$41			. ,			. ,	. ,
25 Remaining Tax Depreciation (State) 27 Plant Additions 28 Less Capital Repairs Deduction 29 Additions Subject to 20 YR MACRS Tax Depreciation 20 \$0 20 \$0 20 \$0 21 Plant Additions 22 \$16,755 23 Federal Tax Depreciation \$212,773 \$5,861 \$15,043 \$13,913 \$12,871							
26 Remaining Tax Depreciation (State) 27 Plant Additions 28 Less Capital Repairs Deduction 29 Additions Subject to 20 YR MACRS Tax Depreciation 20 YR MACRS Tax Depreciation Rates 21 Remaining Tax Depreciation 31 Remaining Tax Depreciation 32 Federal Tax Depreciation 33 Federal Tax Depreciation		Remaining Tax Depreciation	\$4,395	\$5,861	\$15,043	\$13,913	\$12,871
27 Plant Additions \$416,755 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>							
28 Less Capital Repairs Deduction \$0 \$0 \$0 \$0 \$0 29 Additions Subject to 20 YR MACRS Tax Depreciation \$416,755 \$416,75			•···		• · · ·	•···	
29 Additions Subject to 20 YR MACRS Tax Depreciation \$416,755 <td></td> <td></td> <td>. ,</td> <td></td> <td>. ,</td> <td>. ,</td> <td>. ,</td>			. ,		. ,	. ,	. ,
30 20 YR MACRS Tax Depreciation Rates 2.813% 3.750% 7.219% 6.677% 6.177% 31 Remaining Tax Depreciation \$8,791 \$11,721 \$30,086 \$27,827 \$25,743 32 33 Federal Tax Depreciation \$212,773 \$5,861 \$15,043 \$13,913 \$12,871							
31 Remaining Tax Depreciation \$8,791 \$11,721 \$30,086 \$27,827 \$25,743 32 33 Federal Tax Depreciation \$212,773 \$5,861 \$13,913 \$12,871			+ -,	. ,	. ,	. ,	. ,
32 33 Federal Tax Depreciation \$212,773 \$5,861 \$13,913 \$12,871							
33 Federal Tax Depreciation \$212,773 \$5,861 \$15,043 \$13,913 \$12,871		Remaining Tax Depreciation	\$8,791	\$11,721	\$30,086	\$27,827	\$25,743
			0 040 7 70	AE 001	MIE 0/0	# 40.040	\$40.07
34 State Fax Depreciation \$8,791 \$11,721 \$30,086 \$27,827 \$25,743					. ,	. ,	
	34	State Lax Depreciation	\$8,791	\$11,721	\$30,086	\$27,827	\$25,743

<u>Note</u>: 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

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%

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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

$ \begin{array}{c c c c c c c c c c c c c c c c c c c $			(a) <u>CY 2014</u>	(b) <u>CY 2015</u>	(c) <u>CY 2016</u>	(d) <u>CY 2017</u>
2 Plant Additions \$2,201,899 3 Capital Repairs Deduction Rate 0.00% 4 Capital Repairs Deduction \$0 5 Bonus Depreciation \$0 7 Plant Additions \$2,201,899 8 Cass Capital Repairs Deduction \$0 9 Plant Additions Net of Capital Repairs Deduction \$2,201,899 10 Plant Additions Eligible for Bonus Depreciation \$2,201,899 11 Plant Additions Eligible for Bonus Depreciation \$2,201,899 12 Plant Additions Eligible for Bonus Depreciation \$2,201,899 13 Bonus Depreciation rate \$1,100,950 14 Bonus Depreciation rate \$1,100,950 15 Bonus Depreciation (Federal) 19 Plant Additions \$2,201,899 \$2,201,899 20 Less Bonus Depreciation Rates \$1,100,950 \$1,100,950 \$1,100,950 20 YR MACRS Tax Depreciation \$41,286 \$79,478 \$73,510 \$66,006 26 Remaining Tax Depreciation (State) \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201	1	Capital Repairs Deduction				
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10 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 Bonus Depreciation (Federal) 19 Plant Additions \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 19 Plant Additions \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 20 Less Capital Repairs Deduction \$0 \$0 \$0 \$0 21 Less Bonus Depreciation \$1,100,950 \$1,100,950 \$1,100,950 \$1,100,950 \$1,100,950 22 OYR MACRS Tax Depreciation Rates 3.750% 7.219% 6.677% 6.177% 23 OYR MACRS Tax Depreciation Rates \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 26 Remaining Tax Depreciation (State) Plant Additions \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899	8		\$0			
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15 Bonus Depreciation \$1,100,950 17 Remaining Tax Depreciation (Federal) 19 Plant Additions \$2,201,899 \$2,201,899 \$2,201,899 20 Less Capital Repairs Deduction \$0 \$0 \$0 \$0 21 Less Bonus Depreciation \$1,100,950		· · · ·				
16 Bonus Depreciation \$1,100,950 17 Remaining Tax Depreciation (Federal) 19 Plant Additions \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,895 \$1,100,950 </td <td></td> <td>Bonus Depreciation rate</td> <td>\$1,100,950</td> <td></td> <td></td> <td></td>		Bonus Depreciation rate	\$1,100,950			
17 Remaining Tax Depreciation (Federal) 19 Plant Additions \$2,201,899 \$2,201,895 \$1,100,950 \$1,10						
18 Remaining Tax Depreciation (Federal) 19 Plant Additions \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 20 Less Capital Repairs Deduction \$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 </td <td></td> <td>Bonus Depreciation</td> <td>\$1,100,950</td> <td></td> <td></td> <td></td>		Bonus Depreciation	\$1,100,950			
19 Plant Additions \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 20 Less Capital Repairs Deduction \$0 \$0 \$0 \$0 21 Less Bonus Depreciation \$1,100,950 \$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% 6.777% 24 Remaining Tax Depreciation (State) \$41,286 \$79,478 \$73,510 \$68,006 25 Remaining Tax Depreciation (State) \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 26 Remaining Tax Depreciation Rates \$0 \$0 \$0 \$0 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 6.677% 6.177% 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 6.677% 6.177% 31 Remaining Tax Depreciation \$82,571 \$158,955 \$147,021 \$136,011 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
20 Less Capital Repairs Deduction \$0 \$0 \$0 \$0 21 Less Bonus Depreciation \$1,100,950 \$1,			\$0,004,000	#0.001.000	\$0.004.000	* 0.004.000
21 Less Bonus Depreciation \$1,100,950 \$1						
22 Additions Subject to 20 YR MACRS Tax Depreciation \$1,100,950 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,899 \$2,201,8						
23 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 6.677% 6.177% 24 Remaining Tax Depreciation \$41,286 \$79,478 \$73,510 \$68,006 25 Remaining Tax Depreciation (State) \$2,201,899						
24 Remaining Tax Depreciation \$41,286 \$79,478 \$73,510 \$68,006 25 Remaining Tax Depreciation (State) 27 Plant Additions \$2,201,899			. , ,			
25 Remaining Tax Depreciation (State) 27 Plant Additions 28 Less Capital Repairs Deduction 29 Additions Subject to 20 YR MACRS Tax Depreciation 20 YR MACRS Tax Depreciation Rates 20 YR MACRS Tax Depreciation Rates 21 \$158,955 22 \$147,021 23 Federal Tax Depreciation 24 \$1,142,236						
26 Remaining Tax Depreciation (State) 27 Plant Additions \$2,201,899 \$2,		Remaining tax Depreciation	φ41,200	\$19,410	\$73,510	φ00,000
27 Plant Additions \$2,201,899		Remaining Tax Depreciation (State)				
28 Less Capital Repairs Deduction \$0 \$0 \$0 \$0 29 Additions Subject to 20 YR MACRS Tax Depreciation \$2,201,899 \$2,20			\$2 201 899	\$2 201 899	\$2 201 899	\$2 201 899
29 Additions Subject to 20 YR MACRS Tax Depreciation \$2,201,899 \$2,2						
30 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 6.677% 6.177% 31 Remaining Tax Depreciation \$82,571 \$158,955 \$147,021 \$136,011 32 33 Federal Tax Depreciation \$1,142,236 \$79,478 \$73,510 \$68,006			* -		* ·	
31 Remaining Tax Depreciation \$82,571 \$158,955 \$147,021 \$136,011 32 33 Federal Tax Depreciation \$1,142,236 \$79,478 \$73,510 \$68,006						
32 33 Federal Tax Depreciation \$1,142,236 \$79,478 \$73,510 \$68,006		· · · · · ·				
33 Federal Tax Depreciation \$1,142,236 \$79,478 \$73,510 \$68,006			<i>voz</i> ,o. 1	<i></i>	ψ, 0 Σ1	2.00,0.1
		Federal Tax Depreciation	\$1,142,236	\$79.478	\$73.510	\$68.006
34 State Tax Depreciation \$82,571 \$158,955 \$147,021 \$136,011	34	State Tax Depreciation	\$82,571	\$158,955	\$147,021	\$136,011

<u>Note</u>: 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

Period	<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%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Docket No DE 18-xxx Schedule DBS-1 Page 12 of 14

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

	(a) <u>CY 2015</u>	(b) <u>CY 2016</u>	(c) <u>CY 2017</u>
 <u>Capital Repairs Deduction</u> Plant Additions Capital Repairs Deduction Rate Capital Repairs Deduction 	\$1,321,456 0.00% \$0		
 <u>Bonus Depreciation</u> Plant Additions Less Capital Repairs Deduction Plant Additions Net of Capital Repairs Deduction 	\$1,321,456 \$0 \$1,321,456		
 Plant Additions Eligible for Bonus Depreciation Plant Additions Eligible for Bonus Depreciation Bonus Depreciation rate Bonus Depreciation rate 15 	100.00% \$1,321,456 50% \$660,728		
16 Bonus Depreciation 17	\$660,728		
 <u>Remaining Tax Depreciation (Federal)</u> Plant Additions Less Capital Repairs Deduction 	\$0	\$1,321,456 \$0	\$0
21 Less Bonus Depreciation 22 Additions Subject to 20 YR MACRS Tax Depreciation	\$660,728 \$660,728		
23 20 YR MACRS Tax Depreciation Rates	3.750%	+ , -	. ,
24 Remaining Tax Depreciation	\$24,777	\$47,698	\$44,117
25 26 <u>Remaining Tax Depreciation (State)</u>			
27 Plant Additions		\$1,321,456	
28 Less Capital Repairs Deduction	\$0	\$0	\$0
29 Additions Subject to 20 YR MACRS Tax Depreciation 30 20 YR MACRS Tax Depreciation Rates	\$1,321,456 3.750%	\$1,321,456 7.219%	\$1,321,456 6.677%
31 Remaining Tax Depreciation 32	\$49,555	\$95,396	\$88,234
33 Federal Tax Depreciation	\$685,505	\$47,698	\$44,117
34 State Tax Depreciation	\$49,555	\$95,396	\$88,234

<u>Note</u>: 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

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%
January 1, 2015 to December 31, 2015	50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Docket No DE 18-xxx Schedule DBS-1 Page 13 of 14

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

1 Capital Repairs Deduction \$849,390 2 Plant Additions \$849,390 3 Capital Repairs Deduction Rate 0.00% 4 Capital Repairs Deduction \$0 5 Bonus Depreciation \$0 7 Plant Additions \$849,390 8 Less Capital Repairs Deduction \$849,390 9 Plant Additions Net of Capital Repairs Deduction \$849,390 10 10 \$849,390 11 Plant Additions Eligible for Bonus Depreciation \$00% 12 Plant Additions Eligible for Bonus Depreciation \$00% 13 Bonus Depreciation rate \$0% 14 Bonus Depreciation rate \$424,695 15 Bonus Depreciation (Federal) \$849,390 \$849,390 19 Plant Additions \$0 \$0 \$0 12 Less Bonus Depreciation \$424,695 \$424,695 13 Remaining Tax Depreciation Rates \$3.750% 7.219% 14 Remaining Tax Depreciation Rates \$3.750% 7.219% 15 Remaining Tax Depreciation Rates \$			(a) <u>CY 2016</u>	(b) <u>CY 2017</u>
2 Plant Additions \$849,390 3 Capital Repairs Deduction Rate 0.00% 4 Capital Repairs Deduction \$0 5 80nus Depreciation \$0 7 Plant Additions Net of Capital Repairs Deduction \$849,390 10 9 Plant Additions Net of Capital Repairs Deduction \$849,390 11 Plant Additions Eligible for Bonus Depreciation 100.00% 12 Plant Additions Eligible for Bonus Depreciation \$849,390 13 Bonus Depreciation rate 50% 14 Bonus Depreciation rate \$424,695 15 Bonus Depreciation rate \$424,695 16 Bonus Depreciation (Federal) \$424,695 17 18 Remaining Tax Depreciation (Federal) 19 Plant Additions \$849,390 \$849,390 20 Less Bonus Depreciation \$424,695 \$424,695 12 Additions Subject to 20 YR MACRS Tax Depreciation \$424,695 \$424,695 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 21 Remaining Tax Depreciation \$849,390 \$849,390				
Capital Repairs Deduction Rate 0.00% Capital Repairs Deduction \$0 Bonus Depreciation \$0 Plant Additions \$849,390 Less Capital Repairs Deduction \$0 Plant Additions Net of Capital Repairs Deduction \$849,390 Plant Additions Eligible for Bonus Depreciation 100.00% Plant Additions Eligible for Bonus Depreciation \$849,390 Bonus Depreciation rate 50% Bonus Depreciation rate \$424,695 Remaining Tax Depreciation \$424,695 Remaining Tax Depreciation \$424,695 Plant Additions Subject to 20 YR MACRS Tax Depreciation \$424,695 Set Remaining Tax Depreciation \$424,695 Remaining Tax Depreciation \$424,695 Remaining Tax Depreciation \$424,695 Set Sonus Depreciation \$424,695 Set Sonus Depreciation \$424,695 Set Sonus Depreciation \$424,695 Set Sonus Depreciation \$424,695 Less Capital Repairs Deduction \$424,695 Set Sonus Depreciation \$424,695 Less Capital Repairs Deduction \$15,926 Son Song <			AO 4 O O O O	
4 Capital Repairs Deduction \$0 5 Bonus Depreciation \$0 7 Plant Additions \$849,390 8 Less Capital Repairs Deduction \$0 9 Plant Additions Net of Capital Repairs Deduction \$849,390 10 Plant Additions Eligible for Bonus Depreciation 100.00% 11 Plant Additions Eligible for Bonus Depreciation \$849,390 12 Plant Additions Eligible for Bonus Depreciation \$849,390 13 Bonus Depreciation rate 50% 14 Bonus Depreciation rate \$424,695 15 Bonus Depreciation (Federal) \$424,695 16 Bonus Depreciation (Federal) \$849,390 19 Plant Additions \$424,695 14 Best Sapital Repairs Deduction \$0 15 \$0 \$0 16 Bonus Depreciation Rates 3.750% 17 \$424,695 \$424,695 18 Plant Additions \$49,390 19 Plant Additions \$424,695 20 YR MACRS Tax Depreciation Rates 3.750% 20				
5 Bonus Depreciation 7 Plant Additions 8 S0 9 Plant Additions Net of Capital Repairs Deduction 9 Plant Additions Net of Capital Repairs Deduction 10 \$849,390 11 Plant Additions Eligible for Bonus Depreciation 12 Plant Additions Eligible for Bonus Depreciation 13 Bonus Depreciation rate 14 Bonus Depreciation rate 15 S0% 16 Bonus Depreciation (Federal) 19 Plant Additions 14 Beonus Depreciation (Federal) 19 Plant Additions 14 Beonus Depreciation 15 S0 16 Bonus Depreciation 17 Remaining Tax Depreciation (Federal) 19 Plant Additions 10 Less Bonus Depreciation 11 Less Bonus Depreciation Rates 20 YR MACRS Tax Depreciation Rates 21 Less Capital Repairs Deduction 26 Remaining Tax Depreciation (State) 27 Plant Additions 2849,390 <				
6 Bonus Depreciation 7 Plant Additions 8 Less Capital Repairs Deduction 9 Plant Additions Net of Capital Repairs Deduction 10 \$849,390 11 Plant Additions Eligible for Bonus Depreciation 12 Plant Additions Eligible for Bonus Depreciation 13 Bonus Depreciation rate 14 Bonus Depreciation rate 15 Bonus Depreciation rate 16 Bonus Depreciation (Federal) 17 18 18 Remaining Tax Depreciation (Federal) 19 Plant Additions 10 \$849,390 20 Less Capital Repairs Deduction 21 Less Bonus Depreciation 22 Additions Subject to 20 YR MACRS Tax Depreciation 23 20 YR MACRS Tax Depreciation Rates 24 Remaining Tax Depreciation 25 \$849,390 26 Remaining Tax Depreciation (State) 27 Plant Additions 2849,390 \$849,390 2849,390 \$849,390 29 Additions Subject to 20 YR MACRS Tax Depreciation		Capital Repairs Deduction	\$0	
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9 Plant Additions Net of Capital Repairs Deduction \$849,390 10 11 Plant Additions Eligible for Bonus Depreciation \$100.00% 12 Plant Additions Eligible for Bonus Depreciation \$849,390 13 Bonus Depreciation rate 50% 14 Bonus Depreciation rate \$424,695 15 50 \$424,695 16 Bonus Depreciation (Federal) \$424,695 17 Remaining Tax Depreciation (Federal) \$849,390 19 Plant Additions \$849,390 20 Less Capital Repairs Deduction \$0 \$0 21 Less Bonus Depreciation Rates 3.750% 7.219% 22 Additions Subject to 20 YR MACRS Tax Depreciation \$849,390 \$849,390 22 Plant Additions \$15,926 \$30,659 24 Remaining Tax Depreciation (State) \$0 \$0 27 Plant Additions \$849,390 \$849,390 28 Less Capital Repairs Deduction \$0 \$0 26 Remaining Tax Depreciation (State) \$0 \$0 29 Additions Subject to 20 YR MACRS	-			
10 Plant Additions Eligible for Bonus Depreciation 100.00% 12 Plant Additions Eligible for Bonus Depreciation \$849,390 13 Bonus Depreciation rate 50% 14 Bonus Depreciation rate \$424,695 15 Bonus Depreciation (Federal) \$424,695 17 Plant Additions \$849,390 \$849,390 18 Remaining Tax Depreciation (Federal) \$0 \$0 19 Plant Additions \$849,390 \$849,390 20 Less Bonus Depreciation \$0 \$0 14 Ess Bonus Depreciation \$424,695 \$424,695 22 Additions Subject to 20 YR MACRS Tax Depreciation \$424,695 \$424,695 23 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 24 Remaining Tax Depreciation (State) \$0 \$0 25 Plant Additions \$849,390 \$849,390 26 Remaining Tax Depreciation (State) \$0 \$0 27 Plant Additions \$849,390 \$849,390 28 Less Capital Repairs Deduction \$0 \$0 <t< td=""><td></td><td></td><td></td><td></td></t<>				
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12 Plant Additions Eligible for Bonus Depreciation \$849,390 13 Bonus Depreciation rate 50% 14 Bonus Depreciation rate \$424,695 15 Bonus Depreciation \$424,695 16 Bonus Depreciation (Federal) \$424,695 17 Remaining Tax Depreciation (Federal) \$849,390 \$849,390 19 Plant Additions \$0 \$0 20 Less Capital Repairs Deduction \$424,695 \$424,695 23 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 24 Remaining Tax Depreciation (State) \$0 \$0 27 Plant Additions \$849,390 \$849,390 28 Less Capital Repairs Deduction \$0 \$0 26 Remaining Tax Depreciation Rates 3.750% 7.219% 27 Plant Additions \$849,390 \$849,390 28 Less Capital Repairs Deduction \$0 \$0 29 Additions Subject to 20 YR MACRS Tax Depreciation \$849,390 \$849,390 20 YR MACRS Tax Depreciation Rates 3.750% 7.219%		Plant Additions Eligible for Bonus Depreciation	100.00%	
13 Bonus Depreciation rate 50% 14 Bonus Depreciation rate \$424,695 15 Bonus Depreciation rate \$424,695 16 Bonus Depreciation (Federal) \$424,695 17 Remaining Tax Depreciation (Federal) \$849,390 \$849,390 19 Plant Additions \$0 \$0 20 Less Bonus Depreciation \$424,695 \$424,695 22 Additions Subject to 20 YR MACRS Tax Depreciation \$424,695 \$424,695 23 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 24 Remaining Tax Depreciation (State) \$15,926 \$30,659 25 Remaining Tax Depreciation (State) \$0 \$0 26 Remaining Tax Depreciation Rates 3.750% 7.219% 27 Plant Additions \$849,390 \$849,390 28 Less Capital Repairs Deduction \$0 \$0 29 Additions Subject to 20 YR MACRS Tax Depreciation \$849,390 \$849,390 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 31 Remaining Tax Depreciation Rates 3.750				
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17 Remaining Tax Depreciation (Federal) 19 Plant Additions 19 Plant Additions 10 S0 11 Expert and the pairs Deduction 12 Less Bonus Depreciation 13 Kate and the pairs Deduction 14 Less Bonus Depreciation 15 S424,695 16 S424,695 17 Kate and the pairs Deduction 17 State and the pairs Depreciation Rates 17 State and the pairs Depreciation (State) 17 Plant Additions 18 Remaining Tax Depreciation (State) 19 Plant Additions 19 Repairs Deduction 19 State and the pairs Deduction 10 State and the pairs Deduction 11 State and the pairs Deduction 12 Additions Subject to 20 YR MACRS Tax Depreciation 13 Remaining Tax Depreciation 14 Remaining Tax Depreciation 15 State and the pairs Deduction 12 State and the pairs Deduction 13 Remaining Tax Depreciation			÷,	
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19 Plant Additions \$849,390 \$849,390 20 Less Capital Repairs Deduction \$0 \$0 21 Less Bonus Depreciation \$424,695 \$424,695 22 Additions Subject to 20 YR MACRS Tax Depreciation \$424,695 \$424,695 22 Additions Subject to 20 YR MACRS Tax Depreciation \$15,926 \$30,659 23 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 24 Remaining Tax Depreciation (State) \$849,390 \$849,390 25 Remaining Tax Depreciation (State) \$0 \$0 26 Remaining Tax Depreciation Rates 3.750% 7.219% 31 Repreciation \$31,852 \$61,317 32 Federal Tax Depreciation \$440,621 \$30,659	17		• ,	
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22 Additions Subject to 20 YR MACRS Tax Depreciation \$424,695 \$424,695 23 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 24 Remaining Tax Depreciation \$15,926 \$30,659 25 Plant Additions \$849,390 \$849,390 28 Less Capital Repairs Deduction \$0 \$0 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 26 Remaining Tax Depreciation (State) \$849,390 \$849,390 27 Plant Additions \$0 \$0 28 Less Capital Repairs Deduction \$0 \$0 29 Additions Subject to 20 YR MACRS Tax Depreciation \$849,390 \$849,390 30 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 31 Remaining Tax Depreciation \$31,852 \$61,317 32 Federal Tax Depreciation \$440,621 \$30,659	20	Less Capital Repairs Deduction	\$0	\$0
23 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 24 Remaining Tax Depreciation \$15,926 \$30,659 25 Semaining Tax Depreciation (State) \$849,390 \$849,390 27 Plant Additions \$0 \$0 29 Additions \$0 \$0 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 31 Remaining Tax Depreciation \$849,390 32 Federal Tax Depreciation \$1,852 33 Federal Tax Depreciation \$440,621	21	Less Bonus Depreciation	\$424,695	\$424,695
24 Remaining Tax Depreciation \$15,926 \$30,659 25 Remaining Tax Depreciation (State) \$15,926 \$30,659 26 Remaining Tax Depreciation (State) \$849,390 \$849,390 27 Plant Additions \$0 \$0 28 Less Capital Repairs Deduction \$0 \$0 29 Additions Subject to 20 YR MACRS Tax Depreciation \$849,390 \$849,390 30 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 31 Remaining Tax Depreciation \$31,852 \$61,317 32 Federal Tax Depreciation \$440,621 \$30,659	22	Additions Subject to 20 YR MACRS Tax Depreciation	\$424,695	\$424,695
25 Remaining Tax Depreciation (State) 27 Plant Additions 28 Capital Repairs Deduction 29 Additions Subject to 20 YR MACRS Tax Depreciation 30 20 YR MACRS Tax Depreciation Rates 31 Remaining Tax Depreciation 32 Federal Tax Depreciation 33 Federal Tax Depreciation	23	20 YR MACRS Tax Depreciation Rates	3.750%	7.219%
26Remaining Tax Depreciation (State)27Plant Additions\$849,390\$849,39028Less Capital Repairs Deduction\$0\$029Additions Subject to 20 YR MACRS Tax Depreciation\$849,390\$849,3903020 YR MACRS Tax Depreciation Rates3.750%7.219%31Remaining Tax Depreciation\$31,852\$61,31733Federal Tax Depreciation\$440,621\$30,659	24	Remaining Tax Depreciation	\$15,926	\$30,659
27 Plant Additions \$849,390 \$849,390 28 Less Capital Repairs Deduction \$0 \$0 29 Additions Subject to 20 YR MACRS Tax Depreciation \$849,390 \$849,390 30 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 31 Remaining Tax Depreciation \$1,852 \$61,317 32 Federal Tax Depreciation \$440,621 \$30,659	25			
28 Less Capital Repairs Deduction \$0 \$0 29 Additions Subject to 20 YR MACRS Tax Depreciation \$849,390 \$849,390 30 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 31 Remaining Tax Depreciation \$31,852 \$61,317 32 33 Federal Tax Depreciation \$440,621 \$30,659	26	Remaining Tax Depreciation (State)		
29 Additions Subject to 20 YR MACRS Tax Depreciation \$849,390 \$849,390 30 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 31 Remaining Tax Depreciation \$31,852 \$61,317 32 33 Federal Tax Depreciation \$440,621 \$30,659				\$849,390
30 20 YR MACRS Tax Depreciation Rates 3.750% 7.219% 31 Remaining Tax Depreciation \$31,852 \$61,317 32 33 Federal Tax Depreciation \$440,621 \$30,659				
31 Remaining Tax Depreciation \$31,852 \$61,317 32 33 Federal Tax Depreciation \$440,621 \$30,659				
32 33 Federal Tax Depreciation \$440,621 \$30,659				
		Remaining Tax Depreciation	\$31,852	\$61,317
34 State Tax Depreciation \$31,852 \$61,317	33	Federal Tax Depreciation	\$440,621	\$30,659
	34	State Tax Depreciation	\$31,852	\$61,317

<u>Note</u>: 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

Rate
0%
50%
100%
50%
50%
50%
50%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Docket No DE 18-xxx Schedule DBS-1 Page 14 of 14

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

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

<u>Note</u>: Plant additions not subject to the capital repairs deduction may be

duitions not subject to the capital repairs deduction may be	
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%
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 Docket No DE 18-xxx Schedule DBS-2 Page 1 of 4

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, 2017

			Current			
		Base Distribution		Forecasted	Forecasted	
Rate Class Distribution Rate Componen		Rates		<u>Units</u>	Revenues	
			<u>(a)</u>	<u>(b)</u>		<u>(c)</u>
D	Customer Charge	\$	14.54	416,119	\$	6,050,370
	1st 250 kWh	\$	0.04065	92,336,979	\$	3,753,498
	Excess 250 kWh	\$ \$	0.05277	170,922,958	\$	9,019,604
	Off Peak kWh	\$	0.04189	1,461,783	\$	61,234
	Farm kWh	\$	0.04580	994,916	\$	45,567
	D-6 kWh	\$	0.04266	794,325	\$	33,886
D-10	Customer Charge	\$	14.54	5,584	\$	974,296
	On Peak kWh	\$	0.10426	1,871,678	\$	195,141
	Off Peak kWh	\$	0.00145	3,509,482	\$	5,089
G-1	Customer Charge	\$	378.73	1,711	\$	648,007
	Demand Charge	\$	8.07	981,764	\$	7,922,835
	On Peak kWh	\$	0.00520	166,582,875	\$	866,231
	Off Peak kWh	\$	0.00156	206,672,730	\$	322,409
	Credit for High Voltage Delivery > 2.4 kv		(0.44)	354,650	\$	(119,955)
G-2	Customer Charge	\$	63.15	10,735	\$	677,915
02	Demand Charge	\$	8.12	522,041	\$	4,238,973
	All kWh	\$	0.00204	152,593,832	\$	311,291
	Credit for High Voltage Delivery > 2.4 kv	\$	(0.44)	1,121	Ŧ	0,20.
G-3	Customer Charge	\$	14.54	64,434	\$	936,870
	All kWh	\$	0.04607	90,323,284	\$	4,161,194
	Minimum Charge > 25 kVA	\$	2.59			
М	Luminaire Charge				\$	998,836
	All kWh	\$	-	4,436,549	\$	-
т	Customer Charge	\$	14.54	11,004	\$	159,998
	All kWh	\$	0.04008	13,721,429	\$	549,955
V	Minimum Charge	\$	14.54	169	\$	2,457
	All kWh	\$	0.04736	338,541	\$	16,033
			Total Forecas	ted Revenues	\$	41,831,737

(a) Approved rates effective May 1, 2017

(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 on

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Docket No DE 18-xxx Schedule DBS-2 Page 2 of 4

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, 2018

(1) Increase in Annual Revenue Requirement	\$166,322
(2) Forecasted Base Distribution Revenues	\$41,831,737
(3) Percentage of Adjustment to Distribution Rates	0.40%

(1) DBS-1 Page 3 Line 60

(2) Forecasted Base Distribution Revenues for the period of May 1, 2018 - April 30, 2019

(3) Line (1) ÷ Line (2)

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Docket No DE 18-xxx Schedule DBS-2 Page 3 of 4

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, 2018

(1)	O&M Expense Above Base O&M Expense	\$552,414
(2)	Final Balance of Reconciliation of CY 2016 Incremental O&M Expense Above Base O&M Expense	<u>(\$9,925)</u>
(3)	Unbilled accrual	<u>(\$1,344)</u>
(4)	Reliability Enhancement Program and Vegetation Management Plan Expense	<u>\$541,144</u>
(5)	Estimated kWh deliveries May 1, 2018 - April 30, 2019	906,561,360
(6)	Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor	\$0.00059

- (1) Schedule DBS-1, Page 2
- (2) Schedule DBS-3, Page 1, Line 13
- (3) Revenue for 15 days in April not yet billed at time of filing
- (4) Line (1) + Line (2) + Line (3)
- (5) Per Company forecast
- (6) Line (4) \div Line (5), truncated after 5 decimal places

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities REP//WP Rate Design Procedure for Adjusting Distribution Rates for Capital Investment Allowance & Incremental O&M Expense Rates Effective May 1, 2018

Rate Cla	ass Distribution Rate Component	Approved May 1, 2017 Base Distribution <u>Charges</u> (a)	Proposed May 1, 2018 Distribution % Increase/ % (Decrease) (b)	Proposed May 1, 2018 Base Distribution <u>Charges</u> (c)	Proposed May 1, 2018 REP/VMP O&M Adjustment <u>Factor</u> (d)	Proposed May 1, 2018 Total Distribution <u>Charges</u> (e)
D	Customer Charge 1st 250 kWh Excess 250 kWh Off Peak kWh Farm kWh D-6 kWh	\$14.54 \$0.04065 \$0.05277 \$0.04189 \$0.04580 \$0.04266	0.40% 0.40% 0.40% 0.40% 0.40%	\$14.59 \$0.04081 \$0.05298 \$0.04205 \$0.04598 \$0.04283	\$0.00059 \$0.00059 \$0.00059 \$0.00059 \$0.00059	\$14.59 \$0.04140 \$0.05357 \$0.04264 \$0.04657 \$0.04342
D-10	Customer Charge On Peak kWh Off Peak kWh	\$14.54 \$0.10426 \$0.00145	0.40% 0.40% 0.40%	\$14.59 \$0.10467 \$0.00145	\$0.00059 \$0.00059	\$14.59 \$0.10526 \$0.00204
G-1	Customer Charge Demand Charge On Peak kWh Off Peak kWh Credit for High Voltage Delivery > 2.4 k	\$378.73 \$8.07 \$0.00520 \$0.00156 (\$0.44)	0.40% 0.40% 0.40% 0.40% 0.40%	\$380.24 \$8.10 \$0.00522 \$0.00156 (\$0.44)	\$0.00059 \$0.00059	\$380.24 \$8.10 \$0.00581 \$0.00215 (\$0.44)
G-2	Customer Charge Demand Charge All kWh Credit for High Voltage Delivery > 2.4 ł	\$63.15 \$8.12 \$0.00204 (\$0.44)	0.40% 0.40% 0.40% 0.40%	\$63.40 \$8.15 \$0.00204 (\$0.44)	\$0.00059	\$63.40 \$8.15 \$0.00263 (\$0.44)
G-3	Customer Charge All kWh Minimum Charge > 25 kVA	\$14.54 \$0.04607 \$2.58	0.40% 0.40% 0.40%	\$14.59 \$0.04625 \$2.59	\$0.00059	\$14.59 \$0.04684 \$2.59
Μ	Luminaire Monthly Charge Description LUM HPS RWY 50W LUM HPS RWY 100W LUM HPS RWY 250W LUM HPS RWY 400W LUM HPS POST 100W LUM HPS FLD 250W LUM HPS FLD 400W LUM HPS FLD 400W LUM MV RWY 103W LUM MV RWY 103W LUM MV RWY 100W LUM MV RWY 100W LUM MV RWY 100W LUM MV FLD 400W LUM MV FLD 400W LUM MV FLD 1000W Pole and Accessory Charge Description Pole -Wood Pole Fiber PT<25FT Pole Fiber RWT <25FT Pole Fiber RWT <25FT Pole Fiber RWT <25FT Pole Fiber RWT =>25 Pole Metal	\$7.64 \$9.27 \$16.28 \$21.21 \$10.67 \$16.42 \$22.67 \$10.21 \$7.38 \$8.99 \$16.99 \$32.23 \$18.78 \$32.44 \$9.01 \$9.33 \$15.83 \$26.44 \$18.86 \$22.74	0.40% 0.40%	\$7.67 \$9.30 \$16.34 \$21.29 \$10.71 \$16.48 \$22.76 \$10.25 \$7.40 \$9.02 \$17.05 \$32.35 \$18.85 \$32.56 \$32.56 \$9.04 \$9.36 \$15.89 \$26.54 \$18.93 \$22.83		\$7.67 \$9.30 \$16.34 \$21.29 \$10.71 \$16.48 \$22.76 \$10.25 \$7.40 \$9.02 \$17.05 \$32.35 \$18.85 \$32.56 \$18.85 \$32.56 \$15.89 \$26.54 \$18.93 \$22.83
т	All kWh Customer Charge	\$0.00000 \$14.54	0.40%	\$0.00000 \$14.59	\$0.00059	\$0.00059 \$14.59
v	All kWh Minimum Charge All kWh	\$0.04008 \$14.54 \$0.04736	0.40% 0.40% 0.40%	\$0.04024 \$14.59 \$0.04754	\$0.00059 \$0.00059	\$0.04083 \$14.59 \$0.04813

(a) Per NHPUC Order No. 26,009 in Docket No. DE 17-043
(b) Schedule DBS-2, Page 2, Line 3
(c) Column (a) x (1+Column (b))
(d) Schedule DBS-2, Page 3, Line 6
(e) Column (c) + Column (d)

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Docket No DE 18-xxx Schedule DBS-3 Page 1 of 1

Liberty Utilities (Granite State Electric) d/b/a Liberty Utilities Reconciliation of CY 2017 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	May-17	(\$44,620)	68,517,674	(\$2,741)	(\$41,879)	(\$43,250)	4.00%	(\$142)	(\$142)
2	June-17	(\$42,021)	73,814,168	(\$2,953)	(\$39,068)	(\$40,545)	4.00%	(\$133)	(\$274)
3	July-17	(\$39,201)	83,693,925	(\$3,348)	(\$35,853)	(\$37,527)	4.25%	(\$130)	(\$405)
4	August-17	(\$35,984)	79,905,235	(\$3,196)	(\$32,787)	(\$34,386)	4.25%	(\$119)	(\$524)
5	September-17	(\$32,907)	76,767,407	(\$3,071)	(\$29,836)	(\$31,372)	4.25%	(\$109)	(\$633)
6	October-17	(\$29,945)	73,661,532	(\$2,946)	(\$26,999)	(\$28,472)	4.25%	(\$99)	(\$732)
7	November-17	(\$27,098)	66,929,888	(\$2,677)	(\$24,421)	(\$25,759)	4.25%	(\$90)	(\$822)
8	December-17	(\$24,510)	75,597,031	(\$3,024)	(\$21,486)	(\$22,998)	4.25%	(\$80)	(\$902)
9	January-18	(\$21,566)	82,891,622	(\$3,316)	(\$18,250)	(\$19,908)	4.50%	(\$73)	(\$975)
10	February-18	(\$18,324)	74,290,043	(\$2,972)	(\$15,352)	(\$16,838)	4.50%	(\$62)	(\$1,037)
* 11	March-18	(\$15,414)	72,312,341	(\$2,892)	(\$12,521)	(\$13,968)	4.50%	(\$51)	(\$1,088)
* 12	April-18	(\$12,573)	67,220,330	(\$2,689)	(\$9,884)	(\$11,228)	4.50%	(\$41)	(\$1,129)

13

(Over)/Under Recovery:

(\$9,925)

(a) Schedule HMT-2, Page 3, Line 3 in Docket DE 17-043

- (b) Company Billing Reports, Line 11 & 12 estimated
- (c) Column (b) x rate
- (d) Column (a) Column (c)
- (e) Average of Column (a) and Column (d)
- (f) Interest rate on customer deposits
- (g) Column (e) x [(1 + Column (f)) ^ (1 ÷ 12) 1]
- (h) Prior month Column (h) + Current month Column (g)
- Estimate

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Docket No DE 18-xxx Schedule DBS-4 Page 1 of 1

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

Usage 650 kWh		May 4, 0040		May 4, 0040		
	0	May 1, 2018	0	May 1, 2018		
	Current	Proposed	Current	Proposed		
	Rates	Rates	Bill	Bill		
Customer Charge	\$14.54	\$14.59	\$14.54	\$14.59		
Distribution Charge						
1st 250 kWh	\$0.04061	\$0.04140	\$10.15	\$10.35		
excess of 250 kWh	\$0.05273	\$0.05357	\$21.09	\$21.43		
Storm Recovery Adjustment	\$0.00000	\$0.00000	\$0.00	\$0.00		
Transmission Charge	\$0.02011	\$0.02011	\$13.07	\$13.07		
Stranded Cost Charge	\$0.00049	\$0.00049	\$0.32	\$0.32		
System Benefits Charge	\$0.00457	\$0.00457	\$2.97	\$2.97		
Electricity Consumption Tax	\$0.00055	\$0.00055 \$0.00055 <u>\$</u>		<u>\$0.36</u>		
Subtotal Retail Delivery Services			\$62.50	\$63.09		
Energy Service Charge	\$0.08931	\$0.08931	<u>\$58.05</u>	<u>\$58.05</u>		
		Total Bill	\$120.55	\$121.14		
\$ increase in 650 kWh Total Residential Bill % increase in 650 kWh Total Residential Bill						

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

	12/31/2015	12/31/2016
1 Plant in Service, per Form 1, Page 200, Line 3 (+) Line 6 2 Depreciation Reserve, per Form 1, Page 200, Line 12 (+) Line 18 3 Net Plant	197,251 (67,534) 129,718	215,486 (72,886) 142,600
 4 Average Net Plant 5 Plant in Service 6 Depreciation Reserve 7 Net Plant 	178,829 (66,168) 112,661	197,157 (69,527) 127,630
8 Municipal Taxes, Form 1, Page 262, Line 1	3,540	4,682
9 % Municipal Taxes to Net Plant	3.14%	3.67%

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities Book Depreciation Calculation Using 2016 FERC Form 1 Data Filed May 18, 2017

	Depreciatio	on Expense	Depreciable F	Plant Balances	Average Depreciable Plant	Depreciation Rate
	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016
1 Distribution	4.631.462	4,920,000	169.913.794	186,221,800	178,067,797	2.76%
2 General	491,007	607,870	15,756,662	16,449,769	16,103,216	3.77%
3 Total - Granite	5,122,469	5,527,870	185,670,456	202,671,569	194,171,013	2.85%
4 Depreciation Expense per Form 1: 5 FERC Form 1, Page 114						
6 Depreciation Expense (403) Line 6 7 Depreciation Expense for ARO (403.1) Line 7	5,122,469 -	5,527,870 -				
8 Total per Form 1, Page 114	5,122,469	5,527,870				
9 FERC Form 1, Page 336						
10 Distribution (incl ARO) Line 8	4,631,462	4,920,000				
11 General Line 10	491,007	607,870				
12 Total per Form 1, Page 336	5,122,469	5,527,870				
13 Depreciable Plant Balances per Form 1: 14 FERC Form 1, Page 204-207						
15 Distribution Plant Page 207 Line 75	171.576.043	187.908.011				
16 Land & Land Rights Page 207 Line 60	1,662,249	1,686,211				
17 Total	169,913,794	186,221,800				
18 General Plant Page 207 Line 99	17,377,034	18,070,141				
19 Land & Land Rights Page 207 Line 86	1,620,372	1,620,372				
20 Total	15,756,662	16,449,769				
21 Total, excluding Land & Land Rights	185,670,456	202,671,569				