STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 21-G-0577 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Liberty Utilities (St. Lawrence Gas) Corp. for Gas Service.

ORDER ADOPTING TERMS OF JOINT PROPOSAL AND ESTABLISHING GAS RATE PLAN

Issued and Effective: June 22, 2023

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on June 22, 2023

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
Diane X. Burman
James S. Alesi
Tracey A. Edwards
John B. Howard
David J. Valesky
John B. Maggiore

CASE 21-G-0577 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Liberty Utilities (St. Lawrence Gas) Corp. for Gas Service.

ORDER ADOPTING TERMS OF JOINT PROPOSAL AND ESTABLISHING GAS RATE PLAN

(Issued and Effective June 22, 2023)

BY THE COMMISSION:

I. INTRODUCTION

This Order establishes a three-year rate plan for gas delivery service provided by Liberty Utilities (St. Lawrence Gas) Corp. (Liberty or the Company) for the period encompassing November 1, 2022, through October 31, 2025.[1] The Order adopts the terms of a Joint Proposal (JP) executed by Liberty, trial staff of the Department of Public Service (Staff), and Multiple

[1] Liberty's request to acquire the St. Lawrence Gas Company was granted by the Public Service Commission (Commission) in an Order dated October 18, 2019. That Order is discussed as necessary below.

Intervenors (MI) (collectively, the Signatory Parties). The only other party to this proceeding is the Utility Intervention Unit of the Division of Consumer Services of the New York State Department of State (UIU), which does not oppose the JP.[2]

As is more fully discussed throughout this Order, we find that the JP ensures Liberty's continued provision of safe and reliable service, the terms of the JP comply with New York's Climate Leadership and Community Protection Act (CLCPA),[3] and the JP is consistent with regulatory action required by or taken in other Commission proceedings.

II. BACKGROUND AND PROCEDURAL HISTORY

Liberty provides gas service to approximately 17,000 customers in rural, northern New York.[4] For much of the last decade, there have been two distinct areas in the Company's service territory that have been separated for ratemaking purposes. The first area, the Legacy Area, is comprised of certain communities in St. Lawrence County and a portion of Lewis County, and the second area, the Expansion Area, is comprised of other communities in St. Lawrence County and a portion of Franklin County.[5]

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[2] According to the request for party status it submitted in this case, UIU "represents the interests of customers in utility proceedings, [particularly] residential and small commercial customers." MI is an unincorporated association of more than 55 institutional, commercial, and industrial energy consumers with manufacturing and other facilities located across New York State (see Hearing Exhibit 166, MI Statement in Support of JP at 1).

[3] The CLCPA sets forth the state's ambitious policy goals in the fight against climate change (see Chapter 106 of the Laws of 2019).

[4] Hearing Exhibit 34, Company Testimony of Mark Saltsman at 6-7.

[5] Id. at 7; Hearing Exhibit 36, Company Testimony of Steven Mullen at 3.

The Commission most recently established and continued rates applicable to the two areas by Orders dated July 15, 2016, and October 18, 2019 (October 2019 Order), respectively.[6] As relevant here, the October 2019 Order called for the rate bases of the Expansion Area and the Legacy Area to remain separate until the former area either became self-supporting – meaning that base rate revenues in the Expansion Area were adequate to cover the Company's cost of service there without having to be subsidized by Legacy Area revenues – or until January 31, 2023, whichever occurred earlier.[7] The October 2019 Order also continued the use of a Contribution-in-Aid-of Construction (CIAC) surcharge assessed to customers located in the Expansion Area for the same duration imposed on the separation of rate bases.[8] If the Expansion Area was not self-supporting by January 31, 2023, the October 2019 Order provided that Company shareholders would be required to write-down plant in service to a level allowing the Expansion Area to be self-supporting without subsidization from customers in the Legacy Area.[9]

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[6] Case 15-G-0382, St. Lawrence Gas Company, Inc. – Gas Rates, Order Establishing Multi-Year Rate Plan; Cases 18-G-0133 and 18-G-0140, St. Lawrence Rates & Acquisition, Order Adopting Joint Proposal (October 2019 Order) at 2.

[7] October 2019 Order at 13.

[8] Id. at 2; Cases 10-T-0154 and 10-G-0295, St. Lawrence Gas Company – Transmission Siting and Gas Franchise, Order Granting Certificate of Environmental Compatibility and Public Need and Authorizing Exercise of New Franchise (issued February 18, 2011). Expansion of the Company's service territory involved construction of an approximately 48-mile transmission line and related distribution facilities.

[9] October 2019 Order at 3. Appendix 1 to the Joint Proposal approved by the October 2019 Order sets forth the "Expansion Area Self-Supporting Mechanism" (hereinafter referred to as the self-supporting calculation).

Against this backdrop, Liberty filed amendments to its gas tariff schedule on November 24, 2021, proposing to increase its annual gas delivery revenues effective November 1, 2022.[10] More specifically, the Company sought an increase in revenues of approximately $3,447,000, which, according to the Company, would result in a 13% annual bill increase for the average residential customer, an 18% increase for the average commercial customer, and a 5% increase for the industrial service class.[11] This November 2021 filing pertained only to the Legacy Area of Liberty's distribution system.[12]

On December 15, 2021, the Commission suspended the Company's rate filing and initiated this proceeding to examine the Company's proposals.[13] One month later, the presiding Administrative Law Judge conducted a procedural and technical conference. By ruling issued January 19, 2022, a procedural schedule was established pursuant to which Company updates were due on January 24, 2022, testimony and exhibits from Staff and intervenors were due May 27, 2022, rebuttal testimony was due June 17, 2022, and an evidentiary hearing was to commence July 11, 2022.[14] At Liberty's request, each of those deadlines was extended by one week in a ruling modifying the schedule issued January 28, 2022.[15]

In a supplemental filing dated January 31, 2022, the Company submitted various updates and corrections to its initial

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[10] Rate Case Filing Cover Letter at 2.

[11] Id.

[12] Hearing Exhibit 165, JP at 4.

[13] Notice of Suspension of Effective Date of Major Rate Changes and Initiation of Proceeding.

[14] Procedural Ruling at 2.

[15] Ruling Modifying Schedule at 1.

filing, increasing its revenue increase request to $4,330,000.[16] The supplemental filing also included the Company's proposal for consolidating the Legacy Area and the Expansion Area, as well as its suggested revisions to the self-supporting calculation, which the Company maintained were a prerequisite to consolidation.[17] MI and Staff filed direct testimony and exhibits on June 3, 2022, with Staff recommending a revenue requirement increase of $1.2 million, or $3.1 million less than the Company requested in its supplemental filing.[18] The Company and MI filed rebuttal testimony and exhibits on June 24, 2022.

That same day, the Company filed a Notice of Impending Settlement Negotiations pursuant to the Commission's Settlement Rules and Guidelines. Negotiations began on July 14, 2022, and continued into March 2023.[19] Relatedly, on August 24, 2022, Liberty consented to an extension of the suspension period through and including March 31, 2023, subject to a "make-whole" provision that would keep the Company and its customers in the same financial position they would have been in absent the extension.[20] The Company subsequently agreed to similar extensions through and including June 30, 2023.[21]

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[16] Hearing Exhibit 165, JP at 4.

[17] Hearing Exhibit 46, Supplemental Company Testimony of Kimberly Baxter at 3-4; Cover Letter to Supplemental Filing, dated January 31, 2022.

[18] Hearing Exhibit 134, Staff Policy Panel Testimony at 7-8.

[19] 16 NYCRR §3.9.

[20] Maximum Suspension Period Extension Letter (filed August 24, 2022). As referenced in that letter, Liberty would only be made whole for the time period between January 1, 2023, and the date any new rates become effective (see also Procedural Ruling issued January 19, 2022, n 2).

[21] Maximum Suspension Period Extension Letters (filed December 15, 2022, February 8, 2023, and March 24, 2023).

Settlement negotiations ultimately proved successful, resulting in the filing of the JP on March 31, 2023. According to the Signatory Parties, the JP's terms facilitate the Company's continued provision of safe and adequate service at just and reasonable rates, are consistent with the social, economic, and environmental policies of the Commission and New York State, and equitably balance the Signatory Parties' diverse interests.[22]

III. NOTICE OF PROPOSED RULEMAKING AND PUBLIC COMMENTS

On January 4, 2022, the Secretary to the Commission issued a notice that described the Company's rate filing and announced that virtual public statement hearings would be conducted in the afternoon and evening of January 26, 2022.[23] The notice further stated that comments could also be submitted by email, regular mail, or through the Commission's toll-free opinion line. Pursuant to the State Administrative Procedure Act §202(1), a Notice of Proposed Rulemaking was published in the State Register on March 23, 2022, with comments requested by May 23, 2022.[24] The lone speaker at the public hearings opposed a rate increase, opining that Liberty's customers struggle with poverty and many residents are leaving the area due to economic upheaval. While this speaker reiterated her opposition in writing, no other comments have been received. On April 7, 2023, the Secretary issued a second notice inviting public

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[22] Hearing Exhibit 166, MI Statement in Support at 3; Hearing Exhibit 167, Staff Statement in Support at 9; Hearing Exhibit 168, Company Statement in Support at 81.

[23] Commissioner Burman was present at both hearings, and Commissioner Maggiore attended the evening hearing.

[24] 21-G-0577SP1.

comments on the JP; however, no comments have been filed to date.[25]

IV. DISCUSSION

The Commission has broad supervisory jurisdiction over those persons and entities furnishing gas service in New York State, including the legal mandate to ensure that such service is safe, adequate and provided at just and reasonable rates.[26] When evaluating the terms of a joint proposal, the Commission will adopt only those terms that are in the public interest.[27] Factors considered in the Commission's analysis of a joint proposal include whether its terms appropriately balance the interests of a utility's ratepayers, its investors, and the Company's long-term viability; produce outcomes that may have arisen had the case been fully litigated; are consistent with the social, economic, and environmental policies of the Commission and the State; and are supported in the record such that the Commission's decision is rational and otherwise complete.[28]

Based on our review of the JP, the evidence filed in this case, and the arguments of the JP's proponents, we conclude that the JP satisfies the foregoing criteria. Indeed, the JP results in rates that are just and reasonable, while also ensuring that the Company is provided with sufficient funding to

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[25] This notice was published in the Sports section of the Watertown Daily Times on Thursday, April 20, 2023, and the speaker at the public statement hearing indicated that she learned of the hearings via an article in the local paper (Public Statement Hearing Transcript, 6:00 p.m., January 26, 2022, at 7).

[26] Public Service Law (PSL) §§5, 65, 66.

[27] Cases 90-M-0255, et al., Procedures for Settlements and Stipulation Agreements, Opinion 92-2 (issued March 24, 1992).

[28] Id.

maintain safe and reliable service. We thus find that the JP is in the public interest. We also find that the JP reflects an appropriate balance of ratepayer and shareholder interests, and it makes meaningful progress toward the achievement of policies related to the State's climate goals and low-income affordability. Pursuant to our review, the JP produces results that are likely superior to an outcome produced by adversarial litigation. In short, the JP resolves all contested issues presented in this rate case.

The remaining aspects of this discussion highlight several key provisions of the JP, including positions of the parties on issues important to them as outlined in the evidentiary record compiled by the Administrative Law Judge. To be clear, while the instant discussion is not intended to be an exhaustive or all-inclusive recitation of the JP, this Order adopts the JP's terms in full.

A. Rate Plan

1. Term

The JP establishes a three-year rate plan encompassing the time between November 1, 2022, and October 31, 2025, with Rate Year 1 (RY1), Rate Year 2 (RY2), and Rate Year 3 (RY3) defined as the 12 months ending on October 31, 2023, October 31, 2024, and October 31, 2025, respectively. We agree with the Signatory Parties that the three-year term is in the public interest because it provides customers and the Company with delivery rate certainty and stability for an extended period. Additionally, the term of the rate plan is brief enough to minimize the consequences of any potential inaccuracies in underlying forecasts and projections. Moreover, the negotiated term offers the parties an opportunity to creatively resolve various issues in ways that would not be possible through litigation and results in positive outcomes for customers, such as rate moderation.

2. Make Whole

As commencement of the rate plan occurs prior to our approval of it, the JP includes a make whole provision authorizing the Company to recover revenues as if the increases discussed below were effective on January 1, 2023.[29] This make whole will be accomplished through the application of a surcharge that will be in effect for the remainder of RY1 and in RY2, and RY3, as set forth in Appendix B to the JP.[30]

The make whole provision is reasonable because it restores Liberty to the same financial position it would have been in had new rates become effective at the beginning of this calendar year. The JP's use of a surcharge for the balance of the three-year rate plan is likewise reasonable because it mitigates the effects of the make whole provision on customers and allows for the easy removal of the charge once its purpose has been completed. Liberty did not request, and the JP does not contemplate, that it be made whole for the time period between November 1, 2022, and December 31, 2022.

3. Revenue Requirement

The JP recommends base delivery revenue increases of $2,579,086 in RY1, $647,278 in RY2, and $809,922 RY3.[31] Recognizing, however, that the considerable increase proposed for RY1 would pose a significant burden on ratepayers, the JP would permit the Company to instead augment revenues at levelized amounts of $1.38 million in RY1, $1.93 million in RY2,

[29] Hearing Exhibit 165, JP at 7.

[30] Id.

[31] Id. at 7-8.

and $1.94 million in RY3.[32] This levelization would result in a 2.97% total bill increase in all three rate years.[33] For the typical residential heating customer, these revenue changes would yield a $7.84 increase in the average monthly bill in RY1, a $6.06 increase in RY2, and a $6.11 increase in RY3.[34]

Although the revenue increases recommended in the JP are considerable, we are mindful that the Company has not filed for a delivery rate increase since 2015, and its last approved rate increase became effective in 2018 (rate year 3 of the Company's most recent plan). Since then, various Company costs and expenses have risen, including those related to labor, health insurance, property taxes, inflation, pensions and other post-employment benefits. The requested revenue increases, which are driven by these factors, create upward pressure on customer bills.

Nevertheless, the revenue requirements reflected in the JP are significantly reduced from the Company's initial proposal. As indicated above, the Company originally sought a $3.45 million one-year increase and adjusted that request upward to $4.33 million in its supplemental filing dated January 31, 2022. While Staff's original recommended revenue increase was $1.2 million, it now maintains that the proposed revenue increases, over the course of the three-year rate term, are a reasonable compromise between its, Liberty's, and other parties'

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[32] While this approach would lead to higher base revenues at the end of RY3 by approximately $1.2 million per year absent levelization, the Company will either file for new rates to be effective at the end of the rate plan or file new tariff leaves effectuating relevant revised targets and delivery rates for the time beyond RY3 (Id. at 9; see Appendix B).

[33] Id. at 8.

[34] Appendix L.

litigation positions.[35] Staff adds that the impact of the increases on customers are mitigated through the use of regulatory liabilities, and that the JP provides multiple other benefits (discussed below) that would not be possible in a litigated proceeding.[36]

For its part, MI characterizes the proposed revenue requirements as "the most challenging aspects of the [JP]."[37] MI nevertheless notes that it is "reasonably confident" that the proposed revenue requirements have been "pared back . . . to the extent practicable[,]" while still enabling the Company to maintain system reliability and integrity, and perform all "other core utility functions."[38] As noted, no party opposed the JP.

Our review of the record makes clear that the rate plan proposed in this proceeding has been thoroughly vetted by Staff and the other parties. Indeed, the parties have worked collaboratively and creatively to ensure that the revenue increases proposed in the JP are minimized to the extent practical, while still ensuring the Company's ability to provide safe and adequate service. We accordingly find that the proposed increases are just and reasonable.

4. Sales and Revenue

In its original testimony, Liberty forecasted its RY1 gas sales using 30-year weather normalized monthly sales data with an assumption that per customer sales would remain at the

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35 Hearing Exhibit 167, Staff Statement in Support at 7.

36 Id.

37 Hearing Exhibit 166, MI Statement in Support at 8.

38 Id.

Historic Test Year level.[39] In contrast, Staff developed a delivery forecast based on a 10-year average weather normalization, which Staff asserted more reasonably reflects anticipated weather trends relevant to forecasted monthly sales.[40] The gas sales forecasts reflected in Appendix C of the JP are based on a 10-year average weather normalization, as recommended by Staff.[41]

Appendix D to the JP sets forth the forecasts of the Company’s base delivery revenues (excluding gross revenue taxes and gas costs) used to set rates for the three-year plan: $16,880,552 in RY1, $17,575,445 in RY2, and $18,412,117 in RY3.[42] These figures largely reflect Staff’s recommended adjustments to operating revenues for the Company’s Merchant Function Charge and Delivery Revenue Adjustment surcharges, as well as Staff’s recommendation that the interruptible incentive credit surcharge and “Other Gas Revenues” be removed from revenue forecasts.[43]

B. Cost of Capital

The revenue requirements of the rate plan are based on a common equity ratio of 48%, a 9.2% return on common equity (ROE), and a long-term debt cost rate of 4.33%, equating to an overall after-tax rate of 6.66%.[44] The JP includes an earnings sharing mechanism (ESM) that is triggered if the Company’s

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[39] Hearing Exhibit 144, Company Rebuttal Testimony of Melissa Bartos at 4. The Historic Test Year supporting Liberty’s rate filing is the 12-month period ending June 30, 2021.

[40] Hearing Exhibit 123, Staff Forecasting and Inflation Panel Testimony at 15.

[41] Hearing Exhibit 165, JP at 9.

[42] Id.

[43] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 11-14; Hearing Exhibit 168, Company Statement in Support at 28.

[44] Hearing Exhibit 165, JP at 21; Appendix I.

actual ROE exceeds 9.7%.[45] Earnings above 9.7% up to 10.2% would be shared equally between Liberty and ratepayers; ratepayers would receive 80% of any earnings greater than 10.2% up to 10.7%; and ratepayers would receive 90% of any earnings over 10.7%.[46]

The ROE and overall after-tax cost of capital represent compromises between the parties. Liberty originally requested an overall after-tax cost of capital of 7.35% based on a 10.5% ROE, a common equity ratio of 50%, and a long-term debt ratio of 48.61% with a cost rate of 4.33%.[47] Staff recommended an overall after-tax cost of capital of 6.25% consisting of an 8.8% ROE, a common equity ratio of 44.0%, and a long-term debt ratio of 54.98% with a cost rate of 4.33%.[48]

The cost of capital terms set forth in the JP are reasonable given current economic conditions. Of note, equity return requirements have generally risen since the parties filed their testimony. Such terms also compare favorably with those approved by the Commission in other recent utility rate proceedings.[49] Finally, the ESM acts as a safeguard against potential overearning and ensures that ratepayers share in any efficiency gains realized by the Company, while still providing the Company the opportunity to pursue cost efficiencies.

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[45] Hearing Exhibit 165, JP at 21; Appendix J.

[46] Id.

[47] Hearing Exhibit 19, Company Testimony of John Cochrane at 4-5. These figures changed slightly in the Company's supplemental filing (see Hearing Exhibit 40, Supplemental KSB-2, Schedule 2).

[48] Hearing Exhibit 122, Staff Finance Panel at 8-9.

[49] See e.g., Cases 21-G-0260 and 21-G-0394, Corning Natural Gas Corporation – Rates and Merger, Order Adopting Joint Proposal at 28 (issued June 16, 2022).

C. Revenue Allocation and Rate Design

Appendix K sets forth the revenue allocation and rate design agreed upon by the Signatory Parties following "extensive and detailed negotiations,"[50] necessitated primarily by Staff's and MI's dissatisfaction with the Company's proffered Allocated Cost of Service (ACOS) study [51] and by Staff's proposal to transition from a declining rate block structure to a flat rate structure, particularly for commercial customers.[52] Regarding the former, both Staff and MI found the ACOS study unreliable, claiming, among other things, that it improperly allocated certain costs based on throughput (or consumption) rather than customer count.[53] As neither party was confident in the accuracy of the ACOS study results, MI proposed using an alternative study, and Staff recommended that the revenue increases be allocated equally to all service classes.[54] Although the Company defended the ACOS study in its rebuttal testimony, it ultimately agreed that Staff's recommendation led to a reasonable resolution of the matter within the context of the case, as did MI.[55] The revenue allocation adopted in the JP thus reflects a uniform service class increase.

Turning to rate design, the existing rate structure provides for a fixed minimum monthly charge and variable

[50] Hearing Exhibit 168, Company Statement in Support at 65-66.

[51] Hearing Exhibit 7, Company Cost of Service and Rate Design Panel Testimony at 4-7; Hearing Exhibit 137, Staff Revenue and Rates Panel Testimony at 24; Hearing Exhibit 50, MI Testimony at 4.

[52] Hearing Exhibit 138, MI Rebuttal Testimony at 5-6.

[53] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 24; Hearing Exhibit 50, MI Testimony at 4.

[54] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 33; Hearing Exhibit 50, MI Testimony at 5.

[55] Hearing Exhibit 140, Company Rebuttal Testimony of Greg Tillman at 7; Hearing Exhibit 138, MI Rebuttal testimony at 4.

declining block rates in service class (SC) No. 1 – Residential, SC No. 2 – Commercial, and SC No. 3 – Industrial.[56] In SC No. 1, declining block rates are applied to monthly therms based on three usage blocks; in SC No. 2, they are applied based on five usage blocks; in SC No. 3, which also has a demand charge, they are applied based on three usage blocks.[57] In each service class, costs associated with the first usage block are recovered in the minimum monthly charge, and the remaining blocks can properly be referred to as volumetric rate blocks (i.e., SC No. 2 consists of five total usage blocks, but has just four volumetric rate blocks).[58] Here, again relying on the results of its ACOS study, the Company proposed an increase in the monthly charge from $15.00 to $20.00 in SC No. 1, from $25.00 to $50.00 in SC No. 2, and from $355 to $710.00 in SC No. 3, as well as to proportionately increase the rates charged in each volumetric rate block.[59]

Citing its concerns with the ACOS study, Staff disagreed, recommending for SC No. 1 a small increase in the monthly charge and allocation of the remaining revenue increase to the tail block rate, which Staff asserted would facilitate a gradual transition from the declining block rate structure to a single flat volumetric rate, which, in turn, would provide customers with a stronger financial incentive to conserve

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[56] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 34. With declining block rates, customers are charged lower rates as usage increases (id).

[57] Id. at 34-37. As an example, the lowest usage block in SC1 includes the first four therms, the second block includes the next 36 therms and block three includes all usage in excess of 40 therms (id.).

[58] Id. at 35, 38-39.

[59] Hearing Exhibit 7, Company Cost of Service and Rate Design Panel Testimony at 34-37.

natural gas.[60] For SC No. 2, Staff proposed a similar small increase to the monthly charge, as well as to equalize and combine the highest two volumetric rate blocks, which would reduce the SC No. 2 rate structure to three volumetric rate blocks.[61] Staff also recommended allocating the remaining revenue increase to the highest usage block with, again, a goal of phasing in a single flat volumetric rate.[62] For SC No. 3, Staff recommended that the existing monthly charge remain the same, the demand charge be reduced, and the two volumetric rate blocks be equalized, resulting in just a single volumetric rate block to which the entire revenue increase would be allocated.[63]

MI likewise expressed its concerns with the ACOS study and proposed, in its initial testimony, equal percent increases to the SC No. 2 monthly charge and volumetric rate blocks, and equal percent increases to all elements of the SC No. 3 rate structure.[64] In rebuttal testimony, MI challenged Staff's proposal to transition toward a flat rate structure, arguing that larger usage customers could potentially subsidize smaller usage customers if declining block rates were not employed.[65] Although the Company echoed this assertion in its rebuttal testimony, it did not otherwise oppose adoption of the rate design methodology recommended by Staff.[66]

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[60] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 38-39.

[61] Id.

[62] Id.

[63] Id. at 40.

[64] Hearing Exhibit 50, MI Testimony at 40-41.

[65] Hearing Exhibit 138, MI Rebuttal Testimony at 5-7.

[66] Hearing Exhibit 140, Company Rebuttal Testimony of Greg Tillman at 11.

In light of the foregoing disparate positions, the JP reflects a compromise rate structure that gradually transitions toward a single flat rate in SC No. 1, separates SC No. 2 into two distinct service classes – SC No. 2 and SC No. 2L (large)[67] – and, for SC No. 3, equalizes the two volumetric rates and increases the demand charge.[68] The agreed-upon minimum monthly charges as set forth in the JP, by customer service classification, are:

	Present	RY1	RY2	RY3
SC No. 1	$15	$16	$16.50	$17
SC No. 2	$25	$26	$27	$28
SC No. 2L	N/A	$150	$170	$190
SC No. 3	$355	$409	$455	$500

This compromise rate structure is intended to recover a portion of the revenue increases via both fixed and variable charges, and to reduce the differential between rate blocks in each service class during each year of the rate plan.[69] We find it reasonable and agree with the Signatory Parties that the JP's overall revenue allocation and rate design methodologies equitably balance New York's conservation goals while mitigating bill impacts on large customers, addressing a primary concern of MI throughout this proceeding.[70] Indeed, absent resolution of the foregoing matters in the manner reflected in the JP, MI

[67] Customers with an annual usage of less than 300,000 therms will be assigned to SC2, while those with usage equal to or exceeding that amount will be assigned to SC2L (Hearing Exhibit 165, JP at 23; Appendix K).

[68] Hearing Exhibit 167, Staff Statement in Support at 45-46.

[69] Hearing Exhibit 165, JP at 23; Hearing Exhibit 166, MI Statement in Support at 10.

[70] Hearing Exhibit 167, Staff Statement in Support at 46; Hearing Exhibit 166, MI Statement in Support at 2.

indicates that it was unlikely to have supported the JP, and may well have opposed it.[71]

The Signatory Parties also resolved four additional "sub-issues" within the context of negotiations regarding revenue allocation and rate design that warrant mention and are addressed next.

1. Revenue Decoupling Mechanism (RDM)

Although the Company did not propose any changes to its RDM, the JP adopts Staff's recommendation that the existing revenue per customer RDM be replaced with a revenue per service class RDM.[72] As the former may have encouraged the Company to add customers – because it provided higher delivery revenues as the number of customers increased - the transition to a service class reconciliation will further Commission policies intended to promote energy conservation and minimize the use of fossil fuels.[73] The RDM is applicable to the residential and commercial service classes, and the associated revenue targets are set forth in Appendix N.[74]

2. Lost and Unaccounted for Gas (LAUF)

LAUF pertains to the disparity between the amount of gas metered into a distribution system and the amount of gas metered out of the system.[75] A LAUF incentive mechanism limits the amount of gas expense a company can recover, and thus motivates the company to control losses.[76] Here, Staff

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[71] Hearing Exhibit 166, MI Statement in Support at 8.

[72] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 45; Hearing Exhibit 165, JP at 24; Appendix N.

[73] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 46.

[74] Hearing Exhibit 165, JP at 24.

[75] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 47.

[76] Id. at 47-48.

recommended that the Company's LAUF targets, including upper and lower dead-bands, be updated to more accurately reflect system performance. Staff also recommended that the LAUF targets be incorporated into the Company's tariff. Pursuant to the JP, the tariff will reflect new LAUF targets, which are set forth in Appendix O.[77]

3. Interruptible Incentive Credit Mechanism (IIC)

The IIC reconciles the difference between actual delivery from SC No. 4 – Interruptible Service[78] and the rate year target.[79] Under the existing plan, the IIC target is set at $2,436,473 per year.[80] Additionally, the first $100,000 of the difference between the interruptible target and the actual interruptible sales and transportation revenues received is shared between the Company and SC No. 1 and SC No. 2 firm customers, with 15% going to the former and 85% to the latter.[81] The balance of any difference below or above the first $100,000 is refunded or surcharged, respectively, 100% to SC No. 1 and SC No. 2 customers.[82] Here, the Company did not submit any testimony regarding the IIC, but Staff recommended that annual IIC reconciliation extend to SC No. 3 firm customers, that such

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[77] Id. at 48-49; Hearing Exhibit 165, JP at 24.

[78] Because customers in SC4 are subject to interruption, they are not included in a revenue allocation analysis (Hearing Exhibit 7, Company Cost of Service and Rate Design Panel Testimony at 10).

[79] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 13.

[80] Case 15-G-0382, St. Lawrence Gas Company, Inc. – Gas Rates, Order Establishing Multi-Year Rate Plan (issued July 15, 2016), Joint Proposal at 6 (attachment 1).

[81] Hearing Exhibit 137, Staff Revenues and Rates Panel Testimony at 13.

[82] Id.

reconciliation be allocated to each service class based on revenues, and that the IIC target be updated to $837,231.[83]

The JP adopts Staff's recommendation to allocate the IIC to each customer service class based on revenues, and sets targets of $903,592 for RY1, $1,015,880 in RY2, and $1,115,941 in RY3.[84] If the Company does not file for new rates following RY3, a $1,059,980 target will be established.[85] We find these proposed modifications to be reasonable, as they more accurately reflect forecasted amounts of interruptible delivery service revenues anticipated during the term of the rate plan.[86]

4. Conversion to Dry BTU Factor

The JP authorizes the Company to switch from a wet BTU factor to a dry BTU factor when calculating the heat content of natural gas for accounting and billing purposes, which will be more consistent with the characteristics and measurement of natural gas flowing into the system.[87] Applicable delivery rates will be adjusted to ensure there is no impact to revenues and customer bills stemming from this conversion.[88]

D. Expansion Area Self-Supporting Calculation

As indicated above, the Legacy Area and the Expansion Area have historically been separated for ratemaking purposes, and Expansion Area customers have had to pay a CIAC surcharge in order to ensure that Legacy Area customers do not subsidize

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[83] Id. at 51-52.

[84] Hearing Exhibit 165, JP at 24. Monthly targets are set forth in Appendix D (id.).

[85] Hearing Exhibit 165, JP at 25.

[86] Although the JP does not expand the IIC to SC3, Staff now asserts that any amounts allocated to SC3 would be negligible (Hearing Exhibit 167, Staff Statement in Support at 50).

[87] Hearing Exhibit 165, JP at 25.

[88] Id.

Expansion Area customers.[89] The October 2019 Order contemplated consolidation of the two areas and termination of the surcharge by January 31, 2023, or earlier if the Expansion Area became self-supporting prior to that date.[90] If the Expansion Area was not self-supporting by January 31, 2023, the Company would be required to write-down plant in service to a level enabling it to become so. An attachment to the October 2019 Order sets forth the framework of the self-supporting calculation (i.e., the mechanism for determining if base rates for the Expansion Area support the cost of service there or if a write-down is necessary).[91] For ease of reference, the chart establishing that framework is included below:

[89] Hearing Exhibit 134, Testimony of Staff Policy Panel at 11-14.

[90] October 2019 Order at 2, 13.

[91] Appendix 1 to the joint proposal approved by the October 2019 Order.

	Base revenues paid by Expansion Area customers
minus	Operating & Maintenance Expenses
minus	Depreciation Expenses
minus	Other Taxes
minus	Income Taxes
equals	Operating Income After Taxes
divide by	Overall Rate of Return
equals	Self-Supporting Rate Base
minus	Actual Expansion Area Rate Base
equals	Additional Net Plant Write-Down Remaining

Through testimony filed in this case, the Company stated that the Expansion Area was not anticipated to be self-supporting by January 31, 2023.[92] More specifically, the Company explained that, on that precise date, the Expansion Area rate base was $8.8 million, and applying that figure to the foregoing calculation would lead to a $10.9 million write-down. In other words, according to the Company, it would be required to write down the Expansion Area rate base to a level below zero, which would have the effect of writing off plant associated with the Legacy Area and would be inconsistent with the intent of the self-supporting calculation.[93]

The Company also detailed various "nuances" associated

[92] Hearing Exhibit 47, Company Supplemental Testimony of Steve Mullen at 7.

[93] Id.

with several other components of the self-supporting calculation that it asserted required further analysis and/or modification to ensure consistency with the calculation's original intent.[94] In particular, among other things, the Company proposed: annualizing revenues for customers added during calendar year 2021; including additional revenues assuming a 75% saturation rate (meaning that the Company would add 75% of the total number of prospective customers in portions of the Expansion Area where mains have already been installed); decreasing depreciation expense to align depreciation rates in the Expansion Area with those in the Legacy Area; reflecting the amortization of excess accumulated deferred income taxes; and reducing plant in service to reflect additional CIAC associated with the 75% saturation rate.[95] Notably, the Company also proposed to defer the timing of any potential write-down for up to five years.[96] In sum, the updated self-supporting calculation – reflecting the Company's adjustments – would result in a $3.8 million rate base for the Expansion Area and a non-supported amount of $3.5 million that the Company proposed to treat as a five-year deferral rather than as a write-down to plant in service.[97]

Staff agreed with many of the Company's proposed adjustments to the self-supporting calculation, believing that the modifications "address some of the unintended consequences of the calculation that were not identified in the abstract four years ago, but which became apparent with the development of

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[94] Hearing Exhibit 36, Company Testimony of Steve Mullen at 4.

[95] Hearing Exhibit 47, Company Supplemental Testimony of Steve Mullen at 11, 15-17.

[96] Id. at 12-15; Hearing Exhibit 146, Company Rebuttal Testimony of Steve Mullen at 23.

[97] Hearing Exhibit 159, Company Rebuttal Exhibit __ (SEM-2).

actual data over the ensuing period."[98] In fact, Staff also proposed adjustments to the calculation, recommending that updates to property taxes and depreciation expenses were warranted.[99]

Staff did not agree, however, with the Company's proposed 75% saturation rate or the related CIAC adjustment, noting that the Company has attached 635 customers since November 2013 – more than nine years ago – and it would need to attach an additional 321 customers to attain the saturation rate.[100] Staff accordingly found the 75% figure unrealistic and arbitrary, particularly inasmuch as the Company did not demonstrate that it had formal commitments from prospective customers to attach, nor had it conducted a survey to gauge customer interest in doing so.[101] Staff also disagreed with the Company's proposal to defer a potential write down for five years, emphasizing that the Commission was definitive in the October 2019 Order in stating that the Company "will be required to make an additional write-down to plant in service if the Expansion Area is not self-sufficient by January 31, 2023."[102] Based on the foregoing, inclusive of its own recommended adjustments, Staff computed that the Expansion Area could support a rate base of $1.48 million, requiring a write down by the Company of $6.12 million.[103]

The JP presents a consensus resolution of the above

[98] Hearing Exhibit 167, Staff Statement in Support at 34-35; see Hearing Exhibit 134, Staff Policy Panel at 22-42.

[99] Hearing Exhibit 134, Staff Policy Panel at 43-45.

[100] Hearing Exhibit 134, Staff Policy Panel at 29.

[101] Id. at 30.

[102] Id. at 31; October 2019 Order at 2-3.

[103] Hearing Exhibit 134, Staff Policy Panel at 45-46; Hearing Exhibit 132, Exhibit (SPP-2) at 5.

dispute, recommending that the rate bases for the Legacy Area and the Expansion Area be consolidated for ratemaking purposes as of January 31, 2023.[104] The updated self-supporting calculation – involving compromise adjustments to revenues, rate base, depreciation expense, income taxes and other taxes – results in a supportable rate base of $3.1 million for the Expansion Area and requires the Company to write down $4.5 million. Legacy Area customers will not subsidize Expansion Area customers, and future Company rate filings will reflect a single, consolidated cost of service.[105] This equitable, fact-driven solution is reasonable and comports with the Commission's October 2019 order, and we accordingly adopt it.

E. Customer Service

1. Customer Service Performance Indicators

As traditional transmission and delivery utilities are monopolies that receive cost-based rates, they may lack the inherent incentives that competitive companies have to ensure satisfactory customer service. Thus, the Commission uses performance-based incentives to encourage the regulated utilities to address customer concerns and provide satisfactory performance. The Commission currently employs three metrics as proxies for the Company to measure overall customer service quality: (1) the Customer Complaint Rate; (2) the Overall Customer Satisfaction Index; and (3) the amount of Terminations and Uncollectible Expenses.[106] If the Company exceeds or fails to meet the associated targets, it incurs Positive Revenue Adjustments or Negative Revenue Adjustments (NRAs), accordingly; presently, these adjustments are determined in set dollar

[104] Hearing Exhibit 165, JP at 15.

[105] Id. at 15-16.

[106] Hearing Exhibit 120, Staff Consumer Policy Panel Testimony at 8-9.

amounts.[107]

Although the Company did not propose any changes to its Service Quality Performance Mechanism (SQPM), Staff made several recommendations that are adopted in the JP. First, Staff recommended use of the term Customer Service Performance Indicators (CSPI) rather than SQPM on the grounds that it is the comparable term used by other major utilities in New York.[108] Given the sensibility of the recommended change, we find that it offers consistency and familiarity for participants of rate cases and other Commission proceedings, and thus is in the public interest. Accordingly, the Commission directs this change to be adopted.

Next, while acknowledging that existing targets for the Commission Complaint Rate and Overall Customer Satisfaction Index should remain the same, Staff recommended that the process for determining NRAs be converted from set dollar amounts to one involving a formula based on pre-tax basis points.[109] Staff explains that this change would likewise be more consistent with how the performance of other utilities is measured, and provide an effective deterrent to poor customer service as it is more closely aligned with earnings without having to be adjusted continuously.[110] Relatedly, Staff proposed that the Company update the frequency of its CSPI reporting, and the JP establishes that it will now do so quarterly rather than annually.[111]

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[107] Id. at 9-13, 16.

[108] Id; Hearing Exhibit 165, JP at 30.

[109] Id. at 16.

[110] Id. at 18.

[111] Id. at 24; Hearing Exhibit 165, JP at 30.

Finally, citing the trailing effects of termination moratoriums and debt forgiveness associated with the COVID-19 pandemic, Staff recommended that the Terminations and Uncollectible Expense Mechanism be paused and not restarted until the Commission approves the mechanism in a subsequent rate proceeding. As indicated above, the JP adopts Staff's recommendation.[112]

The Commission finds that the recommended and proposed improvements reasonably align the Company's financial interests with those of customers and encourage the Company to maintain consistently high levels of customer service; they also address the ongoing uncertainty surrounding terminations and uncollectibles as influenced by measures taken during the pandemic. For these reasons, the Commission finds them to be in the public interest and directs their adoption.

2. Low-Income Program

In its initial filing, the Company recognized that energy costs represent a significant burden for low-income individuals and families, and it proposed expanding the existing low-income program from a two-tiered program to one that consists of four tiers, while also increasing the dollar amounts awarded.[113] More specifically, the Company stated its intention to provide a $5 monthly discount to customers who receive a regular Home Energy Assistance Program (HEAP) benefit, a $10 monthly discount to those customers receiving the regular benefit with one add-on, a $15 monthly discount to customers receiving the regular benefit and two add-ons, and a $20 monthly discount to customers for whom the Company receives a direct

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112 Hearing Exhibit 120, Staff Consumer Policy Panel at 21; Hearing Exhibit 65, JP at 31.

113 Hearing Exhibit 35, Company Testimony of Mark Saltsman at 21.

voucher from the Department of Social Services.[114]

While Staff agreed with expansion of the program to four tiers, it recommended that the discounts be adjusted to reflect the Commission’s goal of a six percent total energy burden target, with natural gas service carrying three percent of the total burden, using the Commission’s Energy Affordability Program methodology.[115] Staff also recommended that the Company grant a one-time per year waiver of its $32 reconnection fee for low-income customers. The Signatory Parties ultimately agreed to Staff’s recommended approach, which is shown in the table below:

	RY1 Bill Discount	RY2 Bill Discount	RY3 Bill Discount	Criteria
Tier 1	$5.00	$5.00	$5.00	Regular HEAP recipients
Tier 2	$10.07	$11.49	$13.05	Regular HEAP with one add-on
Tier 3	$22.54	$25.72	$29.21	Regular HEAP with two add-ons
Tier 4	$16.97	$19.36	$21.99	Direct Voucher

[114] Id. HEAP add-ons are based on a household’s gross income or the presence of a vulnerable individual, and may increase the amount of a HEAP grant.

[115] Hearing Exhibit 120, Staff Consumer Policy Panel at 31-33; Case 14-M-0565, Proceeding to Examine Programs to Address Energy Affordability for Low Income Utility Customers, Order Adopting Low Income Program Modifications and Directing Utility Findings at 23 (issued May 20, 2016).

The low-income program is to be funded at $351,459 in RY1, $399,708 in RY2, and $452,674 in RY3.[116] As also set forth in the JP, the Company will continue to file annual low-income reports by December 31 of each calendar year providing (a) participant totals separated by tier; (b) new participants; (c) participant reconnection fee waiver; (d) participant arrears; (e) termination notices sent to participants; (f) amount budgeted and amount spent for the program; and (g) amount of participant uncollectibles.[117]

The JP also requires that the Company track low-income discounts and fully reconcile actual billed discounts provided to low-income ratepayers in any given year to the associated low-income discount program budget amount, and any amounts deferred due to the reconciliation shall be addressed by the Commission in a future rate proceeding.[118]

The four-tiered low-income program established in the JP identifies and allocates more funding to customers who are in greater need of assistance, and the three percent energy burden target for natural gas is consistent with our directives in related generic cases regarding more tailored discounts to reflect the needs of low-income customers. We accordingly find the JP’s low-income program provisions to be reasonable and in the public interest.

3. Customer First

In direct testimony, Liberty requested recovery of approximately $7.4 million in capital investments associated with Customer First, a technology solution intended to improve the Company’s internal operations and more effectively meet its

[116] Hearing Exhibit 65, JP at 33.

[117] Id.

[118] Id.

customers' expectations.[119] Two components of Customer First warranting mention here are the asset management component and the information system component. The former is expected to improve overall Company performance, worker safety and system reliability, while the latter would allow customers to access My Account, a customer portal application that would enable customers to set up an account profile, review their bills, monitor energy usage, make payments and receive alerts.[120]

Upon its review of documentation provided by the Company in support of Customer First, Staff concluded that its request was justified.[121] The JP accordingly authorizes recovery of ongoing and future costs or capital expenditures of Customer First.[122] The JP also adopts Staff's recommendation that the Company file regular reports with the Secretary reflecting the number of customers using the My Account portal, the billing success rate of the Customer First migration, the final implementation cost of Customer First, and the operational savings resulting from Customer First.[123] The JP proposes that these reports be due quarterly in RY1 and semi-annually in RY2 and RY3.[124]

Moreover, the JP proposes that the Company be precluded from recovery of any costs arising out of "material mistakes" associated with the migration to Customer First. The JP defines a material mistake as "any reported and verifiable failure of the system to perform substantially as designed where

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[119] Hearing Exhibit 21, Company Testimony of Karen Hall at 7.

[120] Id. at 8, 11.

[121] Hearing Exhibit 120, Staff Consumer Policy Panel at 46.

[122] Hearing Exhibit 65, JP at 33.

[123] Hearing Exhibit 120, Staff Consumer Policy Panel at 46-47; Hearing Exhibit 65, JP at 33.

[124] Hearing Exhibit 65, JP at 33.

the error prevents the use of the system."[125] While cost overruns or negative impacts to service quality related to Customer First will be heavily scrutinized, we are satisfied that the technology may result in potential ratepayer benefits, and the JP's provisions appropriately place the risk of faulty implementation on the Company rather than customers. For these reasons, we direct the adoption of these provisions.

4. Outreach & Education

The Company periodically hosts events at which it listens to the concerns of customers and informs them of various corporate initiatives, including program updates, economic development opportunities and community involvement opportunities.[126] The JP recommends a $55,000 annual budget for these Outreach & Education activities, adopts Staff's proposal that Outreach & Education expenditures be tracked individually, and specifies that an annual associated plan is to be filed with the Secretary by April 1 each year.[127] The Commission finds these provisions to be reasonable and thus approves them.

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[125] Id.

[126] Hearing Exhibit 120, Staff Consumer Policy Panel at 48-49.

[127] Hearing Exhibit 65, JP at 34; Hearing Exhibit 120, Staff Consumer Policy Panel at 52. We note that comments were recently received in different Commission proceedings regarding the adequacy of Liberty's Outreach & Education program (see Cases 20-G-0378, 18-G-0140, 18-G-0133). We are satisfied with Staff's review of the program in this proceeding and reiterate that the Company's overall performance is subject to ongoing review as described above. Regarding the subject matter underlying the comments submitted in the other proceedings, we add that the instant JP does not provide for recovery of any costs associated with a proposed Renewable Natural Gas Decompression Facility (Hearing Exhibit 65, JP at 16.).

F. Climate Goals and Gas Safety

The JP's gas safety and climate provisions are informed by the CLCPA and recent Commission orders related to gas planning, CLCPA implementation, and rates. More specifically, as relevant here, the CLCPA requires that: (1) New York's greenhouse gas (GHG) emissions be 40 percent below 1990 levels by 2030 and 85 percent below such levels by 2040; (2) the Commission consider the impact of its decisions on the state's ability to achieve these emissions goals; and (3) final Commission determinations do not disproportionately burden those communities with high concentrations of low- and moderate-income households that already suffer from negative public health effects, environmental pollution and the consequences of climate change (disadvantaged communities).[128]

The Commission is advancing a coordinated, statewide effort to satisfy CLCPA goals through generic proceedings such as the Gas Planning Proceeding and the CLCPA Implementation Proceeding.[129] The former establishes a foundational process by which the Commission will ensure that gas utilities reduce GHG emissions in accordance with the CLCPA,[130] while the latter provides Staff with specific objectives in rate cases, including the cessation of activities related to gas marketing, gas conversion, or gas expansion; the prioritization of leak prone pipe removal or replacement; and the implementation of demand

[128] Environmental Conservation Law (ECL) §§75-0101(5), 75-0107 (1); Chapter 106 of the Laws of 2019 §7 (2), (3).

[129] Case 20-G-0131, Proceeding on Motion of the Commission in Regard to Gas Planning Procedures, Gas Planning Order (issued May 12, 2022) at 4; Case 22-M-0149, In the Matter of Assessing Implementation of and Compliance with the Requirements and Targets of the Climate Leadership and Community Protection Act, CLCPA Implementation Order (issued May 12, 2022) at 23.

[130] Gas Planning Order at 57.

reduction through non-pipes alternatives, demand response programs and heat pump programs.[131]

As noted in both proceedings, however, the Commission's core mission is to ensure the continued provision of safe and adequate utility service at just and reasonable rates. Indeed, the Commission views this objective as paramount during the transition to cleaner energy systems.

It is against this backdrop that the Commission has conducted its CLCPA compliance analysis in recent rate proceedings. For example, in the Niagara Mohawk rate case, the Commission approved provisions of a Joint Proposal requiring the Company to encourage customers to explore electrification options and educate customers regarding energy efficiency.[132] Pursuant to that Joint Proposal, Niagara Mohawk was also required to discontinue activities related to gas expansion, eliminate heating-oil to gas conversion programs, and consider using non-pipe alternatives when replacing leak-prone pipes.[133] Similar Joint Proposal provisions were approved in the KEDNY/KEDLI rate proceeding, where the utilities were required to fund a residential methane detection program, implement heat pump programs where appropriate, and propose demand response initiatives.[134] That Joint Proposal also established that any proposed long-term capital projects be evaluated for consistency with CLCPA goals, including the need for the project and its potential GHG emissions.[135] Finally, in the Orange & Rockland

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[131] CLCPA Order at 25.

[132] Cases 20-E-0380, 20-G-0381, and 19-M-0133, Niagara Mohawk Rates, Order Adopting Joint Proposal and Establishing Rates (issued January 20, 2022) at 86.

[133] Id. at 85-86.

[134] Cases 19-G-0309, 19-G-0310, and 18-M-0270, KEDNY/KEDLI Rates, Order Adopting Joint Proposal (issued August 12, 2021) at 74-75.

[135] Id. at 78.

rate case, the Commission-approved Joint Proposal required O&R to undertake an inventory of its system-wide total GHG emissions and submit an annual report reflecting the inventory's results.[136]

Several provisions aimed at combating climate change in the instant JP compare favorably with the foregoing and are discussed below. We find them to be consistent with the goals of the CLCPA, and they are thus approved.

1. Non-Pipe Alternative Consideration for Entitlement Capital Projects

As defined in the JP, entitlement capital projects are those involving "capital expenditures related to the portion of main and/or service to be made available to new applicants to the Company for gas service, without direct charge to the applicant, as required under 16 NYCRR Part 230."[137] The JP imposes two requirements on the Company with respect to any such project exceeding 500 feet.[138] First, the Company must consider non-pipe alternatives and refer prospective customers to potentially available clean heat programs.[139] Next, prior to beginning construction, the Company must consult with Staff and then file a report with the Secretary detailing: the cost of the proposed project; alternatives that were considered to the project; documentation establishing that the Company informed

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[136] Cases 21-G-0073 and 21-E-0074, O & R Rates, Order Adopting Terms of Joint Proposal and Establishing Gas Rate Plans (Issued April 14, 2022) at 68.

[137] Hearing Exhibit 165, JP at 3.

[138] Id. at 19.

[139] Id. We are cognizant that the extreme cold climate in the Company's service territory currently presents an obstacle to the broadscale adoption of heat pump programs, as they might require supplemental energy sources, such as oil or propane, that may increase emissions.

prospective customers of alternatives to natural gas heating; and information on the proposed project's consistency with attainment of statewide GHG emissions goals as articulated in the CLCPA.[140]

2. Commission Review of Company-Funded Extension Capital Projects

The JP defines extension capital projects to mean those projects involving "capital expenditures related to mains and services to add new applicants for gas service beyond that required under 16 NYCRR Part 230."[141] The JP sets forth a procedure by which the Company shall request Commission approval for rate recovery associated with any such project.[142]

More specifically, the JP specifies that at least 150 days before beginning construction on any extension capital project, the Company must file a petition requesting the Commission's approval of the project.[143] The petition is to include: project cost estimates; prospective customer survey results, with the potential customers' current energy type; projected natural gas and alternative energy costs; the number of both total potential new customers and committed customers; annual conversion estimates for the first five years; annual projected revenue for the first seven years; annual projected volumetric throughput for the first five years; information regarding consideration of any non-pipe alternatives to the project; and information on the proposed project's consistency with attainment of statewide GHG emissions goals as articulated in the CLCPA.[144]

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[140] Id. at 19-20.

[141] Id. at 3.

[142] Id. at 17.

[143] Id.

[144] Id. at 17-18.

The JP further specifies that the petition would be noticed for public comment upon filing, allowing any interested persons and entities the opportunity to opine on the merits of the proposed project and its consistency with the CLCPA, and that Staff will perform its own evaluation.[145] Following a timely review as contemplated by the JP, the Commission would then determine whether the proposed project is economically feasible pursuant to a prudent investment standard and whether it is consistent with the CLCPA, which would form the basis for the Commission approving, modifying or rejecting the proposed project for rate recovery.[146] In the event the Commission approves the project, recovery of the associated revenue requirement would be through a surcharge until the Company's base rates are next set and calculated as set forth in Appendix H.[147]

3. Behavioral Demand Response Program

The JP specifies that the Company must implement a Behavioral Demand Response Program during the rate plan.[148] Under this program, the Company would request that customers reduce usage during peak times, thus lowering their own utility bills, reducing the amount of natural gas consumed, and furthering achievement of the CLCPA's GHG emission targets.[149]

4. Residential Methane Detector Pilot Program

The JP also requires that the Company implement a Residential Methane Detector Pilot Program, which would lead to more timely discovery and repair of any potentially leaking

[145] Id. at 18.

[146] Id.

[147] Id. at 19.

[148] Hearing Exhibit 165, JP at 28.

[149] Id.

pipes.[150] The program would accordingly improve gas safety and minimize the release of GHGs.[151] The JP specifies that the program would be established in RY1 using $37,950 in NRA funds from the Company's prior non-compliance with pipeline safety regulations and failure to meet damage prevention targets.[152]

5. Gas Safety Metrics

The JP adopts more stringent targets and associated revenue adjustments for the damage prevention metric but maintains the current targets and associated revenue adjustments for the emergency response, leak management and pipeline safety regulatory compliance metrics.[153] All of the targets and revenue adjustments, which are detailed in Appendix P, would remain in effect until they are modified by the Commission.[154]

6. Carbon Reduction Initiative

The Company's currently existing Carbon Reduction Initiative program offers rebates to new and existing customers for energy improvements and upgraded high efficiency heating equipment.[155] In its initial testimony, the Company recommended that this program be modified to more fully support low-income customers, and it proposed designating $100,000 of previously deferred positive benefit adjustment (PBA) funds to provide such customers with energy efficient improvements.[156] Although Staff agreed that Company efforts to assist low-income customers

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[150] Id.

[151] Hearing Exhibit 168, Company Statement in Support at 80.

[152] Hearing Exhibit 165, JP at 28; Hearing Exhibit 167, Staff Statement in Support at 58.

[153] Hearing Exhibit 165, JP at 26.

[154] Id.

[155] Hearing Exhibit 117, Staff CLCPA Panel Testimony at 26; Hearing Exhibit 34, Company Testimony of Mark Saltsman at 24.

[156] Hearing Exhibit 34, Company Testimony of Mark Saltsman at 24.

remain worthwhile, it recommended that the Company stop providing incentives for gas conversion and high efficiency boiler replacements.[157]

The JP adopts Staff's recommendation that the Carbon Reduction Initiative be discontinued as inconsistent with current state policies regarding the promotion of fossil fuel powered heating equipment. Pursuant to the JP, the associated $100,000 of PBAs would be used to moderate rates in this proceeding.[158]

7. Greenhouse Gas Emissions Reporting

In order to ensure that the Company's long-range utility plans are consistent with the CLCPA, Staff recommended that it be required to provide an annual report reflecting its upstream, local distribution and end-use GHG emissions.[159] The JP specifies that the Company would be required to provide this report annually by April 15 unless the Commission offers further guidance or more specific direction during the term of the rate plan.[160]

8. Energy Efficiency

In furtherance of CLCPA goals, the JP requires the Company to encourage gas conservation in various ways.[161] In addition to providing existing customers with relevant conservation messaging, the JP provides that the Company would refer applicants for new natural gas to the New York State Clean

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[157] Hearing Exhibit 117, Staff CLCPA Panel Testimony at 27-28. Staff alternatively proposed that the Company focus on providing low-income customers with weatherization improvements funded by Company shareholders (id.).

[158] Hearing Exhibit 165, JP at 29; Hearing Exhibit 167, Staff Statement in Support at 60.

[159] Hearing Exhibit 117, Staff CLCPA Panel Testimony at 34.

[160] Hearing Exhibit 165, JP at 29.

[161] Id.

Energy Program, where they can learn about electrification options and discover if they are eligible for any applicable rebates.[162] The JP specifies that, within 60 days following the end of each rate year, the Company would provide the Commission with a report setting forth the number of new applicants for gas service it received and the energy efficiency programs for which information was made available to them. The JP provides that, in the event a customer elects gas service notwithstanding these alternatives, the Company's report would identify the customer's rationale if it was provided with such information during the enrollment process.[163]

9. Green Tariff

In its direct testimony, the Company discussed potential projects involving renewable natural gas (RNG) and green hydrogen, including the creation of a "Green Tariff" allowing its customers to "opt-in" to purchase RNG with environmental attributes.[164] In response, Staff recommended that a Green Tariff not be authorized in this proceeding. Staff also recommended that future requests by the Company for approval of a Green Tariff address several issues, including whether all aspects of the Green Tariff comply with prior Commission orders regarding the streaming of gas, the role of the delivery utility as a local distribution company as opposed to an energy services

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[162] Id.

[163] Id.

[164] RNG, or biogas, is "derived from the decomposition of organic matter in an anaerobic environment" (Hearing Exhibit 5, Company Business Development Panel at 4). Hydrogen can be used as an energy source and may be considered "green" when it is produced through electrolysis generated by renewable energy sources (Hearing Exhibit 117, Staff CLCPA Panel Testimony at 19). Environmental attributes are essentially credits used in connection with state and federal programs designed to encourage the use of clean, low carbon fuels (id. at 22).

company, and provision of least cost, reliable supply available.[165] The JP adopts each of Staff's recommendations in this respect.

The JP also specifies that the Company seek Commission approval for any future green hydrogen project for which the Company would seek cost recovery.[166] These JP provisions offer a mechanism by which the Company can propose future innovations aimed at reducing GHG emissions, while ensuring that any such innovation is considered and authorized by the Commission.

The programs and projects discussed above offer an ample basis for our determination that the JP complies with Section 7(2) of the CLCPA. Indeed, the rate plan proposed here ensures the Company's continued ability to provide safe and adequate service while advancing New York's ongoing efforts to combat climate change. We are also satisfied that the JP's provisions do not disproportionately burden disadvantaged communities. On the contrary, measures that enhance gas safety and reliability, improve customer service, and maintain affordability all inure to the benefit of such communities.

V. CONCLUSION

The rate plan adopted herein is premised on rates, terms and conditions that are just and reasonable, and we accordingly find that it is in the public interest. Relatedly, we find that the JP provides sufficient funding for the Company to maintain safe and reliable service, and that it appropriately balances the interests of ratepayers, the Company, and its interests. We are also satisfied that the JP's terms further the social, economic, and environmental policies of the Commission and the State, including the CLCPA.

[165] Hearing Exhibit 117, Staff CLCPA Panel Testimony at 25.

[166] Hearing Exhibit 165, JP at 30.

<u>The Commission Orders</u>:

1. The rates, terms, conditions, and provisions of the Joint Proposal dated March 31, 2023, filed in this proceeding and attached hereto as Attachment 1, are adopted and incorporated herein.

2. Liberty Utilities (St. Lawrence Gas) Corp. is directed to file a cancellation supplement, effective on not less than one day’s notice, on or before June 27, 2023, cancelling the tariff amendments and supplements listed in Attachment 2 to this Order.

3. Liberty Utilities (St. Lawrence Gas) Corp. is directed to file, on not less than five days’ notice, to become effective on July 1, 2023, on a temporary basis, such further tariff changes as are necessary to effectuate the terms of this Order. Liberty Utilities (St. Lawrence Gas) Corp. shall serve copies of its filings on all parties to this proceeding. Any comments on the compliance filing must be filed within 14 days of service of the proposed amendments. The amendments specified in the compliance filings shall not become effective on a permanent basis until approved by the Commission.

4. Liberty Utilities (St. Lawrence Gas) Corp. is directed to file such further tariff changes as are necessary to effectuate the terms of this Order for Rate Year 2 beginning November 1, 2023, and for Rate Year 3 beginning November 1, 2024, on not less than 30 days’ notice. Such tariff changes shall be effective only on a temporary basis until approved by the Commission.

5. The requirements of Public Service Law §66(12)(b) and 16 NYCRR 720-8.1 that newspaper publication be completed prior to the effective date of the amendments for Rate Year 1 are waived. Liberty Utilities (St. Lawrence Gas) Corp. is directed to file with the Secretary to the Commission, no later

than six weeks following the effective date of the amendments, proof that a notice to the public of the changes made by the amendments has been published once a week for four consecutive weeks in daily and weekly newspapers having general circulation in the service territory and areas affected by the amendments. Newspaper notice is not waived for tariff changes necessary to implement the rate plans in Rate Years 2 and 3.

6. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

7. This proceeding is continued.

By the Commission,

(SIGNED) MICHELLE L. PHILLIPS
Secretary

NEW YORK STATE
PUBLIC SERVICE COMMISSION

Case 21-G-0577 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Liberty Utilities (St. Lawrence Gas) Corp. for Gas Service

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JOINT PROPOSAL

March 30, 2023

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NEW YORK STATE
PUBLIC SERVICE COMMISSION

Case 21-G-0577 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Liberty Utilities (St. Lawrence Gas) Corp. for Gas Service

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JOINT PROPOSAL

I. INTRODUCTION

This unopposed Joint Proposal (Joint Proposal or JP) is made as of the 30th day of March 2023, by and among the following parties to the above-referenced proceeding: Liberty Utilities (St. Lawrence Gas) Corp. (Liberty SLG or the Company); Staff of the Department of Public Service (DPS Staff); and Multiple Intervenors (MI) (collectively, the Signatory Parties).[1] The only other party to this proceeding, the Utility Intervention Unit of the Division of Consumer Protection of the New York State Department of State, while not signing the Joint Proposal has authorized the Signatory Parties to state that it will not oppose the Joint Proposal. This Joint Proposal settles all contested issues among the Signatory Parties in the above-captioned case.

II. DEFINITIONS

As used in this Joint Proposal, the following terms have the following meanings:

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[1] MI is an unincorporated association of 60 large industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State, including in the Liberty SLG service territory.

A. “Liberty SLG” or the “Company” means Liberty Utilities (St. Lawrence Gas) Corp.

B. “Rate Year 1” means November 1, 2022 through October 31, 2023.

C. “Rate Year 2” means November 1, 2023 through October 31, 2024.

D. “Rate Year 3” means November 1, 2024 through October 31, 2025.

E. Rate Year 1, Rate Year 2, and Rate Year 3 are collectively referred to as the “Rate Years” or the “Rate Plan,” and individually as a “Rate Year.”

F. “Fiscal Year” means the 12-month period ending December 31 of a given Rate Year. When a specific year is stated, it is the year in which the Fiscal Year ends (*e.g.*, Fiscal Year 2023 is the 12-month period ending December 31, 2023).

G. “SC” means service classification.

H. “PSL” means the New York Public Service Law

I. “Commission” means the New York State Public Service Commission.

J. “Secretary” means the Secretary to the New York State Public Service Commission.

K. “CLCPA” means the New York State Climate Leadership and Community Protection Act.

L. “SAPA” means the New York State Administrative Procedure Act.

M. “NYCRR” means the New York Codes, Rules and Regulations.

N. “Expansion Area” means the portion of the Company’s service territory in the Towns of Winthrop, Brasher Falls, North Lawrence, Moira, Brushton, North Bangor, Malone, Burke, and Chateauguay (in Franklin and St. Lawrence Counties) served by the “Expansion Project” (as defined in the Joint Proposal adopted by the Commission on October 18, 2019, in Case 18-G-0133).

O. “Legacy Area” means the portion of the Company’s service territory that is not the Expansion Area.

P. “Self-supporting” means that the Expansion Area service territory independently achieves an overall rate of return on its rate base of 6.35%, thus base delivery revenues from Expansion Area customers support the Expansion Area cost of service without subsidization from Legacy Area customers.

Q. Main Extensions:

1. “Entitlement Cap-ex” means capital expenditures related to the portion of main and/or service to be made available to new applicants to the Company for gas service, without direct charge to the applicant, as required under 16 NYCRR Part 230.

2. “Extension Cap-ex” means the Company’s capital expenditures related to mains and services to add new applicants for gas service beyond that required under 16 NYCRR Part 230. The justification for inclusion in rate base is based on the economic analysis and consistency with the CLCPA, subject to separate Commission approval, as set forth in Section V.C.7.f.iii.a, below.

3. “Extension Capital Project” means any capital project that includes Extension Cap-ex.

4. “Entitlement Capital Project” means any capital project that includes Entitlement Cap-ex, and not Extension Cap-ex.

R. “NRA” means negative revenue adjustment.

S. “PRA” means positive revenue adjustment.

T. “BP” means pre-tax basis point. One BP equals 1/100 of one percent or 0.01% of the return on common equity.

U. “BTU” means British Thermal Unit.

III. PROCEDURAL SUMMARY

A. <u>Liberty SLG Rate Proceeding</u>

On November 24, 2021, Liberty SLG filed revised tariff leaves, testimony, and exhibits as part of a one-year rate filing (the Rate Filing) intended to increase revenues from gas operations by $3,447,000 (23.7% delivery increase, 5.5% total bill increase) to recover the revenue deficiency forecasted for the rate year starting November 1, 2022 through October 31, 2023. That initial filing included only the Legacy Area of the Company’s distribution system. The test year supporting Liberty SLG’s Rate Filing is the 12-month period ending June 30, 2021 (Historic Test Year). The Company proposed a one-year rate plan with the expectation that negotiating a multi-year plan may be required to meet the needs of all stakeholders in the most fair and equitable manner.

Following receipt of the Rate Filing, on December 15, 2021, the Commission suspended Liberty SLG’s proposed tariff leaves through August 30, 2022. Administrative Law Judge (ALJ) Michael C. Clarke was appointed to preside over the above-captioned proceeding. Procedural and Technical Conferences were held remotely on January 11, 2022, after which, on January 19, 2022, ALJ Clarke issued a ruling establishing a procedural schedule in which evidentiary hearings would begin on July 11, 2022. At the Company’s request, on January 28, 2022, ALJ Clarke issued a ruling to modify the procedural schedule to extend the case by one week. Pursuant to that schedule, on January 31, 2022, Liberty SLG supplemented its Rate Filing (the Supplemental Filing) with additional testimony and exhibits. The Supplemental Filing reflected certain corrections, updates, and adjustments to the Legacy Area revenue requirement model included in the Initial Filing. The Supplemental Filing requested an increase in revenues from gas operations including both the Legacy and Expansion Areas. The Company’s Supplemental Filing intended to increase revenues from gas operations by $4,330,000 (28.7% delivery increase, 6.8% total bill increase) to recover the revenue deficiency forecasted for the rate year starting November 1, 2022 through October 31, 2023. In addition, Liberty SLG incorporated into the record its proposal for consolidating its Expansion and Legacy Areas, including certain modifications to the self-supporting calculation, some of which were addressed in the Company's Initial Filing. Two virtual public statement hearings were held on the afternoon and evening of January 26, 2022, during which one person provided comments (that same individual submitted the only written public comment in this case to date).

By notice issued on March 15, 2022, the Commission further suspended the Rate Filing through October 30, 2022 (Suspension Date). The Company agreed to a further 60-day extension of the Suspension Date to December 31, 2022, without a make-whole provision to accommodate the Company's Supplemental Filing.[2]

On April 6, 2022, Liberty SLG filed an update to its Rate Filing. On June 3, 2022, DPS Staff and MI filed testimony and exhibits in response to the Company's Rate Filing and Supplemental Filing. On June 24, 2022, MI and the Company filed rebuttal testimony and exhibits.

Starting in December 2021, DPS Staff submitted, and Liberty SLG responded to, approximately 600 separately numbered interrogatories. In February 2022, the Company responded to 41 interrogatories from MI.

B. Settlement Negotiations

On June 24, 2022, Liberty SLG filed with the Commission and served on all Parties a Notice of Impending Settlement Negotiations pursuant to 16 NYCRR § 3.9 (a). In light of the parties' settlement efforts, on June 28, 2022, ALJ Clarke postponed the evidentiary hearing.

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[2] Case 21-G-0577, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Liberty Utilities (St. Lawrence Gas) Corp. for Gas Service*, Procedural Ruling (issued Jan. 19, 2022), at 2 n 2.

Settlement negotiations began on July 14, 2022. On August 24, 2022, Liberty SLG requested an extension of the Suspension Date to March 1, 2023, subject to a make-whole provision. On October 14, 2022, the Commission suspended the Rate Filing through February 28, 2023, with a make-whole provision for the period from January 1, 2023 to February 28, 2023. On October 27, 2022, the Company requested an extension of the Suspension Date through March 31, 2023, subject to a make-whole provision, if necessary. On December 15, 2022, the Company requested a further extension of the Suspension Date to April 30, 2023, subject to a make-whole provision if necessary. On February 17, 2023, the Commission extended the suspension of the Rate Filing through April 30, 2023, with a make-whole provision "for the period beginning January 1, 2023, through the effective date the Commission sets new rates, charges, rules and regulations in the final decision in this proceeding." On February 8, 2023, and March 24, 2023, the Company requested further extensions, if necessary, of the Suspension Date to May 31, 2023, and June 30, 2023, respectively, subject to a make-whole provision.

Between July 2022 and February 2023, the parties exchanged numerous settlement proposals and held more than a dozen settlement conferences.

IV. APPROVAL OF THE JOINT PROPOSAL IS IN THE PUBLIC INTEREST

The Signatory Parties recommend that the Commission approve the terms of this Joint Proposal without modification. The Signatory Parties have concluded that the terms and conditions herein resolve all issues in the rate case in a manner that allows Liberty SLG to provide safe and adequate service at just and reasonable rates pursuant to PSL § 65. The Joint Proposal contains provisions supportive of and in furtherance of the objectives of the CLCPA.

V. TERMS GOVERNING THE RATE CASE

A. <u>Term and Effective Date of Rate Changes</u>

The term of this Joint Proposal is three years commencing on November 1, 2022 and continuing through October 31, 2025. The provisions of Rate Year 3 will, unless otherwise specified herein, remain in effect until superseding rates and/or terms become effective.

B. <u>Make Whole</u>

Liberty SLG will not be made whole for extending the Suspension Date of the Company's proposed tariff leaves from October 31, 2022 to December 31, 2022 (initial two-month extension). The Company requested, and the Signatory Parties have agreed to, a provision that would make the Company whole for five months following the initial two-month extension of the Suspension Date – or January, February, March, April, and May of Rate Year 1. The under-collected revenue resulting from the make whole provision will be recovered through a surcharge for the remainder of Rate Year 1, and in Rate Years 2 and 3 as detailed in Appendix B. The amount to be recovered will be allocated to all firm service classes based on current revenues.

C. <u>Rate Plan</u>

1. Summary of Overall Revenue Requirement

The Signatory Parties agree upon expense and revenue adjustments to the Rate Filing to be allowed as the basis for calculating revenue requirement, the result of which is set forth in Appendix A attached hereto and made a part of this Joint Proposal. As detailed in Appendix A, the revenue requirement (including delivery and non-delivery revenues, *e.g.*, commodity) for Rate Year 1 is $39,504,980; for Rate Year 2 is $40,453,471; and for Rate Year 3 is $41,325,343. The revenue requirement increases in gas delivery service in each of the Rate Years are:

Rate Year 1: $2,579,086

Rate Year 2: $647,278

Rate Year 3: $809,922

While the Signatory Parties worked to minimize the rate increases needed for safe and adequate service, they recognize that a significant increase in Rate Year 1, as compared to Rate Years 2 and 3, may place too much of a burden on ratepayers during the first year. To address this concern, the Signatory Parties propose to implement the annual revenue requirement increases to levelize total revenue impacts, and thus customer bill impacts. The resulting revenue requirement increases for each Rate Year are as follows:

Rate Year 1: $1.380M

Rate Year 2: $1.926M

Rate Year 3: $1.943M

The calculation of the levelized amounts for each Rate Year is shown in Appendix B. The gas revenue increase and associated impacts are shown below:

Total Revenue Impacts - (Non-Levelized)

	Revenue Requirement Increase	Elimination of Tax Sur-Credit	Low Income Program	Total Revenue Impact	Total Bill %	Delivery %
RY1	$ 2,579,086	$ 152,801	$ 351,459	$ 3,083,346	4.86%	19.27%
RY2	647,278	-	48,249	695,527	1.05%	3.82%
RY3	809,922	-	52,939	862,861	1.28%	4.60%
Total	$ 9,841,736					

Total Revenue Impacts - (Levelized)

	Revenue Requirement Increase	Elimination of Tax Sur-Credit	Low Income Program	Total Revenue Impact	Total Bill %	Delivery %
RY1	$ 1,365,023	$ 152,801	$ 351,459	$ 1,869,283	2.95%	10.70%
RY2	1,910,154	-	48,249	1,958,403	2.95%	11.28%
RY3	1,926,358	-	52,939	1,979,297	2.95%	10.94%
Total	$ 9,841,736					

Total Revenue Impacts - (Levelized - Interest)

	Revenue Requirement Increase	Elimination of Tax Sur-Credit	Low Income Program	Total Revenue Impact	Total Bill %	Delivery %
RY1	$ 1,380,455	$ 152,801	$ 351,459	$ 1,884,715	2.97%	10.81%
RY2	1,926,321	-	48,249	1,974,570	2.97%	11.38%
RY3	1,942,697	-	52,939	1,995,636	2.97%	11.03%
Total	$ 9,936,706					

The levelized rate increases would result in higher base revenues at the end of the three-year rate plan than would otherwise result under the non-levelized approach by approximately $1.213 million as detailed in Appendix B. Accordingly, if the Company does not file for new rates to be effective at the end of the rate plan, the Company will file new tariff leaves to effectuate the RDM targets, Incentive Credit Mechanism (IIC) targets, delivery rates for the time period beyond Rate Year 3.

2. Sales and Revenue

a) Gas Sales Forecast

The overall gas sales forecasts associated with the revenue forecasts that underlie this Joint Proposal are set forth in Appendix C. A 10-year weather normalization was used in the preparation of these forecasts.

b) Delivery Revenue

The Signatory Parties agree to the delivery revenues, including required base revenue increases, shown in Appendix D for Rate Years 1, 2, and 3, which summarizes the agreed-upon total delivery and other revenues. As set forth in Appendix D, the Company's base delivery revenues (excluding gross revenue taxes and gas costs) will be as follows:

Rate Year 1: $16,880,552

Rate Year 2: $17,575,445

Rate Year 3: $18,412,117

3. Operation and Maintenance Expenses

As shown in Appendix A, Schedule 2, the Signatory Parties agree on Rate Year 1 total O&M Expenses of $9,097,342, with Rate Year 2 and 3 including base revenue increases of $312,472 and $277,978, respectively. Total O&M Expenses reflect several adjustments agreed to by the Signatory Parties, as detailed in Appendix A, Schedule 7. Certain noteworthy components of total O&M Expenses are discussed below.

a) <u>Uncollectibles</u>

The Signatory Parties agree to an uncollectible rate of 0.5000%, and Uncollectibles expense, including base revenue increases for each Rate Year as follows:

Rate Year 1: $197,523

Rate Year 2: $202,266

Rate Year 3: $206,626

b) <u>Informational Advertising</u>

The Company will rename its "Promotional Advertising" expense line item to accurately reflect the charges to that account to "Informational Advertising." The Signatory Parties agree on adjustments that affect Informational Advertising expense, including removal of gas conversion program costs associated with a terminated gas conversion program.

c) <u>Indirect Allocation Intercompany</u>

The Signatory Parties agree on adjustments that affect the Indirect Allocation Intercompany expense, including estimated savings resulting from Liberty Utilities Co.'s acquisition of New York American Water Company, Inc. The amount of estimated acquisition savings is $122,377 in Rate Year 1, $125,436 in Rate Year 2, and $128,133 in Rate Year 3.

d) <u>Pensions and OPEB</u>

The Signatory Parties agree on adjustments that affect the Pensions and Other Post-Employment Benefits (OPEB) expenses, including increases of Pensions and reductions of OPEB to reflect latest known expense amounts, and amortization of the Pensions and OPEB deferral. The Signatory Parties agree on a Pension amount for each Rate Year of ($119,882), which includes

$438,033 of Pension expense and ($557,915) of amortization of the Pension deferral. The Signatory Parties agree on an OPEB amount for each Rate Year of ($357,088), which includes ($118,518) of OPEB expense and ($238,570) of amortization of the Pension deferral.

e) Productivity Adjustment

The Signatory Parties have agreed to the application of a 1% productivity adjustment to payroll and related personnel overheads. A productivity adjustment is reflected in the revenue requirement for each Rate Year.

f) Inflation

The Signatory Parties agree the inflation rates used for determining inflationary items in each Rate Year are as follows:

Rate Year 1: 14.10% (July 1, 2021 – October 31, 2023)

Rate Year 2: 2.50% (November 1, 2023 – October 31, 2024)

Rate Year 3: 2.15% (November 1, 2024 – October 31, 2025)

g) Meter Reading

The Company will begin using Company personnel to perform the meter reading functions during Rate Year 1. The Signatory Parties agree on incremental increases for meter reading expense for each Rate Year as follows:

Rate Year 1: $164,664 (prorated for 10 months from annual $197,597 expense)

Rate Year 2: $201,714

Rate Year 3: $206,051

4. Depreciation Expense

As of February 1, 2023, following the consolidation of Expansion Area and Legacy Area rate bases, the Expansion and Legacy Area’s plant-in-service and accumulated depreciation reserve will not be tracked separately. Therefore, the depreciation rates applied to all plant-in-service will be the depreciation rates applied to plant-in-service in the Legacy Area prior to February 1, 2023.

As detailed in Appendix A, the revenue requirements underlying this Joint Proposal reflect depreciation expense for each Rate Year as follows:

Rate Year 1: $2,271,389

Rate Year 2: $2,411,958

Rate Year 3: $2,551,746

5. Amortization of Regulatory Deferrals

The revenue requirements underlying this Joint Proposal reflect the amortization of certain regulatory deferrals over the Rate Period, as listed in Appendix F. The Signatory Parties agree on several adjustments that affect the amortization of regulatory deferrals. The total amount of regulatory deferrals to be amortized is ($508,444) in Rate Year 1, ($507,415) in Rate Year 2, and ($507,415) in Rate Year 3.

6. Taxes

a) Payroll Taxes

The Signatory Parties agree to an adjustment of Liberty SLG's presentation of payroll taxes to track adjustments to Direct Labor expense. The Signatory Parties agree on Payroll Tax expense for each Rate Year as follows:

Rate Year 1: $440,837

Rate Year 2: $456,265

Rate Year 3: $467,672

b) Property Taxes

Each Rate Year, the Company will reconcile actual property tax expense to the property tax expense amounts of $2,421,265 in Rate Year 1, $2,651,813 in Rate Year 2, and $2,904,313 in

Rata Year 3. Any increase or decrease from the Rate Year targets for property taxes will be reconciled and shared 90% / 10% between customers and shareholders, respectively. Within 120 days of the end of each Rate Year, the Company will file a letter with the Secretary showing the reconciliation calculation and will include all supporting workpapers for the calculation.

c) Income Taxes

The State Income Tax and Federal Income Tax impacts of the agreed upon expense adjustments contained in this Joint Proposal are detailed in Appendix A. The Signatory Parties agree to the amortization of Excess ADIT (EADIT) valued at ($963,111) for the Legacy Area and ($627,047) for the Expansion Area, to be amortized over 15 years and 38 years, respectively, resulting in annual amortization of EADIT for the Legacy area of ($64,207) and ($16,501) for the Expansion Area.

The Signatory Parties agree to a final reconciliation of the Tax Cuts and Jobs Act (TCJA) sur-credit, required by the Commission in its Order issued on August 9, 2018.[3] Liberty SLG shall recover or pass back any over-refunded or under-refunded amount as of December 31, 2022. In addition, Liberty SLG will include any amounts refunded related to the ongoing savings from January 1, 2023, until delivery rates established in this Joint Proposal are adopted by the Commission, into the final reconciliation. The Company shall recover the final reconciliation of the TCJA, through a one-year surcharge effective the first day of the third full month following the issuance of a Commission order taking action on this Joint Proposal.[4] SLG shall file a statement on not less than five days' notice prior to commencement of the surcharge, together with the

[3] Case 17-M-0815, *Proceeding on Motion of the Commission on Changes in Law that May Affect Rates*, Order Determining Rate Treatment of Tax Changes (issued August 9, 2018).

[4] For example, if the Commission acts on this Joint Proposal at its May session, then the first day of the third full month following the Commission's order would be August 1, 2023.

workpapers demonstrating the calculation of the amount to be collected and the associated rate(s) to be charged to the applicable service class(es).

7. Rate Base

The Signatory Parties agree on adjustments that affect rate base, as detailed in Appendix A, Schedule 7. The Signatory Parties agree that the Company's average rate base for each Rate Year will be as follows:

Rate Year 1: $39,747,766

Rate Year 2: $39,685,081

Rate Year 3: $41,570,246

The foregoing levels of rate base include Entitlement Cap-ex but exclude Extension Cap-ex.

a) <u>Plant in Service</u>

The plant in service is developed by beginning with the actual plant in service balance as of December 31, 2022, and adding agreed-upon capital expenditures. The projected average plant in service balances for each Rate Year are shown in Appendix A, Schedule 5.

b) <u>Net Plant Reconciliation Mechanism</u>

The Signatory Parties agree that Liberty SLG will continue its downward-only Net Plant Reconciliation Mechanisms (NPRM). Each Rate Year, the Company will reconcile its actual average net utility plant to the NPRM targets. The NPRM targets for each Rate Year (which include the self-supported net plant related to the Expansion Area) are set forth in Appendix E. The NPRM targets include estimated Entitlement Cap-ex but exclude Extension Cap-ex. The NPRM measurement will exclude the net plant amounts for Commission approved Extension Capital Projects (as detailed in Section V.C.7.f.iii.a, below).

c) Depreciation Reserve

The depreciation reserve is developed by beginning with the actual reserve balance as of December 31, 2022, and giving effect to the agreed upon capital expenditures. The projected average accumulated depreciation reserve balances for each Rate Year are shown in Appendix A, Schedule 5, and in Appendix E.

d) Accumulated Deferred Income Taxes

The Signatory Parties agree on adjustments that affect Accumulated Deferred Income Taxes (ADIT). The Signatory Parties agree on ADIT for each Rate Year as follows:

Rate Year 1: $1,326,114

Rate Year 2: $876,405

Rate Year 3: ($7,188)

e) Expansion Area Self-Supporting Calculation

The Signatory Parties agree that the rate bases for the Legacy Area and the Expansion Area will be consolidated for ratemaking purposes as of January 31, 2023. The Parties agree that certain adjustments to the self-supporting calculation set forth in the Joint Proposal adopted by the Commission in its order issued on October 18, 2019, in Cases 18-G-0133 and 18-G-0140 are reasonable and appropriate.[5] More specially, adjustments were made to revenues, depreciation expense, other taxes, income taxes, and rate base. The adjusted self-supporting calculation, as shown in detail in Appendix G, results in a reduction to Expansion Area rate base for ratemaking purposes of $4,494,976, or a self-supported rate base of $3,083,731 for the Expansion Area as of January 31, 2023. The Parties agree that the adjusted self-supporting calculation in the Joint

[5] Cases 18-G-0133 and 18-G-0140, *Liberty SLG - Acquisition and Expansion Area Rates,* Order Adopting Terms of the Joint Proposal (issued October 18, 2019) (2019 Order).

Proposal satisfies the conditions set forth by the Commission in the 2019 Order. As a result of the adjusted self-supporting calculation, there will be no further self-supporting evaluation of the Expansion Area to satisfy the requirement of the 2019 Order. Further, as a result of the adjusted self-supporting calculation, future Liberty SLG rate filings shall reflect the Legacy and Expansion Areas cost of service on a consolidated basis.

f) Capital Expenditures

i. Projected Amounts

The Signatory Parties agree that Liberty SLG can recover $2,274,572 of capital expenditures anticipated to occur during Rate Year 1 (which includes Entitlement Cap-ex but excludes Extension Cap-ex).

The Signatory Parties agree that the Company can recover $10,732,174 of capital expenditures incurred during 2022. This amount does not include any recovery associated with the proposed Renewable Natural Gas Decompression Facility (Decompression Facility). The Signatory Parties agree that no plant will be added to rate base for recovery from ratepayers for any capital spending associated with a Decompression Facility unless otherwise approved by the Commission. Further, any costs incurred by the Company to own and operate the Decompression Facility will be tracked separately by the Company and will not be recovered from ratepayers unless otherwise approved by the Commission. As such, the Decompression Facility will not be included in rate base and any associated tolling fees received by the Company related to the Decompression Facility will not be recorded as Other Revenues for use in setting future distribution rates. Rather, the tolling fees will be retained by the Company and used to offset the costs of the Decompression Facility.

ii. Automated Meter Reading (AMR)

The Signatory Parties agree that capital expenditures associated with an Automated Meter Reading (AMR) system are not included in the Rate Plan. However, the Company may file a petition with the Commission for the implementation of AMR during the Rate Plan. Such a petition will contain a demonstration that the Company has investigated the best options for reading meters and has solicited multiple bids for the project.

The Company's AMR proposal shall include: a plan for the conversion to AMR and its impacts on customers and the Company's current metering and billing systems; a benefit/cost analysis demonstrating a benefit/cost ratio for the AMR system above 1.0; and a demonstration that the cost and benefits represented in the plan will be delivered by the Company and its suppliers. The Company's AMR proposal could contain evidence of contractual guarantees from the system supplier regarding the cost and performance levels of the AMR system that will be delivered.

iii. Main Extensions

(a) <u>Commission Review of Company-Funded Extension Capital Projects</u>

The Company shall request Commission approval for rate recovery of any proposed Extension Capital Project(s) using the following process:

1) At least 150 days before commencing construction on any Extension Capital Project in any Rate Year, the Company will file with the Secretary a petition requesting approval of the project, which must include the following information on the proposed project: (1) project cost estimates; (2) prospective customer survey results (with potential customers' current energy type); (3) projected natural gas and alternative energy costs; (4) number of both total potential new customers and

committed customers; (5) annual conversion estimates for the first five years; (6) annual projected volumetric throughput for the first five years; (7) annual projected revenue for the first seven years; and (8) information on the proposed project's consistency with attainment of statewide greenhouse gas emissions limits established pursuant to the CLCPA (renewably sourced gas, such as the gas molecules from a Renewable Natural Gas (RNG) digester, injected into the system will be reflected as appropriate in considering consistency with the CLCPA); (9) information on consideration of non-pipe alternatives to the project; and (10) any other information the Company considers relevant (collectively, Extension Capital Project Petition).

2) DPS Staff will review the Extension Capital Project Petition and request additional information from the Company as necessary to complete that review.

3) After a timely review, the Commission will be able to approve, reject, or modify the proposed Extension Capital Project work for rate recovery. The standard for consideration of the Extension Capital Project Petition is whether the project(s) proposed in the Extension Capital Project Petition are (1) economically feasible under a prudent investment standard, and (2) not inconsistent with attainment of the statewide greenhouse gas emissions limits established pursuant to the CLCPA.

4) After filing, an Extension Capital Project Petition will be promptly noticed for comments as required by SAPA. The parties intend to enable resolution of the Extension Capital Project Petition via Commission decision prior to the date construction is scheduled to commence as outlined in the Extension Capital Project Petition.

5) Recovery of the revenue requirement (return on and return of) associated with the actual capital expenditures, capped at the total amount approved by the Commission for any approved Extension Cap-ex, once placed into service, including related property taxes, will be through a surcharge until Liberty SLG's base rates are next set, at which time the existing rate base being recovered through the surcharge will be included in rate base for base distribution rates. The revenue requirement associated with an approved Extension Capital Project will be calculated as shown in Appendix H. The actual revenue collected through the surcharge will be reconciled to the target revenue approved by the Commission on an annual basis.

(b) <u>Non-Pipeline Alternative Consideration for Entitlement Capital Projects Regarding the CLCPA</u>

For any Entitlement Capital Project over 500 feet in length, the Company shall consider alternatives, including referring prospective customers to clean heat programs conducted by applicable electric utilities.

The Company will consult with DPS Staff prior to construction of Entitlement Capital Projects exceeding 500 feet. After such consultation, the Company will file a report with the Secretary, which shall include:

1) the cost of the proposed Entitlement Capital Project;

2) alternatives that were considered to the proposed Entitlement Capital Project;

3) documentation that the Company informed the potential customers to the proposed Entitlement Capital Project of alternatives to natural gas heating; and

4) information on the proposed Entitlement Capital Project's consistency with attainment of statewide greenhouse gas emissions limits established pursuant to the CLCPA.

iv. Reporting

The Signatory Parties agree that Liberty SLG shall file a three-year capital investment plan with the Secretary annually, beginning July 1, 2023, which will include: (1) a high-level schedule of major capital investments that the Company plans to make over the three-year period (these investments should be presented annually by project and by plant account); and (2) a description of the capital projects, as well as details explaining any major shifts in the previously filed capital investment plan. Nothing reported in the filed plan is intended to preclude the Company adjusting the investments in the plant accounts from one to the other.

The Company shall file capital variance reports with the Commission as follows:

- Reports should be filed on a quarterly basis, beginning July 1, 2023, and show a comparison of year to date (YTD) budgeted amount and YTD actual spending, by project and by plant account. The Company shall meet with DPS Staff to discuss each quarterly variance report within 45 days of filing each report.
- Any variance of 10 percent or more between the YTD budget and YTD actual spending, by project, shall include an explanation for the variance and any cost controlling strategies the Company used to avoid the variance if actual spending exceeds the budgeted amount.
- Any variance of 15 percent or more between the YTD budget and YTD actual spending, by plant account, shall include an explanation for the variance.

8. Cost of Capital

a) Capital Structure, Return on Equity, and Cost Rates

The cost of capital for the Company during the term of the Rate Plan shall be based on a common equity ratio of 48.00%, a 9.20% return on equity (ROE) and a long-term debt cost rate of 4.33%. This equates to an overall after-tax rate of return (ROR) of 6.66% and an overall pre-tax ROR of 8.22% for the term of the Rate Plan. This information is illustrated in Appendix I.

The Signatory Parties agree that the Company will target the common equity ratio used to set rates throughout the term of the Rate Plan. Liberty SLG must submit its actual average common equity ratio for each Rate Year in its annual Earnings Sharing Mechanism compliance filings.

b) Earnings Sharing Mechanism

The Company shall be subject to an Earnings Sharing Mechanism (ESM), described below. An example of the ESM calculation is included in Appendix J.

Following each of RY1, RY2, and RY3, Liberty SLG will compute the earned rate of return on common equity for the preceding Rate Year. In the event Liberty SLG achieves a regulatory rate of return on a 12-month basis on its common equity above the allowed return, the Company will share the earnings in excess of that return with its customers. The Company will share earnings as follows:

- Earnings from 9.2% up to and including 9.7%: the Company keeps 100%
- Earnings above 9.7% up to and including 10.2%: shared 50% / 50% between the Company and its customers
- Earnings above 10.2% up to and including 10.7%: shared 80% customers / 20% Company
- Earnings above 10.7% will be shared 90% customers / 10% Company

The ESM calculations shall be based upon the lesser of a common equity ratio equal to 48.5% or the Company's actual average common equity ratio. The calculation of such earnings will be on an annual basis for each Rate Year of the Rate Plan and will be done on a "per books" basis; that is, computed from the Company's books of account for each Rate Year. Earnings for each Rate Year will be measured individually, and any overearnings that are owed to customers will be placed in a deferred credit account for future disposition to be determined by the Commission. The Company will file with the Secretary to the Commission these computations of earnings no later than sixty (60) days after the end of each Rate Year.

The ESM will continue beyond the Rate Plan until modified by the Commission. If new base rates do not become effective immediately after the end of the Rate Plan, or there is a "stub" period, the earnings in the stub period will be shared as described above. The stub period earnings will be calculated by adjusting the actual average rate base for that period by an operating income ratio factor. The operating income ratio factor will be calculated as the ratio of operating income during the same partial period in the previous Rate Year to the total operating income for that Rate Year. An example of the calculation for the stub period is shown in Appendix J. Any discrete incentives (*e.g.*, safety metrics) and revenue adjustments would not be included in the earned ROE calculation. The ESM computation shall reflect the Expansion Area rate base deemed self-supporting as discussed in Section V.C.7.e, above.

D. Revenue Allocation and Rate Design

1. Revenue Allocation

The Signatory Parties agree on the provisions associated with the Company's revenue allocation as detailed in Appendix K.

2. Rate Design

The Signatory Parties agree on the rates for each of the Company's customer service classifications for each Rate Year as detailed in Appendix K. Beginning in Rate Year 1, the current SC No. 2 will be divided into two separate service classes – SC 2 and SC 2 Large (SC 2L). Customers with annual usage of 300,000 therms and greater will be reclassed into SC 2 Large. This rate design reduces the differential between the rate blocks for SC 1, SC 2 Small, SC 2L, and SC 3 over the three Rate Years.

3. Minimum Monthly Charges

The Signatory Parties agree to the following minimum monthly charges by customer service classification:

	Rate Year 1	Rate Year 2	Rate Year 3
SC 1	$16.00	$16.50	$17.00
SC 2	$26.00	$27.00	$28.00
SC 2L	$150.00	$170.00	$190.00
SC 3	$409.00	$455.00	$500.00

4. Merchant Function Charge

The Signatory Parties agree on the continuation of the Merchant Function Charge (MFC) for the commodity-related costs of natural gas service. The uncollectible cost component of the MFC will reflect an uncollectible rate of 0.5000%. The MFC targets are shown in Appendix M.

5. Delivery Revenue Adjustment

The Signatory Parties agree on the continuation of the Delivery Revenue Adjustment (DRA). The uncollectible cost component of the DRA will reflect an uncollectible rate of 0.5000%. The DRA revenue targets are shown in Appendix M.

6. Revenue Decoupling Mechanism

The Signatory Parties agree that the Company's Revenue Decoupling Mechanism (RDM) will eliminate the existing revenue per customer reconciliation and instead be revised to a total revenue per service class reconciliation. The RDM applies to residential and commercial service classes. The residential revenue target applies to delivery revenues from SC 1 and the commercial revenue target applies to all delivery revenues from SC 2 and SC 2L. Revenues from SC 3 and SC 4 are not included in the RDM. The RDM revenue targets for residential and commercial customers are shown in Appendix N. The RDM targets are adjusted to include revenue related to the make-whole surcharge and the seven-month rate suspension. The revenues related to the TCJA are reconciled separately and will not be included in the RDM mechanism.

7. Lost and Unaccounted for Gas

As shown in Appendix O, the Signatory Parties agree that the Company's Lost and Unaccounted for Gas (LAUF) incentive mechanism will include a target of 0.156%, an upper dead-band of 0.856%, and a lower dead-band of 0.0%. The Company will incorporate the LAUF target and dead-bands into its tariff.

8. Interruptible Incentive Credit Mechanism

The Signatory Parties agree that the Interruptible Incentive Credit Mechanism (IIC) shall be allocated to each customer service classification based on revenues. The IIC reconciles the difference between actual delivery revenue from SC 4 and the Rate Year Target. Actual delivery revenues are reconciled annually for the 12 months ended October 31 of each year. The first $100,000 of the difference between margin revenues received and the interruptible target is shared 85% to all SC 1 and SC 2 firm customers and 15% to the Company. The balance of any difference above or below the first $100,000 is surcharged or refunded 100% to SC 1 and SC 2 customers. The targets are $903,592 for Rate Year 1, $1,015,880 for Rate Year 2, and $1,115,941 for Rate

Year 3. If the Company does not file for new rates following Rate Year 3, the target will be set at $1,059,980 after Rate Year 3. Monthly targets are shown in Appendix D.

9. Contract Administration Charge

The Signatory Parties agree that the Company will continue to impose the $125 monthly contract administration charge only on customers that use over 50,000 therms annually.

10. Elimination of Tax Sur-credit Statement

The Signatory Parties agree that the Company will modify its tariff to eliminate the Tax Sur-credit statement.

11. Conversion to Dry BTU Factor

To be consistent with the measurement and characteristics of the natural gas flowing in the Company's system and provided to the Company's customers, the Company will switch from using a wet BTU factor to a dry BTU factor to calculate the heat content of natural gas for accounting and billing purposes. As a result of this conversion, the delivery rates shall be adjusted to ensure there is no impact to revenues and customer bills. The delivery rates for each Rate Year, adjusted for the conversion to dry BTU, are shown in Appendix K.

E. Gas Safety, Regulatory, and Environmental/Climate Goals

1. Timely Filings

The Company shall incur an NRA of 3 BP for each instance in which the Company fails to make a filing by the relevant deadline specified by applicable statute, regulation, or Commission order, or fails to request an extension or waiver of such deadline, where an extension or waiver is possible, in a timely fashion.[6]

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[6] The Signatory Parties recognize that the Secretary may not have the authority to extend a particular deadline. Should the Company seek to rely on a request to the Secretary for an extension to demonstrate that it has met the requirements of this provision, the Company must

2. Gas Safety Metrics

The Signatory Parties agree that Liberty SLG will maintain its current targets and associated revenue adjustments with respect to gas safety performance metrics in the areas of emergency response, leak management, and pipeline safety regulatory compliance, which are detailed in Appendix P. The Signatory Parties agree to more stringent targets and associated revenue adjustments for damage prevention metric, which are also detailed in Appendix P. The targets and associated revenue adjustments for all gas safety performance metrics will remain in effect until changed by the Commission.

3. Emergency Response

Emergency response relates to the amount of time it takes Company personnel to arrive on scene after receiving an emergency call. The Signatory Parties agree with maintaining the Company's current targets, which are responding to 75% of calls within 30 minutes, 90% of calls within 45 minutes, and 95% of calls within 60 minutes, consistent with the standard throughout New York State. As detailed in Appendix P, the Company will incur NRAs if it fails to meet those emergency response targets on an annual basis.

4. Damage Prevention

Damage prevention is associated with minimizing excavation damages to below ground facilities. Damage prevention targets are based on the total number of "damages" per 1,000 facility

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demonstrate that the requested extension is one that the Secretary has authority to grant. The Approval of an extension request by the Secretary is conclusive evidence that the Secretary had the authority to grant the request.

For requests for extensions made to the Secretary, except as otherwise provided in the relevant requirement (*e.g.*, in the relevant Commission order or issuance from the Secretary), a timely request is understood to mean a request made in writing not less than three days in advance of the relevant deadline. For requests for extensions or waivers that would require Commission action, a timely request means a request in writing (*e.g.*, in the form of a petition) at a time that allows the Commission to act on the request prior to the relevant deadline.

locate requests. Damages included in the calculation are those occurring as a result of the Company improperly locating a facility, the Company or its contractors hitting a line, or a third-party excavator hitting a line. The Signatory Parties agree to the damage prevention targets (expressed as overall damages per 1,000 locates) and associated NRAs and PRAs set forth in Appendix P.

5. Leak Management

Leak management relates to the Company's monitoring and repairing any new or existing leaks to its gas system. The Signatory Parties agreed to the safety-related leak management targets and associated NRAs set forth in Appendix P.

6. Compliance with Pipeline Safety Regulations

The Signatory Parties agree that the Company will incur NRAs for noncompliance with certain gas safety regulations contained in 16 NYCRR Part 255 and 261, as set forth in Appendix P.

For pipeline safety regulatory compliance, the number of non-compliances with each high risk and other risk code section may be capped at 10 per audit type (field or record). If the Company incurs greater than 10 instances of non-compliance of a single code section of either audit type (field or record) per calendar year, the Company shall file with the Secretary within 90 days of the date of the pipeline safety Staff's audit letter a remediation plan explaining the root cause of the Company's compliance deficiency and how the Company will address/resolve compliance issues going forward, including the dates by which the non-compliances will be brought into compliance or, where appropriate, when remedial actions will be taken to prevent future recurrence. Should the Company fail to timely file the remediation plan with the Secretary as required in the preceding sentence, or fail to comply with the provisions of its filed remediation plan, the non-compliances in excess of 10 shall be incorporated with the remainder of the non-compliances being considered under this measure.

7. Additional Full-Time Employee in the System Protection & Emergency Management Department

The Signatory Parties agree that the Company shall be allowed to recover the salary and benefits associated with a new full-time employee for the System Protection & Emergency Management Department under Operations.

8. Residential Methane Detector Pilot Program

The Signatory Parties agree that the Company shall implement a Residential Methane Detector Pilot Program in Rate Year 1 with the $37,590 in NRA funds from prior non-compliance with pipeline safety regulations and failure to meet damage prevention targets. The Company shall file with the Secretary an implementation plan within 90 days of the Commission order adopting this Joint Proposal.

9. First Responder Communication and Training

The Signatory Parties agree that the Company will continue emergency drills with local first responders. The Company shall do one drill per year with fire department first responders, rotating among the three counties in the Company's service territory; the sessions will be open to any employee/volunteer from any of the three counties for all drills. The Company shall note which fire departments participated in the training programs on its website.

10. Behavioral Demand Response Program

The Company shall implement a Behavioral Demand Response program during the Rate Plan. A Behavioral Demand Response program requests that customers reduce usage during times of peak usage. Such a program benefits customers by lowering utility bills and creates a reduction in the amount of natural gas consumed, which result in proportionate reductions in carbon emissions and supports realization of the CLCPA's greenhouse gas emission reduction targets.

11. Carbon Reduction Initiative (CRI)

The Signatory Parties understand that the CRI funds authorized in Case 18-G-0133 have either been exhausted or committed, and the program is concluded.

12. Greenhouse Gas Emissions Reporting

The Signatory Parties agree that the Company shall provide annual reporting of its GHG emissions as part of its requirements under Case 22-M-0149, Proceeding on Motion of the Commission Assessing Implementation of and Compliance with the Requirements and Targets of the Climate Leadership and Community Protection Act (CLCPA Order). Unless the Commission provides further guidance requiring specific reporting requirements during the term of its Rate Plan, the Company shall provide its upstream, local distribution, and end-use greenhouse gas emissions to the Secretary on or before April 15 of the subsequent year.

13. Energy Efficiency

The Company shall encourage gas conservation via messaging materials to its existing customers.

The Company will maintain and update the portion of its website that contain links to other entities and resources that can assist customer with reducing energy consumption and saving money on their bills.

The Company will refer its new gas applicants to the National Grid senior program manager for the New York State Clean Heat Program, including phone, email, and website contact information The New York State Energy Research and Development Authority maintains a list of utility contacts for the Clean Heat Program at the following link: https://cleanheat.ny.gov/contractors-contact/.

Within 60 days after the end of each Rate Year, the Company shall submit to the Secretary a report identifying the number of new applicants for service it received and the energy efficiency program(s) for which information was made available to those applicants. Of the applicants who were referred to other alternatives but ended up becoming a gas customer, the Company will identify the reason(s) why the customer ultimately decided to choose gas service instead of the other alternatives if that information was provided to the Company during the enrollment process.

14. Green Tariff

For the purposes of this paragraph, a "Green Tariff" shall mean an "opt-in" tariff which would allow SLG customers to purchase RNG inclusive of environmental attributes. If the Company desires to pursue a Green Tariff, the Company shall seek independent Commission review and approval of any future Green Tariff. In addition, the Company will petition the Commission regarding any future green hydrogen project for which the Company will seek cost recovery and receive authorization from the Commission on a filed proposal detailing the blending of hydrogen and natural gas (including safety).

F. Customer Service

1. Customer Service Performance Indicators

The Signatory Parties agree that the Company shall change the title of its Service Quality Performance Mechanism to Customer Service Performance Indicators (CSPI).

As set forth in Appendix Q, the Company's CSPI will include two metrics with performance thresholds and associated NRAs: the Commission Complaint Rate, and the Overall Customer Satisfaction Index. The Signatory Parties agree that the Company will change the set dollar NRAs in the CSPI to a formulaic process to determine NRAs using BPs, as detailed in Appendix Q.

The Signatory Parties agree that the Company will increase its CSPI reporting from annual to quarterly during the Rate Plan (*i.e.*, one report during each quarter of each calendar year).

a) Commission Complaint Rate

The Company's Commission Complaint Rate performance will be the 12-month escalated complaints received per 100,000 customers as reported by the Department of Public Service Office of Consumer Services each year for the 12-month period ending in December, based on the number of complaints received.

b) Overall Customer Satisfaction Rate

An Overall Customer Satisfaction Index (OCSI) will be calculated based on the results of the annual customer satisfaction survey, and will reflect the percentage of customers satisfied with the service they receive from the Company. The OCSI will continue to be based on the weighted average results of an independent vendor's random telephone surveys of two customer groups – one representative of the Company's residential customers, and the other representative of the Company's commercial and industrial customers.

Within 60 days after completion of the annual customer satisfaction survey, the Company shall report to the Secretary the results of the survey, and describe how it plans to address any legitimate customer suggestions, if any, that are developed as a result of the survey.

c) Termination and Uncollectible Expenses

The Company shall pause its Terminations and Uncollectible Expenses Metric for the entirety of the Rate Plan due to the trailing impact of the statewide moratorium on utility shutoffs and arrears forgiveness programs.

2. Low-Income Program

The Signatory Parties agree that a four-tiered approach to providing bill discounts for the Company's low-income program shall be employed based on the Commission's recognition of varying levels of need that correlate with the Home Energy Assistance Program (HEAP) benefits.[7] The first tier will consist of all customers who receive a regular HEAP benefit and are classified by the Company as regular HEAP recipients. The second tier will consist of customers who receive the regular HEAP benefit with one add-on. The third tier will consist of customers who receive a regular HEAP benefit with two add-ons. The fourth tier will consist of customers who receive a direct voucher. Consistent with current rate design, the Company will implement the following bill discounts based on tiered eligibility for its low-income program. The Company will upwardly increase the tiered discounts in Rate Year 2 and Rate Year 3 to remain consistent with the 3% energy burden target for natural gas service using the Commission Energy Affordability Program methodology. The Company will file its proposed discounts and budget for the next Rate Year in its annual low-income report for Staff review. Additionally, the Company will display the low-income discount as a separate line item on customers' bills beginning no later than the beginning of Rate Year 2 and shall continue to do so thereafter.

	Bill Discount RY1	**Bill Discount RY2**	**Bill Discount RY3**	**Criteria**
Tier 1	$5.00	$5.00	$5.00	Regular HEAP recipients
Tier 2	$10.07	$11.49	$13.05	Regular HEAP with one add-on recipient
Tier 3	$22.54	$25.72	$29.21	Regular HEAP with two add-on recipients
Tier 4	$16.97	$19.36	$21.99	Direct Voucher

[7] Case 14-M-0565, *Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low-Income Customers*, Order Adopting Low Income Program Modifications and Directing Utility Filings (issued May 20, 2016).

The Signatory Parties agree the Low-Income Program will be funded for each Rate Year as follows:

Rate Year 1: $351,459

Rate Year 2: $399,708

Rate Year 3: $452,674

The Company shall track low-income discounts and fully reconcile actual discounts provided to ratepayers in any given rate year to the associated low-income program budget amount. Any such deferral shall be addressed in a future rate proceeding and addressed in a manner to be determined by the Commission.

The Company shall continue to file the annual low-income reports with the following information: (a) participant totals separated by tier; (b) new participants; (c) participant reconnection fee waiver; (d) participant arrears; (e) termination notices sent to participants; (f) amount budgeted and amount spent for the program; and (g) amount of participant uncollectibles. The Company shall file this report with the Secretary by December 31 of each calendar year.

The Company will grant a one-time per year waiver of its $32 reconnection fee for low-income customers.

3. Customer First

The Signatory Parties agree that the Company may recover its allocated share of costs and/or capital expenditures for the implementation and ongoing or future operations of Customer First, including system/technology upgrades – provided, however, that the Company may not recover costs from any material mistakes associated with the migration to Customer First. For purposes of this Section, “material mistake” means any reported and verifiable failure of the system to perform substantially as designed where the error prevents use of the system.

The Company will submit reports to the Secretary quarterly for Rate Year 1 and semi-annually for Rate Year 2 and Rate Year 3 on the following: billing success rate of the Customer First migration; the number of customers using the Company's new My Account portal; the final implementation cost of Customer First, including accounts of expenses related to Customer First rollout compared to budgeted amounts; and operational savings resulting from Customer First.

4. Outreach & Education

The Signatory Parties agree that the Company will continue its Outreach & Education program with a budget of $55,000. The Signatory Parties agree that an individual accounting method for Outreach & Education funds is appropriate and will be filed with the Secretary annually when the Company submits its annual Outreach & Education plan. The Signatory Parties agree that the Company's annual Outreach and Education will be submitted by April 1 each year.

5. Elimination of Lockbox Mechanism

The Signatory Parties agree that the Company will modify its tariff to eliminate language relating to the lockbox mechanism, which was an alternative security mechanism that allowed marketers to receive customers' payments. The Company no longer has a lockbox, and no marketers are using a lockbox mechanism.

G. Affiliate Code of Conduct

The most recent version of the Company's Affiliate Code of Conduct is provided in Appendix R. The Company will notify the Secretary of any changes made to the code of conduct, together with an explanation of such changes.

H. Legislative, Regulatory and Related Actions

The Signatory Parties recognize that any law, rule, regulation, order, or other requirement (or any repeal or amendment of an existing law, rule, regulation, order or other requirement) of the state, local or federal governments may result in a change in the Company's annual revenues, costs or expenses (including income or other federal or State tax expense, but excluding local property taxes) not anticipated in the forecasts on which the rates for the Rate Plan are based. If the Commission has not addressed or does not otherwise address the treatment of a legislative, accounting, regulatory, or government-mandated action (e.g., through a surcharge or credit) via a generic or Company-specific proceeding, the Company will defer on its books of account the full change in revenues, costs or expenses if the amount equals $60,000 or more during Rate Year 1, Rate Year 2, or Rate Year 3. Any such deferrals are to be reflected in the next base rate case or in a manner to be determined by the Commission. No deferral for the benefit of the Company under this Section will be authorized if the Company's earnings exceed an ROE of 9.2%.

In the event the Company meets the criteria to defer an amount incurred above $60,000 due to a legislative, regulatory, and related action, Liberty SLG shall file a letter by March 31after the calendar year in which such expenses were incurred with the Secretary to the Commission setting forth the rationale for the deferral. Any disagreement with the filing will be referred to the Commission for a decision or addressed in the Company's next base rate case.

VI. GENERAL AND MISCELLANEOUS PROVISIONS

A. Restriction on Filing for Rate Increases during Term of Rate Plan

The Company agrees not to file for new base delivery rates to be effective prior to November 1, 2025. Nothing herein precludes the Company from filing a new general gas rate case prior to October 31, 2025, for rates to take effect on or after November 1, 2025. Notwithstanding the foregoing, nothing in the Joint Proposal shall prohibit the Commission (upon its own motion or upon motion of an interested party) from exercising its ongoing statutory authority to act on the level of the Company's rates in the event of unforeseen circumstances that, in the Commission's judgment, have such a substantial impact on the rate of return as to render the return on common equity devoted to the Company's gas operations, unreasonable, unnecessary, or inadequate for the provision of safe and adequate service.

B. Provisions Not Separable

The Signatory Parties intend this Joint Proposal to be a complete resolution of all the issues in Case 21-G-0577, and the Company will file tariffs in a manner consistent with the terms of this Joint Proposal. The terms of this Joint Proposal are submitted as an integrated whole. In the event or to the extent that the Commission does not adopt the terms of this Joint Proposal in their entirety, the Signatory Parties shall be free to pursue their respective positions in this proceeding without prejudice. It is also understood that each provision of this Joint Proposal is in consideration and support of all the other provisions, and each provision is expressly conditioned upon acceptance by the Commission of this Joint Proposal in its entirety without change. Except as may be explicitly set forth herein, none of the Signatory Parties is deemed to have approved, agreed to, or consented to any principle, methodology, or interpretation of the law underlying or supposed to underlie any provision herein.

C. Provisions Not Precedent

The terms and provisions of this Joint Proposal apply solely to, and are binding only in the context of the purposes and results of this Joint Proposal. None of the terms or provisions of this Joint Proposal, including any methodology or principle utilized herein, and none of the positions taken herein by any Signatory Party may be referred to, cited, or relied upon by any other party in any fashion as precedent or otherwise in any other proceeding before this Commission or any other regulatory agency or before any court of law for any purpose other than furtherance of the purposes, results, and disposition of matters governed by this Joint Proposal. Concessions made by Signatory Parties on various issues included in this Joint Proposal do not preclude those parties from addressing such issues differently in other proceedings. This Joint Proposal shall not be construed, interpreted, or otherwise deemed in any respect to constitute an admission by any Signatory Party regarding any allegations, contentions, or issues raised in this proceeding or addressed in this Joint Proposal.

D. Submission of the Proposal

Each Signatory Party agrees to submit this Joint Proposal to the Commission, to support and request its adoption by the Commission, and not to take a position in this proceeding contrary to the agreements set forth herein or to assist another participant in taking such a contrary position in these proceedings. The Signatory Parties believe that the resolution of the issues, as set forth in this Joint Proposal, is just and reasonable and otherwise in accordance with the PSL, the Commission's regulations, and applicable Commission precedent. The Signatory Parties believe this Joint Proposal satisfies the requirements of PSL § 65 (1) that Liberty SLG will provide safe and adequate service at just and reasonable rates.

E. Effect of Commission Adoption of Terms of this Proposal

No provision of this Joint Proposal or the Commission's adoption of the terms of this Joint Proposal shall in any way abrogate or limit the Commission's statutory authority under the PSL. Any generic Commission action – including but not limited to, revisions to 16 NYCRR Part 230 or potential Commission action in Case 20-G-0131 – will take precedence over the recovery or procedures described in this Joint Proposal. The Signatory Parties recognize that any Commission adoption of the terms of this Joint Proposal does not waive the Commission's ongoing rights and responsibilities to enforce its orders and effectuate the goals expressed therein, nor the rights and responsibilities of Staff to conduct investigations or take other actions in furtherance of its duties and responsibilities.

F. Further Assurances

The Signatory Parties recognize that certain provisions of this Joint Proposal require that actions be taken in the future to fully effectuate this Joint Proposal. Accordingly, the Signatory Parties agree to cooperate with each other in good faith in taking such actions. In the event of any disagreement over the interpretation of this Joint Proposal or implementation of any of the provisions of this Joint Proposal, which cannot be resolved informally among the Signatory Parties, such disagreement shall be resolved in the following manner: (a) the Signatory Parties shall promptly convene a conference and in good faith attempt to resolve any such disagreement; and (b) if any such disagreement cannot be resolved by the Signatory Parties, any Signatory Party may petition the Commission for resolution of the disputed matter.

G. Execution

This Joint Proposal may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument which shall be binding upon each Signatory Party when it is executed in counterpart, filed with the Secretary of the Commission, and approved by the Commission.

H. Entire Agreement

This Joint Proposal, including all attachments, exhibits and appendices, if any, represents the entire agreement of the Signatory Parties with respect to the matters resolved herein.

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed below as evidence of their agreement to be bound by the provisions of this Joint Proposal.

LIBERTY UTILITIES (ST. LAWRENCE GAS) CORP.

By: ______________________________
Jeffrey D. Kuhn, Esq.
Aubrey Ohanian, Esq.
HARRIS BEACH PLLC

Date: March 30, 2023

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed below as evidence of their agreement to be bound by the provisions of this Joint Proposal.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

By: ______________________________
Shauna Spinosa, Esq.
Brandon Goodrich, Esq.

Date: March 30, 2023

IN WITNESS WHEREOF, the Signatory Parties hereto have this day signed below as evidence of their agreement to be bound by the provisions of this Joint Proposal.

MULTIPLE INTERVENORS

By: S. Jay Good

S. Jay Goodman, Esq.

COUCH WHITE, LLP

Date: March 30, 2023

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Statement of Operating Income
For the Rate Year Ending October 31, 2023
(Whole Dollars)

	Company Supplemental Legacy Area Rate Year Ending October 31, 2023	Company Supplemental Expansion Area Rate Year Ending October 31, 2023	Adj. #	Joint Proposal Adjustments	Rate Year As Adjusted	Base Revenue Increase Required	Rate Year Ending October 31, 2023 with Base Revenue Requirement
Operating Revenues	$ 34,028,745	$ 2,746,570	1	$ 150,579	$ 36,925,894	$ 2,579,086	$ 39,504,980
Deductions							
Purchased Gas Costs	$ 18,644,992	$ 1,955,356	2	$ 1,611,526	$ 22,211,874		$ 22,211,874
Revenue Taxes	392,859	17,397	3	(23,493)	386,763	25,790	412,553
Total Deductions	$ 19,037,851	$ 1,972,753		$ 1,588,033	$ 22,598,637	$ 25,790	$ 22,624,427
Gross Margin	$ 14,990,894	$ 773,817		$ (1,437,454)	$ 14,327,257	$ 2,553,296	$ 16,880,553
Total Operation & Maintenance Expenses	$ 11,591,689	$ 83,943	4	$ (2,591,184)	$ 9,084,448	$ 12,895	$ 9,097,343
Amortization of Regulatory Deferrals	(431,521)	-	5	(76,923)	(508,444)		(508,444)
Depreciation and Amortizations	2,357,092	154,923	6	(240,626)	2,271,389		2,271,389
Taxes Other Than Revenue & Income Taxes	1,863,940	588,367	7	409,794	2,862,101		2,862,101
Total Operating Revenue Deductions	$ 15,381,200	$ 827,233		$ (2,498,939)	$ 13,709,494	$ 12,895	$ 13,722,389
Operating Income Before Income Taxes	$ (390,306)	$ (53,416)		$ 1,061,485	$ 617,763	$ 2,540,401	$ 3,158,164
Income Taxes							
Federal Income Taxes	$ (295,810)	$ (73,265)	8	$ 234,369	$ (134,706)	$ 498,808	$ 364,102
State Income Taxes	(76,513)	(11,078)	9	69,873	(17,718)	165,126	147,408
Total Income Taxes	$ (372,322)	$ (84,343)		$ 304,242	$ (152,424)	$ 663,934	$ 511,510
Operating Income After Income Taxes	$ (17,984)	$ 30,927		$ 757,243	$ 770,186	$ 1,876,468	$ 2,646,654
Rate Base	$ 37,289,768	$ 5,545,915	10	$ (3,087,917)	$ 39,747,766		$ 39,747,766
Rate of Return	-0.05%	0.56%			1.94%		6.66%

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Operation & Maintenance Expenses
For the Rate Year Ending October 31, 2023
(Whole Dollars)

	Company Supplemental Legacy Area Rate Year Ending October 31, 2023	Company Supplemental Expansion Area Rate Year Ending October 31, 2023	Adj. #	Company O&M Corrections & Update adjustments	Joint Proposal Adjustments	Inflation	Rate Year As Adjusted
Operation & Maintenance Expenses:							
Direct Labor	$ 3,981,533	$ 38,738	4a	$ 352,692	$ (419,277)	$ -	$ 3,953,686
Direct Labor Intercompany	1,484,221	-	4b	134,746	9,131	-	1,628,098
Oper - Mains & Services Exp.	681,544	14,117	4c	47,476	(30,000)	42,564	755,701
Oper - Cust Install Exp	96,249	108	4d	(11,591)	-	5,059	89,825
Oper - Meas & Reg Station Exp	109,408	47	4e	(14,743)	-	5,653	100,365
Oper - Other Invoices	827,763	337	4f	(545,847)	(68,000)	12,788	227,041
Maint - Maint of Mains	88,497	987	4g	(2,264)	-	5,206	92,426
Maint - Other Invoices	162,997	354	4h	90,994	(116,794)	8,210	145,761
Acct - Meter Reading Exp.	75,735	4,950	4i	(269)	164,664	14,628	259,708
Billing & Collection Expenses	117,176	-	4j	(64,842)	-	3,124	55,458
Uncollectibles	152,957	3,623	4k	-	28,049	-	184,629
Acct-Other Invoices	29,449	-	4l	(92,501)	-	(3,763)	(66,815)
Cust Rel - Informational Adv	7,625	-	4m	(5,329)	-	137	2,433
Cust Rel - Other Invoices	(183,202)	17,071	4n	200,844	-	2,072	36,785
Expenses - Informational Adv	60,784	1,742	4o	(8,097)	(16,083)	2,289	40,635
Office Supplies and Exp	393,531	-	4p	(21,997)	(38,130)	19,899	353,303
Admin Exp and Admin Exp Transfer - Credit	(1,505,388)	1,869	4q	5,338	15,686	-	(1,482,495)
Outside Services	1,443,095	-	4r	(1,414,688)	150,156	10,658	189,221
Indirect Allocation Intercompany	-	-	4s	1,428,391	(122,376)	77,950	1,383,965
Injuries & Damages	341,769	-	4t	(1,211)	-	20,326	360,884
Pension	(435,356)	-	4u	-	315,474	-	(119,882)
Supplemental Pensions	-	-	4v	172,954	-	10,323	183,277
Health Insurance	581,037	-	4w	-	72,505	-	653,542
Employee Benefits	-	-	4y	203,966	-	12,174	216,140
OPEB's	2,316,224	-	4x	-	(2,673,312)	-	(357,088)
Other Employee Benefits	390,464	-	4ab	(355,601)	-	2,081	36,944
Regulatory Commission Exp	157,521	-	4ac	-	-	-	157,521
Maint of general Plant	133,027	-	4ad	(471)	-	7,911	140,467
Other Expenses	83,029	-	4ae	(115,646)	(40,834)	(4,384)	(77,835)
Productivity	-	-	4af	-	(59,250)	-	(59,250)
Inflation	-	-	4ag	-	254,903	(254,903)	-
TOTAL O&M Expense	$ 11,591,689	$ 83,943		$ (17,696)	$ (2,573,488)	$ 0	$ 9,084,448

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Taxes Other Than Income Taxes
For the Rate Year Ending October 31, 2023
(Whole Dollars)

	Company Supplemental Legacy Area Rate Year Ending October 31, 2023	Company Supplemental Expansion Area Rate Year Ending October 31, 2023	Adj. #	Joint Proposal Adjustments	Rate Year As Adjusted
Payroll Taxes	$ 357,564	$ -	7a	$ 83,272	$ 440,837
Property Taxes	1,506,376	588,367		326,522	2,421,265
			7b		
Total Taxes Other Than Revenue and Income Taxes	$ 1,863,940	$ 588,367		$ 409,794	$ 2,862,102

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Federal Income Taxes
For the Rate Year Ending October 31, 2023

FEDERAL INCOME TAX - As Adjusted

COMBINED (LEGACY AND EXPANSION)

	Adj. #8		Federal Taxable Income
Net Income Before Federal & State Income Taxes		$	617,763
Interest			(890,350)
Total Pretax Income / (Loss)		**$**	**(272,587)**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments			
Depreciation		$	(2,420,753)
TOTAL		$	(2,420,062)
Federal Taxable Income		$	(2,692,649)
NOL Carryforward			3,223,455
NYS Current Income Tax (below/deductible for Federal purposes)			**34,457**
Federal Taxable Income		**$**	**496,348**
Federal Current Income Tax		**$**	**104,233**
Federal Deferred Income Tax			
Depreciation		$	475,315
NOL			(632,925)
Permanent Differences			(145)
Total Deferred Income Taxes			**(157,756)**
Total Federal Income Tax (current + deferred)			**(53,523)**
Amortization of Excess ADIT			**(81,183)**
Federal Income Tax Rate:	19.64%		

STATE INCOME TAX - As Adjusted

COMBINED (LEGACY AND EXPANSION)

	Adj. #9		State Taxable Income
Net Income Before Federal & State Income Taxes		$	617,763
Interest			(890,350)
Total Pretax Income / (Loss)		**$**	**(272,587)**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments - Federal			
Depreciation		$	(2,420,753)
TOTAL		$	(2,420,062)
State Taxable Income		$	(2,692,649)
NOL Carryforward			3,223,455
State Taxable Income		$	530,115
State Current Income Tax		**$**	**34,457**
State Deferred Income Tax			
Depreciation		$	157,349
NOL Carryforward			(209,525)
Total Deferred Income Taxes		**$**	**(52,176)**
Total State Income Tax (current + deferred)			**(17,718)**
State Income Tax Rate	6.50%		

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Federal Income Taxes
For the Rate Year Ending October 31, 2023

FEDERAL INCOME TAX - As Company Filed

			Federal Taxable Income
LEGACY AREA			
Net Income Before Federal & State Income Taxes		$	(390,306)
Interest			(786,814)
Total Pretax Income / (Loss)		**$**	**(1,177,120)**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
Federal Taxable Income		$	(3,547,450)
NOL Carryforward			3,050,652
NYS Current Income Tax (below/deductible for Federal purposes)			(32,337)
Federal Taxable Income		**$**	**(464,461)**
Federal Current Income Tax	**21%**	$	(97,537)
Federal Deferred Income Tax			
Depreciation		$	465,550
NOL			(598,996)
Permanent Differences			(145)
Total Deferred Income Taxes			**(133,591)**
Total Federal Income Tax (current + deferred)			**(231,128)**
Amortization of Excess ADIT			**(64,682)**
Federal Income Tax Rate	19.64%		

FEDERAL INCOME TAX - As Company Filed

			Federal Taxable Income
EXPANSION AREA			
Net Income Before Federal & State Income Taxes		$	(53,416)
Interest			(117,019)
Total Pretax Income / (Loss)		**$**	**(170,435)**
Permanent Differences			
Meals & Entertainment		$	-
Non-Deductible Penalties		$	-
Schedule M-1 Adjustments			
Depreciation		$	(49,732)
TOTAL		$	(49,732)
Federal Taxable Income		$	(220,167)
NOL Carryforward			172,803
NYS Current Income Tax (below/deductible for Federal purposes)			(3,079)
Federal Taxable Income		**$**	**(44,285)**
Federal Current Income Tax	**21%**	$	(9,300)
Federal Deferred Income Tax			
Depreciation		$	9,765
NOL			(33,930)
Permanent Differences			-
Total Deferred Income Taxes			**(24,165)**
Total Federal Income Tax (current + deferred)			**(33,465)**
Amortization of Excess ADIT			**(39,800)**
Federal Income Tax Rate	19.64%		

STATE INCOME TAX - As Company Filed

			State Taxable Income
LEGACY AREA			
Net Income Before Federal & State Income Taxes		$	(390,306)
Interest			(786,814)
Total Pretax Income / (Loss)		**$**	**(1,177,120)**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments - Federal			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
State Taxable Income		$	(3,547,450)
NOL Carryforward			3,050,652
State Taxable Income		$	(497,489)
State Current Income Tax		**$**	**(32,337)**
State Deferred Income Tax			
Depreciation		$	154,116
NOL Carryforward		$	(198,292)
Total Deferred Income Taxes			**(44,176)**
Total State Income Tax (current + deferred)			**(76,513)**
State Income Tax Rate	6.50%		

STATE INCOME TAX - As Company Filed

			State Taxable Income
EXPANSION AREA			
Net Income Before Federal & State Income Taxes		$	(53,416)
Interest			(117,019)
Total Pretax Income / (Loss)		**$**	**(170,435)**
Permanent Differences			
Meals & Entertainment		$	-
Non-Deductible Penalties		$	-
Schedule M-1 Adjustments - Federal			
Depreciation		$	(49,732)
TOTAL		$	(49,732)
State Taxable Income		$	(220,167)
NOL Carryforward			172,803
State Taxable Income		$	(47,364)
State Current Income Tax		**$**	**(3,079)**
State Deferred Income Tax			
Depreciation		$	3,233
NOL Carryforward		$	(11,232)
Total Deferred Income Taxes			**(8,000)**
Total State Income Tax (current + deferred)			**(11,078)**
State Income Tax Rate	6.50%		

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Summary of Rate Base
For the Rate Year Ending October 31, 2023
(Whole Dollars)

	Company Supplemental Legacy Area Rate Year Ending October 31, 2023	Company Supplemental Expansion Area Rate Year Ending October 31, 2023	Adj. #	Joint Proposal Adjustments	Rate Year As Adjusted
Gas Plant In-Service	$ 75,864,087	$ 9,355,120	**10a**	$ (5,423,215)	$ 79,795,992
Accumulated Depreciation Reserve	(32,645,565)	(3,724,640)	**10b**	1,924,580	(34,445,625)
Net Utility Plant	$ 43,218,522	$ 5,630,480		$ (3,498,634)	$ 45,350,368
Accumulated Deferred Income Taxes	(2,011,523)	3,510,816	**10c**	(173,179)	1,326,114
Regulatory Liability - Tax Reform	(930,771)	(1,521,155)	**10d**	902,360	(1,549,566)
Working Capital					
Materials and supplies	$ 406,667	$ -		$ (66,601)	$ 340,066
Prepayments	187,935	-		-	187,935
O&M Cash Allowance (1/8 O&M exp)	1,424,701	10,493	**10e**	(273,464)	1,161,730
Total Working Capital	$ 2,019,303	$ 10,493		$ (340,065)	$ 1,689,731
Unamortized Regulatory Deferrals	(1,290,652)	-	**10f**	21,601	(1,269,051)
Excess Earnings Base Adjustment	(3,715,111)	(2,084,719)		$ -	$ (5,799,830)
Total Rate Base	**$ 37,289,768**	**$ 5,545,915**		**$ (3,087,917)**	**$ 39,747,766**

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Capital Structure Forecast
For the Rate Year Ending October 31, 2023
(Whole Dollars)

Joint Proposal Capital Structure

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 20,263,411	50.98%	4.33%	2.21%	2.21%
Customer Deposits	405,427	1.02%	3.45%	0.035%	0.035%
Common Equity	19,078,928	**48.00%**	**9.20%**	4.42%	5.98%
Total	$ 39,747,766	100.00%		6.66%	8.22%

Company as Filed

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 8,329,933	49.24%	4.33%	2.13%	2.13%
Customer Deposits	383,225	0.76%	0.48%	0.00%	0.00%
Common Equity	18,735,392	50.00%	10.50%	5.25%	7.11%
Total	$ 27,448,550	100%		7.39%	9.25%

OTHER REVENUE REQUIREMENT INPUTS

Forecast Rate Year Rates To Apply To Rev Req	
Bad Debt % For Rev Req	**0.5000%**
GRT Rate For Rev Req	**1.00%**
Federal Income Tax Rate	**21.00%**
NYS Income Tax Rate	**6.50%**
Inflation (June 30, 2021 - October 31, 2023)	**14.10%**

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Summary of Joint Proposal Adjustments
For the Rate Year Ending October 31, 2023
(Whole Dollars)

		Witness		
Adj. 1	**Operating Revenues**			
	To adjust operating revenues to reflect Staff's sales forecast	SRRP	$ (1,509,862)	
	Joint Proposal - to adjust sales forecast		1,592,873	
	Joint Proposal - to include revenues associated with 2 large commercial customers		67,568	$ 150,579
Adj. 2	**Purchased Gas Costs**			
	To adjust purchased gas costs to reflect Staff's sales forecast	SRRP	$ (43,577)	
	Joint Proposal - to adjust the purchased gas forecast		1,655,103	$ 1,611,526
Adj. 3	**Revenue Taxes**			
	To adjust revenue taxes to reflect Staff's sales forecast	SRRP	$ (23,493)	$ (23,493)
Adj. 4	**Operating and Maintenance Expenses**			
(a)	**Direct Labor**			
	To adjust Direct Labor to reflect the corrected O&M forecast per the DPS-279 Update	SAP	$ 352,692	
	To adjust Direct Labor to remove the compliance program manager position	SGSP	(110,932)	
	To adjust Direct Labor to remove wage increases for market corrections	SAP	(156,310)	
	To adjust Direct labor to remove the Company's HTY normalization adjustment	SAP	(179,360)	
	To adjust Direct Labor removing A&G salaries due to a double count	SAP	(500,212)	
	Joint Proposal - To reflect a Supervisor FTE for the System Protection and Emergency Management Department		58,000	
	Joint Proposal - To reflect an regarding wage increases for market corrections		102,137	
	Joint Proposal - To reflect Staff's capitalization rate		367,400	$ (66,585)
(b)	**Direct Labor Intercompany**	SAP		
	To adjust Direct Labor Intercompany to reflect the corrected O&M forecast per the DPS-279 Update		$ 134,746	
	To adjust Direct Labor Intercompany to reflect Staff's forecast		9,131	$ 143,877
(c)	**Oper - Mains & Services**	SAP		
	To adjust Oper - Mains & Services to reflect the corrected O&M forecast per the DPS-279 Update		$ 47,476	
	To adjust Oper - Mains & Services to remove the costs for river inspections per DPS-547		(30,000)	$ 17,476
(d)	**Oper - Cust Install**	SAP		
	To adjust Oper - Cust Install to reflect the corrected O&M forecast per the DPS-279 Update		$ (11,591)	$ (11,591)
(e)	**Oper - Meas & Reg Station**	SAP		
	To adjust Oper - Meas & Reg Station to reflect the corrected O&M forecast per the DPS-279 Update		$ (14,743)	$ (14,743)
(f)	**Oper - Other Invoices**	SAP		
	To adjust Oper - Other invoices to remove costs for the system analysis per DPS-547		$ (68,000)	
	To adjust Oper - Other invoices to reflect the corrected O&M forecast per the DPS-279 Update		(545,847)	$ (613,847)
(g)	**Maint - Maint of Mains**	SAP		
	To adjust Maint - Maint of Mains to reflect the corrected O&M forecast per the DPS-279 Update		$ (2,264)	$ (2,264)
(h)	**Maint - Other Invoices**	SAP		
	To adjust Maint - Other Invoices to reflect the corrected O&M forecast per the DPS-279 Update		$ 90,994	
	To adjust Maint - Other Invoices to remove rehabilitation regrading and stone costs per DPS-547		(116,794)	$ (25,800)
(i)	**Acct - Meter Reading**	SAP		
	To adjust Acct - Meter Reading to reflect the corrected O&M forecast per the DPS-279 Update		$ (269)	
	Joint Proposal - To reflect the costs for in-house meter reading		164,664	$ 164,395
(j)	**Billing & Collection**	SAP		
	To adjust Billing and Collection to reflect the corrected O&M forecast per the DPS-279 Update		$ (64,842)	$ (64,842)
(k)	**Uncollectibles**	SAP		
	To adjust Uncollectibles to reflect the correct calculation		$ 25,752	
	To adjust Uncollectibles to reflect Staff's Uncollectibles rate		(71,446)	
	Joint Proposal - To adjust uncollectibles to reflect an uncollectibles rate of 0.5000%		73,743	$ 28,049
(l)	**Acct-Other Invoices**	SAP		
	To adjust Acct - Other Invoices to reflect the corrected O&M forecast per the DPS-279 Update		$ (92,501)	$ (92,501)
(m)	**Cust Rel - Informational Adv**	SAP		
	To adjust Cut Rel - Informational Adv to reflect the corrected O&M forecast per the DPS-279 Update		$ (5,329)	$ (5,329)

Summary of Joint Proposal Adjustments
For the Rate Year Ending October 31, 2023
(Whole Dollars)

(n)	**Cust Rel - Other Invoices**	SAP		
	To adjust Cust Rel - Other Invoices to reflect the corrected O&M forecast per the DPS-279 Update		$ 200,844	$ 200,844
(o)	**Expenses - ~~Promotional~~ Informational Adv**			
	To adjust Promotional Advertising to reflect the corrected O&M forecast per the DPS-279 Update	SAP	$ (8,097)	
	To adjust Promotional Advertising to remove Gas Conversion Program Costs	SAP/SCLCPA	(16,083)	$ (24,180)
(p)	**Office Supplies and Exp**	SAP		
	To adjust Office Supplies and Exp to remove association dues		$ (19,270)	
	To adjust Office Supplies and Exp to reflect the corrected O&M forecast per the DPS-279 Update		(21,997)	
	To adjust Office Supplies and Exp to remove the costs for a private flight		(25,147)	
	Joint Proposal - To reflect an adjustment to remove the costs for a private flight		6,287	$ (60,127)
(q)	**Admin Exp and Admin Exp Transfer - Credit**	SAP		
	To adjust Admin Exp and Admin Exp Transfer - Credit tracking Staff's capital labor, direct labor intercompany, and indirect allocation intercompany adjustments		$ 142,236	
	To adjust Admin Exp and Admin Exp Transfer - Credit to reflect the corrected O&M forecast per the DPS-279 Update		5,338	
	To adjust Admin Exp and Admin Exp Transfer - Credit to reflect Staff's forecasting methodology		(322,831)	
	Joint Proposal - tracking adjustments to direct labor and indirect allocation intercompany		196,281	$ 21,024
(r)	**Outside Services**	SAP		
	To adjust Outside Services to remove non-recurring legal expenses		$ (83,198)	
	To adjust Outside Services to reflect the corrected O&M forecast per the DPS-279 Update		(1,414,688)	
	Joint Proposal - to reverse out-of-period accrual reversals for expenses booked prior to the HTY		233,354	$ (1,264,532)
(s)	**Indirect Allocation Intercompany**	SAP		
	To adjust Indirect Allocation Intercompany to reflect the corrected O&M forecast per the DPS-279 Update		$ 1,428,391	
	To adjust Indirect Allocation Intercompany to reflect savings associated with the Kentucky Power acquisition		(202,501)	
	To adjust Indirect Allocation Intercompany to reflect savings associated with New York American Water acquisitions		(250,009)	
	Joint Proposal - To adjust the savings associated with the NYAW Power acquisition		330,134	$ 1,306,015
(t)	**Injuries & Damages**	SAP		
	To adjust Injuries & Damages to reflect the corrected O&M forecast per the DPS-279 Update		$ (1,211)	$ (1,211)
(u)	**Pensions**	SAP		
	To adjust Pension to reflect the latest actuary report as per DPS-359 Supplemental		$ 873,389	
	To update Pension to reflect amortization of the deferral		(557,915)	315,474
(v)	**Supplemental Pensions**	SAP		
	To adjust Supplemental Pensions to reflect the corrected O&M forecast per the DPS-279 Update		$ 172,954	$ 172,954
(w)	**Health Insurance**	SAP		
	To adjust Health Care to reflect the latest known enrollment levels		$ 72,448	
	To adjust Dental/Vision to reflect Staff's forecasting methodology		18,404	
	To adjust Health Care to tracking the removal of one FTE		(14,023)	
	To adjust Health Care to reflect Staff's forecasting methodology		(18,347)	
	Joint Proposal - tracking adjustments to direct labor		14,023	$ 72,505
(x)	**Employee Benefits**	SAP		
	To adjust Employee Benefits to reflect the corrected O&M forecast per the DPS-279 Update		$ 203,966	$ 203,966
(ab)	**OPEB's**	SAP		
	To adjust OPEB's to reflect latest actuary report per DPS-359 Supplemental		$ (2,434,742)	
	To update OPEB's to reflect amortization of the deferral		(238,570)	$ (2,673,312)
(ac)	**Other Employee Benefits**	SAP		
	To adjust Other Employee Benefits to reflect the corrected O&M forecast per the DPS-279 Update		$ (355,601)	$ (355,601)
(ad)	**Maint of General Plant**	SAP		
	To adjust Maint of General Plant to reflect the corrected O&M forecast per the DPS-279 Update		$ (471)	$ (471)

Summary of Joint Proposal Adjustments
For the Rate Year Ending October 31, 2023
(Whole Dollars)

(ae)	**Other Expenses**			
	To adjust Other expense to reflect a Residential Methane Detector Pilot Program	SAP/SGSP	$ 12,530	
	To adjustment Other Expense to remove the costs associated with the installation of UV light	SAP	(7,261)	
	To adjust Other Expenses to remove charitable donations	SAP	(10,615)	
	To adjust Other Expenses to remove the waiving of late payment fees	SAP	(35,488)	
	To adjust Other Expenses to reflect the corrected O&M forecast per the DPS-279 Update	SAP	(115,646)	$ (156,480)
(af)	**Productivity**	SAP		
	To reflect a productivity adjustment tracking Staff's labor adjustment		$ (51,283)	
	Joint Proposal - tracking adjustments to direct labor, and health insurance		(7,967)	$ (59,250)
(ag)	**Inflation**	SAP		
	To reflect Staff's inflation rate and forecast		$ 153,342	
	Joint Proposal - to update the inflation rate		101,561	$ 254,903
	Total Operating and Maintenance Expense Adjustment			**$ (2,591,184)**
Adj. 5	**Depreciation Expense**			
	To adjust Depreciation expense to reflect Staff's Rate Year forecast of plant-in-service	SGIOP	$ 60,796	
	To reduce Depreciation expense tracking the write-down to the expansion area	SPP	(106,519)	
	Joint Proposal - to adjust depreciation expense tracking adjusted self-supporting calculation		29,312	
	Joint Proposal - to adjust depreciation expense tracking adjusted plant-in-service		(224,215)	**$ (240,626)**
Adj. 6	**Amortization of Deferrals**			
	To correct the beginning balance of Deferred Regulatory Liability – Surcredit per DPS-426	SAP	$ 318,926	
	To reflect a three-year amortization of Gas Safety Performance Measures to offset RMD program	SAP/SGSP	25,060	
	To correct beginning balance of Property Tax Deferral per DPS-452	SAP	17,957	
	To correct beginning balance of Risk Assessment Deferral	SAP	14,639	
	To correct beginning balance of the SBC deferral	SAP	7,571	
	To include and amortize an un-timely filings NRA deferral over one-year	SAP	(11,919)	
	To correct beginning balance of Gas Safety Performance Measures	SAP	(17,669)	
	To include and amortize an acquisition savings deferral over three-years	SAP	(31,507)	
	To include and amortize the PBA over a three-years	SAP	(166,667)	
	To reflect a three-year amortization of Deferred regulatory Liability – Surcredit	SAP	(222,001)	
	To amortize the Excess Earnings Deferral and amortize over three-years	SAP	(237,241)	
	Joint Proposal - to reflect adjustments for amortization of deferrals		225,928	**$ (76,923)**
Adj. 7	**Taxes Other Than Revenue & Income Taxes**	SAP		
(a)	**Payroll Taxes**			
	To adjust Payroll Taxes to reflect Staff's forecasting methodology		$ 130,021	
	To adjust Payroll Taxes tracking Staff's Labor adjustments		(105,570)	
	Joint Proposal - tracking adjustments to direct labor		58,821	**$ 83,272**
(b)	**Property Taxes**	SAP		
	To adjustment Property Taxes to reflect Staff's property tax forecast for the Expansion Area		$ 269,346	
	To adjustment Property Taxes to correct the Company's forecast		48,162	
	To adjustment Property Taxes to reflect latest known Town and County Property Taxes		17,152	
	To adjustment Property Taxes to correct the Company's revenue requirement		(8,138)	**$ 326,522**
	Total Taxes Other Than Revenue & Income Taxes Adjustments			**$ 409,794**

Summary of Joint Proposal Adjustments
For the Rate Year Ending October 31, 2023
(Whole Dollars)

Adj. 8	**Federal Income Taxes**				
	To reduce the amortization of Excess ADIT in the Expansion Area tracking the reduction to PIS			$ 23,299	
	To adjust current Federal Income Taxes, tracking adjustments			211,070	**$ 234,369**
Adj. 9	**State Income Taxes**				
	To adjust current State Income Taxes, tracking adjustments			$ 69,873	**$ 69,873**
	Total Current Income Tax Adjustments				**$ 304,242**
Adj. 10	**Rate Base**				
(a)	**Gas Plant In-Service**				
	To update Legacy Area gas plant-in-service per DPS-517	SAP		$ 9,145	
	To reflect Staff's forecast of plant-in-service	SGIOP		(453,701)	
	Joint Proposal - to reflect adjustments to plant-in-service			(1,868,367)	**$ (2,312,923)**
(b)	**Accumulated Depreciation Reserve**	SGIOP			
	To reflect Staff's forecast of accumulated depreciation			$ (86,767)	
	Joint Proposal - to adjust accumulated depreciation to reflect updated forecast of plant-in-service			433,514	
	Joint Proposal - to adjust accumulated depreciation to reflect adjusted plant-in-service for estimated Extension projects			(5,963)	
	Joint Proposal - to adjust accumulated depreciation to reflect adjusted plant-in-service for 2022 actuals			364,242	**$ 705,026**
	Total Net Utility Plant Adjustment				**$ (1,607,897)**
(c)	**Accumulated Deferred Income Taxes**	SAP			
	To adjust ADIT to reflect the ADIT removed from unamortized deferrals			$ 456,660	
	To adjust ADIT tracking Staff's amortization of deferrals			22,623	
	Joint Proposal - to adjust ADIT tracking various plant and amortization adjustments			(147,616)	**$ 331,667**
(d)	**Regulatory Liability - Tax Reform**				
	To adjust the Tax Reform Regulatory Liability tracking the write-down to the Expansion Area			$ 902,360	**$ 902,360**
(e)	**Unamortized Deferrals**	SAP			
	To adjust unamortized deferrals to reflect the amortization of deferrals			$ (86,561)	
	To adjust unamortized deferrals to remove ADIT from unamortized deferrals			(456,660)	
	Joint Proposal - to adjust unamortized deferrals to reflect adjustments to deferrals			227,044	
	Joint Proposal - to adjust unamortized deferrals to reflect updated rate case expense			337,778	**$ 21,601**
(f)	**Working Capital**	SAP			
	To adjust working capital to remove amortization of regulatory deferrals			$ 53,940	
	To adjust working capital to reflect Staff's O&M adjustments			(327,404)	**$ (273,464)**
	Expansion Area			Allocated Adjustment	
	Joint Proposal - to reduce PIS in the Expansion Area to reflect the results of the self-supporting calculation		$ 3,895,445	$ (3,110,292)	
	Joint Proposal - to reduce Accumulated in the Expansion Area to reflect the results of the self-supporting calculation		(1,527,415)	1,219,554	
	Joint Proposal - to reduce Working Capital in the Expansion Area to reflect the results of the self-supporting calculation		83,413	(66,601)	
	Joint Proposal - to reduce ADIT in the Expansion Area to reflect the results of the self-supporting calculation		1,259,335	(1,005,507)	
	Joint Proposal - to reduce Excess ADIT in the Expansion Area to reflect the results of the self-supporting calculation		(627,047)	500,661	
	Total Supported EA Rate Base		**$ 3,083,731**		**$ (2,462,184)**
	Total Rate Base Adjustments				**$ (3,087,917)**

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Depreciation Expense and Amortization of Regulatory Deferrals
For the Rate Year Ending October 31, 2023
(Whole Dollars)

	Company Supplemental Legacy Area Rate Year Ending October 31, 2023	Company Supplemental Expansion Area Rate Year Ending October 31, 2023	Adj. #	Joint Proposal Adjustments	Rate Year As Adjusted
Depreciation Expense	$ 2,342,544	$ 154,923	**5**	$ (240,626)	$ 2,256,841
Other Amortizations	14,548	-		-	14,548
Total Depreciation & Amortization Expense	$ 2,357,092	$ 154,923		$ (240,626)	$ 2,271,389

Summary of Amortization of Regulatory Deferrals

Amortization of Regulatory Deferrals	$ (431,521)	$ -	**6**	$ (76,923)	$ (508,444)
	$ (431,521)			$ (76,923)	$ (508,444)

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Tax Deduction for Interest Expense
For the Rate Year Ending October 31, 2023
(Whole Dollars)

	Supplemental Legacy Area Rate Year Ending October 31, 2023	Supplemental Expansion Area Rate Year Ending October 31, 2023	Joint Proposal Adjustments	Rate Year As Adjusted
Rate Base	$ 37,289,768	$ 5,545,915	$ (3,087,917)	$ 39,747,766
Weighted Cost of Long-Term Debt	2.11%	2.11%	0.10%	2.21%
Weighted Cost of Cust Deposits	0.00%	0.00%	0.03%	0.04%
	2.11%	2.11%	0.13%	2.24%
Total Income Tax Interest Deduction	786,814	117,019	**$ (13,483)**	890,350

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Working Capital - Cash Allowance
For the Rate Year Ending October 31, 2023
(Whole Dollars)

Description	Company Supplemental Legacy Area Rate Year Ending October 31, 2023	Company Supplemental Expansion Area Rate Year Ending October 31, 2023	Joint Proposal Adjustments	Rate Year As Adjusted
Total O&M Expense	$ 11,591,689	$ 83,943	$ (2,591,184)	$ 9,084,448
Remove Major Non-Cash Items Included in O&M Expense:	$ (237,440)	$ -	$ 28,049	$ (209,391)
Amortization of deferrals	(431,521)	-	431,521	-
O&M as adjusted for working capital allowance	$ 11,397,608	$ 83,943	$ (2,187,712)	$ 9,293,839
Total Cash Working Capital Allowance - 1/8 (45 days)	$ 1,424,701	$ 10,493	$ (273,464)	$ 1,161,730

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Statement of Operating Income
For the Rate Year Ending October 31, 2024
(Whole Dollars)

	Rate Year Ending October 31, 2023 with Base Revenue Requirement	Adj. #	Adjustments	Rate Year As Adjusted	Base Revenue Increase Required	Rate Year Ending October 31, 2024 with Base Revenue Requirement
Operating Revenues	$ 39,504,980	1	$ 301,213	$ 39,806,193	$ 647,278	$ 40,453,471
Deductions						
Purchased Gas Costs	$ 22,211,874	2	$ 219,582	$ 22,431,456		$ 22,431,456
Revenue Taxes	412,554	3	27,543	440,097	6,473	446,570
Total Deductions	$ 22,624,428		$ 247,125	$ 22,871,553	$ 6,473	$ 22,878,026
Gross Margin	$ 16,880,552		$ 54,088	$ 16,934,640	$ 640,805	$ 17,575,445
Total Operation & Maintenance Expenses	$ 9,097,342	4	$ 309,235	$ 9,406,578	$ 3,236	$ 9,409,814
Amortization of Regulatory Deferrals	(508,444)	5	1,029	(507,415)		(507,415)
Depreciation and Amortizations	2,271,389	6	140,569	2,411,958		2,411,958
Taxes Other Than Revenue & Income Taxes	2,862,102	7	245,976	3,108,078		3,108,078
Total Operating Revenue Deductions	$ 13,722,389		$ 696,809	$ 14,419,199	$ 3,236	$ 14,422,435
Operating Income Before Income Taxes	$ 3,158,163		$ (642,721)	$ 2,515,441	$ 637,569	$ 3,153,010
Income Taxes						
Federal Income Taxes	$ 364,102	8	$ (125,923)	$ 238,179	$ 125,187	$ 363,366
State Income Taxes	147,408	9	(41,686)	105,722	41,442	147,164
Total Income Taxes	$ 511,510		$ (167,608)	$ 343,901	$ 166,629	$ 510,530
Operating Income After Income Taxes	$ 2,646,653		$ (475,113)	$ 2,171,540	$ 470,940	$ 2,642,480
Rate Base	$ 39,747,766	10	$ (62,685)	$ 39,685,081		$ 39,685,081
Rate of Return	6.66%			5.47%		6.66%

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Operation & Maintenance Expenses
For the Rate Year Ending October 31, 2024
(Whole Dollars)

	Rate Year Ending October 31, 2023 with Base Revenue Requirement	Adj. #	Adjustments	Inflation	Rate Year As Adjusted
Operation & Maintenance Expenses:					
Direct Labor	$ 3,953,686	4a	$ 138,379	$ -	$ 4,092,065
Direct Labor Intercompany	1,628,098	4b	56,983	-	1,685,081
Oper - Mains & Services Exp.	755,701		-	18,893	774,594
Oper - Cust Install Exp	89,825		-	2,246	92,071
Oper - Meas & Reg Station Exp	100,365		-	2,509	102,874
Oper - Other Invoices	227,041		-	5,676	232,717
Maint - Maint of Mains	92,426		-	2,311	94,737
Maint - Other Invoices	145,761		-	3,644	149,405
Acct - Meter Reading Exp.	259,708	4c	32,933	6,493	299,133
Billing & Collection Expenses	55,458		-	1,386	56,844
Uncollectibles	197,523	4d	1,507	-	199,030
Acct-Other Invoices	(66,815)		-	(1,670)	(68,486)
Cust Rel - Informational Adv	2,433		-	61	2,494
Cust Rel - Other Invoices	36,785		-	920	37,704
Expenses - Informational Adv	40,635		-	1,016	41,651
Office Supplies and Exp	353,303		-	8,833	362,136
Admin Exp and Admin Exp Transfer - Credit	(1,482,495)	4e	(52,562)	-	(1,535,057)
Outside Services	189,221		-	4,731	193,951
Indirect Allocation Intercompany	1,383,964		-	34,599	1,418,563
Injuries & Damages	360,884		-	9,022	369,906
Pension	(119,882)	4f	-	-	(119,882)
Supplemental Pensions	183,277		-	4,582	187,859
Health Insurance	653,542		-	16,339	669,881
Employee Benefits	216,140		-	5,404	221,544
OPEB's	(357,088)	4g	-	-	(357,088)
Other Employee Benefits	36,944		-	924	37,868
Regulatory Commission Exp	157,521		-	3,938	161,459
Maint of general Plant	140,467		-	3,512	143,979
Other Expenses	(77,835)		-	(1,946)	(79,781)
Productivity	(59,250)	4h	(1,423)	-	(60,673)
TOTAL O&M Expense	$ 9,097,342		$ 175,817	$ 133,419	$ 9,406,578

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Taxes Other Than Income Taxes
For the Rate Year Ending October 31, 2024
(Whole Dollars)

	Rate Year Ending October 31, 2023 with Base Revenue Requirement	Adj. #	Adjustments	Rate Year As Adjusted
Payroll Taxes	$ 440,837	**7a**	$ 15,428	$ 456,265
Property Taxes	2,421,265	**7b**	230,548	2,651,813
Total Taxes Other Than Revenue and Income Taxes	$ 2,862,102		$ 245,976	$ 3,108,078

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Federal Income Taxes
For the Rate Year Ending October 31, 2024

STATE INCOME TAX

	Adj. #9	State Taxable Income	
Net Income Before Federal & State Income Taxes		$	2,515,441
Interest			(888,946)
Total Pretax Income / (Loss)		**$**	**1,626,495**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments - Federal			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
State Taxable Income		$	(743,835)
NOL Carryforward			3,050,652
State Taxable Income		$	2,306,126
State Current Income Tax		**$**	**149,898**
State Deferred Income Tax			
Depreciation		$	154,116
NOL Carryforward			(198,292)
Total Deferred Income Taxes		**$**	**(44,176)**
Total State Income Tax (current + deferred)			**105,722**
State Income Tax Rate	6.50%		

FEDERAL INCOME TAX

	Adj. #8	Federal Taxable Income	
Net Income Before Federal & State Income Taxes		$	2,515,441
Interest			(888,946)
Total Pretax Income / (Loss)		**$**	**1,626,495**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
Federal Taxable Income		$	(743,835)
NOL Carryforward			3,050,652
NYS Current Income Tax (below/deductible for Federal purposes)			**149,898**
Federal Taxable Income		**$**	**2,156,919**
Federal Current Income Tax		**$**	**452,953**
Federal Deferred Income Tax			
Depreciation		$	465,550
NOL			(598,996)
Permanent Differences			(145)
Total Deferred Income Taxes			**(133,591)**
Total Federal Income Tax (current + deferred)			**319,362**
Amortization of Excess ADIT			**(81,183)**
Federal Income Tax Rate:	19.64%		

STATE INCOME TAX - RY1

		State Taxable Income	
Net Income Before Federal & State Income Taxes		$	3,158,163
Interest			(890,350)
Total Pretax Income / (Loss)		**$**	**2,267,813**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments - Federal			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
State Taxable Income		$	(102,517)
NOL Carryforward			3,050,652
State Taxable Income		$	2,947,444
State Current Income Tax		**$**	**191,584**
State Deferred Income Tax			
Depreciation		$	154,116
NOL Carryforward		$	(198,292)
Total Deferred Income Taxes			**(44,176)**
Total State Income Tax (current + deferred)			**147,408**
State Income Tax Rate	6.50%		

FEDERAL INCOME TAX - RY1

		Federal Taxable Income	
Net Income Before Federal & State Income Taxes		$	3,158,163
Interest			(890,350)
Total Pretax Income / (Loss)		**$**	**2,267,813**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
Federal Taxable Income		$	(102,517)
NOL Carryforward			3,050,652
NYS Current Income Tax (below/deductible for Federal purposes)			191,584
Federal Taxable Income		**$**	**2,756,551**
Federal Current Income Tax	**21%**	$	578,876
Federal Deferred Income Tax			
Depreciation		$	465,550
NOL			(598,996)
Permanent Differences			(145)
Total Deferred Income Taxes			**(133,591)**
Total Federal Income Tax (current + deferred)			**445,285**
Amortization of Excess ADIT			**(81,183)**
Federal Income Tax Rate	19.64%		

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Summary of Rate Base
For the Rate Year Ending October 31, 2024
(Whole Dollars)

	Rate Year Ending October 31, 2023 with Base Revenue Requirement	Adj. #	Adjustments	Rate Year As Adjusted
Gas Plant In-Service	$ 79,795,992	**10a**	$ 942,037	$ 80,738,029
Accumulated Depreciation Reserve	(34,445,625)	**10b**	(1,182,120)	(35,627,745)
Net Utility Plant	$ 45,350,368		$ (240,083)	$ 45,110,285
Accumulated Deferred Income Taxes	1,326,114	**10c**	(449,709)	876,405
Regulatory Liability - Tax Reform	(1,549,566)	**10d**	80,712	(1,468,854)
Working Capital				
Materials and supplies	$ 340,066		$ -	$ 340,066
Prepayments	187,935		-	187,935
O&M Cash Allowance (1/8 O&M exp)	1,161,730	**10e**	38,466	1,200,196
Total Working Capital	$ 1,689,731		$ 38,466	$ 1,728,197
Unamortized Regulatory Deferrals	(1,269,051)	**10f**	507,929	(761,122)
Excess Earnings Base Adjustment	(5,799,830)		$ -	$ (5,799,830)
Total Rate Base	**$ 39,747,766**		**$ (62,685)**	**$ 39,685,081**

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Capital Structure Forecast
For the Rate Year Ending October 31, 2024
(Whole Dollars)

RY2

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 20,231,454	50.98%	4.33%	2.21%	2.21%
Customer Deposits	404,788	1.02%	3.45%	0.04%	0.04%
Common Equity	19,048,839	**48.00%**	**9.20%**	4.42%	5.98%
Total	$ 39,685,081	100.00%		6.66%	8.22%

RY1

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 20,263,411	50.98%	4.33%	2.21%	2.21%
Customer Deposits	405,427	1.02%	3.45%	0.04%	0.04%
Common Equity	19,078,928	**48.00%**	**9.20%**	4.42%	5.98%
Total	$ 39,747,766	100%		6.66%	8.22%

OTHER REVENUE REQUIREMENT INPUTS

Forecast Rate Year Rates To Apply To Rev Req	
Bad Debt % For Rev Req	**0.5000%**
GRT Rate For Rev Req	**1.00%**
Federal Income Tax Rate	**21.00%**
NYS Income Tax Rate	**6.50%**
Inflation (November 1, 2023- October 31, 2024)	**2.50%**

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Summary of Rate Year 2 Adjustments
For the Rate Year Ending October 31, 2024
(Whole Dollars)

			Schedule 7 Page 1 of 2
Adj. 1	**Operating Revenues**		
	To reflect RY2 sales forecast	$ 301,213	$ 301,213
Adj. 2	**Purchased Gas Costs**		
	To reflect RY2 purchased gas costs to reflect RY2 sales forecast	$ 219,582	$ 219,582
Adj. 3	**Revenue Taxes**		
	To reflect RY2 revenue taxes to reflect RY2 sales forecast	$ 27,543	$ 27,543
Adj. 4	**Operating and Maintenance Expenses**		
(a)	**Direct Labor**		
	To reflect RY2 direct labor forecast	$ 138,379	$ 138,379
(b)	**Direct Labor Intercompany**		
	To reflect RY2 direct labor intercompany forecast	$ 56,983	$ 56,983
(c)	**Acct - Meter Reading**		
	To reflect RY2 Meter Reading forecast	$ 32,933	$ 32,933
(d)	**Uncollectibles**		
	To reflect RY2 uncollectibles forecast	$ 1,507	$ 1,507
(e)	**Admin Exp and Admin Exp Transfer - Credit**		
	To reflect RY2 admit credit forecast	$ (52,562)	$ (52,562)
(h)	**Productivity**		
	To reflect RY2 productivity tracking RY2 labor forecast	$ (1,423)	$ (1,423)
	Inflationary items		
	To reflect RY2 inflationary items	$ 133,419	$ 133,419
	Total Operating and Maintenance Expense Adjustment		**$ 309,235**

Summary of Rate Year 2 Adjustments
For the Rate Year Ending October 31, 2024
(Whole Dollars)

				Schedule 7 Page 2 of 2
Adj. 5	**Depreciation Expense**			
	To adjust depreciation expense to reflect RY2 forecast of plant-in-service		$ 140,569	**$ 140,569**
Adj. 6	**Amortization of Deferrals**			
	To relfect RY2 amortization of regulatory deferrals		$ 1,029	**$ 1,029**
Adj. 7	**Taxes Other Than Revenue & Income Taxes**			
(a)	**Payroll Taxes**			
	To adjust Payroll Taxes tracking RY2 labor forecast		$ 15,428	**$ 15,428**
(b)	**Property Taxes**			
	To reflect RY2 property tax forecast		$ 230,548	**$ 230,548**
		Total Taxes Other Than Revenue & Income Taxes Adjustments		**$ 245,976**
Adj. 8	**Federal Income Taxes**			
	To adjust current Federal Income Taxes, tracking RY2 adjustments		(125,923)	**$ (125,923)**
Adj. 9	**State Income Taxes**			
	To adjust current State Income Taxes, tracking RY2 adjustments		$ (41,686)	**$ (41,686)**
		Total Current Income Tax Adjustments		**$ (167,608)**
Adj. 10	**Rate Base**			
(a)	**Gas Plant In-Service**			
	To reflect RY2 forecast of plant-in-service		$ 942,037	**$ 942,037**
(b)	**Accumulated Depreciation Reserve**			
	To reflect RY2 forecast of accumulated depreciation		$ (1,182,120)	**$ (1,182,120)**
		Total Net Utility Plant Adjustment		**$ (240,083)**
(c)	**Accumulated Deferred Income Taxes**			
	To adjust ADIT to reflect tracking RY2 adjustments to unamortized deferrals		$ (132,747)	
	To adjust ADIT to reflect tracking RY2 adjustments to plant-in-service		(316,962)	**$ (449,709)**
(d)	**Regulatory Liability - Tax Reform**			
	To adjust the Tax Reform Regulatory Liability tracking the amortization		$ 80,712	**$ 80,712**
(e)	**Unamortized Deferrals**			
	To adjust unamortized deferrals to reflect RY2 amortizations		$ 507,929	**$ 507,929**
(f)	**Working Capital**			
	To adjust working capital to reflect RY2 O&M adjustments		$ 38,466	**$ 38,466**
		Total Rate Base Adjustments		**$ (62,685)**

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Depreciation Expense and Amortization of Regulatory Deferrals
For the Rate Year Ending October 31, 2024
(Whole Dollars)

	Rate Year Ending October 31, 2023 with Base Revenue Requirement	Adj. #	Adjustments	Rate Year As Adjusted
Depreciation Expense	$ 2,256,841	**5**	$ 140,569	$ 2,397,410
Other Amortizations	14,548		-	14,548
Total Depreciation & Amortization Expense	$ 2,271,389		$ 140,569	$ 2,411,958

Summary of Amortization of Regulatory Deferrals

Amortization of Regulatory Deferrals	$ (508,444)	**6**	$ 1,029	$ (507,415)
	$ (508,444)		$ 1,029	$ (507,415)

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Tax Deduction for Interest Expense
For the Rate Year Ending October 31, 2024
(Whole Dollars)

	Rate Year Ending October 31, 2023 with Base Revenue Requirement	Adjustments	Rate Year As Adjusted
Rate Base	$ 39,747,766	$ (62,685)	$ 39,685,081
Weighted Cost of Long-Term Debt	2.21%	0.00%	2.21%
Weighted Cost of Cust Deposits	0.04%	0.00%	0.04%
	2.24%	0.00%	2.24%
Total Income Tax Interest Deduction	890,350	**$ (1,404)**	888,946

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Working Capital - Cash Allowance
For the Rate Year Ending October 31, 2024
(Whole Dollars)

Description	Rate Year Ending October 31, 2023 with Base Revenue Requirement	Adjustments	Rate Year As Adjusted
Total O&M Expense	$ 9,097,342	$ 309,235	$ 9,406,578
Less: Incremental Uncollectibles	(12,894)	(1,507)	(14,400)
Less Other Major Non-Cash Items Included in O&M Expense:	209,391	-	209,391
O&M as adjusted for working capital allowance	$ 9,293,839	$ 307,729	$ 9,601,568
Total Cash Working Capital Allowance - 1/8 (45 days)	$ 1,161,730	$ 38,466	$ 1,200,196

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Statement of Operating Income
For the Rate Year Ending October 31, 2025
(Whole Dollars)

	Rate Year Ending October 31, 2024 with Base Revenue Requirement	Adj. #	Adjustments	Rate Year As Adjusted	Base Revenue Increase Required	Rate Year Ending October 31, 2025 with Base Revenue Requirement
Operating Revenues	$ 40,453,471	1	$ 61,950	$ 40,515,421	$ 809,922	$ 41,325,343
Deductions						
Purchased Gas Costs	$ 22,431,456	2	$ 26,285	$ 22,457,741		$ 22,457,741
Revenue Taxes	446,570	3	816	447,386	8,098	455,484
Total Deductions	$ 22,878,026		$ 27,101	$ 22,905,127	$ 8,098	$ 22,913,225
Gross Margin	$ 17,575,445		$ 34,849	$ 17,610,294	$ 801,824	$ 18,412,118
Total Operation & Maintenance Expenses	$ 9,409,814	4	$ 273,929	$ 9,683,742	$ 4,049	$ 9,687,792
Amortization of Regulatory Deferrals	(507,415)		-	(507,415)		(507,415)
Depreciation and Amortizations	2,411,958	5	139,788	2,551,746		2,551,746
Taxes Other Than Revenue & Income Taxes	3,108,078	6	263,907	3,371,985		3,371,985
Total Operating Revenue Deductions	$ 14,422,435		$ 677,624	$ 15,100,059	$ 4,049	$ 15,104,108
Operating Income Before Income Taxes	$ 3,153,010		$ (642,775)	$ 2,510,235	$ 797,775	$ 3,308,010
Income Taxes						
Federal Income Taxes	$ 363,366	7	$ (134,500)	$ 228,866	$ 156,643	$ 385,509
State Income Taxes	147,164	8	(44,525)	102,639	51,855	154,494
Total Income Taxes	$ 510,530		$ (179,025)	$ 331,505	$ 208,498	$ 540,003
Operating Income After Income Taxes	$ 2,642,480		$ (463,749)	$ 2,178,731	$ 589,276	$ 2,768,007
Rate Base	$ 39,685,081	9	$ 1,885,170	$ 41,570,251		$ 41,570,251
Rate of Return	6.66%			5.24%		6.66%

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Operation & Maintenance Expenses
For the Rate Year Ending October 31, 2025
(Whole Dollars)

	Rate Year Ending October 31, 2024 with Base Revenue Requirement	Adj. #	Adjustments	Inflation	Rate Year As Adjusted
Operation & Maintenance Expenses:					
Direct Labor	$ 4,092,065	**4a**	$ 143,222	$ -	$ 4,235,287
Direct Labor Intercompany	1,685,081	**4b**	58,978	-	1,744,059
Oper - Mains & Services Exp.	774,594		-	16,654	791,247
Oper - Cust Install Exp	92,071		-	1,980	94,050
Oper - Meas & Reg Station Exp	102,874		-	2,212	105,086
Oper - Other Invoices	232,717		-	5,003	237,720
Maint - Maint of Mains	94,737		-	2,037	96,773
Maint - Other Invoices	149,405		-	3,212	152,617
Acct - Meter Reading Exp.	299,133		-	6,431	305,565
Billing & Collection Expenses	56,844		-	1,222	58,066
Uncollectibles	202,266	**4c**	310	-	202,576
Acct-Other Invoices	(68,486)		-	(1,472)	(69,958)
Cust Rel - Informational Adv	2,494	**4d**	-	54	2,547
Cust Rel - Other Invoices	37,704		-	811	38,515
Expenses - Informational Adv	41,651		-	895	42,546
Office Supplies and Exp	362,136		-	7,786	369,922
Admin Exp and Admin Exp Transfer - Credit	(1,535,057)	**4d**	(45,466)	-	(1,580,523)
Outside Services	193,951		-	4,170	198,121
Indirect Allocation Intercompany	1,418,563		-	30,499	1,449,063
Injuries & Damages	369,906		-	7,953	377,859
Pension	(119,882)		-	-	(119,882)
Supplemental Pensions	187,859		-	4,039	191,898
Health Insurance	669,881		-	14,402	684,283
Employee Benefits	221,544		-	4,763	226,307
OPEB's	(357,088)		-	-	(357,088)
Other Employee Benefits	37,868		-	814	38,682
Regulatory Commission Exp	161,459		-	3,471	164,930
Maint of general Plant	143,979		-	3,096	147,074
Other Expenses	(79,781)		-	(1,715)	(81,496)
Productivity	(60,673)	**4e**	(1,432)	-	(62,105)
TOTAL O&M Expense	$ 9,409,814		$ 155,612	$ 118,317	$ 9,683,742

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Taxes Other Than Income Taxes
For the Rate Year Ending October 31, 2025
(Whole Dollars)

	Rate Year Ending October 31, 2024 with Base Revenue Requirement	Adj. #	Adjustments	Rate Year As Adjusted
Payroll Taxes	$ 456,265	**6a**	$ 11,407	$ 467,672
Property Taxes	2,651,813	**6b**	252,500	2,904,313
Total Taxes Other Than Revenue and Income Taxes	$ 3,108,078		$ 263,907	$ 3,371,985

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Federal Income Taxes
For the Rate Year Ending October 31, 2025

STATE INCOME TAX

	Adj. #8		State Taxable Income
Net Income Before Federal & State Income Taxes		$	2,510,235
Interest			(931,174)
Total Pretax Income / (Loss)		**$**	**1,579,062**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments - Federal			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
State Taxable Income		$	(791,268)
NOL Carryforward			3,050,652
State Taxable Income		$	2,258,693
State Current Income Tax		**$**	**146,815**
State Deferred Income Tax			
Depreciation		$	154,116
NOL Carryforward			(198,292)
Total Deferred Income Taxes		**$**	**(44,176)**
Total State Income Tax (current + deferred)			**102,639**
State Income Tax Rate	6.50%		

FEDERAL INCOME TAX

	Adj. #7		Federal Taxable Income
Net Income Before Federal & State Income Taxes		$	2,510,235
Interest			(931,174)
Total Pretax Income / (Loss)		**$**	**1,579,062**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
Federal Taxable Income		$	(791,268)
NOL Carryforward			3,050,652
NYS Current Income Tax (below/deductible for Federal purposes)			**146,815**
Federal Taxable Income		**$**	**2,112,569**
Federal Current Income Tax		**$**	**443,639**
Federal Deferred Income Tax			
Depreciation		$	465,550
NOL			(598,996)
Permanent Differences			(145)
Total Deferred Income Taxes			**(133,591)**
Total Federal Income Tax (current + deferred)			**310,049**
Amortization of Excess ADIT			**(81,183)**
Federal Income Tax Rate:	19.64%		

STATE INCOME TAX - RY2

			State Taxable Income
Net Income Before Federal & State Income Taxes		$	3,153,010
Interest			(888,946)
Total Pretax Income / (Loss)		**$**	**2,264,064**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments - Federal			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
State Taxable Income		$	(106,266)
NOL Carryforward			3,050,652
State Taxable Income		$	2,943,695
State Current Income Tax		**$**	**191,340**
State Deferred Income Tax			
Depreciation		$	154,116
NOL Carryforward		$	(198,292)
Total Deferred Income Taxes			**(44,176)**
Total State Income Tax (current + deferred)			**147,164**
State Income Tax Rate	6.50%		

FEDERAL INCOME TAX - RY2

			Federal Taxable Income
Net Income Before Federal & State Income Taxes		$	3,153,010
Interest			(888,946)
Total Pretax Income / (Loss)		**$**	**2,264,064**
Permanent Differences			
Meals & Entertainment		$	126
Non-Deductible Penalties		$	565
Schedule M-1 Adjustments			
Depreciation		$	(2,371,021)
TOTAL		$	(2,370,330)
Federal Taxable Income		$	(106,266)
NOL Carryforward			3,050,652
NYS Current Income Tax (below/deductible for Federal purposes)			191,340
Federal Taxable Income		**$**	**2,753,046**
Federal Current Income Tax	**21%**	$	578,140
Federal Deferred Income Tax			
Depreciation		$	465,550
NOL			(598,996)
Permanent Differences			(145)
Total Deferred Income Taxes			**(133,591)**
Total Federal Income Tax (current + deferred)			**444,549**
Amortization of Excess ADIT			**(81,183)**
Federal Income Tax Rate	19.64%		

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Summary of Rate Base
For the Rate Year Ending October 31, 2025
(Whole Dollars)

	Rate Year Ending October 31, 2024 with Base Revenue Requirement	Adj. #	Adjustments	Rate Year As Adjusted
Gas Plant In-Service	$ 80,738,029	**9a**	$ 4,211,889	$ 84,949,918
Accumulated Depreciation Reserve	(35,627,745)	**9b**	(2,065,533)	(37,693,278)
Net Utility Plant	$ 45,110,285		$ 2,146,356	$ 47,256,641
Accumulated Deferred Income Taxes	876,405	**9c**	(883,593)	(7,188)
Regulatory Liability - Tax Reform	(1,468,854)	**9d**	80,712	(1,388,142)
Working Capital				
Materials and supplies	$ 340,066		$ -	$ 340,066
Prepayments	187,935		-	187,935
O&M Cash Allowance (1/8 O&M exp)	1,200,196	**9e**	34,280	1,234,476
Total Working Capital	$ 1,728,197		$ 34,280	$ 1,762,477
		9f		
Unamortized Regulatory Deferrals	(761,122)		507,415	(253,707)
Excess Earnings Base Adjustment	(5,799,830)		$ -	$ (5,799,830)
Total Rate Base	**$ 39,685,081**		**$ 1,885,170**	**$ 41,570,251**

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Capital Structure Forecast
For the Rate Year Ending October 31, 2025
(Whole Dollars)

RY3

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 21,192,514	50.98%	4.33%	2.21%	2.21%
Customer Deposits	424,017	1.02%	3.45%	0.04%	0.04%
Common Equity	19,953,720	**48.00%**	**9.20%**	4.42%	5.98%
Total	$ 41,570,251	100.00%		6.66%	8.22%

RY2

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 20,231,454	50.98%	4.33%	2.21%	2.21%
Customer Deposits	404,788	1.02%	3.45%	0.04%	0.04%
Common Equity	19,048,839	**48.00%**	**9.20%**	4.42%	5.98%
Total	$ 39,685,081	100%		6.66%	8.22%

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OTHER REVENUE REQUIREMENT INPUTS

Forecast Rate Year Rates To Apply To Rev Req	
Bad Debt % For Rev Req	**0.5000%**
GRT Rate For Rev Req	**1.00%**
Federal Income Tax Rate	**21.00%**
NYS Income Tax Rate	**6.50%**
Inflation (November 1, 2024- October 31, 2025)	**2.15%**

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Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Summary of Rate Year 3 Adjustments
For the Rate Year Ending October 31, 2025
(Whole Dollars)

Schedule 7
Page 1 of 2

Adj. 1	**Operating Revenues**		
	To reflect RY3 sales forecast	$ 61,950	$ 61,950
Adj. 2	**Purchased Gas Costs**		
	To reflect RY3 purchased gas costs to reflect RY3 sales forecast	$ 26,285	$ 26,285
Adj. 3	**Revenue Taxes**		
	To reflect RY3 revenue taxes to reflect RY3 sales forecast	$ 816	$ 816
Adj. 4	**Operating and Maintenance Expenses**		
(a)	**Direct Labor**		
	To reflect RY3 direct labor forecast	$ 143,222	$ 143,222
(b)	**Direct Labor Intercompany**		
	To reflect RY3 direct labor intercompany forecast	$ 58,978	$ 58,978
(c)	**Uncollectibles**		
	To reflect RY3 uncollectibles forecast	$ 310	$ 310
(d)	**Admin Exp and Admin Exp Transfer - Credit**		
	To reflect RY3 admit credit forecast	$ (45,466)	$ (45,466)
(e)	**Productivity**		
	To reflect RY3 productivity tracking RY3 labor forecast	$ (1,432)	$ (1,432)
	Inflationary items		
	To reflect RY3 inflationary items	$ 118,317	$ 118,317
	Total Operating and Maintenance Expense Adjustment		**$ 273,929**

Summary of Rate Year 3 Adjustments
For the Rate Year Ending October 31, 2025
(Whole Dollars)

Schedule 7
Page 2 of 2

Adj. 5	**Depreciation Expense**		
	To adjust depreciation expense to reflect RY3 forecast of plant-in-service	$ 139,788	**$ 139,788**
Adj. 6	**Taxes Other Than Revenue & Income Taxes**		
(a)	**Payroll Taxes**		
	To adjust Payroll Taxes tracking RY3 labor forecast	$ 11,407	**$ 11,407**
(b)	**Property Taxes**		
	To reflect RY3 property tax forecast	$ 252,500	**$ 252,500**
	Total Taxes Other Than Revenue & Income Taxes Adjustments		**$ 263,907**
Adj. 7	**Federal Income Taxes**		
	To adjust current Federal Income Taxes, tracking RY3 adjustments	(134,500)	**$ (134,500)**
Adj. 8	**State Income Taxes**		
	To adjust current State Income Taxes, tracking RY3 adjustments	$ (44,525)	**$ (44,525)**
	Total Current Income Tax Adjustments		**$ (179,025)**
Adj. 9	**Rate Base**		
(a)	**Gas Plant In-Service**		
	To reflect RY3 forecast of plant-in-service	$ 4,211,889	**$ 4,211,889**
(b)	**Accumulated Depreciation Reserve**		
	To reflect RY3 forecast of accumulated depreciation	$ (2,065,533)	**$ (2,065,533)**
	Total Net Utility Plant Adjustment		**$ 2,146,356**
(c)	**Accumulated Deferred Income Taxes**		
	To adjust ADIT to reflect tracking RY3 adjustments to unamortized deferrals	$ (132,613)	
	To adjust ADIT to reflect tracking RY3 adjustments to plant-in-service	(750,980)	**$ (883,593)**
	Regulatory Liability - Tax Reform		
	To adjust the Tax Reform Regulatory Liability tracking the amortization	$ 80,712	**$ 80,712**
(d)	**Unamortized Deferrals**		
	To adjust unamortized deferrals to reflect RY3 amortizations	$ 507,415	**$ 507,415**
(e)	**Working Capital**		
	To adjust working capital to reflect RY3 O&M adjustments	$ 34,280	**$ 34,280**
	Total Rate Base Adjustments		**$ 1,885,170**

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Depreciation Expense and Amortization of Regulatory Deferrals
For the Rate Year Ending October 31, 2025
(Whole Dollars)

	Rate Year Ending October 31, 2024 with Base Revenue Requirement	Adj. #	Adjustments	Rate Year As Adjusted
Depreciation Expense	$ 2,397,410	5	$ 139,788	$ 2,537,198
Other Amortizations	14,548		-	14,548
Total Depreciation & Amortization Expense	$ 2,411,958		$ 139,788	$ 2,551,746

Summary of Amortization of Regulatory Deferrals

Amortization of Regulatory Deferrals	$ (507,415)	$ -	$ (507,415)
	$ (507,415)	$ -	$ (507,415)

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Tax Deduction for Interest Expense
For the Rate Year Ending October 31, 2025
(Whole Dollars)

	Rate Year Ending October 31, 2024 with Base Revenue Requirement	Adjustments	Rate Year As Adjusted
Rate Base	$ 39,685,081	$ 1,885,170	$ 41,570,251
Weighted Cost of Long-Term Debt	2.21%	0.00%	2.21%
Weighted Cost of Cust Deposits	0.04%	0.00%	0.04%
	2.24%	0.00%	2.24%
Total Income Tax Interest Deduction	888,946	**$ 42,228**	931,174

Liberty Utilities (St. Lawrence Gas) Corp.
PSC Case No. 21-G-0577
Working Capital - Cash Allowance
For the Rate Year Ending October 31, 2025
(Whole Dollars)

Description	Rate Year Ending October 31, 2024 with Base Revenue Requirement	Adjustments	Rate Year As Adjusted
Total O&M Expense	$ 9,409,814	$ 273,929	$ 9,683,742
Less: Incremental Uncollectibles	(17,637)	(310)	(17,947)
Less Other Major Non-Cash Items Included in O&M Expense:	209,391	-	209,391
O&M as adjusted for working capital allowance	$ 9,601,568	$ 274,239	$ 9,474,352
Total Cash Working Capital Allowance - 1/8 (45 days)	$ 1,200,196	$ 34,280	$ 1,184,294

Rate Change Levelization Reconciliation
Levelization and Revenue Impact Summary
For the Rate Years Ending October 31, 2023, October 31, 2024, and October 31, 2025

Total Revenue Impacts - (Non-Levelized)

	Revenue Requirement Increase	Eliminate of Tax Sur-Credit	Low Income Program	Total Revenue Impact	Total Bill %	Delivery %
RY1	$ 2,579,086	$ 152,801	$ 351,459	$ 3,083,346	4.86%	19.27%
RY2	647,278	-	48,249	695,527	1.05%	3.82%
RY3	809,922	-	52,939	862,861	1.28%	4.60%
Total	$ 9,841,736					

Total Revenue Impacts - (Levelized)

	Revenue Requirement Increase	Eliminate of Tax Sur-Credit	Low Income Program	Total Revenue Impact	Total Bill %	Delivery %
RY1	$ 1,365,023	$ 152,801	$ 351,459	$ 1,869,283	2.95%	10.70%
RY2	1,910,154	-	48,249	1,958,403	2.95%	11.28%
RY3	1,926,358	-	52,939	1,979,297	2.95%	10.94%
Total	$ 9,841,736					

Total Revenue Impacts - (Levelized - Interest)

	Revenue Requirement Increase	Eliminate of Tax Sur-Credit	Low Income Program	Total Revenue Impact	Total Bill %	Delivery %
RY1	$ 1,380,455	$ 152,801	$ 351,459	$ 1,884,715	2.97%	10.81%
RY2	1,926,321	-	48,249	1,974,570	2.97%	11.38%
RY3	1,942,697	-	52,939	1,995,636	2.97%	11.03%
Total	$ 9,936,706					

Interest $ 94,970

Rate Change Levelization Reconciliation
Revenue Requirement levelization
For the Rate Years Ending October 31, 2023, October 31, 2024, and October 31, 2025

	Rate Year 1 TME 10/31/2023	Rate Year 2 TME 10/31/2024	Rate Year 3 TME 10/31/2025	Cumulative
Delievery Revenue	$ 14,327,257	$ 16,934,640	$ 17,610,294	
Commodity	22,211,874	22,431,456	22,457,741	
GRT	386,763	440,017	447,306	
Tax Surcredit	(152,801)	-	-	
ESCO Commodity	26,671,559	26,671,559	26,671,559	
Total Revenues Before Increase	$ 63,444,652	$ 66,477,672	$ 67,186,900	
Revenue Requirement	2,579,086	647,278	809,922	**$ 9,841,736**
Tax Surcredit	152,801	-	-	
Total Revenue Increase	2,731,887	647,278	809,922	
Total Revenues Before Increase	63,444,652	66,477,672	67,186,900	
Pre-Levelization Rate Increase %	4.3%	1.0%	1.2%	
Total Revenue Before Revenue Requirement Increase	$ 63,444,652	$ 66,477,672	$ 67,186,900	
Levelization Rate	2.5%	2.5%	2.5%	
Delivery Rate Increase - Post Levelization	$ 1,610,950	$ 1,687,963	$ 1,705,972	**$ 9,914,749**
Carrying Costs Calculation				
Starting Levelization Deferral	$ -	$ 986,728	$ 950,685	
Levelization Deferral	968,136	(72,550)	(968,599)	
Accrued Carrying Costs	18,593	36,507	17,914	
Ending Levelization Deferral	$ 986,728	$ 950,685	$ (0)	
Average Levelization Deferral	484,068	950,454	466,386	
Other Customer Capital Rate (interest)	5.20%	5.20%	5.20%	
Tax Rate	26.14%	26.14%	26.14%	
Accrued Carrying Costs	$ 18,593	$ 36,507	$ 17,914	73,013
Verification				
Pre-Levelization Cumulative Delivery Rate Increase	$ 7,737,258	$ 1,294,556	$ 809,922	9,841,736
Post-Levelization Cumulative Delivery Rate Increase	$ 4,832,851	$ 3,375,926	$ 1,705,972	**9,914,749**
Less: Carrying Costs				(73,013)
Total - Cross Check				9,841,736
Levelized Increase	1,610,950	1,687,963	1,705,972	**$ 9,914,749**

Rate Change Levelization Reconciliation
Revenue Impact Levelization
For the Rate Years Ending October 31, 2023, October 31, 2024, and October 31, 2025

	Rate Year 1 TME 10/31/2023	Rate Year 2 TME 10/31/2024	Rate Year 3 TME 10/31/2025	Cumulative
Delievery Revenue	$ 14,335,123	$ 16,934,640	$ 17,610,293	
Commodity	22,211,874	22,431,456	22,457,741	
GRT	386,763	440,017	447,306	
Tax Surcredit	(152,801)	-	-	
ESCO Commodity	26,671,559	26,671,559	26,671,559	
Total Revenues Before Increase	$ 63,452,518	$ 66,477,672	$ 67,186,899	
Revenue Requirement	2,579,086	647,278	809,922	**9,841,736**
Customer Bill Impacts	$ 3,083,346	$ 695,527	$ 862,861	**11,503,953**
Total Revenue Before Revenue Requirement Increase	$ 63,452,518	$ 66,477,672	$ 67,186,899	
Levelization Deferral	2.95%	2.95%	2.95%	
Delivery Rate Increase - Post Levelization	$ 1,869,283	$ 1,958,403	$ 1,979,297	**11,503,953**

Rate Change Levelization Reconciliation
Revenue Impact Levelization with Interest
For the Rate Years Ending October 31, 2023, October 31, 2024, and October 31, 2025

		Rate Year 1 TME 10/31/2023	Rate Year 2 TME 10/31/2024	Rate Year 3 TME 10/31/2025	Cumulative
Delievery Revenue		$ 14,335,123	$ 16,934,640	$ 17,610,293	
Commodity		22,211,874	22,431,456	22,457,741	
GRT		386,763	440,017	447,306	
Tax Surcredit		(152,801)	-	-	
ESCO Commodity		26,671,559	26,671,559	26,671,559	
Total Revenues Before Increase		$ 63,452,518	$ 66,477,672	$ 67,186,899	
Revenue Requirement		2,579,086	647,278	809,922	**9,841,736**
Customer Bill Impacts		$ 3,083,346	$ 695,527	$ 862,861	**11,598,923**
Interest	$ 94,970				
Total Revenue Before Revenue Requirement Increase		$ 63,452,518	$ 66,477,672	$ 67,186,899	
Levelization Deferral		2.97%	2.97%	2.97%	
Delivery Rate Increase - Post Levelization		$ 1,884,715	$ 1,974,570	$ 1,995,636	**11,598,923**

Rate Change Levelization Reconciliation
Revenue Levelization Interest Calculation
For the Rate Years Ending October 31, 2023, October 31, 2024, and October 31, 2025

	Rate Year 1 TME 10/31/2023	Rate Year 2 TME 10/31/2024	Rate Year 3 TME 10/31/2025	Cumulative
Delievery Revenue	$ 14,335,123	$ 16,934,640	$ 17,610,293	
Commodity	22,211,874	22,431,456	22,457,741	
GRT	386,763	440,017	447,306	
Tax Surcredit	(152,801)	-	-	
ESCO Commodity	26,671,559	26,671,559	26,671,559	
Total Revenues Before Increase	$ 63,452,518	$ 66,477,672	$ 67,186,899	
Revenue Requirement	2,579,086	647,278	809,922	**9,841,736**
Tax Surcredit	152,801	-	-	
Total Revenue Increase	2,731,887	647,278	809,922	
Total Revenues Before Increase	63,452,518	66,477,672	67,186,899	
Pre-Levelization Rate Increase %	4.3%	1.0%	1.2%	
Delievery Rate Increase - Post Bill Impact Levelization	$ 1,365,023	$ 1,910,154	$ 1,926,358	
Carrying Costs Calculation				
Starting Levelization Deferral	$ -	$ 1,237,379	$ 1,235,155	
Levelization Deferral	1,214,063	(48,813)	(1,165,249)	
Accrued Carrying Costs	23,316	46,590	25,064	
Ending Levelization Deferral	$ 1,237,379	$ 1,235,155	$ 94,970	
Average Levelization Deferral	607,031	1,212,972	652,531	
Other Customer Capital Rate (interest) - 5.20%	5.20%	5.20%	5.20%	
Tax Rate	26.14%	26.14%	26.14%	
Accrued Carrying Costs	$ 23,316	$ 46,590	$ 25,064	94,970
				Total Interest

Rate Change Levelization Reconciliation
Make Whole
For the Rate Years Ending October 31, 2023, October 31, 2024, and October 31, 2025

Rate Year 1 Levelized Revenue Requirement Increase $ 1,380,455

Make-Whole to be recovered through a surcharge

		% of Total Annual Revenue
New Rates Effective:	7/1/2023	
Rate Year Commencing:	11/1/2022	100.00%
Difference	8 Months	80.34%
Months W/OUT Make-Whole	2 Months	19.66%
Months Company to be Made-Whole	6 Months	60.68%

Amount Company to be Made-Whole, and recovered via surcharge **$ 837,707**

Rate Change Levelization Reconciliation
Amount to Reflect in New Tariffs to Effectuate End of RY3
For the Rate Years Ending October 31, 2023, October 31, 2024, and October 31, 2025

Total Revenue Impacts - (Non-Levelized)

	Revenue Requirement Increase	Eliminate of Tax Sur-Credit	Low Income Program	Total Revenue Impact	Total Bill %	Delivery %
RY1	$ 2,579,086	$ 152,801	$ 351,459	$ 3,083,346	4.86%	19.27%
RY2	647,278	-	48,249	695,527	1.05%	3.82%
RY3	809,922	-	52,939	862,861	1.28%	4.60%

Total $ 4,036,286

Total Revenue Impacts - (Levelized - Interest)

	Revenue Requirement Increase	Eliminate of Tax Sur-Credit	Low Income Program	Total Revenue Impact	Total Bill %	Delivery %
RY1	$ 1,380,455	$ 152,801	$ 351,459	$ 1,884,715	2.97%	10.81%
RY2	1,926,321	-	48,249	1,974,570	2.97%	11.38%
RY3	1,942,697	-	52,939	1,995,636	2.97%	11.03%

Total $ 5,249,474

Rate Decrease after RY 3 **$ (1,213,188)**

Gas Sales Forecast (Wet Dth)

	Rate Year 1		Rate Year 2		Rate Year 3	
	Customers	Dth	Customers	Dth	Customers	Dth
SC1 Residential Sales General	305	5,568	305	5,556	304	5,545
SC1 Residential Sales Heat	14,735	1,513,896	14,758	1,517,376	14,780	1,520,857
SC1 Residential Transportation	61	52,332	61	52,332	61	52,332
SC1 Residential Total	15,101	1,571,796	15,124	1,575,264	15,145	1,578,734
SC2 Commercial Sales General	74	57,142	74	57,209	74	57,271
SC2 Commercial Sales Heat	1,586	743,052	1,590	747,104	1,601	751,148
SC2 Commercial Transportation	144	654,226	145	654,225	145	654,225
SC2 Commercial Total	1,804	1,454,420	1,809	1,458,538	1,820	1,462,644
SC2L Commercial Sales Heat	6	395,755	6	395,755	6	395,755
SC2L Commercial Transportation	3	349,459	3	349,459	3	349,459
SC2L Commercial Total	9	745,214	9	745,214	9	745,214
SC2 Commercial Grand Total	1,813	2,199,634	1,818	2,203,752	1,829	2,207,858
SC3 Industrial Firm Sales	1	57,750	1	57,750	1	57,750
SC3 Industrial Firm Transportation	10	2,715,739	10	2,715,739	10	2,715,739
SC3 Industrial Total	11	2,773,489	11	2,773,489	11	2,773,489
SC4 Interruptible Sales	3	105,079	3	105,079	3	105,079
SC4 Interruptible Transportation	7	559,170	7	559,170	7	559,170
SC4 Interruptible Total	10	664,249	10	664,249	10	664,249
Cogeneration	2	174,675	2	174,675	2	174,675
TOTAL	16,937	7,383,842	16,965	7,391,429	16,997	7,399,004

Delivery Revenues - Levelized

	Current Rates Rate Year 1		Proposed Rates Rate Year 1		Proposed Rates Rate Year 2		Proposed Rates Rate Year 3		Proposed Rates Stay-Out Period	
Sales	Dth	Distribution Margin	Dth	Distribution Margin	Dth	Distribution Margin	Dth	Distribution Margin	Margin	Distribution Margin
SC-1 Residential	1,519,464	$ 7,865,500	1,519,464	$ 8,862,015	1,522,933	$10,005,495	1,526,401	$11,169,970	1,526,401	$10,463,476
SC-2 Commercial	800,194	$ 2,206,273	800,194	$ 2,464,693	804,313	$ 2,807,862	808,419	$ 3,034,521	808,419	$ 2,850,935
SC-2L Commercial	395,755	$ 303,379	395,755	$ 342,572	395,755	$ 386,990	395,755	$ 432,118	395,755	$ 404,568
SC-3 Industrial Firm	57,750	$ 32,538	57,750	$ 36,263	57,750	$ 40,701	57,750	$ 45,192	57,750	$ 42,631
SC-4 Industrial Interruptible	105,079	$ 322,735	105,079	$ 358,873	105,079	$ 403,469	105,079	$ 443,210	105,079	$ 420,984
Total Sales	2,878,241	$10,730,425	2,878,241	$12,064,415	2,885,829	$13,644,517	2,893,404	$15,125,011	2,893,404	$14,182,594
Transportation										
SC-1 Residential	52,332	$ 154,010	52,332	$ 193,592	52,332	$ 244,531	52,332	$ 297,911	52,332	$ 273,251
SC-2 Commercial	654,226	$ 959,411	654,225	$ 1,109,661	654,225	$ 1,344,858	654,225	$ 1,583,328	654,225	$ 1,471,562
SC-2L Commercial	349,459	$ 267,889	349,459	$ 302,497	349,459	$ 341,719	349,459	$ 381,569	349,459	$ 357,241
SC-3 Industrial Firm	2,715,739	$ 912,797	2,715,739	$ 1,031,198	2,715,739	$ 1,131,848	2,715,739	$ 1,264,208	2,715,739	$ 1,183,407
SC-4 Industrial Interruptible	559,170	$ 489,865	559,170	$ 544,719	559,170	$ 612,411	559,170	$ 672,731	559,170	$ 638,996
Total Transportation	4,330,926	$ 2,783,972	4,330,925	$ 3,181,667	4,330,924	$ 3,675,366	4,330,924	$ 4,199,747	4,330,924	$ 3,924,458
Cogeneration	174,675	$ 224,370	174,675	$ 224,370	174,675	$ 224,370	174,675	$ 224,370	174,675	$ 224,370
Total	7,383,842	$13,738,767	7,383,841	$15,470,453	7,391,429	$17,544,253	7,399,004	$19,549,128	7,399,004	$18,331,421
MFC		$ 247,339				$ 255,493		$ 255,391		$ 255,391
DRA		$ 120,594		$ 120,594		$ 115,631		$ 115,490		$ 115,490
Revenue Tax		$ 386,763		$ 386,763		$ 414,306		$ 415,122		$ 415,122
Total Surcharges		$ 754,696		$ 507,357		$ 785,430		$ 786,003		$ 786,003
Total Gas Costs		$22,211,874		$22,211,874		$22,431,456		$22,457,741		$22,457,741
Return on Storage		$ (7,771)		$ (7,771)		$ (7,771)		$ (7,771)		$ (7,771)
487 - Forfeited Discounts		$ 160,189		$ 160,189		$ 160,189		$ 160,189		$ 160,189
488 - Misc. Service Revenues		$ 65,768		$ 65,768		$ 65,768		$ 65,768		$ 65,768
495 - Other Gas Revenue		$ -		$ -		$ -		$ -		$ -
493 - Rents		$ 10,239		$ 10,239		$ 10,239		$ 10,239		$ 10,239
Total Misc. Revenue		$ 228,425		$ 228,425		$ 228,425		$ 228,425		$ 228,425
Total Revenue		$36,933,762		$38,418,109		$40,989,564		$43,021,297		$41,803,590

Monthly Interruptible Targets Percentage
The revenue spread below shall be used for Interruptible Sharing calculations during stub periods.

	November	December	January	February	March	April	May	June	July	August	September	October	Total
	5.40%	8.27%	9.38%	11.10%	12.28%	11.89%	11.34%	9.13%	7.12%	5.39%	4.51%	4.19%	100.00%
RY1	$ 48,794	$ 74,727	$ 84,757	$100,299	$110,961	$107,437	$102,467	$ 82,498	$64,336	$48,704	$ 40,752	$ 37,861	$ 903,592
RY2	$ 54,858	$ 84,013	$ 95,290	$112,763	$124,750	$120,788	$115,201	$ 92,750	$72,331	$54,756	$ 45,816	$ 42,565	$ 1,015,880
RY3	$ 60,261	$ 92,288	$104,675	$123,869	$137,038	$132,685	$126,548	$101,885	$79,455	$60,149	$ 50,329	$ 46,758	$ 1,115,941
Stay-Out Period	$ 57,239	$ 87,660	$ 99,426	$117,658	$130,166	$126,032	$120,202	$ 96,776	$75,471	$57,133	$ 47,805	$ 44,413	$ 1,059,980

Capital Expenditures Included in Rate Base*

Category	Description	Rate Year 1 November 1, 2022 - October 31, 2023	Rate Year 2 November 1, 2023 - October 31, 2024	Rate Year 3 November 1, 2024 - October 31, 2025
302	FRANCHISE & CONSENTS	$ -	$ -	$ -
374	LAND & LAND RIGHTS	-	-	-
375	STRUCTURES & IMPROVEMENTS	-	240,210	-
376	MAINS	340,000	939,020	893,520
378	MEASURING & REGULATING STATIONS	-	-	-
380	SERVICES	785,444	276,028	416,473
381	METERS	236,008	198,265	58,570
382	METER INSTALLATIONS	198,686	84,295	79,031
383	REGULATORS	-	-	-
385	IND. MEASURING & REGULATING STATIONS	-	57,930	61,985
387	OTHER EQUIPMENT	-	-	-
	TOTAL DISTRIBUTION	$ 1,560,138	$ 1,795,748	$ 1,509,579
389	LAND	$ -	$ -	$ -
390	STRUCTURES & IMPROVEMENTS	15,000	67,360	68,730
391	OFFICE FURNITURE & EQUIPMENT	-	27,785	20,620
391.1	COMPUTER EQUIPMENT	43,940	33,700	34,350
391.4	SOFTWARE	-	-	-
392	TRANSPORTATION	285,000	518,875	565,350
394	TOOLS & WORK EQUIPMENT	92,360	90,943	72,850
395	LAB EQUIPMENT	5,000	-	129,500
396	POWER OP. EQUIPMENT	213,500	155,000	140,210
397	COMMUNICATIONS EQUIPMENT	59,634	33,721	34,408
	TOTAL GENERAL	$ 714,434	$ 927,384	$ 1,066,018
	TOTAL CAPITAL EXPENDITURES INCLUDED IN RATE BASE	$ 2,274,572	$ 2,723,132	$ 2,575,597

* Does not include Extension Cap-Ex, the Decompression Facility, or AMR unless otherwise approved by the Commission.

Net Plant Targets

	RY1 Average 11/1/2022-10/31/2023	RY2 Average 11/1/2023-10/31/2024	RY3 Average 11/1/2024-10/31/2025
Gas Plant in Service*	$ 78,477,044	$ 79,800,559	$ 83,913,174
Plus: CWIP*	1,318,949	937,469	1,036,743
Total Utility Plant	$ 79,795,993	$ 80,738,028	$ 84,949,918
Reserve for Depreciation	$ (34,445,625)	$ (35,627,745)	$ (37,693,278)
Net Plant Target*	$ 45,350,368	$ 45,110,284	$ 47,256,640

* Does not include Extension Cap-Ex, the Decompression Facility, or AMR unless otherwise approved by the Commission.
* Includes Expansion Area self supported Net Plant.

Amortizations of Regulatory Deferrals
For The Rate Year Ending October 31, 2023
Summary

Rate Year 1	Balance 10/31/22	Monthly Amortization	Rate Year 1 Credits Used	Balance 10/31/23	Unamortized Average Balance in Rate Year 1	Deferred Taxes Average Balance in Rate Year 1
Risk Assessment Deferral	$ 345,067	$ 9,585	$ 115,022	$ 230,045	287,556	(75,153)
TSA	892	74	892	-	446	(117)
Performance Incentives Collections	6,000	500	6,000	-	3,000	(784)
Rate Case Recovery	1,210,334	33,620	403,445	806,889	1,008,612	(263,601)
Reg Assets Other - Int Rate True-Up	317,315	8,814	105,772	211,543	264,429	(69,109)
Deferred Regulatory Liability - Surcredit	333,002	9,250	111,001	222,002	277,502	(72,525)
SBC	3,997	333	3,997	-	1,999	(522)
Other Regulatory Liability - Low Income Rate	(637,045)	(17,696)	(212,348)	(424,697)	(530,871)	138,743
SRS/ILI	(550,654)	(15,296)	(183,551)	(367,103)	(458,879)	119,928
Current Regulatory Liability - Excess Earnings	(533,793)	(14,828)	(177,931)	(355,862)	(444,827)	116,256
Property Tax	(1,468,880)	(40,802)	(489,627)	(979,254)	(1,224,067)	319,910
Deferred Regulatory Liability - Gas Safety Performance Measures	(37,590)	(1,044)	(12,530)	(25,060)	(31,325)	8,187
Positive Benefit Adjustment	(500,000)	(13,889)	(166,667)	(333,333)	(416,667)	108,896
Un-Timely NRAs	(11,919)	(993)	(11,919)	-	(5,959)	1,557
Net Deferrals	**$ (1,523,274)**	**$ (42,370)**	**$ (508,444)**	**$ (1,014,829)**	**$ (1,269,051)**	**$ 331,667**

Amortizations of Regulatory Deferrals
For The Rate Year Ending October 31, 2023
Summary

Rate Year 2	Balance 10/31/23	Monthly Amortization	Rate Year 2 Credits Used	Balance 10/31/24	Unamortized Average Balance in Rate Year 2	Deferred Taxes Average Balance in Rate Year 2
Risk Assessment Deferral	$ 230,045	$ 9,585	$ 115,022	$ 115,022	172,533	(45,092)
TSA	-	-	-	-	-	-
Performance Incentives Collections	-	-	-	-	-	-
Rate Case Recovery	806,889	33,620	403,445	403,445	605,167	(158,160)
Reg Assets Other - Int Rate True-Up	211,543	8,814	105,772	105,772	158,658	(41,465)
Deferred Regulatory Liability - Surcredit	222,002	9,250	111,001	111,001	166,501	(43,515)
SBC	-	-	-	-	-	-
Other Regulatory Liability - Low Income Rate	(424,697)	(17,696)	(212,348)	(212,348)	(318,523)	83,246
SRS/ILI	(367,103)	(15,296)	(183,551)	(183,551)	(275,327)	71,957
Current Regulatory Liability - Excess Earnings	(355,862)	(14,828)	(177,931)	(177,931)	(266,896)	69,753
Property Tax	(979,254)	(40,802)	(489,627)	(489,627)	(734,440)	191,946
Deferred Regulatory Liability - Gas Safety Performance Measures	(25,060)	(1,044)	(12,530)	(12,530)	(18,795)	4,912
Positive Benefit Adjustment	(333,333)	(13,889)	(166,667)	(166,667)	(250,000)	65,338
Un-Timely NRAs	-	-	-	-	-	-
Net Deferrals	**$ (1,014,829)**	**$ (42,285)**	**$ (507,415)**	**$ (507,415)**	**$ (761,122)**	**$ 198,919**

Amortizations of Regulatory Deferrals
For The Rate Year Ending October 31, 2023
Summary

Rate Year 3	Balance 10/31/24	Monthly Amortization	Rate Year 3 Credits Used	Balance 10/31/25	Unamortized Average Balance in Rate Year 3	Deferred Taxes Average Balance in Rate Year 3
Risk Assessment Deferral	$ 115,022	$ 9,585	$ 115,022	$ -	57,511	(15,031)
TSA	-	-	-	-	-	-
Performance Incentives Collections	-	-	-	-	-	-
Rate Case Recovery	403,445	33,620	403,445	-	201,722	(52,720)
Reg Assets Other - Int Rate True-Up	105,772	8,814	105,772	-	52,886	(13,822)
Deferred Regulatory Liability - Surcredit	111,001	9,250	111,001	-	55,500	(14,505)
SBC	-	-	-	-	-	-
Other Regulatory Liability - Low Income Rate	(212,348)	(17,696)	(212,348)	-	(106,174)	27,749
SRS/ILI	(183,551)	(15,296)	(183,551)	-	(91,776)	23,986
Current Regulatory Liability - Excess Earnings	(177,931)	(14,828)	(177,931)	-	(88,965)	23,251
Property Tax	(489,627)	(40,802)	(489,627)	-	(244,813)	63,982
Deferred Regulatory Liability - Gas Safety Performance Measures	(12,530)	(1,044)	(12,530)	-	(6,265)	1,637
Positive Benefit Adjustment	(166,667)	(13,889)	(166,667)	-	(83,333)	21,779
Un-Timely NRAs	-	-	-	-	-	-
Net Deferrals	**$ (507,415)**	**$ (42,285)**	**$ (507,415)**	**$ -**	**$ (253,707)**	**$ 66,306**

Self-Supporting Overall ROR (Per Case 18-G-0133) 6.35%

TME 1/31/2023 Unadjusted Self-Supporting Calculation			Adj #	Adjustments	TME 1/31/2023 Self-Supporting Calculation as adjusted		
Base Revenues	$	712,889	(1)	459,026	Base Revenues	$	1,171,915
Operations & Maintenance Expenses		87,604			Operations & Maintenance Expenses		87,604
Depreciation		257,151	(2)	(179,435)	Depreciation		77,716
Taxes Other Than Income Taxes		545,920	(3)	219,182	Taxes Other Than Income Taxes		765,102
Operating Income Before Taxes		(177,786)			Operating Income Before Taxes		241,493
Income Taxes					Income Taxes		
Federal		(34,908)	(4)a	(17,438)	Federal		29,979
State		(11,556)			State		15,697
Total		(46,464)	(4)b	92,140	Total		45,676
Operating Income After Taxes		(131,322)			Operating Income After Taxes		195,817
Actual Rate Base		8,791,819	(5)	(1,213,112)	Actual Rate Base		7,578,707
Actual ROR		-1.49%			Actual ROR		2.58%
Rate Base (Self-Supporting)		(2,068,057)			Rate Base (Self-Supporting)		3,083,731
Additional Net Plant Reduction Remaining	$	10,859,876			Additional Rate Base Reduction Remaining	$	4,494,976

			As Adjusted for Settlement	
Revenue				
	(1)a		161,424	Adjustment to revenues to reflect alternative forecasting methodology
	(1)b		9,675	Adjustment to revenue to include 4 additional SC2 Heat customers
	(1)c		42,040	Adjustment to reflect additional revenue from post-October 2021 customers
	(1)d		50,568	Adjustment to reflect revenue from two large commercial customers
	(1)e		195,319	Increased revenue to account for delivery % increase (19%)
		$	459,026	Total
Depreciation				
	(2)a	$	23,002	To adjust depreciation expense tracking the forecast of plant-in-service balances as of January 31, 2023
	(2)b		(46,583)	To adjust depreciation expense to align depreciation rates to the Legacy area
	(2)c		(155,854)	To reflect the reevaluation of depreciation expense, following ratea base reduction (page 3)
		$	(179,435)	Total
Taxes Other Than Income Taxes				
	(3)	$	219,182	To adjust property taxes to reflect an updated forecast for the Expansion Area
Income Taxes				
	(4)a		(17,438)	Amortization of excess ADIT - adjusted to reflect PIS reduction
	(4)b		92,140	Flow-through income tax impacts
		$	74,702	Total
Rate Base				
	(5)a	$	703,700	Adjustment to reflect actual capital expenditures in the Expansion Area through January 31, 2023
	(5)b		(47,042)	To adjust Accumulated Depreciation to reflect actual capital expenditures in the Expansion Area through December 2021
	(5)c		(1,803,400)	Adjustment to exclude capital cost of RNG Decommissioning Facility from self-supporting calculation
	(5)d		(59,720)	Adjustment to CIAC tracking revenue forecast
	(5)e		10,454	Adjustment to accumulated depreciation to reflect forecast of capital expenditures for the Expansion Area through January
	(5)f		(17,104)	Adjustment to reflect CIAC from four additional commercial heat customers
	(5)g		-	No reflection of EBCAP adjustment, since capital structure is fixed for determining self-supporting ROR
		$	(1,213,112)	

	Expansion Area Rate Base With No Adjustments	Adjustments	Expansion Area Rate Base as of January 31, 2023 as Adjusted
Plant In Service (Forecasted 1/31/2023)	$ 10,750,133	(1,176,524)	$ 9,573,609
Accumulated Depreciation (Forecasted 1/31/2023)	(3,717,251)	(36,588)	(3,753,839)
Net Plant	7,032,882	(1,213,112)	5,819,770
			-
Materials and Supplies (Proxy 2021)	50,281		50,281
Prepayments (Proxy 2021)	154,719		154,719
Working Capital	205,000		205,000
Earnings Base Capitalization Adjustment	-		-
Accum. Def. Inc. Tax	3,094,994		3,094,994
Excess Accum. Deferred Income Tax	(1,541,057)		(1,541,057)
Unamortized Deferrals	-		-
Rate Base	$ 8,791,819	$ (1,213,112)	$ 7,578,707

Rate Base Adjustments

Plant In Service

$	703,700	Adjustment to reflect actual capital expenditures in the Expansion Area through January 31, 2023
	(1,803,400)	Adjustment to exclude capital cost of RNG Decommissioning Facility from self-supporting calculation
	(59,720)	Adjustment to CIAC tracking revenue forecast
	(17,104)	Adjustment to reflect CIAC from 4 additional SC2 commercial heat customers
$	(1,176,524)	Total

Accumulated Depreciation

$	(47,042)	To adjust Accumulated Depreciation to reflect actual capital expenditures in the Expansion Area through December 2021
	10,454	To adjust Accumulated Depreciation reflect the forecast of capital expenditures for the Expansion Area through January 31, 2023
$	(36,588)	Total

Expansion Area Self-Supporting Calculation
Depreciation Calculation Support

Source - Supplemental Exhibit SEM-1
"Self-Supporting" Overall ROR 6.35%
per Case 18-G-0133

TME 1/31/2023 Unadjusted Self-Supporting Calculation			Adj #	Adjustments	TME 1/31/2023 As Adjusted removing depreciation expense		
Base Revenues	$	712,889	(1)	459,026	Base Revenues	$	1,171,915
Operations & Maintenance Expenses		87,604			Operations & Maintenance Expenses		87,604
Depreciation		257,151	(2)	(23,581)	Depreciation		-
Taxes Other Than Income Taxes		545,920	(3)	219,182	Taxes Other Than Income Taxes		765,102
Operating Income Before Taxes		(177,786)			Operating Income Before Taxes		319,209
Income Taxes					Income Taxes		
Federal		(34,908)	(4)a	(40,554)	Federal		22,123
State		(11,556)			State		20,749
Total		(46,464)	(4)b	89,336	Total		42,871
Operating Income After Taxes		(131,322)			Operating Income After Taxes		276,338
Actual Rate Base		8,791,819	(5)	(1,213,112)	Actual Rate Base		7,578,707
Actual ROR		-1.49%			Actual ROR		3.65%
Rate Base (Self-Supporting)		(2,068,057)			Rate Base (Self-Supporting)		4,351,778
Additional Net Plant Reduction Remaining	$	10,859,876			Additional Rate Base Reduction Remaining	$	3,226,929

Adjustments for Settlement

Revenue				
	(1)a	$	161,424	Adjustment to revenues to reflect alternative forecasting methodology
	(1)b		9,675	Adjustment to revenue to include 4 additional SC2 Heat customers
	(1)c		42,040	Adjustment to reflect additional revenue from post-October 2021 customers
	(1)d		50,568	Adjustment to reflect revenue from two large commercial customers
	(1)e		195,319	Increased revenue to account for delivery % increase (19%)
		$	459,026	Total
Depreciation				
	(2)a	$	23,002	To adjust depreciation expense tracking the forecast of plant-in-service balances as of January 31, 2023
	(2)b		(46,583)	To adjust depreciation expense to align depreciation rates to the Legacy area
	(2)c		(233,570)	To reflect the reevaluation of depreciation expense, following ratea base reduction (page 3)
		$	(257,151)	Total
Taxes Other Than Income Taxes				
	(3)	$	219,182	To adjust property taxes to reflect an updated forecast for the Expansion Area
Income Taxes				
	(4)a	$	(40,554)	Amortization of excess ADIT - adjusted to reflect PIS reduction
	(4)b		89,336	Flow-through income tax impacts
		$	48,782	Total
Rate Base				
	(5)a	$	703,700	Adjustment to reflect actual capital expenditures in the Expansion Area through January 31, 2023
	(5)b		(47,042)	To adjust Accumulated Depreciation to reflect actual capital expenditures in the Expansion Area through December 2021
	(5)c		(1,803,400)	Adjustment to exclude capital cost of RNG Decommissioning Facility from self-supporting calculation
	(5)d		(59,720)	Adjustment to CIAC tracking revenue forecast
	(5)e		10,454	Adjustment to accumulated depreciation to reflect forecast of capital expenditures for the Expansion Area through January 31, 2023
	(5)f		(17,104)	Adjustment to reflect CIAC from four additional commercial heat customers
	(5)g		-	No reflection of EBCAP adjustment, since capital structure is fixed for determining self-supporting ROR
		$	(1,213,112)	

Expansion Area Self-Supporting Calculation
Rate Base Allocation

Rate Base:			% Of Rate Base		
Plant-In-Service	$	9,573,609		126%	
Depreciation Reserve		(3,753,839)		-50%	
Working Capital		205,000		3%	
ADIT		3,094,994		41%	
Excess ADIT		(1,541,057)		-20%	
TOTAL	$	7,578,707			
Rate Base After Removing Depreciation Expense	$	4,351,778			
Difference between Rate Base (after removing depreciation) and 1/31/23 Rate Base forecast	$	(3,226,929)			
Rate Base (as adjusted after removing depreciation expense) - Allocated					
Plant-In-Service	$	5,497,272			
Depreciation Reserve		(2,155,496)	Adjusted Depreciation Expense (reevaluated)	$	77,716
Working Capital		117,713			
ADIT		1,777,180			
Excess ADIT		(884,892)	Reduction to ADIT		43%
	$	4,351,778			
Rate Base (as adjusted for Depreciation reevaluation)					
Plant-In-Service	$	3,895,445			
Depreciation Reserve		(1,527,415)			
Working Capital		83,413			
ADIT		1,259,335			
Excess ADIT		(627,047)			
	$	3,083,731			
Adjustments (in RR) / and reduced rate base adjustment					
Plant-In-Service	$	(5,678,164)			
Depreciation Reserve		2,226,424			
Working Capital		(121,587)			
ADIT		(1,835,659)			
Excess ADIT		914,010			
	$	(4,494,976)			

Liberty Utilities (St. Lawrence Gas) Corp.
Case 21-G-0577

Extension Capital Project Recovery Mechanism - Example

Description		Mains		Services		Meters		Total	
FERC Account		*376*		*380*		*381*			
Capital Spending *	$	1,000,000	$	200,000	$	50,000	$	1,250,000	
Deferred Tax Calculation									
Tax Method		MACRS20		MACRS20		MACRS20			
Tax Depreciation Rate		3.75%		3.75%		3.75%			
Tax Depreciation - Federal	$	37,500	$	7,500	$	1,875	$	46,875	
Tax Depreciation - State	$	37,500	$	7,500	$	1,875			
Book Depreciation Rate		1.72%		2.17%		2.75%			
Book Depreciation	$	17,200	$	4,340	$	1,375	$	22,915	
Tax over (under) Book - Federal	$	20,300	$	3,160	$	500	$	23,960	
Tax over (under) Book - State		20,300		3,160		500		23,960	
Deferred Taxes - Federal @ 19.64%		3,987		621		98		4,706	19.64%
Deferred Taxes - State @ 6.50%		1,320		205		33		1,557	6.50%
Deferred Tax Balance	$	5,306	$	826	$	131	$	6,263	
Rate Base Calculation									
Plant in Service	$	1,000,000	$	200,000	$	50,000	$	1,250,000	
Accumulated Depreciation		(17,200)		(4,340)		(1,375)		(22,915)	
Deferred Tax Balance		(5,306)		(826)		(131)		(6,263)	
Rate Base	$	977,494	$	194,834	$	48,494	$	1,220,822	
Revenue Requirement Calculation									
Return on Rate Base @ 8.22%	$	80,365	$	16,018	$	3,987	$	100,370	
Depreciation Expense		17,200		4,340		1,375	$	22,915	
Property Taxes (@ applicable rate)		5,000		1,000		250		6,250	
Annual Revenue Requirement	$	102,565	$	21,358	$	5,612	$	129,535	

Total Incremental Revenue Required	$	129,535
Forecasted Sales Volume (therms) for 12-Month Surcharge Period		73,838,420
Per therm charge to be applied to customer bills		0.0018

Rate of Return Calculation	Portion	After-Tax Cost	Pre-Tax WACC	Tax
Long-Term Debt	50.98%	4.33%	2.21%	
Customer Deposits	1.02%	3.45%	0.04%	
Common Equity	48.00%	9.20%	5.98%	26.14%
	100.00%		8.22%	

Disclaimer: The amounts contained in this example are hypothetical. The calculation will be reflective of actuals.

Capital Structure

For the Rate Year Ending October 31, 2023
(Whole Dollars)

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 20,263,411	50.98%	4.33%	2.21%	2.21%
Customer Deposits	405,427	1.02%	3.45%	0.04%	0.04%
Common Equity	19,078,928	48.00%	9.20%	4.42%	5.98%
Total	$ 39,747,766	100.00%		6.66%	8.22%

For the Rate Year Ending October 31, 2024
(Whole Dollars)

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 20,231,454	50.98%	4.33%	2.21%	2.21%
Customer Deposits	404,788	1.02%	3.45%	0.04%	0.04%
Common Equity	19,048,839	48.00%	9.20%	4.42%	5.98%
Total	$ 39,685,081	100.00%		6.66%	8.22%

For the Rate Year Ending October 31, 2025
(Whole Dollars)

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 21,151,646	50.98%	4.33%	2.21%	2.21%
Customer Deposits	423,199	1.02%	3.45%	0.04%	0.04%
Common Equity	19,915,241	48.00%	9.20%	4.42%	5.98%
Total	$ 41,490,086	100.00%		6.66%	8.22%

Bad Debt %	0.5000%
GRT Rate	1.00%
Federal Income Tax Rate	21.00%
NYS Income Tax Rate	6.50%

Liberty Utilities (St. Lawrence Gas Corp.)
Earnings Sharing Calculation - Example
For The Rate Years Ending October 31, 2023, 2024 and 2025

Earnings Sharing Mechanism (ESM) Tiers			
	Earnings	Ratepayers	Company
Tier 1	Up to 9.70% (dead band)	0%	100%
Tier 2	Above 9.70% and up to 10.20%	50%	50%
Tier 3	Above 10.20% and up to 10.70%	80%	20%
Tier 4	Above 10.70%	90%	10%

Liberty Utilities (St. Lawrence Gas Corp.)
Earnings Sharing Calculation - Example
For The Rate Year Ending October 31, 2025

Net Inome	$	2,923,147
Rate Base		41,212,675
Overall ROR		7.09%

	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	50.48%	4.33%	2.19%	2.19%
Customer Deposits	1.02%	3.45%	0.04%	0.04%
Common Equity (see note below)	**48.50%**	**10.05%**	4.87%	6.60%
Total	100.00%		7.09%	8.82%

Note: Equity ratio will be calculated at the lesser of actual or 48.5%

<u>Calculation of Excess Earnings To Be Deferred</u>

Allowed ROE in JP		9.20%
Actual Earned ROE		10.05%
ROE Basis Points above/(below) Threshold		85
Equity Earnings over/(under) Target	**$**	**168,915**

	BP	Total To Be Shared	Ratepayer's Share	Company's Share
ROE 9.20% ≤ 9.70%, Ratepayers 0% / Company 100%	50	$ 99,941	0	99,941
ROE 9.70% ≤ 10.20%, Ratepayers 50% / Company 50%	35	68,974	34,487	34,487
ROE 10.20% ≤ 10.70%, Ratepayers 80% / Company 20%	0	0	0	0
ROE above 10.70%, Ratepayers 90% / Company 10%	0	0	0	0
Total Shared	**85**	**$ 168,915**	**$ 34,487**	**$ 134,428**
Combined Federal & State Income Tax Rate		26.135%	26.135%	26.135%
Amount Deferred		**$ 228,680**	**$ 46,689**	**$ 181,991**

Liberty Utilities (St. Lawrence Gas Corp.)
Earnings Sharing Calculation - Example
For The Stub Period November 1, 2025 through April 30, 2026

Operating Income (For the 6-month period)	$	2,124,852
Rate Base		41,212,675
Operating Income Ratio		74.04%
Rate Base As Adjusted		30,512,778
Overall ROR		6.96%

Monthly Operating Income			Ratio
November 2024	$	329,123	11.26%
December 2024		371,248	12.70%
January 2025		410,585	14.05%
February 2025		406,458	13.90%
March 2025		375,486	12.85%
April 2025		271,321	9.28%
May 2025		154,987	5.30%
June 2025		85,125	2.91%
July 2025		84,568	2.89%
August 2025		86,489	2.96%
September 2025		90,159	3.08%
October 2025		257,598	8.81%
Total	$	2,923,147	100.00%

	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	50.48%	4.33%	2.19%	2.19%
Customer Deposits	1.02%	3.45%	0.04%	0.04%
Common Equity (see note below)	**48.50%**	**9.78%**	4.74%	6.42%
Total	100.00%		6.96%	8.64%

Note: Equity ratio will be calculated at the lesser of actual or 48.5%

<u>Calculation of Excess Earnings To Be Deferred</u>

Allowed ROE in JP		9.20%
Actual Earned ROE		9.78%
ROE Basis Points above/(below) Threshold		58
Equity Earnings over/(under) Target	**$**	**115,740**

	BP		Total To Be Shared		Ratepayer's Share		Company's Share
ROE 9.20% ≤ 9.70%, Ratepayers 0% / Company 100%	50	$	99,941		0		99,941
ROE 9.70% ≤ 10.20%, Ratepayers 50% / Company 50%	8		15,799		7,900		7,900
ROE 10.20% ≤ 10.70%, Ratepayers 80% / Company 20%	0		0		0		0
ROE above 10.70%, Ratepayers 90% / Company 10%	0		0		0		0
Total Shared	**58**	**$**	**115,740**	**$**	**7,900**	**$**	**107,840**
Combined Federal & State Income Tax Rate			26.135%		26.135%		26.135%
Amount Deferred		**$**	**156,691**	**$**	**10,695**	**$**	**145,997**

Disclaimer: The amounts (rate base, operating income ratios, earned ROE) contained in this stub period example are hypothetical. The calculation will be reflective of actual financial results

Liberty Utilities (St. Lawrence Gas) Corp.
Case 21-G-0577
Revenue Allocation

Appendix K
Schedule 1
Page 1 of 1

Revenue Allocation RY 1
Twelve-Months Ending in October 31, 2023

Revenue Increase	$	1,380,455	10.9%
Low Income Program	$	351,459	1,640,922
Adjustment for SC 4	$	90,992	
Adjusted Revenue Increase	$	1,640,922	
Percent On Base Rate		12.92%	

Service Classes	Allocation Factor	Revenue at Current Rates	Revenue Allocator	Base Revenue Increase	Total	% Increase	Revenue Target
SC1 - Residential	1.00	$ 8,019,510	63.1%	$ 1,035,977	$ 1,035,977	12.92%	$ 9,055,487
SC2 - Small General Firm Service (Commercial)	1.00	$ 3,166,284	24.9%	$ 409,027	$ 409,027	12.92%	$ 3,575,311
SC2L - Large General Firm (Commercial)	1.00	$ 571,268	4.5%	$ 73,798	$ 73,798	12.92%	$ 645,066
SC3 - Large General Firm Service (Industrial)	1.00	$ 945,335	7.4%	$ 122,120	$ 122,120	12.92%	$ 1,067,455
Total		$ 12,702,397	100%	$ 1,640,922	$ 1,640,922	12.92%	$ 14,343,319

Revenue Allocation RY 2
Twelve-Months Ending in October 31, 2024

Revenue Increase	$	1,926,321	13.4%
Low Income Program Increase from RY1	$	48,249	1,862,282
Adjustment for SC 4	$	112,288	
Adjusted Revenue Increase	$	1,862,282	
Percent On Base Rate		12.89%	

Service Classes	Allocation Factor	RY2 sales at RY1 Rates	Revenue Allocator	Based Revenue Increase	Total	% Increase	Revenue Target
SC1 - Residential	1.00	$ 9,075,487	63.2%	$ 1,170,168	$ 1,170,168	12.89%	$ 10,245,656
SC2 - Small General Firm Service (Commercial)	1.00	$ 3,675,311	24.9%	$ 473,885	$ 473,885	12.89%	$ 4,149,195
SC2L - Large General Firm (Commercial)	1.00	$ 645,066	4.5%	$ 83,173	$ 83,173	12.89%	$ 728,239
SC3 - Large General Firm Service (Industrial)	1.00	$ 1,047,455	7.4%	$ 135,056	$ 135,056	12.89%	$ 1,182,511
Total		$ 14,443,319	100%	$ 1,862,282	$ 1,862,282	12.97%	$ 16,305,601

Revenue Allocation RY 3
Twelve-Months Ending in October 31, 2025

Revenue Increase	$	1,942,697	12.0%
Low Income Program Increase from RY2	$	52,939	1,895,575
Adjustment for SC 4	$	100,061	
Adjusted Revenue Increase	$	1,895,575	
Percent On Base Rate		11.63%	

Service Classes	Allocation Factor	Revenue at RY2 Rates	Revenue Allocator	Based Revenue Increase	Total	% Increase	Revenue Target
SC1 - Residential	1.00	$ 10,245,656	63.2%	$ 1,191,088	$ 1,191,088	11.63%	$ 11,436,744
SC2 - Small General Firm Service (Commercial)	1.00	$ 4,149,195	25.0%	$ 482,356	$ 482,356	11.63%	$ 4,631,552
SC2L - Large General Firm (Commercial)	1.00	$ 728,239	4.5%	$ 84,660	$ 84,660	11.63%	$ 812,899
SC3 - Large General Firm Service (Industrial)	1.00	$ 1,182,511	7.4%	$ 137,470	$ 137,470	11.63%	$ 1,319,982
Total		$ 16,305,601	100%	$ 1,895,575	$ 1,895,575	11.63%	$ 18,201,176

Revenue Allocation RY 4
Twelve-Months Ending in October 31, 2026

Revenue Increase	$	(1,213,188)	-6.7%
Low Income Program	$	-	(1,157,227)
Adjustment for SC 4	$	(55,961)	
Adjusted Revenue Increase	$	(1,157,227)	
Percent On Base Rate		-6.36%	

Service Classes	Allocation Factor	Revenue at RY3 Rates	Revenue Allocator	Based Revenue Increase	Total	% Increase	Revenue Target
SC1 - Residential	1.00	$ 11,436,744	63.2%	$ (727,146)	$ (727,146)	-6.36%	$ 10,709,598
SC2 - Small General Firm Service (Commercial)	1.00	$ 4,631,552	25.0%	$ (294,473)	$ (294,473)	-6.36%	$ 4,337,079
SC2L - Large General Firm (Commercial)	1.00	$ 812,899	4.5%	$ (51,684)	$ (51,684)	-6.36%	$ 761,215
SC3 - Large General Firm Service (Industrial)	1.00	$ 1,319,982	7.4%	$ (83,924)	$ (83,924)	-6.36%	$ 1,236,058
Total		$ 18,201,176	100%	$ (1,157,227)	$(1,157,227)	-6.36%	$ 17,043,949

Billing Determinates

	Wet Therms			Dry Therms		
SC1 Residential	RY1	RY2	RY3	RY1	RY2	RY3
Customers (Average)	15,101	15,124	15,145	15,101	15,124	15,145
Block 0 (0-4 Therms)	705,172	706,853	708,536	717,654	719,365	721,077
Block 1 (4-40 Therms)	4,575,520	4,586,799	4,598,085	4,656,507	4,667,985	4,679,471
Block 2 (Over 40 Therms)	10,437,263	10,458,993	10,480,712	10,622,002	10,644,117	10,666,220
Total Residential Therms	15,717,955	15,752,645	15,787,333	15,996,163	16,031,466	16,066,768
SC2 - Small General Firm Service (Commercial)	RY1	RY2	RY3	RY1	RY2	RY3
Customers (Average)	1,804	1,809	1,813	1,804	1,809	1,813
Block 0 (0-4 Therms)	72,449	70,958	71,103	73,731	72,214	72,361
Block 1 (4-70 Therms)	945,935	964,947	966,515	962,678	982,026	983,623
Block 2 (70-5000 Therms)	7,624,051	8,321,894	8,337,895	7,758,997	8,469,192	8,485,476
Block 3 (5000-50000 Therms)	3,202,209	2,868,128	2,874,599	3,258,888	2,918,894	2,925,479
Block 4 (Over 50000 Therms)	2,699,564	2,359,449	2,376,330	2,747,346	2,401,211	2,418,391
Total Small Commercial Therms	14,544,208	14,585,377	14,626,442	14,801,640	14,843,538	14,885,330
SC2L - Large General Firm (Commercial)	RY1	RY2	RY3	RY1	RY2	RY3
Customers (Average)	9	9	9	9	9	9
Block 0 (0-4 Therms)	420	420	420	427	427	427
Block 1 (4-70 Therms)	6,930	6,930	6,930	7,053	7,053	7,053
Block 2 (70-5000 Therms)	512,594	512,594	512,594	521,667	521,667	521,667
Block 3 (5000-50000 Therms)	3,836,410	3,836,410	3,836,410	3,904,314	3,904,314	3,904,314
Block 4 (Over 50000 Therms)	3,095,785	3,095,785	3,095,785	3,150,580	3,150,580	3,150,580
Total Large Commercial Therms	7,452,139	7,452,139	7,452,139	7,584,042	7,584,042	7,584,042
Total Commercial Therms	21,996,347	22,037,516	22,078,581	22,385,682	22,427,580	22,469,372
SC3 - Large General Firm Service (Industrial)	RY1	RY2	RY3	RY1	RY2	RY3
Customers	12	11	11	12	11	11
Contract Demand	13,968	13,568	13,568	14,215	13,808	13,808
First 10 therms	0	0	0	0	0	0
First 12 times CV	19,159,622	18,549,312	18,549,312	19,498,747	18,877,635	18,877,635
Excess Therms	8,575,268	9,185,574	9,185,574	8,727,050	9,348,159	9,348,159
Total Industrial Therms	27,734,890	27,734,886	27,734,886	28,225,798	28,225,794	28,225,794

Therms were converted from wet to dry using a conversion factor of 1.0177.

Rates (2)

	Rates to be Billed - Dry Therms								
SC1	Current	Incr.	RY 1	Incr	RY 2	Incr.	RY 3		Stay-Out Period
Minimum Charge	$ 15.00	$ 1.00	$ 16.00	$ 0.50	$ 16.50	$ 0.50	$ 17.00		$ 17.00
First 4 Therms	$ -		$ -		$ -		$ -		$ -
Next 36 Therms	$ 0.5715	$ 0.0012	$ 0.5727	$ 0.0076	$ 0.5802	$ -	$ 0.5802	$ (0.0506)	$ 0.5296
Over 40 Therms	$ 0.2571	$ 0.0711	$ 0.3282	$ 0.0988	$ 0.4269	$ 0.1037	$ 0.5306	$ (0.0463)	$ 0.4843
Contract Administration Charge*	$ 125.00		$ 125.00		$ 125.00		$ 125.00		$ 125.00
SC2	Current	Incr.	RY 1	Incr	RY 2	Incr.	RY 3		Stay-Out Period
Minimum Charge	$ 25.00	$ 1.00	$ 26.00	$ 1.00	$ 27.00	`	$ 28.00		$ 28.00
First 4 therms	$ -		$ -		$ -		$ -		$ -
Next 66 therms	$ 0.5246		$ 0.5155		$ 0.5155		$ 0.5155	$ (0.0299)	$ 0.4856
Next 4,930 therms	$ 0.2250	$ 0.0275	$ 0.2525	$ 0.0214	$ 0.2739	$ 0.0219	$ 0.2957	$ (0.0171)	$ 0.2786
Next 45,000 therms	$ 0.0789	$ 0.0077	$ 0.0866	$ 0.0459	$ 0.1326	$ 0.0464	$ 0.1790	$ (0.0104)	$ 0.1686
Over 50,000 therms	$ 0.0460	$ 0.0406	$ 0.0866	$ 0.0459	$ 0.1326	$ 0.0464	$ 0.1790	$ (0.0104)	$ 0.1686
Contract Administration Charge*	$ 125.00		$ 125.00		$ 125.00		$ 125.00		$ 125.00
SC2L	Current	Incr.	RY 1	Incr	RY 2	Incr.	RY 3		Stay-Out Period
Minimum Charge	$ 25.00	$ 125.00	$ 150.00	$ 20.00	$ 170.00	$ 20.00	$ 190.00	$ -	$ 190.00
First 4 therms	$ -		$ -		$ -		$ -		$ -
Next 66 therms	$ 0.5246	$ (0.2747)	$ 0.2499	$ 0.0278	$ 0.2777	$ 0.0280	$ 0.3057	$ (0.0201)	$ 0.2856
Next 4,930 therms	$ 0.2250	$ 0.0249	$ 0.2499	$ 0.0278	$ 0.2777	$ 0.0280	$ 0.3057	$ (0.0201)	$ 0.2856
Next 45,000 therms	$ 0.0789	$ 0.0048	$ 0.0837	$ 0.0094	$ 0.0931	$ 0.0096	$ 0.1027	$ (0.0068)	$ 0.0959
Over 50,000 therms	$ 0.0460	$ 0.0066	$ 0.0526	$ 0.0096	$ 0.0621	$ 0.0097	$ 0.0718	$ (0.0047)	$ 0.0671
Contract Administration Charge*	$ 125.00		$ 125.00		$ 125.00		$ 125.00		$ 125.00
SC3	Current	Incr.	RY 1	Incr	RY 2	Incr.	RY 3		Stay-Out Period
Minimum Charge	$ 355.00	$ 54.00	$ 409.00	$ 46.00	$ 455.00	$ 45.00	$ 500.00	$ -	$ 500.00
Demand Charge (Per Mcf/D of Contract Volume)	$ 4.33	$ 0.5023	$ 4.83	$ 0.6011	$ 5.43	$ 0.6097	$ 6.04	$ (0.4106)	$ 5.63
Volumetric Charge - First 10 therms	$ -		$ -		$ -		$ -		$ -
Volumetric Charge - First 12 times Contract Volume	$ 0.0059	$ 0.0005	$ 0.006	$ 0.0011	$ 0.007	$ 0.0011	$ 0.009	$ (0.0004)	$ 0.008
Volumetric Charge - Excess therms	$ 0.0044	$ 0.0020	$ 0.006	$ 0.0011	$ 0.007	$ 0.0011	$ 0.009	$ (0.0004)	$ 0.008
Contract Administration Charge*	$ 125.00		$ 125.00		$ 125.00		$ 125.00		$ 125.00

* The Contract Administration Charge of $125.00 per month shall apply to individual customers transporting 50,000 therms or more per year.
Rates (1) Calculated using wet therms
Rates (2) Calculated using dry therms
(1) & (2) See JP Page 25, Section 11. Conversion to Dry BTU Factor
Rates were converted from wet to dry using a conversion factor of 1.0177.

Rates (1)	For Illustrative Purposes Only - Wet Therms								
SC1	Current	Incr.	RY 1	Incr	RY 2	Incr.	RY 3		Stay-Out Period
Minimum Charge	$ 15.00	$ 1.00	$ 16.00	$ 0.50	$ 16.50	$ 0.50	$ 17.00		$ 17.00
First 4 Therms	$ -		$ -		$ -		$ -		$ -
Next 36 Therms	$ 0.5715	$ 0.0113	$ 0.5828	$ 0.0077	$ 0.5905	$ -	$ 0.5905	$ (0.0515)	$ 0.5390
Over 40 Therms	$ 0.2571	$ 0.0769	$ 0.3340	$ 0.1005	$ 0.4345	$ 0.1055	$ 0.5400	$ (0.0471)	$ 0.4929
Contract Administration Charge*	$ 125.00		$ 125.00		$ 125.00		$ 125.00		$ 125.00
SC2	Current	Incr.	RY 1	Incr	RY 2	Incr.	RY 3		Stay-Out Period
Minimum Charge	$ 25.00	$ 1.00	$ 26.00	$ 1.00	$ 27.00	`	$ 28.00		$ 28.00
First 4 therms	$ -		$ -		$ -		$ -		$ -
Next 66 therms	$ 0.5246		$ 0.5246		$ 0.5246		$ 0.5246	$ (0.0390)	$ 0.4856
Next 4,930 therms	$ 0.2250	$ 0.0320	$ 0.2570	$ 0.0217	$ 0.2787	$ 0.0222	$ 0.3009	$ (0.0224)	$ 0.2786
Next 45,000 therms	$ 0.0789	$ 0.0093	$ 0.0882	$ 0.0467	$ 0.1349	$ 0.0472	$ 0.1821	$ (0.0135)	$ 0.1686
Over 50,000 therms	$ 0.0460	$ 0.0422	$ 0.0882	$ 0.0467	$ 0.1349	$ 0.0472	$ 0.1821	$ (0.0135)	$ 0.1686
Contract Administration Charge*	$ 125.00		$ 125.00		$ 125.00		$ 125.00		$ 125.00
SC2L	Current	Incr.	RY 1	Incr	RY 2	Incr.	RY 3		Stay-Out Period
Minimum Charge	$ 25.00	$ 125.00	$ 150.00	$ 20.00	$ 170.00	$ 20.00	$ 190.00	$ -	$ 190.00
First 4 therms	$ -		$ -		$ -		$ -		$ -
Next 66 therms	$ 0.5246	$ (0.2703)	$ 0.2543	$ 0.0283	$ 0.2826	$ 0.0285	$ 0.3111	$ (0.0205)	$ 0.2906
Next 4,930 therms	$ 0.2250	$ 0.0293	$ 0.2543	$ 0.0283	$ 0.2826	$ 0.0285	$ 0.3111	$ (0.0205)	$ 0.2906
Next 45,000 therms	$ 0.0789	$ 0.0063	$ 0.0852	$ 0.0096	$ 0.0947	$ 0.0098	$ 0.1045	$ (0.0069)	$ 0.0976
Over 50,000 therms	$ 0.0460	$ 0.0075	$ 0.0535	$ 0.0097	$ 0.0632	$ 0.0098	$ 0.0730	$ (0.0048)	$ 0.0682
Contract Administration Charge*	$ 125.00		$ 125.00		$ 125.00		$ 125.00		$ 125.00
SC3	Current	Incr.	RY 1	Incr	RY 2	Incr.	RY 3		Stay-Out Period
Minimum Charge	$ 355.00	$ 54.00	$ 409.00	$ 46.00	$ 455.00	$ 45.00	$ 500.00	$ -	$ 500.00
Demand Charge (Per Mcf/D of Contract Volume)	$ 4.33	$ 0.5023	$ 4.83	$ 0.6011	$ 5.43	$ 0.6097	$ 6.04	$ (0.4106)	$ 5.63
Volumetric Charge - First 10 therms	$ -		$ -		$ -		$ -		$ -
Volumetric Charge - First 12 times Contract Volume	$ 0.0059	$ 0.0006	$ 0.007	$ 0.0011	$ 0.008	$ 0.0011	$ 0.009	$ (0.0006)	$ 0.008
Volumetric Charge - Excess therms	$ 0.0044	$ 0.0021	$ 0.007	$ 0.0011	$ 0.008	$ 0.0011	$ 0.009	$ (0.0006)	$ 0.008
Contract Administration Charge*	$ 125.00		$ 125.00		$ 125.00		$ 125.00		$ 125.00

RY1 Bill Impact Summary for SC-1 Residential, SC-2 Commercial, and SC-2L Large Commercial Rate Classes

Annual Average Heating Bills	Annual Average Therms	Annual Bill at Current Rates For an Average Heating Customer	Annual Bill at Proposed Rates For an Average Heating Customer	$ Change/Year	% Change/Year
SC-1 Sales	1,027	$1,425.03	$1,519.12	$94.09	6.60%
SC-1 Transport	1,027	$863.84	$952.49	$88.65	10.26%
SC-2 Sales	4,689	$5,655.86	$5,835.98	$180.12	3.18%
SC-2 Transport	4,689	$2,717.33	$2,897.45	$180.12	6.63%
SC-2L Sales	67,221	$766,488.41	$782,171.21	$15,682.79	2.05%
SC-2L Transport	67,221	$294,056.00	$309,858.79	$15,802.79	5.37%

Levelized Monthly Bills	Levelized Monthly Average Therms	Average Monthly Bill at Current Rates For an Average Heating Customer	Average Monthly Bill at Proposed Rates For an Average Heating Customer	$ Change/Month	% Change/Month
SC-1 Sales	86	$118.75	$126.59	$7.84	6.60%
SC-1 Transport	86	$71.99	$79.37	$7.39	10.26%
SC-2 Sales	391	$471.32	$486.33	$15.01	3.18%
SC-2 Transport	391	$226.44	$241.45	$15.01	6.63%
SC-2L Sales	5602	$63,874.03	$65,180.93	$1,306.90	2.05%
SC-2L Transport	5602	$24,504.67	$25,821.57	$1,316.90	5.37%

Gas costs of $0.82 for sales customers and $0.25 for transportation customers were used in the calculations above.

RY2 Bill Impact Summary for SC-1 Residential, SC-2 Commercial, and SC-2L Large Commercial Rate Classes

Annual Average Heating Bills	Annual Average Therms	Annual Bill at Current Rates For an Average Heating Customer	Annual Bill at Proposed Rates For an Average Heating Customer	$ Change/Year	% Change/Year
SC-1 Sales	1,027	$1,519.12	$1,591.86	$72.74	4.79%
SC-1 Transport	1,027	$952.49	$1,017.30	$64.80	6.80%
SC-2 Sales	4,689	$5,791.13	$5,931.57	$140.44	2.43%
SC-2 Transport	4,689	$2,852.60	$2,993.04	$140.44	4.92%
SC-2L Sales	67,221	$774,459.61	$791,242.37	$16,782.76	2.17%
SC-2L Transport	67,221	$302,147.20	$318,929.96	$16,782.76	5.55%

Levelized Monthly Bills	Levelized Monthly Average Therms	Average Monthly Bill at Current Rates For an Average Heating Customer	Average Monthly Bill at Proposed Rates For an Average Heating Customer	$ Change/Month	% Change/Month
SC-1 Sales	86	$126.59	$132.66	$6.06	4.79%
SC-1 Transport	86	$79.37	$84.77	$5.40	6.80%
SC-2 Sales	391	$482.59	$494.30	$11.70	2.43%
SC-2 Transport	391	$237.72	$249.42	$11.70	4.92%
SC-2L Sales	5602	$64,538.30	$65,936.86	$1,398.56	2.17%
SC-2L Transport	5602	$25,178.93	$26,577.50	$1,398.56	5.55%

Gas costs of $0.82 for sales customers and $0.25 for transportation customers were used in the calculations above.

RY3 Bill Impact Summary for SC-1 Residential, SC-2 Commercial, and SC-2L Large Commercial Rate Classes

Annual Average Heating Bills	Annual Average Therms	Annual Bill at Current Rates For an Average Heating Customer	Annual Bill at Proposed Rates For an Average Heating Customer	$ Change/Year	% Change/Year
SC-1 Sales	1,027	$1,591.86	$1,665.17	$73.31	4.61%
SC-1 Transport	1,027	$1,017.30	$1,081.53	$64.24	6.31%
SC-2 Sales	4,689	$5,886.72	$6,029.09	$142.37	2.42%
SC-2 Transport	4,689	$2,948.18	$3,090.55	$142.37	4.83%
SC-2L Sales	67,221	$783,530.78	$800,508.20	$16,977.41	2.17%
SC-2L Transport	67,221	$311,218.37	$328,195.78	$16,977.41	5.46%

Levelized Monthly Bills	Levelized Monthly Average Therms	Average Monthly Bill at Current Rates For an Average Heating Customer	Average Monthly Bill at Proposed Rates For an Average Heating Customer	$ Change/Month	% Change/Month
SC-1 Sales	86	$132.66	$138.76	$6.11	4.61%
SC-1 Transport	86	$84.77	$90.13	$5.35	6.31%
SC-2 Sales	391	$490.56	$502.42	$11.86	2.42%
SC-2 Transport	391	$245.68	$257.55	$11.86	4.83%
SC-2L Sales	5602	$65,294.23	$66,709.02	$1,414.78	2.17%
SC-2L Transport	5602	$25,934.86	$27,349.65	$1,414.78	5.46%

Gas costs of $0.82 for sales customers and $0.25 for transportation customers were used in the calculations above.

		MFC		DRA	
Gas Procurement Salary		117,697.45	$	117,697.45	[1]
		50.0%		25.0%	
	$	58,848.72	$	29,424.36	
Overhead		33.0%		33.0%	
	$	78,464.96	$	39,232.48	
Uncollectibles*		18,067,022		3,655,755	
		0.50%		0.50%	
	$	90,335.11	$	18,278.78	
Gas Control		151,671.78	$	151,671.78	[2]
		33.3%		33.3%	
	$	50,557.26	$	50,557.26	
CC on Gas in Storage*		623,768.00		623,768.00	
Other Customer Provided Capital*		5.20%		5.20%	[3]
Sales Portion of Storage		75.30%		24.71%	
	$	24,424.26	$	8,014.92	
Total	$	243,781.59	$	116,083.44	

* Amounts listed are for illustrative purposes. Targets will be set using known actual.

[1] *50% is recovered through the MFC, 25% through DRA and 25% through base rates.*

[2] *1/3 is recovered through MFC, 1/3 through DRA and 1/3 in base rates.*

[3] *The actual interest rate will be updated annually when rates go into effect*

RDM Target Calculation

	Rate Year 1	Rate Year 2	Rate Year 3	Stay-Out Period
SC1 Residential (Sales and Transportation)				
Margin Delivery Revenue	$ 8,153,585	$ 10,245,656	$ 11,436,744	$ 10,709,598
Make Whole Surcharge Revenue	$ 33,884	$ 231,916	$ 258,876	$ -
Total Margin Revenue	$ 8,187,469	$ 10,477,572	$ 11,695,620	$ 10,709,598
SC2 & SC2L Commercial (Sales and Transportation)				
Margin Delivery Revenue	$ 3,820,563	$ 4,877,434	$ 5,444,451	$ 5,098,294
Make Whole Surcharge Revenue	$ 18,395	$ 110,403	$ 123,238	$ -
Total Margin Revenue	$ 3,838,958	$ 4,987,837	$ 5,567,689	$ 5,098,294

Make Whole Surcharge

Delivery Revenues		RY1 (7/1/2023-10/31/2023)	RY2	RY3	Total
	SC1	$ 1,496,928	$ 10,245,656	$ 11,436,744	$ 23,179,328
	SC2	$ 812,656	$ 4,877,434	$ 5,444,451	$ 11,134,541
	SC3	$ 349,584	$ 1,172,549	$ 1,172,549	$ 2,694,681
	Total Sales	$ 2,659,168	$ 16,295,639	$ 18,053,744	$ 37,008,550
		7%	44%	49%	100%

Total Make Whole Revenues	$837,707	RY1 (7/1/2023-10/31/2023)	RY2	RY3	Total
RY % of Make Whole Revenues		$60,192	$368,860	$408,655	$837,707
Service Class % of Delivery Revenue	SC1	56%	63%	63%	
	SC2	31%	30%	30%	
	SC3	13%	7%	6%	
Rate Year Surcharge Revenue	SC1	$33,884	$231,916	$258,876	$524,676
	SC2	$18,395	$110,403	$123,238	$252,036
	SC3	$7,913	$26,541	$26,541	$60,995
		$60,192	$368,860	$408,655	$837,707

RDM Target Revenues By Month

Rate Year 1	November-23	December-23	January-24	February-24	March-24	April-24	May-24	June-24	July-24	August-24	September-24	October-24	Total
Residential Sales	$ 638,882	$ 879,227	$ 1,096,428	$ 1,164,559	$ 1,029,191	$ 801,037	$ 543,067	$ 368,935	$ 314,761	$ 293,393	$ 349,531	$ 516,872	$ 7,995,884
Residential Transportation	$ 8,544	$ 23,573	$ 22,851	$ 24,699	$ 21,573	$ 18,945	$ 8,708	$ 6,438	$ 4,196	$ 3,940	$ 3,249	$ 10,985	$ 157,701
Total Residential	$ 647,426	$ 902,800	$ 1,119,279	$ 1,189,258	$ 1,050,764	$ 819,981	$ 551,775	$ 375,373	$ 318,958	$ 297,333	$ 352,780	$ 527,857	$ 8,153,585
Commercial Sales	$ 224,474	$ 271,973	$ 303,373	$ 309,030	$ 282,753	$ 254,451	$ 176,710	$ 132,645	$ 136,076	$ 126,589	$ 164,601	$ 186,780	$ 2,569,456
Commercial Transportation	$ 104,952	$ 154,627	$ 180,007	$ 185,796	$ 167,635	$ 119,194	$ 85,619	$ 54,666	$ 33,753	$ 36,499	$ 37,097	$ 91,260	$ 1,251,107
Total Commercial	$ 329,426	$ 426,600	$ 483,380	$ 494,826	$ 450,388	$ 373,646	$ 262,329	$ 187,311	$ 169,829	$ 163,088	$ 201,698	$ 278,040	$ 3,820,563

Rate Year 2	November-23	December-23	January-24	February-24	March-24	April-24	May-24	June-24	July-24	August-24	September-24	October-24	Total
Residential Sales	$ 848,178	$ 1,166,248	$ 1,449,322	$ 1,542,725	$ 1,363,324	$ 1,048,393	$ 708,173	$ 465,858	$ 336,837	$ 312,650	$ 374,369	$ 603,516	$ 10,219,591
Residential Transportation	$ 13,017	$ 38,352	$ 37,169	$ 40,265	$ 34,998	$ 30,565	$ 13,477	$ 9,729	$ 4,907	$ 4,640	$ 3,803	$ 13,609	$ 244,531
Total Residential	$ 861,195	$ 1,204,600	$ 1,486,491	$ 1,582,990	$ 1,398,322	$ 1,078,957	$ 721,650	$ 475,587	$ 341,744	$ 317,289	$ 378,171	$ 617,124	$ 10,464,122
Commercial Sales	$ 294,579	$ 358,750	$ 400,871	$ 408,478	$ 373,120	$ 335,019	$ 231,065	$ 172,274	$ 159,712	$ 148,577	$ 193,190	$ 219,222	$ 3,294,858
Commercial Transportation	$ 143,767	$ 213,995	$ 250,121	$ 258,208	$ 232,560	$ 164,080	$ 116,743	$ 74,747	$ 39,476	$ 42,581	$ 42,301	$ 107,998	$ 1,686,577
Total Commercial	$ 438,347	$ 572,745	$ 650,992	$ 666,686	$ 605,680	$ 499,100	$ 347,809	$ 247,021	$ 199,188	$ 191,157	$ 235,491	$ 327,220	$ 4,981,435

Rate Year 3	November-24	December-24	January-25	February-25	March-25	April-25	May-25	June-25	July-25	August-25	September-25	October-25	Total
Residential Sales	$ 943,446	$ 1,331,164	$ 1,673,274	$ 1,778,227	$ 1,561,468	$ 1,179,922	$ 747,494	$ 484,658	$ 340,844	$ 321,360	$ 383,592	$ 637,248	$ 11,382,696
Residential Transportation	$ 15,634	$ 47,103	$ 45,646	$ 49,484	$ 42,943	$ 37,436	$ 16,276	$ 11,651	$ 5,642	$ 5,367	$ 4,379	$ 16,349	$ 297,911
Total Residential	$ 959,080	$ 1,378,267	$ 1,718,920	$ 1,827,712	$ 1,604,411	$ 1,217,357	$ 763,770	$ 496,310	$ 346,486	$ 326,727	$ 387,971	$ 653,597	$ 11,680,607
Commercial Sales	$ 293,135	$ 414,996	$ 506,829	$ 542,243	$ 470,429	$ 365,098	$ 237,107	$ 169,476	$ 122,074	$ 113,595	$ 139,596	$ 221,067	$ 3,595,645
Commercial Transportation	$ 167,299	$ 250,046	$ 292,804	$ 302,257	$ 272,058	$ 191,375	$ 135,617	$ 86,859	$ 45,277	$ 48,746	$ 47,583	$ 124,977	$ 1,964,897
Total Commercial	$ 460,434	$ 665,041	$ 799,632	$ 844,500	$ 742,487	$ 556,473	$ 372,724	$ 256,335	$ 167,352	$ 162,341	$ 187,179	$ 346,044	$ 5,560,542

Stay-Out Period	November-25	December-25	January-26	February-26	March-26	April-26	May-26	June-26	July-26	August-26	September-26	October-26	Total
Residential Sales	$ 862,964.95	$ 1,217,607.81	$ 1,530,534.12	$ 1,626,534.48	$ 1,428,265.88	$ 1,079,267.66	$ 683,728.47	$ 443,314.26	$ 311,767.70	$ 293,946.11	$ 350,869.01	$ 582,887.00	$ 10,411,687.46
Residential Transportation	$ 15,633.91	$ 47,103.04	$ 45,646.06	$ 49,484.19	$ 42,942.52	$ 37,435.62	$ 16,276.07	$ 11,651.47	$ 5,642.45	$ 5,367.01	$ 4,379.09	$ 16,349.10	$ 297,910.54
Total Residential	$ 878,599	$ 1,264,711	$ 1,576,180	$ 1,676,019	$ 1,471,208	$ 1,116,703	$ 700,005	$ 454,966	$ 317,410	$ 299,313	$ 355,248	$ 599,236	$ 10,709,598
Commercial Sales	$ 256,112.67	$ 362,560.03	$ 443,533.71	$ 474,617.00	$ 411,309.71	$ 318,945.94	$ 204,890.54	$ 147,524.90	$ 103,414.31	$ 97,569.09	$ 120,247.71	$ 192,671.61	$ 3,133,397.21
Commercial Transportation	$ 167,298.87	$ 250,045.62	$ 292,803.54	$ 302,256.69	$ 272,057.68	$ 191,374.99	$ 135,617.15	$ 86,858.97	$ 45,277.47	$ 48,745.67	$ 47,582.88	$ 124,977.24	$ 1,964,896.79
Total Commercial	$ 423,412	$ 612,606	$ 736,337	$ 776,874	$ 683,367	$ 510,321	$ 340,508	$ 234,384	$ 148,692	$ 146,315	$ 167,831	$ 317,649	$ 5,098,294

Lost And Unaccounted For Gas (LAUF)

The LAUF factor will be 1.00156 which requires non-sales customers to deliver an extra 16 units for every 10,000 to the city gate (system) and is a loss percentage of city gate receipts of 0.156% (approximate). The standard deviation of the loss percentage of city gate receipts is 0.214% as calculated from the last five years of data. Two standard deviations 0.428% is more than 0.156% and, in accordance with Staff's white paper on LAUF, St. Lawrence will be allowed to recover gas costs up to a loss percentage of 0.856% (four standard deviations), or for every 99,144 units delivered by the system, 100,000 units are delivered to the city gate.

Liberty SLG will be assessed a LAUF penalty of units in excess of the allowed recovery times the average cost of gas. The calculation of the average cost of gas is shown below as purchase units vary due to non-sales customers receipts-to-deliveries lag.

In accordance with Staff's white paper, a System Performance Adjustment (SPA) will be refunded or surcharged to all customers, i.e., sales and non-sales customers, from each year's gas reconciliation. Refunds will occur when the loss percentage for that year is below 0.156% and surcharges will occur when the loss percentage for that year is above 0.156% with the Gas Adjustment Clause (GAC) refund/surcharge designed to recover the sales deliveries times the average cost of gas times the LAUF factor. Below are examples of how the GAC and SPA function for five different loss percentages. The sales deliveries, non-sale deliveries, and average cost of gas have been kept at 29 million therms, 43 million therms, and $0.63 per therm, respectively, for all examples.

Row	Calculation							
0		Actual LAUF	-0.215%	0.000%	0.143%	0.568%	0.716%	0.950%
1	Input	Sales Deliveries	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000
2	Input	Non-Sales Deliveries	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000
3	(1) + (2)	Total Deliveries	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000
4	Input	City Gate Receipts	71,845,200	72,000,000	72,102,960	72,408,960	72,515,520	72,684,000
5	(2) * 1.00156	Non-Sales Receipts	43,067,080	43,067,080	43,067,080	43,067,080	43,067,080	43,067,080
6	(4) - (5)	Sales Receipts	28,778,120	28,932,920	29,035,880	29,341,880	29,448,440	29,616,920
7	Input	Commodity Costs	$ 18,130,216	$ 18,227,740	$ 18,292,604	$ 18,485,384	$ 18,552,517	$ 18,658,660
8	(7) / (6)	Commodity Cost per Therm	0.630000	0.630000	0.630000	0.630000	0.630000	0.630000
9	(3) / (.9914)	Maximum Allowed City Gate Receipts	72,624,571	72,624,571	72,624,571	72,624,571	72,624,571	72,624,571
10	(4) - (9) if (4) > (9) or 0	Disallowed Therm Recovery	-	-	-	-	-	59,429
11	(8) * (10)	Penalty	-	-	-	-	-	37,440
12	(7)	Commodity Costs	18,130,216	18,227,740	18,292,604	18,485,384	18,552,517	18,658,660
13	(11)	Penalty	-	-	-	-	-	37,440
14	(7) - (11)	Actual Commodity Cost Recoveries	18,130,216	18,227,740	18,292,604	18,485,384	18,552,517	18,621,220
15	(1) * (8) * 1.00156	Allowed Commodity Cost Recoveries	18,298,501	18,298,501	18,298,501	18,298,501	18,298,501	18,298,501
16	(0)*(3)*(8) if (0) < 0	LAUF Adjustment below 0	(97,524)					
17	(14) - (15) - (16)	SPA (Refund)/Surcharge from all Customers	(70,761)	(70,761)	(5,897)	186,883	254,016	322,719

Gas Safety Performance Metrics and Negative (NRA) / Positive (PRA) Revenue Adjustments

Gas Safety Metrics	Targets			Basis Points (BP)
Emergency Response (percent completed)				**(NRA)/PRA**
	2023	**2024**	**2025**	
30 Minutes Response	<75%	<75%	<75%	(9) BP
	>85% - 90%	>85% - 90%	>85% - 90%	3 BP
	>90%	>90%	>90%	6 BP
45 Minute Response	<90%	<90%	<90%	(6) BP
60 Minute Response	<95%	<95%	<95%	(3) BP
Excavation Damages (per 1000 Tickets)				**(NRA)/PRA (BP)**
	2023	**2024**	**2025**	
Total Damages	>2.60	>2.50	>2.40	(27) BP
	>2.25 - 2.60	>2.15 – 2.50	>2.05 - 2.40	(15) BP
	≥2.15 - 2.25	≥2.05 - 2.15	≥1.95 - 2.05	(5) BP
	<1.75	<1.75	<1.75	5 BP
	<1.70	<1.70	<1.70	10 BP
Leak Management				**(NRA)/PRA (BP)**
	2023	**2024**	**2025**	
Total Year-End Leak Backlog (Type 1, 2, 2A and 3)	4+	4+	4+	(18) BP
Gas Safety Violations (NYCRR Parts 255 & 261)				**(NRA)/PRA (BP)**
	2023	**2024**	**2025**	
Record Violations				
	2023	**2024**	**2025**	
High Risk	0 - 4	0 - 4	0 - 4	0 BP
	5 - 8	5 - 8	5 - 8	(1/2) BP
	>8	>8	>8	(1) BP
Other Risk	0 - 8	0 - 8	0 - 8	0 BP
	>8	>8	>8	(1/4) BP
Field Violations				
High Risk	0 - 8	0 - 8	0 - 8	(1/2) BP
	>8	>8	>8	(1) BP
Other Risk	All Violations	All Violations	All Violations	(1/4) BP

Total (NRA) / PRA Basis Points Annual Limit			**(138) / 16**

Title	Chapter	Subchapter	Part	Section	Subdivision	Description	Risk
16	III	C	255	5	(g)	Class Locations	High
16	III	C	255	14	(a)	Conversion to Service Subject to this Part	High
16	III	C	255	14	(b)	Conversion to Service Subject to this Part	Other
16	III	C	255	17	All	Preservation of Records	Other
16	III	C	255	18	(a),(c)	Notifications and Reports	High
16	III	C	255	53	All	Materials - General	High
16	III	C	255	65	All	Materials - Transportation of Pipe	High
16	III	C	255	67	(a),(b)	Records - Material Properties	High
16	III	C	255	103	All	Pipe Design - General	High
16	III	C	255	127	(a),(b)	Records - Pipe Design	High
16	III	C	255	143	All	Design of Pipeline Components - General Requirements	High
16	III	C	255	159	All	Design of Pipeline Components - Flexibility	High
16	III	C	255	161	All	Design of Pipeline Components - Supports and Anchors	High
16	III	C	255	163	All	Compressor Stations - Design and Construction	Other
16	III	C	255	165	All	Compressor Stations - Liquid Removal	Other
16	III	C	255	167	All	Compressor Stations - Emergency Shutdown	High
16	III	C	255	169	All	Compressor Stations - Pressure Limiting Devices	High
16	III	C	255	171	All	Compressor Stations - Additional Safety Equipment	Other
16	III	C	255	173	All	Compressor Stations - Ventilation	High
16	III	C	255	179	All	Valves on Pipelines to Operate at 125 PSIG (862 kPa) or More	High
16	III	C	255	181	All	Distribution Line Valves	High
16	III	C	255	183	All	Vaults - Structural Design Requirements	High
16	III	C	255	185	All	Vaults - Accessibility	Other
16	III	C	255	187	All	Vaults - Sealing, Venting, and Ventilation	Other
16	III	C	255	189	All	Vaults - Drainage and Waterproofing	High
16	III	C	255	190	All	Calorimeter or Calorimixer Structures	Other
16	III	C	255	191	All	Design Pressure of Plastic Fittings	Other
16	III	C	255	193	All	Valve Installation in Plastic Pipe	Other
16	III	C	255	195	All	Protection Against Accidental Overpressuring	High
16	III	C	255	197	All	Control of the Pressure of Gas Delivered from High Pressure Distribution Systems	High
16	III	C	255	199	All	Requirements for Design of Pressure Relief and Limiting Devices	High
16	III	C	255	201	All	Required Capacity of Pressure Relieving and Limiting Stations	High
16	III	C	255	203	All	Instrument, Control, and Sampling Piping and Components	Other
16	III	C	255	205	(a),(b)	Records - Pipeline Components	High
16	III	C	255	225	All	Qualification of Welding Procedures	High
16	III	C	255	227	All	Qualification of Welders	High
16	III	C	255	229	All	Limitations On Welders	Other
16	III	C	255	230	All	Quality Assurance Program	Other
16	III	C	255	231	All	Welding - Protection from Weather	High
16	III	C	255	233	All	Welding - Miter Joints	High
16	III	C	255	235	All	Preparation for Welding	High
16	III	C	255	237	All	Welding - Preheating	Other
16	III	C	255	239	All	Welding - Stress Relieving	Other
16	III	C	255	241	(a),(b)	Inspection and Test of Welds	High
16	III	C	255	241	(c)	Inspection and Test of Welds	Other
16	III	C	255	243	(a),(b),(c),(d),(e)	Nondestructive Testing - Pipeline to Operate at 125 PSIG (862 kPa) or More	High
16	III	C	255	243	(f)	Nondestructive Testing - Pipeline to Operate at 125 PSIG (862 kPa) or More	Other
16	III	C	255	244	All	Welding Inspector	High
16	III	C	255	245	All	Welding - Repair or Removal of Defects	High
16	III	C	255	273	All	Joining of Materials other than by Welding - General	High
16	III	C	255	279	All	Joining of Materials other than by Welding - Copper Pipe	High
16	III	C	255	281	All	Joining of Materials other than by Welding - Plastic Pipe	High
16	III	C	255	283	All	Plastic Pipe - Qualifying Joining Procedures	Other
16	III	C	255	285	(a),(b),(d)	Plastic Pipe - Qualifying Persons to make Joints	High
16	III	C	255	285	(c),(e),(f)	Plastic Pipe - Qualifying Persons to make Joints	Other
16	III	C	255	287	All	Plastic Pipe - Inspection of Joints	Other
16	III	C	255	302	All	Notification Requirements	High
16	III	C	255	303	All	Compliance with Construction Standards	High
16	III	C	255	305	All	Inspection - General	High
16	III	C	255	307	All	Inspection of Materials	High
16	III	C	255	309	All	Repair of Steel Pipe	High
16	III	C	255	311	All	Repair of Plastic Pipe	High
16	III	C	255	313	(a),(b),(c)	Bends and Elbows	High
16	III	C	255	313	(d)	Bends and Elbows	Other
16	III	C	255	315	All	Wrinkle Bends in Steel Pipe	High
16	III	C	255	317	All	Protection from Hazards	Other
16	III	C	255	319	All	Installation of Pipe in a Ditch	Other
16	III	C	255	321	All	Installation of Plastic Pipe	High
16	III	C	255	323	All	Casing	Other
16	III	C	255	325	All	Underground Clearance	High
16	III	C	255	327	All	Cover	Other
16	III	C	255	353	All	Customer Meters and Regulators - Location	Other
16	III	C	255	355	All	Customer Meters and Regulators - Protection from Damage	Other
16	III	C	255	357	(a),(b),(c)	Customer Meters and Service Regulators - Installation	Other
16	III	C	255	357	(d)	Customer Meters and Service Regulators - Installation	High
16	III	C	255	359	All	Customer Meter Installations - Operating Pressure	Other
16	III	C	255	361	(a),(b),(c),(d)	Service Lines - Installation	Other
16	III	C	255	361	(e),(f),(g),(h),(i)	Service Lines - Installation	High
16	III	C	255	363	All	Service Lines - Valve Requirements	Other
16	III	C	255	365	(a),(c)	Service Lines - Location of Valves	Other
16	III	C	255	365	(b)	Service Lines - Location of Valves	High
16	III	C	255	367	All	Service Lines - General Requirements for Connections	Other
16	III	C	255	369	All	Service Lines - Connections to Cast Iron or Ductile Iron Mains	Other
16	III	C	255	371	All	Service Lines - Steel	Other
16	III	C	255	373	All	Service Lines - Cast Iron and Ductile Iron	Other
16	III	C	255	375	All	Service Lines - Plastic	Other
16	III	C	255	377	All	Service Lines - Copper	Other
16	III	C	255	379	All	New Service Lines not in Use	Other
16	III	C	255	381	All	Service Lines - Excess Flow Valve Performance Standards	Other
16	III	C	255	455	(a)	External Corrosion Control - Buried or Submerged Pipelines Installed after July 31, 1971	Other
16	III	C	255	455	(d),(e)	External Corrosion Control - Buried or Submerged Pipelines Installed after July 31, 1971	High
16	III	C	255	457	All	External Corrosion Control - Buried or Submerged Pipelines Installed before July 31, 1971	High
16	III	C	255	459	All	External Corrosion Control - Examination of Buried Pipeline when Exposed	Other
16	III	C	255	461	(a),(b),(d),(e),(f),(g)	External Corrosion Control - Protective Coating	Other
16	III	C	255	461	(c)	External Corrosion Control - Protective Coating	High
16	III	C	255	463	All	External Corrosion Control - Cathodic Protection	High
16	III	C	255	465	(a),(e)	External Corrosion Control - Monitoring	High
16	III	C	255	465	(b),(c),(d),(f)	External Corrosion Control - Monitoring	Other
16	III	C	255	467	All	External Corrosion Control - Electrical Isolation	Other
16	III	C	255	469	All	External Corrosion Control - Test Stations	Other
16	III	C	255	471	All	External Corrosion Control - Test Leads	Other
16	III	C	255	473	All	External Corrosion Control - Interference Currents	Other
16	III	C	255	475	All	Internal Corrosion Control - General	Other
16	III	C	255	476	(a),(c)	Internal Corrosion Control - Design and Construction of Transmission Line	High
16	III	C	255	476	(d)	Internal Corrosion Control - Design and Construction of Transmission Line	Other
16	III	C	255	479	All	Atmospheric Corrosion Control - General	Other

Title	Chapter	Subchapter	Part	Section	Subdivision	Description	Risk
16	III	C	255	481	All	Atmospheric Corrosion Control - Monitoring	Other
16	III	C	255	483	All	Remedial Measures - General	High
16	III	C	255	485	(a),(b)	Remedial Measures - Transmission Lines	High
16	III	C	255	485	(c)	Remedial Measures - Transmission Lines	Other
16	III	C	255	487	All	Remedial Measures - Distribution Lines other than Cast Iron or Ductile Iron Lines	Other
16	III	C	255	489	All	Remedial Measures - Cast Iron and Ductile Iron Pipelines	Other
16	III	C	255	490	All	Direct Assessment	Other
16	III	C	255	491	All	Corrosion Control Records	Other
16	III	C	255	493	All	In-Line Insepction of Pipelines	High
16	III	C	255	503	All	Test Requirements - General	Other
16	III	C	255	505	(a),(b),(c),(d)	Strength Test Requirements for Steel Pipelines to Operate at 125 PSIG (862 kPa) or More	High
16	III	C	255	505	(e),(h),(i)	Strength Test Requirements for Steel Pipelines to Operate at 125 PSIG (862 kPa) or More	Other
16	III	C	255	506	All	Transmission Lines - Spike Hydrostatic Pressure Test	High
16	III	C	255	507	All	Test Requirements for Pipelines to Operate at less than 125 PSIG (862 kPa)	Other
16	III	C	255	511	All	Test Requirements for Service Lines	Other
16	III	C	255	515	All	Environmental Protection and Safety Requirements	Other
16	III	C	255	517	All	Test Requirements - Records	Other
16	III	C	255	552	All	Upgrading / Conversion - Notification Requirements	Other
16	III	C	255	553	(a),(b),(c),(f)	Upgrading / Conversion - General Requirements	High
16	III	C	255	553	(d),(e)	Upgrading / Conversion - General Requirements	Other
16	III	C	255	555	All	Upgrading to a Pressure of 125 PSIG (862 kPa) or More in Steel Pipelines	High
16	III	C	255	557	All	Upgrading to a Pressure Less than 125 PSIG (862 kPa)	High
16	III	C	255	603	All	Operations - General Provisions	High
16	III	C	255	604	All	Operator Qualification	High
16	III	C	255	605	All	Essentials of Operating and Maintenance Plan	High
16	III	C	255	607	All	Verification of Pipeline Materials and Attributes - Onshore Steel Transmission Pipelines	High
16	III	C	255	609	All	Change in Class Location - Required Study	High
16	III	C	255	611	(a),(d)	Change in Class Location - Confirmation or Revision of Maximum Allowable Operating Pressure	Other
16	III	C	255	613	All	Continuing Surveillance	Other
16	III	C	255	614	All	Damage Prevention Program	High
16	III	C	255	615	All	Emergency Plans	High
16	III	C	255	616	All	Customer Education and Information Program	High
16	III	C	255	619	All	Maximum Allowable Operating Pressure - Steel or Plastic Pipelines	High
16	III	C	255	621	All	Maximum Allowable Operating Pressure - High Pressure Distribution Systems	High
16	III	C	255	623	All	Maximum and Minimum Allowable Operating Pressure - Low Pressure Distribution Systems	High
16	III	C	255	624	All	Maximum Allowable Operating Pressure Reconfirmation - Onshore Steel Transmission Pipelines	High
16	III	C	255	625	(a),(b)	Odorization of Gas	High
16	III	C	255	625	(e),(f)	Odorization of Gas	Other
16	III	C	255	627	All	Tapping Pipelines Under Pressure	High
16	III	C	255	629	All	Purging of Pipelines	High
16	III	C	255	631	All	Control Room Management	High
16	III	C	255	632	All	Engineering Critical Assessment for Maximum Allowable Operating Pressure Reconfirmation - Onshore Steel Transmission Pipelines	High
16	III	C	255	705	All	Transmission Lines - Patrolling	High
16	III	C	255	706	All	Transmission Lines - Leakage Surveys	High
16	III	C	255	707	(a),(c),(d),(e)	Line Markers for Mains and Transmission Lines	Other
16	III	C	255	709	All	Transmission Lines - Record Keeping	Other
16	III	C	255	710	(b),(c),(d),(e),(f),(g)	Transmission Lines - Assessments Outside of High Consequence Areas	High
16	III	C	255	711	All	Transmission Lines - General Requirements for Repair Procedures	High
16	III	C	255	712	(a),(b),(d),(e),(f),(g)	Analysis of Predicated Failure Pressure	High
16	III	C	255	713	All	Transmission Lines - Permanent Field Repair of Imperfections and Damages	High
16	III	C	255	715	All	Transmission Lines - Permanent Field Repair of Welds	High
16	III	C	255	717	All	Transmission Lines - Permanent Field Repairs of Leaks	High
16	III	C	255	719	All	Transmission Lines - Testing of Repairs	High
16	III	C	255	721	(b)	Distribution Systems - Patrolling	Other
16	III	C	255	723	All	Distribution Systems -Leakage Surveys and Procedures	High
16	III	C	255	725	All	Test Requirements for Reinstating Service Lines	Other
16	III	C	255	726	All	Inactive Service Lines	Other
16	III	C	255	727	(b),(c),(d),(e),(f),(g)	Abandonment or Inactivation of Facilities	Other
16	III	C	255	729	All	Compressor Stations - Procedures for Gas Compressor Units	High
16	III	C	255	731	All	Compressor Stations - Inspection and Testing of Relief Devices	High
16	III	C	255	732	All	Compressor Stations - Additional Inspections	High
16	III	C	255	735	All	Compressor Stations - Storage of Combustible Materials	Other
16	III	C	255	736	All	Compressor Stations - Gas Detection	High
16	III	C	255	739	(a),(b)	Pressure Limiting and Regulating Stations - Inspection and Testing	High
16	III	C	255	739	(c),(d),(e),(f)	Pressure Limiting and Regulating Stations - Inspection and Testing	Other
16	III	C	255	741	All	Pressure Limiting and Regulating Stations - Telemetering or Recording Gauges	Other
16	III	C	255	743	(a),(b)	Pressure and Limiting and Regulating Stations - Testing of Relief Devices	High
16	III	C	255	743	(c)	Regulator Station MAOP	Other
16	III	C	255	744	All	Service Regulators and Vents - Inspection	Other
16	III	C	255	745	All	Transmission Line Valves	High
16	III	C	255	747	All	Valve Maintenance - Distribution Systems	Other
16	III	C	255	748	All	Valve Maintenance - Service Line Valves	Other
16	III	C	255	749	All	Vault Maintenance	Other
16	III	C	255	750	All	Launcher and Receiver Safety	High
16	III	C	255	751	All	Prevention of Accidental Ignition	High
16	III	C	255	753	All	Caulked Bell and Spigot Joints	Other
16	III	C	255	755	All	Protecting Cast Iron Pipelines	High
16	III	C	255	756	All	Replacement of Exposed or Undermined Cast Iron Piping	High
16	III	C	255	757	All	Replacement of Cast Iron Mains Paralleling Excavations	High
16	III	C	255	801	All	Reports of accidents	Other
16	III	C	255	803	All	Emergency Lists of Operator Personnel	Other
16	III	C	255	805	(a),(b),(e),(g),(h)	Leaks - General	Other
16	III	C	255	807	(a),(b),(c)	Leaks - Records	Other
16	III	C	255	807	(d)	Leaks - Records	High
16	III	C	255	809	All	Leaks - Instrument Sensitivity Verification	High
16	III	C	255	811	(b),(c),(d),(e)	Leaks - Type 1 Classification	High
16	III	C	255	813	(b),(c),(d)	Leaks - Type 2A Classification	High
16	III	C	255	815	(b),(c),(d)	Leaks - Type 2 Classification	High
16	III	C	255	817	All	Leaks - Type 3 Classification	Other
16	III	C	255	819	(a)	Leaks - Follow-Up Inspection	High
16	III	C	255	821	All	Leaks - Nonreportable Reading	High
16	III	C	255	823	(a),(b)	Interruptions of Service	Other
16	III	C	255	825	All	Logging and Analysis of Gas Emergency Reports	Other
16	III	C	255	829	All	Annual Report	Other
16	III	C	255	831	All	Reporting Safety-Related Conditions	Other
Title	Chapter	Subchapter	Part	Section	Subdivision	Description	Risk

16	III	C	255	905	All	High Consequence Areas	High
16	III	C	255	907	All	General (IMP)	Other
16	III	C	255	909	All	Changes to an Integrity Management Program (IMP)	Other
16	III	C	255	911	All	Required Elements (IMP)	High
16	III	C	255	915	All	Knowledge and Training (IMP)	High
16	III	C	255	917	All	Identification of Potential Threats to Pipeline Integrity and Use of the Threat Identification in an Integrity Program (IMP)	High
16	III	C	255	919	All	Baseline Assessment Plan (IMP)	High
16	III	C	255	921	All	Conducting a Baseline Assessment (IMP)	High
16	III	C	255	923	All	Direct Assessment (IMP)	High
16	III	C	255	925	All	External Corrosion Direct Assessment (ECDA)(IMP)	High
16	III	C	255	927	All	Internal Corrosion Direct Assessment (ICDA)(IMP)	High
16	III	C	255	931	All	Confirmatory Direct Assessment (CDA)(IMP)	High
16	III	C	255	933	All	Addressing Integrity Issues (IMP)	High
16	III	C	255	935	All	Preventive and Mitigative Measures to Protect the High Consequence Areas (IMP)	High
16	III	C	255	937	All	Continual Process of Evaluation and Assessment (IMP)	High
16	III	C	255	939	All	Reassessment Intervals (IMP)	High
16	III	C	255	941	All	Low Stress Reassessment (IMP)	Other
16	III	C	255	945	All	Measuring Program Effectiveness (IMP)	Other
16	III	C	255	947	All	Records (IMP)	Other
16	III	C	255	1003	All	General Requirements of a GDPIM Plan	High
16	III	C	255	1005	All	Implementation Requirements of a GDPIM Plan	High
16	III	C	255	1007	All	Required Elements of a GDPIM Plan	High
16	III	C	255	1009	All	Required Report when Compression Couplings Fail	High
16	III	C	255	1011	All	Records an Operator Must Keep (GDPIM)	Other
16	III	C	255	1015	All	GDPIM Plan Requirements for a Master Meter or a Small Liquefied Petroleum Gas (LPG) Operator	High
16	III	C	261	15	All	Operation and Maintenance Plan	High
16	III	C	261	17	(a),(c)	Leakage Survey	High
16	III	C	261	19	All	High Pressure Piping	Other
16	III	C	261	21	All	Carbon Monoxide Prevention	High
16	III	C	261	51	All	Warning Tag Procedures	High
16	III	C	261	53	All	HEFPA Liaison	High
16	III	C	261	55	All	Warning Tag Inspection	High
16	III	C	261	57	All	Warning Tag - Class A condition	High
16	III	C	261	59	All	Warning Tag - Class B condition	High
16	III	C	261	61	All	Warning Tag - Class C Condition	Other
16	III	C	261	63	All	Warning Tag - Action and Follow-Up	Other
16	III	C	261	65	All	Warning Tag Records	Other

Customer Service Performance Indicators

PSC Complaint Rate (per 100K customers)	Proposed NRA BP	Equivalent Proposed NRA Amount For RY 1	Equivalent Proposed NRA Amount For RY 2	Equivalent Proposed NRA Amount For RY 3
< 1.5	0	$ 0	$ 0	$ 0
≥ 1.5	5	$ 12,915	$ 12,894	$ 13,507
≥ 2.0	10	$ 25,830	$ 25,789	$ 27,014
≥ 2.5	15	$ 38,744	$ 38,683	$ 40,521
Overall Customer Satisfaction Index				
> 86	0	$ 0	$ 0	$ 0
≤ 86	5	$ 12,915	$ 12,894	$ 13,507
≤ 85	10	$ 25,830	$ 25,789	$ 27,014
≤ 84	15	$ 38,744	$ 38,683	$ 40,521

Name
SLG Affiliate Code of Conduct

Version No.
1.1

Doc No.
[Enter Document Number; Issued by Compliance Office]

Next review date
03/31/2024

Owner
Kimberly S. Baxter, Manager, Rates and Regulatory Affairs

Last approval date
03/13/2023

Approver
Iftikhar Abbasi, Director, Rates and Regulatory Affairs

Liberty Utilities (St. Lawrence Gas) Corp. Affiliate Code of Conduct

1. Purpose, Application and Corporate Statement

1.1 Purpose and Objectives of the Affiliate Code of Conduct ("Code")

The purpose of this Code is to establish parameters and standards for transactions, information sharing and the sharing of services and resources between Liberty Utilities (St. Lawrence Gas) Corp. ("SLG"), Affiliates and Representatives while permitting each party to achieve appropriate efficiencies and economies of scope and scale.

This Code will be reviewed and, as warranted, revised in each future rate proceeding for SLG and in any proceeding concerning a change in ownership of SLG or otherwise as needed by SLG.

Specifically, the Code is designed to meet the following objectives:

- Provide transparent and consistent guidance for SLG employees, Affiliates' employees and Representatives respecting Affiliate interactions,
- Create an awareness of compliance and ethics issues and accountabilities among SLG employees, Affiliates' employees and Representatives,
- To set standards that result in Affiliates and Customers being treated fairly and consistently and to prevent unduly preferential treatment,
- To set standards that result in Affiliates being treated fairly and that avoid cross- subsidizing Affiliate services or facilities,

- To protect and set standards for the use of confidential Customer information collected in the course of providing services and access to facilities,
- Avoid practices that could impede market competition that could occur between SLG and Affiliates and that may be detrimental to the interests of Customers.

1.2 Who This Code of Conduct Applies To

All employees (including managers, directors, full-time employees and part-time employees) and Representatives of SLG and all Affiliates' employees are expected to comply with all aspects of this Code.

The above objectives can only be realized through a demonstrated observance of and respect for the spirit and intent of this Code by all SLG employees, Representatives and Affiliates' employees to which it applies.

As this Code cannot address each specific issue that may arise, when necessary, employees and Representatives should be encouraged to seek additional guidance from their supervisor or others within SLG.

1.3 Definitions

1.3.1 Affiliate Activities – General business activities of an Affiliate relating to construction, operation, maintenance, generation, transportation, marketing, handling, storage of natural resources and energy such as oil, gas or electricity and facilities associated with the same.

1.3.2 Affiliates – An "affiliate" of SLG carrying out business in the United States or elsewhere, as defined by applicable federal, state or local laws, including, but not limited to New York State Public Service Law ("PSL") § 110(2). SLG's current and known Affiliates, both regulated and unregulated, and including SLG's Parent Company, are listed in the **Appendix**, along with a description of each Affiliates' service territory and operations.

1.3.3 "Average Total Capital" is defined as the sum of (i) Average Total Debt, (ii) common shareholder equity (excluding goodwill), and (iii) preferred stock. It is expected that, for any six-month period ending at the end of a quarter, SLG's Average Total Debt will not exceed 55 percent of its Average Total Capital, excluding any goodwill.

1.3.4 "Average Total Debt" is defined as an amount equal to (i) long-term debt, plus (ii) notes payable (including current maturities of long-term debt), minus the average daily balance of cash and cash equivalents appearing on SLG's consolidated balance sheet.

1.3.5 Code – This Affiliate Code of Conduct.

1.3.6 Compliance Officer – The individual tasked with the responsibilities specified in section 6.2 of this Code

1.3.7 Confidential Information – Any information of a proprietary, intellectual or similar nature relating to any current or potential Customer of SLG, which information has been obtained or compiled in the process of providing current or prospective services and which is not otherwise available to the public.

1.3.8 Customer(s) – Any current or potential person or organization to which SLG distributes natural gas.

1.3.9 Fair Market Value – The price reached in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act. In determining the Fair Market Value, the seller may use any method that it believes is commercially reasonable in the circumstances.

1.3.10 For Profit Affiliate Services – Any service, provided by SLG to an Affiliate or vice versa, on a for-profit basis.

1.3.11 Fully Burdened Costs – The sum of direct costs plus a proportional share of indirect costs that may include a return on invested capital, which shall not exceed the weighted average costs of capital for SLG.

1.3.12 Information Services – Any computer systems including: computer services, databases, electronic storage services or electronic communication media, printing services or electronic communication media utilized by SLG or Affiliates relating to their respective Customers or respective operation.

1.3.13 Liberty Utilities (St. Lawrence Gas) Corp. – SLG is owned by its immediate parent company, Liberty Utilities Co. Liberty Utilities Co. is the subsidiary of its parent company, Algonquin Power & Utilities Corp. Both SLG and Liberty Utilities Co. are subsidiaries of their ultimate parent company, Algonquin Power & Utilities Corp.

1.3.14 Parent Company – The Parent Company of SLG refers to either or both of Liberty Utilities Co., SLG's direct Parent Company, and Algonquin Power & Utilities Corp., SLG's ultimate Parent Company.

1.3.15 PSC – The New York State Public Service Commission.

1.3.16 Regulated Affiliates – Affiliates whose tolls and tariffs are under the jurisdiction of the PSC or the equivalent of the PSC in another US state or elsewhere.

1.3.17 Representative – Contract workers, independent consultants, agents and any other entities that are not Affiliates, but who act on behalf of SLG.

1.3.18 Resources – Includes employees, intellectual property, materials, supplies, computer systems, equipment and facilities.

1.3.19 Senior Management Team – Employees designated as officers of SLG as determined by the Company's Board of Directors.

1.3.20 Services Agreement – An agreement entered into between SLG and one or more Affiliate for the provision of Shared Services and shall provide the following matters, as appropriate in the circumstances:

a. The type, quantity and quality of service,

b. Pricing, allocation or cost recovery provisions,

c. Confidentiality arrangements,

d. Apportionment of risk (including the risk of over or under provision of service),

e. Dispute resolution provisions, and

f. A representation by SLG and each Affiliate party to the agreement that the agreement complies with this Code.

1.3.21 Shared Core Corporate Services – SLG department functions that provide or receive shared strategic management and policy support to or from the corporate group of which SLG and Affiliates are members and may include, but are not limited to, legal, finance, tax, treasury, pensions, risk management, audit services, corporate planning, human resources, health and safety, communications, investor relations, trustee or public affairs.

1.3.22 Shared Customer Services – Any service provided to or from an Affiliate in relation to coordination and logistics, customer support services, legal and regulatory affairs, operation services, planning and analysis, system optimization, asset management, inventory management, facilities management and control center operations; the charges for such services shall be reimbursed on a Fully Burdened Cost basis.

1.3.23 Shared Services – Any service provided by SLG to an Affiliate or by an Affiliate to SLG, the charges for such services to be reimbursed on a Fully Burdened Cost basis.

1.3.24 SLG Services – Services provided by SLG to an Affiliate or Customer in relation to the distribution of Natural Gas including: interconnections; access to SLG facilities pipelines, lands, rights-of-way, leases, operations and maintenance, construction, regulatory services, technical and design; control center; and any other general services provided in relation to construction, operation, maintenance, removal, abandonment, deactivation or decommissioning of liquids pipeline.

1.3.25 Unregulated Affiliate Activities – General business activities of an Unregulated Affiliate relating to construction, operation, maintenance, generation, transportation, marketing, handling, storage of natural resources and energy, as well as the facilities associated with the same.

1.3.26 Unregulated Affiliate – An Affiliate that is not regulated by the PSC or the equivalent of the PSC in another US state or elsewhere.

1.4 Affiliate Code of Conduct Policy and Corporate Statement

SLG is committed to conducting its business in a socially responsible, legally compliant and ethical manner in accordance with a core set of corporate values, key components of the corporate values include operating with integrity, honesty, respect and transparency in all of its dealings with stakeholders. This commitment requires that SLG operates in compliance with both the letter and the spirit of the law. The interactions between SLG and Affiliates are governed by various legal and contractual provisions that are designed to ensure that these inter-affiliate interactions are appropriate and transparent.

2. Corporate Governance of SLG and Affiliates

2.1 Separate Operations

The commercial and business affairs of SLG should be managed and conducted independently from the commercial and business affairs of its Unregulated Affiliates, except as required to fulfill Shared Core Corporate Services and Shared Customer Services.

2.2 SLG Board of Directors

Liberty Utilities East Region Board of Directors shall act as the board of directors for SLG. The East Region Board of Directors shall include an independent director who is a resident of the service area of SLG. For purposes of this requirement, “resident of the service area” may include the circumstance in which the personal residence of the director is within one of the counties in which SLG provides service, but not within the relevant service area; provided that the director’s principal place of business or employment is within such service area. An Independent Director shall mean an individual who is not: (1) an officer or director of SLG’s parent (2) an officer or director of any of SLG’s Regulated Affiliates or (3) and officer or director of any of SLG’s Unregulated Affiliates. Requirements (2) and (3) of the previous sentences shall not preclude the Independent Director from being an ex officio member of the Board of Directors of an SLG Regulated Affiliate or Unregulated Affiliate, solely by virtue of being a member of the Liberty Utilities East Region Board of Directors. Furthermore, no person holding any other position that could reasonably be considered to be detrimental to the interests of SLG or Affiliate Customers can be an SLG Director.

2.3 Separate Management

Subject to Sections 2.3 and 2.4, members of SLG’s Senior Management Team must be separate from the managers of its Unregulated Affiliates. Subject to Sections 2.3 and 2.4, SLG may share management team members and managers with Regulated Affiliates.

2.4 Exception to Separate Management

SLG managers may also be managers of an Affiliate in order to perform Shared Core Corporate

Services, Customer Shared Services, or Shared Services. However, this exception shall not allow an SLG officer in a commercial or business development role to be an officer of an Unregulated Affiliate that has or reasonably expects to have marketing functions and/or significant commercial or business development arrangements with SLG.

2.5 Guiding Principle

Notwithstanding sections 2.2 and 2.3, an individual shall not act both as a director or officer, or member of a management team of SLG and as a director, officer or member of a management team of any other Affiliate (thereby acting in a dual capacity) unless the individual is able to carry out his/her responsibilities in a manner that preserves the form, spirit and intent of this Code.

Specifically, an individual:

a. Shall not agree to act in a dual capacity if the individual, acting reasonably, determines that acting in a dual capacity could be detrimental to the interests of Customers, and

b. If or when acting in a dual capacity, shall abstain from engaging in any activity that the individual, acting reasonably, determines could be detrimental to the interests of Customers.

2.6 Accounting Separation

SLG must maintain separate financial records and books of accounts from those of its Affiliates. There shall be no cross -subsidization between SLG and any Affiliate.

2.7 Physical Separation

SLG must put appropriate measures in place to restrict access to SLG's Confidential Information by employees of Unregulated Affiliates with significant commercial and business development responsibilities.

Commercial and business development employees of an Unregulated Affiliate must be physically separated from SLG staff.

Where SLG provides services to an Unregulated Affiliate that operates in whole or in part as a producer, marketer, shipper or refiner, that Unregulated Affiliates' employees whose functions include commercial development, business development, marketing, producing, refining and shipping must be physically located in a separate building or complex for SLG's office that are used for its day-to-day operations.

2.8 Separation of Information Services

Subject to Section 2.11 where SLG shares Information Services with an Unregulated Affiliate, Confidential Information must be protected from unauthorized access by an Unregulated Affiliate and vice versa. Access to SLG and each Unregulated Affiliate's respective Information Services must include appropriate computer data management and data access protocols as well as contractual provisions regarding the breach of any access protocols. Compliance with the access protocols must be confirmed in writing every two years from the effective date of this Code by SLG through a review that complies with applicable federal, state and local laws.

2.9 Financial Transactions with Affiliates

SLG may participate in a money pool as a borrower or lender only if the other participants are regulated utilities, with the exception that Liberty Utilities Co. may participate, but only as a guarantor of loans made by that money pool and to provide funding to the money pool in the event that other participant-supplied funds on any given day are insufficient to meet the need for funds by the borrowing participants. SLG shall not participate in a money pool as a lender if any of the other participants are not regulated utilities. This does not preclude the unregulated affiliates of SLG in participating in a separate money pool that does not include SLG.

2.10 Sharing of Assets

The operation plant, assets and equipment of SLG shall be separated in ownership from that of its Affiliates. For the purposes of this section, operational plant, assets and equipment means, but is not limited to, any pipeline or portion thereof that is capable of being operated as a line for the transmission of gas or oil and includes all branches, extensions, tanks, reservoirs, storage facilities, pumps, racks and compressors.

2.11 Sharing Services Permitted

Where SLG determines that it is prudent in operating its business, it may obtain Shared Services, Shared Core Corporate Services, or Shared Customer Services from, or provide Shared Services or Shared Customer Services to, an Affiliate. SLG must periodically review the prudence of such sharing arrangements and make any adjustments necessary to ensure that each of SLG and their Affiliates bears its proportionate share of costs. If services are shared between SLG and an Affiliate, a Services Agreement must be put into place.

Employees providing Shared Customer Services will be required to undertake training in relation to protecting and using Confidential Information within a reasonable period of time of their commencing their job and annually, thereafter.

2.12 Sharing of Employees

SLG may share employees with an Affiliate on a Fully Burdened Cost recovery basis provided that the shared employees are able to carry out their responsibilities in a manner that is consistent with the spirit and intent of this Code. In particular, an employee must not be shared if it could reasonably be considered detrimental to the interests of SLG Customers or the Affiliate’s Customers. If employees are shared, such employees must abstain from engaging in any activity that could reasonably be considered detrimental to the interests of SLG Customers or Affiliate’s Customers.

Certain employees must not be shared. Unless they are providing Shared Corporate Services or Shared Customer Services, SLG may not share employees with an Unregulated Affiliate if that employee:

- Routinely participates in management level decision-making respecting the provision of SLG Services or Unregulated Affiliate Activities or how SLG Services or Unregulated Affiliate Activities and services are delivered,
- Routinely deals with or has direct contact with SLG or Unregulated Affiliate Customers, and

- Is routinely involved in senior commercial management of SLG or an Unregulated Affiliate's business.

Despite the above, for Shared Core Corporate Services or Shared Customer Services, Fully Burdened Costs may be applied where applicable. Cost allocation shall be applied in a reasonable manner to avoid

cross subsidizations with respect to all Shared Core Corporate Services and Shared Customer Services. Such cost allocation shall be documented for audit purposes.

2.13 Occasional Services Permitted

Where SLG has otherwise acted prudently, it may receive or provide one-off, infrequent or occasional services to or from an Affiliate and such services shall be properly documented. For example, an employee of SLG may provide an Unregulated Entity with assistance resolving a database question, if needed. In the event that such occasional services become regular occurrences, SLG must enter into a Services Agreement with the Affiliate for Shared Services.

2.14 Emergency Services Permitted

In the event of an emergency, SLG may share services and resources with an Affiliate without a Services Agreement on a Fully Burdened Cost recovery basis.

2.15 Shared Services Employees

An employee or contractor to an Affiliate that, except in cases of emergency under section 2.14 of the Code, provides Shared Core Corporate Services, Shared Customer Services or Shared Services to SLG will, for purposes of the Code, be treated as if employed directly by SLG.

2.16 Debt Limits

If SLG's Average Total Debt does not exceed 55 percent for the most recent six- or three-month period ending at the end of a quarter, there will be no dividend restrictions. If SLG's Average Total Debt exceeds 55 percent for both the most recent three and six month periods, but does not exceed 57 percent in the most recent three or six month period, then SLG will be permitted to pay dividends up to an amount equal to but no greater than 50 percent of its net income for the previous twelve months ending at the end of a quarter until its Average Total Debt for the most recent six month period ending at the end of a quarter is less than or equal to 55 percent. In addition, absent a Commission order to the contrary, if during both the most recent six and three month period ending at the end of a quarter, SLG's Average Total Debt exceeds 57 percent, then SLG will not pay further dividends until the Average Total Debt is reduced to 55 percent or less over the most recent six months ending at the end of a quarter.

3. Transfer Pricing

3.1 For Profit Affiliate Services

Where SLG determines it is prudent to do so, it may obtain For Profit Affiliate Services from an Affiliate.

Prior to outsourcing to an Affiliate a service that SLG presently conducts itself, SLG shall undertake a prudent cost-benefit analysis over an appropriate timeframe in the circumstances. An Affiliate shall likewise undertake a prudent cost-benefit analysis over an appropriate timeframe in the circumstances, prior to outsourcing a service to SLG.

When SLG contracts to receive For Profit Affiliate Services it shall pay in accordance with any terms required pursuant to an order from the PSC or other applicable regulatory body or pay no more than the Fair Market Value of such services.

3.2 Asset Transfers

Assets transferred, mortgaged, leased or otherwise disposed of by SLG to an Affiliate must be at the higher of book value or fair market value of such assets or, where required, upon terms approved by the appropriate regulatory agency. If an asset is transferred, leased, sold or otherwise disposed of by SLG to an Affiliate, SLG shall notify **the Secretary of the Commission** not less than 90 days prior to such transfer. Assets transferred, mortgaged, leased or otherwise disposed of by an Affiliate to SLG must be at the lower of book value or fair market value of such assets or, where required, upon terms approved by the appropriate regulatory agency.

Where operational efficiencies between SLG and Affiliates can be obtained through the use of common facilities, combined purchasing power or through the use of other cost saving procedures, assets used in SLG and Affiliates' operations may be transferred between each other at net book value or other reasonable standard. All such transitions must be properly documented and accounted for in SLG and the Affiliates' respective accounting records.

4. Mitigation of Market Power and Equal Treatment of Representatives

SLG and its Affiliates shall conduct themselves in accordance with all applicable competition laws in the jurisdictions in which they conduct business.

SLG shall apply and enforce all tariff provisions in accordance with applicable legislation, regulatory orders, permits and licenses. Such tariff provisions shall be applied to Affiliates in the same manner as other Customers and/or prospective Customers in order to ensure no undue discrimination, preference or prejudice, except as approved by the appropriate regulatory agency. SLG shall not provide special rebates, rebates or different rates for like and contemporaneous service to Affiliates and Customers, except as approved by the appropriate regulatory agency.

SLG shall not favor any Affiliate with respect to access to information concerning services to Customers or scheduling of their transportation. All requests to SLG by an Affiliate for access to their respective services shall be processed and provided in accordance with this Code in the same manner as it would be processed or provided for any Customer.

SLG shall not condition or otherwise require any Customer to deal with an Affiliate in order to receive SLG transportation services.

SLG shall not explicitly or implicitly suggest that a Customer may receive an inappropriate advantage if that Customer also deals with an Affiliate.

Affiliates may not imply in any marketing material, other public documents or communications that Customers or potential Customers of the Affiliate may also receive preferential access to or service from

SLG. If SLG becomes aware of any such inappropriate marketing material, public documents or communication, SLG shall:

- Immediately take reasonable steps to notify affected Customers or potential customers of the inaccurate information, and
- Take necessary steps to ensure that Affiliate is aware of this concern and to request that no further communications be made to suggest preferential access to or services from SLG.

There are no restrictions on any Affiliate using the same name, trade names, trademarks, service names, service marks or a derivative of a name of SLG, or in identifying itself as being affiliated with SLG. However, no non-SLG affiliate will be allowed to use the same name, trade names, trademarks, service names, service marks or a derivative of a name of SLG in any manner.

Affiliates are prohibited from giving any appearance that they represent SLG in matters involving the marketing of services by SLG or other Affiliates. If a customer requests information about securing any service or product offered within SLG's service territory by an Affiliate, SLG must offer to provide a list of all companies that are qualified and approved pursuant to governmental or SLG standards (including retail access standards) as providers of similar products or services within SLG's service territory.

5. Confidentiality

5.1 Release of SLG Information to Unregulated Affiliates

SLG must not provide any Affiliate who is a producer, refiner, marketer or shipper with information relating to the planning, operations, finances or strategy of SLG before such information is publicly available. In other words, subject to sections 2.1, 2.2, 2.4 and 2.12, SLG must take care that it does not disclose SLG information to any Affiliate who is a producer, refiner, marketer or shipper that it would not disclose to other Customers or potential Customers. This would include any Confidential Information and non-aggregated customer information gathered by SLG to generate annual supply forecasts for planning purposes.

Managers of SLG who are also managers of an Affiliate, as permitted by this Code, may disclose SLG planning, operational, financial and strategic information to the Affiliate to fulfill their responsibilities with respect to corporate governance, policy and strategic direction of an Affiliated entity, but only to the extent necessary and not for any other purpose.

5.2 No Release of Confidential Customer Information

SLG must not, without the Customer's prior written consent, use or disclose to an Affiliate any Confidential Information for the purpose of pursuing commercial or business development activities.

Where an Affiliate acquires specific Confidential Information, such information may not be used for commercial or business development activities without the Customer's consent. SLG may disclose Confidential Information for operational purposes, Shared Customer Services, emergencies or on an as- needed basis, to an Affiliate provided the Affiliate does not release the Confidential Information to any other entity without receiving the prior written consent of the Customer. SLG and its Affiliates seek to achieve operational efficiencies through the sharing of Resources. Where such Resource-sharing opportunities arise, SLG will:

- Not directly or indirectly disclose any Confidential Information provided to it by Customers unless:
    - It obtains consent for disclosure by the Customer,
    - The information is required for Shared Customer Services, Shared Corporate Services, emergency, operations purposes, or
    - The information is required by law.
- Implement reasonable measures to prevent any direct or indirect disclosure of any Customer proprietary or Confidential Information.

SLG and its Affiliates may respectively disclose Confidential Information when aggregated with the Confidential Information of other Customers in such a manner that an individual Customer's Confidential Information cannot be identified.

SLG employees whose primary job functions include commercial and business development services will be required to undertake training in relation to protecting and using Confidential Information within a reasonable period of time of their commencing their job and annually, thereafter.

6. Compliance Measures

6.1 Compliance Requirements

SLG is responsible for ensuring compliance with this Code.

SLG shall communicate the contents of this Code and any modifications to it from time to time to its employees, directors, managers, Representatives and Affiliates.

SLG shall make this Code available on its internal and external websites.

SLG shall appoint a compliance officer (the "Compliance Officer"). SLG shall ensure that the Compliance Officer has access to adequate resources to fulfill his or her responsibilities.

6.2 Responsibility of Compliance Officer

The responsibilities of the Compliance Officer with respect to this Code shall include:

- Providing guidance, advice and information to SLG for the purpose of ensuring compliance with this Code,
- Monitoring and documenting compliance with this Code by SLG, their employees, directors, managers, Representatives and Affiliates,
- Monitoring and documenting compliance with this Code by Affiliates with respect to the interactions of the Affiliates with SLG,
- Providing for the preparation and updating of a Compliance Report and Compliance Plan for SLG,

- Performing annual reviews of compliance with these Compliance Reports and Compliance Plans,
- Receiving and investigating internal and external disputes, complaints and inquires with respect to the application of and alleged non-compliance with this Code,
- Recommending measures to SLG to address events of non-compliance with the Code, and
- Maintaining and retaining for a period of seven years adequate records with respect to all aspects of the Compliance Officer's responsibility.

6.3 Communication of Code of Conduct Requirements

SLG shall communicate this Code as follows:

- On its internal and external websites, and
- Through orientation and training of all SLG employees, managers and directors.

6.4 Compliance Plan

SLG shall prepare a Compliance Plan and make it available on internal and external websites.

The Compliance Plan shall detail the measures, policies, procedures and monitoring mechanisms that SLG will employ to ensure full compliance with the provisions of this Code by their employees, directors, managers, Representatives and Affiliates. SLG shall review and update its Compliance Plan annually.

6.5 Annual Compliance Report

The Compliance Report referenced in Section 6.2 shall be prepared annually and will include the following information prepared in respect to the period of time covered by the Compliance Report:

- A list of all Services Agreements entered into during the period covered by the Compliance Report,
- An overall assessment of compliance with the Code,
- An assessment of the effectiveness of the Compliance Plan and any recommendations for modifications, and
- In the event of any material non-compliance with this Code, a description of same and an explanation of all steps taken to correct such non-compliance.

SLG shall provide Department Staff with a copy of these annual Compliance Reports, upon request.

6.6 Dispute, Compliant and Inquiry Resolution

Disputes, complaints or inquiries from within SLG, an Affiliate, Customers of SLG or from a Representative respecting the application of, or alleged non-compliance with this Code, may be made verbally or submitted in writing to the Compliance Officer and may be made confidentially. The identity of any party making a submission to the Compliance Officer shall be kept confidential by the Compliance Officer unless the party otherwise agrees.

The Compliance Officer shall acknowledge all disputes, complaints or inquires in writing within five business days of receipt of the same.

The Compliance Officer shall respond to the dispute, complaint or inquiry within 25 business days of its receipt. The response shall include a description of the dispute, compliant or inquiry and the initial response of SLG or Affiliate to the issues identified in the submission. A final disposition of the dispute, compliant or inquiry shall be completed as expeditiously as possible in the circumstances and, in any event, within 90 days of receipt of the dispute, compliant or inquires, except where the party making the submission otherwise agrees.

All records of the Compliance Officer in relation to a dispute, complaint or inquiry shall be kept for a period of at least seven years. Compliance records shall be maintained in a manner sufficient to support a third-party independent audit of the state of compliance with this Code.

6.7 Non-Compliance

Any non-compliance with this Code by any employee, director, officer or Representative of SLG or an Affiliate with respect to the interactions of the Affiliate with SLG will be considered to be addressed pursuant to this Code.

Non-compliance with this Code by an employee, director, officer, Representative or SLG or an Affiliate may subject such individual to internal disciplinary action.

7. General Provisions

7.1 Interpretation

Headings are for convenience only and shall not affect the interpretation of this Code. Words importing the singular include the plural and vice versa. A reference to a statue, document or a provision of a document includes an amendment or supplement to, or a replacement of that statue, document or that provision of that document.

7.2 Coming into Force

This Code comes into effect upon closing of the Acquisition of SLG by Liberty Utilities Co. However, to the extent existing agreements or arrangements are in place between parties to whom this Code applies that do not conform with this Code, SLG shall use reasonable efforts to ensure that such agreements or arrangements are brought into compliance with this Code within 90 days after this Code comes into force.

7.3 Amendments to this Code

This Code may be reviewed and amended by SLG from time to time.

7.4 Authority of Regulators

This Code does not detract from, reduce or modify in any way the powers of SLG or Affiliates' respective regulators. Compliance with this Code does not eliminate the requirement for specific approval or filings where required by legislation, regulation or by a regulator's decisions, orders or directions.

Appendix List of Affiliates

i. Affiliates Regulated by the NYS PSC:

	Name	Territory and Operations
a.	Liberty Utilities (New York Water) Corp.	New York Water is a utility regulated by the New York Public Service Commission that provides residential and non-residential metered and other water services to approximately 125,000 customers in Nassau, Putnam, Sullivan, Ulster, Washington and Westchester counties.

ii. Affiliates Regulated by the Equivalent of the NYS PSC in other US states or Canadian Provinces:

	Name	Territory and Operations
a.	Liberty Utilities (New Brunswick Gas) Corp.	New Brunswick Gas is a utility regulated by the New Brunswick Energy and Utilities Board that provides natural gas to approximately 12,000 customers in 12 communities across New Brunswick and operates approximately 1,200 kilometers of natural gas distribution pipeline.
b.	Liberty Utilities (EnergyNorth Natural Gas) Corp.	EnergyNorth is a regulated natural gas utility providing natural gas distribution service in 30 communities covering five counties in New Hampshire. Its franchise service area includes the communities of Nashua, Manchester and Concord. It is regulated by the NHPUC.
c.	Liberty Utilities (Granite State Electric) Corp.	Granite State Electric, regulated by the NHPUC, provides distribution service in southern and northwestern New Hampshire, centered around operating centers in Salem in the south and Lebanon in the northwest. Granite State Electric's customer base consists of a mixture of residential, commercial and industrial customers. Granite State Electric is required to provide electric commodity supply for all customers who do not choose to take supply from a competitive supplier ("Default Service") in the New England power market and is allowed to fully recover its costs for the provision and administration of Default Service under the Default Service Adjustment Provision, as approved by the NHPUC. Granite State Electric must file with the NHPUC twice a year to adjust for market prices of power purchased and is also subject to limited FERC regulation.
d.	Liberty Utilities (New England Natural Gas Company) Corp.	New England Gas is a natural gas utility, regulated by the MA DPU, providing natural gas distribution services in six communities located in the southeastern portion of Massachusetts. New England Gas customer base consists of a mixture of residential, commercial, and Industrial customers.
e.	Liberty Utilities (Peach State Natural Gas) Corp.	Peach State Gas is a Georgia PSC -regulated natural gas system providing natural gas distribution services in 13 communities covering six counties in Georgia. Its franchise service area includes the communities of Columbus, Gainesville, Waverly Hall, Oakwood, Hamilton, and Manchester. Peach State Gas' customer base consists of a mixture of residential, commercial, industrial and transportation customers.

	Name	Territory and Operations
f.	Liberty Utilities (CalPeco Electric) LLC	CalPeco Electric is a California PUC-regulated utility that provides electric distribution service to the Lake Tahoe basin and surrounding areas. The service territory, centered on a highly popular tourist destination, has a customer base spread throughout Alpine, El Dorado, Mono, Nevada, Placer, Plumas and Sierra Counties in northeastern California. CalPeco Electric's connection base is primarily residential. Its commercial connections consist primarily of ski resorts, hotels, hospitals, schools and grocery stores. The Corporation has entered into a multi-year services agreement with NV Energy that commenced in January 2016. On January 31, 2017, the Federal Energy Regulatory Commission authorized transactions between the Luning Solar Facility and CalPeco Electric pursuant to the services agreement with NV Energy. CalPeco Electric is also subject to FERC regulation.
g.	Liberty Utilities (Park Water) Corp.	Liberty Park Water owns and operates two California PUC-regulated water utilities engaged in the production, treatment, storage, distribution, and sale of water in Southern California. Its system is located in central Los Angeles.
h.	Liberty Utilities (Apple Valley Ranchos Water) Corp.	Liberty Utilities (Apple Valley Ranchos Water) Corp. (wholly-owned by Liberty Park Water) is a California PUC-regulated water utility which owns and operates the water system in Apple Valley.
i.	Liberty Utilities (Bella Vista Water) Corp.	The Liberty Utilities Bella Vista Water utility is located in Sierra Vista Arizona. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.
j.	Liberty Utilities (Gold Canyon Sewer) Corp.	The Liberty Utilities Gold Canyon Sewer utility is located in Avondale Arizona. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.
k.	Liberty Utilities (Litchfield Park Water & Sewer) Corp.	The LPSCo System, located in and around the city of Goodyear 15 miles west of Phoenix, Arizona has a service area that includes the City of Litchfield Park and sections of the cities of Goodyear and Avondale as well as portions of unincorporated Maricopa County. The wastewater system's Palm Valley Water Reclamation Facility has permitted treatment capacity of 6.5 million gallons per day.

	Name	Territory and Operations
l.	Liberty Utilities (Black Mountain Sewer) Corp.	The Liberty Utilities Black Mountain Sewer utility is located in Carefree Arizona. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.
m.	Liberty Utilities (Entrada Del Oro Sewer) Corp.	The Liberty Utilities Entrada Del Oro Sewer utility is located in Avondale Arizona. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.
n.	Liberty Utilities (Pine Bluff Water) Inc.	The Liberty Utilities Pine Bluff Water utility is located in Pine Bluff Arkansas. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.
o.	Liberty Utilities (Rio Rico Water & Sewer) Corp.	The Liberty Utilities Rio Rico Water & Sewer utility is located in Rio Rico Arizona. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.
p.	Liberty Utilities (Cordes Lakes Water) Corp.	Liberty Utilities Cordes Lakes is located in Cordes Lakes, AZ, and provides water service to approximately 1,500 Cordes Lakes residents. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters
q.	Liberty Utilities (Missouri Water) LLC	The Liberty Utilities Missouri Water utility is located in Jackson Missouri. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.
r.	Liberty Utilities (Silverleaf Water) LLC	The Liberty Utilities Silverleaf Water utility is located in Wood County Texas. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.

	Name	Territory and Operations
s.	Liberty Utilities (Tall Timbers Sewer) Corp.	The Liberty Utilities Tall Timbers Sewer utility is located in Tyler Texas. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.
t.	Liberty Utilities (Woodmark Sewer) Corp.	The Liberty Utilities Woodmark Sewer utility is located in Smith County Texas. All of Liberty Utilities water and wastewater utilities are generally subject to regulation by the public utility commissions of the states in which they operate. The respective public utility commissions have jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters.
u.	Liberty Utilities (Midstates Natural Gas) Corp.	Midstates Gas owns regulated natural gas utilities providing natural gas distribution services to approximately 190 communities in the states of Illinois, Iowa and Missouri, with a mix of residential, commercial, industrial and transportation customers. The franchise service area includes the communities of Virden, Vandalia, Harrisburg and Metropolis in Illinois, Keokuk in Iowa, and Butler, Kirksville, Canton, Hannibal, Jackson, Sikeston, Malden and Caruthersville in Missouri. The utilities in each of these states are regulated by their respective state PUCs.

	Name	Territory and Operations
v.	The Empire District Electric Company	Empire Electric is a vertically-integrated regulated electric utility with operations in parts of Missouri, Kansas, Oklahoma and Arkansas. The largest urban area served is the city of Joplin, Missouri, and its immediate vicinity. Empire Electric owns and operates Empire a wind generation facility, Ozark Beach hydro facility, Riverton, Energy Center and Stateline No. 1 natural gas-fired power generation facilities and a 40% interest in the Stateline combined cycle gas generation facility. Empire Electric is regulated by the Missouri Public Service Commission, Kansas Corporation Commission, Oklahoma Corporation Commission, Arkansas Public Service Commission, and the Federal Energy Regulatory Commission.
w.	The Empire District Gas Company	Empire District Gas provided regulated natural gas distribution services to customers in Missouri and is regulated by the Missouri Public Service Commission.
x.	Liberty Utilities (Tinker Transmission) LP	Tinker Transmission is an integral part of the transmission system of New Brunswick. The operations and rates are regulated by the New Brunswick Energy and Utilities Board. In total, the Tinker Transmission system connects 4 different entities: Perth Andover, the Northern Maine Independent System Administrator, Algonquin Tinker Gen Co and NB Power. Tinker Transmission delivers power directly to customers in Perth Andover and provides an interconnection between NB Power and Northern Maine through an interconnection at the New Brunswick/Maine border
y.	Liberty Utilities (Arkansas Water) Corp.	Arkansas Water is an amalgamation of the following previously unregulated utilities of Liberty Utilities (White Hall Sewer) Corp., Liberty Utilities (White Hall Water) Corp., and Liberty Utilities (Woodson-Hensley Water) Corp. located in Arkansas. In November 2019, Liberty Utilities filed an application with the Arkansas Public Utilities Commission requesting the CCN for Liberty Utilities Arkansas Water.

iii. Unregulated Affiliates:

	Name	Territory and Operations
a.	Algonquin Power & Utilities Corp. ("Algonquin")	The Corporation owns and operates a diversified portfolio of regulated and non-regulated generation, distribution, and transmission utility assets. The Corporation's operations are organized across two primary North American business units consisting of: the Liberty Utilities Group, which primarily owns and operates a portfolio of regulated electric, natural gas, water distribution and wastewater collection utility systems, and transmission operations; and the Liberty Power Group. The Corporation provides strategic management, corporate governance, access to capital markets, and administrative services to its affiliates under an affiliate services agreement.
b.	Liberty Utilities (Canada) Corp.	This Corporation employs Canadian employees and provides corporate and business services to the affiliates of Algonquin under an affiliate services agreement.
c.	Liberty Utilities Service Corp.	This Corporation employs U.S. employees and consists of shared services employees that provides corporate and business services to the affiliates of Algonquin under an affiliate services agreement.
d.	Liberty Utilities Co.	This Corporation is a holding company that owns and operates regulated and unregulated gas, water, wastewater, and electric utilities in the U.S. This Corporation will from time to time arrange for services of non-affiliate experts, consultants, accountants and attorney in its provision of services under an affiliate service agreement. Also, under this service agreement, this Corporation arranges to provide financing for affiliates of Algonquin.
e.	Empire District Industries, Inc.	An unregulated Affiliate of the Empire District Electric Company located in Joplin Missouri, primarily engaged in providing fiber optic services in the Empire District service territory.
f.	St. Lawrence Gas Co. Service & Merchandising Corp.	A direct, wholly owned subsidiary of Liberty Utilities (St. Lawrence Gas) Corp., and an unregulated business, primarily engaged in the rental of water heaters and other natural gas appliances to its customers in St. Lawrence County, Lewis County, Franklin County and Jefferson County in New York State.
g.	S.L.G. Communications Corp.	A direct, wholly owned Subsidiary of Liberty Utilities (St. Lawrence Gas) Corp., and an unregulated business, primarily to serve as a holding company for maintaining FCC licenses for two-way radio communications for the parent company.
h.	Liberty Utilities (Fox River Water) LLC	The Liberty Utilities Fox River Water unregulated utility is located at Sheridan Illinois.

	Name	Territory and Operations
i.	Liberty Utilities (Seaside Water) LLC	The Liberty Utilities Seaside Water unregulated utility is located at Seaside Resort in Texas.
j.	Liberty Utilities (Northwest Sewer) Corp.	The Liberty Utilities Northwest Sewer utility is located in Goodyear Arizona serving several HOA's in the area.

Version History

Version No.	Revision Date	Revised By	Description of Revisions
1.0	June 30, 2020	Carter Eady-Kissau	New Doc Transferred to New Template
1.1	March 10, 2023	Kimberly S. Baxter Jeffrey Greenblatt	Updated header for new logo, format, and director name Updated appendix "List of Affiliates" Moved definitions from Section 2.16 to Section 1.3 Minor housekeeping edits

SUBJECT: Filing by LIBERTY UTILITIES (ST. LAWRENCE GAS) CORP.

Amendments to Schedule P.S.C. No. 1 - Gas

First Revised Leaves Nos. 141, 165, 268, 269, 270, 274, 275, 276, 281, 283, 284, 285, 290, 295, 311, 314, 315, 320, 321, 322

Suspension Supplement Nos. 1,2,3,4,5