

**Liberty Utilities (Midstates Natural Gas) Corp.**

**d/b/a Liberty Utilities**

Docket No. RPU-2016-0003

Settlement Schedule 1

Revenue Requirement

Page 1 of 1

<b>Line No</b>	<b>Description</b>	<b>Amount</b>	<b>Reference</b>
1	Rate Base	6,810,969	Settlement Schedule 2, Line 15
2	Rate of Return	7.165%	Settlement Schedule 4, Line 4
3	Required Net Operating Income	488,006	Line 1 x Line 2
4	Adjusted Net Operating Income	(28,004)	Settlement Schedule 3, Line 13
5	Net Operating Income Deficiency (Excess)	516,010	Line 3 - Line 4
6	Revenue Conversion Factor	1.6866	Settlement Schedule 5, Line 4
7	Revenue Deficiency (Excess)	870,315	Line 5 x Line 6
8	Adjusted Operating Revenue	2,129,456	Settlement Schedule 3, Line 1
9	Revenue Requirement	2,999,772	Line 7 + Line 8

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Docket No. RPU-2016-0003

Settlement Schedule 2

Rate Base

Page 1 of 1

Line No	Description	13-Month Average G/L	Pro Forma Adjustments	Adjusted Rate Base
1	Utility Plant In-Service	\$ 15,783,521	\$ 2,145,569	\$ 17,929,090
2	Less: Accumulated Depreciation	10,178,403	7,604	10,186,007
3	Total Net Utility Plant	\$ 5,605,118	\$ 2,137,965	\$ 7,743,083
4	Additions to Rate Base			
5	Gas Storage	467,146	-	467,146
6	Prepaid Expenses	21,982	-	21,982
7	Cash Working Capital	(294,962)	(2,088)	(297,049)
8	Total Additions to Rate Base	\$ 194,166	\$ (2,088)	\$ 192,079
9	Deductions to Rate Base			
10	Accumulated Deferred Income Taxes	608,626	349,034	957,660
11	Customer Advances	-	-	-
12	Customer Deposits	139,297	-	139,297
13	Reserve for Bad Debt	27,235	-	27,235
14	Total Deductions to Rate Base	\$ 775,158	\$ 349,034	\$ 1,124,192
15	Total Rate Base	\$ 5,024,126	\$ 1,786,843	\$ 6,810,969

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Docket No. RPU-2016-0003

Settlement Schedule 3

Income Statement

Page 1 of 1

<b>Line No</b>	<b>Description</b>	<b>Year End 2015</b>	<b>Pro Forma Adjustments</b>	<b>Total Adjusted Income Statement</b>	<b>Increase / (Decrease)</b>	<b>Adjusted Income Statement After Increase/ (Decrease)</b>
1	Operating Revenues	\$ 4,330,127	\$ (2,200,671)	\$ 2,129,456	\$ 870,315	\$ 2,999,772
2	Operating Expenses					
3	Operation Expense	3,308,107	(1,968,961)	1,339,146		1,339,146
4	Maintenance Expense	3,963	-	3,963		3,963
5	Depreciation and Amortization	533,602	7,604	541,206		541,206
6	Property Taxes	349,824	-	349,824		349,824
7	Other Taxes	45,616	-	45,616		45,616
8	Federal Income Tax	24,170	(123,320)	(99,150)	265,794	166,644
9	State Income Tax	8,049	(41,066)	(33,018)	88,511	55,493
10	Deferred Income Tax		-	-		-
11	Investment Tax Credits		-	-		-
12	Interest on Customer Deposits	9,873	-	9,873		9,873
13	Total Operating Expense	4,283,204	(2,125,743)	2,157,460	354,305	2,511,766
14	Net Operating Income	\$ 46,923	\$ (74,927)	\$ (28,004)	\$ 516,010	\$ 488,006

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Docket No. RPU-2016-0003

Settlement Schedule 4

Return on Equity

Page 1 of 1

<b>Line No</b>	<b>Description</b>	<b>Ratio</b>	<b>Cost Rate</b>	<b>Weighted Average</b>
1	Long Term Debt	50.000%	4.830%	2.415%
2	Preferred Stock	0.000%	0.000%	0.000%
3	Common Equity	50.000%	9.500%	<u>4.750%</u>
4				<u><u>7.165%</u></u>

**Liberty Utilities (Midstates Natural Gas) Corp.**

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Docket No. RPU-2016-0003

Settlement Schedule 5

Income Taxes

Page 1 of 1

<b>Line No.</b>	<b>Description</b>	<b>Statutory Rate</b>	<b>Effective Rate</b>
1	Federal	34.00%	30.54%
2	State	12.00%	10.17%
3	Composite		40.71%
4	Gross-up		1.68663

**LIBERTY UTILITIES MID-STATES**  
**Iowa Assets**

**Proposed Depreciaton Rates**

<b>Acct</b>	<b>Description</b>	<b>Proposed Rate</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
3010	Intangible Plant-Organization	
3020	Intangible Plant-Franchise/Consents	
3030	Misc. Intangible Plant	
3650	Land - Transmission	
3651	Land & Land Rights	
3660	T&D-Structures & Improvements	
3661	T&D-Other Structures	2.10%
3670	T&D-Mains-STL-PLST-CI-Mixed	
3671	T&D-Mains-STL	1.72%
3672	T&D-Mains-PLST	
3690	T&D-M&R Station Equipment	2.75%
3700	Communication Equipment	
3740	Land and Land Rights	
3741	T&D-Land	
3742	T&D-Land Rights	0.66%
3750	Strucutures and Improvements	0.52%
3760	Mains	2.47%
3761	T&D-Mains-STL	1.27%
3762	T&D-Mains-PLST	1.15%
3780	Measuring & regulating stn eqt-General	1.58%
3790	Measuring & regulating stn eqt-City gate check stn	1.45%
3800	Services	3.07%
3810	Meters	8.38%
3820	Meters Installations	3.91%
3830	House regulators	2.22%
3840	House Regulatory installations	0.00%
3850	Industrial measuring & regulating stn eqt	1.62%
3870	Other Equipment	0.00%
3890	Land and Land Rights	0.00%
3900	General Structures & Improvmnt	3.60%
3901	GEN-Structure Frame	
3902	GEN-Improvements	3.39%
3903	GEN-Improvements Leased Premise	
3910	Office Furniture & Improvement	6.67%
3920	Transportation Equipment	14.13%
3921	Transportation Equip<12,000 LB	12.42%
3930	Stores Equipment	

**LIBERTY UTILITIES MID-STATES**

**Iowa Assets**

**Proposed Depreciaton Rates**

<b>Acct</b>	<b>Description</b>	<b>Proposed Rate</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
3940	Tools, Shop, and Garage Equipment	7.69%
3950	Laboratory Equipment	
3960	Power Operated Equipment	7.75%
3961	GEN- Ditchers	
3962	GEN-Backhoes	
3963	GEN- Welders	
3970	Communications Equipment	9.09%
3971	GEN-Comm Eq. Mob Radios	
3972	GEN-Comm Eq. Fixed Radios	
3973	GEN-Comm Eq. Telemetrying	
3980	Misc. Equipment	6.25%
3993	OTH-Oth Tang Prop - Network - H/W	
3994	OTH-Oth Tang Prop - PC Hardware	14.29%
3995	OTH-Oth Tang Prop - PC Software	

**LIBERTY UTILITIES MID-STATES**  
**Shared Services**

**Proposed Depreciaton Rates**

<b>Acct</b>	<b>Description</b>	<b>Proposed</b>
<b>(a)</b>	<b>(b)</b>	<b>Rate</b>
<b>(c)</b>		
3740 Total	Land and Land Rights	
3900 Total	General Structures & Improvmnt	2.50%
3910 Total	Office Furniture & Improvement	5.00%
3921 Total	Transportation Equip<12,000 LB	9.48%
3940 Total	Tools, Shop, and Garage Equipment	5.00%
3980 Total	Misc. Equipment	5.00%
3990 Total	OTH-Other Tangible Property	14.29%
3991 Total	Other Tangible Property - Servers H/W	20.00%
3993 Total	Other Tangible Property - Network H/W	14.29%
3994 Total	Other Tangible Property - PC Hardware	20.00%
3995 Total	Software 3 Yr Life	33.33%
	3995 Software 5 Yr Life	20.00%
	3995 Software 7 Yr Life	14.29%