

Mid-Term Modification Request for Liberty Utilities

June 29, 2015

Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities (“Liberty Utilities” or the “Company”) is committed to securing energy savings consistent with its portfolio level savings goals for the period of 2013 through 2015, as endorsed by the Energy Efficiency Advisory Council (“EEAC” or “Council”) and approved by the Department of Public Utilities (the “Department”), in a cost effective manner. Liberty Utilities has experienced continued unprecedented demand for its residential energy efficiency services. In order to continue offering its current level of service, the Company proposes to increase its budget for the Residential Whole House Program. Liberty Utilities requests Council approval to make the modifications to its Energy Efficiency Plan as described below.

Program	Additional Budget Requested for Approval	Percentage change from 2013-2015 Plan	Percent of Total Portfolio Budget	Projected Overall Portfolio Spending
Residential Whole House	\$808,746	32%	8%	2%

1. Residential Whole House Program:

Within the Residential Whole House Program, the Company has determined that the Home Energy Services (“HES”) and the Residential New Construction initiatives require additional funds to enable the Company to meet unprecedented demand and to ensure continued services. These initiatives have been overwhelmingly successful during this three-year plan.

The request for a budget increase is required in order for the Company to maintain its current Three-Year Plan program offerings and to continue to pursue all available, cost effective energy efficiency in accordance with the Green Communities Act. The Company is requesting Council support for budget increases in its Residential Whole House program category as follows:

Residential Whole House

Program	Planned Budget	2013-2015 Projected (2013 Plan Year Report, 2014 Plan Year Report and 2015 Projections)	Additional Budget Requested for Approval	Percentage Change from Plan
Residential Whole House	\$2,509,765	\$3,318,510	\$808,746	32%

Since the 2013 inception of the Early Boiler Replacement Offering, the Company has seen demand for this program outpace the original 2013 and 2014 budgets. The Company anticipates this trend to continue into 2015. The Company has seen a significant increase in the number of audits and weatherization over the past 2 ½ years. In 2013, the Company planned for 420 weatherization

participants while 567 customers actually utilized the initiative. In 2014, the Company budgeted for 400 weatherization jobs with 622 completed. As of June 2015, 371 customers have participated in the HES program out of the 380 participants planned for the year. The cost for the HES program in both budget and savings has increased substantially over the term.

New Construction was originally budgeted to have 37 new homes per year or 111 total homes over the 2013-2015 term. There were 8 new homes constructed in 2013 and, in 2014, 135 units were built in the Company's Service Territory. The 135 units constructed in 2014 encompassed a large 120-unit project. Given that this 120-unit project was not anticipated, the Company did not provide for it in the New Construction Program. This single project pushed the Company's spending and projected savings over the 3 year goal.

At the portfolio level, Liberty Utilities does not anticipate requesting any additional budget increases over what has been approved by the Department. Liberty Utilities continues to strive to meet its three year commitment for lifetime savings for all sectors. Since the Company is not requesting changes to its Three-Year Plan approved savings goals, no changes to the Performance Incentive pool or mechanism filed with the Department on February 28, 2014 in docket D.P.U. 14-05 are required or requested.¹

The additional information summarized below is provided by Liberty Utilities for context and informational purposes only. Council action is requested solely on the modifications described above. The table below illustrates the Company's 2013-2015 anticipated adjustments for annual savings, lifetime savings, and expenses for each sector.

¹ The Company notes that the Department's Annual Energy Efficiency Report Orders, particularly the ruling on performance metrics, have impacted the incentive pool. The Company's requested mid-term modification does not impact the allocation of the performance incentive pool.

Additional Information for Informational Purposes Only

LIBERTY UTILITIES 2013-2015 PROPOSED ADJUSTMENTS & PROJECTIONS BY SECTOR

SECTOR	ANNUAL SAVINGS (therms)			LIFETIME SAVINGS (therms)			BENEFITS (lifetime)			BUDGET		
	2013-2015 Approved	2013-2015 Proposed Adjustments	% of Goal	2013-2015 Approved	2013-2015 Proposed Adjustments	% of Goal	2013-2015 Approved	2013-2015 Proposed Adjustments	% of Goal	2013-2015 Approved	2013-2015 Proposed Adjustments	% of Goal
RES	624,390	433,204	69%	6,777,587	7,930,426	117%	11,167,745	12,955,553	116%	4,818,205	5,210,200	108%
LI	95,742	96,678	101%	2,294,187	2,167,853	94%	3,543,701	3,408,530	96%	2,461,536	2,362,141	96%
C&I	536,059	454,512	85%	7,059,995	6,504,428	92%	8,525,192	7,478,142	88%	2,355,303	2,260,287	96%
TOTAL	1,256,191	984,395	78%	16,131,769	16,602,708	103%	23,236,638	23,842,224	103%	9,635,044	9,832,628	102%

LIBERTY UTILITIES 2013-2015 PROPOSED ADJUSTMENTS & PROJECTIONS BY PROGRAM

SECTOR	ANNUAL SAVINGS (therms)			LIFETIME SAVINGS (therms)			BENEFITS (lifetime)			BUDGET		
	2013-2015 Approved	2013-2015 Proposed Adjustments	% of Goal	2013-2015 Approved	2013-2015 Proposed Adjustments	% of Goal	2013-2015 Approved	2013-2015 Proposed Adjustments	% of Goal	2013-2015 Approved	2013-2015 Proposed Adjustments	% of Goal
Residential Whole House	443,446	271,363	61%	3,338,526	5,022,411	150%	5,498,994	8,394,486	153%	2,509,765	3,318,510	132%
Residential Products	180,944	161,841	89%	3,439,061	2,908,015	85%	5,668,751	4,561,067	80%	2,158,976	1,744,963	81%
Residential Hard-to-Measure	-	-	-	-	-	-	-	-	-	149,464	146,726	98%
TOTAL	624,390	433,204	69%	6,777,587	7,930,426	117%	11,167,745	12,955,553	116%	4,818,205	5,210,200	108%