



Schedule 3.7 – Corporate Allocations Report

April 15, 2024

1 Corporate Allocations

2 In its Oral Decision in Matter 533 on September 21, 2023, the Board approved Liberty's request for the full
3 recovery of its allocated corporate costs and accepted the appropriateness of the Algonquin Power &
4 Utilities Corp ("APUC") Cost Allocation Manual ("CAM") as the methodology for allocating corporate
5 services costs to Liberty Utilities (Gas New Brunswick) LP ("Liberty GNB"). In the same Decision, the Board
6 directed Liberty GNB to include, in future filings, information regarding "inputs to the CAM allocator formula
7 and any changes and impacts from changes to the CAM including, but not limited to, changes to
8 corporate allocator inputs and formulas, and allocator categories".

9 Based on this Decision, in this section, Liberty GNB provides commentary on the changes to the Service
10 Categories and CAM allocator formula and inputs since Matter 533. Liberty GNB has also again engaged
11 MNP to provide an independent assessment of corporate cost allocations.

12 Details of MNP's review and findings can be found in the report titled, *Liberty Utilities – 2024 Corporate*
13 *Services Cost Allocation Review*.

14 Changes Since the Last Application

15 Table 1 outlines those service categories that have seen changes to department/group or affiliate cost
16 pool categories, allocation descriptions or benefits since Liberty GNB's 2023 General Rate Application
17 ("GRA").

18 Changes to department/group and affiliate cost pool categories are relatively minor and are listed in
19 Table 1. Most changes are related to the renaming, combining, or separating a department/group within
20 affiliate cost pools. However, several new departments/groups have also been added, and the name of
21 the "Financial Planning & Analysis" affiliate cost pool has been amended to "Financial Planning & Analysis
22 / Business Services". In addition to Table 1, Schedule 3.7A – Corporate Services Descriptions has been
23 updated to include the changes in corporate allocations since Matter 533. Those Service Categories that
24 have had descriptions or benefits updated are highlighted in green.



Table 1: Changes to Department/Group & Affiliate Cost Pools Since 2023

Service Category	2024 Affiliate Cost Pool	2024 Department/Group	Department/Group or Affiliate Cost Pool Change from 2023
Commodity Supply & Control	East Region	Gas Control	Newly added department/group under this affiliate cost pool
		Energy Procurement	Removed for 2024 as no allocations received
Compliance & Risk Management	LABS Canada; LABS US	Internal Audit & Controls	Previously 'Internal Audit'
		Compliance & Ethics	Compliance Strategy and Performance' & 'Regulatory' have been combined & renamed
		Risk and Resilience	Previously 'Enterprise Risk & Resilience'
		Environmental Compliance	Previously 'Environmental'
Customer Insight & Solutions	LUCC/LUSC-Corp. US	Customer Insights	Previously 'Customer Insight & Solutions'
Finance & Tax	LABS Canada	Finance; Tax	These departments/groups were previously combined as one: 'Finance & Tax'; they are now separate
Financial Planning & Analysis / Business Services	LABS Canada	Business Services	New group/department for 2024
	LABS US	Business Services	New group/department for 2024; Now receiving services from LABS US
Human Resources	East Region	Communications	Newly added department/group under this affiliate cost pool
Information Technology	LABS Canada; LABS US	IT Business & Corporate Services	Business IT & Corporate IT have been combined
Operations	LUCC/LUSC-Corp. US	Ops General	Previously 'Operational Excellence'
Procurement, Warehousing, Fleet and Facilities	LABS Canada	Facilities Mgt	Previously 'Facilities'
	East Region	Procurement/Supply Chain/Fleet	Previously 'Procurement, Warehousing, Fleet and Facilities'

In addition to the changes outlined above, Liberty GNB's allocation percentage increased in 2024. The 2023 corporate services budget assumed an allocation across a larger utility base. However, the acquisition of a utility did not come to fruition and as such, the 2024 corporate services budget is allocated across a smaller utility base than the 2023 budget. Liberty GNB's forecasted amount of allocation for 2023 is \$4,805,339. If Liberty GNB's 2023 budgeted allocations assumed the same utility base as used in 2024, its budgeted allocations for 2023 would have increased from \$3,269,684 to \$4,030,283, or by \$760,598.

In addition to the above, \$337.8K was not included in Liberty GNB's corporate allocation budget in 2023:

- \$130K is related to the underbudgeting of costs in the Finance & Tax Department that were unburdened and in US dollars.
- Approximately \$207.8K was not included in the 2023 budget due to Liberty GNB preparing its 2023 corporate allocation budget for Matter 533 prior to the completion of Liberty's corporate budget. This omission in budgeted allocations includes:
 - \$124.8K related to Energy Procurement;
 - \$58K related to APUC and Executive; and
 - \$25K related to Human Resources.



1 In considering the amounts that should have been included in Matter 533, assuming a final corporate
2 allocation budget and the smaller utility base, Liberty GNB's corporate allocation recovery request in Matter
3 533 would have been \$4,368,083.

4 Liberty GNB has re-engaged MNP to independently review Liberty GNB's corporate allocations for 2024.
5 Interviews and clarifications associated with the 2024 work have led MNP to increase by 5 FTEs the number
6 for comparison in the Commodity, Supply and Control Service Category. MNP has indicated it believes
7 these 5 FTEs should have been included in the 2023 report as well.

8 Due to this finding, Liberty GNB requested that MNP provide a revised "high-range" for this Service Category
9 for 2023. The data source used by MNP is refreshed yearly which necessitated using 2024 data for this
10 request. The "high-range", using this 2024 salary data, is \$726,659. Adjusting down for inflation (3%), the
11 revised "high-range" for the Commodity, Supply and Control Service Category in 2023 would have been
12 \$705,494, instead of the \$133,946; a difference of \$571,548. This results in an adjustment of the aggregate
13 total "high-range" for the labour portion of the 2023 corporate allocation budget from \$3,702,801 to
14 \$4,274,349.

15 Liberty GNB is requesting full recovery of its 2024 corporate allocations, in the amount of \$4,853,806. This
16 reflects an increase of \$485,723 from what the 2023 budgeted allocations would have been with a smaller
17 allocation basis and had Liberty GNB included the additional \$337.8K in allocated costs. The \$485,723
18 increase in budgeted allocations to Liberty GNB in 2024 can be explained as follows:

- 19 • Approximately \$121K can be attributed to inflation (3%);
- 20 • \$37.9K Increase in labour compensation for C-suite employees;
- 21 • Approximately \$153K is related to the addition of 9 FTE in the Customer Care department; and
- 22 • \$106K is due to the movement of FTE and the addition of 3 Business intelligence FTE within the
23 Executive department in the East Region affiliate cost pool.

