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June 30, 2017

via e-filing EXPRESS

Ms. Lynn M. Retz, Secretary
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604-4027

Re: Docket No. 17-EPDE-393-CPL
Revised Cost Allocation Manual and Affiliated Services Agreements

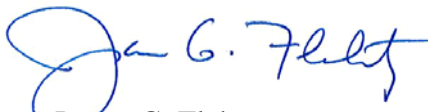
Dear Ms. Retz:

Attached for filing with the Kansas Corporation Commission ("Commission") in the referenced docket are the following documents:

1. Revised Cost Allocation Manual of Empire District A Liberty Utilities Company;
2. Affiliate Services Agreement - APUC;
3. Affiliate Services Agreement - Liberty Utilities Co.;
4. Affiliate Services Agreement - LUSC; and
5. Affiliate Services Agreement - LUC.

These documents are being filed with the Commission in compliance with paragraphs 30 and 31 contained in the Unanimous Settlement Agreement dated October 6, 2016, which was approved by the Commission in Docket No. 16-EPDE-410-ACQ by Order issued December 22, 2016.

Sincerely,



James G. Flaherty
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JGF:rr

Enclosure

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ALGONQUIN POWER & UTILITIES CORP.

COST ALLOCATION MANUAL

V2017 Effective: January 1st, 2017

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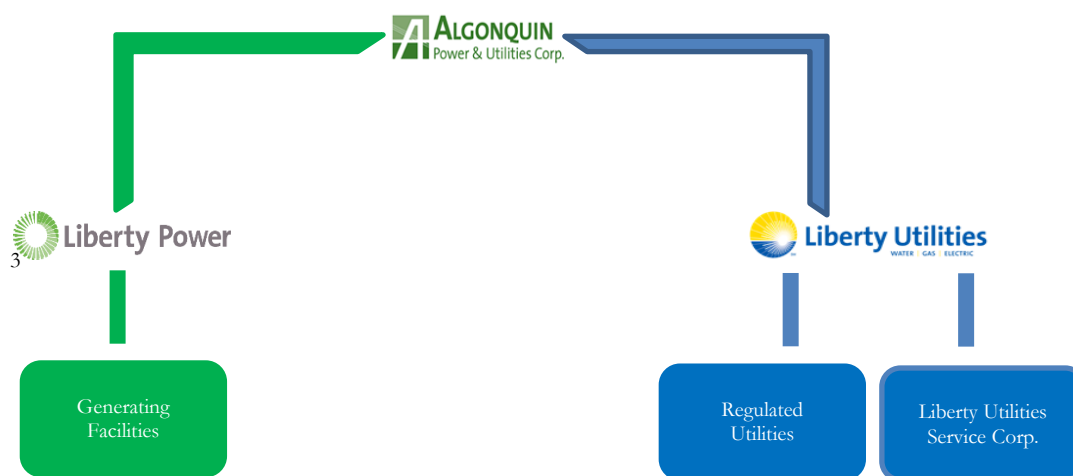
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1. INTRODUCTION

The purpose of this manual is to provide a detailed explanation of services provided by Algonquin Power & Utilities Corp (“APUC”) and its affiliates to other entities within the APUC family of businesses and to describe the Direct Charge¹ and Indirect Charge² Methodologies used for those services. The following organization chart identifies, at a high level, the corporate structure of APUC.

Figure 1: Simplified APUC Corporate Structure



This Cost Allocation Manual (“CAM”) has been completed in accordance and conformance with the *NARUC Guidelines for Cost Allocations and Affiliate Transactions* (“NARUC Guidelines”). More specifically, the founding principles of this Cost Allocation Manual are to a) directly charge as much as possible to the entity that procures any specific service, and b)

¹ Direct charges (sometimes referred to as assigned costs) are costs incurred by one company for the exclusive benefit of, or specifically identified with, one or more other companies, and which are directly charged (or assigned) to the company or companies that specifically benefited. Under the NARUC Guidelines, “Direct Costs” are defined as “costs which can be specifically identified with a specific service or product.”

² Indirect charges (sometimes referred to as allocated costs) are costs incurred by one company that are for the benefit of either (a) all of the APUC companies or (b) all of the regulated companies, and which are charged to the benefited companies using a methodology and set of logical allocation factors that establish a reasonable link between cost causation and cost recovery. Under the NARUC Guidelines, “Indirect Costs” are defined as “costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative, general, and taxes.”

³ As of April 2017, Algonquin Power Co. (APCo) is doing business under the name Liberty Power. All Liberty Power employees in Canada will become employed by Liberty Utilities (Canada) Corp. in 2017. Liberty Power employees in the United States will remain employed by Algonquin Power Fund (America) Inc.

to ensure that unauthorized subsidization of unregulated activities by regulated activities, and vice versa, does not occur. For ease of reference, the NARUC Guidelines are attached as Appendix 1.

Costs allocated can take the form of: direct labor, direct material, direct purchased services and indirect charges (as described in Tables 1, 4a and 4b in this CAM). These costs are charged by the providing party to the receiving part at fully distributed costs.

2. THE APUC CORPORATE STRUCTURE

APUC owns a widely diversified portfolio of independent power production facilities and regulated utilities⁴ consisting of water distribution, wastewater treatment, electric and gas distribution utilities. While power production facilities are located in both Canada and the United States, regulated distribution utility operations are located in the United States.⁵ APUC is publicly traded on the New York Stock Exchange and the Toronto Stock Exchange⁶. APUC's structure as a publicly traded holding company provides substantial benefits to its regulated utilities through access to capital markets.

APUC is the ultimate corporate parent that provides financial and strategic management, corporate governance, and oversight of administrative and support services to Liberty Utilities (Canada) Corp. ("LUC") and its subsidiaries as well as to Algonquin Power Co. ("APCo") d/b/a Liberty Power and its subsidiaries. The services provided by APUC are necessary for all affiliates, including LUC and the regulated utility subsidiaries of Liberty Utilities Co. (referred to as "Liberty Utilities"), to have access to capital markets for capital projects and operations. These services are expensed at APUC and are performed for the benefit of Liberty Power and Liberty Utilities and their respective businesses.

APUC and its affiliates benefit from APUC's expertise and access to the capital markets through the use of certain shared services, which maximizes economies of scale and minimizes redundancy. In short, it provides for maximum expertise at lower costs. Further,

⁴ All distribution and transmission utilities are owned, either directly or indirectly, by Liberty Utilities Co., which is itself indirectly owned by Liberty Utilities (Canada) Corp.

⁵ Algonquin Tinker Gen Co. owns transmission assets in New Brunswick, Canada, which are subject to regulation by the New Brunswick Energy and Utilities Board.

⁶ Common shares, preferred shares, and instalment receipts of APUC are traded on the Toronto Stock Exchange under the symbols AQN, AQN.PR.A, AQN.PR.D, and AQN.IR. APUC's common shares are also listed on the New York Stock Exchange under the symbol AQN. Additional corporate information can be found at the company's website, algonquinpower.com.

the use of shared expertise allows each of the entities to receive a benefit it may not be able to achieve on a stand-alone basis such as strategic management advice and access to capital at more competitive rates.

3. SCOPE OF SERVICES FROM APUC AND HOW THOSE COSTS ARE DISTRIBUTED

This section provides an overview of the services provided from APUC, and method used to distribute the associated costs for these services throughout the organization.

3.1 Services and Cost Allocation from APUC to Liberty Utilities and Liberty Power

3.1.1 Description of APUC Services and Costs

APUC provides benefits to its subsidiaries by providing financing, financial control, legal, executive and strategic management and related services. APUC charges labor rates for these shared services at cost, which is the dollar hourly rate per employee as recorded in APUC's payroll systems, grossed up for burdens such as payroll taxes, health benefits, retirement plans, other insurance provided to employees, and other employee benefits. These labor costs are charged directly to the entity incurring these costs based on timesheets to the extent possible. If labor is for the benefit of all subsidiaries then the allocation methodologies used for indirect costs are applied. See Appendix 2 for a more detailed discussion of the costs incurred by APUC.

APUC also charges non-labor services which includes Financing Services. Financing Services means the selling of units to public investors in order to generate the funding and capital necessary (be it short term or long term funding, including equity and debt) for the entire organization, including subsidiaries of Liberty Utilities and Liberty Power, as well as providing legal services and other associated costs in connection with the issuance of debt and equity.

In connection with the provision of Financing Services, APUC incurs the following types of costs: (i) strategic management costs (board of director, third-party legal services, accounting services, tax planning and filings, insurance, and required auditing); (ii) capital access costs (communications, investor relations, trustee fees, escrow and transfer agent fees); (iii) financial control costs (audit and tax expenses); and (iv) other administrative costs (examples: rent, depreciation, general office costs).

The capital raised by APUC is used by Liberty Utilities (and its regulated subsidiaries) and Liberty Power for current and future capital investments. The services provided by APUC are critical and necessary to Liberty Utilities and its regulated subsidiaries and Liberty Power because without those services they would not have a readily available source of capital funding. Further, relatively small utilities may have difficulty attracting capital on a stand-alone basis.

Indirect costs from APUC, excluding corporate capital, are pooled and allocated to LUC (and subsequently, to LUC's subsidiaries) and Liberty Power using the method summarized in Table 1. Each corporate cost type, or function, has been reviewed to properly identify the factors driving those costs. Each function or cost type is typically driven by more than one factor and each has been assigned an appropriate weighting. Table 1 includes a brief commentary on the rationale for each cost driver and weighting, along with examples for each cost type.

The services provided by APUC optimize the performance of the utilities, keeping rates low for customers while ensuring access to capital is available. If the utilities did not have access to the services provided by APUC, they would be forced to incur associated costs for financing, capital investment, audits, taxes and other similar services on a stand-alone basis, which would substantially increase such costs. Simply put, without incurring these costs, APUC would not be able to invest capital in its subsidiaries, including the regulated utilities.

Table 1: Summary of Corporate Allocation Method of APUC Indirect Costs

Type of Cost	Allocation Methodology		Rationale	Examples
Legal Costs	Net Plant	33.3%	This function is driven by factors which include Net Plant, as typically the higher the value of plant, the more legal work it attracts; similarly, a greater number of	Employee labor and related administration and programs; Third party legal services
	Number of Employees	33.3%		
	O&M	33.3%		

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			employees are typically more indicative of larger facilities that require greater levels of attention; and O&M costs tend to be a third factor indicative of size and legal complexity.	
Tax Services	Revenue 33.3% O&M 33.3% Net Plant 33.3%		This function is driven by a variety of factors that influence the size and relative tax complexity, including Revenues, O&M and Net Plant. Tax activity can be driven by each of these factors.	Employee labor and related administration and programs, including Third party tax advice and services
Audit	Revenue 33.3% O&M 33.3% Net Plant 33.3%		This function is driven by a variety of factors that influence the size and complexity of Audit, including Revenues, O&M and Net Plant. Audit activity can be driven by each of these factors.	Employee labor and related administration and programs, including third party accounting and audit services
Investor Relations	Revenue 33.3% O&M 33.3% Net Plant 33.3%		This function is driven by factors which reflect the relative size and	Employee labor and related administration and programs,

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			scope of each affiliate - Revenues, Net Plant and O&M costs.	including third party Investor day communications and materials
Director Fees and Insurance	Revenue O&M Net Plant	33.3% 33.3% 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Board of Director fees, insurance and administration
Licenses, Fees and Permits	Revenue O&M Net Plant	33.3% 33.3% 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Escrow and Transfer Agent Fees	Revenue O&M Net Plant	33.3% 33.3% 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs
Other Professional Services	Revenue O&M Net Plant	33.3% 33.3% 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Third party costs

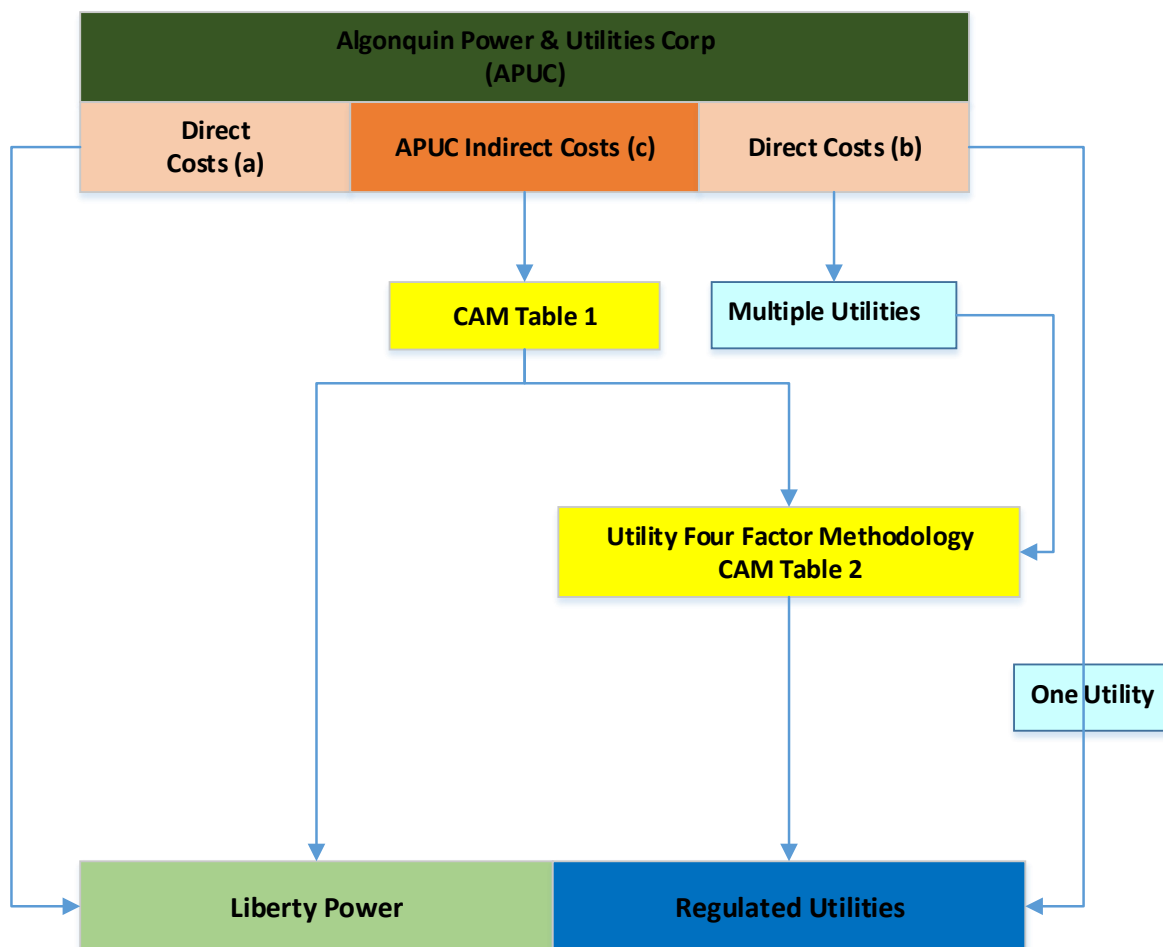
Other Administration Costs	Oakville Employees 50% Total Employees 50%	This function is driven by factors which are indicative of number of employees.	Office administration costs. Employee labor and related administration
Executive and Strategic Management	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity

Notwithstanding the above, if a charge is related either solely to the regulated utility business or to the power generation business Liberty Power, then all of those costs will be direct charged, or assigned, to the business segment for which they are incurred. If a cost can be directly attributable to a specific entity, it will be directly charged to that entity.

In the event that organizational realignments occur, resulting in certain other services or costs to come from APUC, any allocations (if any) will be done as per the “Executive and Strategic Management” line in Table 1 above until the CAM is updated.

3.1.2 Description of the APUC Cost Flows

Please refer to Figure 2 for a diagram of the various flows of costs from APUC.

Figure 2: Illustration of APUC Corporate Cost Distributions

- (a) Costs that are directly assignable to unregulated companies.
- (b) Costs that are directly assignable to one regulated company, or that benefit all regulated operations.
- (c) Costs that benefit both unregulated and regulated operations.

As illustrated in Figure 2 and as described above, APUC incurs three types of costs that are passed on to its direct and indirect subsidiaries. The first type is APUC's costs that directly benefit a particular specific unregulated company, which are directly assigned to that unregulated company (i.e., Liberty Power or one of its subsidiaries). The second type is APUC's costs that directly benefit a particular regulated company, which are directly assigned to that regulated company⁷. The third type are APUC's remaining costs that benefit the entire

⁷ This could be directly to LUC (which would subsequently be allocated over utility subsidiaries of LUC) or to a specific utility for which the service was necessary.

enterprise (both regulated and unregulated), which are allocated between regulated and unregulated company groups pursuant to CAM Table 1. Information within Table 1 includes: (a) each type of cost incurred by APUC that is to be allocated between regulated and unregulated parts of the business; (b) the factors used to allocate each type of cost between regulated and unregulated activity; (c) the rationale for selecting the factors that are used for allocation; and (d) examples of the specific allocated costs. The costs allocated to the regulated companies as a group are then reallocated to individual utility companies using the Utility Four-Factor allocation methodology set forth in CAM Table 2 (described below), resulting in utility-specific allocated charges from APUC.

For an example of how an APUC invoice would be assigned or allocated, please see Appendix 3.

Certain costs, which are incurred for the benefit of APUC's businesses, are not allocated to any utility subsidiary. These costs include certain corporate travel and certain overheads.

4. SCOPE OF SERVICES PROVIDED BY LUC AND HOW COSTS ARE DISTRIBUTED

This section provides an overview of the services and the cost methodology for LUC.

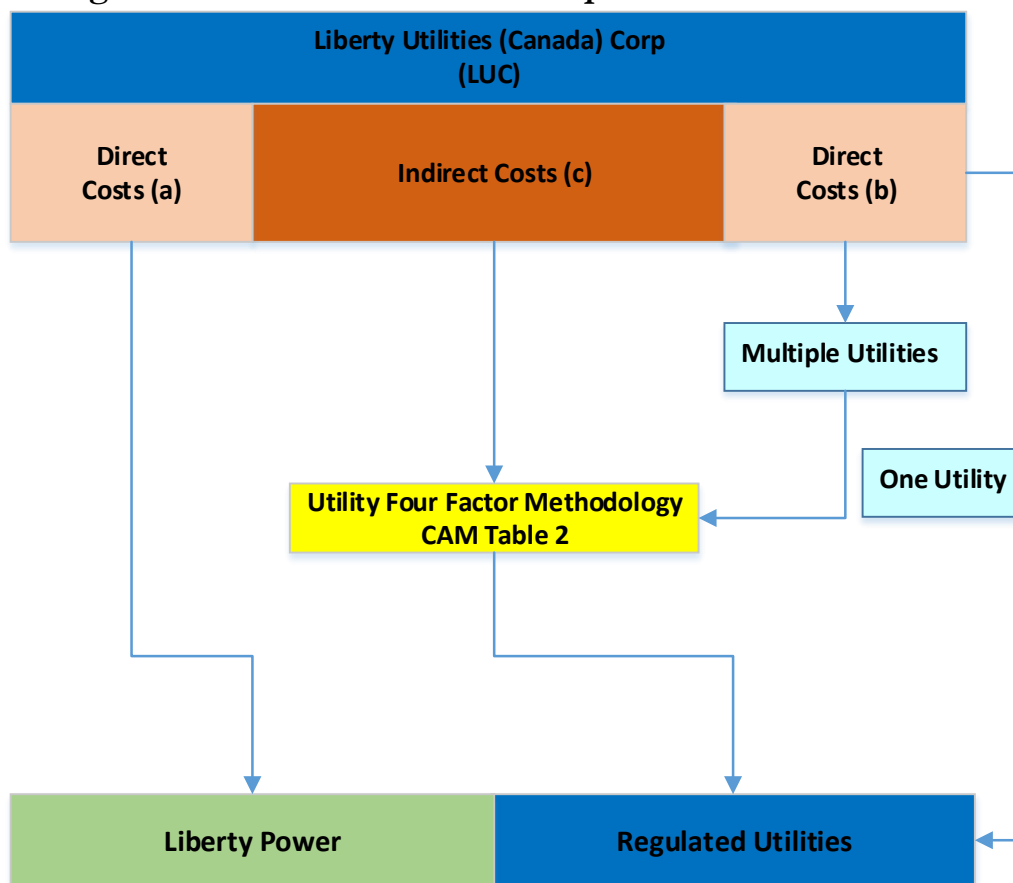
4.1 Overview of LUC Services and Costs

Various services and methods of cost distribution arise from LUC and can be categorized as those provided: (a) specifically to regulated utilities, (b) specifically to Liberty Power, or (c) to the entire organization (under the business unit of Liberty Algonquin Business Services ("LABS")). Figure 3 identifies the flow of costs from dedicated utility support and dedicated Liberty Power staff within LUC. Figure 4 identifies the flow of costs from the shared business and corporate services staff and functions ("LABS") within LUC. Both Figures 3 and 4 are depicted below in this section.

As illustrated in Figure 3, LUC incurs three types of costs. The first type is an LUC cost that directly benefits a particular Liberty Utilities affiliate (i.e., regulated company), which is directly assigned to that regulated company. The second type is an LUC cost that benefits all of the Liberty Utilities regulated companies, and which is allocated using the Utility Four-Factor Methodology described in CAM Table 2. The third type is a cost that only benefits and is directly charged to Liberty Power. All three of these cost types are described in section 4.2 below.

As illustrated in Figure 4, shared services costs arising from LUC are those from shared services⁸ that benefit both the regulated group of companies and the unregulated group of companies within the APUC family; which are allocated between the two groups pursuant to the methodology described in section 4.3 and as set forth in CAM Table 4.

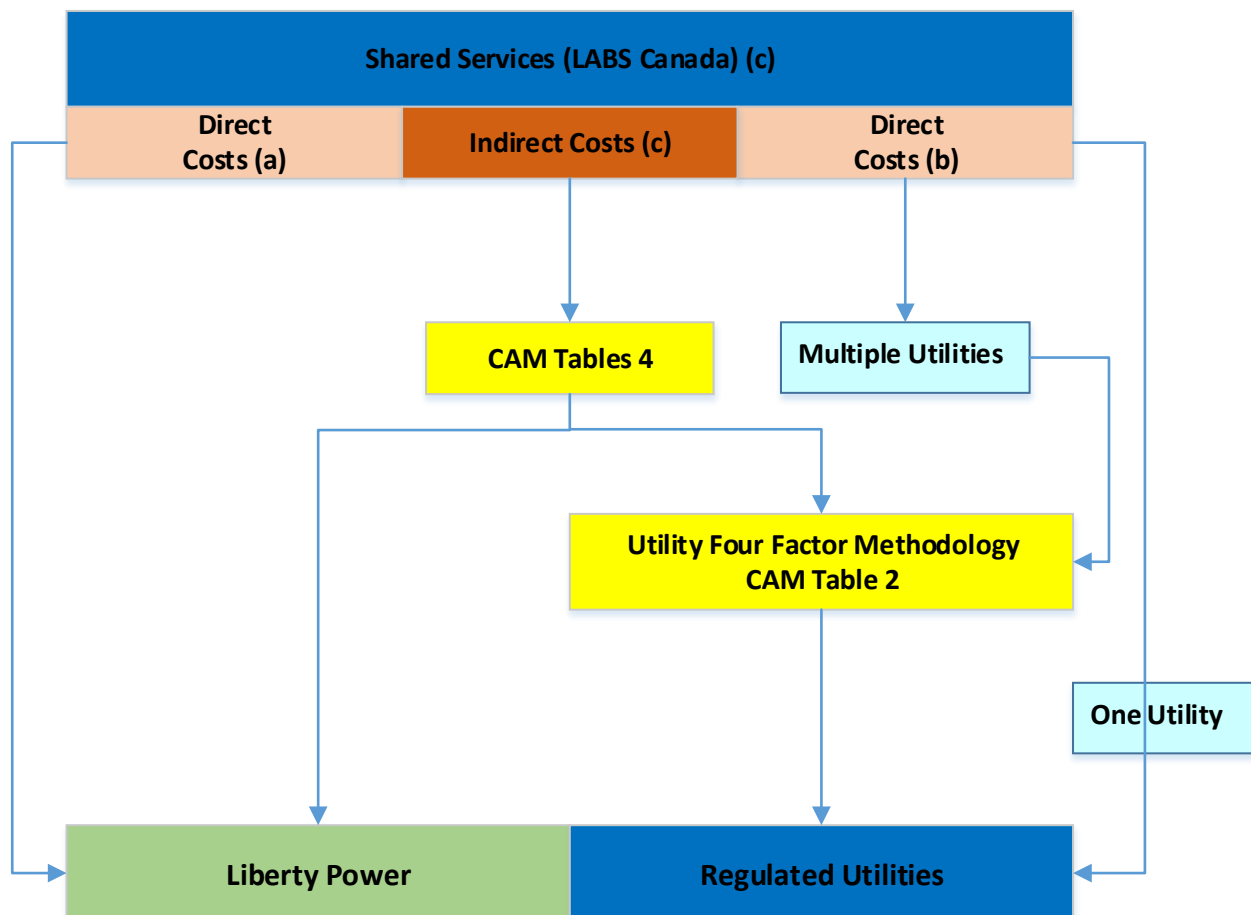
Figure 3: Illustration of LUC Corporate Cost Distributions



Notes:

- (a) Costs that are directly assignable to unregulated companies
- (b) Costs that are directly assignable to one or more specific regulated companies.
- (c) Costs that benefit all regulated operations.

⁸ As discussed later, shared support services that benefit both regulated and unregulated businesses within APUC are provided within Liberty Algonquin Business Services (“LABS”), which is a business unit with staff employed within LUC and LUSC. Shared services staff serve both regulated and unregulated entities. LABS staff within the corporate office in Canada are employed within LUC; LABS staff in the US are employed within LUSC. As new U.S.-based utilities are added to the Liberty-Algonquin organization, there could be a transitional period in which some of these shared services staff and functions may also remain employed within the new utility until such time that they may be transitioned to become an employee of Liberty Utilities Service Corp. (“LUSC”).

Figure 4: Illustration of LUC Shared Services Cost Distributions

Notes:

- (a) Costs that are directly assignable to unregulated companies.
- (b) Costs that are directly assignable to one or more regulated companies.
- (c) Costs that benefit both unregulated and regulated operations.

4.2 LUC Services and Costs Provided to Liberty Utilities and Liberty Power

4.2.1 Services to Liberty Utilities

LUC provides services to Liberty Utilities such as: executive, regulatory strategy, energy procurement, operations, utility planning, administration, and customer experience.

LUC will assign costs that can be directly attributable to a specific utility. These include direct labor and direct non-labor costs. However, because the indirect LUC costs cannot be directly attributed to an individual utility, LUC allocates its indirect labor and indirect non-labor costs, including capital costs, to its regulated utilities using a Utility Four-Factor Methodology⁹. LUC uses the Utility Four-Factor Methodology to allocate costs incurred for the benefit of all of its regulated assets (“System-Wide Costs”) to all of its utilities.

The Utility Four-Factor Methodology allocates costs by relative size and scope of the utilities. The methodology used by LUC involves four allocating factors, or drivers: (1) Utility Net Plant; (2) Total Customers; (3) Non-Labor Expenses; and (4) Labor Expenses, with each factor assigned an equal weight, as shown in Table 2 below.

Table 2: Utility Four-Factor Methodology Factors and Weightings

Factor	Weight
Customer Count	40%
Utility Net Plant	20%
Non-Labor Expenses	20%
Labor Expenses	20%
Total	100%

LUC uses the Utility Four-Factor Methodology to allocate to its regulated utilities the system-wide indirect labor and indirect non-labor costs within LUC (from its utility-dedicated staff, and from the shared services functions within LUC).

Table 3 provides a simplified hypothetical example to demonstrate how the Utility Four-Factor Methodology would be calculated based on ownership of only two hypothetical utilities.

⁹ Please note, indirect costs sent to utilities via the 4-factor will consist of 1) indirect costs from LUC’s utility-dedicated staff and services, plus 2) the indirect costs from APUC, 3) the indirect costs retained within LUC from LABS (the shared services staff and services within LUC), and 4) the indirect costs allocated from LUSC.

Table 3: Utility Four-Factor Methodology Example

Factor	Utility 1	Utility 2	Total All Utilities	Utility 1 % of Total	Factor Weight	Utility 1 Allocation
Utility Net Plant (\$)	727	371	1098	66%	20%	13%
Customer Count (#)	6000	2000	8000	75%	40%	30%
Labor Expenses (\$)	57	32	89	64%	20%	13%
Non-Labor Expenses (\$)	108	41	149	72%	20%	14%
Total Allocation						71%

As can be seen from these hypothetical numbers in Table 3, Utility 1 would be allocated 71% of the total indirect costs incurred by LUC, based on its relative size and application of the Utility Four-Factor Methodology. Utility 2 would be allocated the remaining 29%. LUC has developed and utilized this methodology to better allocate costs, recognizing that larger utilities require more time and management attention and incur greater costs than smaller ones.

On occasion there may be costs which are incurred for the benefit of two or more utilities, but not all of the utilities. These costs are directly assigned to utilities as per the vendor invoice, or, if the invoice doesn't specify a share for each utility, the Utility Four-Factor Methodology is used. In this situation, the weighting is determined by only including the utilities that benefited from the service and excluding the utilities that did not receive the service. For an example of how an LUC invoice would be assigned or allocated, please see Appendix 4.

4.2.2 LUC Services to Liberty Power.

A sub-set of LUC employees provide dedicated services to Liberty Power such as: executive, energy services, asset management, business development, and operations. All costs (labor and non-labor) incurred for these services will be directly charged to Liberty Power (no

indirect costs are allocated from this group). Labor costs are tracked through timesheets and directly charged to Liberty Power.

4.3 Shared Services from LUC

The last type of costs arising from LUC are those from shared services¹⁰ that benefit both the regulated group of subsidiary companies owned by Liberty Utilities and Liberty Power.

Consistent with the organization practices described earlier, shared services and costs (within LUC¹¹) are assigned when they are directly attributable to a specific affiliate company (such as a specific distribution utility) or business unit¹² (such as Liberty Utilities or Liberty Power). Labor charges for LUC shared services staff are assigned using timesheets that depict the amount of time that is to be direct charged to either Liberty Utilities or Liberty Power (or a specific subsidiary within Liberty Utilities. or Liberty Power).

Please refer to Figure 4 above for a diagram of the various flows of costs that may arise from the shared services staff and functions within LUC¹³.

Indirect costs for services from the shared services functions that cannot be directly assigned are allocated between the regulated and unregulated business units, Liberty Utilities and Liberty Power, pursuant to the methodology set forth in CAM Tables 4a and 4b. Similar to Table 1, Tables 4a and 4b include: (a) each type of cost incurred by shared services functions within LUC that is to be allocated between regulated and unregulated parts of the business; (b) the factors used to allocate each type of cost between regulated and unregulated activity; (c) the rationale for selecting the factors that are used for allocation; and (d) examples of the specific allocated costs. The costs allocated to the regulated companies as a group are then reallocated to individual companies using the Utility Four-Factor Methodology set forth in CAM Table 2, resulting in utility-specific allocated charges from LUC.

¹⁰ Liberty Algonquin Business Services (“LABS”) is a business unit found organizationally within LUC and LUSC that serves both regulated and unregulated entities. The LABS business unit provides shared services throughout the organization. LABS employees and functions provided from Canada are employed within LUC; LABS employees and functions located in the U.S. are typically employed within LUSC.

¹¹ As will be discussed further in section 5, shared services to the entire APUC organization are also provided from staff within LUSC.

¹² To clarify, if a LABS service is for only one specific organization, such as the unregulated generation business, Liberty Power, the cost will be directly charged to that business unit.

¹³ Sometimes referred to as “LABS Canada.”

For an example of how an invoice or cost within LUC's shared services (LABS) would be assigned or allocated, please see Appendix 5.

4.3.1 Business Services and Corporate Services

LUC shared services that would be provided to the entire company, i.e., Liberty Power and Liberty Utilities, are internally referenced under two names - Business Services and Corporate Services. The services and functions within each category are shown in the tables below¹⁴. Indirect costs from Business Services and Corporate Services are allocated using the following methodology shown in Tables 4a and 4b, respectively, which are designed to closely align the costs with the driver of the activity.

Table 4a: Summary of Corporate Allocation Method of LUC¹⁵ Business Services Indirect Costs

Type of Cost	Allocation Methodology	Rationale	Examples
Information Technology	Number of Employees 90% O&M 10%	IT function is driven by factors which include number of employees and O&M. The larger the number of employees, the more support, software and IT infrastructure is required.	Enterprise wide support, architecture, etc. Third party fees
Human Resources	Number of Employees 100%	HR function is driven by number of employees. A greater number of employees requires	HR policies, payroll processing, benefits,

¹⁵ And LUSC shared services functions.

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		additional HR support	employee surveys
Training	Number of Employees 100%	Training is directly proportional to the number of employees per function	Courses, lectures, in house training sessions by third party providers
Facilities and Building Rent	Oakville Employees 100%	Office space occupied by employees accurately reflects space requirements of each subsidiary	Corporate office building
Environment, Health, Safety and Security	Number of Employees 100%	EHSS training, etc. is directly proportional to the number of employees per function	Enterprise wide programs, employee labor and related administration
Procurement	O&M 50% Capital Expenditures 50%	Procurement function is based on typical proportion of expenditures	Enterprise wide support and related administration
Executive and Strategic Management	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity

Technical Services	Net Plant 33.3% Revenue 33.3% O&M 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate-Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity
Utility Planning	Net Plant 33.3% Revenue 33.3% O&M 33.3%	This function is driven by factors which reflect the scope of each affiliate Management - Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity

Table 4b: Summary of Corporate Allocation Method of LUC¹⁶ Corporate Services Indirect Costs

Risk Management	Net Plant 33.3% Revenue 33.3% O&M 33.3%	This function is driven by factors which reflect the relative size and complexity of Risk Management - Revenues, Net Plant and O&M costs.	Employee labor and related administration, Software platform, fees and administration
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¹⁶ And LUSC shared services functions.

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Financial Reporting, Planning and Administration	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and complexity of Financial Reporting and Admin. - Revenues, Net Plant and O&M costs.	Employee labor and related administration and third party fees
Treasury	Capital Expenditures 25% O&M 50% Net Plant 25%	Treasury activity is typically guided by the amount of necessary capex/plant for each utility, and operating costs/cash flow	Third party financing, employee labor and related administration and programs
Internal Audit	Net Plant 25% O&M 75%	This function is driven by factors which reflect the relative size and complexity of Internal audit activity. Larger Plant and operating costs of a given facility drive more activity from IA.	Third party fees, employee labor and related administration and programs
External Communications	Total Employees 100%	Communications cost is directly proportional to the number of employees	Enterprise wide support and related administration
Legal Costs	Net Plant 33.3%	This function is driven by factors	Employee labor and related

	Number of Employees 33.3% O&M 33.3%	which include Net Plant, as typically the higher the value of plant, the more legal work it attracts; similarly, a greater number of employees are typically more indicative of larger facilities that require greater levels of attention; and O&M costs tend to be a third factor indicative of size and legal complexity.	administration and programs, including third party legal
Compliance	Revenue 33.3% O&M 33.3% Net Plant 33.3%	This function is driven by factors which reflect the relative size and scope of each affiliate - Revenues, Net Plant and O&M costs.	Employee labor and related administration that is not directly attributable to any entity

5. LIBERTY UTILITIES SERVICE CORP.

This section provides an overview of some of the services (as outlined in Table 5) and the cost methodology for Liberty Utilities Service Corp. (“LUSC”).

Most U.S.-based utility employees are employed by LUSC and are dedicated to serve particular utilities. All employees’ labor costs, such as salaries, and associated labor costs, such as benefits, insurance etc. are to be paid by LUSC and direct charged to the company to which the employee is dedicated and performs work. Services provided by employees within LUSC

to each regulated utility shall be distributed on a time sheet basis to the extent possible. In infrequent instances where time sheeting may not be possible, the allocation factors shown in Tables 4a and 4b are to be used, as will be explained below.

5.1 Shared Services from LUSC

LUSC employs some individuals who provide shared services (listed in Table 5 below). Costs distributed by LUSC will include those from shared services employees: (a) where the function benefits both Liberty Utilities and Liberty Power businesses and (b) where the function benefits some or all of the regulated utilities within Liberty Utilities (e.g., energy procurement services).

Consistent with the organizational shared services practices described earlier, shared services and costs (within LUSC) are assigned when they are directly attributable to a specific affiliate company (such as a specific distribution utility, for example) or business unit (such as Liberty Utilities or Liberty Power). Labor charges for LUSC shared services staff are assigned using timesheets that depict the amount of time that is to be direct charged to either Liberty Utilities or Liberty Power (or a specific subsidiary within Liberty Utilities or Liberty Power).

The type of U.S. shared services that benefits both Liberty Utilities and Liberty Power businesses is referred to as LABS U.S. The LABS U.S. indirect costs for services from the shared services staff and functions within LUSC that cannot be directly assigned are allocated between the regulated and unregulated business units, Liberty Utilities and Liberty Power, and are distributed in the same manner per CAM Tables 4a and 4b described for shared services staff and functions within LUC. Consistent with the practices within LUC, the costs allocated from LUSC to the regulated companies as a group (i.e. to Liberty Utilities) are then reallocated to individual utility companies within the Liberty Utilities structure using the Utility Four-Factor Methodology set forth in CAM Table 2, resulting in utility-specific allocated charges from LUSC.

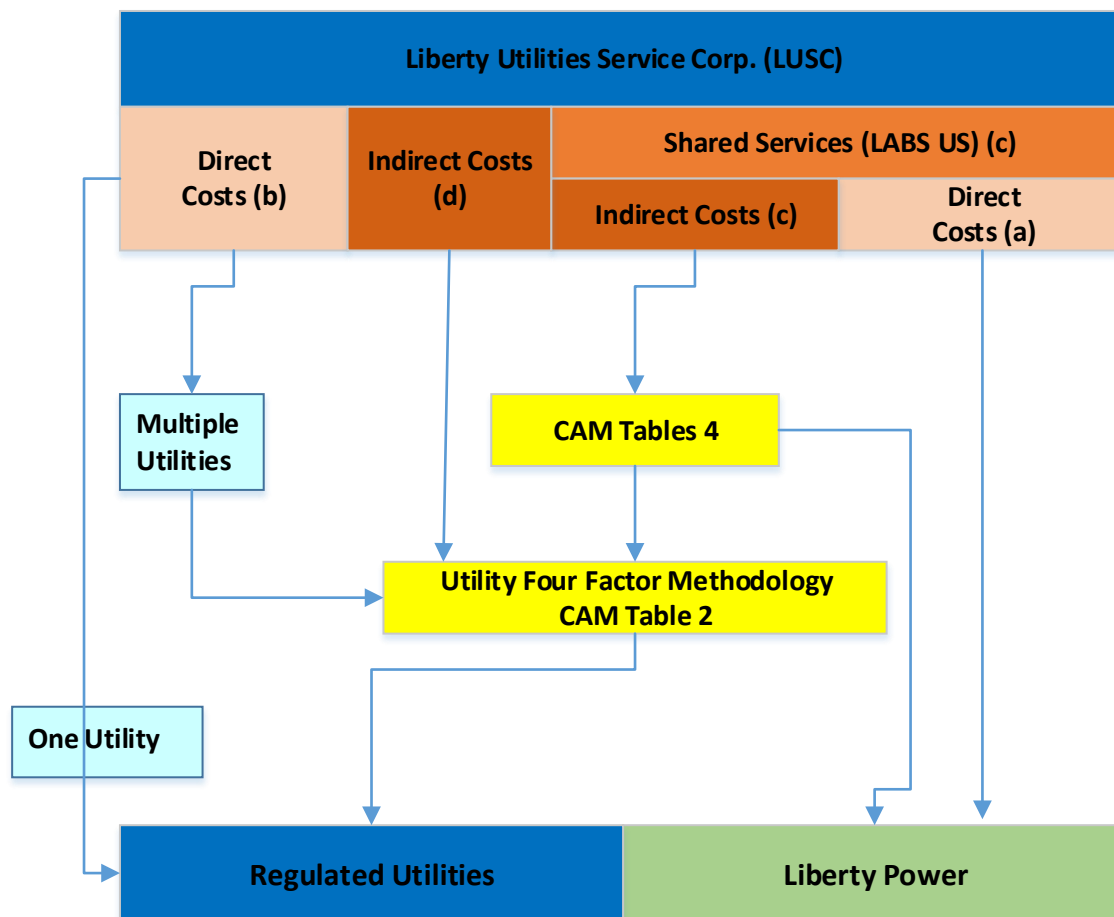
The indirect costs from the U.S. shared services that only benefit the regulated utilities are distributed using the Utility Four-Factor Methodology set forth in CAM Table 2, resulting in utility-specific allocated charges from LUSC.

Figure 5 below depicts the various flows of costs from LUSC.

Table 5 – List of Shared Services provided by Liberty Utilities Service Corp.

Customer Care and Billing
IT/Tech Support
Human Resources
Gas Control
Legal
Compliance
Regulatory & Government Relations
Environmental, Health, Safety and Security
Procurement
Operations
Engineering; Dispatch and Control
Outage Management
GIS/Mapping
Vegetation Management
Energy Procurement
Accounting and Finance
Managerial
Utility Planning
Customer Communication

Figure 5: Illustration of LUSC Cost Distributions



Notes:

- (a) Costs that are directly assignable to unregulated companies.
- (b) Costs that are directly assignable to regulated companies.
- (c) Costs that benefit both unregulated and regulated operations.

The allocation methodology may be adjusted based on the number of participating utilities. For example, Customer Service representatives who serve only the New Hampshire utilities will only have their indirect costs allocated, if any, to the two utilities within New Hampshire. Labor costs associated with energy procurement are directly billed to the utilities requiring energy procurement services using timesheets.

6. COST DISTRIBUTION AT THE REGIONAL OR STATE UTILITY LEVEL

Within the Liberty Utilities organization, the organizational structure and reporting relationships may evolve as the organization grows and develops. Costs and services provided to the regional or state utility level from other corporate entities are directly assigned to the extent possible and distributed over the utilities within the state or region for which they are provided. Any services and costs which cannot be directly assigned will be allocated to the utilities within the region or state using the Regional Four-Factor Methodology (25% weighting for the factors of: customer count, utility net plan, non-labor expenses, and labor expenses), unless another method of allocation is legally required.

In addition, each of the regulated entities will distribute costs amongst their affiliated entities in accordance with applicable laws/rules and affiliated service agreements. These cost allocation methods are consistent with the principles of this CAM.

7. CORPORATE CAPITAL

APUC or LUC will make capital investments such as corporate headquarters, IT systems, etc. that benefit the various operating businesses. The costs of these investments may be distributed monthly in the form of an intercompany operating expense charge, that captures the depreciation expense and cost of capital associated with the particular assets, or an alternate method of capital allocation based on the particular needs of the project. All costs associated to service the investment will be allocated to Liberty Power and Liberty Utilities, if applicable, typically based on the allocation method from which the capital investment is made. For example, if the capital investment is made in Human Resources then the allocation methodology used for Human Resources to allocate non-capital indirect costs as shown in Table 4a will be used to allocate the charge associated with the corporate capital expenditures, including the cost of capital, depreciation, and all other associated costs. From time to time, the distribution of costs associated with a corporate capital investment may use an alternate

method. Any corporate capital charges allocated or assigned to LUC are then reallocated to individual Liberty Utilities distribution utilities, or a sub-set of one or multiple distribution utilities, using the Utility Four-Factor Methodology set forth in CAM Table 2.

8. CAM TEAM AND TRAINING

The oversight of the CAM is the responsibility of the corporate Regulatory Department. Any updates or revisions are coordinated and completed by this Department. A CAM Team will be created consisting of trained employees to oversee the operations and management of the CAM principles throughout the organization.

The CAM, and any support material, is available to all employees via the Company intranet. Employee training on the CAM will be provided via the Company's Learning Management System.

9. AUDIT, RECORD KEEPING & AFFILIATE TRANSACTION RULES

Records of each company will be maintained such that all affiliate transactions are auditable. The records will document the cost of transactions, the methods used to distribute the costs, and descriptions of the services provided. The records will be retained for a minimum of three years or as required by law or regulation. The regulator will have access to records, consistent with applicable laws, regarding transactions between the regulated utility and its affiliates. All companies subject to affiliate transaction rules, whether state or federal, will comply with such requirements.

10. UPDATING ALLOCATIONS

Allocation percentages¹⁷ are updated annually. These annual updates to the allocation percentages are based on the most recent audited financial statements and other actual, year-end information. The updated percentages come into effect each April 1st and are valid through to the following March 31st. The Utility Four-Factor Methodology allocation percentages are also updated as an entity is either acquired or sold.

¹⁷ To clarify, the factors and weightings are expected to remain constant. It is the underlying information used to calculate the allocation percentages that is updated annually, such as the most recent net plant figures, or the most recent numbers of employees, for example.

11. APPENDICES

APPENDIX 1 - NARUC GUIDELINES FOR COST ALLOCATIONS

Guidelines for Cost Allocations and Affiliate Transactions:

The following Guidelines for Cost Allocations and Affiliate Transactions (Guidelines) are intended to provide guidance to jurisdictional regulatory authorities and regulated utilities and their affiliates in the development of procedures and recording of transactions for services and products between a regulated entity and affiliates. The prevailing premise of these Guidelines is that allocation methods should not result in subsidization of non-regulated services or products by regulated entities unless authorized by the jurisdictional regulatory authority. These Guidelines are not intended to be rules or regulations prescribing how cost allocations and affiliate transactions are to be handled. They are intended to provide a framework for regulated entities and regulatory authorities in the development of their own policies and procedures for cost allocations and affiliated transactions. Variation in regulatory environment may justify different cost allocation methods than those embodied in the Guidelines.

The Guidelines acknowledge and reference the use of several different practices and methods. It is intended that there be latitude in the application of these guidelines, subject to regulatory oversight. The implementation and compliance with these cost allocations and affiliate transaction guidelines, by regulated utilities under the authority of jurisdictional regulatory commissions, is subject to Federal and state law. Each state or Federal regulatory commission may have unique situations and circumstances that govern affiliate transactions, cost allocations, and/or service or product pricing standards. For example, The Public Utility Holding Company Act of 1935 requires registered holding company systems to price "at cost" the sale of goods and services and the undertaking of construction contracts between affiliate companies.

The Guidelines were developed by the NARUC Staff Subcommittee on Accounts in compliance with the Resolution passed on March 3, 1998 entitled "Resolution Regarding Cost Allocation for the Energy Industry" which directed the Staff Subcommittee on Accounts together with the Staff Subcommittees on Strategic Issues and Gas to prepare for NARUC's consideration, "Guidelines for Energy Cost Allocations." In addition, input was requested from other industry parties. Various levels of input were obtained in the development of the Guidelines from the Edison Electric Institute, American Gas Association, Securities and Exchange Commission, the Federal Energy Regulatory Commission, Rural Utilities Service

and the National Rural Electric Cooperatives Association as well as staff of various state public utility commissions.

In some instances, non-structural safeguards as contained in these guidelines may not be sufficient to prevent market power problems in strategic markets such as the generation market. Problems arise when a firm has the ability to raise prices above market for a sustained period and/or impede output of a product or service. Such concerns have led some states to develop codes of conduct to govern relationships between the regulated utility and its non-regulated affiliates. Consideration should be given to any "unique" advantages an incumbent utility would have over competitors in an emerging market such as the retail energy market. A code of conduct should be used in conjunction with guidelines on cost allocations and affiliate transactions.

A. DEFINITIONS

1. Affiliates - companies that are related to each other due to common ownership or control.
2. Attestation Engagement - one in which a certified public accountant who is in the practice of public accounting is contracted to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party.
3. Cost Allocation Manual (CAM) - an indexed compilation and documentation of a company's cost allocation policies and related procedures.
4. Cost Allocations - the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).
5. Common Costs - costs associated with services or products that are of joint benefit between regulated and non-regulated business units.
6. Cost Driver - a measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves.
7. Direct Costs - costs which can be specifically identified with a particular service or product.

8. Fully Allocated costs - the sum of the direct costs plus an appropriate share of indirect costs.
9. Incremental pricing - pricing services or products on a basis of only the additional costs added by their operations while one or more pre-existing services or products support the fixed costs.
10. Indirect Costs - costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative and general, and taxes.
11. Non-regulated - that which is not subject to regulation by regulatory authorities.
12. Prevailing Market Pricing - a generally accepted market value that can be substantiated by clearly comparable transactions, auction or appraisal.
13. Regulated - that which is subject to regulation by regulatory authorities.
14. Subsidization - the recovery of costs from one class of customers or business unit that are attributable to another.

B. COST ALLOCATION PRINCIPLES

The following allocation principles should be used whenever products or services are provided between a regulated utility and its non-regulated affiliate or division.

1. To the maximum extent practicable, in consideration of administrative costs, costs should be collected and classified on a direct basis for each asset, service or product provided.
2. The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, regulatory authorities may consider incremental cost, prevailing market pricing or other methods for allocating costs and pricing transactions among affiliates.
3. To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the regulated utility and its affiliates.

COST ALLOCATION MANUAL

4. The allocation methods should apply to the regulated entity's affiliates in order to prevent subsidization from, and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.
5. All costs should be classified to services or products which, by their very nature, are either regulated, non-regulated, or common to both.
6. The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.
7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.

C. COST ALLOCATION MANUAL (NOT TARIFFED)

Each entity that provides both regulated and non-regulated services or products should maintain a cost allocation manual (CAM) or its equivalent and notify the jurisdictional regulatory authorities of the CAM's existence. The determination of what, if any, information should be held confidential should be based on the statutes and rules of the regulatory agency that requires the information. Any entity required to provide notification of a CAM(s) should make arrangements as necessary and appropriate to ensure competitively sensitive information derived therefrom be kept confidential by the regulator. At a minimum, the CAM should contain the following:

1. An organization chart of the holding company, depicting all affiliates, and regulated entities.
2. A description of all assets, services and products provided to and from the regulated entity and each of its affiliates.
3. A description of all assets, services and products provided by the regulated entity to non-affiliates.
4. A description of the cost allocators and methods used by the regulated entity and the cost allocators and methods used by its affiliates related to the regulated services and products provided to the regulated entity.

D. AFFILIATE TRANSACTIONS (NOT TARIFFED)

The affiliate transactions pricing guidelines are based on two assumptions. First, affiliate transactions raise the concern of self-dealing where market forces do not necessarily drive prices. Second, utilities have a natural business incentive to shift costs from non-regulated competitive operations to regulated monopoly operations since recovery is more certain with captive ratepayers. Too much flexibility will lead to subsidization. However, if the affiliate transaction pricing guidelines are too rigid, economic transactions may be discouraged.

The objective of the affiliate transactions' guidelines is to lessen the possibility of subsidization in order to protect monopoly ratepayers and to help establish and preserve competition in the electric generation and the electric and gas supply markets. It provides ample flexibility to accommodate exceptions where the outcome is in the best interest of the utility, its ratepayers and competition. As with any transactions, the burden of proof for any exception from the general rule rests with the proponent of the exception.

1. Generally, the price for services, products and the use of assets provided by a regulated entity to its non-regulated affiliates should be at the higher of fully allocated costs or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
2. Generally, the price for services, products and the use of assets provided by a non-regulated affiliate to a regulated affiliate should be at the lower of fully allocated cost or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
3. Generally, transfer of a capital asset from the utility to its non-regulated affiliate should be at the greater of prevailing market price or net book value, except as otherwise required by law or regulation. Generally, transfer of assets from an affiliate to the utility should be at the lower of prevailing market price or net book value, except as otherwise required by law or regulation. To determine prevailing market value, an appraisal should be required at certain value thresholds as determined by regulators.
4. Entities should maintain all information underlying affiliate transactions with the affiliated utility for a minimum of three years, or as required by law or regulation.

E. AUDIT REQUIREMENTS

1. An audit trail should exist with respect to all transactions between the regulated entity and its affiliates that relate to regulated services and products. The regulator should have complete access to all affiliate records necessary to ensure that cost allocations and affiliate transactions are conducted in accordance with the guidelines. Regulators should have complete access to affiliate records, consistent with state statutes, to ensure that the regulator has access to all relevant information necessary to evaluate whether subsidization exists. The auditors, not the audited utilities, should determine what information is relevant for a particular audit objective. Limitations on access would compromise the audit process and impair audit independence.
2. Each regulated entity's cost allocation documentation should be made available to the company's internal auditors for periodic review of the allocation policy and process and to any jurisdictional regulatory authority when appropriate and upon request.
3. Any jurisdictional regulatory authority may request an independent attestation engagement of the CAM. The cost of any independent attestation engagement associated with the CAM, should be shared between regulated and non-regulated operations consistent with the allocation of similar common costs.
4. Any audit of the CAM should not otherwise limit or restrict the authority of state regulatory authorities to have access to the books and records of and audit the operations of jurisdictional utilities.
5. Any entity required to provide access to its books and records should make arrangements as necessary and appropriate to ensure that competitively sensitive information derived therefrom be kept confidential by the regulator.

F. REPORTING REQUIREMENTS

1. The regulated entity should report annually the dollar amount of non-tariffed transactions associated with the provision of each service or product and the use or sale of each asset for the following:
 - a. Those provided to each non-regulated affiliate.
 - b. Those received from each non-regulated affiliate.
 - c. Those provided to non-affiliated entities.

2. Any additional information needed to assure compliance with these Guidelines, such as cost of service data necessary to evaluate subsidization issues, should be provided.

Source:

<http://www.naruc.org/Publications/Guidelines%20for%20Cost%20Allocations%20and%20Affiliate%20Transactions.pdf>

APPENDIX 2 – DETAILED EXPLANATION OF APUC COSTS

1. APUC STRATEGIC MANAGEMENT COSTS

Strategic management decisions are critical for any public utility. The need for strategic management is even more pronounced for APUC as a publicly traded company, which depends on access to capital funding through public sales of units. APUC seeks to hire talented strategic managers that aid in running each facility owned by the company as efficiently and effectively as possible. This ensures the long term health of each utility and ensures that rates are kept as low as possible without compromising the level of service. It also facilitates each regulated utility's access to necessary capital funding at reduced costs. The costs included in Strategic Management Costs fall into the following categories.

a. Board of Directors

The Board of Directors provides strategic oversight on all company affairs including high level approvals of strategy, operation and maintenance budgets, capital budgets, etc. In addition, the Board of Directors provides corporate governance and ensures that capital and costs are incurred prudently, which ultimately protects ratepayers.

b. General Legal Services

General legal services involve legal matters not specific to any single facility, including review of audited financial statements, annual information filings, Sedar filings, review of contracts with credit facilities, incorporation, tax issues of a legal nature, market compliance, and other similar legal costs. These legal services are required in order for APUC to provide capital funding to individual utilities, without which the utilities could not provide adequate service. Additionally, the services ensure that APUC's subsidiaries remain compliant in all aspects of operations and prevent those entities from being exposed to unnecessary risks.

c. Professional Services

Professional Services including strategic plan reviews, capital market advisory services, ERP System maintenance, benefits consulting, and other similar professional services. By providing these services at a parent level, the subsidiaries are able to benefit from economies of scale. Additionally, some of these services improve APUC's access to capital which benefits all of its subsidiaries.

2. ACCESS TO CAPITAL MARKETS

One of APUC's primary functions is to ensure its subsidiaries have access to quality capital. APUC is listed on the New York Stock Exchange ("NYSE") and the Toronto Stock Exchange ("TSX"), leading financial markets. In order to allow its subsidiaries to have continued access to those capital markets, APUC incurs the following costs. These services and costs are a prerequisite to the subsidiaries continued access to those capital markets.

a. License and Permit Fees

In connection with APUC's participation in the NYSE and the TSX, APUC incurs certain license and permit fees such as Sedar fees, annual filing fees, licensing fees, etc. These licensing and permit fees are required in order to sell units on the NYSE and the TSX, which in turn provides funding for utility operations.

b. Escrow Fees

In connection with the payment of dividends to unit holders, APUC incurs escrow fees. Escrow fees are incurred to ensure continued access to capital and ensure continuing and ongoing investments by shareholders. Without such escrow fees, APUC's subsidiaries would not have a readily available source of capital funding.

c. Unit Holder Communications

Unit holder communication costs are incurred to comply with filing and regulatory requirements of the NYSE and the TSX and meet the expectations of shareholders. These costs include items such as news releases and unit holder conference calls. In the absence of shareholder communication costs, investors would not invest in the units of APUC, and in turn, APUC would not have capital to invest in its subsidiaries. With such communications services, the subsidiaries would not have a readily available source of capital funding.

3. APUC FINANCIAL CONTROLS

Financial control costs incurred by APUC include costs for audit services and tax services. These costs are necessary to ensure that the subsidiaries are operating in a manner that meets audit standards and regulatory requirements, which have strong financial and operational controls, and financial transactions are recorded accurately and prudently. Without these services, the regulated utilities would not have a readily available source of capital funding.

a. Audit Fees

Audits are done on a yearly basis and reviews are performed quarterly on all facilities owned by APUC on an aggregate level. These corporate parent level audits reduce the cost of the stand-alone audits significantly for utilities which must perform its own separate audits. Where stand-alone audits are not required, ratepayers receive benefits of additional financial rigor, as well as access to capital, and financial soundness checks by third parties. Finally, during rate cases, the existence of audits provides staff and intervenors additional reliance on the company records, thus reducing overall rate case costs. The aggregate audit is necessary for the regulated utilities to have continued access to capital markets and unit holders.

b. Tax Services

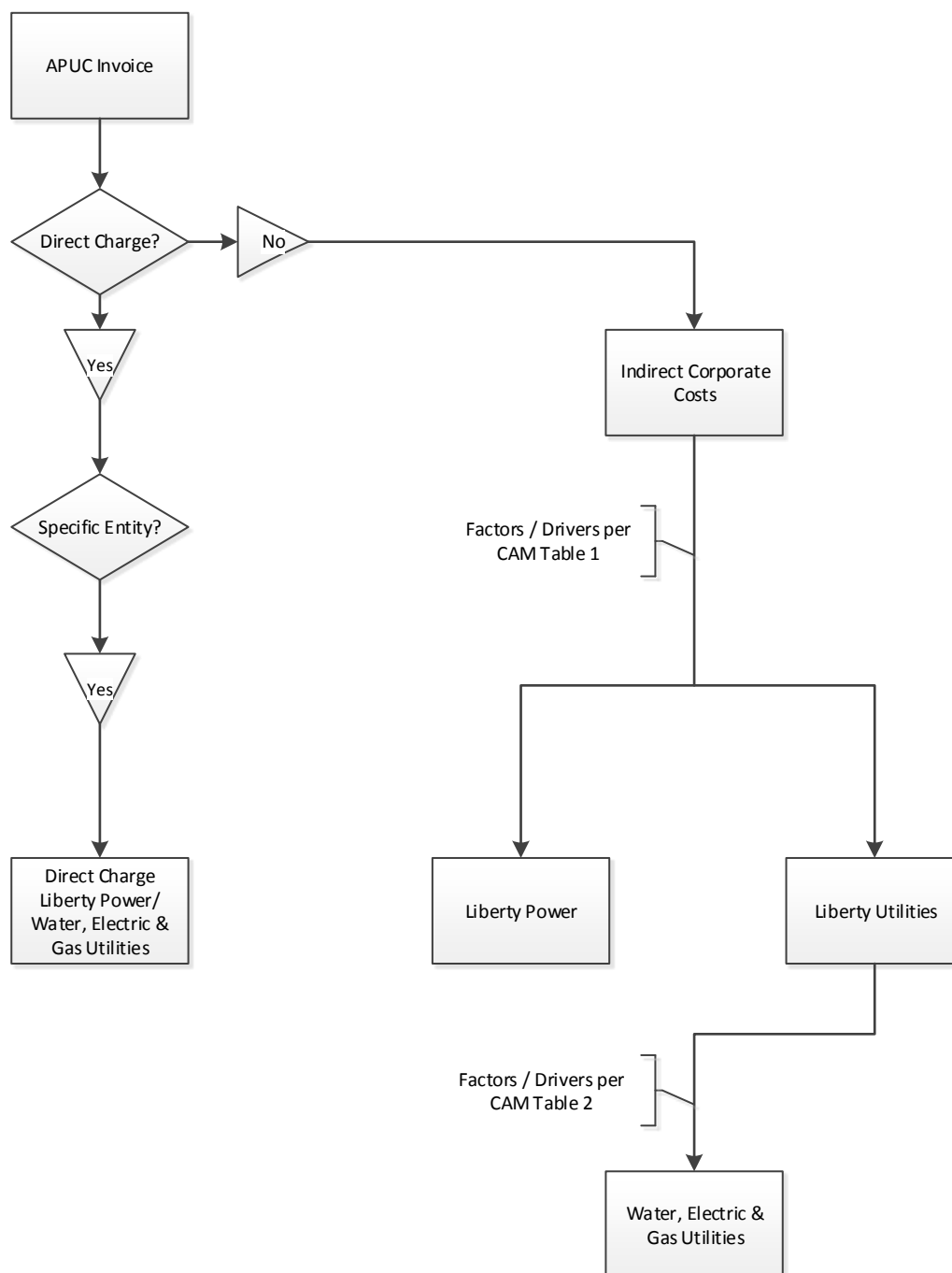
Taxes are paid on behalf of the regulated utilities at the parent level as part of a consolidated United States tax return. Tax services such as planning and filing are provided by third parties. Filing tax returns on a consolidated basis benefits each regulated utility by reducing the costs that otherwise would be incurred by such utility in filing its own separate tax return.

4. APUC ADMINISTRATIVE COSTS

Finally, administrative costs incurred by APUC, in some cases via other corporate entities, such as rent, depreciation of office furniture, depreciation of computers, and general office costs are required to house all the services mentioned above. Without these administrative costs, the employees throughout the APUC organization could not perform their work and provide the necessary services to the regulated utilities. These administrative costs also include training for corporate employees.

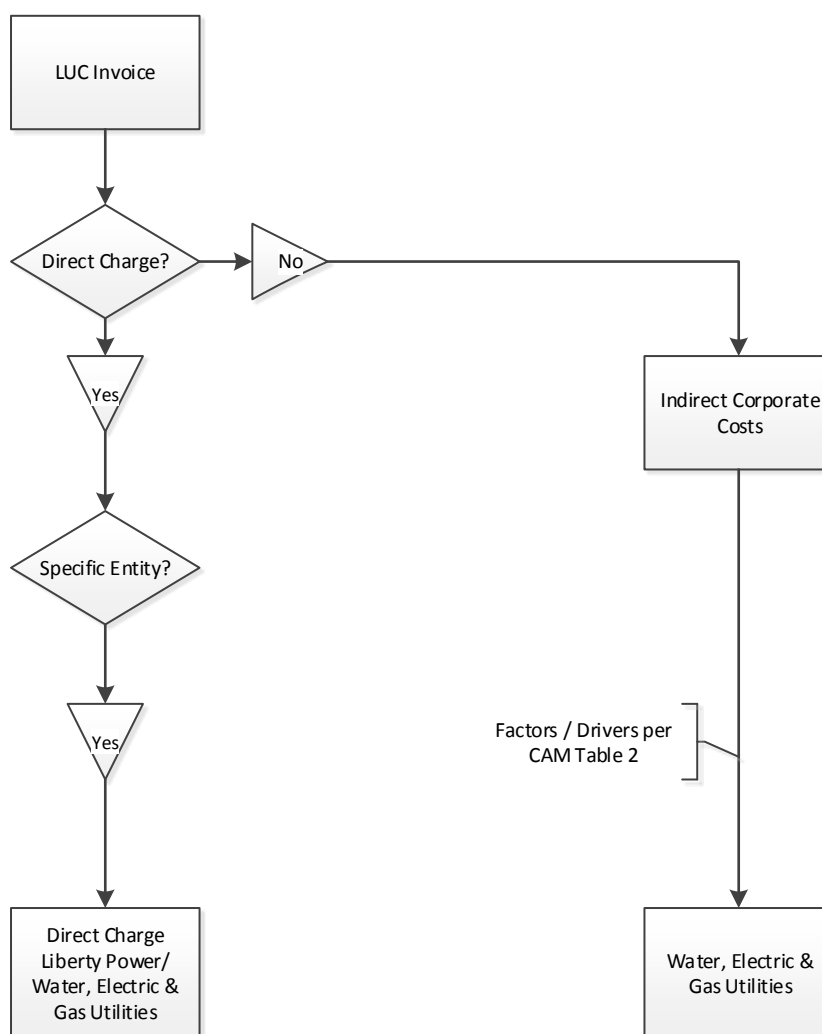
APPENDIX 3 – LIFE OF AN APUC INVOICE

A schematic is provided below showing the trail of an invoice received by APUC for services to be charged to its subsidiaries. The schematic is intended to visually explain the distribution of charges from APUC to Liberty Power and Liberty Utilities companies.



APPENDIX 4 – LIFE OF A LIBERTY UTILITIES INVOICE

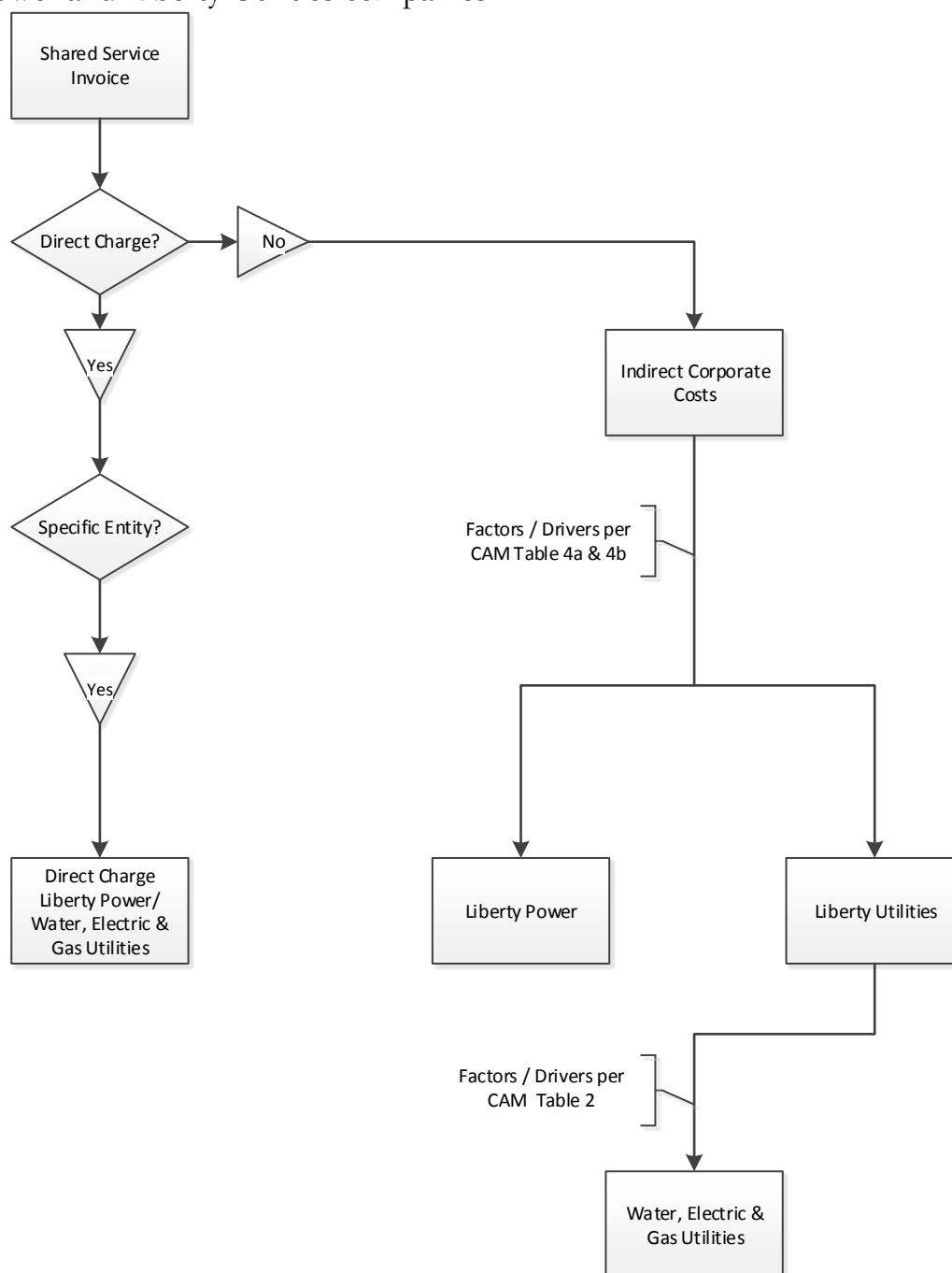
A schematic is provided below showing the trail of an invoice received by Liberty Utilities (LUC) for services to be charged to its utility subsidiaries¹⁸. The schematic is intended to visually explain the distribution of charges from LUC to Liberty Utilities companies.



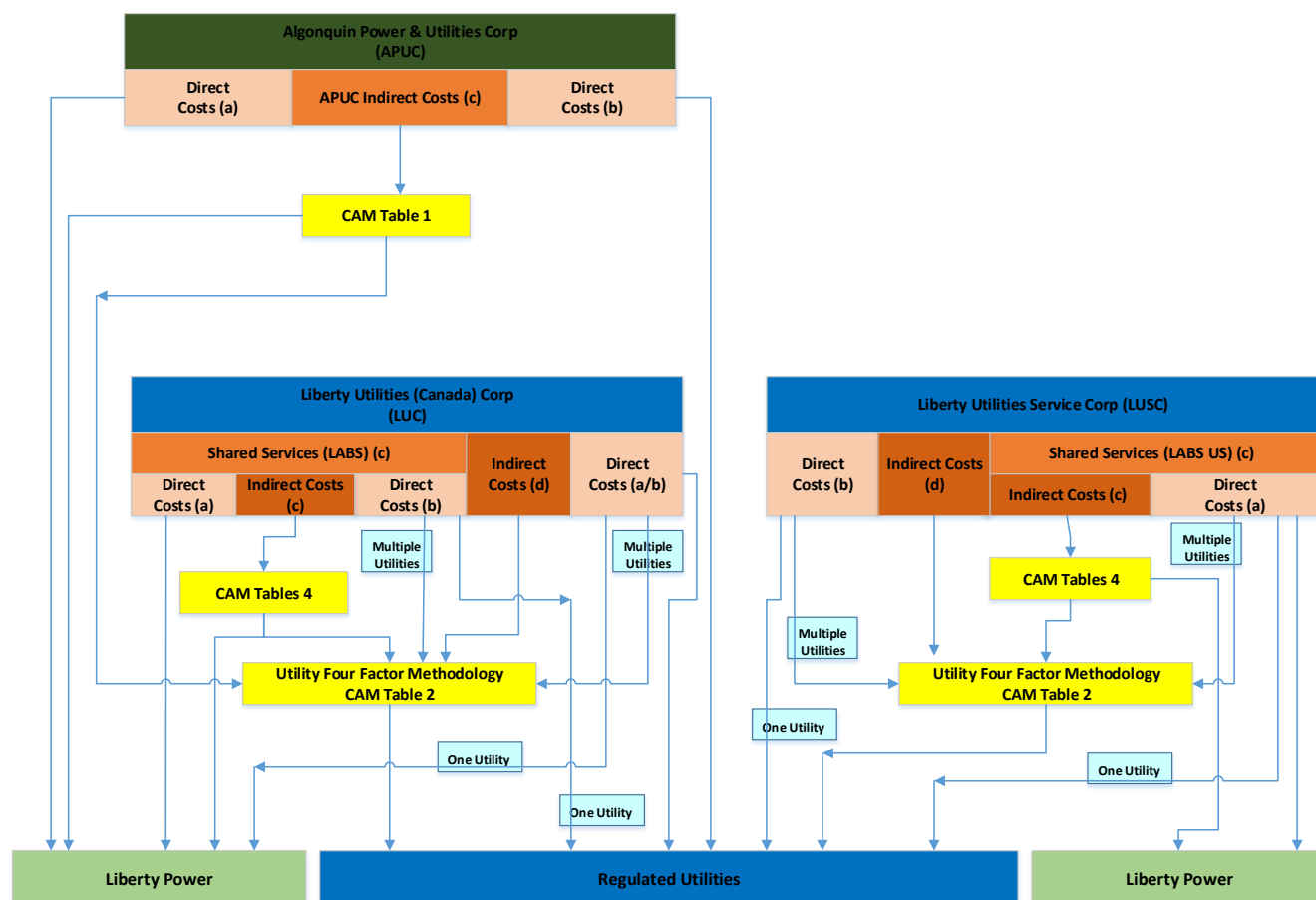
¹⁸ This is for utility-dedicated LUC staff and services (not shared services staff).

APPENDIX 5 – LIFE OF A SHARED SERVICES INVOICE

A schematic is provided below showing the trail of an invoice for shared services provided within Liberty Utilities or LUSC for services to be charged to affiliates and subsidiaries. The schematic is intended to visually explain the distribution of charges from shared services to Liberty Power and Liberty Utilities companies.



APPENDIX 6 – COMPOSITE ILLUSTRATION OF ORGANIZATIONAL COST DISTRIBUTION



Notes:

- (a) Costs that are directly assignable to unregulated companies.
- (b) Costs that are directly assignable to regulated companies.
- (c) Costs that benefit both unregulated and regulated operations
- (d) Costs that benefit all regulated operations.

APPENDIX 7 – GLOSSARY OF TERMS

Algonquin Power & Utilities Corp. (“APUC”)- is a publicly traded company and the ultimate corporate parent of Liberty Utilities and Liberty Power subsidiaries. It provides financial and strategic management, corporate governance, and oversight of administrative and support services to all its subsidiaries.

Algonquin Power Co. (“Liberty Power”)- is a subsidiary of APUC whose primary business is in energy generation through renewal (solar and wind) sources and thermal generating facilities.

Cost Allocation Manual (CAM) – a document that explains how service company costs are assigned to affiliate companies and explains the nature of the services to be provided between affiliates.

Direct Costs- (sometimes referred to as assigned costs)- costs incurred by one company for the exclusive benefit of, or specifically identified with, one or more other companies, and which are directly charged (or assigned) to the company or companies that specifically benefited.

Fully Distributed Cost (FDC)– means a methodology that examines all costs of an enterprise in relation to all the goods and services that are produced. FDC requires recognition of all costs incurred directly or indirectly used to produce a good or service. Costs are assigned either through a direct or allocated approach. Costs that cannot be directly assigned or indirectly allocated (e.g. general and administrative) must also be included in the FDC calculation through a general allocation.

Indirect Costs- costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative, general, and taxes.

Liberty Utilities Co.- is a subsidiary of APUC and the direct or indirect owner of regulated utilities.

Liberty Utilities (Canada) Corp. (“LUC”) - is a subsidiary of APUC and employs Canadian-based employees.

Liberty Utilities Service Corp. (“LUSC”)-is a subsidiary of APUC and employs U.S.-based distribution utility employees and those U.S. based employees providing shared services.

COST ALLOCATION MANUAL

Liberty Algonquin Business Services (“LABS”)- is a business unit with staff employed within LUC and LUSC. These employees provide shared services to both the utility and non-utility businesses within APUC.

NARUC – National Association of Regulatory Utility Commissioners.

Service Agreement – a written agreement specifying the terms and conditions upon which services are provided to and from affiliated entities.

Utility Four-Factor – is an allocation methodology used to allocate indirect costs to regulated utilities based on the following factors: Utility Net Plant, Customer Count, Non-Labor expenses, and labor expenses.

APPENDIX 8 - VERSION LOG

1. Base Year- January 1 2014
2. V2014, July 1, 2015
3. V2017, January 1 2017 (Includes April 2017 Updates)

AFFILIATE SERVICES AGREEMENT
Algonquin Power & Utilities Corp.

This Affiliate Services Agreement (this “Agreement”) is effective as of the 30th day of June, 2017, by and between Algonquin Power & Utilities Corp. (“APUC”) and Liberty Utilities (EnergyNorth Natural Gas) Corp., Liberty Utilities (Granite State Electric) Corp., Liberty Utilities (New England Natural Gas Company) Corp., Liberty Utilities (Peach State Natural Gas) Corp., Liberty Utilities (CalPeco Electric) LLC, Liberty Utilities (Park Water) Corp., Liberty Utilities (Apple Valley Ranchos Water) Corp., Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Gold Canyon Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp., Liberty Utilities (Northwest Sewer) Corp., Liberty Utilities (Black Mountain Sewer) Corp., Liberty Utilities (Entrada Del Oro Sewer) Corp., Liberty Utilities (Pine Bluff Water) Inc., Liberty Utilities (Rio Rico Water & Sewer) Corp., Liberty Utilities (Seaside Water) LLC, Liberty Utilities (Fox River Water) LLC, Liberty Utilities (Missouri Water) LLC, Liberty Utilities (Silverleaf Water) LLC, Liberty Utilities (Tall Timbers Sewer) Corp., Liberty Utilities (White Hall Sewer) Corp., Liberty Utilities (White Hall Water) Corp., Liberty Utilities (Woodmark Sewer) Corp., Liberty Utilities (Woodson-Hensley Water) Corp., Liberty Utilities (Midstates Natural Gas) Corp., The Empire District Electric Company, The Empire District Gas Company, and Empire District Industries, Inc. (each individually a “Liberty Utilities Entity” and collectively, the “Liberty Utilities Entities”). The parties to this Agreement are otherwise collectively referred to as the “Parties” or individually referred to as a “Party.”

WHEREAS, APUC is the ultimate parent company of the Liberty Utilities Entities, and provides certain services to those entities;

WHEREAS, the Parties seek to memorialize the terms and conditions governing the provision of services including the manner in which costs will be charged to the Liberty Utilities Entities;

THEREFORE, the Parties further agree as follows:

Section 1 – Provision of Services

Section 1.1 *Staffing.* In addition to the services of its own staff, APUC will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys to provide the services in Section 1.2.

Section 1.2 *Services.* APUC agrees to provide and the Liberty Utilities Entities agree to accept the following services: Strategic Management, Access to Capital Markets/Financing, Financial Controls, and Administrative.

Section 2 – Records and Charges

Section 2.1 *Records.* APUC shall maintain adequate books and records with

respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Liberty Utilities Entity. APUC shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. Each of the Liberty Utilities Entities shall maintain its own books and records in the manner required by law, and in a transparent manner which allows the amounts billed by APUC to be readily determined.

Section 2.2 Charges. All services rendered under this Agreement will be provided and charged to Liberty Utilities Entities in accordance with the then effective Algonquin Power & Utilities Cost Allocation Manual (“CAM”), which is set forth at <https://libertyutilities.com/lucam.html> and incorporated herein by reference. Charges for services consist of direct and indirect costs. Direct charges shall include direct labor, direct materials, direct purchased services associated with the related asset or services, and overhead amounts. Where service cannot be direct charged, APUC shall charge the Liberty Utilities Entity based on the allocation factors and methodologies set forth in the CAM. All employee costs for APUC employees who perform work for the Liberty Utilities Entity are to be paid by APUC and direct charged to the Liberty Utilities Entity. Joint and common costs not associated with the provision of services listed above shall be charged based on a four-factor allocation methodology in the CAM.

Section 3 - Term

Section 3.1 Term. This Agreement shall continue unless terminated by any of the Liberty Utilities Entities or APUC giving thirty days’ written notice to the other of such termination at the end of any month. Any such termination shall not affect (a) the terminating Party’s accrued rights and obligations under this Agreement arising prior to the effective date of termination; (b) any Liberty Utilities Entities’ rights to obtain any and all records from APUC regarding its provision of services under this Agreement; and (c) APUC’s responsibilities to provide any Liberty Utilities Entity books and records and other information relating to its provision of services under this Agreement. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the Parties hereto.

Section 4 – Confidential Information

Section 4.1. Confidential Information. Each Party shall treat in confidence all information that it shall have obtained regarding the other Parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the Parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole

property of the Party providing such information. The obligation of a Party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such Party from a source other than the Party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

Section 5 – Miscellaneous

Section 5.1 *Compliance with Governing Law.* This Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. In the case of Parties subject to the jurisdiction of the Massachusetts Department of Public Utilities (“MDPU”) or any successor to the MDPU, any amounts to be paid by such Parties in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

Section 5.2 *Limitation of Liability.* Each Party acknowledges and agrees that any services provided by APUC hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY’S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

Section 5.3 *Exclusive Benefit.* This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

Section 5.4 *Assignment.* This Agreement may not be assigned by any Party without the prior written consent of all Parties.

Section 5.5 *Severability.* Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be

unreasonable.

Section 5.6 *Waiver.* Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

Section 5.7 *Entirety.* This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the Parties with respect to the subject matter hereof.

Section 5.8 *Counterparts.* Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all Parties to all counterparts had signed the same instrument.

Section 5.9 *Supremacy.* In the event of a conflict or inconsistency between the terms of this Agreement and the CAM, the CAM shall prevail.

[signatures appear on following pages]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above mentioned.

ALGONQUIN POWER & UTILITIES CORP.

By: _____
Name: Ian Robertson
Title: Chief Executive Officer

By: _____
Name: David Bronicheski
Title: Chief Financial Officer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: _____
Name: James Sweeney
Title: President

By: _____
Name: Tisha Sanderson
Title: Secretary

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.

By: _____
Name: James Sweeney
Title: President

By: _____
Name: Tisha Sanderson
Title: Secretary

LIBERTY UTILITIES (NEW ENGLAND NATURAL GAS) CORP.

By: _____
Name: James Sweeney
Title: President

By: _____
Name: Ronald John Ritchie
Title: Secretary

LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.

By: _____
Name: Charles A. Rossi
Title: President

By: _____
Name: Todd Wiley
Title: Secretary

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

By: _____
Name: Gregory Sorensen
Title: President

By: _____
Name: Todd Wiley
Title: Secretary

LIBERTY UTILITIES (PARK WATER) CORP.

By: _____
Name: Gregory Sorensen
Title: President

By: _____
Name: Todd Wiley
Title: Secretary

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Name: Todd Wiley
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LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

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Name: David Swain
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Name: Todd Wiley
Title: Secretary

LIBERTY UTILITIES (WOODSON-HENSLEY WATER) CORP.

By: _____
Name: James H. "Pete" Lucas

By: _____
Name: Todd Wiley
Title: Secretary

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.

By: _____
Name: David Swain
Title: President

By: _____
Name: Dale Harrington
Title: Secretary

THE EMPIRE DISTRICT ELECTRIC COMPANY

By: _____
Name: David Swain
Title: President

By: _____
Name: Dale Harrington
Title: Secretary

THE EMPIRE DISTRICT GAS COMPANY

By: _____
Name: David Swain
Title: President

By: _____
Name: Dale Harrington
Title: Secretary

EMPIRE DISTRICT INDUSTRIES, INC.

By: _____
Name: David Swain
Title: President

By: _____
Name: Dale Harrington
Title: Secretary

AFFILIATE SERVICES AGREEMENT

Liberty Utilities Co.

This Affiliate Services Agreement (this “Agreement”) is effective as of the 30th day of June, 2017 by and between Liberty Utilities Co., a Delaware corporation (“LU Co.”) and Liberty Utilities (EnergyNorth Natural Gas) Corp., Liberty Utilities (Granite State Electric) Corp., Liberty Utilities (New England Natural Gas Company) Corp., Liberty Utilities (Peach State Natural Gas) Corp., Liberty Utilities (CalPeco Electric) LLC, Liberty Utilities (Park Water) Corp., Liberty Utilities (Apple Valley Ranchos Water) Corp., Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Gold Canyon Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp., Liberty Utilities (Northwest Sewer) Corp., Liberty Utilities (Black Mountain Sewer) Corp., Liberty Utilities (Entrada Del Oro Sewer) Corp., Liberty Utilities (Pine Bluff Water) Inc., Liberty Utilities (Rio Rico Water & Sewer) Corp., Liberty Utilities (Seaside Water) LLC, Liberty Utilities (Fox River Water) LLC, Liberty Utilities (Missouri Water) LLC, Liberty Utilities (Silverleaf Water) LLC, Liberty Utilities (Tall Timbers Sewer) Corp., Liberty Utilities (White Hall Sewer) Corp., Liberty Utilities (White Hall Water) Corp., Liberty Utilities (Woodmark Sewer) Corp., Liberty Utilities (Woodson-Hensley Water) Corp., Liberty Utilities (Midstates Natural Gas) Corp., The Empire District Electric Company, The Empire District Gas Company, and Empire District Industries, Inc. (each individually a “Liberty Utilities Entity” and collectively, the “Liberty Utilities Entities”). The parties to this Agreement are otherwise collectively referred to as the “Parties” or individually referred to as a “Party.”

WHEREAS, LU Co. owns, either directly or indirectly, the Liberty Utilities Entities, and provides certain services to those entities;

WHEREAS, the Parties seek to memorialize the terms and conditions governing the provision of services including the manner in which costs will be charged to the Liberty Utilities Entities;

THEREFORE, the Parties further agree as follows:

Section 1 – Provision of Services

Section 1.1 *Consultants.* LU Co. will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys in its provision of services under this Agreement.

Section 1.2 *Services.* LU Co. agrees to provide, and the Liberty Utilities Entities agree to accept, financing including guarantees, short-term loans payable at periods of one year or less, and long-term capital debt financing on terms and conditions that the Parties may memorialize in a written agreement or agreements, which are separately subject to any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction, including the approval of any federal or state

regulatory body that is a legal prerequisite to the execution and performance of the agreement(s). In addition, LU Co. may provide certain indemnity services to the Liberty Utilities Entities which the Liberty Utilities Entities agree to accept. The Liberty Utilities Entities shall reimburse LU Co. for any monies expended by it in respect of any indemnification services provided.

Section 2 – Records and Charges

Section 2.1 *Records.* All services rendered under this Agreement will be provided at actual cost thereof. Records will be maintained by LU Co. in order to accumulate all costs of doing business and to determine the cost of service. In addition, records will be maintained of general administrative expenses, which will include the costs of operating LU Co. as a corporate entity.

LU Co. shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Liberty Utilities Entities. LU Co. shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. Each of the Liberty Utilities Entities shall maintain its own books and records in the manner required by law, and in a transparent manner which allows the amounts billed by LU Co. to be readily determined.

Section 2.2 *Charges.* Any financing charges incurred by LU Co. on behalf of any Liberty Utilities Entity shall be charged by LU Co. to the applicable Liberty Utilities Entity based on any stand-alone credit agreements/promissory notes with such Liberty Utilities Entity. Any charges associated with indemnity provided by Liberty Utilities Co. will be a direct pass through of any and all costs and expenses associated with same.

Section 3 - Term

Section 3.1 *Term.* This Agreement shall continue unless terminated by any of the Liberty Utilities Entities or LU Co. giving thirty days' written notice to the other of such termination at the end of any month. Any such termination shall not affect (a) the terminating Party's accrued rights and obligations under this Agreement arising prior to the effective date of termination; (b) any Liberty Utilities Entities' rights to obtain any and all records from LU Co. regarding its provision of services under this Agreement; and (c) LU Co.'s responsibilities to provide any Liberty Utilities Entity books and records and other information relating to its provision of services under this Agreement. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the Parties hereto.

Section 4 – Confidential Information

Section 4.1 *Confidential Information.* Each Party shall treat in confidence all information that it shall have obtained regarding the other Parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the Parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. The obligation of a Party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such Party from a source other than the Party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

Section 5 – Miscellaneous

Section 5.1 *Compliance with Governing Law.* This Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. In the case of Parties subject to the jurisdiction of the Massachusetts Department of Public Utilities (“MDPU”) or any successor to the MDPU, any amounts to be paid by such Parties in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

Section 5.2 *Limitation of Liability.* Each Party acknowledges and agrees that any services provided by LU Co. hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY’S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

Section 5.3 *Exclusive Benefit.* This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended and shall not be deemed or construed, to

create any rights in, or responsibilities to, third parties.

Section 5.4 *Assignment.* This Agreement may not be assigned by any Party without the prior written consent of all parties.

Section 5.5 *Severability.* Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

Section 5.6 *Waiver.* Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

Section 5.7 *Entirety.* This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the Parties with respect to the subject matter hereof.

Section 5.8 *Counterparts.* Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all Parties to all counterparts had signed the same instrument.

[signatures appear on following pages]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above mentioned.

LIBERTY UTILITIES CO.

By: _____

Name: Greg Sorensen

Title: President

By: _____

Name: James Sweeney

Title: Secretary/Treasurer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: _____

Name: James Sweeney

Title: President

By: _____

Name: Tisha Sanderson

Title: Secretary

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.

By: _____

Name: James Sweeney

Title: President

By: _____
Name: Tisha Sanderson
Title: Secretary

LIBERTY UTILITIES (NEW ENGLAND NATURAL GAS COMPANY) CORP.

By: _____
Name: James Sweeney
Title: President

By: _____
Name: Ronald John Ritchie
Title: Secretary

LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.

By: _____
Name: Charles A. Rossi
Title: President

By: _____
Name: Todd Wiley
Title: Secretary

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

By: _____
Name: Gregory Sorensen
Title: President

By: _____

Name: Todd Wiley
Title: Secretary

LIBERTY UTILITIES (PARK WATER) CORP.

By: _____
Name: Gregory Sorensen
Title: President

By: _____
Name: Todd Wiley
Title: Secretary

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

By: _____
Name: Gregory Sorensen
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By: _____
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By: _____
Name: Todd Wiley
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LIBERTY UTILITIES (NORTHWEST SEWER) CORP.

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Name: Matthew Garlick
Title: President

By: _____

Name: Todd Wiley
Title: Secretary

LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP.

By: _____
Name: Matthew Garlick
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By: _____
Name: Todd Wiley
Title: Secretary

LIBERTY UTILITIES (ENTRADA DEL ORO SEWER) CORP.

By: _____
Name: Matthew Garlick
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By: _____
Name: Todd Wiley
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LIBERTY UTILITIES (PINE BLUFF WATER) INC.

By: _____
Name: David Swain
Title: President

By: _____
Name: Dale Harrington
Title: Secretary

LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

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Name: Matthew Garlick

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By: _____

Name: Todd Wiley

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LIBERTY UTILITIES (MISSOURI WATER) LLC

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LIBERTY UTILITIES (SILVERLEAF WATER) LLC

By: _____

Name: Matthew Garlick

Title: President

By: _____

Name: Todd Wiley

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LIBERTY UTILITIES (TALL TIMBERS SEWER) CORP.

By: _____

Name: Matthew Garlick

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Name: Todd Wiley
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LIBERTY UTILITIES (WHITE HALL SEWER) CORP.

By: _____
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THE EMPIRE DISTRICT ELECTRIC COMPANY

By: _____
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THE EMPIRE DISTRICT GAS COMPANY

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By: _____

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Title: Secretary

EMPIRE DISTRICT INDUSTRIES, INC.

By: _____

Name: David Swain

Title: President

By: _____

Name: Dale Harrington

Title: Secretary

AFFILIATE SERVICES AGREEMENT
Liberty Utilities Service Corp.

This Affiliate Services Agreement (this “Agreement”) is entered into and effective as of the 30th of June, 2017, by and between Liberty Utilities Service Corp. (“LUSC”) and Liberty Utilities (EnergyNorth Natural Gas) Corp., Liberty Utilities (Granite State Electric) Corp., Liberty Utilities (New England Natural Gas Company) Corp., Liberty Utilities (Peach State Natural Gas) Corp., Liberty Utilities (CalPeco Electric) LLC, Liberty Utilities (Park Water) Corp., Liberty Utilities (Apple Valley Ranchos Water) Corp., Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Gold Canyon Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp., Liberty Utilities (Northwest Sewer) Corp., Liberty Utilities (Black Mountain Sewer) Corp., Liberty Utilities (Entrada Del Oro Sewer) Corp., Liberty Utilities (Pine Bluff Water) Inc., Liberty Utilities (Rio Rico Water & Sewer) Corp., Liberty Utilities (Seaside Water) LLC, Liberty Utilities (Fox River Water) LLC, Liberty Utilities (Missouri Water) LLC, Liberty Utilities (Silverleaf Water) LLC, Liberty Utilities (Tall Timbers Sewer) Corp., Liberty Utilities (White Hall Sewer) Corp., Liberty Utilities (White Hall Water) Corp., Liberty Utilities (Woodmark Sewer) Corp., Liberty Utilities (Woodson-Hensley Water) Corp., Liberty Utilities (Midstates Natural Gas) Corp., The Empire District Electric Company, The Empire District Gas Company, and Empire District Industries, Inc. (each individually a “Liberty Utilities Entity” and collectively, the “Liberty Utilities Entities”). The parties to this Agreement are otherwise collectively referred to as the “Parties” or individually referred to as a “Party.”

WHEREAS, LUSC employs individuals who are dedicated to providing services to specific Liberty Utilities Entities and other individuals who provide shared services across the Liberty Utilities Entities as well other companies within the Algonquin Power & Utilities Corp. holding company system;

WHEREAS, placement of utility employees within LUSC will allow those employees to continue to be employed on the same terms and conditions as when, and as if, directly employed by each Liberty Utilities Entity, but will allow each Liberty Utilities Entity to take advantage of administrative efficiencies, cost savings, and economies of scale relating to payroll administration, benefit costs and other employee-related expenses;

WHEREAS, LUSC and the Liberty Utilities Entities seek to memorialize the terms and conditions that govern LUSC’s provision of services to the Liberty Utilities Entities, including the manner in which costs will be charged to the Liberty Utilities Entities.

THEREFORE, the Parties further agree as follows:

Section 1 – Provision of Services

Section 1.1 *Staffing.* LUSC has and will maintain a staff trained and experienced

in the provision of services described in Section 1.2. In addition to the services of its own staff, LUSC will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys to provide the services in Section 1.2.

Section 1.2 *Services.* LUSC agrees to provide, and the Liberty Utilities Entities agree to accept, services necessary for each Liberty Utilities Entity to provide safe, cost-effective and reliable utility service to its customers. These services include, but are not limited to, the following types of services upon the terms and conditions set forth herein: accounting and finance, compliance, customer care and billing, customer communication, dispatch and control, energy procurement, engineering, environmental, health, safety and security, gas control, GIS/mapping, human resources, information technology/tech support, legal, operations, managerial, outage management, procurement, regulatory & government relations, utility planning, and vegetation management.

Section 1.3 *Intent of Agreement.* The intent of this Agreement is to allow LUSC to provide services necessary for the Liberty Utilities Entities to provide regulated distribution utility service in accordance with all applicable statutes, regulations, rules, ordinances, codes, and similar acts or promulgations of any governmental body. The Parties understand and agree that, at all times, each Liberty Utilities Entity remains solely responsible for operation of the utility in providing safe, reliable and cost-effective service to its customers. The Parties further understand and agree that they each remain responsible for complying with all applicable laws, rules and regulations in the conduct of their respective businesses. The Parties understand and agree that each Liberty Utilities Entity owns and/or controls certain plant, facilities and equipment used and useful in providing distribution utility service to its customers and LUSC does not have any right, ownership or control over such plant, facilities and equipment used and useful in providing electric utility service to those customers.

Section 1.4 *Duties Unchanged.* Nothing herein shall be construed to relieve the officers, directors or members of any of the Liberty Utilities Entities from performing their respective duties, fulfilling their responsibilities, or limiting the exercise of their powers in accordance with their governing documents such as Articles of Incorporation or Operating Agreements, applicable law, or otherwise. The activities of each of the Liberty Utilities Entities shall remain, and at all times be, subject to the control, management and direction of its directors or members and officers.

Section 2 – Records and Charges

Section 2.1 *Records.* LUSC shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify to any utility regulatory body recovery of the costs in the rates of the Liberty Utilities Entities. LUSC shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. Each of the Liberty

Utilities Entities shall maintain its own books and records in the manner required by law, and in a transparent manner which allows the amounts billed by LUSC to be readily determined.

Section 2.2 *Charges.* All services rendered under this Agreement will be provided and charged to Liberty Utilities Entities in accordance with the then effective Algonquin Power & Utilities Cost Allocation Manual (“CAM”), which is set forth at <https://libertyutilities.com/lucam.html> and incorporated herein by reference. Charges for services consist of direct and indirect costs. Direct charges shall include direct labor, direct materials, direct purchased services associated with the related asset or services, and overhead amounts. Where service cannot be direct charged, LUSC shall charge the Liberty Utilities Entity based on the allocation factors and methodologies set forth in the CAM. All employee costs for LUSC employees who perform work for the Liberty Utilities Entity are to be paid by LUSC and direct charged to the Liberty Utilities Entity. Joint and common costs not associated with the provision of services listed above shall be charged based on a four-factor allocation methodology in the CAM.

Section 3 – Term

Section 3.1 *Term.* This Agreement shall continue unless terminated by any of the Liberty Utilities Entities or LUSC giving thirty days’ written notice to the other of such termination at the end of any month. Any such termination shall not affect (a) the terminating Party’s accrued rights and obligations under this Agreement arising prior to the effective date of termination; (b) any Liberty Utilities Entities’ rights to obtain any and all records from LUSC regarding its provision of services under this Agreement; and (c) LUSC’s responsibilities to provide any Liberty Utilities Entity books and records and other information relating to its provision of services under this Agreement. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the Parties hereto.

Section 4 – Information

Section 4.1 *Confidential Information.* The Parties recognize that each LUSC employee who is dedicated to, or otherwise performs any of the services delineated in Section 1.1 above for a Liberty Utilities Entity may have access to confidential and commercially-sensitive information relating to the Liberty Utilities Entity’s utility operations and customers (“Liberty Utilities Entities Confidential Information”). LUSC agrees that such employees performing services for any Liberty Utilities Entity shall use any such Liberty Utilities Entity Confidential Information only for the purpose of performing Section 1.1 services. Each Party shall treat in confidence all information that it shall have obtained regarding the other Party and its respective business. Subject to the disclosure obligations set forth in Section 4.2, if a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential as allowed under the rules of such governmental authority. The obligation of a Party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such Party from a

third party source which is not an affiliate of either Party, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents or other affiliates.

Section 4.2. *Requests by Regulatory Commissions.* The Liberty Utilities Entities are subject to rate and financing regulation by various regulatory commissions and as such are obligated to respond to various requests for information. LUSC and the Liberty Utilities Entities agree and recognize that the Liberty Utilities Entities are responsible for responding fully and timely to any such requests for information relating to the Liberty Utilities Entity and LUSC, and the Liberty Utilities Entities shall accordingly ensure that LUSC shall provide information responding to such requests. The Liberty Utilities Entities further agree that they will not assert an objection to a request by a regulatory commission or otherwise refuse to provide the requested information on the basis either that: (i) the information is held by and needs to be obtained from LUSC; or (ii) employees of LUSC perform the functions necessary for the Liberty Utilities Entity to provide public utility service. The Liberty Utilities Entities do not waive any other legal rights and/or objections relating to information requests, except as noted in this paragraph. Without waiving any legal rights, LUSC additionally agrees that it will provide any and all necessary supporting information to the Liberty Utilities Entities as requested by any regulatory commission relating to the services listed and provided in Section 1.1 above to the Liberty Utilities Entity in question.

Section 5 – Miscellaneous

Section 5.1 *Compliance with Governing Law.* The services provided under this Agreement shall be performed to the extent permitted by law, and this Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. In the case of Parties subject to the jurisdiction of the Massachusetts Department of Public Utilities (“MDPU”) or any successor to the MDPU, any amounts to be paid by such Parties in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

Section 5.2 *Exclusive Benefit.* This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

Section 5.3 *Assignment.* This Agreement may not be assigned by any Party without

the prior written consent of all Parties.

Section 5.4 Severability. Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

Section 5.5 Waiver. Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

Section 5.6 Entirety. This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the Parties with respect to the subject matter hereof.

Section 5.7 Counterparts. Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all Parties to all counterparts had signed the same instrument.

Section 5.8 Supremacy. In the event of a conflict or inconsistency between the terms of this Agreement and the CAM, the CAM shall prevail.

[signatures appear on following pages]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above mentioned.

LIBERTY UTILITIES SERVICE CORP.

By: _____
Name: Greg Sorensen
Title: President

By: _____
Name: James Sweeney
Title: Secretary/Treasurer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: _____
Name: James Sweeney
Title: President

By: _____
Name: Tisha Sanderson
Title: Secretary

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.

By: _____
Name: James Sweeney
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Title: Secretary

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Title: Secretary

EMPIRE DISTRICT INDUSTRIES, INC.

By: _____
Name: David Swain
Title: President

By: _____
Name: Dale Harrington
Title: Secretary

AFFILIATE SERVICES AGREEMENT
Liberty Utilities (Canada) Corp.

This Affiliate Services Agreement (this “Agreement”) is effective as of the 30th day of June, 2017, by and between Liberty Utilities (Canada) Corp. (“LUC”) and Liberty Utilities (EnergyNorth Natural Gas) Corp., Liberty Utilities (Granite State Electric) Corp., Liberty Utilities (New England Natural Gas Company) Corp., Liberty Utilities (Peach State Natural Gas) Corp., Liberty Utilities (CalPeco Electric) LLC, Liberty Utilities (Park Water) Corp., Liberty Utilities (Apple Valley Ranchos Water) Corp., Liberty Utilities (Bella Vista Water) Corp., Liberty Utilities (Gold Canyon Sewer) Corp., Liberty Utilities (Litchfield Park Water & Sewer) Corp., Liberty Utilities (Northwest Sewer) Corp., Liberty Utilities (Black Mountain Sewer) Corp., Liberty Utilities (Entrada Del Oro Sewer) Corp., Liberty Utilities (Pine Bluff Water) Inc., Liberty Utilities (Rio Rico Water & Sewer) Corp., Liberty Utilities (Seaside Water) LLC, Liberty Utilities (Fox River Water) LLC, Liberty Utilities (Missouri Water) LLC, Liberty Utilities (Silverleaf Water) LLC, Liberty Utilities (Tall Timbers Sewer) Corp., Liberty Utilities (White Hall Sewer) Corp., Liberty Utilities (White Hall Water) Corp., Liberty Utilities (Woodmark Sewer) Corp., Liberty Utilities (Woodson-Hensley Water) Corp., Liberty Utilities (Midstates Natural Gas) Corp., The Empire District Electric Company, The Empire District Gas Company, and Empire District Industries, Inc. (each individually a “Liberty Utilities Entity” and collectively, the “Liberty Utilities Entities”). The parties to this Agreement are otherwise collectively referred to as the “Parties” or individually referred to as a “Party.”

WHEREAS, LUC and the Liberty Utilities Entities are all subsidiaries within the Algonquin Power & Utilities Corp. family of companies;

WHEREAS, in order to maximize efficiency and minimize costs for the Parties, LUC may perform various shared services for the Liberty Utilities;

WHEREAS, the Parties seek to memorialize the terms and conditions that govern LUC’s provision of services to the Liberty Utilities Entities, including the manner in which costs will be charged to the Liberty Utilities Entities.

THEREFORE, the Parties further agree as follows:

Section 1 – Provision of Services

Section 1.1 *Staffing.* LUC has and will maintain a staff trained and experienced in the provision of the services described in Section 1.2. In addition to the services of its own staff, LUC will, from time to time, arrange for services of non-affiliated experts, consultants, accountants and attorneys to provide the services in Section 1.2.

Section 1.2 *Services.* LUC agrees to provide, and the Liberty Utilities Entities agree to accept, services necessary for each Liberty Utilities Entity to provide safe, cost-effective and reliable utility services to its customers. These services include, but are not

limited to, the following types of services upon the terms and conditions set forth herein: administration, compliance, customer experience, energy procurement, external communications, financial reporting, treasury, planning and administration, legal, executive and strategic management, environmental, health, safety and security, human resources, information technology, internal audit, operations, procurement, regulatory strategy, risk management, technical services, training, facilities and building rent and utility planning.

Section 2 – Records and Charges

Section 2.1 *Records.* LUC shall maintain adequate books and records with respect to the transactions subject to this Agreement to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in the rates of the Liberty Utilities Entity. LUC shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by the Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement. Each of the Liberty Utilities Entities shall maintain its own books and records in the manner required by law, and in a transparent manner which allows the amounts billed by LUC to be readily determined.

Section 2.2 *Charges.* All services rendered under this Agreement will be provided and charged to Liberty Utilities Entities in accordance with the then effective Algonquin Power & Utilities Cost Allocation Manual (“CAM”), which is set forth at <https://libertyutilities.com/lucam.html> and incorporated herein by reference. Charges for services consist of direct and indirect costs. Direct charges shall include direct labor, direct materials, direct purchased services associated with the related asset or services, and overhead amounts. Where service cannot be direct charged, LUC shall charge the Liberty Utilities Entity based on the allocation factors and methodologies set forth in the CAM. All employee costs for LUC employees who perform work for the Liberty Utilities Entity are to be paid by LUC and direct charged to the Liberty Utilities Entity. Joint and common costs not associated with the provision of services listed above shall be charged based on a four-factor allocation methodology in the CAM.

Section 3 - Term

Section 3.1 *Term.* This Agreement shall continue unless terminated by any of the Liberty Utilities Entities or LUC giving thirty days’ written notice to the other of such termination at the end of any month. Any such termination shall not affect (a) the terminating Party’s accrued rights and obligations under this Agreement arising prior to the effective date of termination; (b) any Liberty Utilities Entities’ rights to obtain any and all records from LUC regarding its provision of services under this Agreement; and (c) LUC’s responsibilities to provide any Liberty Utilities Entity books and records and other information relating to its provision of services under this Agreement. This Agreement shall not be amended except by a written instrument signed by an authorized representative of each of the Parties hereto.

Section 4 – Confidential Information

Section 4.1 *Confidential Information.* The Parties recognize that each LUC employee who performs any of the services delineated in Section 1.1 above for a Liberty Utilities Entity may have access to confidential and commercially-sensitive information relating to the Liberty Utilities Entity's utility operations and customers ("Liberty Utilities Entities Confidential Information"). LUC agrees that such employees performing services for any Liberty Utilities Entity shall use any such Liberty Utilities Entity Confidential Information only for the purpose of performing Section 1.1 services. Each Party shall treat in confidence all information that it shall have obtained regarding the other Party and its respective business. Subject to the disclosure obligations set forth in Section 4.2, if a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure confidential as allowed under the rules of such governmental authority. The obligation of a Party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such Party from a third party source which is not an affiliate of either Party, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents or other affiliates.

Section 5 – Miscellaneous

Section 5.1 *Compliance with Governing Law.* The services provided under this Agreement shall be performed to the extent permitted by law, and this Agreement will be subject to termination or modification at any time to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and performance. Cost allocations and the methods of allocation provided herein may also be subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, to the extent applicable, FERC determinations regarding the allocation of costs shall be dispositive. In the case of Parties subject to the jurisdiction of the Massachusetts Department of Public Utilities ("MDPU") or any successor to the MDPU, any amounts to be paid by such Parties in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

Section 5.2 *Limitation of Liability.* Each Party acknowledges and agrees that any services provided by LUC hereunder are so provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY'S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR

A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

Section 5.3 *Exclusive Benefit.* This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended and shall not be deemed or construed, to create any rights in, or responsibilities to, third parties.

Section 5.4 *Assignment.* This Agreement may not be assigned by any Party without the prior written consent of all Parties.

Section 5.5 *Severability.* Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or enforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

Section 5.6 *Waiver.* Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other subsequent breach.

Section 5.7 *Entirety.* This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof and supersedes all prior Agreements, understandings, negotiations and discussions, whether oral or written between the Parties with respect to the subject matter hereof.

Section 5.8 *Counterparts.* Any number of counterparts of this Agreement may be executed, and each shall have the same force and effect as an original instrument, as if all Parties to all counterparts had signed the same instrument.

Section 5.9 *Supremacy.* In the event of a conflict or inconsistency between the terms of this Agreement and the CAM, the CAM shall prevail.

[signatures appear on following pages]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above mentioned.

LIBERTY UTILITIES (CANADA) CORP.

By: _____
Name: David Pasieka
Title: President

By: _____
Name: David Bronicheski
Title: Authorized Signing Officer

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

By: _____
Name: James Sweeney
Title: President

By: _____
Name: Tisha Sanderson
Title: Secretary

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.

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