



THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Liberty Utilities (Granite State Electric) Corp.
d/b/a Liberty Utilities

Distribution Rate Case

Docket No. DE 16-383

Technical Statement of Steven E. Mullen

May 24, 2018

A. Purpose of Technical Statement

On March 16, 2018, Liberty Utilities (Granite State Electric) Corp. ("Liberty" or "the Company") filed its request to implement the step adjustment for the Pelham substation as provided in the Settlement Agreement and Commission Order No. 26,005, approving that Settlement. On May 10, 2018, the Company filed testimony and schedules responding to the Commission's Secretarial letter dated May 7, 2018.

On May 17, 2018, a hearing was held on this matter, at which time the Company was asked to provide a breakdown of costs associated with the Pelham substation, along with any Over Expenditure Forms and the Project Close Out Report. This technical statement includes three attachments, which provide the information requested at hearing, primarily details on the Pelham substation and getaway cable buildout.

As shown on the summary and materials pages, included as Attachment 1, much of the materials were charged to the substation buildout, including some of the costs associated with the getaway cable job, due to the fact that the cables are required to move power out of the substation. As a result, some costs of the getaway cable project were included in the substation job rather than the getaway cable job.

The scope of getaway cable work was to replace the existing direct buried feeder getaways with 1000 MCM¹ cable installed in a manhole and duct system, which would also include the two new feeders 14L4 and 14L5. The 14L5 overhead portion was not installed due to budget restrictions and was not part of the work that was available for recovery as part of the step adjustment. The scope of this work included installation of concrete encased duct bank and three manholes.

B. Attachment 1 – Summary and Materials Breakdown

Attachment 1 provides two pages of information. Page 1 includes a summary of spending by year; page 2 includes the breakdown of major materials.

The summary provides for the following items:

- Materials – all materials associated with the building of the substation and getaway cables

¹ MCM = thousands of circular mils.

- Internal labor – labor costs associated with Liberty Utilities employees
- Overheads – labor costs associated with indirect costs
- Vendors – labor costs associated with contractors and outside engineering services
- AFUDC – cost of financing
- Planning criteria exclusion – the costs associated with planning criteria have been excluded from the step adjustment as agreed to in the Settlement Agreement
- Materials return – items that were not needed once the job was completed and have been returned to inventory

The \$4,464,414 shown in the “Subtotal” column for the Substation Build and the \$446,562 shown in the “Total” column for the Getaway Cables agree with the amounts included in Liberty’s March 16, 2018, filing as well as Liberty’s additional testimony filed on May 10, 2018, and represents the “plant investments in service and used and useful by December 31, 2017,” consistent with Section II.B. 3 of the Settlement Agreement.

C. Attachment 2 – Over Expenditure Form

Attachment 2 provides the Over Expenditure Form, which provides the increased cost of the project due to the necessary ledge removal for the control house. As part of the project build out, the Company found that the existing control house was too small for the additional relay cabinets and a new control house was needed. The original budget included the cost of the control house, but did not include costs associated with ledge removal.

D. Attachment 3 – Project Close Out Forms

Attachment 3 includes Project Close Out Forms for 2016 for the Getaway Cables and the Substation Build, and a Project Close Out Form for 2017 for the Substation Build. The Project Close Out Forms verify that the substation was in service and used and useful, as required for the step adjustment. The 2017 substation project close out form shows the total 2017 costs of \$3,925,242, while the total costs for 2017 are actually \$3,859,627. The updated costs in Attachment 1 provide for the exclusion of planning criteria and material returns. In addition, the RWIP (cost to remove existing plant) of \$3,985 is not included in Attachment 3. The 2016 form for the substation build provides for the \$447,828 costs incurred in 2016.

E. Conclusion

The Company was asked, through a record request, to provide a breakdown of charges for the project, along with any over expenditure forms and the Project Close Out Report. I have confirmed through discussions with the Engineering department that the project is operating as designed and has addressed the conditions for which it was built, consistent with my testimony at the May 17, 2018 hearing.

The Company is providing these items, as requested, and appreciates the opportunity to supplement the record with this additional information.