

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

Docket No. DE 13-_____

Granite State Electric Company d/b/a Liberty Utilities
Fiscal Year 2013 Reliability Enhancement Plan and
Vegetation Management Plan
Report and Reconciliation Filing

**DIRECT TESTIMONY
OF
CHRISTIAN BROUILLARD
AND
JEFFREY CARNEY**

May 15, 2013

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1 **Q. Please describe your professional experience.**

2 A. In 1982, I began my engineering career as an associate engineer with Massachusetts
3 Electric Company, a subsidiary of National Grid USA (“National Grid”) and a prior
4 affiliate of Granite State. One of my initial assignments was as area engineer for Granite
5 State Electric Company. From 1982 to 1992 I held positions of progressive responsibility
6 in the distribution engineering, planning, protection, and executive support functions. In
7 1993, I was promoted to Manager of District Engineering and have held various
8 engineering and management positions since that time, including Manager of Asset
9 Strategy. In 2005, I became Manager of Work Planning and was responsible for
10 developing National Grid’s capital construction plans. In 2008, I was promoted to
11 Director, Investment Planning for National Grid’s electric distribution system in both
12 New England and New York. In 2011, I assumed my current role as Director of
13 Engineering for Liberty Energy NH.

14
15 **Q. Have you previously testified before the New Hampshire Public Utilities**
16 **Commission (the “Commission”)?**

17 A. No.

18
19 **Jeffrey Carney**

20 **Q. Mr. Carney, would you please state your full name and business address?**

21 A. My name is Jeffrey Carney, and my business address is 407 Miracle Mile, Lebanon, New
22 Hampshire 03766.

1 **Q. By whom are you employed and in what position?**

2 A. I am employed by Liberty Energy NH as the Vegetation Supervisor. In my capacity as
3 Vegetation Supervisor, I support Electric Operations and plan, budget and manage the
4 Liberty Energy NH vegetation management programs, vendor performance, storm and
5 regulatory support on the distribution and sub-transmission assets of Granite State
6 Electric Company d/b/a Liberty Utilities (“Liberty Utilities” or the “Company”).
7

8 **Q. Please describe your educational background.**

9 A. I graduated from Paul Smith’s College of Arts and Sciences in Paul Smiths, New York in
10 1976. I received an associate’s degree in Applied Science in Forestry and Land
11 Surveying.
12

13 **Q. Please describe your professional experience.**

14 A. I joined Liberty Energy NH April 1, 2012 when I assumed transitional responsibility for
15 National Grid FY13 Vegetation Management Program filed on February 15, 2012. Prior
16 to that, I served as the System Arborist for National Grid Service Company from 2007 to
17 2012. I was the Transmission and Distribution Forester for Granite State and New
18 England Power Company’s territory in New Hampshire and Vermont from 1989 to 2005.
19 From 2005 to 2007, I was the New England North Lead Arborist for National Grid and
20 oversaw New England North Arborists responsible for developing forestry strategy and
21 delivery the work plan. During that time, I simultaneously served as the Company’s

1 District Arborist in New Hampshire. From 1979 to 1989, I was a self-employed

2 Consulting Forester.

3
4 **Q. Have you previously testified before the Commission?**

5 A. Yes. I have previously testified before this Commission on vegetation management
6 issues.

7
8 **II. PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of this testimony?**

10 A. This testimony provides the Commission with specific background information regarding
11 the Reliability Enhancement Program (“REP”) and Vegetation Management Program
12 (“VMP”) that Liberty Utilities implemented during Fiscal Year 2013 (April 1, 2012 -
13 March 31, 2013) and as described in the Company’s accompanying Fiscal Year 2013
14 (“FY 2013”) Reliability Enhancement Plan and Vegetation Management Plan Report
15 dated May 15, 2013 (the “2013 REP/VMP Report”) submitted with this filing.

16 Additionally, this testimony provides support for the Company’s request to refund to
17 customers \$52,081, which represents the amount of expense below the Base Plan
18 operating and maintenance (“O&M”) amount of \$1,360,000 that was defined by the
19 settlement agreement approved by the Commission in the National Grid/KeySpan merger
20 proceeding in Docket No. DG 06-107¹ (“Settlement Agreement”). Specifically, this
21 amount is comprised of \$200,973 of O&M spending for the REP and VMP above the

¹ See Order No. 24,777 (July 12, 2007).

1 Base Plan O&M amount of \$1,360,000 less \$253,054 in credits for vegetation
2 management reimbursements received from FairPoint Communications (“FairPoint”).
3 The refund of \$52,081 represents an increase of \$243,126 above the incremental
4 \$295,207 of REP/VMP O&M that is currently embedded in rates. Subject to approval by
5 the Commission, this amount is proposed to be refunded through the REP/VMP
6 Adjustment Provision as set forth in Exhibit GSE-8 of the Granite State Rate Plan
7 approved as part of the Settlement Agreement.

8 Finally, the Company is requesting an incremental revenue requirement of \$125,829
9 associated REP Capital Investment of \$545,916. Information regarding the calculation of
10 the REP/VMP Adjustment Provision and the REP Capital Investment Allowance, and the
11 associated rate impacts, is set forth in the testimony of ChristiAne Mason, which is a part
12 of this filing. The new O&M amount requested would be effective for usage on and after
13 July 1, 2013.

1 **III. OVERVIEW OF REP AND VMP**

2 **Q. Please explain the purpose of the REP and VMP.**

3 A. As part of the Settlement Agreement, Granite State committed to implement a REP and
4 VMP to bring the Company back to the historical reliability performance levels that
5 existed prior to 2005, with the goal of meeting those historical performance levels by
6 2013. In general, the REP and VMP include categories of both capital and O&M
7 spending targeted to improve reliability performance. The REP and VMP are premised
8 on the understanding that a certain amount of annual spending on both capital and O&M
9 activities is necessary to maintain the safety and reliability of the Company's electric
10 distribution system. The Settlement Agreement assumed that a base amount of
11 \$1,360,000 will be spent on O&M activities associated with the REP and VMP during
12 each fiscal year of the Company's five-year rate plan with the Company establishing a
13 proposed budget for REP capital investments for each fiscal year following discussions
14 with Staff. Under the Settlement Agreement, to the extent the Company spends less than
15 the agreed upon base O&M budget on REP and VMP O&M activities in a given fiscal
16 year, the difference would be credited, at the Commission's discretion, either to
17 customers through a refund commencing on July 1 or a credit to the following year's REP
18 and VMP O&M budget. Notwithstanding the base O&M amount of \$1,360,000, the
19 Company has the flexibility to propose, implement and collect the revenue requirement

1 associated with alternative plans that exceed the base O&M amount assuming that the
2 associated spending is just and reasonable.²

3
4 **Q. Please describe what types of activities are included in the REP and VMP.**

5 A. As described in detail in Exhibit GSE-8 to the Settlement Agreement, the REP and VMP
6 include the following categories of activities: feeder hardening, augmented tree-trimming
7 and clearing, asset replacement (including recloser installations), and inspection and
8 maintenance. The program's current focus is augmented tree-trimming and clearing and
9 recloser installation. For FY 2013, there remain some carryover costs for the feeder
10 hardening program to reflect work completed in March of FY 2012 but due to timing of
11 vendor invoices, the assets were not placed in service until the first quarter of FY 2013.

12
13 **Q. Please explain how the Company decides to allocate funds towards vegetation**
14 **management and reliability activities within a given year's budget and the process**
15 **the Company uses to determine which REP/VMP projects to undertake in any given**
16 **year.**

17 A. Each year, the Company develops an Annual Work Plan that is designed to achieve the
18 overriding performance objectives of the business (safety, reliability, efficiency, customer
19 satisfaction and environmental responsibility). At the outset, the Company compiles a

² Settlement Agreement, Exhibit GSE-8 at pages 4-5 provides for cost recovery for any deviations from the plan reviewed by Staff, providing that the deviations were either due to circumstances out of the Company's reasonable control or, if within its control, were reasonable and prudent. Exhibit GSE-8 at pp. 8-9.

1 draft work plan that consists of a compilation of proposed spending for asset strategies,
2 individual capital projects and statutory and regulatory mandatory work activities. Each
3 potential project specified within the plan includes a business justification for the project
4 and estimated costs. The Company then uses a prioritization model based on relative risk
5 associated with each project proposal to facilitate the selection of appropriate projects to
6 be included in the Annual Work Plan. All of the proposed projects then undergo review
7 and are prioritized to achieve an optimized portfolio of projects considering the most up
8 to date reliability performance information compared to the reliability improvements
9 targeted by the various programs and the deliverability of the various programs within the
10 fiscal year. This process for the FY 2013 REP/VMP Plan occurred during National
11 Grid's ownership of the Company.

12
13 The process is designed to ensure the Company arrives at a budget that is the optimal
14 balance in terms of selecting the investments necessary to maintain and improve the
15 performance of the system, while also ensuring a cost-effective use of the Company's
16 available resources. At the same time, the Company attempts to maintain a level of
17 flexibility inherent with regard to the budget and spending process in order to deal with
18 changes in circumstances that inevitably arise during the year. The allocation of funds for
19 vegetation management and reliability activities is part of this budgeting process.

20
21 **Q. Please explain how capital improvements in the REP/VMP Plan relate to the other**
22 **capital investments made by the Company to its system.**

1 A. The capital improvements in the REP/VMP Plan are developed within Company's overall
2 capital investment plans. The REP/VMP Plan are a subset of the Company's five-year
3 capital plan that includes investments in the following key areas: (a) expenditures
4 required to ensure that the Company meets its legal, regulatory and contractual
5 obligations; (b) capital expenditures required to replace failed or damaged equipment and
6 to restore the Company's system to its normal operating configuration and capability
7 following storm or other events; (c) non-infrastructure improvements that are required to
8 run the Company's power system, such as tools and other general plant; (d) expenditures
9 undertaken to maintain and/or upgrade the capability of the Company's system to provide
10 adequate or improved thermal loading, voltage, stability, reliability or availability
11 performance; and (e) capital expenditures required to reduce the risk and consequences of
12 potential failures of transmission and distribution assets.

13
14 **Q. Please summarize the Company's actual results for the Fiscal Year 2013 REP/VMP**
15 **Report and the level of recovery the Company is requesting.**

16 A. By May 15 of each fiscal year associated with the five-year rate plan period (January 1,
17 2008 through December 31, 2012), the Company is required to make a reconciliation
18 filing with the Commission for both its REP and VMP detailing the actual amounts
19 associated with REP and VMP activities during the prior fiscal year as compared with
20 budgeted amounts. For the Company's FY 2013 plan, the Company met with
21 Commission Staff and agreed on an O&M budget of \$1,721,585 which was submitted to
22 Staff on February 15, 2012. This budget reflected an incremental increase of \$361,585

1 over the threshold amount of \$1,360,000 in O&M expense to account for the costs
2 associated with hazard tree removals and general increases to vegetation management
3 costs since the inception of the REP/VM program in 2007. As noted above and set forth
4 in the 2013 REP/VMP Report, the Company's actual O&M expense and capital
5 investment associated with REP/VMP activities were below the level in the filed budget
6 and as a result the Company is proposing to refund to customers \$52,081 O&M expense
7 in this filing. At the same time, as described in more detail in the testimony of
8 ChristiAne Mason, the Company is also requesting an incremental REP Capital
9 Investment Allowance of \$125,829, representing the revenue requirement associated with
10 \$545,916 of capital investment in FY 2013. If approved, the Company is requesting that
11 these rate adjustments become effective for usage on and after July 1, 2013, as set forth in
12 the Settlement Agreement.

13
14 **IV. FISCAL YEAR 2012 REP AND VMP IMPLEMENTATION**

15 **Q. Please describe the Company's capital investment during the fiscal year.**

16 A. The Company proposed a \$588,000 capital budget and \$145,000 for O&M associated
17 with its REP in Fiscal Year 2013 ("FY 2012") as shown in Table 1 and Table 4 of the
18 2013 REP/VMP Report. The Company budgeted this amount to install ten (10) line
19 reclosers in a combination of loop and radial schemes along with completing the
20 replacement of remaining potted porcelain cutouts by the end of the fiscal year. As shown
21 in Table 4 of the 2013 REP/VMP Report, the Company met these targets. Cutout
22 replacements were completed for all remaining cutouts identified on the system including

1 those that required customer outages, which totaled 56 cutouts, 6 more than the projected
2 50.

3
4 **Q. Please explain why the Company's actual O&M spending for FY 2012 varied from**
5 **the Company's original budget.**

6 A. As described in the 2012 REP/VMP Report, the lower than forecasted actual O&M
7 spending can be attributed to lower than forecasted bid prices for cycle pruning. In
8 addition, the Company also experienced lower than anticipated demand for VMP work.
9 However, these expenses savings were offset by cycle pruning police detail expenses
10 which exceeded the anticipated spending level. The Company also spent \$31,027 in
11 O&M costs associated with the REP programs representing the carryover O&M related to
12 Feeder Hardening Plant In Service from invoices paid in FY2013 for work completed in
13 March FY2012 but not yet booked to plant in service. This spending represents \$113,973
14 less than the proposed budget of \$145,000. This decrease in O&M costs was driven by
15 timing of vendor payments for work completed in the fourth quarter of FY 2013 and
16 differences between the National Grid and Liberty Utilities accounting systems.

17
18 **Q. Please summarize the reliability results shown in the Fiscal Year 2013 report.**

19 A. Metrics for Calendar Year 2012 and the FY 2013 are presented in Table 5 and Table 6,
20 respectively, of the 2013 REP/VMP Report. The metrics are based on both the regulatory
21 standard for excluding major weather events and the IEEE Standard 1366 method for
22 excluding major weather events. The metrics include Customers Interrupted, Customer

1 Minutes Interrupted, system average interruption frequency index (“SAIFI”), and system
2 average interruption duration index (“SAIDI”).

3
4 As shown in Figure 1 of the 2013 REP/VMP Report, the reliability metrics in FY 2013
5 are less favorable than the metrics in FY 2012. However, the multi-year trend in
6 performance since 2005 remains on an improving (downward) trajectory. The SAIDI
7 metric was better than the five year average. The SAIFI metric for FY 2013 was narrowly
8 missed but reflected a result consistent with the downward trend and five year average. It
9 is worth noting that the trend for SAIDI and SAIFI performance has been improving since
10 FY 2006. The significant reliability events, excluding storms, for CY 2012 and FY 2013
11 include loss of supply to the Charlestown and Vilas Bridge substations, tree related
12 outages on the Spicket River feeders, and a tree related outage impacting the Lebanon and
13 Enfield feeders. Some level of variability is to be expected in the year to year metrics,
14 typically rooted in weather pattern changes, year to year. The Company believes that
15 there is value in tracking a five year rolling reliability and thus has included the five year
16 rolling average since 2005 in Table 7 of the Report.

17 **Q. Are the REP/VMP expenditures for which the Company is now seeking recovery**
18 **reasonable?**

19 A. Yes. As described in this filing, the expenditures were reasonable because they were
20 made for programs that are specifically referenced in the Settlement Agreement as
21 necessary to achieve continued improvement in the Company’s system reliability in order
22 to achieve and maintain pre-2005 reliability levels. The work undertaken this year for

1 vegetation management, recloser installations and cutout replacements was incurred for
2 the explicit purpose of improving system reliability and consistent with the intent of the
3 Settlement Agreement. These expenditures generated real customer benefits in the form
4 of improved reliability performance. As such, the Commission should approve recovery
5 of these expenditures and permit the requested rate adjustments to become effective for
6 usage on and after July 1, 2013.

7
8 **V. CONCLUSION**

9 **Q. Does that conclude your testimony?**

10 **A. Yes, it does.**

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