

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities

DA 16-560

Affiliate Agreement with Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
related to Concord Training Center

Staff Data Requests - Set 2

Date Request Received: 6/21/16
Request No. Staff 2-3

Date of Response: 7/1/16
Respondent: Mark Smith

REQUEST:

Ref. Response of Staff 1-4. Did Liberty perform any cost-benefit analysis concerning use of the training center? Identify and quantify all major and minor benefits and costs analyzed. Provide details with supporting analysis and work papers.

RESPONSE:

Yes, Liberty performed a cost benefit analysis concerning the use of the training center. The analysis was based on economic factors as well as non-economic factors. A cost estimate of utilizing the National Grid training facility in Millbury, Massachusetts was approximately \$375,000 per year, which included an analysis of six months of use by gas employees and 12 months of use by electric employees during 2013. See Attachment Staff 2-3.xlsx. That cost estimate includes incremental travel time and instructor's charges combined for electric and gas employees. It does not include the employee's basic hourly pay rate which would have been incurred regardless of where the training was held. As the cost estimate was based on the number of employees who attended training during that time period, the cost estimate is significantly less than the amount that would be calculated based on the amount of training that has been conducted and will be conducted going forward at the Liberty training center, as discussed below.

In addition to cost, other factors played a major role in the decision process. The arrangement with National Grid was temporary, like the Transition Service Agreements (TSAs) between Liberty and National Grid. Liberty did not have a written TSA with National Grid for training but did have a verbal commitment from National Grid to provide training services for a reasonable period of time until Liberty was ready to assume this obligation. When training in Millbury, Liberty employees were part of classes which included National Grid employees from Massachusetts and/or Rhode Island. Consequently the training they received was not specific to New Hampshire and in some cases conflicted with New Hampshire practices and procedures. Also, scheduling New Hampshire employees for this training was becoming increasingly difficult as Liberty employees were slotted into classes based on when openings were available. Priority was given to the National Grid employees. In many cases, the timing of available openings was in conflict with operational needs. Liberty also searched the local area for another

source of training and found no gas or electric training available that would in any way come close to meeting our needs. Consideration was given to utilizing an existing Liberty facility. The only facility reasonably centrally located and of sufficient size was a building in the Manchester yard. However, due to environmental and permitting issues, it was ruled out. For all of the above reasons the decision was made to build a training center.

Operator Qualifications (OQs) testing is also performed at the training center. Prior to construction of the training center, OQ testing was done using site visits to the various operating yards with testing logistics and conditions varying from site to site. Gas OQ testing criteria have also recently changed. As OQs expire, there is a new requirement to demonstrate proficiency by physically performing the respective task in addition to the current requirement to pass the written test. This requires even greater use of the training center as it allows the instructor to assess the individual's ability to perform the tasks in a controlled environment rather than in the field which is more difficult as logistics and conditions at the yards varied. There are approximately eighty-five OQ tasks. While every employee is not required to pass them all, each employee does have to pass a number of them. Specific OQ tasks vary by job function. Since it now controls the scheduling of training, Liberty is able to train and test more employees more efficiently than when Liberty relied on National Grid for training. In addition, local training keeps employees in the area and able to respond to an emergency situation if needed. The training center is also being used for basic gas and electric training for all non-field employees to provide them with a better understanding of the business. Such training would not have been possible with National Grid's facility given the constraints on use of that facility. To date, approximately 110 employees have been through this basic training. Liberty also plans to use the training center for public awareness training with first responders such as fire departments and police. It will also be used in our outreach efforts with technical high schools and colleges to educate students in careers in the utility industry. For all these reasons having a Liberty training facility provides many quantifiable and non-quantifiable benefits to the Company, its employees, customers and the communities served by Liberty.

Liberty Utilities (Granite State Electric) Corp_ d/b/a Liberty Utilities
Docket No. DE 16-383
Distribution Service Rate Case
GSEC Set 1 Information Requests

Docket No. DE 16-383
Attachment MES/SEM-2

Received: January 6, 2017
Request Number: GSEC 1-7

Date of Response: January 20, 2017
Witness: Al-Azad Iqbal

Request:

Reference Bates 00009, lines 6 – 10.

- a. Please provide copies of all discovery responses provided by Unitil Energy Systems, Inc. (UES) in its current distribution rate case, DE 16-384, that relate to training needs, costs and hours.
- b. Please provide all other information in Staff's possession that includes any of the following information with respect to UES's training for its electric and gas employees:
 - i. Training calendars for each year 2013 – 2016;
 - ii. Number of employees who attended training each class and each year;
 - iii. The topics of each training class; and
 - iv. The number of hours of training required for each class.
- c. Please provide documentation of any analysis performed by Staff or UES to determine that the training methods employed by UES are the least cost alternative.

Response:

- a) There was no discovery related to training needs, costs and hours in Unitil Energy Systems, Inc. (UES) 's rate case, DE 16-384.
- b) Staff currently does not possess any of the information.
- c) Staff did not perform any analysis related to least cost alternatives for the training methods employed by UES. UES did not propose any significant change to its training methods or to recover significant, new investments in training related infrastructure. If that were the case in future, Staff would review UES' decision, including any supporting analyses performed, concerning other available alternatives.

Liberty Utilities (Granite State Electric) Corp_ d/b/a Liberty Utilities
Docket No. DE 16-383
Distribution Service Rate Case
GSEC Set 1 Information Requests

Docket No. DE 16-383
Attachment MES/SEM-3

Received: January 6, 2017
Request Number: GSEC 1-10

Date of Response: January 20, 2017
Witness: Al-Azad Iqbal

Request:

Reference Bates 000012, lines 1 – 15. With respect to the list of information that Staff deems “essential” to evaluating training cost alternatives, please provide all similar information in the possession of Staff for all the other New Hampshire gas and electric utilities. For any item which Staff does not have any of the information, please explain why.

Response:

Staff currently does not possess the information for all the other New Hampshire gas and electric utilities. If any of the utilities propose significant changes in training methods or to recover significant, new investment in training related infrastructure, Staff would seek to examine the “essential” information and analysis related to available alternatives.