



**Liberty Utilities**<sup>SM</sup>  
WATER | GAS | ELECTRIC

## B U S I N E S S   C A S E

PROJECT TITLE: LIBERTY UTILITIES TRAINING CENTER

PROJECT SPONSOR: MICHAEL KNOTT

PROJECT LEAD: STEPHEN SZCZUCHURA

DATE: 1/24/2014

PROJECT ID: 8840-C18772

BUSINESS PLAN NUMBER:

(Assigned by Corporate Finance)

**RECOMMENDATION:**

To build a training center on company owned property in Concord, NH. This facility will provide training to our gas and electric employees, contractors and local first responders. There is the potential for providing training to other utilities on a fee basis.

**OBJECTIVE(S)**

To build a training center to serve Liberty Utilities employees that will be located in New Hampshire. Currently employees are sent to other utilities training sites out of state to complete mandated yearly training.

**BACKGROUND**

The project will consist of ground up construct of the Liberty Utilities Training Center building to be located at 10 Broken Bridge Rd in Concord NH. There will be site work for a foundation, septic system and asphalt parking area. The masonry building will consist of office space, first and second floor classroom space, high bay lab / training area with a mezzanine, lunch room, standard and ADA compliant restrooms. A well for potable water and fire suppression will also be installed.

**ALTERNATIVES/OPTIONS**

Training can be provided at National Grid's Training Facility in Millbury, MA. The estimated cost for having an outside agency provide training is \$400,000/year.

**FINANCIAL ASSESSMENT**

Simple ROI for the project has payback in less than 3 years.

**RISK ASSESSMENT AND QUALITATIVE EVALUATION**

No risks foreseen if construction schedule is met.

**IMPLEMENTATION/ACTION PLAN**

Upon completion of architectural redesign the project will be sent to competitive bid. Anticipate a June start for construction with completion in November.

**REVIEWED BY:**

PROJECT LEADER:  
STEPHEN SZCZECURA

DIRECTOR/VP:

FINANCE:



**Liberty Utilities**<sup>SM</sup>  
WATER | GAS | ELECTRIC

### LIBERTY UTILITIES - CAPITAL PROJECT EXPENDITURE APPLICATION

DIVISION/COMPANY: LU- New Hampshire ENI	HOME OFFICE REF #:
PROJECT TITLE: Liberty Utilities Training Center	EXPECTED PROJECT TOTAL: \$1,028,100
PROJECT TYPE (circle one): System Maint / System Project / <u>Growth</u> / LXA	
PROJECT START DATE: June, 2014	PROJECT END DATE: November, 2014
CURRENT UTILITY EARNINGS STATUS:	JOB COST/FWO #:
<b>Type of Capital Project:</b> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <input checked="" type="checkbox"/> <b>Growth</b>  <input type="checkbox"/> <b>Improvement Upgrades</b>  <input type="checkbox"/> <b>Infrastructure Replacement</b> </div>	
<b>PROJECT DESCRIPTION &amp; LOCATION:</b> <p>The project will consist of ground up construct of the Liberty Utilities Training Center building to be located at 10 Broken Bridge Rd in Concord NH. There will be site work for a foundation, septic system and asphalt parking area. The masonry building will consist of office space, first and second floor classroom space, high bay lab / training area with a mezzanine, lunch room, standard and ADA compliant restrooms. A well for potable water and fire suppression will also be installed.</p>	
IS THIS PROJECT GROWTH RELATED? IF "YES", DESCRIBE THE SPECIFIC LOCATION (MAP) AND LIST APPLICABLE DEVELOPERS WHERE GROWTH WILL OCCUR (CONSULT WITH DEVELOPMENT SERVICES REGARDING FUNDING). Not Operation related	
PERMITTING REQUIREMENTS, INCLUDING POTENTIAL IMPACT ON EXISTING PERMITS, AND TIMING OF AND RISKS ASSOCIATED WITH OBTAINING APPROPRIATE PERMITS FOR PROJECT. Building permits will need to be secured from the City of Concord. Wetland permits will be needed from NHDES. Delays in permits will impact a December completion.	
COST ESTIMATE FOR TOTAL PROJECT, NATURE OF ESTIMATE (FIRM FIXED PRICE, INTERNALLY OR EXTERNALLY GENERATED), TIMING OF SPENDING BY QUARTER, AND RISKS ASSOCIATED WITH COST ESTIMATES. Cost estimate for total project provided by CMK Architects.	
WILL THERE BE ASSETS GREATER THAN \$5,000 THAT ARE CURRENTLY IN SERVICE REMOVED AS A RESULT OF THIS PROJECT? NO.	
IF YES, PLEASE DETAIL THE SPECIFIC ASSETS THAT WILL BE REMOVED: <ol style="list-style-type: none"> <li>1. Original Cost of Plant to be removed (if known):</li> <li>2. What is the replacement cost of the plant being removed (if original cost not known)?</li> <li>3. Original Work Order of Plant to be removed (if known):</li> <li>4. Is the Plant being removed reusable?</li> <li>5. What is the year of original installation of the plant being removed?</li> </ol>	

PROPOSED SOURCE OF FUNDS (COMPANY, DEVELOPER LXA, HUF, ETC.)					
Energy North CapEx					
<b>CATEGORY &amp; STATUS OF PROJECT</b> (tick as appropriate)		<b>FINANCIAL SUMMARY</b> NEXT ANTICIPATED TEST YEAR <input style="width: 80px;" type="text"/>  Rate Recovery (over 18 months) <input style="width: 80px;" type="text"/>  Will this, and other approved projects, cause a rate shock? <input style="width: 80px;" type="text"/>  If yes, is customer affordability an issue? <input style="width: 80px;" type="text"/>  Have Health & Safety implications been considered? <input style="width: 80px;" type="text"/> Has Environmental Compliance review been done? <input style="width: 80px;" type="text"/> Has Tech Services review been done? <input style="width: 80px;" type="text"/>			
Safety	<input checked="" type="checkbox"/>				
Mandated					
Impending Regulatory Obligation	<input checked="" type="checkbox"/>				
Rate Recovery-Immediate Return					
Rate Recovery (3 to 6 months)					
Rate Recovery (6 to 12 months)					
Rate Recovery (12 to 18 months)					
Was this Capital Expenditure included in the Annual Budget?		Yes	What amount was budgeted? \$1,028,100		
<b>ANALYSIS OF PROJECT VALUE</b>		<b>CAPITAL EXPENDITURE BUDGET UTILIZATION</b>			
Design/Engineering	\$70,000	(A) Capital budget (B) Over (under) run vs. Budget (C) (A+B) Total Estimated Project Cost (D) Less Approved Spend to Date (E) Less Future Approval Requests (F) (C-D-E) Approval Amount Requested (current application)	Authorized Amount	To be spent in:	
Material	\$351,240			Current Year	Future Years
External contractor costs	\$439,050				
Internal costs	\$15,000		\$1,028,100	X	
Other costs (contingency)	\$87,810				
Soft Costs	\$65,000				
Project Total Cost	\$1,028,100				
	Name	Signature	Date		
Requesting Party	Stephen Szczechura		01/28/2014		
President – LU East	Richard Leehr				
Vice President Finance	Kevin McCarthy				
CFO					
CEO					

DG 17-048  
JJB-1



**Liberty Utilities**<sup>SM</sup>  
WATER | GAS | ELECTRIC

# B U S I N E S S C A S E

PROJECT TITLE : **EN INSTALL TRAINING CENTER / CONCORD NH SPECIFIC**

PROJECT SPONSOR: **CHRIS BROUILLARD**

PROJECT LEAD: **STEVEN SZCZECURA**

DATE: **5/1/2014**

PROJECT ID: **8840-C18772**

BUSINESS PLAN NUMBER:

## RECOMMENDATION:

**Install training center at Broken Bridge in Concord, NH.**

## BACKGROUND

**This specific project will provide Liberty Utilities a training center in Concord NH; implementing our business strategy / transitioning from National Grid's training facility.**

## ALTERNATIVES/OPTIONS

**None**

## FINANCIAL ASSESSMENT

**None.**

## RISK ASSESSMENT AND QUALITATIVE EVALUATION

**None**

## IMPLEMENTATION/ACTION PLAN

**The construction will take place during 2014.**

## REVIEWED BY:

DIRECTOR/VP:



FINANCE:



### LIBERTY UTILITIES - CAPITAL PROJECT EXPENDITURE APPLICATION

DIVISION/COMPANY: <b>Capital / Energy North Co.</b>	HOME OFFICE REF #: <b>8840-C18772</b>
PROJECT TITLE: <b>EN-Install Training Facility Concord NH Specific</b>	EXPECTED PROJECT TOTAL: <b>\$1,053,100</b>
PROJECT TYPE (circle one): System Maint / <b>System Project</b> / Growth /	
PROJECT START DATE: <b>1/1/2014</b>	PROJECT END DATE: <b>12/31/2014</b>
CURRENT UTILITY EARNINGS STATUS:	JOB COST/FWO #:
<b>Type of Capital Project:</b> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <input type="checkbox"/> Growth  <input checked="" type="checkbox"/> Improvement Upgrades  <input type="checkbox"/> Infrastructure Replacement         </div>	
<b>PROJECT DESCRIPTION &amp; LOCATION:</b> <b>Specific project will provide Liberty Utilities a training center in Concord NH. We are transitioning from National Grid's training center and implementing our business strategy.</b>	
<b>IS THIS PROJECT GROWTH RELATED? IF "YES", DESCRIBE THE SPECIFIC LOCATION (MAP) AND LIST APPLICABLE DEVELOPERS WHERE GROWTH WILL OCCUR (CONSULT WITH DEVELOPMENT SERVICES REGARDING FUNDING).</b> <b>No</b>	
<b>PERMITTING REQUIREMENTS, INCLUDING POTENTIAL IMPACT ON EXISTING PERMITS, AND TIMING OF AND RISKS ASSOCIATED WITH OBTAINING APPROPRIATE PERMITS FOR PROJECT.</b> <b>Licensing and Environmental Permitting as required.</b>	
<b>COST ESTIMATE FOR TOTAL PROJECT, NATURE OF ESTIMATE (FIRM FIXED PRICE, INTERNALLY OR EXTERNALLY GENERATED), TIMING OF SPENDING BY QUARTER, AND RISKS ASSOCIATED WITH COST ESTIMATES.</b> <b>Cost estimates will be calculated on an individual job basis.</b>	
<b>WILL THERE BE ASSETS GREATER THAN \$5,000 THAT ARE CURRENTLY IN SERVICE REMOVED AS A RESULT OF THIS PROJECT?</b> <b>None</b>	

IF YES, PLEASE DETAIL THE SPECIFIC ASSETS THAT WILL BE REMOVED:

1. Original Cost of Plant to be removed (if known): **Not known**
2. What is the replacement cost of the plant being removed (if original cost not known)? **Not known**
3. Original Work Order of Plant to be removed (if known): **Not known**
4. Is the Plant being removed reusable? **No**
5. What is the year of original installation of the plant being removed? **None**

PROPOSED SOURCE OF FUNDS (COMPANY, DEVELOPER LXA, HUF, ETC.)

**The 2014 Approved Capital Budget.**

CATEGORY & STATUS OF PROJECT

(tick as appropriate)

FINANCIAL SUMMARY

NEXT ANTICIPATED TEST YEAR

Rate Recovery (over 18 months)

**X**

Safety

Will this, and other approved projects, cause a rate shock

**No**

If yes, is customer affordability an issue?

Mandated

Impending Regulatory Obligation

**X**

Rate Recovery-Immediate Return

**X**

Have Health & Safety implications been considered?

**Yes**

Rate Recovery (3 to 6 months)

Has Environmental Compliance review been done?

**Yes**

Rate Recovery (6 to 12 months)

Has Tech Services review been done?

**Yes**

Rate Recovery (12 to 18 months)

Was this Capital Expenditure included in the Annual Budget?

**Yes**

ANALYSIS OF PROJECT VALUE

Design/Engineering

External contractor costs

Internal costs

Other costs (contingency)

Working capital requirements

Project Total Cost

**\$1,053,100**

CAPITAL EXPENDITURE BUDGET UTILIZATION

Authorized Amount

To be spent in:

Current Year

Future Years

**\$1,053,100**

**\$1,028,100**

**\$25,000**

(A) Capital budget


(B) Over (under) run vs. Budget

(C) (A+B) Total Estimated Project Cost

(D) Less Approved Spend to Date

(E) Less Future Approval Requests

(F) (C-D-E) Approval Amount Requested (current application)

	Name	Signature	Date		
Requesting Party	Chris Brouillard		5/1/2014		
President – LU Central					
Vice President Finance					
CFO					
CEO					

**Attachment:**

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

DG 17-048

Distribution Service Rate Case

OCA Data Requests - Set 4

Date Request Received: 10/4/17  
Request No. OCA 4-20

Date of Response: 10/18/17  
Respondent: Steven Mullen

---

**REQUEST:**

**Training Center/Revenue Requirements**

Reference Liberty's 11/26/14 response to DG 14-180 Staff 2-6 stating "[t]he Company has started construction of its own training facility at the Broken Bridge facility in Concord NH for training both gas and electric field operations employees."

- a. Was a business case performed and approved by senior management? If so, please provide these documents. If a business case was not performed, please explain why;
- b. If the answer to a is yes, please indicate if the business case includes each of the following:
  - i. Analysis of need for a new training center;
  - ii. Analysis of costs and benefits of a new training center; and
  - iii. Analysis of alternative solutions including costs and benefits of such alternative solutions.

**RESPONSE:**

- a. As discussed in the response to Staff 4-28, two Business Case documents were prepared. The first was in January 2014 with an estimated cost at that time of \$1,028,100. An updated Business Case was prepared in May 2014 with an estimated cost of \$1,053,100. Those documents were previously provided to the Commission's Audit Staff and to the Liberty Consulting Group ("LCG"). The information provided to LCG was subsequently provided to the OCA and was discussed during the August 28, 2017, technical session. For reference purposes, the particular documents provided to LCG were labeled as Attachments PB-2.1 and PB-2.2. As the documents have previously been provided to the OCA, they are not being included with this response.
- b. Brief descriptions of the needs, costs, and benefits of the Training Center and alternatives are included in the documents referenced in part a. of the response. For additional information regarding costs, benefits, and alternatives, see the responses to OCA 4-21 and OCA 4-22; the February 3, 2017, Rebuttal Testimony of Mark E. Smith and Steven

Docket No. DG 17-048 Request No. OCA 4-20

E. Mullen in Docket No. DE 16-383; and the June 30, 2017, testimony of Steven E. Mullen in the instant proceeding.

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

DG 17-048  
Distribution Service Rate Case

OCA Data Requests - Set 4

Date Request Received: 10/4/17  
Request No. OCA 4-26

Date of Response: 10/18/17  
Respondent: Steven Mullen

**REQUEST:**

**Training Center/Revenue Requirements**

Reference Liberty Utilities (EnergyNorth Natural Gas) 2016 balance sheet beginning at Bates page 6 (Tab 1 PUC 1604 filing requirement). Relative to the Concord training center, please provide the page, account number and dollar amount for the following, for Jan 2016 and Dec 2016:

- Gross amount;
- Accumulated depreciation;
- Net amount;

**RESPONSE:**

Please see the table below for the information requested in parts a. through c. The amounts in the Cost Basis column are included on Bates 006 of the Puc 1604.01 filing requirements in the respective lines for the individually identified plant accounts. The Accumulated Depreciation amounts are all included in 8840-2-0000-10-1655-1080 Accumulated Depreciation of Utility Plant, which is also on Bates 006. The net plant amounts are not individually shown on the balance sheet on Bates 006-011 as they are included in the "Total Assets" line on Bates 009.

Balances as of January 31, 2016				
Account Number	Account Name	Cost Basis	Accumulated Depreciation	Net Book Value
8840-2-0000-10-1615-3900	General Structures & Improvements	3,743,921.31	97,971.48	3,645,949.83
8840-2-0000-10-1615-3940	Tools, Shop, and Garage Equipment	37,664.47	594.19	37,070.28
8840-2-0000-10-1615-3970	Communications Equipment	18,313.32	712.53	17,600.79
8840-2-0000-10-1615-3980	Misc. Equipment	31,208.46	393.32	30,815.14
		<b>3,831,107.56</b>	<b>99,671.52</b>	<b>3,731,436.04</b>
Balances as of December 31, 2016				
Account Number	Account Name	Cost Basis	Accumulated Depreciation	Net Book Value
8840-2-0000-10-1615-3900	General Structures & Improvements	3,743,921.31	211,757.19	3,532,164.12
8840-2-0000-10-1615-3940	Tools, Shop, and Garage Equipment	39,230.47	2,485.72	36,744.75
8840-2-0000-10-1615-3970	Communications Equipment	18,313.32	1,832.24	16,481.08
8840-2-0000-10-1615-3980	Misc. Equipment	31,208.46	2,301.45	28,907.01
		<b>3,832,673.56</b>	<b>218,376.60</b>	<b>3,614,296.96</b>

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

DG 17-048  
Distribution Service Rate Case

OCA Data Requests - Set 4

Date Request Received: 10/4/17  
Request No. OCA 4-23

Date of Response: 10/18/17  
Respondent: Steven Mullen

---

**REQUEST:**

**Training Center/Revenue Requirements**

Reference Chris Brouillard's response to OCA during 8/31/2017 technical session that Liberty uses Microsoft Project software as a tool for managing multi-year projects. Relative to the new training center in Concord NH:

- a. Did Liberty, in a comprehensive manner, track each of the following? Please address each item below:
  - i. Project tasks;
  - ii. Project task dependencies;
  - iii. Assigned resources to perform the task;
  - iv. Projected completion date of tasks;
  - v. Actual completion date of tasks
  - vi. Costs of individual tasks;
  - vii. Cumulated total project costs (rollup of vi);
- b. Did Liberty use project management software during the management of the multi-year planning, design, construction, and completion of the training center in Concord? If so, please indicate the name of the product and version of the product used.
- c. If the answer to b is yes, please provide an electronic copy of the final native data file (through total project cost if available) that the software application saves data to. For example, if Microsoft Project was used, provide a copy of the data file with file extension of ".mpp." Please also list the name of the individual(s) responsible for maintaining the status of the project using the software tool;
- d. If the answer to b is no, please explain the reason why no project management software was used.

Docket No. DG 17-048 Request No. OCA 4-23

**RESPONSE:**

- a. Regarding the items listed in subparts i. through vii. of the request, the Company used a general contractor for the project, so most of the tracking of those items was performed by that contractor although the Company managed the project and was in constant contact with the contractor. In accordance with the terms of its contract, the contractor would periodically submit an "Application and Certificate for Payment" that detailed the costs for each task, the scheduled costs of the task, the costs incurred during the current period, costs to date, percentage completion, balance of costs to complete the task, and retainage associated with each task. Please see Attachment OCA 4-23.a.1 for a sample of an "Application and Certificate for Payment" and the information provided with each such document. In addition to the contractor's costs and progress tracking, the Company also tracked the cost components and spending to date during the course of the project. Please see Attachment OCA 4-23.a.2 for a sample of the cost tracking that was performed by the Company during construction.
- b. No.
- c. See the response to part b.
- d. No project management software was used by the Company for this project because the project was not deemed to be sufficiently complex nor of an extended multi-year duration to warrant the use of the software. Project construction commenced in the summer of 2014 and the building was placed in service in the spring of 2015.

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

DG 17-048  
Distribution Service Rate Case

Staff Data Requests – Technical Session Set 3

Date Request Received: 11/3/17  
Request No. Staff Tech 3-2

Date of Response: 11/15/17  
Respondent: Steven Mullen

---

**REQUEST:**

- a) Please indicate the date on which Liberty began using each of its two dedicated in-house trainers.
- b) Please indicate whether the costs of these two trainers are included on Attachment Staff 5-46.

**RESPONSE:**

- a) Both the gas and electric trainers commenced their duties on May 31, 2013.
- b) Please see the response to Staff Tech 3-19.