

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

Docket No. DE 19-064

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Distribution Service Rate Case

**DIRECT TESTIMONY
OF
ANTHONY STRABONE
AND
HEATHER M. TEBBETTS**

April 1, 2021
Regarding Step Adjustment



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1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. Mr. Strabone, please introduce yourself.**

3 A. My name is Anthony Strabone, my business address is 9 Lowell Road, Salem, New
4 Hampshire, and I am employed by Liberty Utilities Service Corp. (“LUSC”). I am the
5 Senior Manager of Electrical Engineering for LUSC and I am responsible for the electric
6 capital work plan of Liberty Utilities (Granite State Electric) Corp. (“Liberty”), whereby I
7 manage engineering and construction resources for capital projects.

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

9 A. I graduated from Merrimack College in 2004 with a Bachelor of Science degree in
10 Electrical Engineering. I received a Master’s of Business Administration from Southern
11 New Hampshire University in 2006. I received a Project Management Professional
12 (PMP) Certification in 2017 from the Project Management Institute. In 2019, I received
13 my license as a Professional Engineer in the State of New Hampshire.

14 **Q. Please describe your professional background.**

15 A. I joined Liberty in November 2014. Prior to my employment at Liberty, I was employed
16 by Public Service Company of New Hampshire (“PSNH”) as a Substation Supervisor in
17 Substation Maintenance from 2010 to 2014. Prior to my position in Substation
18 Maintenance, I was a Substation Engineer in Substation Engineering from 2008 to 2010
19 and an Engineer in the System and Planning Strategy department from 2004 to 2008.

1 **Q. Have you previously testified before the Commission?**

2 A. Yes, I presented direct and rebuttal testimony in this docket, and I testified in support of
3 the Company's 2019 step adjustment in Docket No. DE 16-383.

4 **Q. Ms. Tebbetts, please state your full name, business address, and position.**

5 A. My name is Heather M. Tebbetts, my business address is 15 Buttrick Road, Londonderry,
6 New Hampshire, and I am employed by LUSC. I am the Manager of Rates and
7 Regulatory Affairs and am responsible for providing rate-related services for Liberty.

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

9 A. I graduated from Franklin Pierce University in 2004 with a Bachelor of Science degree in
10 Finance. I received a Master's of Business Administration from Southern New
11 Hampshire University in 2007.

12 **Q. Please describe your professional background.**

13 A. I joined Liberty in October 2014. Prior to my employment at Liberty, I was employed by
14 PSNH as a Senior Analyst in NH Revenue Requirements from 2010 to 2014. Prior to my
15 position in NH Revenue Requirements, I was a Staff Accountant in PSNH's Property Tax
16 group from 2007 to 2010 and a Customer Service Representative III in PSNH's Customer
17 Service Department from 2004 to 2007.

18 **Q. Have you previously testified before the Commission?**

19 A. Yes, I have testified on numerous occasions before the Commission, including direct and
20 rebuttal testimony in this docket.

1 **II. PURPOSE OF TESTIMONY**

2 **Q. What is the purpose or your testimony?**

3 A. The purpose of the testimony is to request an increase in distribution rates, to be effective
4 July 1, 2021, as approved in Order No. 26,376 (June 30, 2020) in this docket. This is the
5 second approved step increase described in the Settlement Agreement and pertains to
6 certain projects placed in service during calendar year 2020.

7 **III. CAPITAL PROJECTS**

8 **Q. Please explain each project for which the Company is seeking to commence cost
9 recovery in this second step increase, as provided for in the Settlement Agreement.**

10 A. The Company seeks approval to commence cost recovery for each of the capital projects
11 discussed below that were placed in service during 2020. The breakdown of budget and
12 spending by year is provided on page 1 of each of Attachments 2 through 11.

13 **Q. Before discussing the details of each project, please explain why the proposed
14 requests for cost recovery for each project may differ from the figures in the
15 respective project close out forms.**

16 A. Project close out forms are completed on an annual basis and address only the spending
17 for that particular project for that calendar year. Therefore, when a project incurs costs
18 during more than one calendar year, its costs will be reflected in more than one project
19 close out form.

20 This annual process occurs because all ongoing projects receive a new project number
21 each year, using the Company's established naming convention. For example, a project

1 opened in 2019 and named “8830¹-19xx XYZ Substation” will receive a new project
2 number in 2020 of “8830-20xx XYZ Substation” for that same substation project. Each
3 year the Company will prepare a project close out form for every open project number
4 that addresses all costs incurred during that calendar year, until a project is completed and
5 put into service. Then, when calculating the full cost of a project to support a request for
6 recovery, the Company will draw from all of the applicable annual close out forms.
7 Therefore, the total amount reflected in a single year’s project close out form may not
8 match the amount for which the Company ultimately seeks recovery.

9 “Blanket” projects follow the same logic. A blanket project number is used for a task
10 that the Company routinely performs every year, such as Meter Replacements, or Public
11 Requirements (work requested by municipalities and the state every year to, for example,
12 move poles and wires for road widening projects). Rather than having a separate project
13 number for every one of these municipal and state projects (there are often hundreds),
14 there is a Public Requirements Blanket project number to cover all such jobs, and each
15 specific job within that blanket will be issued a “work order” number, the costs for which
16 will roll up into the overall Public Requirements Blanket project number.

17 Some of the specific tasks, or “work orders” in the Company’s vernacular, are not
18 completed and placed into service in a single calendar year. Those work orders will incur
19 costs during their first calendar year, but since they are not complete and placed into
20 service during that first calendar year, they will incur additional costs in subsequent

¹ The “8830” prefix identifies the project as a Granite State Electric matter within the Company’s accounting system. “8840” indicates an EnergyNorth project.

1 calendar years. The spending for that specific work order will thus be reflected in the
2 appropriate blanket project's close out forms for each calendar year during which the
3 specific work order incurred costs.

4 Similar to the substation project example above, when a multi-year work order operating
5 under a blanket project number is placed into service, its costs are summed from each of
6 the applicable blanket project's annual close out forms, and that total is the amount for
7 which the Company will seek recovery.

8 **Q. Attachment 1, page 2, has a column titled *Total Spend*. Please explain what is
9 populated in this column.**

10 A. As noted above, not all work orders taken out under project numbers go into service in
11 that same year they are started. In this proceeding, the Company is seeking cost recovery
12 only for capital projects that went in to service in 2020 under the listed project numbers
13 in Attachment 1, page 2. Some of these project numbers have actual spending of less
14 than the budget amounts provided in the description of each project below and on page 1
15 of each project's backup documentation, Attachments 2 through 11. Those projects
16 incurred costs under work orders that started in prior years, but did not go in to service
17 until 2020. The spending for those prior years was captured in the business cases, change
18 order forms if necessary, and prior year project close out forms. Any spending for those
19 work orders in 2020 is captured in the 2020 business cases, change order forms if
20 necessary, and project close out forms. Supporting information for all years of spending
21 for the multi-year capital projects covered in this testimony was provided to the
22 Commission's Audit Staff for review.

1 **Q. Please explain blanket projects.**

2 A. As discussed above, blanket projects are those “projects” that have numerous “work
3 orders” taken out for smaller jobs, sometimes hundreds of them. For example, these
4 charges arise from municipal requests for jobs such as relocating poles for road widening
5 (Public Requirements Blanket) and from damage to equipment (Damage Failure Blanket)
6 that are unknown until the request arrives at the Company or the equipment fails. Each
7 year the Company looks at spending from previous years to determine an appropriate
8 spending amount, or budget, for these blankets. For example, in 2017 and 2018, the final
9 spending for the Public Requirements Blanket was \$414,432 and \$441,939, respectively.
10 The 2019 budget was set at \$520,000, above the spending for the previous two years, yet
11 the total charges for 2019 came in at \$668,186. These are difficult budgets to set due to
12 the unknown quantity and cost of those requests when the budget is created and
13 approved. Also, the Company does not have the option to defer these requests due to
14 their nature, as we may do with other types of work orders such as replacing conductor
15 for reliability (Enhanced Bare Conductor project).

16 **Q. Are there projects in this filing that were substituted for projects listed in the**
17 **Settlement Agreement?**

18 A. Yes. Although the Attachment 2 to the Settlement Agreement listed the projects to be
19 recovered through this filing, it also provided flexibility to substitute projects with the
20 following limitations:

21 *Liberty reserves the right to substitute projects into*
22 *Attachment 2 so long as any new projects are not growth*

1 *projects and are not related to the Rockingham Substation*
2 *or the 115kV transmission line. (Settlement Agreement in*
3 *Docket No. DE 19-064, Hearing Exhibit 37, at 4.)*

4 There are three projects listed in Attachment 2 to the Settlement Agreement that are not
5 part of this filing, with the Company substituting other projects in their place.

6 First, during the summer of 2020, the Company decided to postpone project 8830-2051
7 Enhanced Bare Conductor Replacement because actual construction bids for similar
8 projects came in well over the budget amount of \$875,000. Thus this project was
9 canceled for 2020 and it has been replaced in this filing with the carryover from project
10 8830-1946 2019 Reliability Enhancement Program (REP).

11 Second, the Company was expecting to renovate some of its facilities in 2020 but, due to
12 the COVID-19 pandemic, the Company canceled the GSE Facilities Capital
13 Improvements until further notice.

14 Third, projects 8830-2069 Golden Rock Distribution Feeder 19L4 and 8830-1944 Golden
15 Rock Substation did not go in to service in 2020, their in service dates having been
16 postponed to 2021, and as such are also not included in this filing.

17 The projects substituted for the original three projects in the Agreement are:

- 18 • Attachment 3 8830-1946 2019 REP Carryover, as mentioned above; and
- 19 • Attachment 5 8830-1969 Mall Road Underground/Street Lights.

1 **Q. Please describe the particular projects for which the Company seeks recover in this**
2 **second step adjustment.**

3 A. Following are the ten projects for which the Company seeks to commence cost recovery
4 on July 1, 2021:

5 **1. 8830-1933 Battery Pilot Attachment 2**

6 On January 18, 2019, Liberty received an Order in Docket No. DE 17-189 approving the
7 settlement agreement in its proposal for a battery storage pilot program. As part of the
8 Settlement Agreement in this docket, the Company is requesting cost recovery for the
9 programming costs and battery installation costs for batteries installed through December
10 31, 2020.

11 As of December 31, 2020, the program had 60 customers with batteries installed and
12 providing benefits to both the customer and the grid during peak events. The total cost
13 for the batteries installed through 2020 is \$1,434,387. Page 1 of Attachment 2 provides
14 the breakdown by cost element of the project.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020</u>		<u>Request for Cost</u>
		<u>In Service</u>	<u>WO</u>	<u>Recovery</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>		<u>(d)</u>
2018	\$4,500,000	\$28,295		\$28,295
2019	\$500,000	\$58,106		\$58,106
2020	\$1,500,000	<u>\$1,347,986</u>		<u>\$1,347,986</u>
		\$1,434,388		\$1,434,388

- (b) Approved budget for all work orders under this project for that calendar year
- (c) Total amount spent only for work orders in service in 2020. Some work orders may span multiple years, thus multiple years of spending is shown. WO denotes "work orders"
- (d) Amount Company is requesting for cost recovery. This request is *only* for projects in service in 2020.

1 **2. 8830-1946 2019 REP Carryover Attachment 3**

2 As part of the Settlement Agreement in this docket, the Enhanced Bare Conductor
3 Replacement project was included in the 2021 Step Adjustment for 2020 projects. The
4 Enhanced Bare Conductor replacement project provides funding for reconductoring bare
5 wire with tree resistant wire, using either open cross arm construction or spacer cable
6 configuration, essentially the same type of project as provided in the annual Reliability
7 Enhancement Program filing. As noted above, this project has been postponed to future
8 years and the budgeted amount have been applied to the carryover for 2019 REP project.
9 As provided in Docket No. DE 20-036, the reconductoring jobs for 7L2 Shaker Hill Road
10 in Enfield and 40L3 Sullivan Street in Charlestown were completed near the end of 2019,
11 thus many of the costs associated with the projects had not been charged by December
12 31, 2019, so they were not included in the annual REP/VMP reconciliation filing. The
13 total carryover is \$743,565. Page 1 of Attachment 3 provides the breakdown by cost
14 element of the project. The internal costs on the project close out form are captured in
15 the cost of construction and thus the total Internal Costs are shown as zero. The 2020
16 costs shown on page 1 in column Total Spend shows the carryover construction costs
17 associated with projects that went in to service in 2019, filed in Docket No. 20-036. The
18 project close out form provided in this filing includes project 8830-2046, the 2020 REP
19 spending filed in Docket No. 21-049, and the carryover from project 8830-1946.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020 In</u>	<u>Request for Cost</u>
<u>(a)</u>	<u>(b)</u>	<u>Service WO</u>	<u>Recovery</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
2020	\$875,000	<u>\$743,565</u>	<u>\$743,565</u>
		\$743,565	\$743,565

(b) Approved budget for all work orders under this project for that calendar year

(c) Total amount spent only for work orders in service in 2020.

WO denotes "work orders"

(d) Amount Company is requesting for cost recovery.

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3. 8830-1958 Install Service to Tuscan Village South Line Attachment 4

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This project consisted of two pieces. The first part of the project consisted of providing service to the Hanover Building located on the south parcel of Tuscan Village. The scope of work included installing and testing approximately 5,500 feet of 1000 MCM CU EPR 15 KV jacketed primary cable and 4/0 neutral. The project also provided for the construction of eight fully dressed manholes, including installation of frames, cable supports, bonding and grounding, cathodic protection, and other related tasks. The scope of this project also included the installation, testing, and commissioning of radio controlled switchgear. This work was completed by contractors and internal line crews.

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The second part provided service to the South parcel of Tuscan Village. The project consisted of installing and testing approximately 3,000 feet of 1000 MCM CU EPR 15 KV jacketed primary cable and 4/0 neutral and 3,500 feet of 3/C-4/0 underground cable.

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The project also provided for construction of nine fully dressed manholes including installation of frames, cable supports, bonding and grounding, cathodic protection, and other related tasks. The scope of this project also included the installation, testing, and

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1 commissioning of radio controlled switchgear. This work was completed by contractors
2 and internal line crews. For the work completed by contractors, the Company engaged in
3 a competitive bid process, the bids were analyzed for price, timeline, and qualifications of
4 the contractors, and the Company awarded the project to the bidder with the best solution,
5 in which, all things being equal, price was usually the deciding factor.

6 Page 1 of Attachment 4 provides the breakdown by cost element of the project. The
7 internal costs on the project close out form are captured in the cost of construction and as
8 such the total Internal Costs are shown as zero. The 2018 and 2019 costs shown on page
9 1 in column Total Spend are engineering charges for the projects that went in to service
10 in 2020.

11 The additional spending for this project is driven by the developer's request to move up
12 the in service date to 2020 from 2021 to accommodate providing service to other areas of
13 the development.

14 The total request for cost recovery for project 8830-1958 is \$2,745,711. Please see the
15 table below for the breakdown of the budget and actual spend for work orders in service
16 in 2020.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020</u>		<u>Request for Cost</u>
		<u>In Service</u>	<u>WO</u>	<u>Recovery</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>		<u>(d)</u>
2018	\$0	\$3,122		\$3,122
2019	\$1,200,000	\$890,759		\$890,759
2020	\$900,000	\$1,814,686		\$1,814,686
2021	\$0	<u>\$37,145</u>		<u>\$37,145</u>
		\$2,745,711		\$2,745,711

- (b) Approved budget for all work orders under this project for that calendar year
- (c) Total amount spent only for work orders in service in 2020. Some work orders may span multiple years, thus multiple years of spending is shown. WO denotes "work orders"
- (d) Amount Company is requesting for cost recovery. This request is *only* for projects in service in 2020.

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4. 8830-1969 Mall Road Underground Attachment 5

The Town of Salem and the New Hampshire Department of Transportation requested the developers of Tuscan Village to reconstruct Mall Road to include signals and turn lanes to accommodate the expected increase in vehicle traffic. As a result of the proposed improvements, Liberty’s equipment including street lights and transformers would have been located in the traveled way and thus needed to be relocated. The scope of this project was to replace the direct buried underground primary and secondary street light circuit along Mall Road and Rockingham Park Boulevard, and included relocation of underground facilities and the installation of distribution pad-mount transformers, underground conduit, and new underground primary and secondary electrical cables.

The total request for cost recovery for project 8830-1969 is \$831,354. Please see the table below for the breakdown of the budget and actual spend for work orders in service in 2020.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020 In</u>	<u>Request for Cost</u>
		<u>Service WO</u>	<u>Recovery</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
2019	\$1,020,000	\$552,212.52	\$552,212.52
2020	\$400,000	\$277,675.40	\$277,675.40
2021	\$0	<u>\$1,466</u>	<u>\$1,465.98</u>
		\$831,354	\$831,354

- (b) Approved budget for all work orders under this project for that calendar year
- (c) Total amount spent only for work orders in service in 2020. Some work orders may span multiple years, thus multiple years of spending is shown. WO denotes "work orders"
- (d) Amount Company is requesting for cost recovery. This request is *only* for projects in service in 2020.

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In 2019, the Company expected the above project to be charged under the 8830-1911

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Public Requirements blanket, but once the Company determined that the full scope of the

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project was larger than what would normally be included in a blanket project, the charges

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were moved from work order 301911-01010 under the project 8830-1911 to a new

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project number 8830-1969 for charges only associated with the Mall Road project. As

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such, when reviewing the backup documentation, the total budget in 2019 was \$500,000

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with the total spend for the single work order 301969-01001 being \$421,587. The total

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spend for the single work order 301911-01010 was \$271,219, but was included in the

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2019 project close out form for project 8830-1911. The work orders were combined in

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2020 and the breakdown can be found on page 1 of Attachment 5.

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5. 8830-2011 Public Requirements Blanket Attachment 6

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As mentioned above, the Public Requirements Blanket provided funding for projects that

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arose during the year in response to requests from municipalities and the State of New

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Hampshire to relocate the Company's poles, associated equipment on the poles, and guy

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wires to accommodate various state and municipal projects, such as road widening

1 projects. Depending on the scope of the job, Liberty crews or contractors may have
2 performed the work. For work requiring contractors, the Company engaged in a
3 competitive bid process, the bids were analyzed for price, timeline, and qualifications of
4 the contractors, and the Company awarded the project to the bidder with the best solution,
5 in which, all things being equal, price was usually the deciding factor.

6 As shown on page 1 of Attachment 6, the total cost recovery request for project 8830-
7 2011 is \$1,035,602. Please see the table below for the breakdown of the budget and
8 actual spend for work orders in service in 2020.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020</u>	<u>Request for Cost</u>
		<u>In Service WO</u>	<u>Recovery</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
2017	\$505,000	\$1,024	\$1,024
2018	\$725,000	\$98	\$98
2019	\$630,000	\$117,473	\$117,473
2020	\$1,000,000	\$917,007	<u>\$917,007</u>
		Total	\$1,035,602

(b) Approved budget for all work orders under this project for that calendar year

(c) Total amount spent only for work orders in service in 2020. Some work orders may span multiple years, thus multiple years of spending is shown. WO denotes "work orders"

(d) Amount Company is requesting for cost recovery. This request is *only* for projects in service in 2020.

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10 For mandated projects such as these public requirement projects, the Company's Liberty
11 Way Policy & Procedures Capital Expenditures Planning and Management document
12 does not require a business case. Therefore, only a capital expenditure form is provided,
13 along with the change order and project close out forms.

1 **6. 8830-2012 Damage/Failure Blanket Attachment 7**

2 The purpose of the Damage Failure Blanket was to provide funding to repair damage to
3 the Company's equipment arising from unplanned, but regularly occurring, instances
4 such as lightning strikes, animal contacts, and motor vehicle accidents. Depending on the
5 scope of the job, Liberty crews or contractors may have performed the work. For work
6 requiring contractors, the Company engaged in a competitive bid process, the bids were
7 analyzed for price, timeline, and qualifications of the contractors, and the Company
8 awarded the project to the bidder with the best solution, in which, all things being equal,
9 price was usually the deciding factor.

10 For mandated projects such as these damage failures, the Company's Liberty Way Policy
11 & Procedures Capital Expenditures Planning and Management document does not require
12 a business case. Therefore, only a capital expenditure form is provided, along with the
13 change order and project close out forms.

14 The total request for cost recovery for project 8830-2012 is \$1,427,816. Please see the
15 table below for the breakdown of the budget and actual spend for work orders placed in
16 service in 2020. Page 1 of Attachment 7 provides the breakdown by cost element of the
17 project.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020</u>	<u>Request for Cost</u>
		<u>In Service WO</u>	<u>Recovery</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
2018	\$800,000	\$1,292	\$1,292
2019	\$1,100,000	\$29,135	\$29,135
2020	\$1,000,000	<u>\$1,397,390</u>	<u>\$1,397,390</u>
		\$1,427,816	\$1,427,816

- (b) Approved budget for all work orders under this project for that calendar year
- (c) Total amount spent only for work orders in service in 2020. Some work orders may span multiple years, thus multiple years of spending is shown. WO denotes "work orders"
- (d) Amount Company is requesting for cost recovery. This request is *only* for projects in service in 2020.

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The additional spending in 2020 for this project is driven by two factors. The first contributing factor is a carryover of \$30,427 associated with labor, burdens, and materials from jobs started in 2018 and 2019 but not completed until 2020. The second contributing factor are costs associated with work identified as needing to be addressed under the Damage- Failure Blanket. Taking into account the current spend rate and historic spend rates of July 2020 through December 2020, the Company anticipates requiring additional Capital for this blanket in order to address items that have been identified as either damaged or failed and need immediate replacement as provided in the Change Order Form.

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7. 8830-2039 IE-NN URD Cable Replacement Attachment 8

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Underground residential developments (URD) and underground commercial developments (UCD) have historically been served by 15kV class #2 or single phase solid dielectric cables. Through the years a number of different insulations have been employed across the Company including XLPE and EPR cables. Likewise, these cables have been installed directly buried or in conduit systems.

1 Direct buried solid dielectric cables installed from the late 1960s through the late 1980s
2 have shown the most susceptibility for failure. The causes of failure have ranged from
3 improper backfill material during initial installation, damage from the third party
4 excavations, and an incomplete understanding of XLPE failure mechanisms by the
5 industry such as water, trees, electrical stress, concentric neutral (CN) corrosion, etc.
6 These cable types have also shown a susceptibility to neutral corrosion and tend to be
7 XLPE or PE insulated and are in excess of twenty years of age.

8 The costs for this project arose from an emergency replacement due to cable failure at
9 Lancelot Court, a project started in 2019. There was also a cable failure on Montview
10 Road in Hanover, where all of the primary cable had to be replaced. The planned
11 projects noted in the business case of Blueberry Hill and Hidden Valley Road were not
12 undertaken due to these emergency replacements that took precedent.

13 The URD cable replacement strategy aims to provide resolution and/or improve
14 reliability and address pocket problems in URD/UCD and includes the following options:

- 15 • Injection of cable rejuvenation fluids to extend the operating life of poor
16 performing cable;
- 17 • Replacement of poor performing cable to reduce interruptions;
- 18 • Installing short runs of primary cable to create loop feed arrangements; and
- 19 • Installing fault location equipment to facilitate restoration.

20 Page 1 of Attachment 8 provides the breakdown by cost element of the project. The total
21 request for cost recovery for project 8830-2039 is \$467,957. Please see the table below

1 for the breakdown of the budget and actual spend for work orders placed in service in
2 2020.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020</u> <u>In Service WO</u>	<u>Request for Cost</u> <u>Recovery</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
2020	\$450,000	\$467,957	\$467,957
		\$467,957	\$467,957

- (b) Approved budget for all work orders under this project for that calendar year
- (c) Total amount spent only for work orders in service in 2020. Some work orders may span multiple years, thus multiple years of spending is shown. WO denotes "work orders"
- (d) Amount Company is requesting for cost recovery. This request is *only* for projects in service in 2020.

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4 This project does not have a change order form as the additional costs are less than ten
5 percent of budget.

6 **8. 8830-2068 Main Street Salem – Overhead Line Relocation Attachment 9**

7 The Town of Salem intends to reconfigure the intersection of Main Street and Broadway.
8 Their plans include widening both roads to accommodate turning lanes. The addition of
9 turning lanes would have resulted in the existing overhead facilities being located within
10 the proposed roadway. The Company was thus required to relocate the overhead
11 facilities at the intersection from overhead to underground. The project also included the
12 removal of the overhead facilities in and around this intersection. While the Company
13 pushed back on the Town, advocating for relocation of the overhead lines rather than
14 moving the lines underground, the Town threatened to withhold pole licenses for any new
15 proposed poles within 200 feet of the intersection and thus underground became the only
16 alternative for relocation of the Company’s assets.

1 Page 1 of Attachment 9 provides the breakdown by cost element of the project. The total
2 request for cost recovery for project 8830-2068 is \$1,309,994. Please see the table below
3 for the breakdown of the budget and actual spend for work orders placed in service in
4 2020.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020</u> <u>In Service WO</u>	<u>Request for Cost</u> <u>Recovery</u>
(a)	(b)	(c)	(c)
2020	\$1,200,000	<u>\$1,309,994</u>	<u>\$1,309,994</u>
		\$1,309,994	\$1,309,994

- (b) Approved budget for all work orders under this project for that calendar year
- (c) Total amount spent only for work orders in service in 2020. Some work orders may span multiple years, thus multiple years of spending is shown. WO denotes "work orders"
- (d) Amount Company is requesting for cost recovery. This request is *only* for projects in service in 2020.

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6 The additional spending for this project was driven by two factors. The first was actual
7 cost of traffic control, which was greater than originally estimated due to need for
8 additional police officers necessary to direct traffic in the intersection. The second driver
9 of the over-expenditure was a change in scope due to a relocation of a riser pole as
10 requested by the Town of Salem.

11 **9. 8830-2091 Granite State Meter Purchases Attachment 10**

12 This project number provided funding for the purchase of electric meters. These meters
13 were required to replace units which had failed in the field and for meters required to
14 serve additional customers requesting service.

1 The total for project 8830-2091 is \$847,194 as shown in Attachment 10, and the total
2 budget was \$840,000. Please see the table below for the breakdown of the budget and
3 actual spend for work orders placed in service in 2020.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020</u> <u>In Service WO</u>	<u>Request for Cost</u> <u>Recovery</u>
(a)	(b)	(c)	(d)
2020	\$840,000	<u>\$847,194</u>	<u>\$847,194</u>
		\$847,194	\$847,194

- (b) Approved budget for all work orders under this project for that calendar year
- (c) Total amount spent only for work orders in service in 2020. Some work orders may span multiple years, thus multiple years of spending is shown. WO denotes "work orders"
- (d) Amount Company is requesting for cost recovery. This request is *only* for projects in service in 2020.

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5 **10. 8830-2092 Transformer Purchases Attachment 11**

6 This project number provided funding for the purchase of electric transformers to replace
7 units which had failed in the field and for transformers required to support electric
8 reliability and new construction.

9 The total for project 8830-2092 is \$596,327 as shown in Attachment 11. The budget was
10 \$600,000. Please see the table below for the breakdown of the budget and actual spend
11 for work orders placed in service in 2020.

<u>Year</u>	<u>Total Budget</u>	<u>Total Spend - 2020</u> <u>In Service WO</u>	<u>Request for Cost</u> <u>Recovery</u>
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
2020	\$600,000	<u>\$596,327</u>	<u>\$596,327</u>
		\$596,327	\$596,327

- (b) Approved budget for all work orders under this project for that calendar year
- (c) Total amount spent only for work orders in service in 2020. Some work orders may span multiple years, thus multiple years of spending is shown. WO denotes "work orders"
- (d) Amount Company is requesting for cost recovery. This request is *only* for projects in service in 2020.

1

2 **IV. REVENUE REQUIREMENT**

3 **Q. What is the revenue requirement associated with the requested capital projects?**

4 A. The total cost of all ten projects above for which the Company seeks recovery in this
5 filing is \$11,439,907. The associated revenue requirement, which is calculated as
6 described below and in Attachment 1, is \$1,844,326.

7 **Q. Please explain the inputs used to determine the revenue requirement.**

8 A. The investments and capital structure included in Attachment 1 are those that were in
9 service by December 31, 2020, and in the approved Settlement Agreement in this docket.
10 Page 2 of Attachment 1 provides the total costs of each project and the calculation of the
11 book depreciation rate. The property tax rate is calculated using the most recent FERC
12 Form 1 (2019), which is 3.06%. This rate is also used to calculate the property tax rate
13 for the Company's annual Reliability Enhancement Plan/Vegetation Management Plan,
14 which was filed in Docket No. DE 21-049. The tax rates of 21% (federal) and 7.7%
15 (state) are for the taxable period ending December 31, 2020.

1 **Q. Has the Company included additional rate case expenses in the revenue**
2 **requirement?**

3 A. Yes. As part of the Settlement Agreement the Company is including \$11,435 in rate case
4 expenses for invoices that were not included in July 1, 2020, rates and can be found in
5 Attachment 1, page 3, line 3.

6 **Q. Has the Company reconciled the recoupment at current rate levels to the amount**
7 **allowed in the Settlement Agreement?**

8 A. Yes. The Company has recalculated the estimated recoupment to \$1,939,679, as shown
9 in Attachment 3, line 9. The estimated recoupment level included in the Settlement
10 Agreement was \$1,835,991, for a difference of \$103,688, as shown on lines 8 and 10 of
11 page 3 in Attachment 1, respectively.

12 **Q. Have you compared the actual recoveries of rate case expenses and recoupment to**
13 **the estimated recoveries?**

14 A. Not at this time. Given that rates are not effective until July 1, 2021, the Company would
15 have to estimate the months of March through June revenues and as such will provide an
16 update of the actual recoveries after the May accounting close. The Company also has a
17 pending rate change in Docket No. DE 21-049 for rates effective May 1, 2021, that will
18 affect the total recovery at this time.

1 **Q. Please provide the total revenue requirement for this filing including capital**
2 **expenditures, rate case expenses and recoupment.**

3 A. The total revenue requirement in this filing is \$1,959,449, as shown in Attachment 1,
4 page 4, line 5.

5 **Q. Has the Company calculated time-of-use rates for its D-11 and EV rates?**

6 A. Yes. Attachment 1, page 6 provides the updated rates effective July 1 versus current
7 rates. The rates in effect until April 30, 2021, are winter rates, thus the rates effective
8 July 1, 2021, for this filing will be summer rates.

9 **Q. What is the bill impact to residential customers?**

10 A. A residential customer using 650 kWh per month and taking energy service from the
11 Company's default service offering will see an increase to their monthly bill of \$2.17, or
12 1.89%, from \$114.87 to \$117.04 at current rate levels.

13 **V. MISCELLANEOUS ITEMS**

14 **Q. As part of the Settlement Agreement, the Company is required to provide proposed**
15 **tariff pages associated with its decoupling mechanism for effect July 1, 2021. Has**
16 **the Company provided these pages?**

17 A. Yes. Please see Attachment 13 for the proposed tariff pages associated with its
18 decoupling mechanism.

1 **Q. The Settlement Agreement provides that the Company will annually report by**
2 **November 6 each year the number of customers taking service under its Rate EV.**
3 **Did the Company file a report by November, 6, 2020?**

4 A. No, it did not. As of that date, the Company did not have any customers taking service
5 under Rate EV, and as of the date of this filing the Company has not received any
6 requests to take service under the rate. The Company will make the required filing on
7 November 6, 2021, with updated Rate EV data required by the Agreement.

8 **VI. DOCUMENTATION**

9 **Q. Has the Company provided supporting documentation for the projects described**
10 **above?**

11 A. Yes. Please see the following attachments for the business cases, change order forms,
12 project close out forms, and a breakdown by cost element of each project's cost.

13 1. Attachment 2: 8830-1933 Battery Pilot

14 a. Business Case

15 b. Change Order - N/A, project was under budget

16 c. Project Close Out – N/A, project is ongoing through 2021

17 2. Attachment 3: 8830-1946 REP 2019 Carryover

18 a. 2019 Business Case

19 b. 2019 Project Close Out

20 c. Project close out

21 3. Attachment 4: 8830-1958 Install Service to Tuscan Village South Line

22 a. Business Case

23 b. Change Order

24 c. Project Close Out – N/A, project is ongoing through 2021

25 4. Attachment 5: 8830-1969 Mall Road Underground

26 a. Business Case

- 1 b. Change Order – N/A, project under budget
- 2 c. Project Close Out

- 3 5. Attachment 6: 8830-2011 Public Requirements Blanket
- 4 a. Capital Expenditure – Business case is not required for mandated
- 5 projects
- 6 b. Change Order
- 7 c. Project Close Out

- 8 6. Attachment 7: 8830-2012 Damage/Failure Blanket
- 9 a. Capital Expenditure – Business case is not required for mandated
- 10 projects
- 11 b. Change Order
- 12 c. Project Close Out

- 13 7. Attachment 8: 8830-2039 IE-NN URD Cable Replacement
- 14 a. Business Case
- 15 b. Change Order – N/A, project was less than 10% over budget
- 16 c. Project Close Out

- 17 8. Attachment 9: 8830-2068 Main St Salem – Overhead Line Relocation
- 18 a. Business Case
- 19 b. Change Order
- 20 c. Project Close Out

- 21 9. Attachment 10: 8830-2091 Granite State Meter Purchases
- 22 a. Business Case
- 23 b. Change Order – N/A, project was under budget
- 24 c. Project Close Out

- 25 10. Attachment 11: 8830-2092 Granite State Transformer Purchases
- 26 a. Business case
- 27 b. Change Order – N/A, project was under budget
- 28 c. Project Close Out

- 29 11. Attachment 12: 2022 Step Adjustment Projects

- 30 12. Attachment 13: Proposed Decoupling Tariff

1 **VII. 2022 STEP ADJUSTMENT FILING**

2 **Q. Please provide the list of 2021 projects the Company will look to include in its 2022**
3 **step adjustment filing on April 6, 2022.**

4 A. As part of the Settlement Agreement, the Company is providing a list of projects it
5 expects to have in service by December 31, 2021. Please see Attachment 12 for the
6 proposed 2021 projects to be included in the 2022 Step Adjustment filing.

7 **VIII. CONCLUSION**

8 **Q. Please summarize the Company's request for the step adjustment.**

9 A. Through this testimony and the attached documents, the Company has established that
10 the described projects are in service, are used and useful for the provision of electric
11 distribution service, and were completed at a reasonable cost. The requested step
12 increase is thus just and reasonable and should be approved by the Commission with the
13 projects found to be prudent.

14 **Q. Does this conclude your testimony?**

15 A. Yes.