

Appendix 1 - O&M Expenses

Line	CY 2022 Fully Funded Expenses	CY 2022 Proposed Expenses
1	-	203
2	356	153
3		
4	\$ 432,400	\$ 350,750
5	\$ 31,000	\$ 40,000
6	\$ 40,000	\$ 60,000
7	\$ 3,475,894	\$ 1,665,839
8	\$ 507,840	\$ 299,000
9	\$ 811,440	\$ 452,000
10	\$ 33,000	\$ 62,000
11	\$ 11,000	\$ 11,000
12	\$ 109,050	\$ 109,050
13	\$ -	\$ -
14	\$ 20,000	\$ 20,000
15	\$ 5,471,624	\$ 3,069,639
16	\$ -	\$ -
17	\$ 5,471,624	\$ 3,069,639

Appendix 2 - O&M Expenses

CY 2022 Vegetation Management Activities

Line	Activities	Reference
1	Spot Tree Trimming	See Appendix 3 for definitions
2	Trouble and Restoration Maintenance	See Appendix 3 for definitions
3	Planned Cycle Trimming	See Appendix 3 for definitions
4	Cycle Trimming Police Detail Expenses	See Appendix 3 for definitions
5	Hazard Tree Removal	See Appendix 3 for definitions
6	Enhanced Hazard Tree Removal	See Appendix 3 for definitions
7	Interim Trimming	See Appendix 3 for definitions
8	Tree Planting	See Appendix 3 for definitions
9	Subtransmission Right of Way Clearing	See Appendix 3 for definitions
10		
11	Substation	OH Miles - Distribution
12	Spicket River #13	29.06
13	Spicket River #13	16.29
14	Pelham #14	28.65
15	Villas Bridge #12	55.22
16	Mount Support #16	3.72
17	Lebanon #1	20.00
18		152.93
19	Sub transmission	OH Miles - Sub transmission
20	None	
21		0 Miles/Acres

Granite State Electric Company

Reliability Enhancement Program and Vegetation Management Program

Docket No. DE 13-063

I. REP and VMP Commitment

Beginning April 1, 2014 and until the conclusion of the Company's next distribution rate case, the Company will continue its Reliability Enhancement Program ("REP") and a Vegetation Management Program ("VMP") (collectively, the "Program"), as set forth below.

II. Definitions of REP and VMP Activities

- a. Activities included in the REP are the following:
 - i. Spacer Cable Expansion/Bare Conductor Replacement
 - ii. Single Phase Recloser Replacement/Expansion
 - iii. Trip Saver Applications

- b. **Activities and expenses included in the VMP are set forth below:**
 - i. Spot Tree Trimming;
 - ii. Trouble & Restoration Maintenance;
 - iii. Planned Cycle Trimming;
 - iv. Cycle Trimming Police Details Expenses;
 - v. Hazard Tree Removal;
 - vi. Interim Trimming;
 - vii. Tree Planting;
 - viii. Subtransmission Right of Way Clearing; and
 - ix. Other Police Detail Expenses.

III. REP and VMP for FY 2014 and Thereafter

- a. Beginning with November 15, 2014, the Company will provide its REP and VMP plan (the "Plan") to Staff for the following calendar year for Staff's review. The Company will meet with Staff in technical sessions to discuss the Plan, obtain comments, and answer any questions regarding the plan to be implemented for the subsequent calendar year. After review by Staff, the Company will take all reasonable steps it deems appropriate to carry out and implement the Plan, taking into account the comments of Staff. Review by Staff of the Plan does not relieve the Company of its obligation to operate its business and maintain safe, reliable service through expenditures and other capital investments in the ordinary course of business that are not set forth in the Plan, nor does it bind Staff to a particular position regarding the adequacy and/or effectiveness of the Plan.

- b. The Plan shall provide a description of the activities along with targeted expenditures and investments of the proposed Plan to be implemented during the following calendar year. The Plan will itemize the proposed activities by general category and provide budgets for both operation and maintenance ("O&M") expenses and capital investments expected from implementation of the Plan. The O&M budget will be \$1,360,000 (the "Base Plan O&M") for the calendar year ("Base Plan O&M Budget"). The Company may also provide for consideration an alternative Plan with O&M budgets that exceed the O&M Base Amount for the calendar year. The Company will reconcile actual expenditures and investments with the Base Plan O&M amount of \$1,360,000 and shall be subject to the REP/VMP Adjustment Provision, as set forth in Section IV below. All of the combined expenses will be counted against the Base Plan O&M amount, along with any REP-related O&M that does not relate to a VMP category.

IV. **REP/VMP Adjustment Provision**

- a. During each calendar year, the Company shall track all O&M expenses incurred in implementing the components of the REP and VMP Plan. By March 15 of each year, the Company will make a reconciliation filing with the Commission. To the extent that the Company, in implementing the Plan, incurs expenses in an amount less than the Base Plan O&M amount, the difference between the Base Plan O&M amount and the amount of expenses actually incurred shall be refunded to customers or credited to customers for future REP/VMP program O&M expenditures, as the Commission determines is appropriate, with interest accruing at the customer deposit rate.
- b. To the extent the Plan submitted for review prior to the calendar year includes a budget higher than the Base Plan O&M Budget and the Company incurs expenses over the Base Plan O&M amount (consistent with the alternative budget reviewed by Staff), the incremental expense above the Base Plan O&M amount shall be included in rates, subject to Commission approval, through a uniform adjustment factor on a per kilowatt-hour basis and recovered over a twelve month period, commencing for usage on and after May 1, with interest accruing at the customer deposit rate. Any over or under-recoveries at the end of the twelve month period shall be taken into account in the next REP/VMP Adjustment Provision reconciliation period.

V. **REP Capital Investment Allowance**

The REP capital investment target shall be \$1 million annually. The Company shall track all capital investments made in accordance with the REP for each calendar year. At the same time that the Company makes its reconciliation filing for the REP/VMP Adjustment reconciliation, Granite State shall file a report detailing the actual amount of capital investments made in accordance with implementing the REP during the prior calendar year. The report shall include a calculation of the revenue requirement for adding these additional capital investments into rate

base, using the Company's current Commission approved capital structure and debt and equity. Provided that the investments were made in accordance with the REP, the Company will be allowed, subject to Commission approval, a permanent increase in its base distribution rates to recover the annual revenue requirement for those investments. This permanent REP Capital Investment Allowance will take effect for usage on and after May 1, at the same time as any REP/VMP Adjustments are implemented for the preceding calendar year as discussed in Section IV above.

VI. **Procedure for Adjusting Base Distribution Rates for the REP Capital Investment Allowance**

Base distribution rates shall be increased by the ratio of: (i) the incremental revenue requirement associated with the REP capital investment; and (ii) forecasted base distribution revenue for the prospective year.

VII. **Annual Report, Plan Deviations, and SAIDI/SAIFI Results**

- a. At the same time the Company makes its reconciliation and rate adjustment filing (by March 15 of each year), the Company will file an annual report on the prior calendar year's activities. In implementing the Plans, the circumstances encountered during the year may require reasonable deviations from the original Plans reviewed by Staff. In such cases, the Company would include an explanation of any deviations in the report. For cost recovery purposes, the Company has the burden to show that any deviations were due to circumstances out of its reasonable control or, if within its control, were reasonable and prudent. Included in the annual report, the Company will report its SAIDI and SAIFI results for the prior calendar year.
- b. The Company shall also report SAIDI/SAIFI results:
 - i. Inclusive of all events identified in items ii, iv and v below;
 - ii. Using the criteria for major storm exclusions set forth by the Commission and IEEE Standard 1366.
 - iii. On a rolling five-year average for each metric in order to minimize the impact of uncontrollable factors;
 - iv. Excluding the effect on performance by supply assets owned by others given the potential impact of transmission on the Company's reliability performance;
 - v. Excluding planned and notified outages from its calculation of SAIDI and SAIFI, and;
 - vi. Consistent with the Puc 300 rules.
- c. The Commission's definition of a major storm qualifying for exclusion from SAIDI and SAIFI reporting is 30 concurrent troubles and 15% of customers interrupted, or 45 concurrent troubles. (Troubles are defined as interruption events occurring on either primary or secondary lines).

Definitions

Augmented Tree-Trimming and Clearing: This program involves the removal of hazard trees and limbs beyond what is normally included in tree trimming to reduce the risk of interruptions on the overhead distribution system. In addition to removing dead, dying, and damaged limbs from above the conductor, we also increase overhead clearances to fifteen feet where practical. This additional work is integrated into routine scheduled trimming program to create a more aggressive approach to removing tree hazards and overhang.

Spot Tree Trimming: (Unplanned Work)

This captures all charges for field follow up, review and execution of corrective action required, if any, to mitigate vegetation management concerns requested or reported by a customer.

Trouble and Restoration Maintenance: (Unplanned Work)

This captures all charges for response and corrective action to mitigate isolated tree related trouble, overhead line requests to mitigate tree related trouble and storm responses not covered by a storm specific charge number.

Planned Cycle Trimming:

This captures all charges for annual fiscal year planned cycle pruning activities but does not include police detail expenses.

Cycle Trimming Police Detail Expenses:

This captures all charges for police detail expenses associated with annual planned cycle trim and tree removals.

Tree Hazard Removal:

This captures all charges for removal of dead, dying and/or structurally weak trees, limbs and leads.

Enhanced Hazard Tree Removal –EHTM: captures all charges for the hazard tree removal program directed at improving reliability of on and off cycle poor performing circuits based on removing dead, dying and/or structurally weak trees, limbs and leads on the three phase portions of those targeted circuits using a Customer Served approach beyond each major reliability device point including the lockout section or station breaker to the first reliability device.

Interim Trimming: (Unplanned work)

This captures all charges for mitigation of tree conditions that threaten reliability of one or more sections of primary conductor on a circuit or circuits not contained in the current fiscal year's annual plan of work.

Tree Planting:

This captures all charges for tree replacements in exchange for tree removals of full clearance, tree replacement to remediate property owner complaints, trees planted for Arbor Day events.

Sub-transmission Right of Way Clearing:

This captures all charges for activities related to cutting, clearing, herbicide application and danger tree removal on substation supply lines up to 46 kV.

Other Police Detail Expenses:

This captures charges for all O&M police detail expenses not associated with Planned Cycle Trim.