

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

Docket No. DE 22-XXX

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Vegetation Management Program

Calendar Year 2021 Reconciliation and Rate Adjustment Filing

DIRECT TESTIMONY

OF

HEATHER GREEN,

HEATHER TEBBETTS,

AND

ADAM HALL

March 15, 2022



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1 **I. INTRODUCTION**

2 **Heather Green**

3 **Q. Ms. Green, would you please state your full name, business address and position.**

4 A. My name is Heather Green and my business address is 407 Miracle Mile, Lebanon, New
5 Hampshire.

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

7 A. I am employed by Liberty Utilities Service Corp. (“LUSC”) as the Manager of
8 Vegetation Management. In that capacity I support Electric Operations and plan, budget,
9 and manage Liberty Utilities (Granite State Electric) Corp.’s (“Liberty” or “the
10 Company”) inspection and vegetation management programs, vendor performance, and
11 storm and regulatory support on the distribution and sub transmission assets.

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

13 A. I graduated from Purdue University in 1994 with a Bachelor’s Degree of Science in
14 Forestry with an Urban Option.

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

16 A. I joined LUSC in March of 2018. Prior to that I worked for the State of New Hampshire
17 Division of Forests and Lands as a Community Forester. I worked in the role of
18 Municipal Arborist from 1998 to 2013 in the Chicago suburbs in both a north shore
19 community of Park Ridge and a south shore community of Oak Lawn. I have also
20 worked for a variety of commercial tree care companies and gardens.

1 I have been very active in professional organizations. I held a variety of Board positions
2 for the New England Chapter of the International Society of Arboriculture (NEC-ISA)
3 and the Illinois Arborist Association (IAA), including President. I am a current member
4 of the New Hampshire Community Forestry Advisor Committee.

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

6 A. Yes, I have testified on numerous occasions.

7 **Heather Tebbetts**

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

9 A. My name is Heather M. Tebbetts and my business address is 9 Lowell Road, Salem, New
10 Hampshire. I am Manager of Rates and Regulatory Affairs for LUSC and am responsible
11 for providing rate-related services for the Company and for its gas affiliate, Liberty
12 Utilities (EnergyNorth Natural Gas) Corp. (“EnergyNorth”).

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

14 A. I graduated from Franklin Pierce University in 2004 with a Bachelor of Science degree in
15 Finance. I received a Master of Business Administration from Southern New Hampshire
16 University in 2007.

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

18 A. I joined LUSC in October 2014. Prior to my employment at LUSC, I was employed by
19 Public Service Company of New Hampshire (“PSNH”) as a Senior Analyst in NH
20 Revenue Requirements from 2010 to 2014. Prior to my position in NH Revenue
21 Requirements, I was a Staff Accountant in PSNH’s Property Tax group from 2007 to

2010 and a Customer Service Representative III in PSNH's Customer Service
Department from 2004 to 2007.

Q. Have you previously testified before the Commission?

A. Yes, I have testified on numerous occasions before the Commission.

Adam Hall

Q. Mr. Hall, please state your full name, business address, and position.

A. My name is Adam M. Hall. My business address is 15 Buttrick Road, Londonderry, New
Hampshire. I am an Analyst in the Rates and Regulatory Affairs department for LUSC
and am responsible for providing rate-related services for the Company and for
EnergyNorth.

Q. Please describe your educational and professional background.

A. I graduated from Siena College in 2014 with a Bachelor of Science in Finance. I also
received a Master of Business Administration from Franklin Pierce University in 2016. I
joined Liberty as an Analyst, Rates and Regulatory Affairs in January 2019. Prior to this,
I was employed by Southern New Hampshire University from 2016 to 2019.

Q. Have you previously testified in regulatory proceedings before the Commission?

A. Yes, I have testified on numerous occasions before the Commission.

II. OVERVIEW AND PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

A. Our testimony proposes new rates for the Company's recovery of costs associated with
its VMP.

1 **Q. Why does the Company need a VMP?**

2 A. The VMP is premised on the understanding that a certain amount of annual spending on
3 O&M activities is necessary to maintain the safety and reliability of the Company's
4 electric distribution system. Docket No. DE 19-064 set the total spending level for
5 vegetation management. Specifically, the Settlement Agreement in that proceeding
6 provided the following:

7 *Under the VMP, the Company shall maintain a four-year cycle for*
8 *tree trimming and vegetation management and shall continue with*
9 *the filings and reporting requirements currently in place. The base*
10 *rate increase agreed to in this Agreement includes an increase in*
11 *the VMP spending to \$2,200,000 for 2020, which shall continue*
12 *until changed in a future base rate case. The Company shall not*
13 *recover any VMP expenses that exceed 10% of that amount, or in*
14 *excess of \$2,420,000, through the annual reconciliation filing, or*
15 *otherwise. The VMP spending shall be reconciled each year, with*
16 *any under spending carried into the next program year or returned*
17 *to customers, as determined by the Commission.*

18 Settlement Agreement in Docket No. DE 19-064, Hearing Exhibit 37, at 11.

19 **Q. What is a cycle, as that term is used above?**

20 A. A cycle is the amount of time, in years, that a utility plans to trim along all its power
21 lines. A shorter trim cycle requires more miles to be completed each year in order to
22 reach all miles over fewer years, but the amount of actual trimming to be done per mile
23 should be less because the utility would have trimmed each section more recently. A
24 longer trim cycle requires trimming of fewer miles per year, with the expectation that
25 more trimming will be required.

1 Liberty obtained approval to transition from a five-year cycle to a four-year cycle,
2 beginning in 2017, as part of the Company's 2016 rate case, Docket No. DE 16-383. *See*
3 Order No. 26,005 at 9 (Apr. 12, 2017). In the most recent rate case, Docket No. DE 19-
4 064, the Commission approved the settlement agreement that called for Company to
5 continue the four-year cycle. Order No. 26,376 (June 30, 2020).

6 **Q. Is this approach consistent with those of the other electric utilities in New**
7 **Hampshire?**

8 A. No. The other NH utilities trim and remove trees on a cycle that ranges from 4.5 to five
9 years.

10 **Q. Will the Company be proposing to move to a five-year cycle in the future?**

11 A. Yes, in its next rate case the Company will be proposing to return to a five-year cycle.
12 Even though the Company continues to believe that a four-year trimming cycle is
13 desirable in New Hampshire, the Company acknowledges that the higher cost of
14 continuing the transition to a four-year trimming cycle is not appropriate given current
15 economic conditions of the vegetation management industry.

16 **Q. Please describe what types of activities were included in the 2021 VMP.**

17 A. The vegetation management activities consisted of planned cycle trimming, tree removal,
18 right of way work, and interim, spot, and trouble tree trimming.

19 **Q. What information does Appendix 1 provide?**

20 A. Appendix 1 provides a summary of the spending by category as compared to the budget
21 set at \$2,420,000 for 2021. The total spending versus budget for 2021 was \$2,021,940.

1 **Q. What information does Appendix 2 provide?**

2 A. Appendix 2 provides the list of circuits with actual trim miles completed as compared to
3 the estimated 2021 miles to be trimmed. A total of 84 miles were trimmed in 2021.

4 **Q. What information does Appendix 3 provide?**

5 A. Appendix 3 provides the actual VMP spending by month by job for 2021.

6 **Q. Please explain how the Company decides to allocate funds towards vegetation**
7 **management within a given year's budget.**

8 A. The Company develops an Annual Work Plan each year that is designed to achieve the
9 overriding performance objectives of the business (safety, reliability, efficiency, customer
10 satisfaction, and environmental responsibility).

11 **Q. What is the process the Company uses to determine which VMP projects to**
12 **undertake in any given year?**

13 A. The Company reviews the above objectives and prioritizes the work to achieve an
14 optimized portfolio of projects considering the reliability performance data compared to
15 the reliability improvements targeted by the various programs and the deliverability of
16 vegetation management within the calendar year. The process is designed to ensure the
17 Company arrives at a budget that provides the optimal balance to maintain and improve
18 the performance of the system, while also ensuring a cost-effective use of the Company's
19 available resources.

1 **Q. Does the Company own all its own poles?**

2 A. No, most of its poles are jointly owned by Liberty and Consolidated Communications,
3 Inc. (“CCI”).

4 **Q. What difference does that make?**

5 A. There is a Joint Ownership Agreement between Liberty and CCI that governs all aspects
6 of the joint ownership of poles. Relevant to this docket, those agreements provided for
7 CCI to contribute a certain amount of money toward Liberty’s tree trimming costs each
8 year.

9 **Q. Does the Company collect from joint pole owners to help fund VMP activities?**

10 A. Not anymore. CCI exercised its contractual right to terminate its participation in the
11 vegetation management aspect of the Joint Ownership Agreement after 2019, leaving all
12 annual vegetation management costs to be the responsibility of the Company and its
13 customers. In Docket No. DE 19-064, the Company requested to return to a 5-year cycle
14 because the annual reimbursements from Consolidated Communications, Inc. (“CCI”)
15 would no longer be available to offset the total amount of VMP O&M expenses incurred.
16 The Company further describes the loss of the contractor in this testimony and the
17 vegetation management problems and financial burden it caused.

18 **Q. Please summarize the remainder of your testimony.**

19 A. Section III talks about issues the Company encountered with its contractor in 2021.
20 Section IV provides information regarding the proposed rate for 2022.

1 **III. 2021 VMP CONTRACTORS**

2 **Q. Was the Company able to procure services for vegetation management at the**
3 **approved funding level for the second four-year trim cycle?**

4 A. Yes. In 2020, the Company went to bid for its current four-year cycle and awarded the
5 contract to ClearWay Industries, LLC (“ClearWay”).

6 **Q. Why was ClearWay selected?**

7 A. Primarily because it was the lowest bidder (ClearWay’s per-mile cost were less than
8 current costs and would have enabled Liberty to continue with the four-year cycle), and
9 ClearWay’s bid afforded the Company the best opportunity to continue trimming trees
10 within the \$2,420,000 limit. ClearWay was relatively new to the Company’s system and
11 had performed positively with work allocated to them in 2020.

12 **Q. Did ClearWay fulfill all its contract obligations?**

13 A. No, it defaulted on its contract with the Company and walked off the job in March 2021.

14 In January 2021 ClearWay fell behind schedule for the work required under the contract.

15 To assist, Liberty provided ClearWay’s employees with supervision and training and

16 hired a firm to triage the situation by overseeing ClearWay crews and to help ClearWay

17 perform the work. By February of 2021, ClearWay remained behind, so on February 17,

18 2021, Liberty met with ClearWay to inquire whether ClearWay would be able to ramp up

19 and have its crews complete the required mileage. ClearWay assured Liberty that it

20 would be able to complete the work. On March 3, 2021, ClearWay remained behind

21 schedule, so Liberty again called a meeting with ClearWay to express Liberty’s

1 continued concern with their ability to perform. Liberty representatives again asked
2 whether ClearWay would be able to meet Liberty's expectations given how far ClearWay
3 had fallen behind. ClearWay once more expressed confidence that they would be able to
4 fulfill its contractual obligations. Less than two weeks later, on March 12, 2021,
5 ClearWay informed Liberty that ClearWay needed to leave the existing jobs with Liberty
6 in New Hampshire as soon as possible because they could not meet payroll obligations to
7 their employees. On March 13, 2021, ClearWay crews began to walk off the jobs being
8 performed for Liberty. Clearway notified Liberty that its crews would no longer perform
9 any work for Liberty after March 15, 2021. On March 15, 2021, ClearWay crews did
10 not show up for work. March 14, 2021 was the last day ClearWay performed any work
11 for Liberty.

12 **Q. What was the Company's response?**

13 A. The Company immediately began the search to find another contractor and quickly
14 reached agreement with Asplundh Tree Expert Co. ("Asplundh") to return to Liberty's
15 service territory to try to complete the year's trimming requirements. Asplundh held the
16 prior tree trimming contract.

17 **Q. Did the change to Asplundh increase costs?**

18 A. Yes. Although Asplundh was the next lowest bidder after ClearWay, it was still more
19 expensive and required a 6.25% surcharge above its prior bid for allocating resources in
20 its attempt to complete the miles the Company intended to trim in 2021. This made it
21 impossible for Asplundh to complete the VMP while staying under the \$2.42 million cap
22 defined in the Settlement Agreement.

1 And second, although Asplundh had worked with Liberty in the past, the transition from
2 ClearWay to Asplundh took several weeks. Asplundh had to pull resources back from
3 other areas, some Asplundh crews that previously worked for Liberty were no longer
4 available, retired, otherwise out of workforce, or simply out of area as other regions of
5 the country pay higher wages than in the Northeast.

6 **Q. Did the Company contract with other vegetation management companies to try to**
7 **increase its trim miles for 2021?**

8 A. Yes. The Company was also able to contract with Chippers, Inc., to perform some of the
9 work that would have been performed by ClearWay. Chippers was one of the
10 unsuccessful bidders in 2021 but they submitted competitive prices for the balance of
11 2021 miles that were otherwise not expected to be completed. They committed to
12 completing up to 30 miles of the remaining 2021 miles.

13 **Q. Combined, how much did Asplundh and ClearWay complete in 2021?**

14 A. Approximately 84 miles.

15 **Q. What had been the plan for 2021?**

16 A. 235 miles.

17 **Q. Did Chippers complete their work planned?**

18 A. No. Although Chippers committed to completing up to 30 miles of the remaining 2021
19 miles, they did not successfully transition to Liberty's property as a result of workforce
20 issues and were thus only available to work a few miles in December.

1 **Q. Did the Company secure other crews for off-road work?**

2 A. Yes. The Company secured local specialized off-road crews to complete trimming of our
3 off-road supply lines, which is another component of the miles ClearWay had agreed to
4 trim. Since the Company was able to obtain these off-road crews, since they had capacity
5 to trim more off-road work than had been planned, and given that the Company was not
6 going to trim other planned mileage, the Company brought forward additional off road
7 work that was planned for future years to 2021 to accommodate the workforce
8 availability and needs. The Company attempted to include the 2376W circuit, but frozen
9 ground conditions were required, and the ground did not freeze until after December 31,
10 2021.

11 **Q. While Chippers could not fulfill all their trimming duties, were they valuable**
12 **elsewhere?**

13 A. Yes. Despite Chippers' difficulties described above, Chippers was able to fill in for
14 many emergency and storm related needs as Chippers also has an emergency Storm
15 Response contractual agreement with the Company. ClearWay's contract provided
16 support for storm response; thus, Chippers filled that role.

17 **Q. Did Liberty hire back Asplundh as its main vegetation management company in**
18 **2022?**

19 A. Yes. The local Asplundh crews transitioned back to Liberty and are performing work
20 successfully, but they continued to have difficulty in completing the quantity of work
21 Liberty planned due to the limited available workforce in the Northeast. The Company
22 took advantage of the availability of non-local Asplundh crews who were used for capital

work and, once that work was completed, the Company utilized them to perform maintenance trimming.

IV. 2021 BUDGET VS. ACTUAL

Q. Please provide the Company's actual O&M spending for CY2021 versus budget.

A. The major spending variances are as follows below:

Table 3: O&M CY2021 Actual vs. Budget Spending

	CY 2021 Budgeted Expenses	CY 2021 Actual Expenses	Variance
<u>VMP O&M</u>			
Work Planners for Veg Plan	\$305,000	\$360,337	(\$55,337)
Spot Tree Trimming	\$43,000	\$32,561	\$10,438
Trouble and Restoration Maintenance	\$43,000	\$92,917	(\$49,917)
Planned Cycle Trimming	\$1,007,600	\$907,211	\$100,388
Police Detail Expenses - Cycle Trimming	\$320,000	\$97,435	\$222,564
Hazard Tree Removal - DE 19-064	\$386,400	\$59,904	\$326,495
Interim Trimming	\$30,000	\$103,806	(\$73,806)
Tree Planting	\$10,000	\$10,245	(\$245)
Sub-Transmission Right of Way Clearing	\$275,000	\$357,521	(\$82,521)
Sub-Transmission Right of Way Sideline	\$0	\$0	\$0
Total VMP O&M Expenses	\$2,420,000	\$2,021,940	\$398,059
Less: Reimbursements from Consolidated	\$0	\$0	\$0
Less: Clearway Invoices		(\$151,127)	
O&M Expenses Net of Consolidated Credits	\$2,420,000	\$1,870,812.51	\$549,187

Q. Did the Company align its spending with the amount available for cost recovery?

A. Yes. The Company revised its budget and spending during 2021 to more closely align with the spending levels arrived in the DE 19-064 Settlement Agreement.

1 **Q. What is the breakdown of budget to actual spending variance for 2021 for**
2 **trimming?**

3 A. The Company spent \$55,337 more on work planning than anticipated. The Company
4 brought in an additional work planner to assist with the transition of a new contractors
5 and change on the system. The role increased the quality control and assurance of the
6 work and provided direct guidance and consult to the tree contractor. The Company also
7 experienced a significant amount of employee turn-over at the work planner level and
8 tree contractor level that required near continuous training and re-training. The work
9 planners were also assigned additional program need tasks and activities.

10 The Company spent \$100,389 less on planned cycle pruning due the work force issues,
11 constraints, change in contractors, and changes in price that did not allow for the
12 resources to complete the work. The work that was completed was performed at a higher
13 cost per mile. Interim trimming is generally unplanned work. The Company overspent
14 by \$73,806. The Company performed targeted hot spot work along deferred circuits.
15 Spot tree trimming was under spent \$10,439 due to deferring requested work of electric
16 service orders and customer calls.

17 **Q. What was the variance for trouble and restoration?**

18 A. The trouble and restoration budgets are for unplanned work based on actual occurrence.
19 Spending exceeded the budget by \$49,917 due to an increase in unplanned non-storm
20 related trouble call volume and support of the overhead line department. The Company
21 encountered an increased amount of actively failing or urgent off cycle work requested
22 by customers and interested parties.

1 **Q. How much less did the Company spend on traffic control?**

2 A. The Company spent \$222,565 less than anticipated for traffic control. The deferral of
3 miles subsequently resulted in less traffic control needed.

4 **Q. Please explain the variance for tree removals.**

5 A. The Company spent \$326,495 less than budgeted on hazard tree removals due to the lack
6 of workforce. The crews that were on property focused on the miles of trimming to be
7 done.

8 **Q. Does the Company have a tree planting program?**

9 A. Yes. The Company utilizes the Arbor Day Foundation Energy Saving Trees Program for
10 education of Right Tree, Right Place and the power of effectively choosing a species and
11 location and the potential energy saving benefits, and more. The program also gives us
12 good customer relations touch points in partnering with them to make a positive
13 difference in the future of a sustainable tree canopy. The program came in at \$10,246.
14 The program price had increased more than expected from the prior year.

15 **Q. Does Liberty trim Right of Way?**

16 A. Yes. The Company trims its Sub-Transmission Right of Way areas to ensure safe and
17 reliable service in those areas. The sideline and floor work was overspent by \$82,522.
18 Asplundh was able to complete the work at a reduced price per mile and acre. They had
19 sufficient off-road crews and equipment that were able to complete the 2021 planned
20 work and pull forward some 2022 work. The Company also planned to work the

1 remainder of the 2376W circuit, but the weather was not favorable, and it was completed
2 after December 31.

3 **Q. Are the VMP expenditures for which the Company is now seeking recovery**
4 **reasonable?**

5 A. Yes. These expenditures were made for programs that are specifically described in the
6 Settlement Agreement and were necessary to achieve continued improvement in the
7 Company's system reliability. The work undertaken for vegetation management was
8 incurred for the explicit purpose of improving system reliability and is consistent with the
9 intent of the Settlement Agreement. As such, the Commission should approve recovery
10 of these expenditures and permit the requested rate adjustments to become effective for
11 usage on and after May 1, 2021.

12 **V. RATES**

13 **Q. Please provide an overview of the Company's request.**

14 A. The Company seeks to carry over \$549,187.49 of unspent CY2021 money for use in
15 2022 to help catch up on the work missed during 2021 as described above. The
16 Settlement Agreement allows for the Commission to grant such a request:

17 *The VMP spending shall be reconciled each year, with any under*
18 *spending carried into the next program year or returned to*
19 *customers, as determined by the Commission.*

20 Settlement Agreement in Docket No. DE 19-064, Hearing Exhibit 37, at 11.

21 **Q. Please describe Schedule HMT/AMH-1 attached to this testimony.**

22 A. Schedule HMT/AMH-1 provides the calculation of the O&M expenditures for CY2021.

1 **Q. How is the VMP adjustment factor calculated?**

2 A. The Company calculates an (over)/under balance for the prior period of May 1, 2021
3 through April 30, 2022. The balance of \$12,462 was divided by forecasted kilowatt-
4 hours (kWh) of 917,255,198 for a rate of \$0.00001 per kWh added to the base
5 distribution rate for each rate class, as shown on HMT/AMH-1, page 4.

6 **Q. Please summarize the Company's actual results from the CY2021 VMP activities**
7 **and the level of recovery the Company is requesting.**

8 A. The actual spending for CY2021 was \$2,021,940.49 less the amount owed to ClearWay
9 for work completed in 2021 of \$151,128 for a total spending of \$1,870,813. Being that
10 the total cost of vegetation management was less than the allowed \$2,420,000, the
11 Company is requesting to carry the difference currently in rates of \$549,187.49 in to the
12 CY2022 VMP to accommodate the additional costs in 2022 to make up for work not
13 completed in 2021.

14 **Q. Has Liberty filed a lawsuit against ClearWay for damages?**

15 A. Yes. Liberty filed a breach of contract lawsuit in the Rockingham County Superior Court
16 seeking damages caused by ClearWay walking off the Company's property in 2021, as
17 described above. The case is in its early stages; no procedural schedule has been set.

1 **Q. Given the lawsuit, has the Company included invoices from ClearWay for work**
2 **they did in early 2021 for recovery?**

3 A. No. The Company has removed the amount due to ClearWay from the total cost of the
4 work for 2021. Once the lawsuit has concluded, the Company will determine if the
5 invoices still need to be paid.

6 **Q. What is the rate change associated with the 2021 spending?**

7 A. The Company is proposing a VMP Adjustment Factor of \$0.00001 per kilowatt-hour
8 (kWh), a decrease of \$0.00063 per kWh from the \$0.00064 per kWh Adjustment Factor
9 calculated in Docket No. DE 21-049.

10 **VI. EFFECTIVE DATE AND BILL IMPACT**

11 **Q. How and when is the Company proposing that this rate change be implemented?**

12 A. The Company is proposing that these distribution rate changes be made effective for
13 service rendered on and after May 1, 2022.

14 **Q. Has the Company determined the impact of these REP/VMP rate changes on**
15 **customers' bills?**

16 A. Yes. For an Energy Service residential customer using 650 kWh per month the total bill
17 impact of the VMP rates proposed in this filing, as compared to rates in effect today, is a
18 monthly bill decrease of (\$0.41) or 0.26%.

19 **VII. CONCLUSION**

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

21 A. Yes, it does.