

**BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**DE 23-039**

**LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. D/B/A LIBERTY  
REQUEST FOR CHANGE IN DISTRIBUTION RATES**

**DEPARTMENT OF ENERGY DATA REQUESTS – SET 1**

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**DOE 1-1**

Please provide live Excel versions of all spreadsheets associated with the Testimony and Attachments filed in the docket on May 5, 2023 in the above-captioned matter.

**Before the New Hampshire Public Utilities  
Commission**

**DE 23-039**

**Liberty Utilities (Granite State Electric) Corp. D/B/A  
Liberty**

**Request For Change in Distribution Rates**

**NH Department of Energy Data Requests - Set 2**

**June 2, 2023**

- 2-1. Please confirm that the 5 Quarter average rate base reported on Liberty's F-1 Supplemental Quarterly Financial and Sales Information Report for Q4 2022 as filed with the NHPUC on May 5, 2023 is \$177,786,029 (See Report Attachment 1 page 2 of 2) as compared to the Test Year End Rate Base reported on Attachment KMJ/DSD/GHT-TEMP-1 Schedule TR-1 Line 1 (Bates II-039) of \$195,157,649 as used in the calculation of the Company's Temporary Rate proposal.
- 2-2. Reference Attachment KMJ/DSD/GHT-TEMP-1 Schedule TR-1-1 (Bates II-040). Please explain the source of, and details related to the amount of "Other Operating Revenue" of \$396,808 shown on Line 3.
- 2-3. Reference Attachment KMJ/DSD/GHT-TEMP-1 Schedule TR –3.2. Please explain the contributing factors related to the 31% increase in "Total Sales of Electricity" from 2021 to 2022. Per KMJ/DSD/GHT-TEMP-1 Schedule TR-2, Line 3 "Residential Sales" were approximately \$77 million in 2022. What were "Residential Sales" in 2021?
- 2-4. Reference Attachment KMJ/DSD/GHT-TEMP-1 Schedule TR-2. At Lines 3-5 it appears that adjustments are made to remove Default Energy Service Revenue and Transmission related Revenue from Total Sales Revenue in order to isolate Distribution related revenue. Please confirm that this is what these adjustments are for. Please provide an alternate calculation of total Test Year Distribution revenue which uses total monthly energy and power delivery sales data and monthly rates effective in each of the three customer categories identified in Lines 3-5.
- 2-5. Please identify and quantify all costs currently included in rate base as of the end of the 2022 Test Year related to the new SAP based customer information and billing system which "went live" in October 2022.
- 2-6. To date, has Liberty retained the assistance of advisors/troubleshooters directly from SAP, the Company's SAP project implementation team, or other external experts to assist with any problem-solving or other issues associated with the system implementation and conversion process? If yes, please provide the number

of personnel retained, their specific tasks, and the estimated total cost and duration of the assignment.

- 2-7. Please describe in detail any and all problems or challenges that Liberty has experienced during the implementation of its new customer information and billing system (SAP system) in each of the following categories: 1) Payroll; 2) Vendor Payments; 3) Financial reporting – both internal and external to regulatory agencies and/or consultants such as auditors; 4) preparation and delivery of accurate customer bills on the Company’s regular, planned, billing cycles for any and all customer classes and customer sub-types (e.g. residential customers taking default service, those taking competitive supply, net metered customers, group net metered hosts and/or group members, etc.).
- 2-8. Please provide an estimated or actual amount of 2022 distribution revenue that was not billed in 2022 (but was billed or is planned to be billed in 2023) due to the implementation of new SAP customer information and billing system. Please indicate if the temporary rate revenue requirement was adjusted for any such unbilled revenue.
- 2-9. Reference Attachment KMJ/DSD/GHT-TEMP-1 Schedule TR-2 (Bates II-044) Line 103 where Test Year 2022 Depreciation Expense is reported as \$10,425,931. In comparison, the Company’s year-end F-1 Supplemental Quarterly Financial and Sales Information – Q4 2022 filed with the NHPUC on May 5, 2023 appears to report 2023 Depreciation Expense as \$8,494,893 (see Attachment 1 page 2 of 2 Line 2 difference in “Accumulated Depreciation” values reported for Dec-22 and Dec-21). Please explain the difference in these two reported values.
- 2-10 Reference the Company’s year-end F-1 Supplemental Quarterly Financial and Sales Information report filed with the NHPUC on May 5, 2023 at Attachment 1, page 2 of 2 at the Notes on Line 14, the report Note (1), in referring to the Cash Working Capital requirement reported above on Line 4 in the report states “Represents 45/365 days of non-purchase power O&M expenses for the period.” Is this statement correct or is the Cash Working Capital for non-purchased power actually calculated using the results of a Lead-Lag Study as reported in the Temporary Rate attachments at Attachment KMJ/DSD/GHT-TEMP-1 Schedule TR-4.3 (pages 1 through 3)
- 2-11 Reference attached Excel spreadsheet Attachment DOE 2-011 CAPEX Budget-Actual 2022. In the attached Excel spreadsheet please fill in all information for the project categories of Safety, Mandated, Growth, Regulatory, Discretionary, involving all capital projects undertaken by Granite State Electric in 2022. Also include all capital projects undertaken in 2019, 2020, and 2021 that were excluded from the step adjustment filings for those years. Please identify the project year for those excluded projects in the project description cell under column C. Provide an explanation in column G only for those projects where the variance of actual expenditures equaled or exceeded 2x the budgeted amounts.

- 2-12 Please provide a copy of the most recent and current “Liberty Way” policy and procedures for capital expenditures.
- 2-13 Reference Direct Testimony of Anthony Strabone at Bates 480 – 483; and Direct Testimony of Lauren A. Preston at Bates 588. Please provide the Business Cases, Capital Project Expenditure Forms, Change Orders, and Over Expenditure Applications associated with the following 2022-2023 projects:
- a. URD Cable Replacement
  - b. Vilas Bridge 12L1 and 12L2
  - c. Rockingham Supply Line 115kV West Circuit
  - d. SAP/Customer First Project

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**NH Department of Energy Data Requests- Set 3**

**July 12, 2023**

- 3-1. Reference: DOE 2-11 and Attachment DOE 2-11. For each of the projects and plant additions listed below for 2019, 2020, 2021, and 2022 please provide all copies of all documentation required under the Liberty's Policy & Procedures for Capital Expenditures including start dates, Business Cases, Capital Project Expenditure Forms, and Project Close Out Reports:

Capital Projects GSE CY 2019		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
8830-1901	01663 GS Storm Program Proj	\$100,000	\$349,695	-\$249,695
8830-1912	Dist-Damage & Failure Blanket	\$700,000	\$1,127,737	-\$427,737
8830-1991	01659 Granite St Meter Purchases	\$230,000	\$952,029	-\$722,029
8830-1965	Rockingham Substation Trans.	\$200,000	\$301,229	-\$101,229
8830-1964	Rockingham Substation	\$200,000	\$276,462	-\$ 76,462
8830-1925	IT Systems & Equipment	\$125,000	\$509,011	-\$384,011
8830-1927	IT Systems Allocations	\$ 50,000	\$ 77,273	- \$ 27,273
8830-1949	NN ERR/Pockets of Poor Perf.	\$100,000	\$217,007	-\$117,007
8830-1969	GSE Mall Road-Street Lights	\$0	\$421,587	-\$421,587
8830-1993	GSE Facilities Capital Impr.	\$550,000	\$373,268	\$176,732
8830-UNALL	Finance Unalloc Burden	\$0	\$309,595	-\$309,595

Capital Projects GSE CY 2020		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
8830-1944	Golden Rock Substation	\$ 300,000	\$ 311,738	-\$ 11,738
8830-1958	Install Service to Tuscan Village	\$ 900,000	\$2,362,438	-\$1,462,438
8830-1965	Rockingham Substation Trans.	\$1,750,000	\$1,804,061	-\$ 54,061
8830-2037	GSE-Dist New Bus-Resid	\$1,000,000	\$1,400,390	-\$ 400,390
8830-1960	Golden Rock Underground	\$ 100,000	\$ 120,997	-\$ 20,997
8830-1964	Rockingham Substation	\$ 750,000	\$ 824,447	-\$ 74,447
8830-2046	Bare Conductor Replacement	\$1,700,000	\$2,183,426	-\$ 483,426
8830-2027	IT Systems & Equipment Blanket	\$ 125,000	\$ 183,976	-\$ 58,976
8830-2072	SAP Ariba GSE Portion to Pay	\$ 164,143	\$ 251	\$ 163,892
8830-2093	GSE Facilities Capital Improv.	\$ 750,000	\$ 559,460	\$ 190,540

8830-2095	Tuscan Village EV Chargers	\$ 210,000	\$ 21,838	\$ 188,162
8830-UNALLOC OH	Finance Unalloc Burden	\$ 384,069	\$ 843,160	-\$ 459,091
8830-2052	Golden Rock Dist. Automation	\$ 125,000	\$ 224,795	-\$ 99,795

Capital Projects GSE CY 2021

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
8830-1958	Install Service to Tuscan Village	\$1,000,000	\$812,956	\$ 187,044
8830-1965	Rockingham Substation Trans.	\$6,000,000	\$6,372,658	-\$ 372,658
8830-2069	Golden Rock Feeder 19L2	\$2,100,000	\$1,383,849	\$ 716,151
8830-1964	Rockingham Substation	\$7,000,000	\$10,238,907	-\$3,238,907
8830-2074	Rockingham Dist. Feeders	\$1,500,000	\$1,219,683	\$ 280,317
8830-2095	Tuscan Village EV Charges	\$ 150,000	\$ 354,768	-\$ 204,768
8830-2193	GSE Facilities Capital Improv.	\$ 368,000	\$ 93,889	\$ 274,111
8830-2197	Add-on to Garage in Salem	\$ 700,000	\$ 667,641	\$ 32,359
8830-UNALLOC OH	Finance Unalloc Burden	\$ 193,063	\$ 631,619	-\$ 438,556

Capital Projects GSE CY 2022

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
8830-2212	Dist. Damage & Failure Blanket	\$1,415,500	\$1,932,718	-\$ 517,218
8830-2291	01659 Granite St Meter Purchases	\$ 500,000	\$ 907,558	-\$ 407,558
8830-1944	Golden Rock Substation	\$ 600,000	\$ 961,820	-\$ 361,820
8830-1958	Install Service to Tuscan Village	\$1,000,000	\$ 134,806	\$ 865,194
8830-1965	Rockingham Substation Trans.	\$9,000,000	\$7,071,538	\$1,928,462
8830-2069	Golden Rock Dist. Feeder 19L4	\$ 0	\$ 310,595	-\$ 310,595
8830-1964	Rockingham Substation	\$ 500,000	\$ 460,015	\$ 39,985
8830-2074	Rockingham Dist. Feeders	\$ 400,000	\$ 231,691	\$ 168,309
8830-2207	GSE-Dist-Genl Equip Blanket	\$ 50,000	\$ 545,727	-\$ 495,727
8830-2227	IT Systems Allocations-Corporate	\$ 50,000	\$1,243,499	-\$1,193,499
8830-2239	IE-NN URD Cable Replacement	\$ 500,000	\$ 509,233	-\$ 9,233
8830-2285	AMI	\$ 700,000	\$ 2,501	\$ 697,499
8830-2286	2022 Cloud-Analytics-NH	\$ 700,000	\$ 334,588	\$ 365,412
8830-2290	Transportation Fleet & Equip.	\$2,000,000	\$2,404,403	-\$ 404,403
8830-2293	GSE Facilities Capital Improv.	\$ 600,000	\$ 961,477	-\$ 361,477
8830-2299	SAP Placeholder-GSE	\$19,116,666	\$13,550,995	\$5,565,671
8830-22XX	IEEE Membership	\$ 155,000	\$ 207,186	-\$ 52,186
8830-UNALLOC OH	Finance Unalloc Burden	\$ 191,500	\$2,730,627	-\$2,539,127

3-2. Reference Testimony of Anthony Strabone at Bates 301: “Although the Company’s reliability targets are approaching the first quartile, there are signs within the electrical system that are experiencing poor reliability.”

a. Please explain the significance of first-quartile performance.

- b. Please explain what “poor reliability,” performance means in the context of system planning and capital project prioritization, and if this is typical system performance from year-to-year.
  - c. Please explain why the requested Reliability Projects growth budget is increasing from \$3,790,000 in 2023 to \$6,210,000 in 2024. (Reference DE 23-039, Attachment 1604.01(a)(23), Bates 180.)
- 3-3. Reference Direct Testimony of Balashov and Strabone at Bates 413-414. Planned AMI expenditures by year are shown to be \$9,500,000 in 2026; \$14,866,667 in 2027; and \$15,633,333 in 2028; for a total planned AMI capital expenditure of \$40,000,000 (not including O&M costs). What necessary foundational expenses are planned for 2023, 2024, and 2025 in preparation for these AMI expenditures?
- 3-4. Reference Direct Testimony of Balashov Bates 460. Please explain how Phase 2 Storage Pilot Program and ETFO Staffing Costs have been accounted for in the 2023 and 2024 budget requests.
- 3-5. Reference Direct Testimony of Green and Sparkman at Bates 374, “Table 3 IVM Forecasted Costs”. Please explain in more detail what each column represents and what is driving the cost increase beyond the 5% escalator level.
- 3-6. Reference Direct Testimony of Green and Sparkman at Bates 532, Table 1 and Bates 536, lines 8-9: “Liberty has deferred 243 miles in current four-year cycle (including 2023 expected trim miles.” Please explain how transitioning to a five-year cycle of 175 miles per year will complete the additional deferred 243 miles (49 miles per year additional trimming) when Liberty’s historical trimming rate for the four-year cycle required 220 miles per year.
- 3-7. Reference Direct Testimony of Green and Sparkman at Bates 362, Table 1. Please provide the 2023 year-to-date cost per mile experience.
- 3-8. Reference Direct Testimony of Green and Sparkman, Table 2 at Bates 368 and Exhibit HG-2, Bates 389. Please provide additional support for the rate years’ forecasted VMP spending (RY 1: \$23,146 cost per mile) in light of the projected 2023 cost per mile of \$14,657

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**NH Department of Energy Data Requests- Set 4**

**July 21, 2023**

- 4-1. Bill Impact. Reference: Petition, Attachment 1. Page 3, paragraph 7, of the Company's petition filed on May 5, 2023, states that, "[t]he impact on average monthly bill amounts for the temporary and permanent increases as compared to rates in effect today are shown in Attachment 1 to this petition." The Attachment 1 could not be found in the PDF file of the Petition. Please provide a copy of Attachment 1 or provide a citation on where it is located.
- 4-2. Abnormal or Non-Recurring Events.
  - a. Are there any non-recurring expenses included in the test year; that is, expenses included in the test year that are not normally anticipated to occur in the future on a recurring annual basis?
  - b. If so, please provide the amount and description of each such item.
  - c. Have the non-recurring expenses been excluded from the test year?
- 4-3. Sale of Utility Property. Please provide an analysis (description, dates, and amounts) of any gains or losses on utility property sold during the test year, during the three years immediately preceding the test year, and since the end of the test year. Also, please explain how such amounts have been treated for ratemaking purposes.
- 4-4. Cancelled Projects/Obsolete Inventory. If the Company has included any costs associated with cancelled construction projects or obsolete inventory in requested rates, please separately identify each item, provide the related amount, and explain the reason for the cancellation or obsolescence.
- 4-5. Plant Retirements. Reference: Attachment DOE 1.1.3, Tab Retirement Assumptions. Please provide the support for the "Retirements as % of Additions."
- 4-6. Depreciation. Reference Attachment DOE 1-1.2, Tab RR-2.12 Depreciation and Amortization Workpaper Expense and Attachment DOE 1-1.3, Tab RR-6.6.
  - a. Please provide supporting documentation on the derivation of the pro forma adjustment amounts.
  - b. Please reconcile the amounts on RR-2.12 to the amounts on RR-6.6.
  - c. Please explain how gross plant has been adjusted to reflect retirements before calculating depreciation expense.



- 4-7. Prepayments. Attachment DOE 1-1.2, Tab RR-4.2. Please provide a list of the prepayments and balances by month by major category (e.g., insurance, rent) for the test year and the two years immediately preceding the test year.
- 4-8. Supplies and Inventory. Attachment DOE 1-1.2, Tab RR-4.2. Please provide the supplies and inventory balances by month and by type (i.e., description) for the test year and the two years immediately preceding the test year.
- 4-9. Regulatory Asset and Liability. Attachment DOE 1-1.2, Tab RR-4.4.
- a. For each regulatory asset and liability included in the revenue requirement, please provide these items:
    - i. The decision number and page that specifically authorized the regulatory asset or liability
    - ii. A description and amount for each individual cost component of the regulatory asset and liability
  - b. Please explain why amortization does not start until July 2023 on the Company's schedule for the Battery Storage Regulatory Asset, DOE/OCA Consultants Regulatory Asset, and Lost Revenue Adjustment Mechanism Regulatory Liability?
- 4-10. Revenue. Reference DOE 1-1.2, Tab RR-2.2. There appears to be no change in Sales of Electricity during the forecasted Rate Years.
- a. How has the Company reflected revenue growth in its Rate Year forecasts?
  - b. If revenue growth has not been reflected in the revenue requirements, please explain why.
  - c. Are there any revenue generating projects included in the Company's forecasted plant? If so, please provide a list of the projects and expected revenue growth.
- 4-11. Labor Costs. Reference DOE 1-1.2. Tabs Assumptions RR-2.6, RR-2.7, RR-2.8, RR-2.9, and RR-2.10. The historical test year data has been escalated using a factor of 17.966% to derive the Test Year Pro Forma. Please explain why the Company believes it is appropriate to escalate historical Test Year labor by 17.966% to derive the Test Year Pro Forma amount.
- 4-12. ADIT. Reference Attachment DOE 1-1.2, Tab RR-4.5. The amounts are hard-coded. Please provide supporting documentation on the derivation of these amounts.
- 4-13. Labor Costs. Normalized Annual Wage Expense Full Employment at 12/31/2022. Reference DOE 1-1.2, Tabs RR-3.4, and RR-3.5.
- a. Please provide the source of the hard-coded numbers in Tab RR-3.5, Column I, for the Normalized Annual Wage Expense Full Employment at 12/31/2022.
  - b. Please fill in the following table to show the components of the normalization calculation that reflects the difference between the Test Year amount of \$4,916,416 and the Normalized Test Period at 12/31/22 of \$5,799,709.

Union	Dept.	Eff. Month	Test Year Wages	Normalized Annual Wage Expense Full Employment at 12/31/2022	Annualized Merit Increase	Full Employment	Other (Explain)	Total
Liberty - New Hampshire - IBEW 486	NH Electric Ops	March		1,415,489.71				
Liberty - New Hampshire - USW 12012 09	NH Customer Care (Billing & CSR)	January		443,783.06				
Liberty - New Hampshire - UAWA 369	NH Engineering - Electric	May		243,953.80				
Liberty - New Hampshire - IBEW 326	NH Electric Ops	March		1,181,476.82				
Non Union		February		2,515,005.18				
Total			4,916,416	5,799,708.56				883,293.00

- c. Payroll increases, depending on union participation, occur in January, February, March, or May. How has the Company reflected the timing of the increase in its derivation of the Normalized Annual Wage Expense used to derive the Base Period Labor Adjustment and the Labor Pro Forma of 17.97% used to escalate the Test Year?

4-14. Labor Costs. Reference DOE 1-1.2 Tabs RR-3.5.

- a. Please provide the payroll by month for the historical test year 2022.
- b. Please provide the actual payroll by month for year-to-date 2023.

4-15. Labor Costs. Normalized Annual Wage Expense Full Employment at 12/31/2022. Reference DOE 1-1.2, Tabs RR-3.4 and RR-3.5.

- a. Please provide the assumed FTEs used in Column I for “full employment.”
- b. Please provide the budgeted and actual FTEs by month for the historical test year 2022.
- c. Please provide the budgeted and actual FTEs for each month to date in 2023.

4-16. Labor Costs. Please provide the following monthly labor data for the test year, for the three years immediately preceding the test year, and since the end of the test year, showing annual totals. Also, please provide new monthly data as it becomes available through the course of this proceeding.

- a. Number of actual employees broken down by type (e.g., salaried, hourly, union, non-union, temporary)
- b. Number of authorized employees broken down by type (e.g., salaried, hourly, union, non-union, temporary)
- c. Regular payroll broken down by categories expensed, capitalized, and other
- d. Overtime payroll broken down by categories expensed, capitalized, and other
- e. Temporary payroll broken down by categories expensed, capitalized, and other
- f. Other payroll (specify)

4-17. Labor Costs, Union Contracts:

- a. Please provide a copy of all the Company’s current labor contracts and the immediately preceding labor contracts for the same bargaining units.
- b. Please discuss how the Company addresses bargaining issues (e.g., frequency of bargaining, whether labor negotiations are handled in-house or outsourced, composition of negotiating committee).
- c. Is the Company currently in negotiations with any labor union? If so, when is the contract expected to be finalized? What years would be covered in the contract?

4-18. Labor Costs. Reference DOE 1-1.2, Tab RR-3.5.

- a. Please provide the page(s) within each union contract that support the following merit increases for each year.
- b. If the union contracts do not reflect the merit increases, please explain how the Company derived the amount of the increase.

Union	Dept.	Eff. Month	Merit Percentage 2023	Merit Percentage 2024	Merit Percentage 2025	Merit Percentage 2026
Liberty - New Hampshire - IBEW 486	NH Electric Ops	March	2.30%	5.00%	4.00%	4.00%
Liberty - New Hampshire - USW 12012_09	NH Customer Care (Billing & CSR)	January	2.70%	2.70%	2.70%	2.70%
Liberty - New Hampshire - UWUA 369	NH Engineering - Electric	May	3.00%	3.00%	3.00%	3.00%
Liberty - New Hampshire - IBEW 326	NH Electric Ops	March	2.30%	5.00%	4.00%	4.00%

4-19. Labor Escalator. Reference DOE 1-1.2, Tab RR-3.5.

- a. Please provide copies of the formal approval for the following non-union increases for each year.
- b. If the non-union increases have not been formally approved to be awarded, please explain how the Company derived the amount of the increase.

Union	Eff. Month	Merit Percentage 2023	Merit Percentage 2024	Merit Percentage 2025	Merit Percentage 2026
Non Union	February	3.50%	3.50%	3.50%	3.50%

4-20. Labor Costs. Reference DOE 1-1.2, Tab RR-3.5. Please provide the actual non-union merit increase for 2023. Please confirm that the increase was effective in February 2023.

4-21. Labor Costs. Please provide actual pay rate increases and their effective dates for the prior three years for Union and Non-Union employees.

4-22. Labor Costs. For the test year, year-to-date 2023, and the two years immediately preceding the test year, please provide the following information.

- a. A list of open and/or vacant positions by title
- b. For each position, an explanation on why the position was open and/or vacant
- c. For each position, the date when the position became open and/or vacant
- d. For each position, the budgeted payroll
- e. For each position, the date when the position was filled and the actual payroll, where applicable

4-23. Labor Costs. Reference DOE 1-1.2, Tab RR-3.5

- a. Does the normalization of annual wage expense **full employment** as of 12/31/22 include any new positions?
  - b. If there are new positions included in the full employment as of 12/31/22, please provide this information:
    - i. The reason the new position is needed
    - ii. Whether the position has been approved
    - iii. Whether the position has been filled
    - iv. If the position has been filled, the date when it was filled and the actual annualized payroll
    - v. If the position has not been filled, the answer to each of these questions:
      1. Have the positions been advertised?
      2. Have interviews been conducted?
      3. When does the Company expect to fill the position?
- 4-24. Labor Costs, New Hires. Reference DOE 1-1.2, Tab RR-3.5, and Direct Testimony of K. Jardin and D. Dane, page 21 (Bates P II-289), lines 9–19. The Company stated that it will add four new employee positions in Rate Year 2: two positions for the Emerging Technology Facilitation Office (storage and electric vehicles) and two Electric Relay Technicians. How did the Company derive the projected wages/salaries for these new positions?
- 4-25. Labor Costs, Bonuses, and Incentive Programs.
- a. Please list and describe all bonuses and incentive programs available to Company officers and employees for the test year and prior two years.
  - b. For each program, identify what positions are eligible to participate.
  - c. Please provide a complete copy of each incentive compensation program and all related materials.
  - d. Please identify the goals and targets in each of the years 2021, 2022, and 2023 and all evaluations of whether such goals were exceeded.
  - e. Please provide the cost of each incentive compensation program and how much is reflected in the Company’s test year by account number.
- 4-26. Benefits. Please provide a description of each employee benefit program or plan.
- 4-27. Benefits. Please provide the basis for the Company's cost of each separate employee benefit (e.g., flat rate per employee, percentage of payroll, claims experience) and provide the most current known cost rate for each separate benefit.
- 4-28. Benefits. Reference DOE 1-1.2, Tab RR-3.15. The historical-test-year Benefits have been escalated using a factor of 17.966% to derive the Test Year Pro Forma. Please explain why the Company believes it is appropriate to escalate historical Test Year Pension Service and 401k Expense by 17.966% to derive the Test Year Pro Forma amount.

- 4-29. Pension. Please provide a copy of the Company's two most recent pension plan actuarial studies. In addition, reconcile the Company's proposed going-level pension expense to the respective actuarial reports. Identify, quantify, and explain each reconciling item.
- 4-30. Pension. Please provide the level of current accumulated pension plan over or under funding. Please explain how such amounts are treated for ratemaking purposes, and why.
- 4-31. Other Post Employment Benefits (OPEB). Please provide a copy of the Company's two most recent OPEB actuarial studies. In addition, reconcile the Company's proposed going-level OPEB expense to the respective actuarial reports. Identify, quantify, and explain each reconciling item.
- 4-32. Other Post Employment Benefits (OPEB). Please provide the level of current accumulated OPEB plan over- or under-funding. Please explain how such amounts are treated for ratemaking purposes and the reason for such treatment.
- 4-33. 401k. The pro forma includes a proposed increase in the 401k match from 4.0% to 5.0%.
- Please explain why the Company is increasing the match.
  - Please provide a copy of any compensation/benefit studies that support increasing the match.
  - Has the increase been approved?
- 4-34. Other Healthcare Benefits. Reference DOE 1-1.2, Tab RR-3.15.
- Please provide a list of the Other Healthcare Benefits. Please provide the basis for the Company's cost of each Other Healthcare benefit (e.g., flat rate per employee, percentage of payroll, claims experience), and provide the most current known cost rate for each separate benefit.
  - Please explain why the Company believes it is appropriate to escalate the Test Year Other Healthcare Benefits amount by 17.966% to derive the Pro Forma Test Year.
- 4-35. Early Retirement Plans.
- Please identify any early retirement plans, in effect during or subsequent to the end of the test year, and provide a description of the accounting for and an analysis of such payments made during the test year.
  - Does the Company have any early retirement plans for the forecasted rate years? If so, please describe.
- 4-36. Supplemental Executive Retirement Program (SERP).
- Provide the level of SERP expense, by account, included in the Company's cost of service for the test year.
  - Provide the comparable SERP expense for each calendar year 2020 and 2021.
  - Provide the most recent two actuarial reports for SERP.
  - Please provide a list of the employees who participate in the SERP and their positions.

- 4-37. Insurance. Director and Officer (D&O) Liability Insurance.
- a. Please provide the total amount of D&O Liability insurance expense included in the Company's rate request (either directly charged or allocated) by account number.
  - b. Please provide a list of the employees and their responsibilities who are covered by the D&O Liability insurance.
  - c. Please provide a list of the actions that would be covered by the D&O Liability insurance.
- 4-38. Severance Pay. Please respond to the following items as they relate to severance pay:
- a. Please provide the total severance paid by year for the test year and the two years immediately preceding the test year.
  - b. For each severance package paid out, please provide the title of the individual, the amount paid, and the reason for the payout (e.g., firing, layoff, resignation, retirement).
  - c. Is any severance pay expense based on Company financials or other performance measures? If so, please explain.
- 4-39. Contributions, Dues, etc. Please provide the amount of the following items that the Company has included in its cost of service for the test year.
- a. Scholarships
  - b. Gifts and awards
  - c. Luncheons and dinners
  - d. Employee parties, picnics, or other similar events
  - e. Entertainment
- 4-40. Social and Service Club Dues.
- a. Please provide the level of Social and Service Club Dues expense included in cost of service by separate payee, along with a description of each payee.
  - b. Name and position of each individual on whose behalf social and service club dues are being paid.
- 4-41. Industry Organizations. Please provide the level of payments made to industry organizations included in cost of service along with a description of each payee organization or project and these items:
- a. Membership dues
  - b. Name and position of each individual on whose behalf membership dues are being paid
  - c. Payments made to industry organizations other than membership dues (Provide an explanation.)
- 4-42. Lobbying Expenses. Please provide the level of lobbying expense included in cost of service by separate payee, along with a description of each payee.

- 4-43. Contributions, Donations, and Sponsorships. Please provide, by separate payee, the level of contributions, donations, and sponsorships included in and excluded from cost of service.
- 4-44. Advertising. Please provide a schedule breaking down total advertising expense contained in cost of service for the following categories and provide copies of such advertisements for each cost category.
- a. Institutional
  - b. Promotional
  - c. Informational
  - d. Legal
  - e. Financial
  - f. Job vacancies
  - g. Safety
  - h. Other (explain)
- 4-45. Employee Participation. Please provide a schedule that presents the names of officers and employees who serve as directors, officers, or committee members on any outside organization during normal business hours. Also, please present the name of the organization, the position served, the amount of normal business hours spent serving the organization, the employee's hourly payroll rate that corresponds to the period used by the Company in its requested payroll expense, and the percentage of such labor included in cost of service as expense.
- 4-46. Political Action Committees. Please provide a schedule that presents the names of officers and employees who spend time working on any political action committees while at the Company, the number of normal business hours spent, their effective hourly wage rate that corresponds to the same period used by the Company in its requested payroll expense level, and the percentage of such labor included in cost of service as expense.
- 4-47. Shared Facilities Allocations. Please describe in detail any operating or administrative facilities which the Company shares with other entities, affiliated or not, and the basis for quantification and allocation of the related capital costs.
- 4-48. Rent. Reference DOE 1-1.2, Tab RR-3.8. The Company's Rate Year rent expenses reflect test year rents escalated using the General Escalator.

Description	2022 Lease Expense	2023 Lease Expense	Interim Period (Annualized)	Rate Year	Rate Year	Rate Year
			2022/2023	2023/2024	2024/2025	2025/2026
Intercompany Rental Expense Granite State annual lease	59,236	62,960	61,098	64,501	65,932	67,327
Other Rental Expense	12,049	12,139	12,230	12,529	12,807	13,078
<b>Total Rental Expense</b>	<b>71,285</b>	<b>75,100</b>	<b>73,328</b>	<b>77,030</b>	<b>78,739</b>	<b>80,406</b>

- a. Please list the properties included in the rent expense in the above table.

b. Please provide copies of the lease agreements for the properties.

4-49. Insurance. Reference DOE 1-1.2, Tab RR-3.9.

a. For each of the coverages, please provide support for the 2023 expected increase.

<b>Coverage</b>	<b>Increase Expected at 2023 Renewal</b>
Primary Liability	12.5%
1st Ex Liab	12.5%
2nd Ex Liab	12.5%
3rd Ex Liab	12.5%
4th Ex Liab	12.5%
5th Ex Liab	12.5%
6th Ex Liab	12.5%
7th Ex Liab	12.5%
8th Ex Liab	12.5%
9th Ex Liab	12.5%
10th Ex Liab	12.5%
Punitive Liab	12.5%
Cyber Liab	20.0%
Ex Cyber Liab	
Terrorism	5.0%
Auto	15.0%
Primary Fiduciary	10.0%
1st Ex Fiduciary	10.0%
2nd Ex Fiduciary	10.0%
Employment Practices Liab	10.0%
Crime	10.0%
Property FM 70%	15.0%
Property Aegis 30%	15.0%
Work Comp	10.0%

b. Please provide the actual increase for each coverage for 2023, if known.

c. Please explain why the Company believes the average expected 2023 increase of 12.4% is appropriate to use for Rate Years 2024, 2025, and 2026.

4-50. Uncollectible Expense. Please provide and explain all changes in the Company's uncollectable accounts and collection procedures over the past three years, including the impacts of the COVID-19 pandemic.

4-51. TOU Education. Reference DOE 1-1.2, Tab RR-3.11, and Direct Testimony of Gregory W. Tillman, page 14 (Bates P II-882). The Company proposes spending \$105,000 annually on TOU education as shown in the following table.



**Figure 3. Customer Education Plan Tactics and Budget**

<b>Communication Tactics</b>	<b>Target Audience</b>	<b>Annual Budget</b>
Bill Insert	All NH Electric Customers	\$15,000
Bill Message	All NH Electric Customers	\$0
Informational Video	All NH Electric Customers	\$5,000
Website Landing Page	All NH Electric Customers	\$0
Customer Email(s)	All NH Electric Customers	\$5,000
Customer Print Newsletter	All NH Electric Customers	\$15,000
Direct Mail	All NH Electric Customers	\$40,000
Earned Media (Press Release/Story Pitches)	All NH Electric Customers	\$0
Social Media – Boosted	Select communities in service areas	\$5,000
Digital Campaign – 60 days	Select communities in service areas	\$5,000
Radio Spot – 3 60-day runs (production & schedule)	Select communities in service areas	\$15,000
<b>Total</b>		<b>\$105,000</b>

- a. Once the materials are developed, please explain why the education plan would not decrease going forward.
  - b. Please explain in detail how this plan differs from the communication and education plans currently conducted and approved for recovery. Please include a listing of the current communication and education tactics and the associated costs and budget, and how and why the additional funds in Figure 3 are necessary.
- 4-52. Customer First Operating Expense. Reference DOE 1-1.2, Tab RR-3.13, and Direct Testimony of Lauren Preston, pages 3 and 8 (Bates PP II-583 and II-588, respectively). The Company states, “As a comprehensive project, Customer First serves to install a comprehensive enterprise-wide solution to replace and improve legacy computer systems.” The Company’s portion of the total capital investment of \$472 million is approximately \$17 million, with average annual O&M expenses between 2023 and 2026 of \$781,000 per year.
- a. Please provide the total system-wide annual O&M expense by year.
  - b. Please provide support for estimated annual O&M expense.
  - c. Please provide support for the annual O&M expenses allocated to Granite State included on DOE 1-1.2, Tab RR-3.13:
    - i. Test Year Pro Forma and Interim Period—\$860,020
    - ii. Rate Year 2023/2024—\$832,809
    - iii. Rate Year 2024/2025—\$796,776
    - iv. Rate Year 2025/2026—\$728,576
- 4-53. Cybersecurity Operating Expense. Reference DOE 1-1.2, Tab RR-3.14, and Direct Testimony of Shawn Eck. Please provide the support for the \$222,237 estimate for Cyber Security operating expenses included in Rate Year 2025/2026.
- 4-54. Board of Directors Fees. Please provide the following items as they relate to Board of Directors Fees:
- a. The names of the members of the board of directors

- b. The amount broken down by base salary, stock compensation, or other compensation
  - c. The recovery amount the Company is seeking from ratepayers
  - d. The account number(s) in which the Company records the board compensation
- 4-55. Please provide the following monthly data for each separate type of self-funded reserve for injuries, claims, and damages in the test year, in the three years immediately preceding the test year, and since the end of the test year, and provide the level reflected in the revenue requirement and explain how such amounts have been treated for ratemaking purposes.
- a. Accruals
  - b. Actual claims
  - c. Balance
- 4-56. Judgments and/or Settlements. Please provide, in list form, the details from all judgments and/or settlements resulting from lawsuits that involved the Company as a defendant, which resulted in the Company, during the test year, paying (whether agreeing to pay or being ordered to pay) an amount in excess of \$10,000, including the case name, the date filed, the date of settlement or the date of judgment, and the amount the Company was ordered or agreed to pay. Provide this information even if appeals are pending and note every instance of an appeal.
- 4-57. Unbilled Revenues. Reference Liberty's response to DR 2-8 regarding unbilled revenues and Testimony of Kristin M. Jardin and Daniel S. Dane, p. 17 (Bates II-285). Please describe in detail how the unbilled revenue calculation Liberty refers to in Response 2-8 would:
- a. Normalize test year revenues for purposes of calculating the permanent rates and revenue deficiency in this case; and
  - b. Account for reduced revenues from billing system implementation problems, such as a customer not being billed in the test year and subsequently being billed after the test year concluded.

**Before the New Hampshire Public Utilities Commission**

**DE 23-039**

**Liberty Utilities (Granite State Electric) Corp. D/B/A  
Liberty**

**Request For Change in Distribution Rates**

**NH Department of Energy Data Requests – Set 5**

**August 10, 2023**

- 5-1. URD Cable Replacement. Reference the Company’s response to DOE 2-13, specifically Attachment DOE 2-13.a.3:
- a. Please explain the rationale for June 2023 signature approval dates for projects completed in 2022.
  - b. Under what conditions do post-completion approvals occur?
  - c. What is the frequency of such an occurrence?
- 5-2. Rockingham Transmission Supply. Reference the Company’s response to DOE 2-13, specifically Attachment DOE 2-13.c.1:
- a. The cost estimate was based on meeting the electrical needs of a 3,800,000 sq. ft. building space included in the Tuscan Village Development. Of that space, 1,000,000 sq. ft. was to be for a, “potential high energy user located in the Life Science Campus of the Tuscan Development.”
    - i. What is the scheduled occupancy of this high energy user?
    - ii. What is the current construction status of the associated 1,000,000 sq. ft. of building space?
  - b. Of the \$9,000,000 budget, \$3,090,000 was to be for materials, \$5,895,000 was to be for contracted services, and \$15,000 was to be for internal (to Liberty) labor.
    - i. How do these numbers change if there is no longer a high energy user?
    - ii. If these amounts are not expected to change, when is the unused capacity expected to be used?
  - c. Regarding the conventional 115 kV line construction (Option 1) and 115 kV covered-wire-in-spacer-cable-configuration construction (“the first commercial use of its kind”) (Option 2):
    - i. Please explain the differences between Option 1 and Option 2.
    - ii. Please identify the design constraints that needed to be addressed that resulted in the decision to select Option 2.

- iii. Please quantify the expected cost differences between Option 1 and Option 2, and why Option 2 was selected as the best overall solution.
- 5-3. Rockingham Transmission Supply. Reference the Company's response to DOE 2-13, specifically Attachments DOE 2-13.c.1 and DOE 2-13.c.3:
- a. Is the \$3,000,000 requested in Attachment DOE 2-13.c.3 (with a start date of Nov 1, 2021 and end date of Dec 31, 2023) in addition to the \$9,000,000 requested in Attachment DOE 2-13.c.1 (with a start date of Jan 1, 2022 and end date of Dec 31, 2022)?
  - b. Please explain the differences in work scopes between Attachment DOE 2-13.c.1 and Attachment DOE 2-13.c.3.
  - c. Please provide the background and rationale for any additional transmission capacity requested in Attachment DOE 2-13.c.3.
- 5-4. MYRP Adjustment Mechanism. Reference page 23 of the Company's Revised Rate Case Executive summary filed on June 13, 2023.
- a. Reliability PIM (Performance Incentive Mechanism) is to be based on a comparison of the System Average Interruption Duration Index (SAIDI) and the System Average Interruption Frequency Index (SAIFI) against a group of New England utilities. Further, footnote 2 on page 23 states the, "Reliability PIM will not be used until RY2 due to the timing of the release of SAIDI and SAIFI data[.]" Since SAIDI and SAIFI are tracked year-round, and reported annually (rolling average), please explain why there will be a delay in using reliability PIM?
- 5-5. 2022 Capital Projects. Reference the Company's response to DOE 2-11. Specifically, Attachment DOE 2-11 CAPEX Budget-Actual 2022.xlsx, tab "2022 Budget and Final[.]"
- a. Considering the reliability issues on portions of Liberty's system (e.g. Bellows Falls), why were funds budgeted for the Bare Conductor (project # 8830-2246) and Enhanced Bare Conductor (project # 8830-2251) projects underutilized in 2022 and 2021?
    - i. What impact on your future tree trimming expenditures can be expected from these two Bare Conductor Replacement projects?
  - b. What was the basis for the over-spend for meter purchases in 2022?
  - c. What was the basis for the over-spend for transformer purchases in 2022 (project #8830-2292)?
  - d. Did the IT System Allocation-Corporate (project # 8830-2227) over-spend in 2022 result in the underspending of capital in other discretionary projects?
  - e. Did Liberty have the engineering design capacity in-house or under contract to complete its planned 2022 planned capital projects?
    - i. If so, are all the 2022 planned project designs complete?
    - ii. If not, what is the plan to increase the engineering design capacity?

- iii. If engineering design capacity is not the cause for the 2022 planned project completion delays, please explain?
    - f. How much did the 2022 labor expense increase because of the \$8.7 million under-spend in 2022 capital?
    - g. Why has the 2022 financial unallocated burden increase so dramatically?
- 5-6. Return on Equity. Regarding the Direct Testimony of Ann E. Bulkley and Christopher M. Wall:
- a. Please provide workpapers in electronic form, with formulas intact, that are related to the direct testimony, the exhibits, and all calculations.
  - b. Please provide all documentation, articles, and studies that were cited in the testimony.
  - c. Referring to line 10 on page 44 (Bates II-962), please provide the source that states that Bloomberg beta coefficients are calculated using ten years' data.
  - d. Referring to pages 46 to 47 (Bates II-964 to II-965) where ECAPM model was applied to the electric proxy group.
    - i. Please provide DIRECT empirical evidence that the "traditional" CAPM model underestimates the cost of equities for regulated electric utilities.
    - ii. Please provide DIRECT empirical evidence that supports the weights of 0.75 and 0.25 in equation [5] on page 46 (Bates II-964) on electric utility companies.
  - e. Referring to page 63 (Bates II-981) discussing small size risk.
    - i. Please provide DIRECT empirical evidence showing small ELECTRIC utility firms are subject to a size effect.
  - f. Referring to pages 69 (Bates II-987) to 73 (Bates II-991) on flotation costs.
    - i. Please indicate whether the stock issuance costs of Liberty have been amortized or expensed.
    - ii. Please provide information associated with each stock issuance in the past 10 years including issuance cost, the amount of issuance, and the amount of cost expensed or amortized.
  - g. Please provide information, for the test year, for the following:
    - i. Long-term debt including the date of issuance, date of maturity, principal amount and coupon rate, face amount outstanding, debt expense (indicate whether the expense is amortized or expenses and the associated amortized or expensed amount), outstanding amount, and annual interest payment.

- ii. Short-term debt including the date of issuance, date of maturity, principal amount and coupon rate, face amount outstanding, debt expense (indicate whether the expense is amortized or expenses and the associated amortized or expensed amount), outstanding amount, and annual interest payment.
  - iii. The amount of preferred stock and the cost of the preferred stock.
  - iv. Book value of the common stocks.
- 5-7. Please identify and provide a copy of the tariff page which describes the Company's Storm Recovery Adjustment Factor (SRAF).
- 5-8. Does the Company have any cellular communication towers or antennas installed on any land or property in New Hampshire from which it received revenue during the test year?
- 5-9. Reference Filing Requirements Puc1604.01(a)(1)(a) PL Page 2 of 2 (Bates I-011) which shows "Penalties (426.3)" in the amount of \$1500.00. Please provide a detailed description of the nature of this expense. Has the Company included this "Penalty" expense in its Test Year expenses when calculating its proposed Revenue Requirement?
- 5-10. Reference Filing Requirements Puc1604.01(a)(1)(a) PL Page 2 of 2 (Bates I-011) which shows "Exp[enses] for Certain Civic, Political & Related Activities (426.4)" in the amount of \$21,690.28. Please provide a detailed breakdown of this expense item. Has the Company included this expense in its Test Year expenses when calculating its proposed Revenue Requirement?
- 5-11. Reference Cover Letter to FERC Form 1 filing dated May 19, 2023 from Atty. Sheehan to Daniel Goldner, Chairman. Please identify, specifically, all corrections made in the May 18 version of FERC Form 1 as compared to the May 5 version in a "red-line" version which shows such corrections.

NOTE – All questions below regarding FERC Form 1 use page references to numbers in the upper right hand corner of the page of the Form as filed with the PUC. The "Filed Date" of 5/18/2023 is believed to be the date the Form was filed with FERC and is also at top of each page.

- 5-12. Reference FERC Form 1 (Filed Date 5/18/2023) at Page 52 of 163 Line 60 for "(360) Land and Land Rights" which shows \$1,500,000 in "Transfers" during the 2022 Test Year for an account total of \$3,172,947 as of 12/31/2022. Please provide details of this change in account value.
- 5-13. Reference FERC Form 1 (Filed Date 5/18/2023) at Page 52 of 163 Line 64 for "(364) Poles, Towers, and Fixtures" which shows: 2022 Starting Balance of \$46,976,363; additions of \$9,815,264; Retirements of \$174,288; Adjustments of \$6,234,494; and a Year End Balance of \$61,851,833. Please provide a detailed narrative explanation of

what is included in the “Adjustments” amount and a detailed cost breakdown of the elements therein. Please also provide additional detail for each of these amounts by providing a subaccount breakdown.

- 5-14. Reference FERC Form 1 (Filed Date 5/18/2023) at Page 52 of 163 Line 65 for “(365) Overhead Conductors and Devices” which shows: 2022 Starting Balance of \$85,405,219; additions of \$10,308,054; Retirements of \$345,348; Adjustments of (\$7,484,624); and a Year End Balance of \$87,883,301. Please provide a detailed narrative explanation of what is included in the “Adjustments” amount and a detailed cost breakdown of the elements therein. Please also provide additional detail for each of these amounts by providing a subaccount breakdown.
- 5-15. Reference FERC Form 1 (Filed Date 5/18/2023) at Page 53 of 163 Line 67 for “(367) Underground Conductors and Devices” which shows: 2022 Starting Balance of \$25,011,790; Additions of (\$1,625,962); Retirements of \$53; Adjustments of (\$2,805,734); and a Year End Balance of \$20,580,041. Please provide: a detailed narrative explanation of how “Additions” are represented as a negative amount and a detailed account of the items included therein; a detailed narrative explanation and cost breakdown of the elements in the “Adjustments” amount. Please also provide additional detail for each of these amounts by providing a subaccount breakdown.
- 5-16. Reference FERC Form 1 (Filed Date 5/18/2023) at Page 74 of 163 regarding “Other Regulatory Assets”. Please provide a detailed narrative explanation of the amounts recorded in Line 6 “A/R under collection default/LRSV/Renewable Energy Credits” which shows a Test Year beginning balance of \$6,661,657 and a Test Year ending balance of (\$3,582,940). Please also provide additional cost details as appropriate.
- 5-17. Reference FERC Form 1 (Filed Date 5/18/2023) at Pages 81-82 of 163. These pages present details of Long Term Debt but appear to be truncated at the right hand side of each page such that Column (j) appears cut off and any information further to the right is not visible. Please provide copies of these pages which provide full information as reported to FERC.
- 5-18. Reference FERC Form 1 (Filed Date 5/18/2023) at Page 87 of 163. This page appears truncated on the right hand side. Please provide a copy of this page which presents all the information as reported to FERC.
- 5-19. Reference FERC Form 1 (Filed Date 5/18/2023) at Page 93 of 163. This page appears truncated on the right hand side. Please provide a copy of this page which presents all the information as reported to FERC.
- 5-20. Please provide details on “Company Use” of electricity consumption at each facility for which costs are included in this rate filing. Please provide this “company use” information for each of the last 3 years for each facility. Reference FERC Form 1 (Filed

Date 5/18/2023) at Page 145 of 163 which reports “Electric Energy Account” at Line 26 which reports “Energy Used by the Company.” Does the amount shown here of 409 MWH accurately represent the total amount of Company use in all of its facilities during the Test Year? What amount, if any, of the cost of this energy is included in this rate filing?

- 5-21. Reference FERC Form 1 (Filed Date 5/18/2023) at Pages 112-113 of 163 regarding “Sales for Resale”. These pages appear truncated on the right hand side of each page such that the information is not fully visible. Please provide a copy of these pages which present all the information as reported to FERC. Please provide a detailed explanation of the information contained in this schedule regarding energy sales “Massachusetts Electric – Border Sales” including how sale costs for this energy are established.
- 5-22. Reference FERC Form 1 (Filed Date 5/18/2023) at Page 161 of 163 which reports details of Substations. This page appears truncated on the right hand side. Please provide a copy of this page which presents all the information as reported to FERC.
- 5-23. Reference FERC Form 1 (Filed Date 5/18/2023) at Page 163 of 163 which reports “Transactions with Associated (Affiliated) Companies”. Please provide a detailed description of the Services and Benefits provided by the Company by/for each Affiliate listed in Lines 2-4 and Line 21.
- 5-24. In Docket DE 23-039, the Company reported its actual 2022 Vegetation Management Program (VMP) expenses to be \$3,229,291. The approved Settlement Agreement in DE 19-064 establishes VMP spending level at \$2,200,000 and states further that “The Company shall not recover any VMP expenses that exceed 10% of that amount, or in excess of \$2,420,000, through the annual reconciliation filing, or otherwise.” See Settlement at Page 11. Please explain if the Company has included in this rate filing any amounts to address the under-collection of costs related to its 2022 Test Year VMP.