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 6

August 31, 2023

6-1. Reference response to DOE 5-8 regarding cellular communications towers. For each of the facilities (9 Lowell Road, Salem NH and 17 other third party pole attachments listed), please provide details including: total Test Year 2022 billable amount for each facility under the terms of the current contract; total amount actually billed during the 2022 Test Year; total revenue received by the Company during the 2022 test year; and the amount allocated to benefit ratepayers as offset to the revenue requirement.

6-2. Reference Testimony of John J. Spanos, Attachment JJS-2 page 49 of 155 (Bates II-1134 in 4/28/23 filing)

a) The Bates numbering for Attachment JJS-2 page 49 of 155 in the 5/5/23 filing is not readable. What is the correct appropriate Bates numbering for this page?
b) Please provide a schedule comparing depreciation calculated using Whole Life and Remaining Life methodologies, by account.
c) Please provide a schedule similar to Attachment JJS-2, page 49 of 152 using Whole Life method.
d) Please provide the resultant theoretical reserve imbalance, by account, using Whole Life method.

6-3. Reference Testimony of John J. Spanos, Attachment JJS-2 of the 5/5/23 filing. It appears that there are only 150 of 155 pages included in this attachment. Are there missing pages or have the pages been intentionally omitted? Also, should there also be an Attachment JJS-3 as there was in the 4/28/2023 version of the filing?

6-4. Reference Testimony of Gregg Therrien at Bates II- 827 stating that "base rates were designed to recover $61,377,409 of delivery-related revenue requirements" and that "this amount is the sum of the $45,890,407 test year normalized revenues calculated in Attachment GHT-2 plus the revenue deficiency of $15,487,002 discussed in the testimony of the Revenue Requirements panel."

Reference also Testimony of Gregg Therrien at Bates II – 826 where Mr. Therrien states that "normal distribution revenues have been calculated using the most recently approved base distribution rates effective March 1, 2023. These rates are then multiplied times actual calendar 2022 (test year) billing determinants."

Reference also the statement from Department of Energy Attorney Dexter on 5/30/23 in PUC Docket No. DE 22-035 (transcript at p. 61):

"I think the Company is going to have to make a positive revenue adjustment to their test year revenues, to reflect the fact that they had the wrong rates in effect for the five months of the test year. I don't think it's going to be complicated."

Reference also Liberty Attorney Sheehan stated (5/30/23 transcript at 65):

"[O]n the rate case, I do see this as a simple issue. It makes perfect sense that what we've heard today does indicate our revenue in 2022, if we just look at what was in place was lower than it should have been, and it may very well have understated what's in the rate case, which would overstate our revenue request. And there's two easy fixes. One, they may have fixed it in calculating the rate case. I don't know either. We do many adjustments to test year revenues to fix issues like that was done, but that's an easy check. If not, yes, we will make the adjustment to the test year revenues. So, I agree with Mr. Dexter that the fix is easy to identify and easy to do, as necessary."

a. Please provide corrected test year normalized revenues to address Liberty's billing incorrect rates for 5 months in the test year as discussed above and quantify the impact on test year normalized revenues of using the correct rates instead.

b. Please quantify the impact of this change on the Company's requested revenue deficiency and revenue requirements for each of proposed Rates Years 1, 2, and 3.

6-5. Reference Liberty's response to DOE 2-8 concerning SAP customer information and billing system implementation, where Liberty states:

"The Company records unbilled revenue to compensate for this recurring effect to accrue revenue in the appropriate calendar month. The temporary rate revenue requirement included unbilled revenue each month."

a. Please indicate if Liberty's permanent revenue requirement and revenue deficiency for each rate year reflects inclusion of unbilled revenue each month.

b. If Liberty's permanent revenue requirement and revenue deficiency for each rate year *does* reflect inclusion of unbilled revenue each month:

i. Please provide the amount of the unbilled revenue each month and provide the underlying calculation for each month's unbilled revenue.

ii. Please indicate and explain where in the revenue requirement and revenue deficiency calculations the unbilled revenue is reflected.

c. Please indicate whether the Operating Revenues/Sales of Electricity figure of $46,060,084 contains unbilled revenue. That figure appears at Bates II-303, II-304, II-305 and II-310.

d. If the answer to c. is no, please indicate how reduced sales from the implementation of SAP/customer information and billing system are reflected in the revenue requirement and revenue deficiency calculations presented on Bates II-303, II-304, and II-305.

6-6. Reference Attachment TRF-PERM, Bates pp. III-001 through III-359, regarding the proposed tariff changes. Please provide a summary table that lists the proposed tariff page number, the associated bates pages in the redline and non-redline section, a summary of the tariff change, and Bates page references to the supporting language and justification in testimony for each proposed tariff change. If no such supporting justification is provided elsewhere in testimony, please provide detailed explanation outside of the table, if necessary, to provide adequate justification for such change.

6-7. Reference DOE 3-1, 2019 Capital Projects, GS Storm Program. Please provide a report or spreadsheet which describes and itemizes with dates the carryover expenditures comprising the variance of $249,695 for 2019.

6-8. Reference DOE 3-1, 2019 Capital Projects, Dist-Damage & Failure Blanket.

a. Please provide the burden calculation for this project associated with the 94% increase in the burden rate.
b. At the Tech Session on August 15, Mr. Strabone stated that burden rates were based on historical costs and run rates. Please describe the driving factors which caused a 94% increase in the burden rate for this project.
c. Section 7 Open Issues of the Close Out Report, appears to indicate that the increase in the burden rate was knowable, or should have been knowable, at the time of compiling the estimate for this project. If so, why was the higher burden rate not recognized by the project planners? If not, when during the fiscal year, and how often, does Finance update the rates and share them with the Company?
d. What information does Liberty's Finance Division rely on to make a change in the burden rate?
e. Is the same burden rate applied to all projects? If different from project to project, please explain.

6-9. Reference DOE 3-1, 2019 Capital Projects, Granite State Meter Blanket.

a. Please provide the FERC accounting rule that allows for utilities to pre-capitalize labor for meter installations. When did Liberty implement this accounting change?
b. Reference the Change Order Form dated March 10, 2020, Financial Assessment/Cost Estimates, and Close Out Report dated March 30, 2020: Please explain the 6x increase in labor costs from $80,000 to $453,278. Given that the Tuscan Village Development was well underway in 2019, why this growth, and the additional Contractor/Subcontractor costs of $322,126, not anticipated during the initial estimate for this project?
c. At the Tech Session on August 15, Mr. Strabone stated that numerous plan changes were initiated by the project developers for Tuscan Village. Please describe those plan changes and their impact on the deployment of meters in 2019.

6-10. Reference DOE 3-1, 2019 Capital Projects, Rockingham Substation, Change Order Form dated August 3, 2023. Please explain the reason and the causes behind the capital reallocation for this project comprising the variance of $76,462.

6-11. Reference DOE 3-1, 2019 Capital Projects, IT Systems Allocations, Project Close Out Report dated March 10, 2020; and Excel spreadsheet IT Costs 2019: The Close Out Report references a budget of $50,000 but also references a reallocation to the project of $644,113 under Reasons for Variance. The Excel spreadsheet titled IT Costs 2019 provides a total spend of $288,979. Please explain these different amounts and provide the actual project spend for 2019.

6-12. Reference DOE 3-1, 2019 Capital Projects, GSE Facilities Capital Impr. Please describe what capital improvements comprised the expenditure amount of $373,268.

6-13. Reference DOE 3-1 for the following projects:

2019 Capital Projects, UNALL Finance Unalloc Burden	$309,595
2020 Capital Projects, UNALLOC OH Finance Unalloc Burden	$843,160
2021 Capital Projects, UNALLOC OH Finance Unalloc Burden	$631,619
2022 Capital Projects, UNALLOC OH Finance Unalloc Burden	$2,730,627

a. Given that these are annual blanket projects involving significant expenditures, why is not possible to writeup a Business Case and Capital Project Expenditure form for this project category as required under Liberty's Capital Expenditure Planning policy provided in Attachment DOE 2-12?
b. If not documented, then how does Liberty formulate a budget and obtain management approval for this project?
c. What records are available for DOE to review to verify how the funds were allocated? Please provide those records.

6-14. Reference DOE 3-1, 2020 Capital Projects, Rockingham Substation Trans., Change Order Form dated 7/20/2020. Please explain how the Revised Salem Area Study drove up costs for this project. What was the total cost of the Study?

6-15. Reference DOE 3-1, 2020 Capital Projects, Rockingham Substation, Change Order Form dated 11/04/2020. Please explain the reason for the reallocation of funds in the amount of $350,000 transferred from project no. 8830-1944 Golden Rock Substation. Please describe the use of those funds.

6-16. Reference DOE 3-1, 2020 Capital Projects, IT Systems & Equipment Blanket. Given that this project is an annual blanket project, and that Business Cases were developed in 2018 and 2019, please explain why no Business Case was developed for this project in 2020.

6-17. Reference DOE 3-1, 2020 Capital Projects, GSE Facilities Capital Improvements. Please provide an itemized detail on what the expenditure of $559,460 was spent on for this project.

6-18. Reference DOE 3-1, 2020 Capital Projects, Golden Rock Dist. Automation, Capital Business Case dated 2/03/2020 and Project Close Out Report dated 3/10/2021.

a. Please explain why additional training from the vendor was needed for system implementation and why that need could not have been foreseen during project planning.
b. Please justify and provide the FERC accounting rule that permits Liberty to pre-capitalize training for this project.
c. Please confirm the following estimated project cost breakdown: $25,000 for internal labor, $100,000 for subcontractor labor, resulting in a total project cost of $125,000.
    i. Please explain how internal costs including burdens increased from $25,000 to $47,929.31.
    ii. Please explain how subcontractor costs increased from $100,000 to $176,866.
    iii. How much of the $176,866 subcontractor labor cost was to set up the automation system, program the devices, and provide troubleshooting support? How much was from SEL?
    iv. How much of the $176,866 subcontractor labor cost was to train the Liberty staff?

6-19. Reference DOE 3-1, 2021 Capital Projects, Rockingham Substation, Change Order Form dated 4/05/2021.

a. Please provide an itemized breakdown with descriptions of the $4 million in additional expenditures for the project.
b. Given that the elevation grade change was due to Tuscan Development's error, why didn't Liberty hold Tuscan accountable for the extra project costs resulting from the error? Did Liberty ever approach Tuscan about this issue?
c. Given that the size and weight of the new transformers were known to Liberty prior to installation, why were the costs of the pilons not anticipated by Liberty during design and planning.

6-20. Reference DOE 2-11, Attachment DOE 2-11, CAPEX Budget-Actual 2022, 2022 Budget and Final tab. The following 7 budgeted discretionary 2022 spend projects totaling $850,000 had no actual spending in 2022:

8830-2204	SCADA DATA Center upgrades	$100,000
8830-2245	Air Break Switch Upgrade Program	$150,000
8830-2251	Enhanced Bare Conductor Replace.	$450,000
8830-2253	NN ERR/Pockets of Poor Perform.	$50,000

8830-2254	Install Lebanon 1L2 Feeder Tie	$25,000
8830-2255	Install Vilas Bridge 12L1-12L2 Feed.	$25,000
8830-2256	Lebanon Area Low Voltage Migration	$50,000

a. Why were these seven projects included in the 2022 budget?
b. Why was there no spending on any of these projects in 2022?

6-21. Reference Attachment DOE 2-11, Bare Wire Replacement and Enhanced Bare Wire Replacement Programs.
a. What is the objective of each of these programs?
b. Why have there been underspending or no budgeted spending in some years for these programs?
c. Are the projected budgets for these two programs impacted by the level of spending in the VMP? If yes, explain the relationship.
d. If the VMP spending level is not increased as requested, will the future spending on these two programs change from current levels? Explain any changes and the level of change.

6-22. Reference Direct Testimony of Green and Sparkman at Bates II-549, Line 1-3: What Qualitative Benefits related to the Company's VMP proposal (i.e., lower capital spend; improved reliability; safety; or improved storm restoration; etc.) are expected to accrue to the customers from the proposed VMP spending over the 3-year rate period?

6-23. Reference Attachment DOE 3-5: VMP Project Rate Years Spending.
a. Provide a detailed breakdown of the cost components that comprise the Planned Cycle Trimming line item. Specifically, breakout the cost associated with increasing the size of the trimming box.
b. Describe the role and responsibilities of the work planners, number of individuals, who they work for, and who they report to.
c. Explain why the work planners' cost was increased under the "2023 Budget (Full Services)" (column D).
d. Provide a typical field plan and report a work planner provides to Liberty as part of their responsibility.

6-24. Reference DOE 3-2 a. Reliability Metrics.
a. In terms of project/budget priorities, how important is it to have 1st quartile reliability performance?
b. Please provide Liberty's SAIDI and SAIFI quartile performance rankings for each of the following conditions:
   i. When major storms are excluded.
   ii. When major storms are included.

6-25. Reference DOE 3-2 b. Reliability Performance.

a. What does "continuously monitors this (reliability performance) information" mean?
b. How are project priorities/budgets impacted by the results of continuous monitoring?
c. Do the number of worst performing feeders tend to increase, decrease, or stay the same from year to year?
d. Do repeat offenders tend to stay on the worst performing feeders list from year to year?
e. If so, why is this the case? And what changes are needed for this to change?

6-26. Reference DOE 3-2 c. Reliability Projects/Budgets.

a. What does "reliability projects growth budget" mean?
b. How does that differ from "non-growth" reliability projects?
c. Is it unusual for the year-to-year reliability budget to double?
d. Please explain under what circumstances this can happen.

6-27. Reference RSA 374:3-a, Puc 206.05(e), and Liberty's statement at Bates II-10:

> The Company … is the first utility in New Hampshire to propose an alternative to traditional cost of service regulation with a performance-based ratemaking ("PBR") pilot proposal in this rate case. The PBR pilot will include a multi-year rate plan ("MYRP"), an earnings-sharing mechanism ("ESM"), and performance incentive mechanisms ("PIMs").

a. Please provide a demonstration of "How the rates charged under the alternative form of regulation would compare to rates that would be charged under methods which are based upon cost of service, rate base and rate of return, if the utility were to file a rate case concurrently."

b. Please provide all supporting calculations made in producing this rate comparison.

6-28. Reference Direct Testimony of Lauren A. Preston at Bates II-599, Line 4: Please provide a list of the costs/fees associated with the payment methods available to customers.

6-29. Reference Direct Testimony of Lauren A. Preston at Bates II-599, Lines 14-16: Do these estimates include any administrative fees? If so please provide a breakdown of the administrative costs and waived fees.