

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 9

September 22, 2023

- 9-1 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, Distribution Failure Blanket, Change Order Form at 1. Please provide specific details on increased costs comprising \$884,500. Please explain why these costs were not anticipated during the estimating and planning process?
- 9-2 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, Golden Rock Substation, Change Order Form at 1. The Change Order Form, under Basis of Change Order Amount states: “Over expenditure is being driven by costs associated with work identified needing to be addressed under the URD Cable Replacement Project.” Please explain why the over-spend of \$375,000 was not charged to the 8830-2239 IE NN URD Cable Replacement program. Given that Golden Rock is a relatively new substation, please provide the age and condition of the cable being replaced and why it was replaced.
- 9-3 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, Install Service to Tuscan Village. The budget for this project was set at \$1 million however it appears that only \$134,806 was spent. Please explain the nature of the underspend. If the project was delayed or postponed, please provide the future project year that it will be completed and the updated cost.
- 9-4 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, Golden Rock Dist. Feeder 19L4. All of the project documents provided for this project are dated 2021 and not 2022. Please provide the project documentation for the 2022 project year.
- 9-5 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, Rockingham Substation, Business Case and Change Order Form at 1. The Project Scope of the Business Case references certain work to be done to complete the work at the substation such as “install permanent gates, install animal protection, and perform civil work & landscaping.” The Change Order request also references installation of gates, animal protection, and other elements to complete construction of the substation leading to an additional cost of \$150,000. Please explain why these additional components, which appear to be common elements for project completion, could not have been anticipated during original project budgeting and planning.

- 9-6 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, GSE Dist. General Equipment Blanket, Change Order Forms.
- a. Change Order Form dated 3/14/22 at 1. Please explain the term “Mega beast” and how it specifically contributed to the cost overrun in the amount of \$75,000.
 - b. Change Order Form dated 5/2/22 at 1. Please explain the need for the test board relays and load buster, along with other equipment that may have been included in the additional cost overrun of \$125,000.
 - c. Change Order Form dated 5/2/22 at 1. Please explain why grounds, water pumps, two-way radios, and other equipment included in the cost overrun of \$100,000 are not already part of Liberty’s tool/equipment inventory. Why wasn’t the need for additional tools/equipment known or anticipated at the time of budgeting for this project? Why is the amount of \$200,000 under Previous Approved Charges different from the amount of \$125,000 referenced in the prior Change Order?
 - d. Change Order Form dated 11/1/22 at 1. Please explain why grounds, voltage meters, cable cutters, crimping tools, underground locating equipment, and other equipment included in the cost overrun of \$145,000 are not already part of Liberty’s tool/equipment inventory. Why wasn’t the need for additional tools/equipment known or anticipated at the time of budgeting for this project?
- 9-7 Reference DOE 3-1, 2022, Attachment 23-039 3-1.4, 2022 Capital Projects, IT Systems Allocations:
- a. Reference Liberty Algonquin Business Case: Enterprise Application Delivery Upgrade (Citrix Infrastructure Upgrade) and Project Change Forms dated 3/11/20, 3/12/20, 8/25/20, 9/25/20, 10/21/20. This project had a beginning budget of \$382,132 and was completed at a final cost of \$891,869. Seven Project Change Requests were approved for a total increase in the cost of the project of \$559,737. Liberty’s total share of the cost increased from \$28,811 to \$93,646:
 - i. Given that most of the project changes involved such items as licensing requirements, configuration of the Citrix upgrade, GIS system integration and testing, the need for third-party services, and the need for internal labor support, please explain why such items could not have been anticipated or planned for during the initial budget process.
 - b. Reference Liberty Algonquin Business Case: Identity Access Management (IAM). Total project cost was \$803,720 and Liberty’s share was \$78,914 or 9.8%.
 - i. Given that the purpose of this project appears to have been geared towards corporate governance issues such as improving compliance with SOX

requirements, financial reporting, and access controls, how does this project benefit Liberty and Liberty ratepayers?

- ii. Did the recent conversion to SAP replace and eliminate the need for this application?
- c. Reference Liberty Algonquin Business Case: Joplin DC Backup and Recovery Upgrade. Total project cost was \$1,099,727 and Liberty's share was \$30,576 or 2.8%.
 - i. According to the Business Case the purpose of this project was to replace backup and disaster recovery software at the Joplin data center due to end-of-vendor-support and end-of-life for the existing software. Please explain why the new SAP system does not provide many of the same or identical backup and support capabilities.
- d. Reference Liberty Algonquin Business Case: GP/Cogsdale/Key2Act Platform Upgrade.
 - i. Please confirm that one of the capabilities provided by the SAP system was to replace the Cogsdale platform. If yes, was this project rendered obsolete by the SAP system?
 - ii. Given that approval for SAP occurred in 2017 and this project was initiated in 2019, explain why this project could not have been postponed.
- e. Reference Liberty Algonquin Business Case: NJ DC Enterprise Backup and Recover Upgrade.
 - i. This project appears to be centered around improvements to the New Jersey and Toronto data centers and appears to be associated with assisting with future acquisitions. How does this benefit Liberty's NH operations or ratepayers?
 - ii. Are similar or identical improvements available through the SAP system? Were these upgrades rendered obsolete with the SAP implementation.
- f. Reference Attachment DOE 3-1-4, 2200-KEY2ACT-GPUP. The Business Case for this project was not provided in the response. Please provide the Business Case for this project.

9-8 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, AMI.

- a. Why does Attachment DOE 2-11 show a budget amount for this project of \$700,000 when the Business Case and Capital Expenditure forms both show a budget amount of \$1.4 million?

- b. Given that only \$2,501 was spent in 2022, it does not appear that any of the project milestones for 2022 were achieved. Please explain.
- c. Please describe and explain the causes for the increase in the initial budget amount from \$9 million to 19.7 million.
- d. What is the “CGR Itron Analysis” referenced for 2022 in Table 2 on page 3 of the *Capital Project Expenditure Form*?
- e. Is Itron’s “GenX” technology referenced on page 2 of the *Capital Project Expenditure Form* the same as Itron’s “Gen5 Riva” technology referenced at Bates 659 of the Direct Testimony of Balashov and Strabone? If yes, please confirm this is the “foundational communication network” referenced in the *Capital Project Expenditure Form*.
- f. Table 2 on page 3 of the *Capital Project Expenditure Form* shows total estimated capital expenditures over the period 2022-2025 of \$19.7 million. At Bates 641 of the Direct Testimony of Balashov and Strabone references proposed capital expenditures over the period 2026-2028 to be \$40 million. Please confirm/explain total estimated capital expenditures between 2022-2028.
- g. Reference DOE 3-3: In Liberty’s response, the following statement was made: “. . . the Company does not currently anticipate any material expenditures associated with the (AMI) Project until 2026.” Yet, in Table 2 on page 3 of the *Capital Project Expenditure Form* material and field deployment costs of \$14.7 million are shown. Please explain.
- h. Reference Direct Testimony of Balashov and Strabone at Bates 656 which states “the second phase would be largely dedicated to the actual field deployment.” In Table 2 on page 3 of the *Capital Project Expenditure Form* field deployment is shown to occur in 2024-2025 at a cost of approximately \$15 million. Is this the same “phase 2” referenced in the testimony? If yes, then how do these costs correlate to the proposed \$9.5 million in expenditures for 2026 in Table 1, at Bates 642 of the testimony?
- i. Reference Direct Testimony of Balashov and Strabone at Bates 655: The testimony references the need to “identify cybersecurity requirements.” What are these requirements, how are they to be addressed, and are these costs included in the estimated AMI capital expenditures budget?
- j. A current industry rule of thumb is that the cost AMI technology (meters, concentrators, head-end systems) is approximately 35-40% of total deployment costs. How does this compare with the Company’s estimated AMI overall implementation costs?

- k. “Customer outreach” is budgeted in Table 2 on page 3 of the *Capital Project Expenditure Form* for 2023, but no budget is shown for any other year. Please explain.
- 9-9 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, 2022 Cloud-Analytics-NH.
- a. Why does Attachment DOE 2-11 show a budget amount for this project of \$700,000 when the Business Case and Capital Expenditure forms both show a budget amount of \$1.3 million?
- b. Please provide an itemized list of what was included as part of the expenditure amount of \$334,588 in 2022.
- 9-10 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, Transportation Fleet & Equip.
- a. The Change Order Form for this project does not provide sufficient detail related to the more than doubling of the budget from \$1 million to \$2.4 million. Please describe the specific drivers behind the increase.
- b. Please provide an itemized list of vehicles and equipment purchased for \$2.4 million.
- 9-11 Reference DOE 3-1, 2022 Capital Projects, SAP Placeholder-GSE.
- a. No Business Case or Capital Expenditure forms were provided for this project as part of the response to DOE 3-1, Attachment 23-039 3-1.4. Please explain and provide copies of the missing project documents that details and describes Liberty NH’s implementation of the project.
- b. Please confirm that the installation of SAP was finalized and completed in 2022 in the amount of \$13.5 million, and that the system was used and useful at that time.
- 9-12 Reference DOE 3-1, Attachment 23-039 3-1.4, 2022 Capital Projects, IEEE-Membership.
- a. Please explain why this subscription cost is not an O&M expense. What differentiates this subscription/membership from the others that Liberty subscribes to?
- b. Please explain why it was appropriate to assign the burden cost of \$53,000 to this expenditure? What is the \$53,000 amount based on?
- 9-13 Reference Docket DE 19-064, Exhibit 21, Testimony of Jay E. Dudley, Attachment JED-3c at Bates 403-404: In response to Data Request Staff TS 1-13 f., Liberty provided accounting verification that the land purchase for Rockingham Substation in the amount of \$1.5 million was held in FERC account number 105 “Electric plant held for future

use,” and that the land purchase was not included as part of 2018 test year or the 2019 step adjustment.

- a. When was the Rockingham land purchase eventually booked to plant? Please provide the accounting backup.
- b. Please provide the Business Case and all related project documentation that includes the land purchase as part of the project analysis of Rockingham Substation.

9-14 Reference Docket DE 21-004, 2021 Least Cost Integrated Resource Plan, DOE TS 2-1, Confidential Attachment DOE TS 2-1.1.xlsx: Please provide an updated version of the attachment reflecting the most current data on completed installations, in progress installations, and installations not developed.

9-15 Reference DOE 6-004, regarding corrected test year revenues, and the September 11, 2023 filing by the Company in DE 22-035, which corrects errors in the rates in the August 1, 2023 filing used as the basis for the response in DOE 6-004. Please update the following response provided in DOE 6-004 with the correct information:

- 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.