Liberty Utilities

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DE 16-XXX

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Calendar Year 2015 Reliability Enhancement Plan and Vegetation
Management Plan Report and Reconciliation Filing

DIRECT TESTIMONY

OF

CHRISTIAN BROUILLARD

AND

JEFFREY CARNEY

March 15, 2016

I. INTRODUCTION AND QUALIFICATIONS

Christian Brouillard

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

A. My name is Christian P. Brouillard and my business address is 15 Buttrick Road, Londonderry, NH 03053.

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

A. I am employed as the Director of Engineering by Liberty Utilities Service Corp. In my capacity as Director of Engineering, I am responsible for delivery system planning and capital investments, engineering and design, and maps and records integrity for Liberty Utilities (Energy North Natural Gas) Corp. and Liberty Utilities (Granite State Electric) Corp. ("Granite State" or "the Company").

Q. Please describe your educational background and certifications.

A. I graduated from the University of New Hampshire in 1982, earning a bachelor's degree in electrical engineering. I also completed the Public Utility Executive Course, sponsored by the University of Idaho. I am a registered professional engineer in the states of New Hampshire and Massachusetts and a certified Project Management Professional.

Q. Please describe your professional experience.

A. In 1982, I began my engineering career as an associate engineer with Massachusetts Electric Company, a subsidiary of National Grid USA ("National Grid") and a former affiliate of Granite State, in North Andover, Massachusetts. From 1982 to 1992, I held

positions of progressive responsibility in the distribution engineering, planning, protection, and executive support functions. In 1993, I was promoted to Manager of District Engineering and held various engineering and management positions since that time, including Manager of Asset Strategy. In 2005, I became Manager of Work Planning and was responsible for developing Granite State's capital construction plans. In 2008, I was promoted to Director, Investment Planning for the Company's electric distribution system in both New England and New York for National Grid. In 2011, I assumed my current role as Director of Engineering for Liberty Energy NH. In January 2015, I assumed transitional responsibility for Electric Operations, Gas Production, Control and Dispatch Center, and Compliance Quality and Emergency Management. I am currently responsible for Electric and Gas Engineering, Gas Production, Control and Dispatch Center, and Compliance Quality and Emergency Management

Q. Have you previously testified before the New Hampshire Public Utilities Commission?

A. Yes, I have previously testified before the Commission on the Company's Reliability Enhancement Program and Integrated Resource Plan.

Jeffrey Carney

Q. Mr. Carney, would you please state your full name and business address?

A. My name is Jeffrey Carney, and my business address is 407 Miracle Mile, Lebanon, New Hampshire 03766.

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

A. I am employed by Liberty Utilities Service Corp. as the Vegetation Supervisor. In my capacity as Program Manager Vegetation and Inspections, I support Electric Operations and plan, budget and manage Granite State's inspection and vegetation management programs, vendor performance, and provide storm and regulatory support on the distribution and sub transmission assets.

Q. Please describe your educational background.

A. I graduated from Paul Smith's College of Arts and Sciences in Paul Smiths, New York in 1976. I received an associate's degree in Applied Science in Forestry and Land Surveying.

Q. Please describe your professional experience.

A. I joined Liberty on April 1, 2012, when I assumed the transitional responsibility as Vegetation Supervisor for the National Grid FY13 Vegetation Management Program. Prior to that, I served as the System Arborist for National Grid Service Company from 2007 to 2012. I was the Transmission and Distribution Forester for Granite State and New England Power Company's territory in New Hampshire and Vermont from 1989 to 2005. From 2005 to 2007, I was the New England North Lead Arborist and oversaw New England North Arborists responsible for developing forestry strategy and delivery the work plan. During that time, I simultaneously served as the Company's District Arborist in New Hampshire. From 1979 to 1989, I was a self-employed Consulting Forester.

Q. Have you previously testified before the Commission?

A. Yes. I have previously testified before this Commission on vegetation management issues.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of this testimony?

A. First, this testimony provides the Commission with background information regarding the Reliability Enhancement Program ("REP") and the Vegetation Management Program ("VMP") that Granite State implemented during Calendar Year 2015 as described in the Calendar Year 2015 Reliability Enhancement Plan and Vegetation Management Plan Report, dated March 15, 2016 (the "CY 2015 REP/VMP Report"), submitted with this filing. Second, this testimony provides support for the Company's request to recover $346,184 in expenses above the Base Plan operating and maintenance ("O&M") amount of $1,360,000 that was authorized by the Settlement Agreement in Docket No. DE 13-063 (the "Settlement Agreement") and approved by Order No. 25,638 at 12 (March 17, 2014). Third, the Company seeks to recover the revenue requirement associated with a total of $1,321,456 in capital investment, broken down between program years CY 2014 and CY 2015. The total carryover from CY 2014 was $269,663, as discussed in the CY 2015 REP/VMP Report and in the pre-filed direct testimony of Heather Tebbetts. The Company is requesting an incremental revenue requirement of $279,097 to recoup the 2015 REP capital expenditures. Finally, this filing provides information regarding the calculation of the REP/VMP Adjustment Provision and the REP Capital Investment Allowance and the associated rate impacts, as set forth in the testimony of Heather

Tebbetts, which is a part of this filing. The Company requests that the new O&M amount apply to usage on and after May 1, 2016.

III. OVERVIEW OF REP AND VMP

Q. Please explain the purpose of the REP and VMP.

A. As part of the Settlement Agreement, the Company agreed to continue with its Vegetation Management and Reliability Enhancement Programs at agreed upon levels, subject to annual Commission approval. In general, the REP and VMP include both capital (REP) and O&M (VMP) spending targeted to improve reliability. The REP and VMP are premised on the understanding that a certain amount of annual spending on both capital and O&M activities is necessary to maintain the safety and reliability of the Company's electric distribution system. The Settlement Agreement assumed that a base amount of $1,360,000 would be spent on O&M activities associated with the VMP during each fiscal year. The Settlement Agreement also contemplated that the Company would target a budget of $1,000,000 for REP capital investments for each fiscal year. To the extent the Company spends less than the base O&M budget on VMP activities in a given fiscal year, the difference is credited to customers either through a refund commencing on May 1 or a credit to the following year's VMP O&M budget.

Q. Please describe what types of activities were performed under the REP and VMP in 2015.

A. The Company budgeted capital funds to install nine single phase recloser schemes, 18 trip savers in radial applications, and to replace 2.2 miles of bare mainline primary conductor with spacer cable. These projects are identified in Appendices 2 and 3 of the

CY 2015 REP/VMP Report. The VM activities consisted of Planned Cycle Trimming, and Interim, Spot, and Trouble Tree Trimming, identified in Appendices 1, 4 and 5 of the CY 2015 REP/VMP Report.

Q. Please explain how the Company decides to allocate funds towards vegetation management and reliability activities within a given year's budget and the process the Company uses to determine which REP/VMP projects to undertake in any given year.

A. Each year, the Company develops an Annual Work Plan that is designed to achieve the overriding performance objectives of the business (safety, reliability, efficiency, customer satisfaction, and environmental responsibility). The Company begins with a draft work plan that consists of proposed spending for asset replacement and system capacity and performance initiatives, individual capital projects and work activities required to comply with franchise or tariff requirements such as pole relocations, response to damage/failure, and new business construction. Each potential project specified within the plan includes a business category/justification for the project and estimated costs. The Company then prioritizes the projects based on the relative risk or opportunity associated with each project proposal to facilitate the selection of appropriate projects to be included in the Annual Work Plan. All of the proposed projects then undergo review and are prioritized to achieve an optimized portfolio of projects considering the reliability performance data compared to the reliability improvements targeted by the various programs and the deliverability of the various programs within the fiscal year. The process is designed to ensure the Company arrives at a budget that is the optimal balance in terms of selecting

the investments necessary to maintain and improve the performance of the system, while also ensuring a cost-effective use of the Company's available resources.

Q. Please explain how capital improvements in the REP/VMP Plan relate to the other capital investments made by the Company to its system.

A. The capital improvements in the REP/VMP Plan are developed within Company's overall capital investment plans. The REP/VMP Plan is a subset of that plan and seeks to develop and implement initiatives to improve the Company's delivery system performance while still meeting investment obligations in the areas of franchise/tariff requirements, capacity, and asset replacement.

IV. CALENDAR YEAR 2015 REP AND VMP IMPLEMENTATION

Q. Please explain how the Company's actual O&M spending for CY 2015 varied from the Company's original budget.

A. As described in the CY 2015 REP/VMP Report, the Company completed all of the vegetation management work contained in its CY 2015 plan. Overall, actual expenses recorded in CY 2015 for VMP O&M activities, including $273,674 associated with CY 2014 VMP activities, amounted to $1,994,184 or $421,902 more than the proposed budget of $1,572,282. The spending variances are explained in Appendix 1 of the REM/VMP Report.

Q. Please explain how the Company's actual capital spending for CY 2015 varied from the Company's original budget.

A. As shown in Appendix 2 of the CY 2015 REP/VMP Report, the Company provides the actual capital investment for 2014 and 2015. The Company's actual total carryover from CY 2014 was $269,663 (Appendix 2, line 5, column (d)) for capital activities related to the REP, or $169,663 more than the filed budgeted amount of $100,000. As shown in Appendix 2, line 4, column c, of the CY 2015 REP/VMP Report, the Company's total spending level for CY 2015 was $1,051,792 for capital activities related to REP, or $88,208 less than the filed budgeted amount $1,140,000 for CY 2015 capital projects. Key factors for budget variances are described in Section 2 of the REP/VMP Report for CY 2014.

Q. Please summarize the reliability results shown in the CY 2015 REP/VMP Report.

A. Metrics for CY 2015 presented on page 9 of the CY 2015 REP/VMP Report are based on Commission Standards for excluding major weather events and on the IEEE Standard 1366 method for excluding major event days. The metrics also exclude transmission supply outages, planned or notified outages, and all other applicable exclusions. The metrics include customers interrupted ("CI"), customer minutes interrupted ("CMI"), system average interruption frequency index ("SAIFI"), system average interruption duration index ("SAIDI"), customer average interruption duration index (CAIDI), and customers interrupted per interruption index (CIII).

As shown in Section 3 of the CY 2015 REM/VMP Report, the SAIFI performance of 0.58 for CY 2015 continues on an improving, downward trend, with the 2015

performance significantly better than that of 2014. Similar to the SAIFI trend, the 61.05 minutes for SAIDI reflects a significant improvement in SAIDI indices over the past few years. For 2015, there were very few non-recurring events greater than 5 minutes in duration that drove our improvement in SAIDI performance. The top 3 events made up 24% of our SAIDI performance indices. Mitigation measures, both inside and outside of the REP, were also implemented in 2015 to further improve our SAIDI performance, specifically addressing the drivers to SAIDI performance in 2015. The measures included addressing pockets of poor performance and underperforming feeders.

In summary, the Company met its SAIFI and SAIDI targets of 1.56 and 158.10 minutes, respectively, which are based on a 5-year rolling average and are shown on Appendix 7. 2015 was the best reliability year since the Company began tracking reliability performance some twenty years ago. However, it is worth noting that in general, electric delivery system reliability performance in the New England region, as well as nationally, was favorable in 2015. Some level of variability is to be expected in the year to year metrics, typically rooted in weather pattern changes. We expect this overall positive performance in SAIFI and SAIDI to continue, albeit at more historical levels, as we experience further positive impact from our reliability initiatives.

Q. Are the REP/VMP expenditures for which the Company is now seeking recovery reasonable?

A. Yes. As described in this filing, the expenditures were reasonable because they were made for programs that are specifically referenced in the Settlement Agreement as necessary to achieve continued improvement in the Company's system reliability. The

work undertaken for vegetation management, single phase recloser and trip-saver installations, bare conductor replacement, and underperforming area mitigation was incurred for the explicit purpose of improving system reliability and is consistent with the intent of the Settlement Agreement. These expenditures are expected to generate real customer benefits in the form of improved reliability performance. The Company requests that the Commission approve recovery of these expenditures and permit the requested rate adjustments to become effective for usage on and after May 1, 2016.

V. CONCLUSION

Q. Does that conclude your testimony?

A. Yes, it does.

THIS PAGE INTENTIONALLY LEFT BLANK