

All US IOUs (peer group 1) JJB-1
Commonwealth Edison Company of Indiana, Inc.
NV Energy; Nevada Power
AEP Texas Central
AEP Texas North
Alabama Power
Alaska EL&P
Ameren Illinois
Ameren Missouri
Appalachian Power
APS
Atlantic City Electric
Avista
BG&E
Black Hills Colorado
Black Hills Power
CenterPoint
Central Hudson G&E
Central Maine Power
Cheyenne LF&P
Citizens' Electric
CL&P
CLECO
Cleveland Illuminating
ComEd
ConEd
Consumers Energy
Dayton Power & Light
Delmarva
Dominion
DTE Energy
Duke Energy Carolinas
Duke Energy Florida
Duke Energy Indiana
Duke Energy Kentucky
Duke Energy Ohio
Duke Energy Progress
Duquesne Light
El Paso Electric
Emera Maine
Empire District Electric
Entergy Arkansas
Entergy Gulf States

Entergy Louisiana
Entergy Mississippi
Entergy New Orleans
Entergy Texas
Eversource
Fitchburg Gas & Electric
FP&L
Georgia Power
Green Mountain Power
Gulf Power
HECO
HELCO
Idaho Power
Indiana-Michigan Power
Interstate P&L
IPL
Jersey Central P&L
Kansas G&E
KCP&L
KCP&L Greater Missouri
Kentucky Power
Kentucky Utilities
Kingsport Power
Liberty Utilities
Lockhart Power
Louisville G&E
Madison G&E
Massachusetts Electric
MECO
Met-Ed
Mid-American
Minnesota Power
Mississippi Power
MonPower
Montana-Dakota Utilities
Mt. Carmel
Nantucket Electric
Narragansett Electric
Niagara Mohawk
NIPSCO
North Central Power
Northwestern Energy
NSP-Minnesota

NSP-Wisconsin
NV Energy
NWECO
NYSEG
OG&E
Ohio Edison
Ohio Power
Oncor
Orange & Rockland
Otter Tail Power
PacifiCorp
PECO
Penelec
Penn Power
PEPCO
PG&E
Pike County L&P
Pioneer Power & Light
PNM
Portland GE
Potomac Edison
PPL
PS Colorado
PS New Hampshire
PS Oklahoma
PSE&G
Puget Sound Energy
Rochester G&E
Rockland Electric
SCE
SCE&G
SDG&E
Sharyland Utilities
SPS
Superior WL&P
SWEPCO
TECO
TEPCO
TNMP
Toledo Edison
UGI
UniSource Energy
United Illuminating

Unitil
UP Power
Vectren
West Penn Power
Westar Energy
Western Mass Electric
Wheeling Power
Wisconsin Electric
WPS
WPL

Attachment JJB-1
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JJB-2 FERC Accounts used in Peer Benchmark Analysis

OPERATING EXPENSES

580 Operations Supervision \$1652625
581 Load Dispatching \$626072
582 Station \$123875
583 OH Lines \$478090
584 UG Lines \$83922
585 Street Lighting \$31768
586 Meters \$128354
587 Customer Installs \$781
588 Miscellaneous \$691179
589 Rents \$0

MAINTENANCE EXPENSES

590 Maint Supervision \$43868
591 Structures \$2509
592 Stations \$243763
593 OH Lines \$1922369
594 UG lines \$2277
595 Transformers \$21186
596 Street Lighting \$65209
597 Meters \$360315
598 Miscellaneous \$544288

PLANT

(360) Land and Land Rights
(361) Structures and Improvements
(362) Station Equipment
(363) Storage Battery Equipment
(364) Poles, Towers, and Fixtures
(365) Overhead Conductors and Devices
(366) Underground Conduit
(367) Underground Conductors and Devices
(368) Line Transformers
(369) Services
(370) Meters
(371) Installations on Customer Premises
(372) Leased Property on Customer Premises
(373) Street Lighting and Signal Systems
(374) Asset Retirement Costs for Distribution Plant

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

DE 16-383

Distribution Service Rate Case

OCA Data Requests - Set 1 (Permanent Rates)

Date Request Received: 7/11/16
Request No. OCA 1-6

Date of Response: 7/25/16
Respondent: Dwight Vanderwyk

REQUEST:

With regard Algonquin's acquisition of GSEC from National Grid approved in Order 25,370 Docket No.11-040, and referencing Liberty GSEC balance sheets contained in FERC Form 1 annual December 31 filings:

- a. In what calendar year(s) were primary acquisition entries, adjustments, restatements, and acquisition accounting related changes made to GSEC balance sheet? Discuss.
- b. Create three side by side GSEC balance sheets titled "12/31/2012 FERC Form 1 Balance Sheet", "2013 Acquisition Entries", and "12/31/2013 FERC Form 1 Balance Sheet. Illustrate and explain acquisition accounting impact on GSEC's balance sheet using the middle column. Include account numbers, balancing entries, and explanations.

RESPONSE:

- a. Primary acquisition entries were recorded in 2012 with subsequent adjustments made in 2013 within a year from the acquisition date in accordance with Generally Accepted Accounting Principles.
- b. Please see Attachment OCA 1-6 for a list of the acquisition-related journal entries that were recorded in 2013. All of the accounts included in the entries are balance sheet accounts. As there are many other entries that may have been posted to the various balance sheet accounts during 2013, including only the effect of the entries in Attachment OCA 1-6 would not result in the 12/31/2013 ending balances as reported in the FERC Form 1. Therefore, the requested analysis is not being provided.

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

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Distribution Service Rate Case

OCA Data Requests - Set 1 (Permanent Rates)

Date Request Received: 7/11/16
Request No. OCA 1-7

Date of Response: 7/25/16
Respondent: John Peellegoda
Steven Mullen

REQUEST:

Reference Liberty Utilities GSEC FERC Form 1 period 2015. The 12/31/2014 Changes to Retained Earnings at page 118 reflects a \$17,000,000 Capital Contribution. This contribution, along with transferred Income of \$6,549,880 resulted in a positive closing retained earnings balance of \$6,808,621 for period 12/31/2014.

- a. Please explain how and why this event occurred. Include discussion of underlying circumstances necessitating this capital contribution.
- b. Page 112 shows \$17,000,000 Advances from Associated Companies. List the affiliated companies.
- c. What is the rate?
- d. What are the repayment terms?
- e. What is the anticipated source of repayment on the advance?
- f. Show all accounting entries relative to the creation of this capital contribution, include account numbers.
- g. Was this a cash transaction where \$17,000,000 cash was injected into the company?
- h. If the answer to g is yes, discuss how the cash was used.

RESPONSE:

- a. Liberty Utilities monitors the status of the capital structure and the respective amounts of equity and debt at the various operating entities. The capital contribution to Granite State that occurred in 2014 was to improve the equity position of the Company.
- b. The \$17,000,000 shown on line 20 of page 112 relates to four long-term notes payable to Liberty Utilities Co., which are detailed on lines 6-9 on pages 256-257 of the FERC Form 1. Those debt issuances were done in connection with the Liberty Utilities acquisition of Granite State Electric and were approved by the Commission in Docket No. DG 11-040. The fact that the capital contribution was also \$17,000,000 is coincidental. The two amounts are separate and have no relation.
- c. The rates for the four long-term debt issuances from Liberty Utilities Co. are 3.51%, 4.49% and two issuances at 4.89%. Those cost rates are shown on pages 256-257 of the FERC Form 1.

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- d. Please see Attachment OCA 1-7.1 for copies of the notes.
- e. As stated in the responses to parts b. through d. of this question, the amounts are notes payable to Liberty Utilities Co. The "Advances" terminology is from the FERC Chart of Accounts for the title of account 223, which includes "the face value of notes payable to associated companies." The notes will be repaid in accordance with the terms and conditions included in Attachment OCA 1-7.1.
- f. Please see Attachment OCA 1-7.2.
- g. Yes, but over a period of time through the Due To/Due From accounts.
- h. The funds were used for general corporate purposes including use in the day-to-day operations of the Company.

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

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Distribution Service Rate Case

OCA Data Requests - Set 1 (Permanent Rates)

Date Request Received: 7/11/16
Request No. OCA 1-8

Date of Response: 7/25/16
Respondent: Steven Mullen
Howard Gorman

REQUEST:

Reference Liberty Utilities GSEC FERC Form 1 period 2015. The 12/31/2015 Changes to Retained Earnings at page 118 reflects a Transfer from Income of \$2,828,315 resulted in a closing retained earnings balance of \$9,636,936 for period 12/31/2015. Also reference Mullen - Gorman Testimony, Attachment SEM/HSG-2, Schedule RR-4 column "Historic Year Ended Dec 31, 2015" Capitalization at Bates Page 162, Lines 31-40. Both reflect total Proprietary Capital of \$90,023,362 but arrive at the total with inconsistent sub-components amounts of Other Paid In Capital and Retained Earnings:

- a. What is the source of data in column "Historic Year Ended Dec 31, 2015"?
- b. How does Historic Year Ended Dec 31, 2015 numbers compare to the 2015 FERC Form 1?
- c. Please add a new column titled "FERC Form 1 Dec 2015" next to existing column titled "Historic Year Ended Dec 31" and reconcile the differences between the columns.
- d. Why is \$17,000,000 Other Paid-in Capital (RR-4 row 33) not included in FERC Other Paid in Capital 208-211 (Form 1, page 112, row 7 (balance \$0))?
- e. Historic Test Year Dec 31, 2015 reflects Retained Earnings of (\$10,191,379) at line 34. Where is this value taken from? What is the similar value for periods 12/31/2014 and 12/31/2013?
- f. Discuss why \$9,636,936 Retained Earnings reflected on FERC Form 1, page 112, line 11 is presented differently on RR-4 rows 34, 35, and 36.
- g. Discuss \$1,638,476 retained Earnings adjustments (RR-4 row 36)

RESPONSE:

- a. The source is the Company's year-end adjusted trial balance.
- b. The "Historic Year Ended 31, 2015" numbers are the same numbers as included in the 2015 FERC Form 1 as they were both prepared using the Company's year-end adjusted trial balance. In some cases, due to the specifics of the FERC report, the presentation differs.
- c. See table below.

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Item	FERC Form 1	
	Schedule RR-4	Dec-15
Common stock issued		6,040,000
Other Paid-in capital		75,984,903
Total Common stock	82,024,903	82,024,903
Other Paid-In Capital	17,000,000	
Retained earnings	(10,191,379)	6,808,621
Retained earnings	2,828,315	2,828,315
Total Retained earnings	9,636,936	9,636,936
Adjustments	(1,638,476)	(1,638,476)
		Accumulated Other Comprehensive (Loss)
Total Proprietary Capital	90,023,362	90,023,362

- d. The \$17,000,000 capital contribution in 2014 was shown as an adjustment to retained earnings in 2014 and, therefore, it was carried forward in the balance of retained earnings. The presentation should be as Other Paid-In Capital in the FERC Form 1.
- e. The (\$10,191,379) is the \$6,808,621 12/31/2014 year end retained earnings with the \$17,000,000 Other Paid-In Capital removed and shown on line 33. Using a similar presentation for 12/31/2014, line 33 would have also shown \$17,000,000 and line 34 would have shown (\$258,741). There would be no change to 12/31/2013 as the capital contribution was made in 2014.
- f. See part c. of this response. Line 36 of Schedule RR-4 is not included in the \$9,636,936.
- g. The item labeled "Retained Earnings adjustments" on line 36 of Schedule RR-4 is the balance in Accumulated Other Comprehensive Income as shown in the FERC Form 1, page 112, line 15.

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

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Distribution Service Rate Case

OCA Data Requests - Set 1 (Permanent Rates)

Date Request Received: 7/11/16
Request No. OCA 1-16

Date of Response: 7/25/16
Respondent: Steven Mullen

REQUEST:

Reference Plant in Service on FERC Form 1 Summary of Utility Plant And Accumulated Provisions for Depreciation, Amortization and Depletion found on page 200 for years 2012 and 2013.

- Reconcile changes from 2012 to 2013 for Plant In Service (line 3), Plant Purchased or Sold (line 5) and Depreciation (line 18). Include debit and credit entries and account numbers.
- Discuss all significant acquisition accounting entries that may exist.
- Discuss accounting standards used for any acquisition accounting entries made.

RESPONSE:

- The changes in Plant in Service (line 3) from \$134,312,580 in 2012 to \$145,769,570 2013 are shown on pages 206-207 of the 2013 FERC Form 1. Plant Purchased or Sold shown on line 5 in 2013 is an acquisition adjustment resulting from the purchase of the Company's assets from National Grid and should have been shown on line 12. The acquisition adjustment was not reflected in the 2012 FERC Form 1, but, as explained in the response to OCA 1-17, the acquisition adjustment reduces both the cost of assets and the related accumulated depreciation in offsetting amounts, so that net book value is unaffected by the adjustment. The reconciliation of Accumulated Depreciation (line 18) is provided in the table below:

Accumulated Depreciation - 2012 FERC Form 1	55,447,764	2012 FERC Form 1, page 200, line 18
Add Back: Cost of Removal Adjustment	4,279,480	2012 FERC Form 1, page 219, line 16
	59,727,244	
Acquisition Adjustment	(53,184,734)	
2013 Accum. Depr. Beginning Balance	6,542,510	2013 FERC Form 1, page 219, line 1
2013 Depreciation Expense	5,085,372	2013 FERC Form 1, page 219, line 10
2013 Book Cost of Plant Retired	(7,337)	2013 FERC Form 1, page 219, line 12
2013 Cost of Removal	(171,442)	2013 FERC Form 1, page 219, line 13
Other Adjustments	(457,467)	2013 FERC Form 1, page 219, line 16
Accumulated Depreciation - 2013 FERC Form 1	10,991,636	2013 FERC Form 1, page 200, line 18
		(\$1 difference due to rounding)

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- b. No acquisition accounting entries were recorded during 2013 that affected the balances discussed in part a. of this response. Rather, the reconciling items relate to how items were reported in the FERC Form 1 for each of the years. The Company acknowledges that the acquisition adjustment was not reported consistently in prior years. The Company will be reporting the acquisition adjustment consistent with the 2015 FERC Form 1 in future years.
- c. See part b. of the response above.

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Distribution Service Rate Case

OCA Data Requests - Set 4 (Permanent Rates)

Date Request Received: 10/21/16
Request No. OCA 4-7

Date of Response: 11/3/16
Respondent: Steven Mullen

REQUEST:

What productivity growth and operating efficiencies have the company experienced since it was acquired in 2012? Please cite specific metrics and results. Provide definitions on how each metric is calculated.

RESPONSE:

Since the acquisition in 2012, the Company has been transforming as a start-up utility with the creation of a local organization, implementation of various computer systems, development of the supporting corporate organization, the use over a period of time of Transition Service Agreements (TSAs) with National Grid, the termination of those TSAs, and the development of policies and procedures among other factors. As developments and changes took place, the Company continued to find ways to improve and enhance its policies and procedures to allow for productivity, growth and operating efficiencies, although more growth opportunities exist on the gas side of the business. Many efficiencies take place through changes to policies and procedures as well through other means such as organizational changes and therefore are not quantifiable in terms of a specific metric. Please also see the response to OCA 1-20 for further discussion of efficiencies and metrics. Given the changes described above as well as the impact of the TSA costs while they were in effect (i.e., TSA costs were included in A&G costs, but many of the underlying tasks are now recorded in either O&M costs or A&G costs depending on the nature of the service), looking at metrics such as O&M per customer or A&G per customer over that time period would not produce meaningful, comparative results.

Productivity and operational efficiencies can be more meaningful and observable at a more granular level such as through an organizational change within a department or changes to departmental policies and procedures. The efficiencies resulting from such changes can then result in improvements to other reportable metrics. For example, call answering and billing statistics for the Company have improved over time due to a combination of organizational changes and improvements to policies and procedures. Those metrics as well as a number of other customer service/billing metrics are periodically filed with the Commission and many can be found in the Commission's docketbook for Docket No. DG 11-040. Definitions of those metrics as well as how they are calculated can be found in Attachment N to the Settlement Agreement in DG 11-040: <https://www.puc.nh.gov/Regulatory/CASEFILE/2011/11->

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[040/LETTERS-MEMOS-TARIFFS/11-040%202012-05-17%20NGRID%20NH%20ATT%20N%20\(CUSTOMER%20SERVICE%20PERFORMANCE%20METRICS\).PDF](#)

Operational efficiencies can also be demonstrated through review of the Company's reliability statistics which have shown improved reliability results since 2012. The calculations of those metrics and the results can be found in the reports filed pursuant to Puc 307.09 as well as in the Company's annual report on its Reliability Enhancement Program and Vegetation Management Program.

Among the notable results, Granite State has achieved the best SAIDI performance in its history in 2015, the timely filing of 100% of its regulatory compliance filings for twenty-six consecutive months, and a reduction in its accounts receivable in excess of 60 days from approximately \$4 million as of the end of June 2015 to approximately \$2.5 million as of the end of June 2016 (with a corresponding reduction in monthly write-offs).

As an example of efficiencies that have been achieved by the Company, the following is a list of improvements made and monitoring metrics that have been implemented with respect to collections and customer accounts:

Collections

- Implemented Outbound Call program January 2015. The objective is to reduce the number of disconnect orders in the field and reduce the number of customers disconnected for non-payment.
- The number of orders to the field has decreased by 16% through September.
- The number of Disconnect Notices have decreased by 7.7% (439 disconnect notices)

Collection Metric Definitions:

- Outbound call program—dollars collected are tracked by each Collections Specialist and reviewed by Collections Supervisor. Dollars collected must be in-house at the time of reported month. Dollars collected are tracked by representative and month.
- Collection Notices reports are system generated and tracked monthly for month-to-month and year-to-year comparisons.

Electric Assistance Program

- Set-up Secure Energy Assistance Email box that allows immediate assistance.
- A dedicated CSR tracks and monitors all activity such as: New Enrollments, Removals, and changes.

Financial Assistance

- Dedicated Social Services line for community action agencies and/or town municipals.

Vacant with Usage

- The number of meters in vacant status with usage has been reduced by 93% through September 2016 vs. September 2015.

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- Reporting is generated each month to identify accounts that are in vacant customer status and have usage of 25+ kilowatt-hours.
- The numbers are recorded monthly for month-to-month and year-to-year comparisons

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

DE 16-383

Distribution Service Rate Case

OCA Data Requests - Set 1 (Permanent Rates)

Date Request Received: 7/11/16
Request No. OCA 1-20

Date of Response: 7/25/16
Respondent: Steven Mullen

REQUEST:

Regarding operational and administrative efficiencies of Liberty GSEC relative to its peer utilities:

- a. How would you compare the level of efficiency of the Company compared to peer utilities?
- b. What utilities does Liberty GSEC view as peer utilities? Discuss key metrics used to determine peers. Why?
- c. For 2014-2015 time period are GSEC's average O&M expenses per customer lower, roughly same, or higher than peers utilities?
- d. For 2014-2015, are GSEC's General and Administrative per customer expenses lower, roughly same, or higher than its peer utilities?

RESPONSE:

- a. Efficiency is a broad term that can encompass things such as job planning and execution, decision making, costs/timing of performing certain tasks, etc. Liberty has not performed such a comparison.
- b. In New Hampshire, the utility closest to a peer would be Unitil. Some metrics used to determine peers include size of the utility, lines of business (e.g., electric, gas, transmission, generation), operating jurisdiction, and regulatory and legislative similarities and differences.
- c. Liberty has not performed the requested analysis. In addition, the amount of O&M expenses recorded in a given year can also be influenced by the amount of capital investment, and therefore, the O&M charged to capital jobs in that year. In any event, a meaningful comparison is the distribution rates of the utilities. Liberty's distribution rates compare favorably to other New Hampshire electric distribution utilities.
- d. Liberty has not performed the requested analysis. In addition, the amount of A&G expenses recorded in a given year can also be influenced by the amount of capital investment, and therefore, the A&G charged to capital jobs in that year. In any event, a meaningful comparison is the distribution rates of the utilities. Liberty's distribution rates compare favorably to other New Hampshire electric distribution utilities.