

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

DE 20-036

Reliability Enhancement Program and Vegetation Management Program
Report for Calendar Year 2019

Staff Data Requests - Set 1

Date Request Received: 4/8/20
Request No. Staff 1-2

Date of Response: 4/20/20
Respondent: Heather Green

REQUEST:

The Liberty Utilities REP/VMP Report CY 2019, on Bates page 006, states: “The plan to trim the remaining of the 2376W has been pushed to 2020 due to an abutter not providing permission to work on their property.”

- a. Is the 2376W the Spicket River supply circuit designation? If so, National Grid had designated the circuit the 5376 to the State Line. Please resolve the discrepancy in the designations for Staff’s mapping dept.
- b. Is the land owned by the Company or does the Company have an easement that requires a trimming permission? If the land is owned, or Liberty has an easement, please indicate why the Company needs to obtain an abutter’s permission to trim when trimming on a Company owned or easement area?

RESPONSE:

- a. Yes, the 2376W is the Spicket River supply circuit designation. National Grid is responsible for this line past the Massachusetts/New Hampshire border. The name that they refer to this line would best be provided by National Grid.
- b. Although the Company has an appropriate easement at this location, the majority of required trimming work is for trees that originate on the abutter’s property and grow into the easement area, making access to these trees very difficult. Also, the customer’s family has litigated in the past over access to the property, has been difficult and inconsistent in communications over our need for current access to perform work, and has retained counsel. In an attempt to avoid costly litigation, we have delayed this work until 2020 to provide more time to reach a non-litigated solution to the customer’s concerns.

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Date Request Received: 4/8/20
Request No. Staff 1-3

Date of Response: 4/20/20
Respondent: Heather Green

REQUEST:

The Liberty Utilities REP/VMP Report CY 2019, on Bates page 006, states: "Portions of the 40L3 were completed as a double circuit and new construction. The balance of the work was rebid at a price that was higher than expected and therefore moved to 2020 cycle work."

- a. Was the new construction portion of the 40L3 charged to the VMP or another project?
- b. Please explain why the 40L3 double circuit work was rebid.

RESPONSE:

- a. The new construction portion of the 40L3 was not charged to VMP. It was charged to capital project work.
- b. The 40L3 double circuit work was not rebid. The double circuit work was completed during 2019. The portion of the 40L3 that was rebid was single circuit. That portion was rebid due to the reconfiguration of the circuit as compared to its configuration at the time the contract was awarded in earlier year. The bid prices came in higher than expected due to the overall increase in pricing that had taken place during the period the multi-year contract was in place.

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Staff Data Requests - Set 1

Date Request Received: 4/8/20
Request No. Staff 1-4

Date of Response: 4/20/20
Respondent: Anthony Strabone

REQUEST:

In Liberty Utilities REP/VMP Report CY 2019, on Bates page 8 and 9:

- a. Based on previous years' issues with the ILEC (Consolidated Communications, Fairpoint, Verizon, etc.) on setting poles in a timely matter, please explain why Liberty Utilities did not submit the pole set requests to the ILEC until February 2019, especially given that back in November, 2018, the Company told Staff that it had planned to perform this REP work in 2019.
- b. Please provide any written correspondences with Consolidated Communications regarding the pole sets between February 2019 to the end of May 2019?
- c. Please provide the excerpt from the applicable IOP that covers the default process indicating the 90 day period.
- d. Please submit the project documentation including estimated labor in crew hours(days) for the pole set and line work (separately)
- e. The internal Liberty Crews started the Enfield 7L2 project in August, 3 months after Consolidated Communications indicated they were not going to set the poles.
 - i. Please describe the number of poles sets and the start and end date of the pole sets.
 - ii. What was the Company's original estimate on the line construction utilizing internal resources?
 - iii. What was the actual construction progress when the work should have reached the estimated 25% mark under the original resource plan.
 - iv. What was the crew availability in May (when the decision to have a contractor perform only pole work was executed) for specific project work (outside normal blanket mandated work) in August through December based on the internal scheduling documentation at the time.
 - v. Considering the typical construction season and internal vacation peak times are during the summer, what was the Company's reason to have internal crews complete the entire project.

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- vi. Did the Company consider having only a small part of the project be performed by internal crews and contracting out the remainder of the work, with the option to complete the internal work if internal crew availability was restricted and the Company faced the possibility of not meeting the deadline date?
- vii. Was the initial estimate of \$725,000 for the 7L2 based on the indirect costs for internal labor (which are higher than contractor indirect costs)?
 1. Please explain why or why not.
 2. If yes, would Liberty agree that the \$/ft comparison of the project based on previous contractor jobs is not a definitive direct comparison? Please explain your response.

RESPONSE:

- a. The Company submitted the request to Consolidated Communications in February 2019 because that is when the engineering design was completed. Engineering did not start the design until the final capital budget was provided to Engineering in early January 2019. Beginning design following the receipt of the final capital budget is the standard process.
- b. Liberty submits request for poles sets through the Exchange of Notice Process for all types of projects such as customer requests and larger jobs such as REP. Typically these requests go un-responded to by Consolidated, which results in construction delays. The result of this is the Company is now responsible to set poles outside our set area in order to meet customer timelines and the Company's construction deadlines. Consolidated unofficially refuses to set poles by not responding to our requests. For an example where the Company has requested pole sets, and Consolidated has unofficially refused, please see Attachment Staff 1-4.b.)
- c. When poles sets are required, the Company will notify Consolidated through the Exchange of Notice Process as outlined in the Intercompany Operating Procedure (IOP) Section P. Consolidated has 14 days to respond indicating their interest in joint ownership, which requires them to set poles in their pole set area for our project. If Consolidated fails to respond to the Company's request for pole sets, Intercompany Operating Procedure (IOP) S provides steps to handle Dispute Resolution. Please see Attachment Staff 1-4.c for the IOP documents.

With respect to the Shaker Hill project, Enfield is a Consolidated set area. In February 2019, Liberty submitted a request for poles sets through the Exchange of Notice Process. Consolidated did not respond within the 14 days to the design Engineer. The next step is to escalate this issue to Management and provide Consolidated 30 days to resolve the dispute. Once those 30 days have passed following the initial 14 days, Management contacts Senior Management to escalate the issues and another 30 days are given to resolve this issue. Given these time frames of escalation, the entire process takes approximately 90 days. Similar to past projects of this nature, Consolidated has allowed the Company to set poles in their set area by not responding to the request from the Company.

- d. The total labor hours per Quadra was 2,141 hours for the job which includes framing, pulling wire, and removal of old wire and pole tops. To get a good handle of pole and framing installation, plus pulling wire, we consider installation of one pole per day and installation of framing poles is two per day. Installation of wire includes pulling wire to proper tension and securing the wire to insulators. The installation of 10,000 feet of wire takes approximately one month. Removal of old wire and pole tops takes about one month. Given this calculation, this is a total of five months to complete the job. The crews were given seven months to complete the job to accommodate vacations and any weather delays.

The labor hours and cost does not include those items for line work for pole sets for this job because Consolidated was expected to install the poles and bill Liberty \$500 per pole they set. Please see Attachment Staff 1-4.d.xlsx for the original estimate of \$493,802, which includes framing of the poles and pulling the wire.

- e. For projects where contractor crews are used, the projects go through the competitive bid process. For this job, because the original intent was for internal crews to complete the job, the process of completing the work did not follow this process. The internal crews were to frame the poles and pull the overhead wire following the setting of the poles by Consolidated.

On February 28, 2019, the Company notified Consolidated that they needed to set poles for the job through the IOP process. As described in part c. above, Consolidated has 90 days to respond to or otherwise resolve the request, bringing the period to set the poles with internal crews or contractors to May 28, 2019. When Liberty did not hear from Consolidated by then, Engineering notified Electric Operations they could start work in early June to set poles. Electric Operations indicated due to primarily working on blanket work, they couldn't complete the pole sets and a contractor would be required. Electric Operations' intent was to complete the framing of poles and pulling of wire once the poles were set by a contractor. Liberty sent its notice to Consolidated that Liberty would set the poles on June 14, 2019. At this time, based on the response from electric operations, Engineering direct awarded the poles sets to JCR in June as the per unit price for pole sets is a known and competitive price. During July and August 2019, JCR set the poles. In the month of September, Electric Operations began working on framing poles. By the end of September, due to blanket work and frequently experienced trouble calls which impacted crew availability and resources, Electric Operations notified Engineering that they could not get the project in service by December 31, 2019. In early October, to ensure the project was in service by the end of the year, Engineering put out bids to contractors. The Company sent out the project to four bidders and received responses back from all four. Two of the bidders responded with a refusal to bid due to current resource commitments. One bidder indicated they could perform the work but would not meet the year end in-service date. Only one bidder, JCR could put the project in service by December 31, 2019.

- i. There were 39 poles, 22 anchors, and 2 push braces to be set. The pole sets were completed throughout July and August.
- ii. The expectation was that if Consolidated would not set poles, electric operations would start the job in June and have it in service by December 31, 2019.

- iii. For jobs that are completed by contractors, the bidders provide a timeline of how long the job will take to complete. The Company is billed monthly for progress. For example, if the winning bid notes it will take five months, the job will be invoiced to Liberty 20% each month until the job is finished. For jobs completed by internal crews, the work plan provides that this type of job will be in service by the end of the year. A job like this may be started, left for a bit to complete the smaller jobs such as damage failure issues, and then come back to for finishing, thus there is not a timeline to show when “25%” of a job should be completed.
- iv. Liberty does not schedule its internal work months in advance. Electric Operations primarily worked on blanket work during August through December 2019. The crews also frequently experienced trouble calls during the early morning and late evening impacting crew availability and resources. Midday trouble calls also caused crews to be pulled off jobs they were working.
- v. Please see the response to part d. above.
- vi. Yes, only the framing and pulling of wire was expected to be completed by Liberty as Consolidated was responsible for setting poles.
- vii. Please see the response below:
 1. No. In 2017, after reviewing similar and completed REP projects, Liberty reduced its estimate to replace one mile of bare wire with spacer cable to \$380,000. The initial estimate for the 7L2 was based on an estimate of \$380,000 per mile, although actual costs vary from year to year. The Company has recently updated its estimate for one mile of bare wire replacement to \$450,000 to reflect actual costs from the past five years for similar projects. To date there have been no similar REP bare mainline conductor replacement jobs performed by in-house crews to form a comparison of actual costs.

To determine whether the contractor costs were in line with other like jobs, the Company compared 23 bids in 2019. The per foot average was \$73.97. Using that average, this job, which was 10,032 feet, would be expected to cost about \$742,000 for contractor labor only, which includes setting poles, framing, pulling wire, and removals. This cost does not include materials, burdens, internal labor for design, construction oversight, traffic control and tree trimming. The total bid for all of the JCR labor was \$633,813, or significantly below the average for jobs bid by contractors in 2019.
 2. Please see the response to part e.vii.1 above.