STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

April 27, 2020 - 9:00 A.M.
[Remote hearing conducted via Webex]

RE: DE 20-036 LIBERTY UTILITIES (GSEC) CORP., D/B/A LIBERTY UTILITIES RELIABILITY ENHANCEMENT PLAN AND VEGETATION MANAGEMENT PLAN (Evidentiary Hearing)

PRESENT: Chairwoman Dianne Martin, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Jody Carmody, Clerk
Eric Wind, PUC Remote Hearing Host

APPEARANCES: Reptg. Liberty Utilities, et al:
Michael J. Sheehan, Esq.

Reptg. Residential Ratepayers:
D. Maurice Kreis, Esq.
Office of Consumer Advocate

Reptg. PUC Staff:
Paul B. Dexter, Esq.

COURT REPORTER: SUSAN J. ROBIDAS, N.H. LCR NO. 44

I N D E X

WITNESS PANEL: DAVID B. SIMEK
ADAM HALL
JOEL RIVERA
HEATHER GREEN
ANTHONY STRABONE

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CLOSING STATEMENTS:

E X H I B I T S

P R O C E E D I N G S

CHAIRWOMAN MARTIN: Good morning, everyone. Ms. Robidas, are you all set?

THE COURT REPORTER: I am. Thank you.

CHAIRWOMAN MARTIN: Okay. Great. All right. We're here this morning in Docket 20-036, which is Liberty Utilities Calendar Year 2019 Reliability Enhancement Plan and Vegetation Management Plan, Results and Reconciliation.

First, I need to make the necessary findings because we're doing a remote hearing today. Sorry for all the noise.

As Chairwoman of the PUC, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic, and in accordance with the Governor's Emergency Order Number 12, pursuant to Executive Order 2020-04, this public body is authorized to meet electronically. Please note that there's no physical location to observe and listen contemporaneously to this meeting which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are utilizing Webex for this electronic meeting. All members of the PUC have the ability to communicate contemporaneously during this meeting through this platform, and the public has access to contemporaneously listen and, if necessary, participate. We previously gave notice to the public of the necessary information for accessing the meeting in the Order of Notice. If anybody has a problem during this meeting, please call (603)271-2431. In the event the public is unable to access the meeting, it will be adjourned and rescheduled.

Okay. A few ground rules that we cover, and Mr. Wind may have already covered. Make sure if you are not talking to mute yourself. It really helps keep the background noise to a minimum. If you would like to be recognized other than for an objection, please put your hand up, and I will get to you as soon as I see you. And be persistent if I don't notice that you've got your hand up. I'm looking at a bunch of different things. If you're making an objection, please feel free to speak it out at the time.

Confidential information. Please be careful not to talk about or identify confidential information inadvertently. To the extent possible, please just point to the document and page number where the information is contained. If absolutely necessary to identify or show confidential information, please let me know first so that we can clear the virtual hearing room so only those who should have access do.

Please speak slowly and leave time for others to consider a response before proceeding. We have a court reporter who will be keeping the record, and we need to make sure she can understand everything that is said. If you need a recess, please let me know. Any party who takes a recess should make sure they mute themselves and turn off the video.

Let's start by taking a roll call attendance of the Commission, and then we'll take appearances. My name is Dianne Martin. I'm the Chairwoman of the Public Utilities Commission. I am located at my home in Deerfield, New Hampshire, and no one is with me.

Commissioner Bailey.

COMMISSIONER BAILEY: I am Commissioner Kathryn Bailey. I'm at my home in Bow, New Hampshire. I'm in a room by myself.

CHAIRWOMAN MARTIN: Commissioner Giaimo.

COMMISSIONER GIAIMO: Good morning, everyone. Mike Giaimo. I'm at the PUC office here in Concord, and no one is in the office with me.

CHAIRWOMAN MARTIN: Okay. Thank you. Let's take appearances, please, starting with Mr. Sheehan.

MR. SHEEHAN: Good morning, Chairwoman. Mike Sheehan, for Liberty Utilities (Granite State Electric Corp.)

CHAIRWOMAN MARTIN: Thank you.

Mr. Kreis.

MR. KREIS: Good morning, Madam Chairwoman, and everyone else. Sorry about the echo...(indecipherable). I'm D. Maurice Kreis, consumer advocate, here on behalf of residential ratepayers.

CHAIRWOMAN MARTIN: Thank you.

And Mr. Dexter. Mr. Dexter, you need to unmute yourself.

MR. DEXTER: My apologies. My name is Paul Dexter. I'm appearing on behalf of Commission Staff as Staff Counsel from Chester, Vermont, and I am by myself. I'm joined virtually this morning by two members of the Electric Division, Rich Chagnon and Kirk Demmer.

CHAIRWOMAN MARTIN: Okay. Thank you.

I have for preliminary matters that we have Exhibits 1 through 3 prefiled and premarked for identification. Is there anything else we need to cover?

MR. SHEEHAN: Madam Chair, two

issues, small ones. First, there was an addition to the witness list by agreement of the parties. Anthony Strabone, who did not file testimony but participated in discovery responses and has knowledge of the matter that will be rightly discussed today, he is on the line and ready to go.

Second, there is one confidential response to a data request that we do not anticipate will be discussed today, but I'm required to file a motion to protect that confidential information going forward. Unlike the cost of gas hearings where there's a presumption here that requires an affirmative motion and response, we don't need any response today. But that is in the Commission's inbox, and the Commission can address it when appropriate.

And last, in a brief discussion before we started, we have two groups of witnesses: Mr. Simek and Mr. Hall, who are the financial revenue rate change-type witnesses, and then Mr. Rivera, Ms. Green and Mr. Strabone, who are more of the vegetation and operational types. Typically we would put them into two separate panels. Counsel agreed prior to the hearing that we would just swear all five in, I would do the intro, and then counsel can question them as they feel best -- they can organize the questions as they feel best.

CHAIRWOMAN MARTIN: Okay. Thank you. I think that makes a lot of sense to have them all come up at the same time, or virtually come up at the same time just to make it a little more easy to manage. And we will treat the information you referred to as confidential during this hearing. Again, a reminder for everyone: If you are going to refer to that information, please do so without revealing it unless you absolutely have to.

Okay. With that, Ms. Robidas, could you swear in all of the witnesses, please.

DAVID B. SIMEK, SWORN

ADAM HALL, SWORN

JOEL RIVERA, SWORN

HEATHER GREEN, SWORN

ANTHONY STRABONE, SWORN

CHAIRWOMAN MARTIN: Okay. Mr. Sheehan, you can proceed.

MR. SHEEHAN: Thank you. I will go through each of the witnesses with their basic introduction, and I'll start with Mr. Simek.

DIRECT EXAMINATION

BY MR. SHEEHAN:

Q. Mr. Simek, could you please introduce yourself and your position with the Company.

A. (Simek) My name is David Simek, and I am the manager of rates and regulatory affairs.

Q. Did you participate in the preparation of testimony that appears in the Company's filing, Exhibit 1? I believe it begins around Page 39 and has attachments that run through Page 72.

A. (Simek) Yes, I did.

Q. And do you have any changes to your testimony to make here this morning?

A. (Simek) I do not.

Q. Another exhibit that has been marked as

Exhibit 3 is a Bill Impact Sheet. Did you also participate in the preparation of that?
A. (Simek) I did.
Q. Are there any changes to that from what was filed last week?
A. (Simek) There are not, no.
Q. Thank you. Do you adopt your testimony, your written testimony, to be your sworn testimony here this morning?
A. (Simek) I do.
Q. Thank you, Mr. Simek.
A. (Simek) Thank you.
Q. Mr. Hall, you next. Can you please introduce yourself and your position with the Company?
A. (Hall) Yes. My name is Adam Hall. My role is analyst in rates and regulatory affairs.
Q. And along with Mr. Simek, did you prepare testimony that appears at Pages 39 through 72 of the Company's filing, which is Exhibit 1?
A. (Hall) Yes, I did.
Q. Do you have any changes to that testimony?
A. (Hall) I do not.
Q. And did you participate in the preparation of the Bill Impact Sheet which has been marked

as Exhibit 3?
A. (Hall) Yes, I did.
Q. And do you have any changes to that this morning?
A. (Hall) I don't.
Q. And this morning do you adopt your written testimony as your sworn testimony?
A. (Hall) Yes, I do.
Q. I'd like to run briefly through that Exhibit 3, the Bill Impact, with you, Mr. Hall.
A. (Hall) Okay.
Q. What bill impacts are related to this case, 20-036, REP/VMP?
A. So, related to this case, the bill impact for customers taking 650 kilowatt hours, it would be -- excuse me -- it would be .05 percent less, or a decrease of 6 cents.
Q. And that is in their monthly bill?
A. (Hall) Correct.
Q. The sheet you have in front of us, Exhibit 3, is slightly different; is that correct?
A. (Hall) Correct. That shows proposed rates in the annual retail rate filing that we'll have

a hearing later today for. It includes the impacts for both this filing and the filing I just spoke of, effective May 1st.

Q.   And so Exhibit 3 is the total rate change -- the impact of the total rate change that would go into effect May 1, assuming both cases result in the Commission approving the requested changes.

A.   (Hall) Correct.

Q.   And that total bill impact from these two cases is what?

A.   (Hall) It would be a decrease of 31 cents, or a decrease of .27 percent for customers taking 650 kilowatt hours.

Q.   Thank you.

Next I will start with Mr. Rivera. Mr. Rivera, please introduce yourself and your position with the Company. Make sure you're off mute.

A.   (Riviera) Good morning. This is Joe Rivera. I am the manager of GIS and Electric System Planning.

Q.   And Mr. Rivera, Exhibit 1, the Company's filing, has testimony that bears your name and Ms. Green, beginning at Page 27. Did you assist in the preparation of that testimony?

A. (Riviera) That is correct.

Q. Do you have any changes to that testimony this morning?

A. (Riviera) I do not.

Q. And do you adopt the testimony, the written testimony, as your sworn testimony today?

A. (Riviera) Yes, I do.

Q. Thank you.

Ms. Green, would you please introduce yourself, your position with the Company.

A. (Green) My name is Heather Green. I am the manager of vegetation and inspection.

Q. And did you, with Mr. Rivera, prepare testimony that appears in Exhibit 1, beginning at Pages H27?

A. (Green) Yes.

Q. And do you have any changes to that part of the testimony for which you are responsible?

A. (Green) No.

Q. And do you adopt that written testimony as your sworn testimony this morning?

A. (Green) Yes.

Q. And last, Mr. Strabone, could you please introduce yourself and your position with Liberty.
A. (Strabone) Good morning. My name's Anthony Strabone. I'm the manager of electric engineering.
Q. And you did not participate in the actual drafting and filing of the testimony that we have before us; is that correct?
A. (Strabone) That is correct.
Q. But we will get into questions you are otherwise familiar with, some of the issues that will be discussed today at this hearing. Is that your understanding?
A. (Strabone) Yes, it is.
Q. And you were involved in the preparation, in answering of some data responses that Staff marked as Exhibit 2.
A. (Strabone) That is correct.
Q. Thank you.

MR. SHEEHAN: That's all I have, Madam Chairman.

CHAIRWOMAN MARTIN: Okay. Thank you.

Mr. Kreis.

MR. KREIS: Madam Chairman... (indecipherable).

(Court Reporter interrupts due to indecipherable audio.)

(Discussion off the record.)

CHAIRWOMAN MARTIN: Yes, I was going to next -- what is the plan? Is it Mr. Dexter next or Mr. Kreis?

(Court Reporter interrupts due to indecipherable audio.)

CHAIRWOMAN MARTIN: Wait a moment. The court reporter is having trouble catching up.

MS. MULHOLLAND: Can we go off the record for a moment, Madam Chairwoman?

CHAIRWOMAN MARTIN: Yes, let's go off the record for a moment.

(Discussion off the record)

CHAIRWOMAN MARTIN: Okay. Mr. Kreis, are you ready to go back on the record?

MR. KREIS: Yes, I am, as long as everybody can hear me okay.

CHAIRWOMAN MARTIN: Okay.

Ms. Robidas, how about you?

THE COURT REPORTER: Yes. Thank you very much.

CHAIRWOMAN MARTIN: Okay. Mr. Kreis, we were going to back up to where I had recognized you to speak next and you had said "Madam Chairwoman" I think, and that was where Ms. Robidas left off.

MR. KREIS: Okay. I am ready to start inquiring of the witnesses unless there is any reason I shouldn't just go right to that task.

CHAIRWOMAN MARTIN: No. Please go right ahead.

MR. KREIS: Okay. Great. I'm just going to ask my questions, and any of the witnesses who have relevant answers are free to pipe up as far as I'm concerned.

CROSS-EXAMINATION

BY MR. KREIS:

Q. I want to talk about Consolidated Communications and the role that it plays in the Company's vegetation management and the extent to which that bears on the costs incurred by customers. It is true that Consolidated Communications is a landline telephone provider in the Liberty electric service territory; correct?

CHAIRWOMAN MARTIN: Make sure to unmute yourself before you speak.

A. (Green) That seems logical, yes. Sounds about right.

Q. Okay. Is it the only -- and Consolidated Communications owns some of the poles in the Liberty service territory; correct?

A. (Green) Correct.

Q. And Liberty owns some of the poles in the Liberty service territory?

A. (Green) Correct.

Q. And the two companies share responsibility for making sure that the vegetation in the Liberty service territory is sufficiently clear, to make sure that both Consolidated, which is a landline telephone provider, and Liberty, which is an electric provider, are able to provide service to customers; correct?

A. (Green) That sounds correct.
Q. Does the Company have any difficulties with getting Consolidated to pay its share of the costs that it has in common with Consolidated [sic] for conducting vegetation management activities?
MR. SHEEHAN: Madam Chair, this is Mike Sheehan. The issue today is the reconciliation of last year's REP/VMP program. Some of this line of inquiry Mr. Kreis is going down is marginally relevant to that reconciliation. I understand that the relationship with Consolidated, the contribution they have plays a role, but it's not clear to me why this line of questioning is relevant to the reconciliation of last year's work.
CHAIRWOMAN MARTIN: Mr. Kreis, response.
MR. KREIS: Well, because looking at places like Page 7 of the Company's report, which is actually Bates Page 9, there is a discussion of the inter-company operating procedure agreement between the two

firms, and there's also a discussion of problems with setting poles and the fact that there seems to be some inability of the two companies to communicate with each other. And I agree with Mr. Sheehan that this is a reconciliation, but I just want to make sure I understand the extent to which, frankly, non-cooperation of Consolidated has played a role in the costs that customers are incurring in connection with the reconciliation. If that is not a helpful line of inquiry today, or if the Company can assure its customers that I represent that they don't bear any costs that are properly attributable to Consolidated, then I'd be happy to move on.

MR. SHEEHAN: If I may respond? That certainly brings it more to focus in this proceeding. My underlying concern is that we have a panel of witnesses who each deal with tiny pieces of the Consolidated relationship, and the silence you heard is partly because I suspect they were all thinking, "I'm not sure about this. I'll wait for someone else to answer." So, for example, there are not Liberty-owned poles and Consolidated-owned poles. The overwhelming majority --

(Court Reporter interrupts due to indecipherable audio.)

MR. SHEEHAN: The overwhelming majority are solely-owned poles. So I just am concerned that without more focused questions, that we may inadvertently get into maybe not the best answers that the witnesses could otherwise provide.

CHAIRWOMAN MARTIN: Mr. Kreis, do you have a response to that?

MR. KREIS: Yeah, I think that's a function of the fact that --

(Court Reporter interrupts due to indecipherable audio.)

MR. KREIS: I'm sorry. I didn't hear that.

CHAIRWOMAN MARTIN: I was asking if you have a response to that.

MR. KREIS: I think that's a consequence of the fact that we're conducting a remote hearing, we're not all in the same room, and this is difficult. I think it would simplify things if I just said that I don't need to inquire about Consolidated Communications and I don't have any other questions.

CHAIRWOMAN MARTIN: Well, that certainly does simplify things.

Okay. Mr. Dexter, I guess you're up.

MR. DEXTER: Thank you, and good morning again.

CROSS-EXAMINATION

BY MR. DEXTER:

Q. So I would like to start with questions concerning the veg management program, and I would like to start by identifying for the Commission and for everyone what rates are actually proposed in this proceeding. So I would ask the witnesses and the Bench to turn to Bates 68 in the filing, and I would ask the witnesses to confirm that the REP factor proposed in this case equals $.00008 per kWh.

A. (Simek) That is correct, Paul. But 0.0008

[sic] per kWh is the O&M portion of the veg management rate.

Q. And is it correct that this compares to a factor that was approved last year of $.00047? And I took that from Bates 70 of a similar exhibit in last year's docket, DE 19-051.

A. (Simek) I believe that the approved rate is .00052.

Q. Okay.

A. (Simek) The rate that's currently in place.

Q. And in any event, this proposed rate represents a reduction as compared to last year.

A. (Simek) Correct.

Q. Or as compared to current rate.

And if we look at Bates 68, you'll see that that REP factor, which is in Column D, produces an actual distribution rate per kWh for a residential customer in Class D of $.04930; is that right?

A. (Simek) Yes. I'm sorry. I wasn't looking at the correct column. Column E. Yes, it does.

Q. And that number that I just cited on Column E

over on Bates Page 70 appears in the proposed typical bill analysis that Liberty provided; is that correct?
A. (Simek) Correct.
Q. And this typical bill provided at Page 70 produces the reductions that Mr. Hall talked about in his direct testimony that are related specifically to this docket.
A. (Simek) Correct.
Q. A reduction overall when the two programs are combined, both veg management and the reliability program, of 6 cents per bill and a .045 percent decrease for a residential customer; is that right?
A. (Simek) It is.
Q. Okay. So that's what's at issue as far as the veg management program is concerned. In order to find what's behind the factor that we talked about of $.00008, I believe I can find that on Page 67; is that right?
A. (Simek) Yes, it is.
Q. And if I look at Page 67, I see that the costs that go into that factor on Line 3 are $74,984; correct?

A. (Simek) Correct.

Q. And of that figure, part of it's a over and under recovery. I guess it's an over recovery from last year of 26,163. But Line 1 shows us that the 2019 O&M expense for veg management above base is 101,147; correct?

A. (Simek) Correct.

Q. And "above base," what does that mean? What is the base amount?

A. (Simek) The base amount can be shown on -- let me bring it up real quick, the Bates page number. It's $1.5 million that is currently included in base distribution rates, and that's shown on Bates Page 50. It shows how it was broken down to come up with 101,147.

Q. And so is it correct then, in order to look at the underlying expenses for veg management in 2019, I want to take the base amount of the 1,500,000 and add to it 101,147 and get a figure of 1,601,147 if I want to see what the money was spent on?

A. (Simek) Correct. And again, that's shown on Bates 50.

Q. Right. And to get a look at the various projects that make up the 1,601,147, if I go to Bates 17 in the report, that shows various projects; does it not? And we'll see that figure 1,601,147 down on Line 14 actual expenses; correct?
A. (Simek) That is correct.
Q. Okay. So I had some questions about these specific projects on Bates 17. And in particular, I wanted to look at Line 6, which is labeled Police Detail, Cycle Trimming and Other. And I believe Column C shows that this figure came in below budget in the amount of about 19 or 20 percent; is that right?
A. (Green) I can't do that calculation that quickly in my head, but it's about 76,000.
(Court Reporter interrupts.)
Q. Right. And the 76,000 divided by the budget number of 400,000 comes to roughly 19, 20 percent.
Can you explain how it is that the police detail came in under budget? Because in the past, we do these cases every year, I

think that's often cited as an area where the Company experiences an over-budget situation.

A. (Green) So when we make the budget, we do an average of what we spent. So we look at what was spent in the last year and what's the average and make that budget. So if we work in areas that require less police detail, for example, on rural roads, then that would contribute.

I also looked into -- in 2018 we did have an error in our invoicing. So that was rectified, but that wasn't -- the budget was made before that. So I believe that may be a contributing factor as well. I think the budget was made on 2018 spend, which wasn't a normal year, I guess, because it had an error in it. And then we also had some areas where we have more rural work that doesn't require as much police detail. So when we make the budget, we do an average of what we experience.

Q. Can you explain more about the error that was found in 2018?

A. (Green) So there was an error in billing, where when the contractor gave it to us, they billed higher than they should have. We found the problem and we've gotten the refund for that matter. And it was addressed in the 2018 submittal as well. So we identified that there was an error there, that it had to do with billing per crew versus per person.

Q. Do you recall the amount of the error?

A. (Green) Fifty thousand.

Q. Fifty thousand? And so if I understood what you said, that reversal of that error was credited to customers in the 2018 reconciliation; is that right?

A. (Green) Yes, it was addressed then.

Q. Okay. Was it returned to customers through that process?

A. (Green) I don't -- I know it was addressed in the accounting in the numbers we submitted, that it was not part of our... (indecipherable). It was attributed in our numbers for 2018.

Q. Okay. So it would have shown up in 2018's actuals and therefore reflected in last year's reconciliation.

A. (Green) Yes.

Q. So moving down to Line 8 on Page 17, there's a category marked Interim Trimming and Pruning -- I'm sorry -- Interim Trimming. Can you explain what that is?

A. (Green) So that is an amount that helps -- it's unplanned work, period. We don't know what it's going to be every year. It's a line item to address unplanned work. A lot of times our lines are reconfigured, and the footprint that we pruned or addressed four years ago will have a different footprint this year. So at times those two footprints don't align. And in order to catch those pieces that fall off in between the cycles, for example, we need to pick up those pieces that are falling in the footprint of today's 9L3 versus four years ago's 9L3, or any other pieces throughout the system that are not meeting cycle for a restriction, a refusal, those kinds of things. So they're just pieces here and there where the vegetation will not meet cycle. They're big chunks of pieces. They're several spans at a time.

And we did not find any of those last year, or a significant amount of that last year.

Q. And so the budgeted amount was $30,000. The actual came in at around $8,000. So that piece was -- I calculate that as about 73 percent under budget.

Can you explain what you meant by "footprint"? I didn't follow that, that explanation.

A. (Green) So when we do -- when we go out for bid, for example, we have to give the contractor a specific area that we want to trim. So let me give, I don't know, I'll say 7L1. So that's --

(Court Reporter interrupts.)

A. (Green) We'll just hypothetically say it has a 10-mile footprint and it goes on certain roads. But then we do some reliability enhancement, and we put some structures in place that allow us to serve those customers better. Part of that 7L1 may come off and be added to the 7L2. So, but when we work it, we work it off of, for example, the 2012 map of the 7L1. But then later, four years later, that map, 7L1 doesn't have the same footprint anymore. It has less or more to it, pieces that are now moved over to 7L2. And if I just pruned 7L2 last year, I won't be there again for maybe seven years now. So that's where those pieces get picked up. It won't make it to the next cycle. So the footprint is a snapshot in time of what our cycle looks like, and that's what we address. But that feeder, next time, doesn't have the same footprint. So it either has more or less, and sometimes it has the same.

So what we do is we try to make sure as we go from cycle to cycle that those pieces are picked up in another feeder and added to that map, or we have to say okay this piece is not going to be in the next four years, we're going to have to grab it over here. So the footprint is a snapshot in time of that cycle. It's a very long answer. Sorry.

Q. And you had indicated that the interim trimming is not planned, and situations come up during the year or don't come up. What would cause a situation to come up?

A. (Green) So as we drive in the field or someone brings to my attention or we've identified that this piece, 13L3, was moved over to here -- most likely a customer call would come in and say -- or we'd go out in the field and we'd notice that it's not just this customer that has an issue, it's several spans that has an issue. And we identify that these couple spans need to be taken care of pre-cycle trim or in between cycles.

Q. Okay. So Line 10 talks about subtransmission right-of-way clearing. Could you explain what that is, what "subtransmission" is?

A. (Green) So when we say "subtransmission," it could actually be off of distribution as well. So basically all of our non-roadside distribution. So it could be subtransmission or distribution base. Basically it's all of our off-road pieces that require very different equipment and different resources to manage. So we also have the floor, or the bottom, the floor to address as well as the side. So it's different work altogether, as well as different resources. So it's separated out.

Q. And this particular item came in, I calculated at 58 percent under budget. The budget was 205,000. The actual spend was around 86,000, or a variance of 119,000 underspent. And you give an explanation in Column F that says "Adjustment of work from 2019 to 2020." Can you explain more what went into that underspend of 58 percent?

A. (Green) So we did some more adjusting of the cycles for them to match, along with we had some new construction coming up. Also to address the request for reduced budgets. And basically we moved it so that it would align better with other projects in the system.

Q. With other what projects? I didn't understand that. I'm sorry.

A. (Green) Just other work that we're working on.

Q. Now, in Exhibit 2, which is Staff Data Response 1-2, there was a discussion about potential litigation between an abutter. Does that have to do with subtransmission right-of-way clearing?

A. (Green) Yes.

Q. And is that what's referred to when it says "Adjustment of work from 2019 to 2020"? Is that the work that was adjusted to 2020?

A. (Green) That would be a piece of work.

Q. Okay. Can you explain more -- first of all, where is this piece of subtransmission where you have the abutter dispute?

A. (Green) It's along the Massachusetts state line in Hampstead. Along that area.

Q. And can you explain -- this is where the -- does the Company own the property that needs to be trimmed, or do they have an easement?

A. (Green) We have an easement.

Q. And if you have an easement, how would an abutter's concern factor into your necessary trimming?

A. (Green) He has had a string of litigation with this piece of property and companies that have managed it. He has told us to get off of his property, or he has been inconsistent with his permission and lack of permission to work on the easement or access the easement. Additionally, he has concerns for damage to his property. And many of the trees that need to be worked on are -- they come from the ground on his property and then they grow into the easement. We can't climb them to address them. We'd have to go onto his property to do so. So we did have an agreement; we were going to access his property through the driveway. And then he changed his mind. So it has been a dialogue that has gone back and forth. And he's brought counsel in as well. So we're just trying to manage this with minimal expense of litigation.

Q. Do you have any expectation that you'll be able to do this trimming in 2020?

A. (Green) I do expect we will be able to. We did take care of the parts that were directly under the wires and growing into. We took care of that. So the immediate need of immediate growth was taken care. It's just the fall-ins and the grow-ins from the top. So if we have to, we can also, in 2021, bring in equipment that we can drive in from another area and access it. It's just more cost-prohibitive, so we're trying very hard to manage this through this communication.

Q. Now, I think I just heard you say 2021, but the footnote referred to 2020. I just want to make sure I understand what year --

A. (Green) We intend to, we hope to resolve everything and have the work completed this year. However, if we don't resolve it, we can bring in additional -- it's just very expensive, the equipment we would need to use if we could access these trees near in his driveway -- through his driveway.

Q. And my rough understanding of the Liberty system from other documents, I recall that this circuit is very important. In other words, it's --

(Court Reporter interrupts due to indecipherable audio.)

Q. Is it correct that this circuit where this situation exists is a very important circuit to the Liberty system?

A. (Green) It is.

Q. And are you satisfied that you'll be able to maintain service and manage this situation with the abutter at the same time?

A. (Green) Yes.

Q. Okay. Now, am I correct that actual expenses on veg management in 2018 were 1,944,000?

A. (Green) That sounds correct. I don't have those numbers in front of me.

Q. And this year's actuals, as we said, are more like 1,600,000?

A. (Green) Correct.

Q. Are you confident that with this reduction in actual expense, that the vegetation management that the Company has done is sufficient to allow for reliable service?

A. (Green) For that work that was prescribed, yes. For last year, yes.

Q. Okay. I want to move from veg management to the portion of the case dealing with reliability investments. And I want to start with the same exercise, just so that I know and everybody knows exactly what's proposed here. And I believe I can do that by going to Bates 66.

Is it correct that the investments that were made in '19, in 2019, result in a

.5 percent increase to all elements of the Company's distribution rate?

A. (Simek) Yes.

Q. And if I flip to Bates 70 and I look at the customer charge for a residential customer of $14.67 as the current rate, and if I go to Column E, I see $14.74 as the proposed rate. Is it correct that that calculates to the .5 percent increase we were talking about?

A. (Simek) Yes, it is.

Q. And in fact, Column B shows that the .5 percent increase applies to all the rate elements of all the classes, not just the customer charge, but the kWh charge as well.

A. (Simek) Correct. And that's all shown in detail on Bates 68.

Q. On Bates 68, right. And demand charges as well. In other words, all the rate elements.

A. (Simek) Correct.

Q. Okay. And again, to find out what's behind the .5 percent increase, back on Bates 66 it shows us that there's an increase in the annual revenue requirement associated with these REP investments of $210.503; correct?

A. (Simek) Correct.
Q. And if I want to see the detail behind that $210,000 that's proposed for recovery, I can go to Bates 51; is that right?
A. (Simek) Correct.
Q. Page 51 gets harder and harder to read every year. You add a column each time.
A. (Simek) Yes, but a little smaller each year.
Q. Smaller each year and I get a year older.
But if I go to Line 70 in the right-hand-most column, I see the $210,503 we've been talking about; correct?
A. (Simek) Correct.
Q. And that's the revenue requirement associated with investments. And in order to find the level of investments, I go all the way up to Line 1 and I see a $1,837,934.
A. (Simek) Correct.
Q. And the revenue requirement that's proposed for collection on Line 61, 62 and 63 is the rate of return, book depreciation and property taxes; is that right?
A. (Simek) Yes.
Q. And so if I want to see the detail behind the

investments of a $1,837,934, I can go to Bates Page 19.

A. (Simek) Correct.

Q. And the figure I just mentioned appears in Column H, which is the 2019 actuals; is that right?

A. (Simek) Correct.

Q. Okay. So I have some questions. I'd like to ask about some of the various projects that are detailed in Columns A and B, and I'd like to start with Line 2.

The project is described as a bare conductor replacement project on Route 12 in Walpole. Can you explain or can someone at the Company explain the nature of this project?

A. (Rivera) Yes. So originally we targeted 2.65 miles of bare wire to replace, and we ended up reducing that to about 1.6 million -- I'm sorry -- 1.6 miles of bare wire replacement. This is one of the areas that we targeted for high interruption rates.

Q. And what is wire replacement? What does that consist of?

A. (Rivera) Can you repeat your question?
Q. Yes. What exactly happens when you say you replaced bare wire, in this case 1.6 miles of bare wire replacement?
A. (Rivera) So it's a combination of pole plant replacement and bare conductor replacement. In this case, I believe the conductor was 336 bare. And then we've installed 477 aluminum spacer cable.
Q. And that's more resistant to outages? That's the whole point?
A. (Rivera) Yes, that's correct. We target areas that have repeat interruptions due to vegetation, and we install this tree-resistant conductor to try to reduce the number of interruptions from vegetation. And we also try to protect the areas on the front end of the feeder between the substation breaker and the first protective device as kind of a priority for us, and this is one of those areas as well.
Q. And that prioritization provides, allows service to a great number of customers. Is that the idea?

A. (Rivera) Yes. If you protect the area zoned between the substation breaker and the first protected device, that affects the most customers on the feeder.

Q. Okay.

CHAIRWOMAN MARTIN: Mr. Dexter --

MR. DEXTER: Yes, I was just noticing the clock. And it's about --

CHAIRWOMAN MARTIN: I apologize for interrupting your flow. Is it an okay place to take a break at this moment?

MR. DEXTER: That would be fine.

CHAIRWOMAN MARTIN: Okay. Why don't we take a recess for 15 minutes, which would have us coming back at 10:17. It's approximate, but hopefully I'll be back at that time.

MR. DEXTER: And Mr. Wind, is the recommendation that we all keep our connections intact?

MR. WIND: Correct. Keep your connections intact. But you can turn off your visual and audio functions on the bottom of the screen.

MR. DEXTER: Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you.

(Brief recess taken at 10:02 a.m., and the hearing resumed at 10:31 a.m.)

CHAIRWOMAN MARTIN: It's now 10:31 a.m. Mr. Dexter, are you ready to go?

MR. DEXTER: Yes, I can pick up where I left off.

CHAIRWOMAN MARTIN: Okay.

Ms. Robidas, how about you?

THE COURT REPORTER: Yes. Thank you.

CHAIRWOMAN MARTIN: And the other two commissioners?

COMMISSIONER GIAIMO: All good. Thank you.

COMMISSIONER BAILEY: Ready. Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you.

Go ahead, Mr. Dexter. Back on the record.

MR. DEXTER: Thank you.

BY MR. DEXTER:

Q. So when we broke, we were talking about the spacer cable project on Route 12 in Walpole that's briefly described on Bates 19. And my next question is whether or not -- this project was actually a 2018 project; is that correct?

A. (Rivera) That is correct. It's a 2018 project that wasn't placed in service until 2019.

Q. And of the 1,838,000 investment that we talked about earlier as the total for 2019, this carryover represented 591,000; correct?

A. (Rivera) Correct.

Q. And if I understand, the budget for this project was 1,050,000. Is that right? I believe I got that number from last year's case.

A. (Rivera) The calendar year 2019 capital investment budget for the bare conductor replacement program was 1.45 million, and that's not counting the 100,000 for previous year carryover.

Q. Right. Do you know what the budget was for

this particular project?
A. (Rivera) Yes, I do. If you look at -- it's not shown in the table. Originally this job -- I have to find the original number because the original budget was based on 2.65 miles of reconductoring, and we only ended up doing 1.6. So I can find that information, what the original budget was.
(Pause)
A. (Rivera) I believe it was a little bit over 1 million, the original budget for that project.
Q. Right. That's what I thought. And as I said, I took that from the filing last year, although I don't have a Bates page number to put into the record.
Is the reason that it came in under budget because of the reduction in the number of miles that you planned to do?
A. (Rivera) Yes, that is the major reason.
Q. Was this project done using in-house crews or outside vendors?
A. (Rivera) This project was done using outside vendors.

Q. Okay. I'd like to ask about Line No. 5. The project's called bare conductor replacement on Sullivan Street in Charlestown, and it makes up about half of the budget for 2019. Can you explain what this project involved, please?

A. (Rivera) Sure. Similar to the 12L2 bare conductor replacement in Walpole, we targeted a section on Shaker Hill Road in Enfield on a 7L2 feeder, 1.9 miles of it, to replace bare conductor with spacer cable.

Q. Yeah, and I had some questions about that. But I had actually jumped down to Line 5, which was Charlestown. I'm going to come back to Enfield in a minute.

A. (Rivera) I apologize. On Line 5, it is the Sullivan Street in Charlestown project. It's about the same distance as the Shaker Hill job, about 1.9 miles in the town of Charlestown, New Hampshire.

Q. And if I understand this schedule correctly, it looks like 695,805 was spent in 2019; correct?

A. (Rivera) Correct.

Q. And 161,323 was spent on this project but will be carried over into next year; is that right?

A. (Rivera) Yes. What you see on Column I is an estimate of what we believe was going to be charged in 2020. Some of these will change or have changed since we put this together.

Q. Okay. Well, if I add those two figures, I get roughly 850,000, which I calculate to be about 18 percent over budget. Does that sound reasonable for this project?

A. (Rivera) Yes, it does. It may end up being higher than that when it's all said and done. Again, it's just an estimate right now. We won't know until the project is completely closed out.

Q. Okay. Can you explain what led to the roughly 18, maybe 20 percent over budget?

A. (Rivera) So when I develop projects going into future year budgets, I use the investment grade estimate. And I've been using roughly 380,000 since 2017. And what we've been finding is that the actual costs are steadily increasing every year. We're

probably closer now to 450,000 of bare wire
replacement per mile.
So to answer your question, it's mainly
due to a lower estimate of 380 versus, you
know, what the actual, more recent projects
have been coming in, just closer to the
450,000 per mile.
Q. Is the 380,000 per mile or the 450,000 per
mile, do they assume internal work or outside
vendors?
A. (Rivera) No, not my -- when I develop the
investment grade budget, at that point I
don't have any sort of idea if it's going to
be done in-house or external. So all my
estimates are either internal or external.
There's not one separate estimate for who,
what resource is going to do it.
Q. Okay.
A. (Rivera) If I may add, when it comes to the
REP projects, there hasn't been any project
that has been completed by in-house crews.
May have started a portion, like in the case
with Shaker Hill Road, but we haven't had one
yet where it's been performed, completed by

our in-house crews.

Q. Okay. Can you explain Lines 6, 8 and 10? All deal with fuse savers. And it looks to me like there were five budgeted, but none were spent. Is that right?

MR. DEXTER: I think the witness might be muted.

CHAIRWOMAN MARTIN: He's not muted. I was just trying to --

MR. DEXTER: Okay.

CHAIRWOMAN MARTIN: Can you try speaking again, Mr. Rivera? And maybe if you can put your head up, then I can see if you're speaking as well. Yeah, I can't hear. Can anyone else -- oh, go ahead. Try again.

MR. RIVERA: Can you hear me?

CHAIRWOMAN MARTIN: I can hear you now. Everyone else can you hear Mr. Dexter now?

MR. DEXTER: Yeah, I heard the sentence, but I didn't hear any of the answer.

CHAIRWOMAN MARTIN: Okay. Can we start from the beginning of your answer again?

MR. RIVERA: Absolutely. I'll try to hold my phone closer.

CHAIRWOMAN MARTIN: Okay.

A. (Rivera) So you had a question on the trip savers. In 2019, when we intended to install these, there was a concern came up with our clearance and control procedures, particularly with fuse-saving techniques, where right now we would have to adjust some procedures in clearance and control. So because of that, we decided to hold off until 2020 to give a chance to meet with operations, safety department, control group and come up with new procedures for fuse savers.

Q. Okay. So Line 6, it says that one fuse saver in Alstead, New Hampshire cost about $8,000, and Line 10 says that one fuse saver in Pelham, New Hampshire cost double that, almost $17,000. Is that a typo, or is that an actual discrepancy in the amount?

A. (Rivera) It is a typo. On Line 10, Column B, it should say install two fuse savers at

Ledge Road, Pelham.
Q. Okay. And I did want to go back and talk about the Shaker Hill project. Again, this makes up about half of the investment that's proposed for recovery. And it looks to me, if I understand this, that $516,000 was spent in 2019 and another 466,000 was carried over to be spent in 2020. If I add those two up and compare it to the budget, I get about 25 percent over budget for this project. Does that sound right? Does the math sound right?
A. (Rivera) Without running the numbers, I would say yes, it does sound right. And again, this is an estimate, and it might be low at this point.
Q. Okay. And would the reason for the over-budget be the same as the answer that you gave for Charlestown, where you've now increased the per-mile estimate from 380,000 per mile to 450,000 per mile based on more recent information?
A. (Rivera) Correct, that is part of it of the overspend, and also the issues mentioned with

regards to Consolidated.
Q. Right. And I wanted to ask about that. Exhibit, I guess it's No. 2, which is Data Request 1-4, goes into a fairly lengthy discussion of this project. And it starts with saying that Liberty requested that Consolidated set the poles for this project in February and that Liberty got the expected answer -- or the expected non-answer from Consolidated, which results in a 90-day sort of no-action period before Liberty can take action and set the poles themselves. Is that a fair summary of what that response starts with?
A. (Strabone) Yes, it is.
Q. And I gathered from that response that this isn't the first time that this situation has come up with Consolidated. Is that right? Sounds like this is more of a "business as usual" situation.
A. (Strabone) That is correct.
Q. And it's also correct I think to say that that 90-day delay, if I can use the word "delay," affected the schedule, slowed down

the overall completion of the project. Is that fair?

A. (Strabone) It impacts our start date when we have to accommodate those 90 days into our schedule. If it was a Liberty set area, we could start earlier than the 90 days. However, where this was a Consolidated set area, we go through the process of notifying Consolidated for pole sets, try to keep the lines of communication open. And then ultimately, as you indicated, this was "business as usual." The 90 days expire, and then we proceed with setting the poles.

Q. Is there a way to start this process earlier with Consolidated so that that 90 days could occur in the prior year so that it wouldn't affect the construction year?

A. (Strabone) We could start that process earlier. However, before we begin to do our engineering, we wait until we have the finalized budget, which usually happens in the January time frame of the current year. At that point we begin to do our engineering with respect to identifying poles that need to be replaced on whatever project we're working on with them, and then we reach out to try to get the clock started and get them moving on that. During that period we're also doing, finalizing a design on our side and trying to keep the process going with ordering materials. So really, we're doing other steps with the process and with our projects during those 90 days. So it doesn't impact us as greatly as it could. But ultimately our start date is after we've received our approved capital budget.

Q. Could the engineering and design occur earlier than February? In other words, if I understand, these REP projects are identified in the second half of the prior year and there's a meeting with staff. So the Company I think would have an idea that this project was going to be done, you know, in 2019, they would have that idea by mid-2018. Is that right?

A. (Strabone) That's correct. We do identify these in 2018 during that meeting. We propose these projects. We have an idea of the overall scope. However, prior to us getting the exchange of notice to Consolidated for these, there's other information that goes with it as respect to the correct project number, our job number. And for us to fill out that information on the sheet correctly, Fairpoint -- excuse me -- Consolidated does request that we have that. So in order for us to do it, it's really once we get the project identified and set up in the system with the approved capital budget.

Q. And that can't happen until the capital budget is approved in January?

A. (Strabone) In order for us to set up projects for the next year associated with these types of jobs, it's just the internal process of our capital budget being approved from corporate, sent down. We work with our finance folks to set up our budget and associated project numbers, and then we pull job numbers against those to get the job rolling with these.

Q. So given that framework, if I understand

Exhibit 2, notification was sent to Consolidated at the very end of February. And so the 90-day non-action period took you through the very end of May; is that right?
A. (Strabone) That is correct.
Q. And then what did Liberty do starting end of May, beginning of June, with respect to this project?
A. (Strabone) Electric and engineering reached out to our electric ops folks towards the end of May, beginning of June, and indicated that the 90 days would have lapsed. Internally we had a discussion with our senior members to make sure that everyone was in agreement that we would proceed with setting poles. The end of May, beginning of June, we had that internal discussion so we could go ahead and set poles. And then we also worked with electric ops to notify them that they can begin to do the pole-setting process.
Q. And when did the pole setting take place?
A. (Strabone) The pole setting actually took place in July and August. The delay throughout the month of June was after

electric ops determined that due to other work commitments they would not be able to set the poles in a timely manner, and we reached out to our local contractors to see who would be available to assist in setting poles. And in that month of June we secured that contractor, established a PO with them to go ahead and proceed with the work and gave them all the necessary documentation, as in sketches and pole placement sheets that they needed to begin the job.

Q. So electric ops is an internal department; is that right?

A. (Strabone) That is correct.

Q. And the poles were ultimately set by a vendor in July and August; is that right?

A. (Strabone) That is correct.

Q. And again, I guess I'm just not following what happened in June. The poles were going to be done internally, but the electric ops department was called away on other jobs? Is that what you said?

A. (Strabone) Yes. We had turned the job over to electric ops to set poles. In discussion with electric ops, they indicated they could not do this due to other work commitments. During the following weeks, we went out to our local New Hampshire contractors and requested to see if they could support this effort to set poles for us. In that time frame, we provided them with the information that they needed for them to look the job over and respond back to us.

Q. And that's the engineering information that you talked about earlier that you needed to send to Consolidated, that same information?

A. (Strabone) That is correct.

Q. Okay. So what was the name of the vendor that set the poles in July and August?

A. (Strabone) JCR.

Q. And once the poles were set, what happened next with the project?

A. (Strabone) Once the poles were set, we communicated back to electric ops that they could go ahead and start working on this job, as the pole sets were complete. Their scope at this point was to go and frame poles, which is installation of cross-arms and other

brackets needed on top of the poles, and then ultimately pull in the new bare conductor wire.
Q. So electric ops started that in August; is that right?
A. (Strabone) I believe it was towards the end of August that they started, yes.
Q. Okay. And at this point all the poles were set; correct?
A. (Strabone) That is correct.
Q. Now, my understanding from Exhibit 2 is that electric ops was unable to complete what you called, I think you called it "framing," which is adding cross-arms and pulling wire. Is that right?
A. (Strabone) That is correct.
Q. So when did electric ops come to the realization that they would not be able to complete the project?
A. (Strabone) In the end of September, beginning of October time frame.
Q. So they started in late August, and in October they concluded that they couldn't finish it. I'm just trying to paraphrase.

Is that right?

A. (Strabone) That is correct.

Q. Okay. Now, I think I read in the response, Exhibit 2, that from the outset this framing and pulling was to be a five- to seven-month project. Is that right?

A. (Strabone) That was the time that we allotted for them to do it.

Q. Okay. And so if they didn't start until August, and the project completion date was the end of the year, that's only five months; right?

A. (Strabone) That's correct. One follow-up comment to that is that five to seven months includes float for inclement weather, other -- basically inclement weather where the job would get shut down. That would be snow or rain where they could not work, or other unforeseen events where the progress of the job would be delayed.

Q. Right. And did those events occur in the August and September and October time frame while they were working on it?

A. (Strabone) I believe in our data request response we indicated that crews did have to respond to various emergencies.

Q. And are those weather-related? Is that like summer storms, that type of thing?

A. (Strabone) That could be part of it, yes. It could be weather-related or pole accidents or other events that have an adverse impact on our electric system.

Q. Okay. And then in October, I guess the decision was made by the Company to have the framing and wire pulling done by a vendor; correct?

A. (Strabone) That is correct.

Q. And that's when you put the RFP out and got the -- you put it out to four people or you got four bids? I forget exactly what the response said.

A. (Strabone) It went out to four bidders, and all responded.

Q. Okay. But only one was able to do the project by the end of the year; correct?

A. (Strabone) That is correct.

Q. And the bid was awarded to that company; right?

A. (Strabone) That is correct.
Q. And that was JCR, again; right?
A. (Strabone) That is correct.
Q. And did they ultimately finish the project by 12/31/19, the target date?
A. (Strabone) The project was in service and useful and energized by 12/31/19. There was some carryover with removals into January.
Q. And when was that bid sent out?
A. (Strabone) I don't have the exact date in front of me. It was October.
Q. Sometime in October of 2019?
A. (Strabone) Yes.
Q. So having gone through all this, it seems that JCR essentially did the entire project, or 90 percent of it maybe. Is that fair?
A. (Strabone) That's a fair statement.
Q. And did the Company give any consideration to just putting this out to bid from the outset, given the various other things that electric operations is involved in, in terms of emergencies and damaged poles and things like that?
A. (Strabone) It always looked at certain jobs

and considered whether or not it would, you know, keep in-house Liberty crews or send out to bid with contractors. Early in the year when we spoke with electric ops, this was a job that we determined that -- well, electric ops determined that they could do in-house; therefore, it was designed to stay in-house with them. Every year we look to identify capital projects like this that can remain in-house so that our crews can work on capital in addition to the normal O&M workload.

But as we spoke, looking at this job and identifying that even with the delay of Fairpoint to get the poles set by August, August to December time frame would still be sufficient for our internal crews to do the work.

Q. Was there any -- is there any reason, or was there any thought given to beginning the framing and the pulling of the wires as the poles were set? I understand there were 39 poles. Correct?

A. (Strabone) That is correct.

Q. And each one takes about a day, if I understand Exhibit 2. Is that right?

A. (Strabone) That was the time frame we gave, yes. Working with ops, I believe they were finishing up another project at that time. And unfortunately, I'm not in those scheduling meetings, so I wouldn't be able to respond as to whether or not they considered following behind the contractor and start setting poles.

Q. Is that something that's done in the industry? Is there any reason that can't be done, that you have to have all the poles out there before you start working on them?

A. (Strabone) No, that can be done, yes.

Q. Okay. So in the response, I'm looking in particular at Subsection E, and then there's a small 4 Is. So I guess that's a Roman Numeral four in lower case. It's on Page 4 of the response. It says Liberty does not schedule its internal work months in advance. Electric operations primarily worked on blanket work during August through December, and the crews also frequently experienced trouble calls during the early morning and late evening, and then there were midday trouble calls as well.

So, given that there is no internal schedule months in advance and that they received these trouble calls, it sounds like morning, noon and night, was there any reasonable expectation that the internal department would be able to complete this job in 2019?

A. (Strabone) Yes, there was. As we indicated, having this job scheduled or available to work from August to December was a reasonable expectation for them to do this job. Taking into consideration even the response you read in that section for vacations or --

(Court Reporter interrupts due to indecipherable audio.)

A. (Strabone) Given the consideration of the time frame from August to December, we still felt it was a reasonable amount of time. Taking into consideration the trouble calls or inclement weather, we still felt that the time frame allotted for electric ops to do this job was sufficient.

Q. Generally speaking, is there a rule of thumb whether it's more expensive to do a job like this internally versus vendors?

A. (Strabone) Generally speaking, this one, this particular one would be hard to say because we incurred additional costs from Fairpoint not installing it and not setting poles. I believe that the additional burdens, that the overhead the Company has to pay for internal labor, costs may be slightly more expensive. But I don't have that. I cannot give you full details at this moment. I don't have that information in front of me.

Q. And is it correct that the longer a project is open, it continues to accrue burdens in AFUDC?

A. (Strabone) The longer it's open, and as long as it's receiving some form of charge against it, it will continue to accrue burdens, yes.

Q. And AFUDC accrues whether or not it receives additional charges; right? That's just a factor of time; correct?

A. (Strabone) Yes, that is correct.

Q. So it is in the interest of cost minimization to open a project, complete it and -- start and end it as quickly as possible. Would you agree with that?

A. (Strabone) That's a fair statement.

Q. And I imagine that a countervailing theory would be that if you use your internal departments, you're going to be paying them during the summer anyway. And if you can schedule them on capital jobs, I would imagine that that's beneficial to the Company in terms of minimizing overall costs. Is that fair?

A. (Strabone) Yes, it is.

Q. So you have this balance between using internal labor versus outside vendors?

A. (Strabone) Always. If we're not using our internal labor on capital jobs, then their time is going to expense. So we always try to identify capital work, as I said, to move those crews on to capital and try to find an equal balance, or an appropriate balance between O&M and capital.

Q. Okay. I want to move on to another project,

and this one was covered in Staff Data Response 1-3, which is Bates 2 of Exhibit 2, and it has to do with -- I guess this is a circuit number or a feeder number called 40L3. Can you explain what that is?
A. (Rivera) Can you please repeat the question?
Q. Yes. Could you give a general description of what the project on the 40L3 feeder was? And this is the project that's described in Exhibit 2 at Bates 2.
A. (Rivera) Sure. So the 40L3 job is what we spoke about earlier, the Sullivan Street project, and there was 1.9 miles of reconductoring performed on that stretch of Sullivan Street.
Q. So this is the same project we spoke of earlier.
A. (Rivera) Correct.
Q. Okay. There was a discussion in the data response about single configuration and double configuration, and I frankly didn't understand that. I was hoping you could explain what that means.
A. (Rivera) Yeah. So there are some sections

along Sullivan Street where the two feeders from Michael Ave. leave the substation and where they rise up and head south. There's two circuits on a pole line. So really, what that really is saying is that there's another 40L1 feeder also sharing that pole line with the 40L3 for a specific section of the work.

Q. So how does that impact the overall veg management cost or approach?

A. (Green) So when we talked about those footprints earlier, the 40L1 footprint has a price to it and the 40L3 footprint has a price to it. And the reason it's mentioned here is because the 40L3 footprint was not performed in 2019. However, pieces of that footprint were completed through, one, the 40L1 and through, two, the new construction, leaving a balance of approximately 4.5, 4.8 miles that weren't completed under these other two projects. So that 40L3 wasn't completed under cycle plan work, but portions of it were. So I didn't have to pull the full circuit forward into 2020 because part of it had been completed under other projects

I guess. So when the vendor gives me a price for a widget, and in this case the widget is a circuit footprint, they say it's $10,000 for this footprint, $12,000 for that footprint. So that's what impacts the -- that's how they price out their work.

Q. And it sounds like this particular project ended up being segmented and done at different times. Is that right?

A. (Green) Correct. Yes.

Q. Over different periods or different years or different times --

A. (Green) No, within 2019. Within 2019 a portion of it was completed as a 40L1. A portion was completed as new construction, and then in January of 2020 the remainder of it was completed.

Q. So does that mean you had to go out to the same circuit three times to do the work?

A. (Green) Not the same poles, not the same spans.

Q. Different spans within the circuit?

A. (Green) Yes.

Q. Okay. I wanted to spend a few minutes talking about the reliability statistics that were provided. And I think the best way to go to do that is on Bates 13. If I understand this chart correctly, the left side of the graph talks about SAIFI and the right side of the graph talks about SAIDI. And SAIFI deals with the frequency of interruption; is that right?

A. (Rivera) That's correct.

Q. And on this graph there's a thick green line that starts at the top, and as time goes on it moves towards the lower half of the graph. That's the SAIFI statistics; right?

A. (Rivera) That is correct. Yes, that is correct.

Q. Okay. And the downward trend, this thick green line, is a positive result. Is that fair?

A. (Rivera) That is a fair assessment. If you look at where it starts, as you mentioned in 2015, we're just about 1.3 for SAIFI. And then fast-forward to 2019, we reduced that to about .83.

Q. So again we're dealing with frequency. So this basically translates in layman's terms to fewer interruptions.

A. (Rivera) That is correct. I like to think of it as probabilities that any given or average customer would be interrupted in that year.

Q. Okay. And both -- all of these data points are five-year averages as the graph says; correct?

A. (Rivera) That is correct.

Q. So 2015, the first point of 1.3 something actually reflects operations going back to 2011, before Liberty owned the Company.

A. (Rivera) That's correct.

Q. Okay. And then with respect to SAIDI, I understand that the "D" in SAIDI stands for duration of an interruption; is that right?

A. (Rivera) That is correct.

Q. So when we look at the right side of the graph, the scale is in minutes. So we're talking about how long an average customer is out during an interruption. Is that true?

A. (Rivera) That is correct. So, similarly, if we look at 2015, we were just over 130 minutes as a five-year average. And then

fast-forward to 2019, and we reduced that all the way to 97.88 minutes. So our average customer for Liberty Utilities was interrupted for 97.88 minutes in 2019. And, again, like you mentioned, this was using a rolling five-year average.
Q. Five-year average. So, again stating the obvious, a downward trend on the thick red line is a good thing. Those are positive results; correct?
A. (Rivera) That is correct.
Q. And the Company attributed those positive results in SAIFI and SAIDI to the veg management program and the REP program that we've been talking about this morning?
A. (Rivera) I agree.
Q. And it may be in here and I don't see it, but could you tell me what the two figures were for 2019 as opposed to the five-year averages? And we'll start first with the SAIFI, where the five-year average of frequency was .83 for the five-year average. Could you tell me what the 2019 figure is?
A. (Rivera) I'm sorry. You're looking for which

year?

Q. The current year that we're discussing, which is 2019. In other words, the figure on the graph is a five-year average, and I'm just wondering what the data point would be for just 2019. And I think it might be on Bates 23, but --

A. (Rivera) It might also be on Page 12. Page 12 has a graph that shows IEEE and PUC criteria. So, further on Page 13 this shows the SAIFI performance of .61 and the SAIDI performance of 70.66 were the actual results for 2019.

Q. So even better than the five-year average.

A. (Rivera) Correct. Yes. 2019 was probably the second best year historically for the Company, and 2015 actually being the number one. So there's two years in this five-year stretch that has our top two best performing years.

Q. Okay. Thank you. That's all I had on the reliability statistics.

I just want to go back to the Enfield project and ask one last question on that.

And I was talking at length with the witness about internal crews versus vendors and whether or not it was reasonable to expect that the internal crew would complete the entire job. And my question is did the Company consider breaking up the job into pieces and giving a certain portion of the Enfield job to internal crews while still contracting a portion of the job to a vendor from the outset? I mean, ultimately it sounds like it was mostly done by a vendor. But from the outset, did the Company consider breaking it up into those two pieces?

A. (Strabone) How it actually worked out, if we removed the issues with Consolidated from this job, the pole sets were going to be done either by -- well, they should have been done by Consolidated. Once they didn't hold up their end of the inter-company operating procedure, we looked to do that internally. We did discuss that with ops, and they just indicated that they would not be able to perform that. So we did take that piece and go to a contractor to do that. Our understanding at that point would be that once we did the pole sets, that electric ops would then be able to do the framing and the pulling of the wires.

So to answer your question, that's basically how the job did work out was that a portion of it did go with a contractor, whether that would have been Consolidated or ultimately JCR, and then the internal part of framing and pulling the wire was for our electric ops folks to be done in-house.

MR. DEXTER: Okay. I believe that's all the questions Staff has at this time, Madam Chairwoman.

CHAIRWOMAN MARTIN: Okay. Thank you, Mr. Dexter.

Commissioner Bailey, do you have questions?

COMMISSIONER BAILEY: Yes, I have a few questions. Thank you.

INTERROGATORIES BY COMMISSIONERS:

BY COMMISSIONER BAILEY:

Q. Can you look at the table on Bates Page 14 in Exhibit 1. This table shows the number of

tree-related events went up from 2015 to 2019; is that correct?
A. (Rivera) That is correct.
Q. And the customer interruptions by year shows a declining trend since 2016; right?
A. (Rivera) Correct.
Q. But still more than there were in 2015.
A. (Rivera) That is correct.
Q. With all the investments that you've done in the past four years, 2015 to 2019, would you have expected the results of tree-related incidents to have declined?
A. (Rivera) What we would hope to achieve is that the number of customers interrupted or affected goes down, is reduced. That's really because, yeah, you know, we like to manage and we can predict what's going to happen with vegetation. But really, it's very hard to predict. But in our case, even though the number of instances have been increasing, the number of customers affected have been decreasing. And I believe this is because we're targeting the right areas for not only vegetation management but REP bare

conductor replacement.

And I will say one thing to keep in mind about 2015 is that that was our all-time best year ever. So I don't expect Liberty to really maintain that level of performance moving forward.

Q. Okay. I read somewhere -- and I apologize. I don't have a page number for this. Oh, I think it's on Page 37, where your goal for SAIFI is 1.01 and your goal for SAIDI is 118.17. Is that correct?

A. (Rivera) That's correct.

Q. And this year, as you just went through with Mr. Dexter, it was significantly better than that.

A. (Rivera) Correct.

Q. How do you know when you've done enough and you're in maintenance mode?

A. (Rivera) That's a real difficult question to answer. It really has to do with -- a lot has to do with customer perception. We believe customer perception is changing through the years, where before electric service was a "nice to have," where now it's more of, a little bit more of a need. So we always strive to either maintain or improve reliability. We got to a point where we've reduced it quite a bit or improved it quite a bit, and now the next step, we expect to see sort of a leveling out of the curve. But we would still like to strive to keep reducing interruptions and frequencies and durations for our customers.

Q. So do you have a modified goal then for SAIDI and SAIFI?

A. (Rivera) From a corporate level, we have reached goals where, you know, we target three, five, ten percent, whatever that goal is every year. And I think that really right now our incentive really is that extra stretched ten percent improvement on the five-year average every year. And just the nature of averages, 2015 is kind of an odd case because it's so low, and that's going to go away after this year. So really, in theory, if you keep meeting your goal, that average keeps going down and will make it harder for us to meet, making that

assumption that, you know, keep meeting the five-year average every year instead of the decline.
Q. Is the SAIFI goal of 1.01 a five-year average goal?
A. (Rivera) So our targets are based on how we did the last five years. So that's how it varies year to year. So yes, right now it is our goal to keep reducing that five-year average to be within and keep reducing it.
Q. And if you achieve results in 2020 similar to 2019, will your average -- well, I guess your average would stay about the same because 2019 and 2015 were the same; right? The '15 drops off --
A. (Rivera) Yeah, something somewhat odd is going to happen after this year when 2015 falls off. 2015 being so low, it drags the average down. As 2015 falls off, we may see that five-year average increase slightly because of that 2015 falling off. So there is a case like that. But using your example of slightly similar results year by year, that means the curve will flatten out. And

as we keep meeting that goal, that average should keep going down.
Q. Okay. So you get -- I think I heard you say that you get an incentive bonus if you reduce the metrics by ten percent year over year?
A. (Rivera) I don't -- they change year by year. Some years it's ten percent. I don't know what it is now. And I believe that it is tied to our incentive program in some way. So yes, that is correct.
Q. Is there ever a point at which the numbers are satisfactory and it makes sense not to invest more money year over year in these programs?
A. (Rivera) The challenge is that, you know, when you have a -- there's other factors to consider also. You may have issues with aging equipment. You know, it may be things that we identify as risks for future unreliability. And there's areas that just keep going out of power, you know, compared to other areas that have less frequency of interruptions. So there's always going to be pockets of poor performance. There's going

to be -- we still have to maintain, upgrade our aging assets and -- but, so I guess to answer your question, it's always a struggle in trying to stay with, you know, with addressing all the risks and addressing all your poor performers.

Q. I understand that. The question that I have in my mind, though, is at what point do we discontinue the special REP/VMP annual rate increases if it becomes routine maintenance. You have $1.5 million in rates now for tree trimming. So at what point do we need to -- should we discontinue this extra rate increase every year?

A. (Rivera) So maybe not in this proceeding, but in a different proceeding, we have discussed doing away with the REP portion of the program, and then at that point it would become just like a regular project. You know, it wouldn't be a special PUC sort of driven program at that point. But that is being discussed in a separate proceeding.

Q. Okay. Thank you. And I don't mean to take away from the great job that you guys have done improving these statistics. I just want to make sure that the cost/benefit analysis is somehow performed.

A. (Rivera) Understood.

Q. Thank you.

I have one question about some numbers that I wanted to just go through, and that may be with somebody else. But whoever can answer this question.

If you look at Exhibit 1, Page 68, you're going to have to look at two exhibits at the same -- or two pages -- well, two exhibits. So Page 68 on Exhibit 1. And I'm looking at the customer charge, all kilowatt hours, current rate. So it's like the second line in that big, long table. And it says the current rate is .04898. Do you see that? Maybe Mr. Simek. I'm not sure.

A. (Simek) Yes.

Q. Okay. And then look at the current rate all customer kilowatt hours in the second line on that table, Column C, there's a different number.

A. (Simek) So I missed the second part you were

saying. I followed the .04898 at 68, but could you repeat the other part.
Q. Yes. Look at Exhibit 3, the rate comparison sheet, bill impact.
A. (Simek) Okay.
Q. And Line 4, Column C --
A. (Simek) Oh.
Q. -- it's a different number for current customer charge rate.
A. (Simek) Okay. And it's the .04950.
Q. Yes.
A. (Simek) Okay. What the .04950 is comparing to is the -- on Bates 68, it's the rate that's in Column E, .04930.
Q. No, I don't think that's right. If you look at Exhibit 3, that rate, that number is in Column E. That's the new rate. I want you to look at the current rate and compare the current rate in Exhibit 3 with the current rate in Exhibit 1.
A. (Simek) Right. And if we take a step back, the current rate is made up of two components. It's the 0.04898, which is related to the capital piece, the REP piece,

and then there's also an O&M component of .00052. And those two pieces added together come to the current rate of 0.04950.

Q. Okay. Can you look back at Exhibit 1?

A. (Simek) Yes.

Q. How did you get -- how did you derive Column C? Is that .5 percent less than the current .04898?

A. (Simek) Column C is done by -- it's the 0.04898 and then the .5 percent added to that to come up with the .04922.

Q. Okay. And then you add the REP adjustment of .0008 [sic] and get to the new rate.

A. (Simek) Correct.

Q. Okay. Maybe just a confusion question on my part, but can you go through what the bill impact is again? Did it decrease?

A. (Simek) Yeah. Are we looking at Exhibit 3, or are we going to look at Bates Page 70 for this current case bill impact?

Q. I want to know what the impact is on bills just from REP and VMP.

A. (Simek) Okay. Then we would look at Bates Page 70. And when we look at Bates Page 70, we can see that the bill impact is a decrease of 6 cents for a typical customer with 650-kilowatt-hour use for residential.

Q. Okay. So this was the question that started my looking at all the numbers. If you have to add $250,000 to the revenue requirement and a little bit more for, 101,000 for the additional increment, does that lead to a rate decrease?

A. (Simek) So if we go back to Bates Page 68, please, what we look at for Column D is an incremental O&M portion of the rate. And so back in last year's portion of that, the equivalent number to the .0008 [sic] was .00052. It's just the incremental piece is actually less.

Q. Oh, okay. So these additions are not cumulative?

A. (Simek) Not for the VMP. We're just recouping what we did from the prior year.

Q. Oh, okay. Thank you. That makes sense.

COMMISSIONER BAILEY: All right. That's all I have.

CHAIRWOMAN MARTIN: Commissioner

Giaimo, do you have questions?

COMMISSIONER GIAIMO: I do have some questions. Commissioner Bailey's finished; correct?

CHAIRWOMAN MARTIN: Oh, I'm sorry. I thought she was.

COMMISSIONER GIAIMO: Yeah, me, too. I want to make sure.

COMMISSIONER BAILEY: I am.

COMMISSIONER GIAIMO: So in advance, it's 11:58. The State system's a little wonky. I expect to be done by noon, but if (inaudible) may drop out. Hopefully it won't.

And like others, my questions will be to whoever feels like they can best answer the question.

BY COMMISSIONER GIAIMO:

Q. So I'm on Bates Page 5 and Line 16, and it says that the Company implemented a new software program to manage the work flow process. So I think I'd like to hear a little bit more about this new program, what it did, what it does, how it can save money now and go into the future.

A. (Green) I can answer that. So the new program is called Terra Spectrum. This program only collects the work, not actually complete the system, and close out work --

(Court Reporter interrupts due to indecipherable audio.)

A. (Green) You can, yeah, close the work out on the system. It allows us -- Staff and Commission have been asking a lot of questions about removal. We can actually query and manage that portion of it inside the system. So we can see the risk-related tree removals quantity real-time. We can see the crew completion. So there's not confusion or double entry or triple entry of information.

Customer service-wise, it's improved tremendously because now we are map-based and we can actually spatially see the restrictions or concerns of customers, so that we can make sure that communication travels from permission to the crew and to the auditing process, so that it's really clear what the work is permissioned to do there and the work we wanted to do there. So it can capture both of those.

The reporting on it is much easier to use. It has its own reporting system. I don't have to pull it into Excel. And it's all real-time. I can pull up weekly reports. So it reduces tremendously double entry and triple entry, interpreting information, and reporting real-time what we are accomplishing. Does that answer your question?

Q. So it can improve efficiency. And it was done at a minimal cost?

A. (Green) Yes. Could you repeat that question? I'm sorry.

Q. The software improved efficiencies. Have you figured out the cost? Was it expensive to implement?

A. (Green) No. So our old system actually was being abandoned. We could not use that old system anymore, so we had to go to a new one. And the new one that they were going to, you know, Version 2 for them, was not going to do

this work. And when we asked them to provide a quote to do the same work, it wasn't even comparable. So we had to move to something. This actually was very, very economical.
Q. Great. Thank you. And I'm sorry if I interrupted your train of thought before.
A. (Green) No problem.
Q. Mr. Strabone, I struggled to hear, and this is just a function of the Webex. But I didn't hear your answer to the question of what's more efficient, what costs more, a full-time employee, a full-time crew or external crews.
A. (Strabone) Yeah, I indicated that I only could give a speculative response because I do not have that information in front of me what a daily rate for a contractor would cost for a job compared to daily rate internally. I said unfortunately I don't have the comparison in front of me to that breakdown level, so I really can't give a definitive answer to that question.
Q. Okay. It does seem like an important piece of information. Does someone at the Company

have that, if it factors into whether they select a crew or hire employees?

A. (Strabone) I believe there are people at the Company that have that answer. For this particular job, I just didn't do the comparison between equipment charges and labor, and that's why I couldn't really respond to that. I didn't factor down what our contractors had on site for doing the work and what the actual equipment charges were for an internal person to be out there. I just did not do that for this particular job at hand. I believe we can take that as a record request ultimately from this.

Q. Yeah, I'll think some about that.

So with respect to the Enfield project, you know, Bates 10 there is a statement that this amount is expected to be 35 percent over budget, over budget amount, given the resource constraints. And I think what the Company is saying with respect to those resource constraints is it was only -- well, there were four bidders. There was only one person that responded. There were four people that were solicited to bid, but only one provided it. So that's one constraint, a lack of contractors. And then the other constraint was a time constraint. And then the other constraint sounds like it was a lack of internal crews.

So I'm wondering -- do I have that right? Are those the three major factors? And to the extent that there is a lesson from this, what would that lesson be? And is there anyone to blame? Is it just bad luck? Is it bad planning? Is it just the nature of supply and demand of the work force?

A. (Rivera) If I could speak from my end. I definitely learned a lot from the estimates. It was somewhat a lack of planning on my end using 380,000 versus 450. But one of the challenges is that we almost have to wait two years for all the costs to come in and really know how much the complete project turns out to be. So yes, I've learned about estimating. And maybe I'll let Anthony talk about either timing or resources that were your other two --

Q. Thank you.

A. (Strabone) So with respect to resources, to go get a contractor towards the end of the year makes things challenging. I would like to state, though, that through our competitive bid process, the price that we got for this particular job on a per-foot cost, the contractor came in at $63 per foot. When we compare that to 23 other bids that we got for all of our other jobs throughout the year, the average cost per foot for those bids was 73.97. So when we looked at it, the bids that we got were not inflated due to year end or due to location. We felt that it was still a competitive bid price, even though we were requesting it to be done, you know, in the last several months of the year.

Yes, you know, for contractor resources at that point, like I said, going out towards the end of the year, there are other contractors that are working on other jobs on other utility systems, so you don't get the wide range of bidders. And we indicated that in our response. So we went out to four.

Two declined the bid due to contract resource obligations; one bid said they could meet our demand; and the other said they could do it, but it wouldn't be until 2020 when they could start it due to other resource commitments.

And you mentioned something about just the overall project and things of that nature. Identifying projects in pole set areas that are the responsibility of Consolidated are always a challenge. We're always trying to work through that and improve the process. We try to keep our lines of communication open and reach out to them. And unfortunately, due to the nature of it, there's plenty of times that our responses go basically unresponded to. They're just not responsive to our requests, and we have to then take matters into our own hands to complete these projects and make sure that they're done either on time for internal reasons or customer deadlines.

Q. Thank you.

I think the next question is for Ms. Green. I'm on Bates 17. And in your

discussions with Attorney Dexter, you talked a little bit about the interim trimming. To me it sounded like, in your answer, it sounded like that provides the Company with a certain amount of discretion as to what it does. It sounded like it's a function of customer calls and customer complaints. Do I have that right? You're shaking your head.
A. (Green) No.
Q. Maybe you can clarify.
A. (Green) So interim trim, which is Line 8 -- is that correct?
Q. Right.
A. (Green) It can be a function of customer complaints, but they're very small. I mean that's actually not customer complaints, that's customer cooperation and allowance. But I mean that would be a very, very small portion of that. The majority is stretches of continuous line segments, spans of work that will not meet the next cycle mostly due to reconfiguration. That is the majority of what it is. It's just expanses of lines that needed either...(indecipherable) for the

majority, for the reason that the footprint has been reconfigured, and in some cases, you know, could be just a few spans in regards to a restricted component.

Q. Okay. That's helpful. Result of changes. That makes sense. Thanks.

Exhibit 2, there's a discussion about the property and a landowner who sometimes historically has been cooperative and sometimes he's been litigious. Is this property only in New Hampshire? Because it says it's on the border, Massachusetts/New Hampshire border. And is there any shared issue here with National Grid?

A. (Green) No, not that I'm aware of.

Q. Okay. Just making sure.

So I want to get back to the cost estimation discussion. And this will be quick. I'm just wondering, does the Company have a goal with respect to cost estimations? Is there an initial estimate where you want to be within 25 percent plus or minus of the total end cost, and then does that change with another estimate that's plus or minus

10 percent? Because that's what some of the transmission owners do with respect to transmission investments. And I'm wondering if the Company applies similar metrics or guidance. I'll pause to hear the answer.

A. (Rivera) So for distribution planning, the percent error for investment rate estimates is quite high. Right now I can't think of a target or objective goal that we have with regards to estimate accuracy.

Q. Okay. So I know transmission owners, there was a big discussion about 15, 20 years ago when transmission investment was far exceeding initial estimates. And through the ISO tariff and one of the attachments they have an objective formula that they use, which is then used to determine whether or not some of the investments were, for lack of a better term, prudent, and whether or not they overspent and were so far off budget. I guess I would suggest that maybe the Company consider some sort of similar format to provide guidance. It may be helpful.

COMMISSIONER GIAIMO: And with

that, Madam Chairwoman, I'm done with my questions. Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you. And I just went through my question list, and everything has been covered. I know Commissioner Bailey has another follow-up question. So if you'd like to ask that now.

COMMISSIONER BAILEY: Thank you.

BY COMMISSIONER BAILEY (CONT'D):

Q. Mr. Strabone, have you considered trying to renegotiate the operating agreement with Consolidated?

A. (Strabone) I have not. And I would have to defer that to Mr. Sheehan regarding our current operating procedures with Fairpoint -- or excuse me -- with Consolidated.

Q. Okay. I think it may be something to consider. I don't know how cooperative they will be because they have union employees and they don't want to say that you can set the poles in your area. And I don't know that you have the manpower to do that. But it seems like if their standard operating procedure is to ignore the requests that you give them, then maybe they'd be willing to shorten that time frame or give up some of the work. I don't know. It's just something to think about.

A. (Strabone) Yes, we have had discussions with them on other jobs. And they have stated, you know, union rules where they can't set the poles. And I tend not to try and speak because I'd only be speculating of what's happening behind closed doors at Consolidated. But it sounds like they internally go through this process, and then ultimately it opens the door for us to go ahead and proceed. So it's definitely a takeaway that we can pursue to try to talk to them and see if we can renegotiate.

Q. Okay. Thanks. And even if you just renegotiated 90 days to 60 days it might help, or 30 days. Okay. Thank you.

A. (Strabone) Thank you.

CHAIRWOMAN MARTIN: Commissioner Giaimo, do you have any follow-up?

COMMISSIONER GIAIMO: I do. And I apologize. Two very quick questions. And I feel I would be remiss after having sat through the last two of these, where I was surprised at the cost associated with the traffic control, not to bring it up here.

The Company estimates that it spent about, what, $77,000 less than they anticipated. And I thought I heard some answers for reasons for that, but I want to make sure I understand that. And I guess my questions are, is that because the work was not in Salem, or not as much work was done in Salem, where I believe some of the traffic rates are higher than in other municipalities? Is it because more work was done in the Upper Valley? I just want to hear why the number's $76,000 less than already expected.

A. (Green) So the projections that we have are based on past estimates or past spend, actually. And certain areas do require more traffic control. I did count -- I looked into a couple things, and one of them is we do actually require more traffic control hour-wise than we did previously.

Additionally, I did find that in 2018 we did find an error. And we found that after we had made the budget. So we had been billed more than we should have, and we got a credit. And we did apply that credit in 2018, but it did not get applied to the budget speculation or budget projections of 2019. So I think that is one of the bigger components of the difference. But it has to do with the work we have to do. I mean, so if we have more crews out on roads that need more traffic, that's where we incur those expenses.

Q. Okay. And that's fine. Thank you.

And my last question is whether the Company factored in COVID-19 into the program and its effect. Has it slowed down vegetation management, and is it going to require back-ending the year? Or is it on schedule?

A. (Green) In regards to the vegetation management, I can say that we are currently on schedule. The notification or permissioning seems to be affected the most, so we're switching gears with that. So we have some more different plans in place for that which will affect things. But we are not behind schedule. We're just having to switch things up some. But as far as the crews are healthy. If they aren't healthy, that will affect our ability to meet goals. But so far everyone is healthy and safe. But that could in the future impact our ability to meet our goals. But currently we are on schedule.

Q. Thank you. Thank you very much.

A. (Strabone) In response to that, to follow-up with Mrs. Green's comments, with respect to capital work and other projects identified, currently we have no impacts from COVID-19. Our contractors and local crews are still all healthy. We're still getting the support for the capital projects that we need with respect to, you know, planning the work out and getting it done. Also for our larger capital customer-driven jobs, there have been no negative impacts from COVID-19. But we continue to watch that as that still seems to be a daily progression.

And then just to follow-up on one question you asked about the final budgeting. Ultimately towards the end, after a detailed design, you know, we ultimately shoot for, I believe, plus or minus 10 percent.

Q. Thank you. Thank you for that follow-up on that.

CHAIRWOMAN MARTIN: Okay. Mr. Sheehan, did you have any redirect?

MR. SHEEHAN: If I could have a few minutes to look through my notes and I'll let you know?

CHAIRWOMAN MARTIN: Okay.

(Pause)

MR. SHEEHAN: Thank you.

REDIRECT EXAMINATION

BY MR. SHEEHAN:

Q. Mr. Strabone, on the topic of Consolidated, briefly, is it true that the 90-day period is to give Consolidated an opportunity to say, yes, we can set those poles?

A. (Strabone) Yeah, the 90 days incorporates -- yes. First of all, it's whether or not they still want to have joint ownership with us in the poles. And then once they respond that they do want to have joint ownership with us, the remaining 90 days is actually to get them to design on their side and commit to set the poles.
Q. And after the expiration of the 90 days, assuming silence, which was the case here, the agreements do provide for some dispute resolution steps that would happen at the senior management level; is that correct?
A. (Strabone) That is correct. There's a section of the inter-company operating procedures that identifies that.
Q. And when Liberty decides to move forward with pole sets after the 90 days, if that process has not been completed, there is still risk that Consolidated could interfere saying, for example, you haven't finished the process.
A. (Strabone) Yes, there is that risk that they could. However, they have not over the past four or five years that we have gone through

this process.
Q. And that is a conversation you referred to. After 90 days, you said there was some internal conversations, and the Company decided to go forward. It was talking about that risk: Do we risk going forward? Are we okay? Do we think we're okay moving forward and not opening ourselves to litigation with Consolidated? Is that fair?
A. (Strabone) That's a fair statement. Yes.
Q. I had a question marked, but I think you answered it. The bidder responses to the bids -- let me start.
The responses to the RFPs for the Enfield project late in the year, although only one contractor had a price and a commitment to finish, obviously the other responders did not know what each of them were bidding. They didn't know what other companies were responding; correct?
A. (Strabone) That's correct. We followed the bid process with procurement. It's a competitive bid process, and any responses from the bidders back to us are considered

confidential. So none of the -- there's no price sharing among the bidders.

Q. And so when JCR bid the price and ultimately got the contract, they did not know they were the only one that was going to be able to finish the project in 2019.

A. (Strabone) That's correct.

Q. And as you testified a minute ago, their ultimate price was, in your experience, reasonable.

A. (Strabone) That is correct. Yes.

Q. All right. Mr. Rivera, regarding the SAIFI and SAIDI statistics, an important factor that's out of the Company's control is weather; is that correct?

A. (Rivera) Correct.

Q. And the Company can take steps with regard to veg management and the REP and other investments to increase our chances of good outcomes. But weather is always a wild card for either good years or bad years; is that fair to say?

A. (Rivera) It is fair to say.

MR. SHEEHAN: That's all I have,

Madam Chairwoman. Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you. I think before we go to sum up we have to deal with exhibits. I have Exhibits 1 through 3. Without objection, we can admit those as full exhibits.

But I'm not sure, Commissioner Giaimo, if you have a record request or not. Want to clarify that?

COMMISSIONER GIAIMO: No, I'm good. Not necessary.

CHAIRWOMAN MARTIN: Okay. So other than that, is there anything else we need to do before we sum up?

[No verbal response]

CHAIRWOMAN MARTIN: Okay. Then we'll start with Mr. Kreis.

MR. KREIS: Okay. I hope that my --

(Court Reporter interrupts due to indecipherable audio.)

MR. KREIS: Okay. Can everybody hear me now? I just want to start by apologizing to the Commission. I've been having some pretty serious bandwidth problems this morning that have limited my ability to participate. I made a reasoned decision not to cause any of that to interrupt the progress of the hearing because I know that the Staff conducted a robust analysis of the Company's filing. And I thought that it would be most useful if I limited my own participation and simply listened to the questions from Staff, the questions from the Commissioners, and the answers that the Company witnesses provided, which were helpful.

In light of all of that, I think that from the standpoint of the OCA, I don't have any basis for recommending to the Commission that it do anything other than approve the reconciliation that the Company has tendered here for approval.

That said, I do have to add that I have heard a few things here this morning that I consider troubling from a ratepayer perspective, and it suggests that the Commission should make some proactive decisions in the future about addressing some of these issues.

I was very interested in Commissioner Bailey's questions for Mr. Rivera about how the Company, in essence, determines when the reliability improvements that it has achieved are enough reliability improvements and don't require additional special investments. Mr. Rivera said that until recently, electric service was a "nice to have" and has recently moved from "nice to have" to "must have." That caused me to just about fall out of my chair because, from my perspective, electric service went from a "nice to have" to a "must have" roughly a century ago, and certainly by the time that Congress passed the Rural Electrification Act in 1936 as a way of addressing the fact that investor-owned utilities had refused to wire up rural America.

It really does seem important for the Commission to inquire and make determinations about how this utility and other electric utilities determine when to make the next unit of investment in reliability. There really should be a forward-looking inquiry into that question that all of the state's electric utilities should be required to participate in.

Similarly, I think we're long past time for the Commission to open some kind of generic investigative proceeding in which a thorough, robust and skeptical examination is given to this question of what role are Consolidated Communications, and potentially other landline telephone companies that have historically been involved in the state's pole network, are continuing to uphold their end of the bargains that were struck in the previous era when landline telephone was considered a fully regulated public utility just like electricity distribution is today. It's clear that Consolidated Communications is unable or unwilling to cooperate to the same degree and with the same degree of responsibility as it had in the past. And simply requiring our electric utilities to cope with that, as Liberty is clearly struggling to do, is not in the public interest. So there should be a generic inquiry to figure out whether there needs to be some fundamental changes made here.

But in conclusion, I think the Commission has a firm basis for approving Liberty's reconciliation, and that is what I recommend that the Commission do. Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you.

Mr. Dexter.

MR. DEXTER: Thank you, Commissioners. Likewise, Staff recommends approval of the reconciliation as presented and the rates as we've gone through in detail in this case.

We share some of the concerns that the Consumer Advocate raised, probably all the concerns that the Consumer Advocate raised about the situation with Consolidated and the pole setting and various issues that we talked about, and we'll continue to look into that in the future.

With regard to the Enfield project

that we spent quite a bit of time questioning on, it seems that this might be a case of "all's well that ends well." The bid that was received, the evidence indicates that the bid was reasonable and in fact lower than the average bids that the Company had received on other projects throughout the course of the year. But I think the timeline that we went through indicates that Liberty Utilities needs to spend more time on scheduling and planning projects like this and needs to spend more time on deciding whether in-house crews should be used for projects like this. Whether or not that's in the best interest of the ultimate cost of the project, Liberty's witnesses did agree, and I think it's just a fact of accounting, that the longer a project is out there open, it will accumulate AFUDC, thereby raising the costs, and will accumulate burdens as long as charges are made to a project. So it's in everyone's best interest for projects like this to be started, wrapped up and finished. And the Enfield project indicates that a project that maybe should have been five to seven months seemed to go on longer than maybe it needed to. But as I said, ultimately there's no evidence to indicate that the bid that was finally received ended up costing the Company or the ratepayers money, so therefore we don't recommend any disallowance in this case.

So we are pleased, Staff is pleased that the overall O&M budget this year of roughly a million six is closer to the amount that's built into base rates of a million five, as opposed to last year where the figure was closer to two million, 1,944,000.

We are concerned, as we have been in past years, that the amount of carryover on the REP projects, looking at Bates 19, there's over $700,000 in carryover listed. And Mr. Rivera indicated that those numbers were probably going to go up when the books were closed. And I think the intent of this project was, to the extent possible, to spend the money in the year that it was budgeted for. There's $100,000 built into the REP program for carryover, and this 700,000 plus obviously greatly exceeds that and doesn't leave much money left for projects for next year out of the target of 1.5 million.

But having noted those concerns, as I said, ultimately what's at issue in this case are the rates proposed, and Staff recommends that they be approved as filed. Thank you.

CHAIRWOMAN MARTIN: Thank you, Mr. Dexter.

Mr. Sheehan.

MR. SHEEHAN: Thank you. We appreciate the support of OCA and Staff for our request for rate changes in this matter and all the work that goes behind that.

Just a couple comments in response to the issues that have been discussed.

With regard to the Enfield project, the overriding intent was to see if we could use our in-house operations people to basically add to their workload to do projects outside of their normal emergency, day-to-day work. In this particular year it did not work as planned as we all heard. And regardless of the costs related to the capital projects, as someone asked, they were on the payroll anyway. So if we can make better use of their time over the course of the year, whether it's allocated to the day-to-day work or to capital, it's less important than making sure we make best use of their time. We will certainly learn from what happened this year. As the facts bore out, the cost to the customers did not bear any extra cost because of that. But there was certainly some learning lessons for us, and we will take this to heart.

With regard to Mr. Kreis's understandable concern over Mr. Rivera's description of "nice to have" and "must have," I will beg to correct Mr. Rivera. I don't think he meant it the way Mr. Kreis heard it. I think what Mr. Rivera was articulating, and it is the Company's understanding, that customers are simply less tolerant of outages and interruptions. We all know electricity is a "must have." It's just in the last decade or two "must have" used to tolerant a fair amount of outages, and that has gotten smaller as the years go on. We are so connected, obviously, that outages are much more of a disruption. So yes, it is our goal to meet those expectations as best we can and thus the goal to meet the five-year average each year, et cetera.

Commissioner Bailey's question is paramount as well: At what point is it enough? And these are all very difficult things to measure, SAIDI and SAIFI. And their related metrics are one tool. There are so many variables that go into it. Some of these projects are not reliability-driven but have reliability benefits through some other work. We are as a company trying our best to meet customer expectations. And we are certainly listening to the Commission and the parties to say when is enough enough. But it is a tension that will always exist. And we're happy to participate in whatever conversations happen here at the Commission to find the best balance between those two, the cost versus customer expectations.

And last, I can advise the Commission that, rest assured, we are working very hard on the Consolidated issue. It has many tentacles. And it's a current topic and has been for some time, and we will continue.

So, again, we appreciate the Staff and OCA's support for the filing, and we ask the Commission approve the rates as requested in these filings and as reflected in the proposed tariffs that are part of the exhibit. Thank you very much.

CHAIRWOMAN MARTIN: Okay. Thank you, everyone. I think we can say that may have been our most successful attempt at this yet. So I appreciate everyone's working together. Other than for Mr. Kreis, who I think had a bad day on his end, but overall it went very well. So thank you all.

With that, we will close the record and take this matter under advisement and issue an order promptly. And the hearing is adjourned. Thanks, everyone.

(Hearing concluded at 12:17 p.m.)

C E R T I F I C A T E

I, Susan J. Robidas, a Licensed Shorthand Court Reporter and Notary Public of the State of New Hampshire, do hereby certify that the foregoing is a true and accurate transcript of my stenographic notes of these proceedings taken at the place and on the date hereinbefore set forth, to the best of my skill and ability under the conditions present at the time.

I further certify that I am neither attorney or counsel for, nor related to or employed by any of the parties to the action; and further, that I am not a relative or employee of any attorney or counsel employed in this case, nor am I financially interested in this action.

(ORIGINAL CERTIFICATION FILED WITH
PUBLIC UTILITIES COMMISSION)

Susan J. Robidas, LCR/RPR
Licensed Shorthand Court Reporter
Registered Professional Reporter
N.H. LCR No. 44 (RSA 310-A:173)