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**STATE OF NEW HAMPSHIRE**  
**PUBLIC UTILITIES COMMISSION**

**June 6, 2019** - 10:10 a.m.  
Concord, New Hampshire

RE: **DG 19-054**  
**LIBERTY UTILITIES (ENERGYNORTH**  
**NATURAL GAS) CORP. d/b/a**  
**LIBERTY UTILITIES:**  
**2019 Cast Iron/Bare Steel**  
**Replacement Program Results.**

**PRESENT:** Chairman Martin P. Honigberg, Presiding  
Commissioner Kathryn M. Bailey  
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

**APPEARANCES:** **Reptg. Liberty Utilities (EnergyNorth**  
**Natural Gas) Corp. d/b/a**  
**Liberty Utilities:**  
Michael J. Sheehan, Esq.

**Reptg. Residential Ratepayers:**  
Brian D. Buckley, Esq.  
Pradip Chattopadhyay, Asst. Cons. Adv.  
Office of Consumer Advocate

**Reptg. PUC Staff:**  
Lynn Fabrizio, Esq.  
Stephen Frink, Dir./Gas & Water Div.  
Randall Knepper, Dir./Safety &  
Security Division  
Joseph Vercellotti, Safety & Security  
Division

Court Reporter: Steven E. Patnaude, LCR No. 52



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**E X H I B I T S**

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3	Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities Fiscal Year 2019 CIBS Replacement Program Results including the Testimony of Shawn Furey & Brian Frost, with attachments, and the Testimony of David Simek & Catherine McNamara, with attachments (04-15-19)	6
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[WITNESS PANEL: Frink|Knepper]

1 continue. The only real difference would be  
2 that the recovery mechanism would be different.

3 Q These terms, as we know, the CIBS Program is  
4 governed by the DG 11-040 Settlement Agreement,  
5 it has many other steps in it; meetings with  
6 Staff, filing reports, etcetera. Were you  
7 anticipating those continuing?

8 A (Frink) Well, since the Company is already, and  
9 it was under my impression from our technical  
10 sessions, will continue to do that sort of  
11 analysis and then have that information, and  
12 that, whether there's a -- that that  
13 information would continue to be provided to  
14 Staff. What you wouldn't have is a formal  
15 review process and a rate filing that goes with  
16 that.

17 Q So, which parts, and I don't need you to go  
18 line by line, but what pieces of the current  
19 CIBS process under the Settlement Agreement  
20 would no longer happen, other than the rate  
21 recovery, the hearing itself?

22 I think the point I'm trying to make,  
23 obviously, is is there really an administrative  
24 savings, if we're still doing all the work that

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[WITNESS PANEL: Frink|Knepper]

1 we are now doing to comply with CIBS, Staff is  
2 still meeting with us to review our plans for  
3 the next upcoming year, *etcetera*? If we're  
4 still doing all of that, doesn't that undermine  
5 the administrative savings that you point to as  
6 one of the reasons?

7 A (Frink) Well, the majority of the efforts in  
8 reviewing the CIBS Program is conducted by the  
9 Safety Division. So, I think Mr. Knepper might  
10 be better able to answer that question.

11 Q Yes. Could you answer that question,  
12 Mr. Knepper?

13 A (Knepper) I don't know if we're of like minds.  
14 So, I would -- in my opinion, we have these  
15 large spreadsheets where we ask for a lot of  
16 information, we're asking for variances and  
17 keeping things of things and by projects and  
18 costs, and we've been doing that for a number  
19 of years. And we've asked for reports in the  
20 field to be done, and bring us the samples.  
21 And we've done reconciliations at I call a  
22 rapid rate, rapid pace, 60 days, after we get  
23 the information, and have a hearing and they  
24 get into rates. I view all of that as not

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[WITNESS PANEL: Frink|Knepper]

1 having to be done. That's the CIBS Program.

2 I believe cast iron and bare steel should  
3 still be replaced. And, you know, they would  
4 just say, you know, "we replaced nine miles".  
5 They don't have to say "I replaced 550 feet on  
6 Blodget Street", or whatever.

7 I don't see -- to me, that's the  
8 administrative cost. And to me, it's not just  
9 the administrative cost on the Company's side,  
10 it's the administrative cost on the Staff side  
11 as well, that we are giving a lot of scrutiny.  
12 You know, every one of these numbers we look  
13 at, every one of these comments and every one  
14 of these columns. That all takes a lot of work  
15 to do. Then, we write the testimony, and that  
16 takes time. So, -- and the meetings.

17 And so, I kind of think that the Company  
18 kind of has embedded in their process now,  
19 either through collaboration or they have taken  
20 to heart the kind of questions they're going to  
21 get from us, on how to choose replacement  
22 projects. And so, I think -- I think that they  
23 can do that on their own.

24 So, I would see that being less. I would

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[WITNESS PANEL: Frink|Knepper]

1 not expect the same amount of I call  
2 "administrative costs" to be the same.

3 Q Thank you. So, if the Commission is writing an  
4 order that is going to discontinue the CIBS  
5 Program, what I understood you to say is the  
6 Commission could go through the Settlement  
7 Agreement language and cross off pretty much  
8 everything that deals with communications with  
9 the Safety Division about what we plan to do  
10 next year, about the marketing reports,  
11 *etcetera, etcetera?*

12 And before you answer, certainly we would  
13 do whatever we think is appropriate on our end,  
14 and certainly you could review the projects as  
15 you would any other project that's going on out  
16 in the street. Is that a fair  
17 characterization?

18 A (Knepper) Yes. And that's kind of what we did  
19 with Northern. They didn't tell us  
20 street-by-street where they were working and  
21 what they were going to replace. They kind of  
22 gave us a general "Hey, we're going to replace  
23 7 miles this year" or "5 miles". Granted, they  
24 had fewer towns and a little less.

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[WITNESS PANEL: Frink|Knepper]

1           But, yes. We don't think we need that.  
2           We get crew reports on where your crews are  
3           every morning. So, we kind of know what you're  
4           working on. And we know if that's a new growth  
5           or if you have -- what you have on those  
6           streets. So, we kind of know what that is.

7           I just kind of think, if you're going to  
8           terminate it, let the Company do it. And I  
9           think they understand what our needs would be.  
10          And so, I think it's -- I think the meetings of  
11          the minds has already taken place.

12    Q       And, Mr. Frink, on that topic, to the extent  
13          the CIBS financial piece becomes part of a rate  
14          case, as you suggest, it would still be the  
15          same financial review of those projects as any  
16          other capital project: Is it a prudent  
17          project? Was it prudently carried out  
18          financially? Correct?

19    A       (Frink) Well, in a general rate case, the Audit  
20          Staff conducts a audit, and there's a much  
21          broader perspective sample sizes. It  
22          wouldn't -- the CIBS Program is a piece of all  
23          that, would get looked at, but it wouldn't get  
24          looked at project-by-project in its entirety.

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