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N.H.P.U.C. Case No. <u>DE 15-087</u>
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**STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

Docket No. DE 15-\_\_\_\_\_

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
Calendar Year 2014 Reliability Enhancement Plan and  
Vegetation Management Plan  
Report and Reconciliation Filing

**DIRECT TESTIMONY  
OF  
CHRISTIAN BROUILLARD  
&  
JEFFREY CARNEY**

March 13, 2015

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Christian Brouillard**

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

4 A. My name is Christian P. Brouillard and my business address is 15 Buttrick Rd.,  
5 Londonderry, NH 03073.

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

7 A. I am employed as the Director of Engineering by Liberty Energy Utilities (New  
8 Hampshire Corp). (“Liberty Energy NH”) (Granite State Electric) Corp. In my capacity  
9 as Director of Engineering, I am responsible for delivery system planning and capital  
10 investments, engineering and design, and maps and records integrity for Liberty Energy  
11 NH’s electric and gas businesses in New Hampshire, including Liberty Utilities (Granite  
12 State Electric) Corp. (“Granite State” or the “Company.”)

13 **Q. Please describe your educational background and certifications.**

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

1 **Q. Please describe your professional experience.**

2 A. In 1982, I began my engineering career as an associate engineer with Massachusetts  
3 Electric Company, a subsidiary of National Grid USA (“National Grid”) and a former  
4 affiliate of Granite State, in North Andover, Massachusetts. From 1982 to 1992, I held  
5 positions of progressive responsibility in the distribution engineering, planning,  
6 protection, and executive support functions. In 1993, I was promoted to Manager of  
7 District Engineering and held various engineering and management positions since that  
8 time, including Manager of Asset Strategy. In 2005, I became Manager of Work  
9 Planning and was responsible for developing Granite State’s capital construction plans.  
10 In 2008, I was promoted to Director, Investment Planning for the Company’s electric  
11 distribution system in both New England and New York for National Grid. In 2011, I  
12 assumed my current role as Director of Engineering for Liberty Energy NH. In January,  
13 2015, I assumed transitional responsibility for Electric Operations, Gas Production,  
14 Control and Dispatch Center, and Compliance Quality and Emergency Management.

15 **Q. Have you previously testified before the New Hampshire Public Utilities**  
16 **Commission (the “Commission”)?**

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

19 **Jeffrey Carney**

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

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

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

4 A. I am employed by Liberty Energy NH as the Vegetation Supervisor. In my capacity as  
5 Program Manager Vegetation and Inspections, I support Electric Operations and plan,  
6 budget and manage Granite State's inspection and vegetation management programs,  
7 vendor performance, storm and regulatory support on the distribution and sub  
8 transmission assets.

9 **Q. Please describe your educational background.**

10 A. I graduated from Paul Smith's College of Arts and Sciences in Paul Smiths, New York in  
11 1976. I received an associate's degree in Applied Science in Forestry and Land  
12 Surveying.

13 **Q. Please describe your professional experience.**

14 A. I joined Liberty Energy NH on April 1, 2012 when I assumed the transitional  
15 responsibility as Vegetation Supervisor for the National Grid FY13 Vegetation  
16 Management Program. Prior to that, I served as the System Arborist for National Grid  
17 Service Company from 2007 to 2012. I was the Transmission and Distribution Forester  
18 for Granite State and New England Power Company's territory in New Hampshire and  
19 Vermont from 1989 to 2005. From 2005 to 2007, I was the New England North Lead  
20 Arborist and oversaw New England North Arborists responsible for developing forestry

1 strategy and delivery the work plan. During that time, I simultaneously served as the  
2 Company's District Arborist in New Hampshire. From 1979 to 1989, I was a self-  
3 employed Consulting Forester.

4 **Q. Have you previously testified before the Commission?**

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

7 **II. PURPOSE OF TESTIMONY**

8 **Q. What is the purpose of this testimony?**

9 A. This testimony provides the Commission with background information regarding the  
10 Reliability Enhancement Program ("REP") and Vegetation Management Program  
11 ("VMP") that Granite State implemented during Calendar Year 2014 and as described in  
12 the Company's accompanying Calendar Year 2014 Reliability Enhancement Plan and  
13 Vegetation Management Plan Report dated March 16, 2015 (the "CY 2014 REP/VMP  
14 Report") submitted with this filing. Additionally, this testimony provides support for the  
15 Company's request to recover \$35,166 which is the amount of expense above the Base  
16 Plan operating and maintenance ("O&M") pro-rated amount of \$1,360,000 that was  
17 authorized by the Settlement Agreement in Docket No. DE 13-063 (the "Settlement  
18 Plan") that was approved by the Commission in Order No. 25,638 (March 17, 2014).  
19 The Company seeks to recover the revenue requirement associated with a total of  
20 \$2,201,899 in capital investment, broken down between two program years CY 2013 and  
21 CY 2014. The total carryover from CY 2013 was \$1,230,601, as discussed in the CY

1 2014 REP/VMP Report and as further described in the pre-filed direct testimony of  
2 Heather Tebbetts. The Company is requesting an incremental revenue requirement of  
3 \$381,523 associated with the 2014 REP capital expenditures. Information regarding the  
4 calculation of the REP/VMP Adjustment Provision and the REP Capital Investment  
5 Allowance, and the associated rate impacts, is set forth in the testimony of Heather  
6 Tebbetts, which is a part of this filing. The new O&M amount requested would be  
7 effective for usage on and after May 1, 2015.

8 **III. OVERVIEW OF REP AND VMP**

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

10 A. As part of the Settlement Agreement in Docket No. DE 13-063 (the "Settlement Plan")  
11 that was approved by the Commission in Order No. 25,638 (March 17, 2014), the  
12 Company agreed to continue with its Vegetation Management and Reliability  
13 Enhancement Programs at agreed upon levels, subject to annual Commission approval.  
14 In general, the REP and VMP include categories of both capital (REP) and O&M (VMP)  
15 spending targeted to improve reliability performance. The REP and VMP are premised  
16 on the understanding that a certain amount of annual spending on both capital and O&M  
17 activities is necessary to maintain the safety and reliability of the Company's electric  
18 distribution system. The Settlement Agreement specified that a base amount of  
19 \$1,360,000 would be included in distribution rates and spent on O&M activities  
20 associated with the VMP during a fiscal year. In addition, the Company proposes a  
21 targeted budget of \$1,000,000 for REP capital investments for each fiscal year. To the  
22 extent the Company spends less than the agreed upon base O&M budget on VMP

1 activities in a given fiscal year, the difference is credited, at the Commission's discretion,  
2 either to customers through a refund commencing on May 1 or a credit to the following  
3 year's VMP O&M budget.

4 **Q. Please describe what types of activities are included in the REP and VMP.**

5 A. The Company budgeted capital funds to install two single phase recloser schemes and 18  
6 trip savers in radial applications. A significant portion of this budget was also targeted  
7 towards the re-conductoring of 2.0 miles of bare mainline primary conductor with spacer  
8 cable. These projects are identified in Appendices 2 and 3 of the REP/VMP Report which  
9 accompanies this testimony. The VM activities consisted of Planned Cycle Trimming,  
10 and Interim, Spot, and Trouble Tree Trimming, identified in Appendices 4 and 5 of the  
11 REP/VMP Report.

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

16 A. Each year, the Company develops an Annual Work Plan that is designed to achieve the  
17 overriding performance objectives of the business (safety, reliability, efficiency,  
18 customer satisfaction and environmental responsibility). At the outset, the Company  
19 compiles a draft work plan that consists of proposed spending for asset replacement and  
20 system capacity and performance initiatives, individual capital projects and work  
21 activities required to comply with franchise or tariff requirements such as pole

1 relocations, response to damage/failure, and new business construction. Each potential  
2 project specified within the plan includes a business category/justification for the project  
3 and estimated costs. The Company then prioritizes the projects based on the relative risk  
4 or opportunity associated with each project proposal to facilitate the selection of  
5 appropriate projects to be included in the Annual Work Plan. All of the proposed  
6 projects then undergo review and are prioritized to achieve an optimized portfolio of  
7 projects considering the reliability performance data compared to the reliability  
8 improvements targeted by the various programs and the deliverability of the various  
9 programs within the fiscal year. The process is designed to ensure the Company arrives  
10 at a budget that is the optimal balance in terms of selecting the investments necessary to  
11 maintain and improve the performance of the system, while also ensuring a cost-  
12 effective use of the Company's available resources.

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

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

20 **Q. Please summarize the Company's actual results for the CY 2014 REP/VMP Report**  
21 **and the level of recovery the Company is requesting.**

1 A. For CY 2014, the Company is required to make a reconciliation filing with the  
2 Commission for both its REP and VMP detailing the actual amounts associated with  
3 REP and VMP activities during the period as compared with budgeted amounts. For  
4 the Company's CY 2014 plan, the Company presented plans to the Commission Staff and  
5 agreed on an O&M budget of \$1,432,700. This budget reflected an increase of \$72,700  
6 over the annual base amount of \$1,360,000 in O&M expense to account for the costs  
7 associated with hazard tree removals and general increases to vegetation management  
8 costs since the inception of the REP/VM Program and establishment of the base O&M  
9 spending level. The Company's actual total spending level for CY 2014 was  
10 \$1,395,166 for O&M activities related to the VMP or \$37,534 less than the filed  
11 budgeted amount of \$1,432,700. The reason that actual spending was less than  
12 budgeted spending is explained below. In summary, the Company completed all of the  
13 vegetation management work contained in its CY 2014 plan at a cost that was roughly  
14 on par with what was anticipated.

15 **IV. CALENDAR YEAR 2014 REP AND VMP IMPLEMENTATION**

16 **Q. Please explain why the Company's actual O&M spending for CY 2014 varied from**  
17 **the Company's original budget.**

18 A. As described in the CY 2014 REP/VMP Report, the Company completed all of the  
19 vegetation management work contained in its CY 2014 plan. Overall, actual CY 2014  
20 expenses incurred for VMP O&M activities amounted to \$1,395,166 or \$99,666 more  
21 than the proposed budget of \$1,295,500 (net of anticipated reimbursement from

1 FairPoint). The spending variances are the result of several factors. First, the Company  
2 spent a portion of the \$225,000 anticipated Fair Point credits which were invoiced and  
3 not received. Second, bid prices for cycle pruning were lower than expected resulting in  
4 lower unit prices. Third, the Company spent less than anticipated for spot tree trimming,  
5 trouble and restoration calls and tree planting which are all demand driven activities. The  
6 Company spent less than anticipated on hazard tree removals as a result of fewer trees on  
7 suburban/residential circuits were identified.

8 The Company utilized the sub-transmission right-of-way clearing budget line item to  
9 capture the opportunity and accelerate Salem Area sub-transmission lines to get those  
10 lines all on the same cycle in an effort to balance the overall annual sub-transmission  
11 schedule. The Company spent more than anticipated on interim trim activity in  
12 response to extensive off cycle tree trimming, tree removal required and police details to  
13 address an unanticipated tree related reliability issue on portions of the Pelham 14L2  
14 circuit.

15 In addition, during 2014, the capitalization policy was revised to standardize the policy  
16 among the Liberty family of companies as discussed in the REP/VMP Report for  
17 CY2014.

18 **Q. Please explain why the Company's actual Capital spending for CY 2014 varied from**  
19 **the Company's original budget.**

20 A. As shown in Appendix 2 of the CY 2014 REP/VMP Report, the Company provides the  
21 actual capital investment for 2013 and 2014. The Company's actual total carryover from  
22 CY 2013 was \$1,230,601 (Appendix 2, line 5, column (d)) for Capital activities related to

1 the REP, or \$1,130,601 more than the filed budgeted amount of \$100,000. As shown in  
2 Appendix 2, line 5, column c, of the CY 2014 REP/VMP Report, the Company's total  
3 spending level for CY 2014 was \$971,298 for capital activities related to REP, or \$989  
4 more than the filed budgeted amount \$970,300. Key factors for budget variances are  
5 described in the REP/VMP Report for CY2014.

6 **Q. Please summarize the reliability results shown in the CY 2014 REP/VMP Report.**

7 A. Metrics for CY 2014 are presented in the table below based on both the PUC Standard for  
8 excluding major weather events and the IEEE Standard 1366 method for excluding major  
9 event days. In addition, metrics are presented excluding transmission supply outages,  
10 planned or notified outages and all other applicable exclusions. The metrics include  
11 customers interrupted ("CI"), customer minutes interrupted ("CMI"), system average  
12 interruption frequency index ("SAIFI"), system average interruption duration index  
13 ("SAIDI"), customer average interruption duration index (CAIDI), and customers  
14 interrupted per interruption index (CIII).

15 As shown on page 9 of the CY 2014 REM/VMP Report, the SAIFI performance of 1.54  
16 for CY 2014 continues to track on an improving, downward trend, with the 2014  
17 performance slightly better than that of 2013. While the SAIFI trend is encouraging, the  
18 172 minutes for SAIDI reflects a moderate increase in SAIDI indices over the past few  
19 years. For 2014, there were a number of one-off events that drove our SAIDI  
20 performance, with the top 3 events making up 32% of our SAIDI performance indices. It  
21 is noteworthy that mitigation measures, inside and outside of the REP were implemented  
22 in 2014 to further improve our SAIDI performance, specifically addressing the drivers to

1 SAIDI performance in 2014. The measures include replacement of Lebanon circuit  
2 breakers; inspection, maintenance, and asset replacement on the Golden Rock 23kV  
3 underground cable supply system; and changes and upgrades to the Pelham substation  
4 and distribution system, Future upgrades at the Pelham substation and re-conductoring  
5 of bare conductor with spacer cable are also planned for the Pelham area over the next  
6 few years.

7 In summary, the Company expects the overall positive performance in the SAIFI to  
8 continue and expects to see a positive impact from our reliability initiatives on our SAIDI  
9 metrics as we move forward into 2015 and beyond.

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

12 A. Yes. As described in this filing, the expenditures were reasonable because these  
13 expenditures were made for programs that are specifically referenced in the Settlement  
14 Agreement in Docket No. DE 13-063 that was approved by the Commission in Order No.  
15 25,638 (March 17, 2014), as necessary to achieve continued improvement in the  
16 Company's system reliability. The work undertaken for vegetation management, single  
17 phase recloser and trip-saver installations, bare conductor replacement, and  
18 underperforming area mitigation was incurred for the explicit purpose of improving  
19 system reliability and is consistent with the intent of the Settlement Agreement. These  
20 expenditures are expected to generate real customer benefits in the form of improved  
21 reliability performance. Therefore, the Commission should approve recovery of these

1 expenditures and permit the requested rate adjustments to become effective for usage on  
2 and after May 1, 2015.

3 V. **CONCLUSION**

4 Q. **Does that conclude your testimony?**

5 A. Yes, it does.