



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

Docket No. DE 16-383

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
Distribution Service Rate Case

**DIRECT TESTIMONY  
OF  
HEATHER M. TEBBETTS  
AND  
ANTHONY STRABONE**

March 12, 2019

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**I. INTRODUCTION AND QUALIFICATIONS**

**Q. Ms. Tebbetts, please state your full name, business address, and position.**

A. My name is Heather M. Tebbetts and my business address is 15 Buttrick Road, Londonderry, New Hampshire. I am Manager of Rates and Regulatory Affairs for Liberty Utilities Service Corp. ("Liberty"), which provides services to Liberty Utilities (Granite State Electric) Corp. ("Liberty Utilities" or "the Company") and, in this capacity, am responsible for providing rate-related services for the Company.

**Q. Please describe your educational background and training.**

A. I graduated from Franklin Pierce University in 2004 with a Bachelor of Science degree in Finance. I received a Master's of Business Administration from Southern New Hampshire University in 2007.

**Q. Please describe your professional background.**

A. I joined Liberty in October 2014. Prior to my employment at Liberty, I was employed by Public Service Company of New Hampshire ("PSNH") as a Senior Analyst in NH Revenue Requirements from 2010 to 2014. Prior to my position in NH Revenue Requirements, I was a Staff Accountant in PSNH's Property Tax group from 2007 to 2010 and a Customer Service Representative III in PSNH's Customer Service Department from 2004 to 2007.

**Q. Have you previously testified before the New Hampshire Public Utilities Commission ("the Commission")?**

A. Yes, I have testified on numerous occasions before the Commission.

1   **Q.    Mr. Strabone, please state your full name, business address, and position.**

2    A.    My name is Anthony Strabone and my business address is 9 Lowell Road, Salem, New  
3       Hampshire. I am Manager of Electrical Engineering for Liberty Utilities Service Corp.  
4       ("Liberty"), which provides services to Liberty Utilities (Granite State Electric) Corp.  
5       ("Liberty Utilities" or "the Company") and, in this capacity, am responsible for the  
6       electric capital work plan whereby I manage engineering and construction resources for  
7       capital projects.

8   **Q.    Please describe your educational background and training.**

9    A.    I graduated from Merrimack College in 2004 with a Bachelor of Science degree in  
10       Electrical Engineering. I received a Master's of Business Administration from Southern  
11       New Hampshire University in 2006. I received a Project Management Professional  
12       (PMP) Certification in 2017 from the Project Management Institute.

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

14   A.    I joined Liberty in November 2014. Prior to my employment at Liberty, I was employed  
15       by Public Service Company of New Hampshire ("PSNH") as a Substation Supervisor in  
16       Substation Maintenance from 2010 to 2014. Prior to my position in Substation  
17       Maintenance, I was a Substation Engineer in Substation Engineering from 2008 to 2010  
18       and an Engineer in the System and Planning Strategy department 2004 to 2008.

19   **Q.    Have you previously testified before the New Hampshire Public Utilities**  
20       **Commission ("the Commission")?**

21   A.    No, I have not.

1   **II.    PURPOSE OF TESTIMONY**

2   **Q.    What is the purpose of your testimony?**

3   A.    The purpose of our testimony is to describe the projects associated with the 2019 Step  
4       Adjustment provided for in the Settlement Agreement in Docket No. DE 16-383, which  
5       the Commission approved in Order No. 26,005 (Apr. 12, 2017). As described below, the  
6       Company is not requesting recovery for Charlestown-related projects at this time as they  
7       will be included in the Company's upcoming rate case for purposes of efficiency; this  
8       filing only seeks recovery of the eligible Pelham Substation related costs.

9       The Charlestown-related projects provided that the Company would build another feeder  
10      out of the Michael Avenue substation and prepare the Charlestown substation for  
11      retirement. While these projects were completed and placed in service in 2017, they have  
12      not been audited by the Commission Staff. As only a limited portion of those projects  
13      was eligible for recovery at this time, the Company believes it is most efficient to request  
14      cost recovery as part of the rate case to be filed in early 2019.

15      The Company is requesting cost recovery for \$1,250,000 of the Pelham Substation and  
16      getaway cable projects. In 2018, the Company requested and received approval for  
17      recovery of the revenue requirements associated with \$2,400,000 of capital spending on  
18      those projects in accordance with the Settlement Agreement, which provides for a second  
19      step adjustment to be implemented in 2019. The full cost of the projects were audited by  
20      Audit Staff as they were completed in 2017, a year earlier than originally planned, to  
21      coincide with National Grid's expansion of the Pelham Substation.

**Q. What attachments are provided with your testimony?**

A. The following attachments are provided in support of with our Testimony and the accompanying Technical Statement of David Simek:

- Attachment A – provides the increase in the revenue requirement associated with the step adjustment;
- Attachment B – provides the revenue requirement calculation for the investment;
- Attachment C – provides the calculation of flattening of Rate D, as provided in the Settlement Agreement and as further described in the Technical Statement of David Simek;
- Attachment D – provides for the calculation of the rates for all rate classes;
- Attachment E – provides for rate impact to customers taking service under Rate D;
- Attachment F – consists of Attachment 2 of the Settlement Agreement; and; and
- Attachment G – consists of the Company's 2016 and 2017 E-22 filings, which include the Company's capital budgets for the projects at issue in this filing.

**III. PELHAM SUBSTATION**

**Q. Briefly explain the Pelham Substation project.**

A. The step adjustments in the Settlement Agreement provided for cost recovery of the Pelham substation and the Pelham 14L4 circuit in the amounts of \$2.4 million in 2017 and \$1.25 million in 2018. As explained in detail during the step adjustment hearing process in 2018, instead of doing a phased approach over two years, Liberty performed

1 all of the construction in 2017 and the substation was placed in service in that year. See  
2 Transcript of May 17, 2018, hearing at 10-13. The purpose was to remain on schedule  
3 with National Grid, which was responsible for completing construction on the 115kV  
4 portion of the substation. The 2018 spending was accelerated to 2017 and was discussed  
5 with the Commission Staff in June 2017, at which time it was acknowledged by the  
6 Company that by accelerating the construction schedule, the terms of the Settlement  
7 Agreement would not change and there would continue to be two step adjustments  
8 regardless of the fact that work was performed and the projects went into service in 2017.

9 The Pelham substation project came in under budget by \$445,510, or 9%. The total cost  
10 of the substation and getaway cables was \$5,014,490, which consists of \$4,375,277 for  
11 the substation project (project # C36430) and \$673,627 for the getaway cable project  
12 (project # C36431). The total budget between the projects for 2016 and 2017 was  
13 \$5,550,000, as provided in the Company's E-22 reports filed with the Commission for  
14 those years, as show in Attachment G.

15 As part of the cost recovery process, the projects underwent an audit review by the  
16 Commission Audit Staff in 2018. The Audit Staff audited the filed amount of  
17 \$4,910,976. The final amount of the project was \$103,514 more than the audited amount  
18 as the work order was not closed when the Audit Staff reviewed the underlying details.  
19 The difference refers to cost of removal and other miscellaneous credits to C36430 in the  
20 amount of (\$88,551.70) and subsequent charges to C36431 for the getaway cables and  
21 other small miscellaneous charges in the amount of \$192,066. The net of the change is  
22 \$103,514.

1 **Q. Did the Audit staff have any recommended disallowances?**

2 A. No.

3 **IV. REVENUE REQUIREMENT CALCULATION**

4 **Q. Please provide the revenue requirement associated with the request.**

5 A. The distribution revenue requirement associated with the \$1.25 million investment, as  
6 shown in Attachment A, is \$185,044, or a 0.44% increase as compared to annual  
7 distribution revenues. The overall bill impact to residential customers taking energy  
8 service and using 650 kWh per month is 0.11%, or \$0.11, as shown in Attachment E.

9 **Q. For the 2018 step adjustment, did the Company use the correct debt percentage to**  
10 **calculate the revenue requirement?**

11 A. It did not. The Company used 4.57% for the step adjustment filing in Docket No. DE 16-  
12 383, as well as for the REP/VMP filing in Docket No. DE 18-034. Attachment B line 25  
13 provides for the correction of \$13,520, which is the difference between the filed revenue  
14 requirement of \$289,868 filed on May 10, 2018, in DE 16-383 using 4.57% and the  
15 correct debt value of 5.97% that provides for a revenue requirement of \$302,868.

16 **Q. What is the impact to customers associated with the revenue requirement?**

17 A. The overall bill impact to residential customers taking energy service and using 650 kWh  
18 per month is 0.11%, or \$0.11, as shown in Attachment E.



1    **V.    CONCLUSION**

2    **Q.    Does this conclude your testimony?**

3    **A.    Yes, it does.**

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