



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

Docket No. DE 17-____

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
Request for Approval of Company Ownership of Newly Installed Underground Services

**DIRECT TESTIMONY
OF
HEATHER M. TEBBETTS**

September 28, 2017

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I. INTRODUCTION AND QUALIFICATIONS

Q. 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 a Senior Analyst 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 **II. PURPOSE OF TESTIMONY**

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

3 A. The purpose of my testimony is to present Liberty Utilities' proposal to take ownership of
4 newly installed underground residential and commercial services. The proposal is
5 contained in Attachment HMT-1 (redlined) and HMT-2 (clean), which are the relevant
6 sections of the Company's tariff with the requested language changes. This request is the
7 result of the Settlement Agreement in Docket No. DE 16-383, where Commission Staff
8 and the Company agreed that it should be the owner of all new single-phase underground
9 services to residential customers.

10 **Q. Why are you proposing to own new commercial underground services when the**
11 **Settlement Agreement only addressed residential services?**

12 A. As this filing evolved, the Company contacted Staff to discuss Staff's preliminary view
13 on Company ownership of newly installed commercial underground installations
14 considering the Company has to hire personnel to install and maintain new underground
15 residential services. Based on those discussions, Staff and the Company agreed that the
16 new policy should include new commercial underground installations to utilize the new
17 employees as efficiently as possible.

18 **III. RESIDENTIAL UNDERGROUND PROPOSAL**

19 **Q. What is the current policy for residential customers who have underground**
20 **services?**

21 A. Individual residential underground services are currently owned and maintained by the
22 customer. This has been the Company's policy since at least the 1960s. The Company's

1 policy currently is to connect the customer's underground primary distribution line
2 extension to the Company's distribution system. The Company is responsible for
3 designating the riser pole, Company-owned equipment locations, as well as the service
4 entrance and the meter location. The Company provides, installs, and maintains the
5 transformer and meter, and makes all connections to Company equipment.

6 The customer currently is responsible for providing all applicable documents to prepare
7 easements, installing a steel riser at the Company's pole, providing, installing, and
8 maintaining all required foundations, handholes, manholes, and ground systems. The
9 customer is also responsible for providing, installing, and maintaining all primary and
10 secondary cable and conduit. The customer installs the boxpad foundations provided by
11 the Company and installs, owns, and maintains all service conduit and service cable.

12 **Q. What are the changes to the individual residential policy for customers who request**
13 **an underground line extension after this tariff is approved?**

14 A. The customer will no longer be responsible for owning and maintaining the newly
15 installed underground service. The customer will continue to be responsible for
16 providing easement information, installing foundations, handholes, grounding systems,
17 conduit, and primary risers.

18 **Q. How will customers be charged for the underground service?**

19 A. Liberty proposes a per foot cost for underground facilities as shown on First Revised
20 Page 78 of the tariff.

Q. How did Liberty calculate the per foot cost?

A. The Company examined typical residential jobs and determined the average cost per foot of underground installations. All of the jobs assumed 200 feet of underground cable were used. The types of jobs were:

- One 200 Amp underground residential service;
- One 400 Amp underground residential service;
- One 200 Amp siphon¹ underground residential service, and
- One 400 Amp siphon underground residential service.

The table below shows the total cost for each job and the per foot cost.

Table 1

<u>Service Type</u>	<u>Cost</u>	<u>Length</u>	<u>Average</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) / (b)</u>
200A UG Res	\$ 2,572.74	200	\$ 12.86
400A UG Res	\$ 2,852.74	200	\$ 14.26
200A UG Siphon	\$ 3,195.84	200	\$ 15.98
<u>400A UG Siphon</u>	<u>\$ 3,557.94</u>	<u>200</u>	<u>\$ 17.79</u>
Total	\$ 12,179.26	800	\$ 15.22

¹ A siphon is an installation that originates at a pole, usually at the street, which converts an overhead service to an underground service.

1 **Q. Are there any items that may be added to the per foot cost?**

2 A. Yes. The excess cost of any padmounted transformers (above the cost of a pole-mounted
3 transformer) will be added to the total cost of the line extension, and the customer will be
4 required to pay for that excess cost.

5 **Q. The overhead service policy provides customers with 300 feet at no additional**
6 **charge. Will this underground policy also provide 300 feet at no additional charge?**

7 A. Yes. The Company currently charges \$11.80 per foot for overhead services that are
8 lengths greater than 300 feet and will revisit that price, along with the per foot cost for
9 underground services, in its next rate case.

10 **Q. Why is Liberty proposing a per foot cost rather than a calculated excess cost of**
11 **underground versus overhead service?**

12 A. One of the main issues that arose in Docket No. DE 14-190 (Investigation into Line
13 Extension Policies) was inconsistency between the underground policies of the various
14 New Hampshire electric utilities. After reviewing the policies of Unitil and Eversource,
15 Liberty found that the Eversource underground policy of a per foot charge was simplest
16 for customer consideration and Company administration of the policy.

17 **Q. If a customer's current underground service fails, how will the Company address**
18 **the failure?**

19 A. For customers who own and maintain their current underground service, the Company
20 will not make repairs to any failure. The customer will have the option to have their
21 failed service replaced with a new service, which Liberty will own and maintain, but the

1 customer will be responsible for removal of the failed service. The customer will be
2 charged the per foot cost for the replaced service.

3 **IV. COMMERCIAL UNDERGROUND SERVICES**

4 **Q. What is the current policy for commercial customers who have underground**
5 **services?**

6 A. Commercial customers currently own and maintain their underground services. The
7 Company's policy has been to connect the customer's underground primary distribution
8 line extension to the Company's distribution system. The Company is responsible for
9 designating Company-owned equipment locations.

10 The customer is responsible for providing all applicable documents to prepare easements,
11 installing a steel riser at the Company's pole, providing, installing, and maintaining all
12 required foundations, handholes, manholes, and ground systems. The customer is also
13 responsible for providing, installing, and maintaining all primary and secondary cable
14 and conduit. The customer retains ownership of transformer foundations on private
15 property.

16 **Q. What are the changes to the commercial policy for customers who request an**
17 **underground line extension after this tariff is approved?**

18 A. The customer will no longer be responsible for owning and maintaining the underground
19 service. The Company will own and maintain the transformer, foundation, primary and
20 secondary cable, and the meter up to 400 Amp service. The customer will continue to be

1 responsible for providing easement information, installing foundations, handholes,
2 grounding systems, conduit, and primary risers.

3 **Q. How will customers be charged for the underground service?**

4 A. The manner in which commercial customers will pay for the service does not change.
5 Customers will pay the estimated cost weighted against estimated revenue based on the
6 customer's load. Each job will be engineered separately.

7 **Q. If a commercial customer's current underground service fails, how will the**
8 **Company address the failure?**

9 A. For customers who own and maintain their current underground service, the Company
10 will not make repairs to any failure. The customer will have the option to have their
11 failed service replaced with a new service, which Liberty will own and maintain, but the
12 customer will be responsible for removal of the failed service. The customer will be
13 charged under the Policy 3: Individual C&I Customers formula.

14 **Q. Has Liberty updated its requirements for service to include ownership of**
15 **underground services?**

16 A. Yes, it has. Attachment HMT-4 provides the service requirements for residential and
17 commercial underground services.

1 **V. ADDITIONAL COSTS AND RATE IMPACTS**

2 **Q. Has Liberty identified additional employee needs associated with owning and**
3 **maintaining underground services for residential and commercial customers?**

4 A. Yes. The Company is anticipating hiring two employees. The additional employees will
5 be responsible for installing underground services for commercial and residential
6 customers. Liberty will look to hire two First Class linemen.

7 **Q. Why does Liberty need to hire First Class linemen?**

8 A. All utility workers in the line department start as apprentices and move through
9 progression steps over years and, within a utility, the level of experience needed to be
10 fully rated is a Journeyman linemen (First Class lineman). The level of qualifications
11 required to do the additional work of underground and commercial primary services, at a
12 minimum, requires the level of Journeyman/First Class lineman skill level.

13 To qualify for a Journeyman Lineman, the employee needs to complete the training and
14 instruction. Becoming a Journeyman lineman requires working full time for nearly four
15 years as an apprentice (7,000 hours). During this time, the employee advances through
16 seven steps of the program. Once reaching this level, the employee is qualified to work
17 on voltages below 1000 Volts. A Journeyman lineman is also qualified to work on
18 primary voltages (up to 15 kV), both underground and overhead. In New Hampshire, the
19 Company has an additional requirement of obtaining a high/medium voltage license to be
20 able to work on commercial primary installations.

1 **Q. How much will the additional employees cost on an annual basis?**

2 A. The total annual expense for two employees with the qualifications previously mentioned
3 is \$198,620, which only includes annual O&M expense at 63% as the costs associated
4 with capital work (the difference of 37%) will be included in jobs and recovered in
5 Granite State's next rate case. The O&M costs include salaries and benefits on an annual
6 basis.

7 **Q. Why does Liberty need two employees?**

8 A. The Company has two very distinct work districts: Salem in the south and
9 Lebanon/Charlestown in the north. Liberty will hire one lineman for each location to
10 allow for underground services to be installed in a timely manner. To have only one
11 lineman servicing two work districts would create backlog.

12 **Q. What is the rate impact to customers?**

13 A. The impact of the cost of the additional employees to a residential customer using 650
14 kilowatt-hours per month is an increase to the monthly bill of \$0.01, or 0.01%. Please
15 see Schedule HMT-3, page 3, for the calculations associated with the rate change.

16 **Q. When will additional costs be included in distribution rates?**

17 A. Based on the Settlement Agreement in Docket No. DE 16-383, the Company will file for
18 a step increase by March 15, 2018, for specific plant in service as laid out in the
19 Settlement Agreement, effective May 1, 2018. Liberty will include the additional costs in
20 this filing in its May 1, 2018, rate calculation along with the costs of specified capital

1 improvements that are also to be included in that step adjustment, and the annual
2 Reliability Enhancement Plan and Vegetation Management Program.

3 **VI. IMPLEMENTATION**

4 **Q. When does Liberty expect to implement the new policy?**

5 A. Liberty intends to have the tariff approved and employees hired for implementation on
6 March 1, 2018, prior to the start of construction season.

7 **Q. Is Liberty requesting a date by which this tariff is approved?**

8 A. Yes. The Company would like the tariff approved by January 31, 2018, to allow time for
9 implementation.

10 **VII. CONCLUSION**

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

12 A. Yes, it does.