

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty

DE 19-064  
Distribution Service Rate Case  
Step Adjustment

Staff Data Requests - Set 10

Date Request Received: 5/21/21  
Request No. Staff 10-1

Date of Response: 6/7/21  
Respondent: Heather Tebbetts

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**REQUEST:**

Re: Testimony of Strabone/Tebbetts at Bates 10, Attachment 2 Project #8830-1933 Battery Pilot, and Docket DE 17-189. Please provide the following information for this project:

- a. A detailed explanation for the apparent disparities between the original budget estimate of \$4.5 million at Bates 39, the estimate of \$1.0 million at Bates 40, the estimate of \$1.5 million at Bates 44 and 48, the original budget estimate of \$500,000 referenced at Bates 50, and total costs of \$2.051 million at Bates 50. Why were no Change Orders submitted addressing the apparent increases from \$500,000 to \$1.0 million, and \$1.0 million to \$1.5 million? If those Change Orders are available, please submit them with the response.
- b. The Change Order form at Bates 50 attributes additional project costs in 2020 were “due to the delay in approval from the NH PUC.” However, the Staff Recommendation filed on 2/02/21 in Docket DE 17-189 at 3 reports that Liberty failed to meet specific deadlines for Phase 1 battery installations established by the PUC in 2020 and that “notifications have not been made, deadlines have passed without request for extension, program terms have been modified, and customers may not have been adequately educated and informed about material pilot program terms.” Please reconcile the two different versions between the Company and Staff describing of the source of delay that apparently contributed to the project cost increase from \$1.0 to \$1.5 million, and the additional costs of \$683,000. Will Liberty seek recovery of the additional \$683,000 in its next step increase request? If the COVID-19 pandemic was a contributing factor, and presumably work stoppages occurred as a result, please provide additional details quantifying that impact.
- c. The testimony at Bates 10 states: “As of December 31, 2020, the program had 60 customers with batteries installed and providing benefits to both the customer and the grid during peak events.” However, Staff’s Recommendation of 2/02/21 referenced in b. above states: “Liberty also notified Staff and other parties by email on November 30, 2020 that the 100th battery had been installed and became operational on November 24, 2020.” Please verify that 120 batteries were installed, commissioned and operating in 2020 that make up the step increase request for \$1.43 million.

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- d. In reference to the status of the batteries in c. above (installed, commissioned, operating), what does the company consider the letter of completion from the vendor, which occurs two to three weeks after the installation is performed, represent in that status?
- e. If there are other status or progress points; other than installed, commissioned, and operating; that the company uses to determine battery pilot status, please provide them with accompanying expected action.
- f. In Liberty's response to Staff's Recommendation filed on 2/21/21 in Docket DE 17-189 at 7, the Company states: "Liberty agrees that Phase 1 will run through August 31, 2022." Please explain what elements of the project have not yet been effectively completed and whether the cost increase of \$683,000 referenced in the Change Order constitutes some of those additional costs. Please explain why the battery pilot project and associated costs of \$1.43 million should be approved as part of the step increase request if the project is not yet complete.
- g. Please provide how many customers that had batteries installed and operational in 2020 paid the upfront monthly payment and how many pay the monthly payment, and provide the total amounts included as CIAC for each type (upfront vs monthly).
- h. Please provide an itemized list of the vendors and the associated costs incurred by year in 2018, 2019, and 2020.
- i. Please explain the purpose of the internal labor costs (e.g., metering, billing, etc.)
- j. Please provide an itemization of the material costs.
- k. Please provide the grid benefits that have been provided during the 2020 timeframe and any associated quantifiable reductions or savings from those benefits.

**RESPONSE:**

- a. There are no disparities between the budget estimates. The \$4.5 million budget was the original budgeted business case put together prior to PUC approval of the project.

The 2019 business case provided \$1,000,000 of funding, but given the time the cyber security review took, the budget was cut to \$500,000 because the full \$1,000,000 budget would not be spent and could be used for other projects in 2019.

For 2020, the budget was \$1.5 million as shown on the capital expenditure and business case forms given that the batteries would be installed in 2020 and none were installed in 2019. The change order dated 6/24/2020 was filled out because that was the projected spending amount through December 2020. At the time of the change order, the Company did not expect that the pandemic would get worse and have difficulties with battery installations, but as we experienced, the pandemic got worse and customers were hesitant about allowing Tesla come in to their home to install batteries. As such, the Company only had 60 installs by 12/31/2020 and did not spend the full amount requested in the change order from June 2020.

At no time was there an increase from \$500,000 to \$1,000,000, or \$1 million to \$1.5 million for spending. The budget requests were \$1 million in 2019, reduced to \$500,000

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later in 2019; \$1.5 million in 2020 with a change order completed for an additional \$683,000.

- b. While the Staff provided their recommendation on February 2, 2021, the Company responded to that recommendation on February 21, 2021, providing that notification was made to the PUC via email on November 30, 2020. As noted in part a. above, there was no cost increase from \$1 million to \$1.5 million.

Liberty will seek recovery of the costs associated with battery installations for 2021 in its 2022 step adjustment filing. The installation issues are also described in part a. above and as noted only 60 installations were completed by the end of 2020 with the rest of the installs occurring in 2021.

- c. Confirmed. As described in part b. above, the Company notified Staff on November 30, 2020, that the 100 battery installation requirement had been met, but a total of 120 batteries were installed by December 31, 2020.
- d. The Company uses its interconnection tariff as the requirements for battery installation which provides that a Certificate of Completion is required by the customer, and in this case it is Tesla as the installer, as the last step in the process of interconnection. The document needs to be processed by the installer after the installation of the batteries, which at times takes a couple of weeks to process and send back to the Company.
- e. There are no other status or progress points to determine battery pilot status.
- f. The total for Phase 1 is estimated to be approximately \$2.0–2.5 million. There are no cost increases for the project. The costs span multiple budget years because of delays from the cyber security review and the pandemic, but those delays did not increase costs. The project costs of \$1.43 million should be approved because the batteries are used and useful and were providing benefits as of December 31, 2020.
- g. Sixty customers had batteries installed by December 31, 2020. Of those 60 customers, 13 paid upfront (\$63,258) and 47 took the monthly payment option (\$282,000), which will be collected over a period of years.
- h. Please see Attachment Staff 10-1.h.xlsx for the backup documentation requested.
- i. The internal labor is associated with upgrading the billing system and meter installations.
- j. Please see Attachment Staff 10-1.h.xlsx for the backup documentation requested.
- k. The Company filed its first quarterly report on May 15, 2021, providing information for 2020 that was available. Since Phase 1 of the program officially began on November 30, 2020, following notification to Staff, the first quarterly report and data collection started on January 1, 2021, although the report did include some data collection from December 2020 report.