STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

April 20, 2021 - 1:02 p.m.
[Remote Hearing Conducted Via Webex]

RE: DE 21-049
LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP., D/B/A LIBERTY UTILITIES RELIABILITY ENHANCEMENT PLAN AND VEGETATION MANAGEMENT PLAN
(Hearing)

PRESENT:
Chairwoman Dianne Martin, Presiding
Commissioner Kathryn M. Bailey

Doreen Borden, Clerk
Corrine Lemay, Webex Moderator

APPEARANCES: Reptg. Liberty Utility (Granite State Electric) Corp., d/b/a Liberty Utilities
Michael J. Sheehan, Esq.

Representing Commission Staff:
Paul B. Dexter, Esq.

Court Reporter: Susan J. Robidas, NH LCR No. 44

I N D E X

WITNESS PANEL: HEATHER GREEN
ANTHONY STRABONE
JOEL RIVERA
DAVID B. SIMEK
ADAM H. HALL

P R O C E E D I N G S

CHAIRWOMAN MARTIN: We're here this afternoon in Docket DG 21-049, which is the Liberty Utilities calendar year 2020 Reliability Enhancement Plan and Vegetation Management Plan results and reconciliation.

I have to make the necessary findings. As Chairwoman of the Public Utilities Commission, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 Pandemic, and in accordance with the Governor's Emergency Order No. 12, pursuant to Executive Order 2020-04, this public body is authorized to meet electronically. Please note that there is no physical location to observe and listen contemporaneously to this hearing which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are utilizing Webex for this electronic hearing. All members of the Commission have the ability to communicate contemporaneously during this hearing, and the public has access to contemporaneously listen and, if necessary, participate. We previously gave notice to the public of the necessary information for accessing the hearing in the Order of Notice. If anyone has a problem during the hearing, please call (603)271-2431. In the event the public is unable to access the hearing, the hearing will be adjourned and rescheduled.

Okay. We have to take the roll call attendance. My name is Dianne Martin. I am the Chairwoman of the Public Utilities Commission, and I am alone.

Commissioner Bailey.

COMMISSIONER BAILEY: Good afternoon, everyone. Kathryn Bailey, Commissioner at the Public Utilities Commission, and I am alone.

CHAIRWOMAN MARTIN: Okay. Let's take appearances. Where are you? There you are, Mr. Sheehan.

MR. SHEEHAN: Good afternoon. Mike Sheehan for Liberty Utilities, Granite State Electric Corp.

CHAIRWOMAN MARTIN: Thank you.
And Mr. Dexter.

MR. DEXTER: Good afternoon. Appearing on behalf of the Commission Staff, Paul Dexter, Staff attorney.

CHAIRWOMAN MARTIN: Okay. Thank you. And I don't see the OCA on this one. Is that right?

MR. SHEEHAN: I checked the docket, and they did not file a letter of appearance in this one.

CHAIRWOMAN MARTIN: Okay. Thank you.

All right. For preliminary matters, I have Exhibits 1 and 2 prefiled and premarked for identification. Anything else we need to cover?

MR. SHEEHAN: Yes. Unfortunately, I missed one exhibit and filed it about a half an hour ago. It is a correction to a few pages in the original filing, and we will certainly talk about that through the opening. I just got it in a short time ago, and it is documents that were filed in the docket book last week. So they were provided to everyone last week, and I just missed marking them as an exhibit. Otherwise, there's nothing confidential in this proceeding.

And the last question is we have two sets of testimony, and my proposal is to put them all up there at once and we can not have to have two separate panels.

CHAIRWOMAN MARTIN: Mr. Dexter, do you agree with that approach?

MR. DEXTER: Yes.

CHAIRWOMAN MARTIN: Okay. And as for the additional exhibit, I assume that's been premarked Exhibit 3?

MR. SHEEHAN: Correct.

CHAIRWOMAN MARTIN: Okay. Thank you.

All right. Anything else?

[No verbal response]

CHAIRWOMAN MARTIN: All right. Then let's get the witnesses sworn in, please.

(WHEREUPON, HEATHER GREEN, ANTHONY

STRABONE, JOEL RIVERA, DAVID B. SIMEK and ADAM H. HALL were duly sworn and cautioned by the Court Reporter.)

HEATHER GREEN, SWORN

ANTHONY STRABONE, SWORN

JOEL RIVERA, SWORN

DAVID B. SIMEK, SWORN

ADAM H. HALL, SWORN

CHAIRWOMAN MARTIN: Okay. Thank you.

Mr. Sheehan.

MR. SHEEHAN: Okay. I'll start with the Green|Rivera|Strabone testimony.

DIRECT EXAMINATION

BY MR. SHEEHAN:

Q. Mr. Strabone, can you please introduce yourself and indicate your position with Liberty.

A. (Strabone) Good afternoon. My name is Anthony Strabone. I'm employed by Liberty Utilities. I am the senior manager of electrical engineering, where I'm responsible for the electric capital work plan, whereby I manage engineering and construction resources for capital projects.

Q. And Mr. Strabone, did you, along with Ms. Green and Mr. Rivera, prepare testimony that has been marked Exhibit 1, beginning at Bates 1?

A. (Strabone) Yes, I did.

Q. And it also includes a report, a VMP report, beginning at Bates 17. Did you participate in that as well?

A. (Strabone) Yes.

Q. And do you have any corrections as to your testimony here this morning?

A. (Strabone) No, I do not.

Q. And do you therefore adopt your written testimony as your sworn testimony today?

A. (Strabone) Yes, I do.

Q. Thank you.

Mr. Rivera, same questions. Can you please introduce yourself.

A. (Rivera) Hello, my name is Joel Rivera. I am employed as the director of electric control and dispatch by Liberty, and I am responsible for managing the operations and maintenance and capital budgets, and also coordinate the work flow and staffing requirements for these two groups.

Q. Mr. Rivera, did you participate in the drafting of what's been marked Exhibit 1, the Green|Rivera|Strabone testimony, beginning at Bates 1?

A. (Rivera) Yes.

Q. And as well, did you participate in drafting the plan, beginning at Bates 17?

A. (Rivera) Yes.

Q. Do you have any corrections to your portion of those documents?

A. (Rivera) I do not.

Q. And do you adopt the testimony as your sworn testimony here today?

A. (Rivera) Yes, I do.

Q. Thank you.

Ms. Green, same questions. Please introduce yourself.

A. (Green) My name is Heather Green. I am the program manager of vegetation and inspections, and I am responsible for the vegetation management program here at Liberty Utilities.

Q. Did you participate in drafting the testimony and report that appear at Pages 1 and 17 of Exhibit 1?
A. (Green) Yes, I did.
Q. Do you have any corrections?
A. (Green) No, I do not.
Q. And do you adopt the testimony as your sworn testimony here today?
A. (Green) I do.
Q. Thank you.
Mr. Strabone, can you give us a sentence or two of the purpose of the Green|Rivera|Strabone testimony?
A. (Strabone) Yes. The purpose of our testimony is to support the Company's request to approve rates necessary to recover the additional O&M and vegetation management costs, along with the revenue requirement for the capital REP investments.
Q. Thank you.
Mr. Simek, we'll turn to your and Mr. Hall's testimony now. Please introduce yourself. You're on mute, David.
A. (Simek) Sorry about that. David Simek,

manager of rates and regulatory affairs.
Q. Mr. Simek, did you participate in the drafting of the testimony that appears beginning at Bates 35 in Exhibit 1?
A. (Simek) Yes, I did.
Q. As well as the attachments beginning at Bates 45 and the proposed tariff pages beginning at Bates 71?
A. (Simek) Yes, I did.
Q. And we've just spoken about a correction to that. Is that something you wish to cover, or should Mr. Hall cover that correction?
A. (Simek) I can cover it.
Q. Okay. We've also marked Exhibit 3, which is a single page. The original appeared at Bates 65. It's been marked as 65-R, and then a number of tariff pages with their respective Bates numbering with an "R" after it. Can you please explain what the correction was made to fix?
A. (Simek) Yes. If we look at Bates Page 93-R, it's probably the easiest place to see the change.
Q. Now, the Commission may not have 93-R, since

we just filed it. Can they look at 93 and follow along?

A. (Simek) Yes.

MR. SHEEHAN: Madam Chair, I can, if it's possible, put 93-R up, if you'd like to go that route, or we can just have Mr. Simek speak to 93 and explain what was changed.

CHAIRWOMAN MARTIN: I was just looking to see if we have it.

Commissioner Bailey, do you have a preference?

COMMISSIONER BAILEY: I have it, Madam Chair, and I could e-mail it to you. It came from the Executive Director Mailbox.

CHAIRWOMAN MARTIN: That would be great. I haven't looked at my e-mail yet.

COMMISSIONER BAILEY: All right. I'll send it to you.

CHAIRWOMAN MARTIN: Thanks. If we could just pause for one minute while I pick that up.

(Pause in proceedings)

BY MR. SHEEHAN:

Q. And the page again, David?

A. (Simek) I had said 93-R. I misspoke. It's actually 94-R.
Q. And that's Page 4 of 10 in the PDF of Exhibit 3?
A. (Simek) Right.
CHAIRWOMAN MARTIN: Okay, I've got it. Thank you, Commissioner Bailey.
A. (Simek) So if we could please turn to Page 94-R. I just wanted to point out that under the Distribution Charge column for Rates D-11 and Rate EV, those rates that were reflected in the original filing represented the winter rates. And the correct rates for these two rates should have been reflected as the summer period rates which go into effect May 1st. So this page reflects the Distribution Charge column to have the correct summer rate. Then it's showing the .00064 increase for the O&M piece of this filing to come up with the proposed net distribution charges. So the only change here affected the original Distribution Charge column which still showed the winter rates when it should have showed the approved

summer rates.
Q. And is it fair to say the tariff pages that are part of Exhibit 3 just carry through those changes into the -- where it appears throughout the tariff?
A. (Simek) Correct.
Q. Thank you. With that correction, Mr. Simek, do you adopt the testimony in Exhibit 1, beginning at Bates 35, as your sworn testimony?
A. (Simek) I do.
Q. Thank you. Mr. Hall, please introduce yourself.
A. (Hall) Yup. My name is Adam Hall, and my position is analyst on rates and regulatory affairs with Liberty Utilities.
Q. And Mr. Hall, did you also participate in the testimony with Mr. Simek that appears at Bates 35 of Exhibit 1?
A. (Hall) Yes.
Q. And other than the correction Mr. Simek just described, do you have any further corrections to this testimony?
A. (Hall) I do not.

Q. And as to your role in this testimony, do you adopt this as your sworn testimony here today?
A. (Hall) Yes, I do.
Q. Mr. Hall, did you also calculate the bill impacts of the proposed rate changes in this docket?
A. (Hall) Yes, I did.
Q. And can you -- go ahead.
A. (Hall) I'm sorry.
Q. Let me ask you one other question. We have another hearing for Granite State starting later this afternoon which will also have some changes.
Can you tell the Commission how you intend to present the rate changes now and the rate changes in the later hearing?
A. (Hall) Yes. So on Bates 68, you should find a bill calculation. And from only this hearing alone, it's showing a bill increase of point -- or excuse me -- 60 cents, or .52 percent increase. The next hearing we're going to have with REP/VMP is going to show on bill impacts not only this impact, as well

as REP/VMP, but it will also show REP/VMP impacts alone as well.

Q. So I think you might have misspoke a little. This case is REP/VMP, and that is the bill impact we're looking at on Page 68; is that correct?

A. (Hall) Correct. I did get those backwards.

Q. Right. And the next hearing involves the transmission rates; correct?

A. (Hall) Yes.

Q. And you're saying that in the transmission rate attachments there will be a sheet that shows both the rate changes combined; is that correct?

A. (Hall) Correct.

Q. Okay. So we're looking at Bates 68. That is the bill impact of the proposed changes in this the REP/VMP docket; correct?

A. (Hall)Correct.

MR. SHEEHAN: Okay. Those are all the questions I have for both panels at this time. Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you.

Mr. Dexter.

MR. DEXTER: Sorry. Having trouble with my mouse today. All right.

CROSS-EXAMINATION

BY MR. DEXTER:

Q. Mr. Hall, has the correction that you just described, or Mr. Simek described, on Exhibit 3 to change one of the base rates, does that impact the bill impact sheet on Bates 68 that you were just talking about?

A. (Hall) No, it does not.

Q. And why is that?

A. (Hall) The correction was for the time-of-use rates, which doesn't show on the bill impact sheet.

Q. Because the bill impact sheet on Bates 68 is just residential; is that right?

A. (Hall) Correct.

Q. Okay. Thanks. So I guess I would like to start by going to Bates 63, jumping to the bottom line about what we're here for today.

And is it correct that Bates 63 calculates a .46 percent increase to Liberty's distribution rates that would be applied to all rates, all classes, I guess, or all rates?

A. (Hall) Correct.

Q. And the basis for that .46 percent is the increased annual revenue requirement stated on that sheet of $213,246; correct?

A. (Hall) Correct.

Q. And if I wanted to look at the development of that $213,000 revenue requirement, I would turn to Exhibit 1, Bates 47; is that right?

A. (Hall) Give me a moment.

(Pause)

A. (Hall) Yes, that's correct.

Q. And if I look down on, looks to be Line 70, I believe in the lower right-hand corner I believe I see that number of 213,246; correct?

A. (Hall) Correct.

Q. And all the lines above that are a revenue requirements calculation based on an investment amount of about a million five, $1,566,370; is that right?

A. (Hall) Yes. Correct.

Q. And that's way up on the top line, Line 1, upper right-hand corner.

A. (Hall) Yes.

Q. And that's the amount of reliability investment that the Company made for which they're seeking recovery through this docket; is that right?

A. (Hall) Correct.

Q. Okay. So to look for the details of the 1,566,370, I'd like the panel to turn to Bates 29 of Exhibit 1. And if I go to Column E -- so let me back up a little bit.

There are three -- in Column A there are three projects that are listed. And I would like someone on the panel -- I imagine Mr. Strabone or Rivera will tell me what the purpose of those projects were. Why were they undertaken?

A. (Strabone) Hold on one second, please. We're just catching up.

MR. DEXTER: Madam Chair, while Mr. Strabone's catching up, I just realized that I had asked my witnesses who -- I mean the Staff people who were not o the panel to text me if they had any questions, and I just realized my phone is in the other room. May I take 30 seconds to grab my phone?

CHAIRWOMAN MARTIN: Of course.

MR. DEXTER: Thank you. Sorry about that. I'll be right back.

(Pause in proceedings)

CHAIRWOMAN MARTIN: Okay. Are you all set, Mr. Dexter?

MR. DEXTER: Yes. Thank you for that.

CHAIRWOMAN MARTIN: Okay. Go ahead, Mr. Strabone.

A. (Rivera) Hello, this is Joe Rivera. Appendix 3 of Bates Page 29 has a list of three projects that were part of the reliability enhancement plan: The first project, 1303 Bridge Street in Salem; the second project, 1402 Nashua Road in Pelham; and the third project, 1402 Burns Road and Mammoth Road in Pelham. All these three jobs were chosen due to poor reliability history in these sections of bare wire. Out of these three, we ended up undertaking Line No. 1, which is the 1303 Bridge Street job, and

Line No. 2, 1402 Nashua Road in Pelham. The third job, the 1402 Burns Road and Mammoth Road in Pelham, that job was deferred due to increased costs mainly from the Bridge Street job. So that's really where those jobs came from.

BY MR. DEXTER:

Q. When you say that they were "chosen due to poor history of reliability," can you provide more details behind that conclusion? You know, how these jobs, for example, were chosen versus other segments on the Company system that might be appropriate for this type of upgrade?

A. (Rivera) Certainly. I might have to follow up on specific reliability numbers for these jobs. But I can tell you that these jobs are really the areas that experience the most interruptions for us, for Liberty. If you are interested in those details, I can make that available maybe as another request.

Q. Can you tell me, even if you don't know the actual numbers, can you describe the process or the analysis that the Company goes through that led to these three being at the top of the list?

A. (Rivera) Certainly. So it starts with a review of the outage data for the system. And we try to identify the incidents that resulted in the most impact, as far as customers interrupted or duration of interruption. We end up with a grouping of jobs, of areas that are the worst, as far as reliability performance, and we try to accommodate them within the five-year budget. So we have a list of different areas that may come up, as far as activity, and might increase in priority from one year to another. But for the most part, all of these areas are pretty active when it comes to interruptions and, you know, cause us the most effect -- (connectivity issue)

[Court Reporter interrupts.]

A. (Rivera) It causes the most effect on our reliability performance are these areas that we try to target with these -- with the reliability enhancement program.

Q. Is cost a factor in this ranking? In other words, do you take into account a projection of the costs to make these improvements in the ranking process when you're deciding which projects to undertake?

A. (Rivera) Yes. Absolutely. I try to combine the costs with the expected reliability benefit. So there's definitely a balance of cost versus benefit, how much we think we're going to be able to reduce the outages by. And given the projected cost of the job, we come up with numbers that sort of give us a range of what jobs will result in the most benefit for us.

Q. Okay. And we're going to get into the business case submitted for the Bridge Street job in a moment. But is this analysis that you've described, does that take place before the business case in the planning process, or would it take place after the business case?

A. (Rivera) It takes place very early in the process. Every year we try to identify new jobs. But most years, you know, these areas are already identified. So it might be where we target a certain job for a certain year, but given certain conditions, budgeting conditions or whatever it is, we end up -- we might end up deferring it to another year.

So, yes, it does take place early in the process. Most jobs, I'm trying to line up a couple of years, three years out, within five years. And we basically -- that's how we manage it year to year. It's grouping of projects, depending on which one is more critical, and that's the job that we try to do that given year. But yes, a lot of the analysis in a lot of cases can be, you know, one year, two years, three years back when we identified these jobs.

Q. And so is there a one- or two- or a five-page analysis of the Bridge Street job that you could provide for review to the Commission? And, you know, again, by "analysis," I mean this benefit cost analysis that we've been talking about that takes place early on in the process, not something you've already given us in the business case.

A. (Rivera) Yes, I can certainly follow up with one. We may have already provided something to Staff previously. So I can take a look at that, a summary of the expected reliability benefits for that job.

MR. DEXTER: Well, Madam Chair, I don't recall seeing that. I'm not saying we never got it. We deal with these folks a lot. But I think this is the first time this particular project has come before us. As we're going to see today, Staff has a lot of questions about how the estimate started versus where the actuals ended up. I think it would be important to have that initial analysis, and I'd like to make that a record request, if you would entertain it.

CHAIRWOMAN MARTIN: Any objection, Mr. Sheehan?

MR. SHEEHAN: No, no objection.

CHAIRWOMAN MARTIN: Okay. We will make that a record request, Exhibit 4 at this point.

MR. DEXTER: Thank you.

BY MR. DEXTER:

Q. So, again, back on Page 29 of Exhibit 1, the 1,566,370 that you identified as what's behind the .46 percent requested rate increase is detailed in Column E. And there are numbers for the first project and numbers for the second project and no numbers for the third project. And I think it's correct, isn't it, that that's because the third project was deferred, as you stated?

A. (Rivera) Correct.

Q. And is Line No. 1, the 933,795, is that the entire cost of the Bridge Street project?

A. (Rivera) Correct.

Q. And is the 632,575 the complete cost of the Nashua Road project?

A. (Rivera) Correct.

Q. And both of those projects were completed and placed in service by the end of the year 2020; is that right?

A. (Rivera) Correct.

Q. Okay. Now, just doing some -- I see the distances of these projects were projected in Column B and the costs were projected in Column D. And doing just some sort of rough math, it appears to me that these projects are about 1.3 miles of reconductoring, and

that seems to cost about a half a million dollars. At least it was budgeted for about a half a million dollars. Is that about in the ballpark as being correct?
A. (Rivera) I believe the initial estimate for these jobs, we assumed $380,000 a mile.
Q. Well, that's a little less than what's -- if you do the math in Column D, that's a little less. I get something more in the $400,000. But that is what's in the testimony. I understand that. So we'll come back to that I guess.
So if we go to Exhibit 1, Page 14, this is in the testimony, we'll see some more cost dollars. And here is where the -- Line 7 is where you indicate that the original estimated cost was 380,000 per mile for the Bridge Street project; correct?
A. (Rivera) Correct.
Q. And you indicated here that the actual cost per mile for the Bridge Street project was $778,162; correct?
A. (Rivera) Correct.
Q. And you also indicated in the testimony, I

believe, that the length of the project increased from the estimated 1.2 miles that was back on the other page we were just looking at to an eventual length of -- what was the eventual length of the Bridge Street project?

A. (Rivera) 1.38 miles.

Q. 1.38 miles. So what gave rise to that increase in the number of miles reconductored?

A. (Rivera) So initially when I look at these jobs, I use the -- our GIS system to measure the distances from one point to the other. But when an engineer goes and designs the job, you know, most often than not, that number is updated or corrected just because of that sort of error threshold by manually measuring the distances either in -- on my maps or our GIS system. So it was what I estimated to be when we first looked at it, but it ended up being a slightly longer conductor.

Q. So the engineering estimate is more detailed; is that fair to say?

A. (Rivera) Yes.

Q. Does the engineering estimate involve an on-premise visit to this length of wire that's going to be replaced, or is it still done, you know, with maps and records and not a visit?

A. (Rivera) No, a detailed design is done, you know, by several different points, you know, almost by section, so to speak. So it's definitely a lot more detailed than what I would normally do, just more of an investment-grade estimate.

A. (Strabone) Mr. Dexter, this is Mr. Strabone. If I may also chime in. It is done on site, and it also includes a constructability review with our operations folks. So there may be some input from our construction folks, where they may say, just looking over the design and looking where the end of the project is, they may have identified some things out in the field, where moving in a couple -- you know, adding a few feet or a few more sections and stopping it in a different spot may be better because of what we need out in the field for anchoring poles or supporting structures. So there's always a little bit of a difference once you get out in the field and actually look at field conditions and go through a constructability review with our operations folks.

Q. Thanks. So when did that assessment take place, the engineering estimate aided by on-site observation?

A. (Strabone) I'm hard-pressed to give you a time frame. I don't have the notes in front of me of when the review was completed. But it would be sometime after we identified, after Joel identified which projects needed to be constructed for our upcoming year. And once we know that we have the appropriate level of funding, then we go ahead and do our detailed design work.

So it's not in the upfront phase where these projects get identified. It's closer to construction that we do our detailed engineering.

Q. Okay. So we're going to get to the business case shortly. And that was prepared on

January 30th, 2020. I think what you're saying is this engineering estimate would come after the business case; is that right?

A. (Strabone) That would be correct.

Q. Mr. Rivera, you mentioned "investment-grade estimate." What does that mean exactly?

A. (Rivera) It means there's a higher margin of error than say a project-grade estimate that gets developed upon completion of a detailed design.

Q. And the engineering review that was just described, is that the project-grade estimate?

A. (Rivera) Yes.

Q. And the investment-grade estimate I think we established is done before the business case; correct?

A. (Rivera) Correct.

Q. Okay. Well, I want to come back to the reasons, you know, the estimate went from where it started to where it ended up. But before I do that, I'd like to turn to the business case. I have some questions about that. And that is Exhibit 2, Page 4.

So I just want to verify in fact that the business case was prepared on January 30th, 2020; correct?
A. (Strabone) That is correct.
Q. And the business case was actually for all three of the projects, not just the Bridge Street project; correct?
A. (Strabone) That is correct.
Q. And the amount of the budget that's listed on the business case on Page 4 up in the upper right-hand corner is $1,700,000; correct?
A. (Strabone) Correct.
Q. And the amount that was presented to the Commission in the November 15th, 2019 report that we were just looking at -- well, we weren't looking at that report.

Let's go back to... let's go back to Bates 29 in Exhibit 1 for a minute. There's a footnote to this sheet that says -- I'm not seeing exactly where the asterisk -- oh, the asterisk connects to the capital investment budget, 1.5 million for the four miles. And the footnote says "From Calendar Year 2020 Plan Submitted to Staff on November 15, 2019."

So my question is what gave rise to the difference between the $1,500,000 estimate that was submitted to Staff on November 15, 2019 and the $1,700,000 estimate that was in the business case on January 30th, 2020? That's only a 2-1/2-month difference. So what made up that difference?

A. (Rivera) I don't know, offhand. We do -- it wasn't 1.5. It was 1.6 million from Bates Staff 29, which includes 100,000 carryover. But I don't know where that extra $100,000, that discrepancy -- we'll have to follow up on that.

Q. But the carryover wouldn't relate to these projects because these projects hadn't been started yet; correct?

A. (Rivera) It would relate to previous years' projects that would result in spent in this calendar year.

Q. Right, but not the Bridge Street, Nashua Road or Burns Road/Mammoth Road project.

A. (Rivera) Right. But, well, the capital project business case I do believe takes into account that carryover also. So I think we need to look into that and see what we can find, as far as that discrepancy, which I believe is $100,000.

Q. Okay. Oh, okay. Okay. So you're saying the business case includes carryover from projects other than the four projects that we've been talking about, which is not what it says under Project Scope, unless I'm reading it wrong.

A. (Rivera) Yes. Every single year this REP bare conductor replacement project gets charges from the previous year that carry over onto the following year. So that's where that $100,000 comes from. We try to keep that in there to account for that sort of rollover or carryover, and which is part of the bare conductor replacement program. So even though it's not stated in the Project Scope statement, you know --

Q. Okay. I understand. So then, is it fair to say that the business case projected these four projects at a million six, not a million seven, because a 100,000 of that is related to carryover from a prior year?

A. (Rivera) I think that's a fair statement.

CHAIRWOMAN MARTIN: Mr. Dexter, you're on mute.

MR. DEXTER: Sorry.

BY MR. DEXTER:

Q. On the next page of the business case there's a Risk Assessment, and it gives the project a total risk score of 42. Can you give some context to that 42, and, you know, what risks are you talking about here? And does this make this a risky project, or is this the risk of not doing the project? I guess that's what I'd like to learn more about.

A. (Rivera) Yeah. Absolutely. So the way we come up with that risk score has to do with this case being a reliability project. It has to do with basically the reliability history on why it's scored that high. I'd have to look at the specifics on what makes up the 42. But in general, depending on the project type or the need, if it's capacity, it will be based on the amount of deficient capacity. If it's based on asset, it might be based on number of customers. If it's a risk issue, it might be road at risk. And then we couple all of the impact with the time, the probability that it's going to occur within a certain amount of time. So those two things coupled together is what make up the risk score. And each job is sort of unique as to how we score it.

So 42 is a pretty high number. Mandatory is 50 -- or the highest number is 49. So 42 is really a high-impact issue and problem that, you know, we look to resolve.

Q. Okay. So moving from the business case to the next document, which is the -- not the next document -- the changeover form which begins on -- it's hard to read. It's either Bates 9, I think, or 10. It's Page 7 of 12 of Exhibit 2 in the upper right-hand corner, and it's labeled "Change Order Form." I just can't read the Bates number. I think it's 10.

A. (Rivera) Ten.

Q. And this was dated July 27th, 2020. And this related to the same project; correct?

A. (Rivera) Correct.
Q. And this asks to increase the budget from 1,700,00 to 2,500,000. So an increase of $800,000; is that right?
A. (Rivera) That is correct.
Q. And the reason that's given for the increase, the increase request, appears towards the bottom of Page 10, and it says the over-expenditure is being driven by two factors: First is the carryover and associated burdens from 2019; second is the higher than estimated contractor cost based on bids received from contractors.
So my first question is what does that first sentence mean, "carryover costs and associated burdens from 2019," and how would 2019 impact this project?
A. (Strabone) So this change order that we have in front of us is for our bare conductor replacement program. So it's for the overall funding for all projects identified for the bare conductor; so it's not related to just Bridge Street or Nashua Road or any of those particular jobs that were listed on the

business case. This change order is associated with the overall Liberty funding for the bare conductor.

So we have two projects at the end of 2019 that had significant carryover costs; that was Shaker Hill and Sullivan Street. Those projects were placed in service towards the end of 2019, and we had the subsequent cost carryover into 2020. So in order to make sure we had an appropriate level of funding internally, we shifted funds, as you can see, the $800,000 from one project, which is 8830-2051, over to this Project 8830-2046.

Q. I think we talked about the Shaker Road project in this very same hearing last year. You said there were two leftover projects, Shaker Road, and what was the other one?

A. (Strabone) It was Sullivan Street. There's some carryover cost associated with that one as well.

Q. So the 800,000 does not relate only to the four projects that we've been talking about in this case.

A. (Strabone) That is correct.

Q. And yet, the project number at the top of the change order form, which is 8830-2046, is the same project ID number on the top of the business case, 8830-2046. The number's the same; correct?

A. (Strabone) Well, the overall project number is the same. So think of it this way: We have the overall project, bare conductor replacement, and then under that we have individual work orders that feed up into the overall project. So Bridge Street has its own individual project or work order number. Nashua Road would have one. Burns/Mammoth Road has one. And any other job we take up underneath the bare conductor replacement program has its own individual work order number.

Q. So to more accurately assess the original estimates versus actual expenditures, we should be doing it at the work order level, not at the project ID level; is that correct? Is that what you're saying?

A. (Strabone) Essentially, yes. If you're looking at the individual -- if you want to look at an individual project, if you want to look at Bridge Street, you would just look at Bridge Street as an individual number or an individual project and compare our original estimate to our actuals. Nashua Road would be the same, Burns, every subsequent project underneath the overall. And then ultimately that all rolls up to what our overall funding is for, you know, reliability enhancement projects, which would be, as you indicated, the project ID 8830-2046.

CHAIRWOMAN MARTIN: Mr. Dexter, you're on mute.

A. (Strabone) You're on mute.

MR. DEXTER: Apologies. Thank you.

BY MR. DEXTER:

Q. Back to the change order form, starting on Page 10. There were two reasons given for the $800,000. Can you break down the $800,000 between Reason 1 and Reason 2?

A. (Strabone) Hold on one second. Let me check...

(Pause)

A. (Strabone) So the reference is Staff Request 1-1, Part B, which is in Exhibit 2. I believe it's Bates Page 2. Let me know when you get there, Mr. Dexter.

Q. Yeah, I've got it.

A. (Strabone) This gives a breakdown where we have some increase in cost for Bridge Street. Ultimately on the last line of the response on Page 2, which is part of Response A, it reads, "The increase in these direct" --

[Court Reporter interrupts.]

A. (Strabone) "The increase in these direct and indirect charges listed above total $228,248." That amount can be attributed to the higher than anticipated construction that Mr. Dexter was referring to on the change order. And I believe we had approximately -- you have to forgive me, but there was a decent amount that was -- the remaining of that 800 -- and I don't think it's actually 800,000 because we included some more -- we included additional costs -- I mean it included additional money for our change order. The other portion of that is attributed to our carryover. And I don't have that in front of me. I have to apologize. I didn't bring those notes with me.

Q. Okay. I wanted to come back to that data response where you provided that detail and go through some of that. But before we leave the change order form, I have another couple of questions on that.

So on Bates 11 of Exhibit 2, Page 8 of 12, it looks like, according to this form, change orders above half a million dollars require the signature of the regional president. And it looks to me like this form was not signed by the regional president. So could you either confirm that I am correct and explain why or just explain in general what went on here?

A. (Strabone) Unfortunately, I can't tell you. I can't comment on that. I think it be best if we take it as a record request.

The process we follow is we present this to senior leadership during our capital budget meeting. We talk about these changes, the change order. You know, as long as it's approved, we send it through. It gets generated and gets sent through for approval, which ultimately goes to our finance manager on our capital budget side, and we'll seek senior leadership's signatures. So I can't comment on why the copy with our regional president was not provided or was. My apologies on that.

Q. So I'm not sure I understand. And maybe I didn't ask the question clearly enough.

Is it the Company's position that the regional president did sign this and I don't have it or that they didn't sign it, or maybe you don't know?

A. (Strabone) They should have signed it. I don't have that copy in front of me. And it doesn't look like we provided that one to you.

MR. DEXTER: Okay. So I guess the record shows that it wasn't signed. And I would be perfectly amenable to getting an updated version of this, you know, if there's one that hasn't been provided, that the regional president signed at the time, if the Bench would consider making that a record request. Or if you don't think it's important, then we'll leave the record as it is.

CHAIRWOMAN MARTIN: Any objection to providing that information, Mr. Sheehan?

MR. SHEEHAN: No.

CHAIRWOMAN MARTIN: Okay. We'll make that a record request, Exhibit 5.

MR. DEXTER: Thank you.

A. (Strabone) Mr. Dexter, you're on mute again.

BY MR. DEXTER:

Q. I'm trying to unmute. I'm told I create a background noise if I don't mute. I'm trying to be careful, but I've got to remember to do it both ways. Thank you.

I'd like to turn now, as you just did, to Staff 1-1. And the bulk of the response appears on Page 2 of Exhibit 2. And we'll go through all the reasons for the differences, but I wanted to ask about a couple of them.

The second bullet says that the original investment-grade estimate did not include the installation of a new load break switch to allow better sectionalization. Can you explain in a little more detail what a "load break switch" is?

A. (Rivera) Yes. It's really a disconnect on the utility pole that allows you to sectionalize that section beyond it.

In this project, the Bridge Street project, we added a load break about halfway, thereabouts, of the distance of the reconductoring, so that if something were to happen in either section, we have a means to quickly isolate the area and make it safe. So we thought adding that disconnect to allow us to do that, you know, we thought it was a good add to the project for all sort of reliability and --

Q. Is that a device that you would have expected to be in the original estimate? Is that a typical device, or is this an unusual situation to put in a load break switch when you're installing spacer cable?

A. (Rivera) I'd like to think that I looked to consider that in the beginning. It wasn't done in this case. It was identified during the detailed engineering part of it. Usually when we have folks look at it, we'll come up with certain changes or suggestions, and, you know, we often take those into account. And this was one of those. But, yeah, we try to look at things that maybe could be done while we're there, you know, little things like --

Q. Down further on the page -- oh, I'm sorry. I thought you were finished.

A. (Rivera) No. I'm sorry. I was trying to think of the term "cut out," you know, little things like that that we may be able to replace while we're there. But for the most part, it's strictly -- the scope is strictly reconductoring activity.

Q. Down further on the page there's a note that says "Actual direct tree trimming increased by $77,000, which was more than anticipated."

Can you tell me what the original tree trimming amount was?

A. (Rivera) One second, see if we can look that up. I may have to defer to Ms. Green.

A. (Green) I don't have the notes of the original at my fingertips.

Q. The original would have been part of the 380,000 per mile, which was the basis of the first estimate that would have included tree trimming?

A. (Strabone) Yes, that original $380,000 does include tree trimming costs.

Q. Do you know of anything in particular that occurred on Bridge Street that led to the $77,000? Is there a particular incident or situation that you encountered that you wouldn't have known about before the project -- when the original estimate was made?

A. (Green) I can address that. Heather Green.

So we did have an estimate put in, and then COVID hit. We had to use alternate resources. The local resources that we tried to use were not available for various COVID reasons. And then we had to bring in external crews, and the cost to do that was higher than expected. We also had crane work, as well, which was not in the original.

Q. So there was an original estimate. You don't

have that figure right now, though; correct?
A. (Green) Not at my fingertips.
Q. Okay. And what's "crane work"?
A. (Green) Complicated large tree removals that cannot be performed safely with an average 75- or 55-foot bucket, so it requires a crane to do those types of work. And they usually have a truck to haul wood.
Q. And when did the 77,000 -- I guess that's an actual number. But when did it become evident that the original estimate was going to be -- was understating the necessary tree trimming?
A. (Green) There was a conversation in the summer. I don't have the exact date. But it was expressed that the estimate was going to be -- that it was taking more resources to perform the work. But I don't have the exact date.
Q. It was during construction in other words.
A. (Green) It was during the process.
Q. The response also indicated that material charges increased by about $71,000 due to rise in material costs. Can you provide more

specifics about the material costs?

A. (Strabone) Yeah. This is just essentially our system that we estimate in has material costs in there. So when we estimated the job after our detail design, we had an expected material cost. We go through our procurement process, where some material we already have in stock and on hand, others we need to go and procure. Our procurement department handles that. And unfortunately for this project, some of those costs just came in higher than what our system had estimated our costs to be. But that was just through increased costs for material. There was no real significant change in what we were adding in there, except for what you saw in the line above it for the low-grade switch resulting in an additional $30,000. But ultimately it was just increased cost of material that our procurement department had to go out and secure for the job.

Q. And the original 380,000 per mile included material costs; correct?

A. (Strabone) It does, yes. That includes an average of our past jobs for materials of this size. That's how we're coming up with that $380,000. But yes, it does include materials.

Q. And you do these jobs every year; right? I think this is my fifth docket, and I think every time I've done this, there's been a spacer cable installed. This is not something that's new or unusual; correct?

A. (Strabone) Correct.

Q. Do you know how much of the materials that went into the job came from inventory and how much were purchased specifically for this job?

A. (Strabone) I would have to work with procurement to find out what we had on hand and what we had to go and purchase. I don't have the breakdown of ultimately what percentages those were.

Q. Okay. Now, the last paragraph indicates -- the last paragraph in Part A on Page 2 indicates that the total actual spend for this project ended up at $933,800, or a cost of 667,000 per mile. And that 933,000 is

what we saw on Exhibit 1, Page 29; correct?
A. (Strabone) That's correct.
Q. Okay. And so that's the entire cost of the Bridge Street Project, as we established earlier.
A. (Strabone) Correct.
Q. Okay. Before we leave Bridge Street, there's one more form I want to go cover. And that's in Exhibit 2, and that's called the "Project Closeout Form," and that starts on Bates Page 13 of Exhibit 2. This was prepared March 10th, 2021, as it says in the upper right-hand corner; correct?
A. (Strabone) Correct.
Q. And the requested capital is listed at a million seven. So again, that means, I think, that we're talking about the four jobs plus some carryover, I think is what we learned today. Is that right? By the four jobs, I mean Bridge Street, Nashua Road, Burns Road and Mammoth Road.
A. (Strabone) That's correct.
Q. And the form asks -- give me a second.
The form asks, on Page 12 towards the

bottom, "Do you agree that the project [sic] and/or service is ready to be deployed?" And the answer is "Yes." But in fact, the project was not completed because the Mammoth Road piece was deferred; is that right? It was completely deferred; correct?

A. (Strabone) That was deferred. But we answered this based on what we did for the projects related to bare conductor, which was Bridge Street and Nashua Road, which were completed.

Q. Right. But if we go back to the original form and then the change order form, we're talking about the four projects plus carryover; correct?

A. (Strabone) Well, ultimately if you look at the change order form, it was for the two projects, which is Bridge Street, Nashua Road and carryover. As we stated on Bates Page 29 of Exhibit 1, we deferred the Burns Road and Mammoth Road project due to what we were seeing for construction costs and total project costs.

Q. I'm sorry. So I might have missed that.

That's on the change order form, the deferral of the Burns/Mammoth project?

A. (Strabone) I don't believe it's in the change order. But I was referencing a previous part of our conversation, where Mr. Rivera indicated that we postponed the Burns Road job.

Q. Right. No, I understand it was postponed. I'm just trying to look at this from whoever it is in management that reads these forms. And the scenario that I'm seeing, and correct me if I'm wrong, is that a project comes in for four miles and some carryover. And then there's a change order form for four miles and some carryover, and then there's a closeout report that says everything's ready to be deployed. But in fact, it's not four miles, it's something like 2.5 miles. So if I were getting those reports, I think I would not be fully informed. And I guess I'd ask you to either agree with that or tell me why I'm wrong.

A. (Strabone) Correct. If you were to just pick up this piece of paper and read that, you wouldn't know the conversations that were had during the capital budget meeting. And I stated earlier that we go monthly on these capital budget meetings, and we talk about large projects such as this, and we discuss issues that we're running into.

So prior to submitting this change order form, we had discussions to say this is -- you know, we are experiencing higher than anticipated construction costs. To mitigate this, we're looking to do these changes, which include postponement of Burns Road and also postponing another project, and we're also looking to transfer the funds from Project 8830-2451, as stated on the change order, to cover the overages that we're experiencing with all of our bare conductor REP jobs as a total.

So management is fully aware of those changes. Yes, it's not documented on this change order. But prior to them getting it, they are aware of the impacts that we're having, our steps to mitigate it, and what our overall impacts are to other projects.

So they are aware that we only did those two projects and deferred the Burns Road job, as well as another project.

Q. And who does the project closeout report go to? I notice the other forms had people up the corporate ladder, it looks like, who signed off on them. But I don't see that for the project closeout. Could you explain who the project closeout report goes to?

A. (Strabone) It should -- let me just check. Hold on one second.

(Pause)

A. (Strabone) So in Section 1, you're right, it lists, you know, myself, the project sponsor. Our operations manager will have that. Our finance manager has it as well. And then I believe -- I can't speak to if senior management gets that after or not. But it is recorded for others to have access to it on a shared site, to go and take a look at all the project documents that are associated with these projects.

Q. So if we go back up to the change order form, the highest person on the list, I guess if

I'm just going by rank of who gets to sign off on what level, the highest person on the list is Richard McDonald, VP of Operations; correct?

A. (Strabone) Well, on the form that's submitted to you, yes, he's the highest one that has to sign. But as we indicated, it most likely went to Susan Fleck, our regional president, for her to see as well.

[Court Reporter interrupts.]

Q. Okay. So do I understand your testimony today that Richard McDonald and Susan Fleck would have been part of the conversations that went behind the project closeout report, such that they would understand that the answers on the bottom of Page 12 related to something less than the four miles?

A. (Strabone) Yes, they would.

Q. And Question 2.2 at the bottom says, "Do you agree that the products or services have sufficiently met the stated business goals and objectives?" The answer is "Yes."

It's your testimony that all those people we just mentioned would agree with that because they knew we were talking about 2.4, 2.5 miles, not the four-point something miles that were originally presented.

A. (Strabone) That's correct.

Q. Now, on the next page of the project closeout report, Page 13, Bates 13, it says, "Rate your level of satisfaction with regards to the project outcomes." And there's five criteria. And they're all rated, it looks to me, like three out of five, if I'm reading that right. Am I reading -- is that what the rating is, three out of five?

A. (Strabone) You are correct.

Q. So five would be the best score, and I guess a one or a zero would be the worst score?

A. (Strabone) That's correct.

Q. Oh, says it right there, scale one through five. Sorry. Five is the highest.

Why were these projects rated three out of five for quality, performance, scope, cost and schedule?

A. (Strabone) I guess because I'm a hard grader.

Q. Well, I guess what's really behind my question is I assume from an engineering standpoint that once these things were done, that they're performing as planned and expected. Is that true?

A. (Strabone) This is true. Yes.

Q. So that would be, you know, Items 1 and 2, I think, quality and performance. When we get to 3, it says "Scope." Now, we've just spent ten minutes talking about the scope was shrunk.

So based on your testimony, I guess I'm supposed to understand that -- well, I don't know what to understand because it would make perfect sense to me that the scope got three out of five because only two and a half miles were done. So maybe you can clear that up for me. I don't see how one and two, quality and performance, could get the same grade as scope.

A. (Strabone) Correct. And that's probably just the way I look at it. I looked at this and I guess gave it a three out of five. It's subjective to my personal view. But you're right. You know, project quality, we do QA/QC after the project's done. So those two jobs were built as designed and within our standards and industry standards. So, you know, thank you for bringing this up. But you're right. One and two should have a five. And also the last one, schedule, should have a five as well because we completed those projects in our calendar year. So I would look at those three to have a five.

And then you're right. Cost and scope, unfortunately, yeah, due to increased costs, you know, that would not receive a five and should receive, you know, a three. Same thing with scope. Unfortunately, we planned to do four miles and did less. So I would be in agreement that, you know, one, two and five should all be five out of five because they were completed as anticipated, along with products and service and project quality.

Q. Okay. So if we go to Bates 15, this is the last page of the project closeout report. And I see a final cost of the project of 2,183,000. And I guess what I've learned today, and correct me if I'm wrong, is that this is not just the Bridge Street and the Nashua Street project, but it's also some carryover; is that right?

A. (Strabone) That is correct.

Q. So it would not be a valid comparison to look at the original budget of those two projects and compare it to the 2.183 million because I'd be missing the carryover; correct?

A. (Strabone) Correct.

Q. All right. So we'll skip over that then for now.

So I wanted to ask about the second project, which is the Nashua Road project. And I want to start by going back to Exhibit 1, Page 29, where it was predicted or estimated back in November of 2019 that this would be 1.3 miles of bare conductor at an estimated cost of, I guess that's half a million, but correct me if I'm wrong. I'm taking a million and dividing it equally between the two projects; is that right? Is that how I look at that million dollars as it relates to Nashua?

A. (Rivera) I think that's a fair way to look at it, $500,000 for each of those jobs, give or take, given that they're about the same length or similar length.

Q. The actual amount came in at 632,575. Was that for the whole 1.3 distance, or was that distance altered as well, like the other project?

A. (Rivera) It's for the whole distance of the Nashua Road portion of the job.

Q. Right. Did it come in at 1.3 miles the way this schedule shows, or did the actual come out different from the 1.3 miles?

A. (Rivera) I don't know.

Q. Would you agree that this project seems to have come in much closer to the original budget than the Bridge Street project?

A. (Rivera) I do agree.

Q. Can you explain why that might be? Were there particular factors in Bridge Street that you ran into that you didn't encounter on Nashua Road?

A. (Rivera) Yes.

A. (Strabone) Yes. This is Mr. Strabone. For the Nashua Road job, our materials, we didn't have the overages for the material cost that we did on Bridge Street. Those came in more in line with what was in our system. Also, our trimming costs were also in line with what we anticipated from our estimate. And we just did not have the other charges or overages that we saw with Bridge Street for some of those other incremental costs. So this was more in line with what we anticipated for construction cost.

Q. And the Nashua estimate of 500,000 is what Mr. Rivera described as the "investment-grade estimate"; correct?

A. (Strabone) That's correct.

Q. And that was done without the benefit of the detailed engineering information that you talked about for Bridge Street; correct?

A. (Strabone) That's correct.

Q. So I guess I can understand that the vegetation might be different, depending on what you find when you get out there, when the engineer goes out there. But I'm having a hard time understanding why the materials

would be different. Were the materials on the Bridge Street job essentially the same or substantially similar to the materials on the Nashua Road job?
A. (Strabone) They're all the same. But once again, it goes through what the price was for material when procured.
Q. Were they done at different times?
A. (Strabone) Procurement of material is done at different times. I believe -- I can't -- I don't know the exact time frame of it, but there was separate, I guess you could say separate bid events going out to secure materials at separate times for the two projects.
Q. Has the Burns Road/Mammoth Road project been undertaken, started or completed since the filing of these documents?
A. (Strabone) We just started that project.
Q. So that would be early 2021; correct?
A. (Strabone) Correct.
Q. And is it expected that the cost -- how will the cost for that project be recovered by the Company?

A. (Strabone) How will it be recovered? Excuse me. Is that what you asked, sir?

Q. Yeah. I mean, I'm thinking we have a rate case settlement with a couple of step adjustments. Is it the Company's intention to include it there, if allowed under the terms of the step adjustment? Or is it going to be a more typical investment which will fall into rate base at some time in the future? And it's not crucial to this case. I understand that. But I just thought it would be interesting while we're talking about it.

A. (Strabone) I suspect it to be under the rate case.

A. (Simek) It all depends, Paul, if it was included in the budget that we had set up for the steps. And I just don't know, off the top of my head.

Q. Fair enough.

Okay. The question of budget to actuals was discussed quite a bit at this similar hearing last year. And Commissioner Giaimo had a suggestion, and I want to read the suggestion and ask if the Company has taken the Commissioner up on that suggestion. But I got to find the transcript, so I'm going to try to do that quickly, see if I can do that without losing everybody.

(Pause)

Q. So this is Page 98 from DE 20-036. The hearing was held April 27th, 2020.

Commisioner Giaimo said: Okay. So I know transmission owners, there was a big discussion about 20, 15, 20 years ago when transmission investment was far exceeding initial estimates. And through the ISO tariff and one of the attachments, they have an objective formula that they use, which is then used to determine whether or not some of the investments were, for lack of a better term, prudent, and whether or not they overspent and were so far off budget. I guess I would suggest that maybe the Company consider some sort of similar format to provide guidance that might be helpful. So after last year's case, where we talked quite a bit about Shaker Road -- and I think that's the Enfield project -- and some other projects where there were significant variances between actuals and estimates, the Commissioner made this suggestion.

And my question today is what, if anything, the Company has done to take the Commissioner up on this suggestion, or something similar to that.

A. (Rivera) I don't know. So that's something that we can follow up on.

MR. DEXTER: Well, again, I don't like to burden the record with record requests, but Madam Chairwoman, if that's something you think is important, I think it is, I'd request that it be made a record request.

CHAIRWOMAN MARTIN: Any objection, Mr. Sheehan?

MR. SHEEHAN: No. We'll do our best to answer it.

Paul, can you give me the site again? Page what of that transcript?

MR. DEXTER: Yeah, it's Page 98 from DE 20-036.

MR. SHEEHAN: As the Commission is well aware, there are many people involved in the various processes. So we've just got to track down who best can respond.

CHAIRWOMAN MARTIN: Okay. We will make that record request and make it Exhibit 6.

MR. DEXTER: Thank you.

So that completes my questions on reliability projects. I do have some questions on veg management. And I realize I've taken up a lot of the hearing time. I don't have nearly as many questions in the 3:00 docket. I don't know if there's any flexibility in going late on this one and starting the other one late.

CHAIRWOMAN MARTIN: I think so long as the next one is going to be shorter. But we should try to stick as closely to the schedule as possible just because that's what we put the notice out for.

MR. DEXTER: Okay. Well, I'll try to wrap this up quickly.

The other thing I was going to

request, Madam Chairwoman, when I'm done questioning and you're done questioning, when it comes time for closings, I was going to request a short recess so that I could confer with the other Staff members before closing. But I may be jumping the gun on that. I guess I should finish my questions first.

CHAIRWOMAN MARTIN: Let's see where we land on timing and go from there.

BY MR. DEXTER:

Q. So to assess the impact of the veg management presentation, I'd like to go to Exhibit 1, Page 64. And is it correct that this page depicts the calculation of the proposed REP/VMP adjustment factor of $.00064?

A. (Hall) Yes, that's correct.

Q. Going to the top of this page, I see a figure of $570,000 which is labeled "2020 O&M Expense above Base O&M Expense." And if I wanted to see where that number comes from, I think I go to Page 46. So let's turn to Page 46 and see if I'm right. Yes, if I go to Page 46 and look at Line 7 -- I see that figure of $570,000 on Line 5 and on Line 7;

correct?

A. (Hall) Yes, that's correct.

Q. And can you explain how that is the amount above what's included in base rates?

A. (Hall) Give me one second. I might have to -- excuse me. I might have to defer to Mr. Simek for a full explanation of the answer.

A. (Simek) I can help walk through this.

So the actual spend for this calendar year was $2,461,057, as you can see in the first line; yet, based on the settlement agreement in DE 19-064, which had a budget of 2.2 million, which you see on the next line, and then a 10 percent cap above that, which then calculates to the 2,420,000 that you see on the next line, so the most that we can collect above base rates is the $2,420,000. So the difference between 2,420,000 and the amount that's included in base rates for 2020 of 1,850,000 is how the 570,000 is calculated.

Q. And the 1,850,000 is sort of an average between the 1,500,000, which was the figure before the most recent rate case, and the 2,420,000, which is the number after the most recent rate case; is that correct?

A. (Simek) Sort of. It's January through June, the 1.5 annual amount that's in place. So half of that is 750,000. And then for July through December it's the 2.2 million amount that was in place. So you take half of that. So it's about 1.1 plus the 750,000 is how we calculated the 1,850,000.

Q. So as Mr. Simek just stated, the amount since the most recent rate case in 19-064, the amount included in base rates is $2.2 million for veg management O&M; correct?

A. (Simek) Correct.

Q. And the actual spend was more than that, as we see on Line 1.

My question is did the Company prepare an O&M budget to meet the 2.2 million; and if so, has it been provided in this docket?

A. (Green) We provided an original budget and then adjusted the budget to closely meet the 2.2 plus 10 percent, and that has been provided.

Q. The original budget was higher; correct?
A. (Green) Yes. It was 3 million originally.
Q. And then the revised budget you submitted did not equal the 2.2 million, but it was in line with the 2.2 million plus 10 percent is what you just said; correct?
A. (Green) Correct. And a little over, actually.
Q. Right. But the Company never prepared a budget for 2.2 million I think is what you're saying; correct?
A. (Green) Correct.
Q. I want to take a look at the budget that is close to the 2.42 million, and I believe that's Exhibit 1. Maybe you can help me out with the page number.
A. (Green) So, 27 maybe?
Q. Yes, thank you, that's the one I was looking for. So that's Exhibit 1, Page 27. And the budget you're talking about is Column A; correct?
A. (Green) That's the adjusted budget after we learned about the Fairpoint credits not being available.

Q. So there was another budget that was closer to the 2.42 million?
A. (Green) No, there was a budget that had the credit in it. That budget was 3 million minus credits, which were --
Q. Right. I guess what I'm trying to get at is I'm looking for the budget closest to the 2.2 million which was included in base rates, and I think it's Column A of Bates 27; correct?
A. (Green) That sounds correct.
Q. Okay. So if the Company were to produce a budget that equaled the amount that's in base rates, which of these line items would be adjusted downward to reach that?
A. (Green) We wouldn't cut it any further. As it is, we're trying to meet a four-year cycle, as well as trying to meet a four-year cycle and the loss of, you know, credits that we had.
Q. So this budget, then, is an attempt to meet the four-year cycle which was agreed to in the rate case settlement, but utilizes the 10 percent leeway that was in the rate case settlement as well and gets us somewhat close

to the 2.2 million plus 10 percent, which is 2.42 million; is that right?
A. (Green) Yes, that sounds about right. I mean, we cut significant portions to meet the settlement agreement and the loss of income from the credits.
Q. Okay. Well, I guess there's two factors.
When did the loss of the credits from Consolidated, when did that start? When did you stop getting those figures from Consolidated?
A. (Green) We learned that we were not going to receive the credits in April of 2020.
Q. And do they owe the Company any money? Are there any remaining balances to collect from before when they gave that notice?
A. (Green) As I understand, yes, there is.
Q. And is there an expectation that any of that money that's, quote, unquote, owed to the Company, because it was before they gave the notice of cancellation, will be collected?
A. (Green) I do not know the answer to that question. We are seeking to be paid.
Q. Okay. And if it were collected, would it

show up on Line 13 next year when we do this case? Is that the Company's intention do you know?
A. (Green) No, we don't anticipate getting any credits for 2020 or 2021 work. It would only be reimbursement for 2018 or 2019 work.
Q. Okay.
A. (Green) Did I answer a question incorrectly earlier?
Q. No. I'm sorry. Are you asking me?
A. (Green) Yeah. Sorry.
Q. I guess I'm not sure. I guess my real question is if additional reimbursements from Consolidated were to come in, would you expect to pass them back to customers through a credit to this program at all, the way it was done in recent years?
A. (Green) Anything that we would receive from them has already been accounted for, with the expectation we would receive it. That credit was accounted for in 2018 and 2019. So the only payments we'd be receiving is previously accounted work. It's not new bills or invoices that would go out for 2020 or 2021.

Those are already in the accounting process. And Dave should speak to that or someone in finance maybe, if that's appropriate.

A. (Simek) Yeah, I just don't know that answer, Paul.

Q. Okay. Let me move on to another subject.

I think you said, Ms. Green, that you drastically changed the budget, or significantly changed the budget when you learned of the loss of the credits. So where, which of the lines on this sheet shows the -- you know, sort of bore the brunt of that reduction?

A. (Green) Line 2, Line 3, Line 4, Line 5, Line 6, Line 7, Line 8, Line 9. I'm not sure about Line 10.

CHAIRWOMAN MARTIN: You're on mute.

MR. DEXTER: Sorry.

BY MR. DEXTER:

Q. So basically you sort of spread this lost revenue, if you will, across the board, across your budgets.

A. (Green) Yes.

Q. Did you reduce the number of miles that you expected to trim?
A. (Green) Yes.
Q. From what to what?
A. (Green) Let me pull it up. Provided on the last page of Exhibit 2, I believe, the original was 225 miles, and we reduced it by 29.66 miles, for a total of 195.
Q. And when did that occur? 2020 or 2021?
A. (Green) For 2020.
Q. And what's the projected number of miles for 2021?
A. (Green) I want to say it's 234, but I am not certain that's the correct number. That's the number that's in my head. Do you want me to take a data request for that, or do you want me to look it up?
Q. You said 234; right?
A. (Green) I believe so.
Q. Well, okay. I mean, if you can look it up quickly, sure.
(Pause)
A. (Green) So 234.87.
Q. Thank you. So my question was, with the

reduction of 30 miles in 2020, would you be able to stay on the four-year cycle that was agreed to in the rate case?

A. (Green) Because we did not complete those 30 miles in the 2020 cycle year; is that correct?

Q. Right, that's what I'm asking. Since the 2020 year seems to have come in about 30 miles less than what was projected under the four-year cycle, my question was does the Company still plan to meet the four-year cycle requirement of the rate case settlement even without the credits from Consolidated Communications?

A. (Green) So are you talking about 2021 versus 2020?

Q. Well, I'm talking about the four years. I'm not sure when the four-year cycles -- I don't remember when the four-year cycle started.

A. (Green) So the end of -- December 31st would be the end of the first full year. So we were shy to accomplish the four-year cycle by 30 miles.

Q. So the four-year cycle ended 12/31/2020?

A. (Green) Correct.

Q. And so you were on track up until that very last year.

A. (Green) Yes.

Q. Okay. So a new cycle starts 1/1/21.

A. (Green) That is correct.

Q. So my question is, with the 235 [sic] miles projected for 2021, does that indicate that the Company is on track to stay on the four-year cycle that started this year?

A. (Green) The current plan of the 234 miles is a plan for a four-year cycle. Correct.

Q. Okay. So what happens to that 30 miles that wasn't trimmed in 2020? How does that get addressed?

A. (Green) It's in the 234 miles. We had to spread -- one of the feeders got adjusted, the 10 and the 19 I believe. So there was some adjusting that went through over the next four years. So as you look them over, 2021 is a higher year than the next subsequent three years.

Q. Okay. I want to go back to the list of the -- to the budget that we were talking about. I think you said it was Page 27.

A. (Green) Yes, of Exhibit 1.

Q. Exhibit 1, right. And I wanted to talk about Line 7, Hazard Tree Removal, where there's a budget of 100,000 and an actual of rough 111,000. Can you describe this activity in a little more detail, please?

A. (Green) The tree removal line item is for any charges for a unit-price tree removal, or a 25-inch tree that's hourly, but basically removals that are scheduled and planned through cycle maintenance. So they can be risk trees, as far as grow-in; it can be risk trees, as far as fall-in. But that's where we have the unit-price removals charged to.

Q. Can you describe the difference between "grow-in" and "fall-in"? I think you mentioned that term in one of your data requests.

A. (Green) Yes. A grow-in would be a tree that most likely is trapped underneath and growing in or close to the side and growing in. And then a fall-in would be a tree that the risk associated with that is more not that it's going to grow into the conductors, but that it's going to fall into the conductors. And there are some trees that are both grow-in and fall-in.

Q. Do you assign a risk priority, or do you assign priority to the hazard trees that you remove based on any sort of criteria; and if so, please describe?

A. (Green) So we are building various tools for risk analysis. When we identify the trees in the field, we identify them as grow-in risks or fall-in risks, and we also identify their probability of failure. So, severe, likely, unlikely -- sorry, likely or unlikely, those categories. And then we are currently in the process of relating that to the consequence of failure, which is the number of customers that are affected by that failure on that segment. So we are building that inventory and that information.

Q. So it doesn't currently exist? It's an inventory that you're building; is that right?

A. (Green) Correct. It is being built.

Q. So does that information inform your current activities for either 2020 or 2021, or is that something that will take place either later in 2021 or beyond?
A. (Green) 2021, I anticipate having it more -- yes, more -- I can do it now, but -- (connectivity issue)
[Court Reporter interrupts.]
A. (Green) My contractor actually builds the report for me currently, and until the link is completely built. And in the future I'll be able to pull that report myself. I can identify fall-ins and grow-ins, and he can pull in the consequence of the failure. I can't pull that report currently.
MR. DEXTER: Okay. I believe that's all the questions I have. Thank you, Madam Chair.
CHAIRWOMAN MARTIN: Okay. Thank you. Commissioner Bailey?
COMMISSIONER BAILEY: Thank you.
INTERROGATORIES BY COMMISSIONERS:
BY COMMISSIONER BAILEY:
Q. On Page 12 of Exhibit 1, you tell us that

Consolidated is no longer going to pay for any tree trimming because of a provision in the contract that you signed with them. Can you explain that to me, please?

A. (Green) So they had a clause in there where they could terminate that term of being required to participate in the cost-per-tree tree work five years out and beyond. And they took that clause and initiated it.

Q. Well, did you agree to that clause?

A. (Green) It was in the original agreement. Yes.

Q. Why did you agree to that? I don't understand how Consolidated doesn't have to pay for some of this work.

A. (Green) I would defer to legal counsel on that.

MR. SHEEHAN: If I may, I can explain it in closing. But it's a 1980 contract that has been carried over all these years.

COMMISSIONER BAILEY: Okay. Thank you.

BY COMMISSIONER BAILEY:

Q. In the next -- at the bottom of Page 12 going on to Page 13, you show the table that we just went through, and there's a net of $11,501 increase. Can you explain how that relates to the $41,057 variance from the budget?
A. (Green) Can I ask for clarity? You said $11,000? Which line is that?
Q. Well, if you take -- on Page 12, Line 21, through the next page, Line 7, and, you know, calculate the pluses and minuses, you get to $11,501. And we were just looking at a table on Page 27 that shows that calculation.
A. (Green) I'm not familiar with the -- I can't open both of them here.
Q. They're both on page -- sorry -- both in Exhibit 1. Oh, you can't look at both pages at the same time?
A. (Green) Yeah, exactly.
Q. Okay. Well, I mean, they're the same money numbers. Can you just take my word for that? Or just go to Page 27 and look at those numbers and the net of those numbers in Column C --

A. (Green) Okay.

Q. -- $11,501.

A. (Green) Okay.

Q. You see, you know, the variance is 3926 over, 7490 under. And if you go back to Page 12 and 13, you see that --

A. (Green) Can you repeat the question? I see the $11,000. Can you repeat the question, please?

Q. Okay. So that looks to me like all of the expenses, the over or under for the expenses, adds up to $11,501. But in the paragraph above -- maybe that's why you're having a hard time because I can't find the number. You budgeted two million -- well, no. You budgeted -- what was your budget? What was your total budget?

A. (Green) I actually budgeted more than the 2.2 plus 10 percent. I couldn't cut it any more than it was. So it was already higher than the 2.4, and I understood that. But I couldn't cut it any more. So I have --

Q. And so -- sorry. Was the budget $41,057 above the 2.42 million?

A. (Green) That sounds about right. I don't have that number in front of me.

Q. Well, that's my question. If you budgeted 41 million -- sorry -- $41,000 above what you were allowed, how does that relate to the $11,000 net over/under?

A. (Green) So the 11,000 net over/under is of the budget that I have here, which is 2.449. So when I had the original budget of 3 million plus with the Fairpoint credits, and then the Fairpoint credits were no longer available to us, I cut everything as much as I could comfortably cut it. And there was nothing else to cut. So I made a budget of 2.449, which was really close, but 11,000 over -- or sorry -- a little bit over the 2.42, which is the 2.2 plus 10 percent. But it still exceeded, but I made accommodations for the loss of the income of the Fairpoint credits while trying to continue to maintain the four-year cycle which we were asked to do, and by maintaining reliability in the program. So this was what that $3 million budget was cut down to.

Q. So on Line 13, Page 12, we see the actual spending was 2,461,057. Is that the $11,000 over what your budget was?
A. (Green) That is correct.
Q. Okay. Thank you. On Page 15, you talk about the Vilas Bridge is mainly a radial line with minimal backup ties, and that's why it's important to reconductor it.
My question is: Does the Company have plans to address that single point of failure in the future?
A. (Rivera) We've been targeting the 12L2 for a couple of years now. That feeder, it's got several sections of bare wire conductor. And we're approaching it in a phased approach, starting with the front end of the feeder and working our way out to the further end of the feeder, where we also have a lot of issues. So, yes, we do have a plan for this feeder. And, you know, it will take a few different phases to really try to address these main areas that are having issues.
Q. And is some of that feeder in Vermont?
A. (Rivera) The feeder had -- the source, the

breaker, the substation, it's physically located in Vermont, owned and operated by New England Power.

Q. So will you have any authority to fix that?

A. (Rivera) We have authority to fix the distribution line once it crosses the state line into New Hampshire. So all the distribution lines, the poles, the equipment, we own, we operate and can address.

Q. But the failure that you were describing in this paragraph happened to the transmission line in Vermont; so even if you fixed the distribution lines, it wouldn't have helped?

A. (Rivera) If I recall, this particular one was due to a tree that fell during a stormy day. A tree fell on our Liberty distribution lines and caused several sections of wire down. And it was in a location on the feeder that prevented other unaffected areas to be restored, which means all the customers had to be out of power while repairs were made.

So that issue is what we're trying to address with spacer cable. It's hard to say in this particular case if spacer cable would have been better or worse, given the large amount of -- the large tree that fell. But we are looking to address vegetation problems in this circuit.

Q. Are you thinking about adding load break switches?

A. (Rivera) We're definitely looking to see from a sectionalizing point of view if the feeder has adequate sectionalizing, which includes a number of switches along the feeder which might let you sectionalize a portion of it. I can't think of any new load break switch that we're looking to install, other than in the future we are looking to do some distribution automation in this area, which would require the installation of automatic switches, switches that you can control remotely or take action automatically. So, yes, we are looking to add more sort of sectionalizing switching, remote switching capabilities.

Q. So this may be for Mr. Strabone, or maybe you, Mr. Rivera, but I've had conversations with the ISO after the Texas incident, and they recommended that we ask our electric utilities whether their systems are properly sectionalized if they require load shedding.

Can you talk a little bit about that and whether you think that if ISO said you had to shed load, you could do it without causing other problems and get people back on when it was time to change the area?

A. (Rivera) Yeah, I can talk a little bit about that.

We have what we call, "underfrequency load shed plans," different levels of frequency points. So as the frequency of the system decays, a certain amount of load is being shed to match that drop in frequency. This is an exercise we go through every year, where we set these relays based on the previous year's peak load and the requirements that we need to meet, as far as amount of load being shed. So if we were to have a frequency decay in the system, underfrequency relays would trigger, dropping load, depending on how low frequency drops.

The other part to load shedding is what

we call the "manual load shed plan," where we might get a call from, say the ISO, where they might need to call out for a certain step in the manual load shed plan. For example, you know, they might say we need to go to Step 10 of the load shed plan, and that tells our operators that "in essence," 10 percent of the load needs to be dropped.

So we have plans in place, as far as what feeders need to be dropped under that scenario. And we start with the feeders that have less of a criticality score, meaning it's got -- maybe it doesn't have a hospital, it doesn't have a nursing home or evacuation center. So that's how we rank the feeders and choose the feeders accordingly, based on that. And there's other things that we look at, as far as rotation plans if, God forbid, we ever got to that point.

But I think the key for us is really to track, document, identify all these priority customers that are on the system, so that if we ever get into a situation like this, we know, you know, exactly what load we're

dropping and what load we need to restore.
Q. Have you -- do you update those critical customers frequently?
A. (Rivera) I do. I try to do it once a year, where I export a list of our customer account table. Our customer account table contains priority codes for the different customers, and then that priority code I use to come up with a, call it a criticality number on the feeder; the higher the number, the more critical it is. And that's sort of how we choose our underfrequency plans, our manual load shed plans, our rolling blackouts, I'll call it that.
So, yes, we do look at that. We try to look at that every year. We try to update that and see if there's customers that should be on the list that are not there and try to stay on top of that.
Q. Have you looked at what happened in Texas? Because my understanding is that the Texas utilities had similar plans in place, as you just described, and when they actually went to implement them, maybe more contingencies

happened than they anticipated, but they were very close to a all-out catastrophic failure.

So what I want to know is whether you are convinced that if you're required to do rolling blackouts, that New Hampshire is not going to be responsible for a catastrophic failure.

A. (Rivera) I know very little of what's been going on in Texas. I do know that they've had issues with maybe keeping track of their priority customers -- for example, gas-generating facilities, you know, those types of facilities that you don't want to turn off power to because it creates sort of a cascading effect.

If we were ever in that situation, I don't know that I would describe it as a "catastrophic failure." It's more of a response to supply capacity and what we would do as a distribution utility to help in the overall sort of transmission load system. You know, so we would basically be taking the guidance from the ISO. They have overall view of the system, and we're basically owning a very small portion of that transmission system. But nonetheless, we would still follow all of the requirements for underfrequency load shed and that sort of thing.

Q. Mr. Strabone, do you have anything to add?

A. (Strabone) I believe Mr. Rivera covered it all. I'm confident in his plans, and ours as a company, to be able to respond as a distribution company. And I hope we never experience what Texas experienced here. But I believe we are taking measures to make sure that we are able to have a resilient system and respond from anything major that may happen in the state of New Hampshire.

Q. Mr. Rivera, I mean, I think part of what happened in Texas had to do with their ability to sectionalize properly and frequency instability. And you're telling me that in New Hampshire that's not going to be a problem.

A. (Rivera) No, I can't predict that. I couldn't make that statement because, like I said, we're just a distribution company. If something like that were to happen, I mean, we're a lot more resilient when it comes to adverse weather than, say, Texas. But if we had some sort of capacity generation problem, it would really be more of a bulk system sort of thing, transmission with, you know, different states involved. And for Liberty, we just have our impact on the two transmission systems that we're part of, Massachusetts and Vermont.

Q. I'm really talking about the distribution system being able to shed load.

A. (Rivera) Oh, oh, I'm sorry. Yes, we would definitely be in a situation where we would be dropping load almost instantly under frequency. And also, we have our manual load shed plans in place, where if we needed to go to a certain step load shed, we can remotely drop the load, based on the step that we're in. So if it's a Step 10, the operators know exactly what load or what devices need to be operated to be tripped. And we choose devices that we can operate remotely for this.

So yes, we would be ready if this were to occur, or something similar.

Q. Okay. I had a follow-up question on the closeout report.

So as I understood your testimony, the 8830-2046 project included the Bridge Street, the Nashua Road and the Burns Road/Mammoth Road work orders. But the closeout report is a closeout report for 8830-2046, and you did not complete the work order for the Burns Road/Mammoth Road project. So how can you close out 8830-2046?

A. (Strabone) So we perform business cases, capital expenditure and project closeout reports on a yearly basis. So Project 8830-2046, that project number is -- the nomenclature for "8830" means Granite State Electric; "dash 20" means the year; "46" is just the arbitrary number assigned to the project as it goes. So every year we take out a new project number. So we close the project out for 8830-2046 on a calendar-year basis, just as to say, okay, this number is now closed in 2020. But in 2021 we have a new project number, which is 8830-2146. So we're doing project closeout forms on a calendar basis every year. So we're closing it out on the projects that we completed.

Now, yes, we didn't complete Burns under this overall umbrella of projects. But as we indicated, that was postponed until this year. All those costs get transferred to the project number of this year, and we will be closing that project out when complete in 2021. So that will be part of the project closeout form and cost report on the project closeout in 2021.

Q. So the Burns Road/Mammoth Road work order gets assigned to a new project number because it didn't complete in 2020, so it had to have a 2021 project number?

A. (Strabone) Correct. So the work order number stays the same, identifying that level, but it gets reallocated and re-mapped to the overall project of 8830-2146.

Q. Okay. Thank you. I think my final question... this is me just trying to understand the numbers again, like I had the conversation with Ms. Green.

But on Page 39, the difference between the actual spend of 2.461 million and what's in rates for this year of 1.85 million is $611,057. So what -- on Line 11 you say the net result is $570,000. Can you tell me what I'm not -- what dots I'm not connecting?

A. (Simek) Yes, I can do that. Could you please just tell me what Bates page you're on?

Q. Yes. I'm in your testimony, Exhibit 1, Page 39, and $570,000 is on Line 11.

A. (Simek) Okay. So the 570,000 is the difference between the 2,420,000 that was the settlement agreement amount that we are allowed to spend for this program for the year. So it's a budget of 2.2 million, and then it has a 10 percent cap, which then comes to 2,420,000. If you subtract out the 2,420,000 from the amount that's included in base rates of 1,850,000, then the difference is the 570,000, if you're looking to what we're proposing to collect here.

Q. Okay. Thank you. So the difference between 570,000 and 611,000 you won't collect.

A. (Simek) Correct.
Q. Okay. Thank you. That's all I have.
BY CHAIRWOMAN MARTIN:
Q. All of my questions have been answered, except for one. I just want to follow up on Mr. Dexter's -- he had a couple questions on the materials. And the response was that the procurements resulted in increased costs for materials because that reflects the market cost for those.
Was that the only factor that changed? So the amount of materials planned for, all of that stayed the same, and just as a result of the procurement the costs went up? Or did other factors change the amounts?
A. (Strabone) No, that's correct. It was really just driven by just the materials, the rising cost of materials that we calculated out between our engineering estimate and our actuals. So our engineering estimate had our switch that -- you know, the change in design from our conceptual to our engineering. Our estimate had those costs. And then when we looked at what the actuals came in at, it's

really the only driving factor between the materials, what we estimated for our engineering design and our actual cost was just the rising cost of materials through the procurement process.

Q. Thank you for that clarification.

CHAIRWOMAN MARTIN: I have no other questions.

Mr. Sheehan, do you have redirect?

MR. SHEEHAN: I do have a few, and I will try to go quickly.

REDIRECT EXAMINATION

BY MR. SHEEHAN:

Q. First, Ms. Green.

On the Fairpoint costs that we have not collected from Fairpoint -- of course, now they're Consolidated -- you mentioned those are for past years. Is it fair to say the reason they won't be returned to customers is because when we propose these costs, we never include the Fairpoint costs; so the risk is on us as to whether we recover them or not?

A. (Green) That sounds correct.

Q. So if the whole program was $100 and we planned on the getting $30 from Fairpoint and we only come to recover $70, the rest we chase Fairpoint for.
A. (Green) That sounds correct.
Q. Okay. Mr. Strabone, you talked about how senior management learns of these projects through the regular budget meetings. I just want to ask you a few questions about those meetings.
How often do capital budget meetings occur?
A. (Strabone) They're scheduled to occur monthly.
Q. And do you go every month?
A. (Strabone) Yes, I do, along with members from finance, other project team members, other capital projects that are going on, and folks from operations and senior leadership.
Q. And can you tell me by name and title who are the senior leadership people as of today, because it changes over time of course, that would attend these monthly budget meetings?
A. (Strabone) Yeah. We have Susan Fleck, who is

our state president; we have Richard McDonald, who is our VP of operations; Peter Dawes, I believe he's our regional vice-president of finance. On occasion our regional president, James Sweeney, is on there. And then there's a list of numerous directors. I don't know if you want me to step through all of those as well.

Q.   That's okay. And are these senior management, except for you mentioned that Jim Sweeney may not be there all the time, are the others, if not there every month, are most often there?

A.   (Strabone) That is correct, they are.

Q.   Can you explain the nature of the discussion between management and the project managers like you when there are costs over or under for particular projects?

A.   (Strabone) Yeah. So every month the discussion is really focused on our current spend, the current actual spend and where we're -- how that is comparing to our expected or forecasted budget at that time. And then we also look out to forecasting, you know, actual spend for the rest of the year and how that compares to our budget. And then from there discussions really will go, you know, if we have budget underruns, okay, we discuss what we're doing for what is causing the underruns, and if there's any project that anyone could pull in, you know, sooner or, you know, fill some of that, you know, additional money that's now available in the budget.

And then on the flipside we have discussions regarding overruns. And discussions vary of what's causing the overrun; is there anything we can do to mitigate that, as in, you know, defer another project, reduce scope? You know, do we need to ask for additional funding from our parent company? What's the overall impact to our capital budget? And, you know, really just a thorough review of the impacts, the causes, all of our options to mitigate these costs, both at the project level and then our overall, overarching capital budget level.

Q. And are you the person that is the lead from

the project side for these REP projects?
A. (Strabone) Yes, I am.
Q. And how many projects, for example, would you have to talk about at one of these meetings? One, two, twenty?
A. (Strabone) Probably on the higher end.
Q. Okay. And is it fair -- go ahead.
A. (Strabone) Excuse me. For individual projects, it's probably five or so. But I also speak on behalf of some of our blankets that we have that run, like nature -- normal run of the business, like new business commercial and new business residential. So I also speak to those as well.
Q. And do you bring documentation to these meetings to show senior management what's going on with all these particular projects and the overruns or underruns?
A. (Strabone) Yeah, I do. And I'm also required to submit all of my updates with justifications of what's happening with the projects. Prior to the meeting, we have a SharePoint site where we have to go on and upload information and fill in any variances

that we're seeing on our projects, or any issues that we're running into that may explain some of our overruns or underruns. So that's also provided, I think approximately two weeks prior to the meeting. And then that is presented as well throughout the meeting as a -- you know, for conversations and justification of what's happening to our projects.

Q. And is it fair to say, then, that during the course of a year, if you have a particular project that's running over budget, it's being talked about at least every month?

A. (Strabone) Definitely every month. And then there's also been a few times where we request a meeting outside of the monthly meeting to discuss issues that we're seeing; that way, senior management has an idea of what's coming up. During the monthly meeting we have proper conversations both inside and outside of the capital budget meeting.

Q. And do you recall in the last two years if Ms. Fleck has ever missed one of these budget meetings?

A. (Strabone) I cannot recall.
Q. And last, one of our record requests is to track down the particular document that did not have Ms. Fleck's signature on it. It will either have it or it won't when we do the work.
Even if this document does not have Ms. Fleck's signature on it, are you confident in saying that she knew what was going on with that project over the course of the year?
A. (Strabone) Yes. That was one of the projects I made certain that everyone was aware of the drivers and what we were facing and what the intentions were -- well, what the impacts were for our overall budget and steps that we could take to mitigate those costs.
Q. Thank you.
MR. SHEEHAN: That's all I have.
CHAIRWOMAN MARTIN: Commissioner Bailey.
COMMISSIONER BAILEY: I'd like to ask Mr. Sheehan a question. Is that okay?
MR. SHEEHAN: Sure.
CHAIRWOMAN MARTIN: Go ahead.

COMMISSIONER BAILEY: I thought I had heard that President Fleck left the Company and -- is she still with Liberty?

MR. SHEEHAN: Sure. She is retiring effective June 1. The person replacing her, Neil Proudman, is onboard basically shadowing her for, I think it's going to be about two months. So he will be president effective June 1. And then Sue will stay on for some time thereafter to help Neil and to do a few projects before she retires officially.

COMMISSIONER BAILEY: Thank you.

CHAIRWOMAN MARTIN: Okay. Anything else we need to do before we take closings, other than exhibits?

[No verbal response]

CHAIRWOMAN MARTIN: Okay.

MR. DEXTER: Yeah. Madam Chair, I don't need to request the recess that I had talked about earlier.

CHAIRWOMAN MARTIN: Okay. Thank you.

All right. So without

objection, we'll strike ID on Exhibits 1 through 3, and we're now holding the record open for record requests which are going to be marked Exhibits 4, 5, and 6. Is that consistent with everyone's understanding?

MR. SHEEHAN: Yes.

CHAIRWOMAN MARTIN: Mr. Dexter, anything else?

MR. DEXTER: In terms of closing statements or in terms of other business --

CHAIRWOMAN MARTIN: No, in terms of exhibits or record requests.

MR. DEXTER: That sounds right to me.

CHAIRWOMAN MARTIN: Okay. All right. Then we will hear the closings, starting with Mr. Dexter.

MR. DEXTER: Okay. I just want to make sure I'm going at the right time.

As we do each year, Staff has gone over the schedules that were presented and the rates that were presented and tried to review those as quickly and efficiently as we can for the Commission so that we all know what's being proposed and that the rates are accurate.

And in this docket we've done the same thing. We don't have any particular issue with the calculation of the rates or the presentation.

We do have a recommendation with respect to the underlying cost recovery in this case, which is unusual, but we feel it's warranted. We've spent a lot of time today going over the Bridge Street project. We've talked about the original cost estimates being based on investment-grade estimates of about $380,000 per mile. We've gone over the various documentation that was presented to us, documentation of the project, including the business case, the change order form, and the project closeout. And we tried to highlight what we thought were some very confusing elements in those documents, including the idea that the business case included more than the four projects that we thought it did, that we reasonably thought it did, only to find out that it includes some carryover from prior projects. We found that the very significant change order request for $800,000, almost 50 percent of the requested increase, much of that had to deal with prior year projects. That wasn't clear to us from the documentation. We found that the project closeout report was very confusing, in that there was no mention of the fact that the scope of the project that was being reported on had been reduced significantly from about 4 miles of reconductoring to about 2.5 miles of reconductoring. And we found that the scoring of that project, three out of five on all criteria, really couldn't reflect what it said it would reflect. And I think the witness agreed with that. There was really no way that the scope of that project as reflected in the three out of five score on project score was accurate. I think the witness indicated the three out of five score was accurate in this case because the project scope had been reduced. That was inconsistent with the three out of five score on the engineering because the witness indicated that the projects are working fine and that the reconductoring has done what it's supposed to do.

So I guess in sum total, you know, Staff's major concern of course is with the actual cost overruns for the Bridge Street project. We spent much of the case last year talking about the overruns in Enfield on the Shaker Road project and we talked about Commissioner Giaimo's reaction to those and we don't seem to find that anything is different in this case.

This is not the Company's first reconductoring project. They've come in every year since I've been at the Commission doing these REP hearings with projects of this nature. They're not novel in any way. They didn't indicate that there was anything specific about the Bridge Street project that had caused these overruns. And it appears that the Nashua Road project didn't experience the overruns.

It's difficult to understand

where the final cost of the project ended up at almost a million dollars and the original cost started at around $500,000. It's difficult to just recommend that the Commission allow that to be recovered through this clause. We do understand that the nature of the project increased in terms of just under .2 miles, and we understand that. And that actually makes sense.

So what Staff is going to recommend that the Commission do in this case is allow recovery through the REP clause of the original estimate for $500,000 and then increase proportionately for the difference between the 1.2 miles of the Bridge Street project that was originally predicted to the 1.38 that was actually built. We find that to be an increase of 15 percent. Therefore, we think it would be reasonable to take the original estimate of $500,000 and increase that by 15 percent and allow that through the REP clause.

Staff is not recommending a disallowance of the remaining costs. We recognize that the project was built, that the plant is used and useful. We are recommending that the difference be collected through traditional rate base recovery through rate cases. We don't believe it's appropriate to add this project to the step adjustments which are upcoming because those have an identified list of projects, and this shouldn't be on it if it was on the REP list. It can't be in both places.

So that's Staff's recommendation in a nutshell, and that completes my closing.

CHAIRWOMAN MARTIN: Thank you, Mr. Dexter.

Mr. Sheehan.

MR. SHEEHAN: Thank you. I want to touch first on the question that was raised about the Fairpoint contract, just so the Commissioners are aware. Those contracts were signed, again, in 1980. Some of them were updated over the years, but this particular provision never did. At the time, both were regulated utilities, and the likelihood of not recovering costs and of not continuing with the joint sharing of cost was very unlikely. Obviously, times have changed dramatically. And yes, that provision simply says either party can stop this particular provision, the sharing of VMP costs, that either party can simply stop by giving notice. And we all know from other dockets that Fairpoint is in the process of selling the poles and getting out of the business, and they made the decision to simply stop participating. And just the course of history and of a contract that was never revised, and I suspected Fairpoint never would have agreed to a revision, and that's where we ended up. So it's no one's fault, so to speak. It was just a legacy contract that these are the consequences of.

As for the merits of the request here, there are two pieces, of course. The adjustment to rates based on the VMP, and Staff indicated no issues there, and we asked for approval of that.

As to the REP costs, the argument, as I understand it, is because there was a difference between the original investment-grade estimate of 500,000 and the actual cost, there should be something less than full recovery under the mechanism as designed. And I find that troubling because we spent a lot of time going through Exhibit 2, Bates Page 2, which was the list of everything that happened that caused those costs to go up by dollar. And we went through a lot of them, and there was not one shred of evidence that any of those increases were inappropriate or imprudent. Just like weather changing for reasons that are out of our control, every project is different for reasons that sometimes can be anticipated, sometimes not. We had a COVID impact of one of these things. We had labor changes. These are competitively bid projects. They're not internal projects. So there's no evidence that any of these costs were imprudent. So we ask that the Commission not accept Staff's recommendation and allow recovery of the full amount as proposed in this filing. Thank you.

CHAIRWOMAN MARTIN: Okay. Thank you, Mr. Sheehan.

All right. And I think with that, we can close the record on this hearing. And we will reconvene -- for those of you joining the next, we'll take a five-minute break in between. Thank you. we're adjourned.

(Hearing adjourned at 3:44 p.m.)

C E R T I F I C A T E

I, Susan J. Robidas, a Licensed Shorthand Court Reporter and Notary Public of the State of New Hampshire, do hereby certify that the foregoing is a true and accurate transcript of my stenographic notes of these proceedings taken at the place and on the date hereinbefore set forth, to the best of my skill and ability under the conditions present at the time.

I further certify that I am neither attorney or counsel for, nor related to or employed by any of the parties to the action; and further, that I am not a relative or employee of any attorney or counsel employed in this case, nor am I financially interested in this action.

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