

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

DE 21-004
Least Cost Integrated Resource Plan

Staff Data Requests - Set 3

Date Request Received: 6/8/21
Request No. Staff 3-1

Date of Response: 6/22/21
Respondent: Anthony Strabone

REQUEST:

Reference Company Response Staff 1-4, which provides an update on actions taken by the Company in furtherance of Plan six, at a projected cost of \$35.49 million.

- a. Please provide an updated estimate of project costs that accounts for any bids received or other costs that are known with greater certainty prior to the Company having begun the project.
- b. Please explain whether burdens were included in the \$35.49 million estimate. If so, please provide an updated estimate of the likely burdens assessed upon the project. If not, please provide an updated estimate of the total project cost, based on the response to Staff 3-1(a), but also inclusive of a burden projection.
- c. Please state the undepreciated rate base associated with the Company's service territory.
- d. Please provide an estimate of the updated project capital costs, inclusive of burdens, as a percent of the Company's undepreciated rate base.

RESPONSE:

- a. Please see Attachment Staff 3-1.a. The total estimated cost as of the date of this filing is \$39 million due to the fact that the costs for the Rockingham substation have increased as a result of higher labor costs within the bids, even though the lowest bidder was selected. With regard to the cost of the 19L2, there are increased material costs by on average ten percent. When comparing the total cost of the 19L2 versus the 19L6 and 19L8 (similar projects), it is important to understand that the 19L2 is a 15,300 foot long double-circuited feeder, versus the lengths of the 19L6 and 19L8 that are only 3,500 and 1,900 feet long, respectively.
- b. Approximately 35 to 40% of total costs are associated with burdens. Please see part a. of this response for estimated project costs.
- c. Please see Attachment Staff 3-1.c for the Company's most recent Form F-1 Supplemental Quarterly Financial and Sales Report for Q1 2021 filed as required per Puc 308.11. As reported on page 5 of that attachment, rate base as of March 31, 2021, was \$172.1

million. If the question was referring to only plant, the undepreciated net book value as of March 31, 2021, was \$178.1 million.

- d. The estimate of the updated project costs as a percent of the Company's undepreciated rate base is 22.6% based on the March 2021 total rate base provided in Attachment Staff 3-1.c, page 5. However, such a statistic gives a misleading impression of the project because the costs will be spread over a period of five years, so the impact in any one year will be a much lower percentage addition to rate base. It is also important to understand that a significant portion of the Company's total load is located in the Salem area, so it is vital that the necessary projects be undertaken to provide safe and reliable service in future years, particularly given the aged nature of the Company's facilities in that area coupled with the significant additional load.

	Job Name	Construction		
		Budget	Grade Estimate	Actual
		(i)	(ii)	(iii)
1	Golden Rock Substation ^(a)	-	-	\$ 2,012,483
2	Golden Rock 19L6	-	-	\$ 393,123
3	Golden Rock 19L8	-	-	\$ 522,516
4	Golden Rock 23kV Relocation	-	-	\$ 201,942
5	Golden Rock Substation ^(b)	\$ 650,000	-	-
6	Golden Rock 19L2	-	\$ 2,100,000	-
7	Golden Rock Underground	-	-	\$ 412,763
8	Rockingham Substation	-	\$ 14,300,000	-
9	Rockingham 21L1	-	\$ 213,000	-
10	Rockingham 21L2	-	\$ 262,000	-
11	Rockingham 21L6	-	\$ 509,000	-
12	Rockingham 21L7	-	\$ 188,000	-
13	Rockingham 21L4	-	\$ 350,000	-
14	Rockingham T Line East	-	\$ 8,700,000	-
15	Rockingham T Line West	\$ 8,000,000	-	-
16	Retirement Barron Ave	\$ 100,000	-	-
17	Retirement Salem Depot	\$ 100,000	-	-
18	Total	\$ 8,850,000	\$ 26,622,000	\$ 3,542,827
19	Final Total	\$ 39,014,827		

(i) Proposed budget for projects in 2022 and beyond. Construction Grade Estimates will not be available until a bidder is awarded the job in 2022.

(ii) Estimate of costs for projects to be in service in 2021. These projects already have been awarded winning bidders.

(iii) Final costs have been determined as these projects went in to service prior to 2021.

(a) The substation upgrade was due to the installation of the 19L8 and 19L6 feeders.

(b) The substation upgrade will be due to the installation of the 19L2 feeder to be placed in service in 2022.