

Company Name: Orange and Rockland Utilities Inc.  
Case Description: Orange and Rockland Utilities, Inc. Electric & Gas Rate Case  
Case: 18-E-0067; 18-G-0068

Response to DPS Interrogatories – Set DPS-38  
Date of Response: 4/20/2018  
Responding Witness: Accounting Panel / GIOP

Question No. : 618

In these interrogatories, all requests for workpapers or supporting calculations should be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact.

During discussions with Staff on April 3, 2018 and in its response to DPS-504, O&R stated that it no longer plans to lease a new training center as proposed in the Company's initial rate filing. Instead, the Company plans to construct a prometric test center and upgrade its current Goshen Training Center.

1. Provide the Company's updated plan for its Goshen Training Center including an updated white paper. Include a detailed breakdown of forecasted costs and schedule.
2. Explain why the Company decided not to lease a training facility and instead pursue upgrades at Goshen and a new prometric test center.
3. Will any of the updates at the Goshen site be used for electric training purposes? If so, what portion of the capital costs have been allocated to electric?
4. Provide an update to DPS-5-278, and any plant related workpapers, to include the forecasted capital spending on the Goshen Training Center and prometric test center.

Response

1. Please see attachment DPS-38-618 Att-1.
2. In the first quarter of 2018, the Town of Goshen installed a sewer line for a housing complex near the Goshen training center. This provided the Company with the opportunity to assess the possibility of connecting with tapping into this sewer line. The Company currently is awaiting approval from the Town for this connection.
3. Currently a small portion of electric training is conducted at the Company's Goshen facility, for the Company's northern workforce. This will continue to be the process. The Company has not allocated any portion of the capital costs to electric.
4. Updated capital budget models, inclusive of the forecasted capital spending on the Goshen Training Center and prometric test center, as well as any other changes to the capital budget, will be prepared in advance of the Company's June rebuttal testimony. The Company will provide the updated capital budget models to Staff at that time.

Place an “X” next to the appropriate category:

- Capital  
 O&M

**Funding Allocation: (%)**

<b>ORU - Electric</b>	
<b>ORU – Gas</b>	100
<b>RECO</b>	

**2018 – Gas Operations / Training**

<b>Project/Program Title</b>	Gas Training Center Lease
<b>Project/Program Manager</b>	Baiju Kuruvilla
<b>Project/Program Number</b>	N/A
<b>Hyperion Project Number</b>	N/A
<b>Organization’s Project Number</b>	101025460004
<b>Status of Project</b>	Planning
<b>Estimated Start Date</b>	January 2018
<b>Estimated Completion Date</b>	Ongoing
<b>Work Plan Category</b>	Operationally Required

**Work Description:** The increasing need to provide training and testing/evaluations to Orange and Rockland Gas Operations personnel and contractors has grown to a level that cannot be supported in the Company’s current Gas Training Center. This increase in training demand is driven primarily by Company’s commitment to comply with new Northeast Gas Association (“NGA”) requirements for operator qualifications, and testing and training requirements. Another driver is the increased volume of students that will need to be trained and tested to comply with the new NGA protocols.

Given the criticality of the gas training function and the compliance related requirements associated with gas operator qualifications for individuals working on the gas system, additional training classrooms and hands-on lab space is required to support the Company’s gas training efforts. Therefore, the Company is requesting funding to enhance the existing gas training center at Goshen to accommodate the existing and increased training requirements for operator qualification functions. More specifically, the Company is looking to enhance the facility to meet the ability to conduct multiple classes and hands-on labs/training areas during inclement weather.

**Justification Summary:** The Company continues to explore options on how to provide training and testing to facilitate compliance with new Commission regulations and Northeast Gas Association (“NGA”) program requirements for operator qualifications. The Company has identified two possible solutions: one solution for testing and one solution for training. The Company has identified adequate space in its Spring Valley Distribution Center to construct a Prometric test center to conduct PSC and NGA compliant operator qualification testing. Currently, the Company is projecting that full implementation will be complete by October 2018.

In addition, the Company is exploring renovating its existing Goshen Training Center (“GTC”) to comply with new Commission and NGA requirements. This will allow the Company to maximize the use of its current facilities to provide a potential long-term cost effective solution. The project solutions are under review and O&R will continue to provide updates on schedule and cost. The Company’s strategy is to provide Commission and NGA compliant training and testing by making the following improvements:

- Modify the current storeroom area in the Company's Spring Valley facility and construct a Commission and NGA compliant Prometric test center (the build out cost not included in this white paper or rate case)
- Coordinate with Goshen municipalities to obtain approval for water and sewer main connection to GTC and survey/delineate wetlands for improvement feasibility. O&R is currently awaiting approval from the town for the sewer main connection. This will allow the Company to improve GTC through the options listed below:
  - Replace modular trailer with double wide trailers with bathrooms, office area, internet capability, and incorporate current technology to facilitate training and testing;
  - Build bathroom facilities in shop and modular classroom area;
  - Build additional parking space;
  - Enclose outdoor skills area to allow for classes during inclement weather; and
  - Relocate compressor to outside to enhance training flexibility and efficiency.

Currently, the gas Goshen Training Center is comprised of a main building, hands-on-training shop (to train and qualify both Company and contractors employees in such tasks as fusion, pipe coating, etc.), training lab, and training canopy. Upon completion of the listed improvements above, O&R will have an opportunity to conduct multiple classes, accommodate the students for parking and bathroom facilities and meet current Commission and NGA requirements for a Prometric test center.

Historically the Company has trained between 450 and 500 personnel (employees and contractors) each year at the Goshen facility. However, this number is expected to increase to 550 or more by 2020. This increase is attributed to new operator qualification requirements and the expected increase in training contract employees.

The modifications are contingent on Goshen approving sewer connections and wetland delineations. Upon able to proceed forward, this will provide a solution for the current rate case period while the Company continues to explore long-term solutions.

### **Supplemental Information:**

- Alternatives: The Company has explored lease as a short term solution. The company visited four locations within the service territory. This option required the company to update and modify the buildings, impacting our current budget to meet our training space requirements. The Company has also looked at augmenting this facility by hosting training sessions at other Company buildings. This alternative was also deemed not feasible as it would create inefficiencies (*e.g.*, the need to have duplicate classroom materials) and would also cause space issues at other facilities. The Company views this enhancement as a short term solution while the company develops a long-term solution.
- Risk of No Action: If the Company did not take any action, it would need to continue to offer its gas training programs at its Goshen facility. As previously described, given the increasing number of training sessions offered by the Company, as well as regulatory requirements relating to the technical training of gas personnel it would be difficult to provide quality training. These space limitations could impact the ability of the Company to adequately train, test, and qualify the required number of gas resources needed to perform work on the system which could create risks to both employee and public safety as well as risks to the system.

- Non-Financial Benefits: The non-financial benefits associated with this additional space will be allowing Company personnel to receive the necessary level of training and testing to produce a highly skilled, qualified and compliant workforce. A highly skilled and qualified workforce will be more prepared to provide reliable gas service in a safe, efficient, and customer focused manner.
- Summary of Financial Benefits (if applicable) and Costs: N/A
- Technical Evaluation/Analysis: In January 2018, the town of Goshen installed sewer line in front of the Goshen Training Center. This provides the company the capability to tap into the system allowing us to retire the existing septic system and leach field. Thus allowing the company the opportunity to expand and enhance our current training facility. The Company has determined this to be the most cost effective solution.
- Project Relationships: N/A
- Basis for Financial Estimates: The estimate is based the on the evaluation of the work prescribed above by the Orange & Rockland's facilities department estimates.

**Total Funding Level (\$000):**

**Historical Spend:** No historical spend

	<u>Linking Period</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
Capital	\$200K	\$1.8M	\$300K	
O&M	0	\$25K	\$25K	\$25K
<b>Total</b>	<b>\$200K</b>	<b>\$1.825M</b>	<b>\$320K</b>	<b>\$25K</b>

Note: Linking Period is 10/1/2017 through 12/31/2018, Rate Year 1 is between 1/1/2019 and 12/31/2019, Rate Year 2 is between 1/1/2020 and 12/31/2020, and Rate Year 3 is between 1/1/2021 and 12/31/2021

**Request by Elements of Expense – Capital:**

	<u>Linking Period</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
Capital	\$200K	\$1.8M	\$300K	0
O&M				
<b>Total</b>	<b>\$200K</b>	<b>\$1.8M</b>	<b>\$300K</b>	<b>0</b>

Note: Linking Period is 10/1/2017 through 12/31/2018, Rate Year 1 is between 1/1/2019 and 12/31/2019, Rate Year 2 is between 1/1/2020 and 12/31/2020, and Rate Year 3 is between 1/1/2021 and 12/31/2021

**Request by Elements of Expense – O&M:**

<u>EOE</u>	<u>Linking Period</u>	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
Labor				
M&S				
A/P				
Other	0	\$25K	\$25K	\$25K
Overheads				
<b>Total</b>	<b>0</b>	<b>\$25K</b>	<b>\$25K</b>	<b>\$25K</b>

Note: Linking Period is 10/1/2017 through 12/31/2018, Rate Year 1 is between 1/1/2019 and 12/31/2019, Rate Year 2 is between 1/1/2020 and 12/31/2020, and Rate Year 3 is between 1/1/2021 and 12/31/2021

Company Name: Orange and Rockland Utilities Inc  
Case Description: Orange and Rockland Utilities, Inc. Electric & Gas Rate Case  
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Response to DPS Interrogatories – Set DPS-1  
Date of Response: 1/29/2018  
Responding Witness: Gas Infrastructure & Operations Panel

Question No. : 198

What specific material types are included within the Company's definition of LPP?

Response

Cast Iron, Wrought Iron, Bare Steel and Aloy are the materials included within the Company's definition of Leak Prone Pipe (LPP). Also, any Ineffectively Coated Steel installed between 1962 and 1971 that is found to have no or inadequate corrosion protection, or has other field conditions that raise the replacement priority of the main is also considered Leak Prone Pipe.