

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities.

Rulemaking 13-11-006
(Filed November 14, 2013)

**RESPONSE OF LIBERTY UTILITIES (CALPECO ELECTRIC) LLC
(U 933-E) TO DATA REQUEST IN ATTACHMENT A OF
ORDER INSTITUTING RULEMAKING 13-11-006**

Steven F. Greenwald
Vidhya Prabhakaran
Davis Wright Tremaine LLP
Suite 800
505 Montgomery Street
San Francisco, CA 94111-6533
Tel. (415) 276-6500
Fax. (415) 276-6599
Email: vidhyaprabhakaran@dwt.com

December 20, 2013

Attorneys for Liberty Utilities (CalPeco Electric) LLC

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities.

Rulemaking 13-11-006
(Filed November 14, 2013)

**RESPONSE OF LIBERTY UTILITIES (CALPECO ELECTRIC) LLC
(U 933-E) TO DATA REQUEST IN ATTACHMENT A OF
ORDER INSTITUTING RULEMAKING 13-11-006**

Pursuant to Ordering Paragraph 5 in the *Order Instituting Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities* issued on November 22, 2013, (“OIR”), Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty Utilities”)¹ provides the following responses to questions in Attachment A to the OIR. In January 2011, Liberty Utilities became the regulated public utility with responsibility to provide electric service to the California portions of the service territory previously served by Sierra Pacific Power Company (“Sierra Pacific”).² Liberty Utilities is part of a larger family of electric utilities operating across the United States (the “Liberty Utilities Group”). Algonquin Power & Utilities Corp. (“Algonquin”), a publicly traded company headquartered in Oakville, Canada, is the ultimate parent of Liberty Utilities and the Liberty Utilities Group.

¹ Ordering Paragraph 5 identified Liberty Utilities as a respondent to the OIR (mimeo at 20).

² See D.10-10-017 in which the Commission authorized California Pacific Electric Company, LLC (“CalPeco”) to acquire the former Sierra Pacific California service territory. By Advice Letter No. 28-E submitted on July 15, 2013, CalPeco notified the Commission of its formal change in name as of that date to Liberty Utilities (CalPeco Electric) LLC. In addition, CalPeco has formally effectuated this name change with the California Secretary of State. For ease of reference, this document will refer to Liberty Utilities.

The Liberty Utilities service territory presents particular challenges in light of its mountainous terrain and large forest areas. Additionally, Liberty Utilities has a negligible amount of generation within its service territory. NV Energy (the parent of Sierra Pacific) has a contractual obligation to supply Liberty Utilities its “full requirements,” and it fulfills this obligation by delivering power generated East of California across transmission lines that traverse the mountains and deliver power into Liberty Utilities’ California-only service territory.

Liberty Utilities responds below to the specific questions in Attachment A to the OIR.

I. QUESTIONS AND RESPONSES

Q1. Please provide a description of your risk management units/divisions, programs, functions, and process, including organization charts.

A1. Within Liberty Utilities, the Environmental Health Safety and Security Manager and our Area Services Managers (operations managers in North and South Tahoe), have the responsibility to administer our risk management programs with assistance from management and executive level staff. These programs consist of risk assessment (*i.e.*, Enterprise Risk Management (“ERM”)), safety meetings, Safety Committee meetings, Near Miss reporting, the Safety Hotline, vehicle audits, the Safety Rules/Injury and Illness Prevention Plan (“IIPP”) program, Crew Audits, Facility Inspections, the Safety Challenge Coin program, as well as other mandated programs.

We provide a description of each of these local programs below:

- Enterprise Risk Assessment– Liberty Utilities initiated this program in the 4th quarter of 2013 and thus it is still in the development stage. We expect the program to be fully operational in 2014. The goal of this program is to protect employees and the general public, improve our decision-making capabilities and mitigate risks to the best of our ability. It is the job of local management to identify safety risks, identify and describe these risks in a Risk Register (catalog of risks) and assign a numerical risk “score” to each risk. We score the different risks by assessing two factors: 1) the impact of the risk,

and 2) the likelihood of the risk. Action is taken based on this score. Risks are placed in to one of four categories:

- Extreme
- High
- Medium
- Low

A governance structure for risk assessment is in place from the local level up to the corporate level. Each level has its own responsibilities and reporting requirements. Locally, the levels and responsibilities are:

- Employees – Responsible for supporting the organization in identifying and reporting risks to management.
- Management – Responsible for executing and implementing risk treatment plans and reporting any variances from the treatment plan. Also responsible for monitoring risk controls and reporting any changes in control effectiveness. Also must ensure Risk Registers are up to date and actively identify, assess, treat, monitor and report risks.
- Safety Meetings – Meetings are held, at a minimum, twice monthly for the operations departments (line crews, troublemen, inspectors, warehousemen, equipment operator, electrical servicemen, and foremen) and may include review of the safety rules/IIPP, training, and/or review of Near Miss reports (defined below). Meetings for the office/outside services departments (customer service representatives, meter readers, service technicians and foremen) are conducted monthly and cover similarly applicable topics. These meetings are mandatory and we maintain a record of employees who attend each meeting. All employee must attend at least 10 such meetings annually.
- Safety Committee – This Committee consists of members from all areas of Liberty Utilities’ functions including Operations, Planning, Customer Service, Field Services and Management. Membership on the Safety Committee is a one to two year commitment, allowing new members to regularly serve on the Safety Committee and to empower employees to bring new ideas. The Committee’s vision statement is as follows:

To promote, support and enhance the safety culture and safety programs at Liberty Utilities.

The objectives of the Liberty Utilities Safety Committee are to:

- Publicize the Liberty Utilities Safety Committee as an employee conduit to identify and facilitate review of safety suggestions, recommend safety training topics for future employee training sessions, make personal protective equipment recommendations, and similar initiatives.

- Review Near Miss reports (defined below), incidents (if any occur), and accidents (if any occur) since the previous meeting to assess possible trends and suggest further corrective action, if applicable.
 - Review new and existing safety policies and procedures to ensure applicability, proper implementation, clarity and thoroughness.
 - Perform monthly fire extinguisher inspections in North and South Tahoe locations.
 - Check all first aid kits yearly.
 - Endeavor to conduct Substation Inspections (defined below) bi-annually.
 - Endeavor to conduct Vehicle Inspections (defined below) bi-annually.
 - Conduct field Crew Audits (defined below).
 - Endeavor to conduct quarterly Facility Inspections (defined below) in North and South Tahoe locations.
- Near Miss Reporting – Liberty Utilities is committed to providing a safe and healthy work environment. Reporting near misses is an important tool that assists in enabling potentially hazardous practices and conditions to be corrected before injuries result. A Near Miss is defined as an incident or accident which does not result in injury or equipment/property damage, but could have. The form requests the date of the incident, approximate time of the incident, the location of the incident, parties involved (optional), sequence of events, and a corrective action plan.
 - Safety Hotline – This is an anonymous voicemail line devoted to employees timely reporting near misses, safety suggestions or other pertinent safety topics an employee would like to share. Once a report is received, the Safety Department creates an incident report and brings it to the attention of the department involved. The safety incident is also brought up in a safety email for immediate review by the management team and any others that need to be involved. The safety risk identified is analyzed, discussed with the appropriate parties involved, and a mitigation effort begins. A memorandum is then released to the employees highlighting the safety risk, the hazards, identifying employees who could be affected, and describing the potential solution to the problem. Each incident is documented to include reporting time and date, the analysis, and the mitigation process that was used to cure the issue.

- Vehicle Audits – This is a detailed audit of individual vehicles to assess the safety of the vehicle. The audit includes (where applicable) inspection of:
 - Safety/Snow Chains
 - Lights
 - Mud Flaps
 - Head Lights
 - Cones
 - Housekeeping
 - Hot Sticks
 - Safety Glasses
 - Rubber Blankets
 - Plugs
 - Tires
 - Turn Signals
 - Flashers
 - Haz-Mat Certifications
 - Receptacles
 - Fire Extinguishers
 - Hard Hat
 - Rubber Hose(s)
 - Chalks
 - First Aid Kit
 - Brake Lights
 - Lens Covers
 - MSDS Stickers
 - Accident Forms
 - Face Shield
 - Rubber Gloves
 - Volt Meter

- Safety Rules/IIPP – This program ensures a comprehensive “living” document of company safety rules and a comprehensive injury and illness prevention program. The document identifies methods, procedures and responsibilities for creating and maintaining a safe and injury-free work environment and for minimizing work hazards. It fulfills the company credo:

There is no job so important, nor any service so urgent that we cannot take time to work safely.

- Crew Audit – The purpose of this audit is to observe a crew (line crew for example) performing their duties and ensure the work is being done in a safe manner.
- Facility Inspection – The purpose of this inspection is to ensure that the facilities in which employees work are safe and free of hazards.
- Safety Challenge Coin – This program focuses on carrying a physical safety coin to keep safety in mind at all times. Employees are encouraged to carry their coin with them or to have the coin visually displayed in their workplace as a reminder of their personal commitment to health and safety. Employees have the opportunity to “challenge” members of the Environmental Health and Safety Department or members of the Senior Management Team to show their Coin. If these management employees are “caught” without or do not have their Safety Coin readily accessible, the challenger (on display of his/her own Safety Coin) will be given a gift certificate in the amount of \$25.

The Vice President of Enterprise Risk Management of Algonquin and the Director of Environmental Health Safety and Security of Liberty Utilities Group, with assistance from other executive level staff, implement, oversee and/or approve (when applicable) Liberty Utilities’ implementation of the aforementioned programs. Specifically, while Liberty Utilities scrutinizes

the risk assessment at the local operating utility level, the ERM program also has a governance structure that has oversight over all business/management levels, specifically:

- Vice President of Enterprise Risk Management – Supports all levels of the organization in developing processes and tools to identify, assess, treat, monitor and report key risks in a consistent and coordinated manner.
- Risk Steering Committee – Monitors risk profile to ensure risk thresholds are not exceeded and that risks are actively being identified, assessed, and treated with priority. The Risk Steering Committee members include the Algonquin Power & Utilities Corp. CEO, CFO, Vice Chair, Chief Legal Counsel and Vice President of ERM, the Liberty Utilities Group President, and the Algonquin Power Co. President.

Q2. How do you currently identify and characterize risk?

A2. The Liberty Utilities Group identifies risks across all levels of its organization through the ERM framework. See Response to Question 1 above for more information about the ERM. The Liberty Utilities Group characterizes a “risk” as any event or situation that may impact the ability of any of its operating utilities to achieve its objectives to provide safe and reliable electric service to its customers and provide a safe working environment to its employees.

Q3. What are your top ten safety risks?

A3. Our top ten safety risks are a combination of the risks associated with providing our employees the safest possible work environment and the risks to our communities inherent in the operation of an electric system.

- Fire (impacting or involving Liberty Utilities’ facilities)
- Severe weather (affecting Liberty Utilities’ facilities, the ability of NV Energy to deliver power from Nevada into the Liberty Utilities California service territory, ability of employees to restore downed or damaged facilities, and the ability of neighboring utilities to provide timely assistance to help restore electric service)
- Grid recoverability related to significant outage lengths and the challenges of restoring power for outlying communities served via radials

- Current susceptibility of North Lake Tahoe system to low voltage if a line segment is lost³
- Equipment failure
- Substation security
- Potential for submersible transformers (particularly in the Tahoe Keys area)
- Repetitive motion injuries for employees
- Employee injuries caused by falls relating to slipping or tripping hazards
- Vehicle-related injuries

Q4. How do you identify changes to address these risks? Are practices beyond compliance with current regulation considered?

A4. The newly established ERM process will provide us the ability to continually monitor and assess the risks we have identified in a more effective manner. We do not set our current practices on the basis of simply being in “compliance” with the minimum requirements imposed by regulation. We strive to identify and respond to risks based on our operating experiences, recognized “best practices” and industry standards, and by maintaining relationships with national safety organizations, electric utilities throughout the country, and participating in conferences to adapt to the changing environments affecting the utility, its employees, and its customers. Specifically, we utilize internal management team meetings at Liberty Utilities to identify changes to our policies and procedures needed to better address identified risks. In addition, we identify and implement best practices and procedures by leveraging the insights gained from the Liberty Utilities Group as well as our memberships in various professional organizations.

³ Liberty Utilities currently has pending Application 10-08-024 in which it is seeking a permit to construct (“PTC”) to upgrade its existing lines 625 and 650 which form a loop in the North Lake Tahoe area. The Draft EIS/EIS/EIR (jointly authored by the Commission, U.S. Forest Service, and the Tahoe Regional Planning Agency) was issued on November 9, 2013. Public meetings were conducted in December and comments on the draft environmental document are due by January 7, 2014. Liberty Utilities is seeking to have the Final EIR approved and this Commission grant the PTC in the Spring of 2014.

Q5. Currently how do you decide on resource expenditures to address recognized risks? Who decides? How is inspection and record keeping used in this process?

A5. See Response to Question 1.

Q6. What is the role of executive management in making or accepting these decisions?

A6. See Response to Question 1.

Q7. What are the major elements in your approach to managing safety risk? Specify programs or practices your company has in place to manage safety.

A7. See Response to Question 1.

Q8. Do you currently have practices designed to support management of compliance, safety risk and/or quality?

A8. Yes. At the Liberty Utilities operating level, we track our progress in meeting various compliance, safety risk, and quality objectives and commitments through bi-weekly management meetings, monthly financial reporting, and monthly scorecard grading. Additionally, we prepare a monthly report that provides a narrative describing scorecard performance and operational results. This monthly report is shared with the entire Liberty Utilities Group. We also assemble and assess data and information to support continuous learning related to safety performance (see Response to Question 12 below).

With respect to employee safety, Liberty Utilities conducts safety meetings at least every two weeks, with all employees required to be in attendance. Employee attendance is tracked and employees must attend at least 10 safety meetings each year. As a result, all safety policies and procedures are discussed thoroughly on a yearly basis by all staff.

To reduce vehicular-related injuries, Liberty Utilities performs annual California Department of Transportation (“DOT”) inspections on all vehicles in the fleet based on the form developed by J.J. Keller & Associates. Furthermore, we conduct a 90-day Biannual Inspection

of Terminals inspection as required by DOT. Furthermore, employees using a vehicle conduct a safety audit on the vehicle on a daily basis.

We maintain DOT qualification files to ensure proper and current licensure on all commercially driver licensed (“CDL”) drivers as well as medical certification. All CDL drivers are registered in the California Department of Motor Vehicle’s Employer Pull Notice Program. This helps Liberty Utilities maintain the highest level of safety for both employees as well as the general public. Participation in the Pull Notice Program also helps reduce or eliminate vehicle accidents, fatalities and injuries by requiring the drivers to maintain DOT certification and disqualifying those who operate their vehicles in an unsafe manner. The program ensures that employees do not have suspended licenses, and have not had their driving privileges suspended or reduced due to various convictions or traffic violations.

To ensure the safety of our electric system infrastructure, we construct and maintain all facilities, at a minimum, to the standards promulgated in General Order 95, General Order 128, the National Electric Safety Code, the National Electric Code, Occupational Safety and Health Administration (“OSHA”) standards, and other applicable regulatory standards. We also conduct safety audits on our facilities throughout the year.

We also empower employees to support management of compliance, safety risk, and/or quality through our Safety Hotline. Please see Response to Question 1 for more information about the Safety Hotline.

Finally, the ERM teams at the Liberty Utilities Group level actively support the management team at Liberty Utilities in reviewing compliance, safety risk and/or quality controls and developing safety risk and/or quality control treatment plans to capitalize on improvement opportunities.

Q9. If yes, on what management directive, guidelines, standards or process design criteria have you based the design of these practices?

A9. We have developed practices designed to support management of compliance, safety risk and/or quality on North American utility best practices, CPUC general orders, OSHA requirements, and DOT regulations.

In addition, Liberty Utilities has an overall general Safety Manual that is based on best utility and construction management practices. The Manual is reviewed throughout the whole year. Each employee creates a presentation regarding an assigned portion of the Safety Manual to further engage all employees. Our experience has been that having employees actually present a portion of the Safety Manual enhances the level of engagement of employees with the Safety Manual and invites open and candid discussion from all employees, rather than just being directed to read the Manual.

The Safety Manual is also vetted through the Safety Committee (more information on the Safety Committee is provided as part of our Response to Question 1) and also revised based on the advice of the employees. The Safety Manual is updated with new changes that are recognized throughout the industry to both utility and construction environments in an effort to maintain the highest level of safety for both the general public and employees. The Safety Manual is available both in the Liberty Utilities' offices as well as on company vehicles.

Q10. How do you monitor trends in performance for your own management purposes (including but beyond regulatory reporting requirements)?

A10. The Liberty Utilities Group has instituted a method to monitor trends and assess performance of its operating utilities, including Liberty Utilities, in a variety of business functions through the use of a "scorecard." The scorecard includes a number of safety and reliability-related metrics that are tracked on a monthly basis including reliability and outage response time ("SAIDI/SAIFI"), safety training hours, OSHA recordable incident rate, lost time

injury rate, Near Miss reporting, motor vehicle accident rate, vegetation management, and safety observations (crew audits). More information about each of these metrics:

- SAIDI/SAIFI – System Average Interruption Duration Index/System Average Interruption Frequency Index
- Safety Training Hours – Average number of recorded health and safety training hours completed during the course of the year by employee (average).
- OSHA Recordable Incident Rate – Number of work-related OSHA recordable incidents over a calendar year times 200,000 (100 employees working 40 hr/wk for 50 wk/yr) divided by employee hours worked. This is an industry standard calculation.
- Lost Time Injury Rate – Number of work-related incidents resulting in lost time over a calendar year times 200,000 divided by employee hours worked.
- Near Miss Reporting – See Response to Question 1.
- Motor Vehicle Accident Rate – Number of reportable motor vehicle accidents over the total annual miles driven by all Company owned or leased motor vehicles expressed in million miles driven. Reportable is defined as any occurrence involving a motor vehicle that results in death, injury or property damage unless such vehicle is properly (legally) parked. For purposes of calculating the Motor Vehicle Accident Rate, the identity of the injured person, the specific property or the extent of the damage to the property, the location of the accident, and the party responsible are not considered.
- Vegetation Management – Line miles cleared.
- Safety Observations (Crew Audits) – For more information on Crew Audits, see Response to Question 1.

Key performance and risk indicators are captured within the organization’s ERM Risk Registers. All Risk Registers are updated, analyzed and reported on a monthly basis to the Risk Steering Committee (see more information regarding the Risk Steering Committee in our Response to Question 1).

Q11. How do you keep up with industry best practices? Which industry standards do you follow? What do you do with what you learn? Please provide examples.

A11. The Liberty Utilities Group actively sources best practices within the industry by attending industry conferences; participating on industry advisory boards; engaging subject

matter experts and consultants, etc. We also share lessons learned across the various operating utilities of the Liberty Utilities Group through an annual safety symposium involving all Liberty Utilities Group operating utilities, weekly and monthly meetings among a wide variety of similarly-situated utility managers, a variety of monthly conference calls on specific areas to discuss and glean success stories; safety-related and best practice postings on the Liberty Utilities Group intranet site; and Risk Register updates.

At the Liberty Utilities operating level, we also actively seek to identify and implement best practices through professional and industrial publications, training seminars, symposiums and meetings to identify trends and opportunities for efficiency, safety, reliability and overall best practices.

Finally, Liberty Utilities participates in the California Association of Small Utilities (“CASMU”) on a monthly, and at times more frequent, basis. CASMU is an informal group of small CPUC-regulated electric utilities. We meet to discuss and report on regulatory, legislative and operational issues which are unique to our relatively small sizes and which differentiate us from the largest three California IOUs.

Two examples of how we are using what we learn are:

- Our adoption of the “Power of Suggestion” incentive program utilized by other operating utilities in the Liberty Utilities Group. The Power of Suggestion program rewards employees for recommendations aimed at improving utility best practices.
- Implementation of an internal training session on substance abuse awareness after attending a national safety conference.

Q12. What do you include in your assembly of data or information to support continuous learning related to safety performance (e.g., incidents, close calls, precursors or leading indicators, root causes of events)?

A12. We maintain and update our data base to support and enhance Liberty Utilities safety performance with the following:

- Recordable injuries & illnesses;

- Lost time injuries;
- Vehicle accidents;
- Property damage incidents including security issues;
- Near Misses reported;
- Crew audits including contractors;
- Investigation results of a) to e) above including root cause & contributing factors;
- Employee safety training by topics and hours;
- Employee Interconnects & cross-training – Employee Interconnects is a program that provides time during the work day for employees to spend time with employees in other departments to better understand the hazards of other job functions, and the business more generally; and
- Safety Committee meeting data - Monthly meetings among the members of the Liberty Utilities Group will eventually create a larger knowledge base of safety data for Liberty Utilities.

Q13. How do you monitor the condition of the infrastructure to support decisions on accelerated inspection/testing, repair or replace? How do you make related decisions? How often are these practices reviewed?

A13. The starting point for monitoring the condition of our infrastructure is through compliance with the inspection standards outlined in General Order 165.

As part of our inspection program, Liberty Utilities conducts annual patrols of electric system infrastructures. Submersible infrastructure receives a detailed inspection every three years and the remaining electric infrastructure receives a detailed inspection every five years. Any infrastructure in need of repair or replacement is noted and tickets are created for completion of the repair or replacement. We rank the tickets based on the urgency of the needed repair or replacement and set priorities based on the rankings of the tickets. Our ticketing system enables Area Services Managers and engineers to verify the scheduling and completion of individual tasks.

Q14. How do you track progress in meeting explicit or implied commitments, including those implied in rate case proceedings?

A14. Each department has operational objectives assigned to it as a result of the commitments made by Liberty Utilities that are shared with staff and used to manage work performance. We track our progress in meeting these objectives and commitments through bi-weekly management meetings, monthly financial reporting, and scorecard grading.

Two examples from our most recent general rate case are illustrative.

First, the Commission approved our requested additional funding for vegetation management throughout the service territory to best ensure that Liberty Utilities continues to remain current with evolving fire safety requirements. Liberty Utilities supported its vegetation management requests by a very specific work plan that outlined the various circuits to be “worked” and their prescribed timelines. Liberty Utilities has designated a Vegetation Manager whose responsibilities include working daily with contractors to ensure that the plan is being adhered to. Additionally, plan completion statistics are reported within the scorecard and the accompanying monthly narrative reports.

Second, the Commission also approved our proposed capital investment budget. The approved budget drives our annual capital investment budget process as well as annual capital thresholds. Liberty Utilities has a Capital Committee that meets monthly to review the actual to budget spend, changes to initial project scope, and additional capital requirements or reallocations. The Capital Committee is comprised of members of our local management team.

Q15. How, if at all, do you communicate the status of and need for modification of these commitments?

A15. We discuss the status of, need for change to, or recommendations for improvement to these commitments at the bi-weekly management meetings which Liberty

Utilities conducts. Minutes of each meeting are transcribed and distributed to the management team members.

Q16. How do you solicit and manage employee input to safety issues?

A16. Liberty Utilities solicits employee feedback during the safety meetings that are conducted at least every other week, and which employees are required to attend throughout the year as discussed in Response to Question 1. As a result, all safety policies and procedures are discussed thoroughly on a yearly basis by all staff.

We also empower employees to support management of compliance, safety risk, and/or quality by utilizing the Safety Hotline as described further in Response to Question 1.

In addition, we are implementing a “Power of Suggestion” incentive program utilized by other operating utilities in the Liberty Utilities Group. The Power of Suggestion program rewards employees for recommendations aimed at improving utility best practices.

Q17. How do you follow-up on this input (e.g., make decisions to address issue, decide on how to address the issue, communicate to the originator the decisions and timeframe on which to expect closure)?

A17. Safety issues and recommendations raised by employees are discussed at the bi-weekly management meetings Liberty Utilities conducts. Minutes of each meeting are transcribed and distributed to the management team members.

Furthermore, the Safety Committee described in Response to Question 1 discusses changes that have come up in best practices, items from the Safety Hotline, any near misses along with action items proposed from employees or previous safety meetings. The Safety Committee also works on updating any changes to safety requirements needed.

Employees are also encouraged to bring up items that they would like more safety training on for future classes. The Safety Committee works to bring in new training for the employees based on that employee input.

Finally, actions taken or important lessons learned, in response to employee input, are either communicated directly with employees or through email.

Q18. Do you have an internal safety and/or compliance audit function? If so, how are the results from these audits translated into decisions and action? How are actions monitored? Please provide examples.

A18. The Liberty Utility Group is in the process of developing and implementing an internal safety and compliance audit function for all of the operating utilities in the Liberty Utility Group. This corporate audit group will record and monitor events and results Risk Registers. Risk treatment plans will then be developed and Risk Registers will then be updated on a monthly basis. The Vice President of Enterprise Risk Management will conduct a monthly review of the status of all corrective action items by each of the operating utilities, including Liberty Utilities, and ensure that Liberty Utilities is taking the necessary corrective actions.

Q19. Have you ever commissioned independent (including outside) safety and/or compliance audits? How are results translated to action and the results monitored? Please provide examples.

A19. Liberty Utilities has not commissioned an independent (including outside) safety and/or compliance audit since becoming the operating utility in 2011.

As explained in our Response to Question 18, the Liberty Utilities Group is currently developing an internal audit protocol and process, which it intends to begin implementing in 2014. Furthermore, the Liberty Utilities Group intends to commission a security audit of its cybersecurity and security systems currently in place in 2014.

Q20. What are you doing to promote and assure an appropriate safety culture? Have you documented what an appropriate safety culture should include?

A20. Safety is among the highest priorities across the corporate and local communities in both Canada and the United States for the entire Algonquin family of companies. Algonquin prioritizes a culture of safety and sets the tone for all of its subsidiaries, including Liberty

Utilities as shown with the Safety Challenge Coin program, the Near Miss program and other programs mentioned in this document.

Algonquin's insistence on safety is evident in our daily operations at Liberty Utilities. For instance, we share a "safety moment" or story anytime 5 or more employees are gathered for a meeting. We also implemented the Safety Hotline for employees as described above in our Responses to Questions 8 and 16.

On a more formal basis, our local Environmental Health Safety and Security Manager provides training sessions open to all employees so they can continually improve on how safely they conduct their job.

Q21. What criteria should be used by the Commission to evaluate whether a utility has produced an adequate risk-informed GRC filing?

A21. The Commission should develop criteria to evaluate the process utilized by the utility to produce an adequate risk-informed GRC filing. Specifically, the Commission should determine if the utility has identified and categorized the specific risks that will be addressed by the GRC filing. The Commission should determine if the utility had a suitable process to prioritize the risks and to implement an action plan to address, monitor, and make any adjustments to address those risks.

Respectfully submitted,

DAVIS WRIGHT TREMAINE LLP

/s/

Steven F. Greenwald
Vidhya Prabhakaran
Davis Wright Tremaine LLP
505 Montgomery Street, Suite 800
San Francisco, CA 94111-6533
Tel. (415) 276-6500
Fax. (415) 276-6599
Email: stevegreenwald@dwt.com
Email: vidhyaprabhakaran@dwt.com

December 20, 2013

Attorneys for Liberty Utilities (CalPeco Electric) LLC