

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

November 30, 2017 - 9:04 a.m.
Concord, New Hampshire

20 DEC '17 PM 2:33

RE: DE 15-464
PUBLIC SERVICE COMPANY OF NEW
HAMPSHIRE d/b/a/ Eversource Energy.
Petition for Approval of Lease
Agreement Between PSNH d/b/a
Eversource Energy and Northern
Pass Transmission, LLC.

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of New
New Hampshire d/b/a Eversource Energy:
Matthew J. Fossum, Esq.

Reptg. Northern Pass Transmission LLC:
Wilbur Glahn, Esq. (McLane Middleton)
Thomas B. Getz, Esq. (McLane Middleton)

Reptg. Karen Spencer, Kevin Spencer
and Mark Lagasse d/b/a Lagaspence
Realty, LLC:
Arthur B. Cunningham, Esq.

Reptg. New England Power Gen. Assn.:
James Monahan (Dupont Group)

Court Reporter: Steven E. Patnaude, LCR No. 52

CERTIFIED
ORIGINAL TRANSCRIPT

APPEARANCES: (c o n t i n u e d)

Reptg. Residential Ratepayers:

Donald Kreis, Esq., Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:

Suzanne G. Amidon, Esq.
Thomas C. Frantz, Dir./Electric Div.
Jay Dudley, Electric Division

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 JAMES MATHEWS
 ERIC CHUNG
 JAY DUDLEY

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P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning, everyone. We're here in Docket DE 15-464, which is the proposed lease of rights between Eversource and Northern Pass. This is the hearing on the merits. We have an agreement some parties are on to consider.

But, before we do anything else, let's take appearances.

MR. FOSSUM: Good morning, Commissioners. Matthew Fossum, here for Public Service Company of New Hampshire doing business as Eversource Energy. With we at the front table this morning is Christopher Allwarden, also from Eversource.

MR. GLAHN: Good morning. Bill Glahn, for Northern Pass Transmission, and with me is Tom Getz, of McLane Middleton.

MR. CUNNINGHAM: Arthur B. Cunningham, Lagaspence Realty.

MR. MONAHAN: Jim Monahan, with the Dupont Group, here today for the New England Power Generators Association.

MR. KREIS: Good morning,

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1 Commissioners. I'm D. Maurice Kreis, the
2 Consumer Advocate, here on behalf of
3 residential utility customers.

4 MS. AMIDON: Good morning. Suzanne
5 Amidon, for Commission Staff. With me today is
6 Staff's witness, Jay Dudley, from the Electric
7 Division, and to his left is Tom Frantz, the
8 Director of the Electric Division.

9 CHAIRMAN HONIGBERG: The intervenors
10 who are not here, we got a letter from the City
11 of Concord, so we know we're not going to see
12 them. The Society for the Protection of New
13 Hampshire Forests, they're an intervenor here,
14 correct?

15 MR. FOSSUM: They are.

16 CHAIRMAN HONIGBERG: There's a group
17 from Deerfield, or a few people from Deerfield,
18 I think, to be more accurate, I don't see
19 anyone here from that group. And McKenna's
20 Purchase, no one is here from them.

21 MR. FOSSUM: And they informed --
22 they sent an email out to the group earlier
23 this week, the counsel for McKenna's Purchase,
24 indicating he was not intending to appear

1 today.

2 CHAIRMAN HONIGBERG: Did I miss
3 anybody?

4 *[No verbal response.]*

5 CHAIRMAN HONIGBERG: All right. It
6 would seem not.

7 What's the plan here this morning,
8 Ms. Amidon?

9 MS. AMIDON: There will be a panel
10 consisting of Jay Dudley and two witnesses from
11 Eversource to present the Settlement Agreement.

12 CHAIRMAN HONIGBERG: Any preliminary
13 matters we need to deal with before we put the
14 panel in the witness box?

15 MR. FOSSUM: The only matter is that,
16 just prior to the hearing starting this
17 morning, we had gone through a couple of the
18 proposed exhibits for this morning to have them
19 premarked for identification, which I was going
20 to inform the Commissioners of what we have
21 marked for identification before beginning the
22 testimony.

23 That's the only preliminary matter
24 that I'm aware of.

1 CHAIRMAN HONIGBERG: All right.
2 Would it be helpful to do that before people go
3 up, while they're going up? What's your
4 pleasure, Mr. Fossum?

5 MR. FOSSUM: I can just do it right
6 now, and then we'll call everybody up.

7 CHAIRMAN HONIGBERG: All right.

8 MR. FOSSUM: So, each of the
9 documents, there are four documents, each of
10 which already have been filed in, and so should
11 be available to the Commissioners.

12 What has been premarked now for
13 identification as "Exhibit 1" is the initial
14 filing from PSNH, that substantial filing with
15 all of the testimony and the materials in it as
16 a single exhibit. Premarked for identification
17 as "Exhibit 2" is the March 27, 2017 Amendment
18 to the Lease that was submitted. For
19 identification as "Exhibit 3" is the
20 November 1st Settlement Agreement filing. And
21 for identification as "Exhibit 4" is the May
22 8th, 2017 submission of the qualifications of
23 Ken Bowes as a substitute witness.

24 So, those are the documents that we

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 ask to be premarked at this time.

2 CHAIRMAN HONIGBERG: Okay.

3 (The documents, as described,
4 were herewith marked as
5 **Exhibit 1** through **Exhibit 4**,
6 respectively, for
7 identification.)

8 CHAIRMAN HONIGBERG: Then, why don't
9 we put the panel in place.

10 Mr. Patnaude.

11 (Whereupon **Salvatore Giuliano**,
12 **James Mathews**, **Eric Chung**, and
13 **Jay Dudley** were duly sworn by
14 the Court Reporter.)

15 MS. AMIDON: I'll begin with the
16 direct of Mr. Dudley.

17 CHAIRMAN HONIGBERG: Ms. Amidon.

18 MS. AMIDON: Thank you.

19 **SALVATORE GIULIANO, SWORN**

20 **JAMES MATHEWS, SWORN**

21 **ERIC CHUNG, SWORN**

22 **JAY DUDLEY, SWORN**

23 **DIRECT EXAMINATION**

24 BY MS. AMIDON:

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q Mr. Dudley, would you state your full name for
2 the record.

3 A (Dudley) Jay Dudley.

4 Q Thank you. And please state your place of
5 employment, your job title, and the general
6 responsibilities of your job?

7 A (Dudley) I am employed by the New Hampshire
8 Public Utilities Commission as a Utilities
9 Analyst within the Electric Division.

10 Q Thank you. And have you previously testified
11 before the Commission?

12 A (Dudley) Yes, I have.

13 Q What was your role in this docket?

14 A (Dudley) In this docket, as a Commission
15 analyst, I reviewed the filing filed by PSNH
16 and NPT. I prepared discovery requests. I
17 acted as the liaison between Staff and Staff's
18 consultant in this case, and participated in
19 the settlement discussions that led to the
20 Settlement Agreement that's before the
21 Commission this morning.

22 Q And, Mr. Dudley, you did not file testimony, is
23 that correct?

24 A (Dudley) No.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q You said you participated in the discussions
2 that led to the development of the Settlement
3 Agreement. And, in your opinion, is the
4 Settlement Agreement a just and reasonable
5 resolution of the issues in this docket and in
6 the public interest?

7 A (Dudley) Yes.

8 Q And could you briefly explain why you believe
9 this is so?

10 A (Dudley) Yes. It's important to understand
11 that, under the Lease terms, NPT would pay
12 Eversource an annual sum for the lease of the
13 easements, all of which are located in New
14 Hampshire. Under the terms of the Lease, as
15 originally proposed, New Hampshire customers
16 would only have received a small portion of the
17 credit applied to transmission rates, and that
18 amount would be so small as to not be
19 noticeable, have a noticeable impact on rates.

20 The Settlement Agreement, however,
21 provides for a direct benefit to New Hampshire
22 customers to support the public good finding.
23 Because, in addition to the Lease payment, the
24 Settlement Agreement also provides a separate

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 stream of revenue that NPT would pay over the
2 term of the Lease of approximately \$15 million,
3 into a fund controlled by the Commission, for
4 the purposes of supporting non-wires
5 alternatives, such as renewable energy,
6 distributed generation, and other clean energy
7 initiatives. Staff believes that this
8 additional funding supports the public good
9 finding required for approval of the Lease.

10 MS. AMIDON: Thank you. I have no
11 further questions.

12 CHAIRMAN HONIGBERG: Mr. Fossum.

13 MR. FOSSUM: Thank you. We'll work
14 down the line, and we'll begin with Mr. Chung.

15 BY MR. FOSSUM:

16 Q Could you please state your name, your place of
17 employment, and your responsibilities for the
18 record please.

19 A (Chung) My name is Eric Chung. I'm Director of
20 Regulatory Projects and Revenue Requirements at
21 Eversource Energy.

22 Q And, Mr. Chung, have you previously testified
23 before this Commission?

24 A (Chung) Yes, I have.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q Mr. Chung, did you submit testimony in this
2 proceeding back with the initial filing, which
3 has been premarked for identification as
4 "Exhibit 1"?

5 A (Chung) Yes, I did.

6 Q And was that, just for clarity, was that
7 testimony what has been included in that filing
8 as "Exhibit F"?

9 A (Chung) Yes.

10 Q Was that testimony prepared by you or at your
11 direction?

12 A (Chung) Yes. And, for clarity, that was a
13 prefiled joint testimony of myself and Lisa
14 Cooper, also of the Company.

15 Q Thank you. And do you this morning adopt that
16 testimony as your sworn testimony in this
17 proceeding?

18 A (Chung) Yes, I do.

19 Q Thank you. Moving down, Mr. Mathews, could you
20 please state your name, your place of
21 employment, and your responsibilities please.

22 A (Mathews) My name is James Mathews. I'm a Team
23 Leader in Transmission, Rates, and Revenue
24 Requirements with Eversource Energy Service

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Company.

2 Q And have you ever testified before this
3 Commission?

4 A (Mathews) I have not.

5 Q In that case, Mr. Mathews, could you please
6 explain -- have you testified previously before
7 other regulatory bodies?

8 A (Mathews) Yes. I've testified several times
9 before the Connecticut PURA.

10 Q And just for the record, could you please
11 provide a basic summary of your education and
12 experience?

13 A (Mathews) Sure. I am have a Bachelor's degree
14 in Finance from Quinnipiac University, and a
15 MBA from the University of New Haven.

16 Q And how long have you worked for Eversource?

17 A (Mathews) I've been with Eversource for 19
18 years. My primary responsibilities relevant
19 here are a full 19 years in revenue
20 requirements.

21 Q And, Mr. Mathews, did you submit testimony in
22 this proceeding?

23 A (Mathews) I did not.

24 Q So, then, I guess I'll ask it very broadly.

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Then, why are you here?

2 A (Mathews) I'm here to adopt the Testimony of
3 Lisa Cooper. I am familiar with the testimony
4 that's been filed.

5 Q And, so, you are familiar. So, you have
6 reviewed that testimony and the included
7 exhibits with that testimony?

8 A (Mathews) Yes, I have.

9 Q Do you have any corrections or updates or
10 changes to that testimony from when Ms. Cooper
11 filed it?

12 A (Mathews) I do not.

13 Q Do you adopt that testimony as though it were
14 your own sworn testimony for purposes of this
15 proceeding?

16 A (Mathews) Yes.

17 Q And you're prepared to answer questions about
18 it as though it were your own sworn testimony?

19 A (Mathews) I am.

20 Q And, finally, Mr. Giuliano, could you please
21 state your name, your place of employment, and
22 your responsibilities for the record please.

23 A (Giuliano) Yes. Good morning. My name is
24 Salvatore Giuliano.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q Oh, I'm going to stop you. Could you get
2 closer to the microphone and make sure that
3 it's on.

4 WITNESS GIULIANO: Is it on?

5 MR. PATNAUDE: Yes.

6 **CONTINUED BY THE WITNESS:**

7 A (Giuliano) Good morning. My name is Salvatore
8 Giuliano. I'm the Manager of Real Estate for
9 Eversource Energy. And I've been employed by
10 the Company for over 30 years.

11 BY MR. FOSSUM:

12 Q And, Mr. Giuliano, have you previously
13 testified before this Commission?

14 A (Giuliano) I have not.

15 Q Have you previously testified before other
16 regulatory commissions?

17 A (Giuliano) I have. I've testified before the
18 Connecticut Bureau, as well as the Connecticut
19 Siting Council.

20 Q And, Mr. Giuliano, did you file testimony in
21 this proceeding and which is included in what
22 has been premarked for identification as
23 "Exhibit 1"?

24 A (Giuliano) Yes, I have.

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q And, for clarity, that was -- your testimony is
2 included as -- is identified as "Exhibit D"
3 within Exhibit 1, is that correct?

4 A (Giuliano) Yes, it is.

5 Q And was that testimony prepared by you or at
6 your direction?

7 A (Giuliano) It was.

8 Q And do you have any changes or corrections to
9 that testimony this morning?

10 A (Giuliano) No, I do not.

11 Q And do you adopt that testimony as though it
12 was your sworn -- as your sworn testimony for
13 this proceeding?

14 A (Giuliano) Yes, I do.

15 Q Mr. Giuliano, do you also recall that included
16 in what has been premarked for identification
17 as "Exhibit 1" there was an Exhibit A, a Lease
18 Agreement?

19 A (Giuliano) Yes, I do.

20 Q Were you involved in the negotiation and
21 drafting of that Lease Agreement?

22 A (Giuliano) Yes.

23 Q And you are familiar with the terms of that
24 Agreement?

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 A (Giuliano) I am.

2 Q And you're prepared to speak to the issues
3 contained within that Agreement this morning?

4 A (Giuliano) I am, yes.

5 Q Mr. Giuliano, are you also familiar with what
6 has been premarked for identification as
7 "Exhibit 2"?

8 A (Giuliano) Yes, I am.

9 Q And could you very briefly explain what
10 Exhibit 2 is?

11 A (Giuliano) Exhibit 2 is the Settlement
12 Agreement.

13 Q No. Exhibit 2 --

14 A (Giuliano) Oh.

15 Q -- is the Amendment filing. Do you need a copy
16 of that?

17 A (Giuliano) Yes, please.

18 *[Atty. Fossum handing document*
19 *to Witness Giuliano.]*

20 **BY THE WITNESS:**

21 A (Giuliano) Yes. I am familiar with this.

22 BY MR. FOSSUM:

23 Q And could you please explain what that exhibit
24 includes?

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 A (Giuliano) Yes. This exhibit serves to modify
2 specific dates of the original Lease Agreement
3 to extend those dates. They relate to a date
4 that was established in the original Agreement
5 for the commencement of construction. That
6 date has been extended. As well as a date that
7 served as a deadline for commercial operation
8 of the facilities once they are constructed.
9 That date has also been extended by this
10 document.

11 Q And, so, this document served with and is
12 incorporated as part of the Lease Agreement?

13 A (Giuliano) As an amendment to the Lease
14 Agreement, yes.

15 Q Now, finally, turning to, Mr. Giuliano, what
16 has been premarked for identification as
17 "Exhibit 3", the Settlement Agreement. Are you
18 familiar with the terms of that Settlement
19 Agreement?

20 A (Giuliano) I am.

21 Q Broadly speaking first, does the Settlement
22 Agreement that has been premarked as "Exhibit
23 3", does that amend or alter the Lease
24 Agreement?

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 A (Giuliano) No, it does not. Only with respect
2 to the rental payments, it does.

3 Q But the terms of the Lease Agreement are
4 otherwise maintained?

5 A (Giuliano) Yes. The terms and conditions are
6 maintained.

7 Q With that, Mr. Giuliano, I would ask, could you
8 please describe briefly, there's -- I mean, the
9 document says what it says, but could you
10 please describe briefly what the Settlement
11 terms, as contained in Exhibit 3, are?

12 A (Giuliano) Yes. The Settlement terms speak to,
13 as I indicated, the revised and agreed upon
14 rental obligation to be paid to PSNH. The
15 Settlement Agreement, on the bottom of Page 2,
16 speaks to the public good. And, as the PUC has
17 said in orders in this docket, that they review
18 this case as limited to whether the terms of
19 the Lease are reasonable and to whether PSNH
20 customers are fairly compensated for the
21 property being leased. So, with respect to the
22 terms of the Lease, the terms are reasonable.

23 And, certainly, with respect to similar
24 agreements, similar ground lease agreements

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 that I've been involved with and negotiated
2 throughout my career, it provides specific
3 obligations of the Parties and outlines
4 responsibilities of the Parties. It clearly
5 defines the terms, the cost allocations,
6 duration, and compensation.

7 And since the only testimony that's been
8 filed by other parties in this docket address
9 the issue of value, we surmise that other
10 parties also indicate that they do not have any
11 concerns with the terms of the Lease itself.

12 The Settlement Agreement also addresses
13 value on top of Page 3 of the Agreement. There
14 were two appraisals. Two independent experts
15 were hired to derive an estimate of market
16 value. The Company hired Colliers
17 International, which is referenced in the
18 Settlement Agreement. And PUC Staff hired
19 Shenhon Company as the appraiser.

20 The two experts, independently of each
21 other, determined market value. And as the
22 Settlement Agreement identifies, those market
23 values were different. The Colliers'
24 appraisal, the Company's appraisal estimated

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 market value to be 795,000 -- the average
2 payments of market value of the Lease would be
3 \$795,000 a year. And the Shenehon appraisal,
4 looking at the same properties, came up with a
5 market value -- average market value rent of
6 \$125,000 a year.

7 As is common in these situations, where we
8 have different opinions of values from experts
9 in the field, the midpoint of the two
10 appraisals was selected and agreed upon as the
11 fair market value of the rental that would be
12 incorporated as the rental payments under the
13 Lease.

14 This is not uncommon. I've seen this and
15 have done things like this several times in the
16 past, where expert opinions view the same
17 series of facts and properties, come up with a
18 different value, and we settle on the midpoint
19 as the value.

20 Also, in the section of "Public Good", the
21 Settlement Agreement refers to testimony of
22 other witnesses and experts of the Company who,
23 among other things, have looked at the impact
24 of the NPT Project within the PSNH corridor,

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 and found those to be reasonable and acceptable
2 to PSNH and have a minimal impact to PSNH.

3 And, then, I guess, finally, the
4 Settlement Agreement does refer to, as was
5 indicated earlier, that in everyone's opinion,
6 the Parties' opinion, the Settlement Agreement
7 is reasonable, the Lease is reasonable and
8 consistent with typical similar leases that
9 house electric facilities, and that the rental
10 rate is fair and reasonable to PSNH customers.

11 Q Thank you. On that, on the issue of the rental
12 rate, I have a few questions, primarily for Mr.
13 Mathews. On the issue of the rate being
14 paid -- to be paid to PSNH, is it Ms. Cooper's
15 testimony, that you have now adopted, is it
16 that testimony that sets out how those payments
17 would be applied through PSNH's rates?

18 A (Mathews) Yes. The testimony essentially set
19 forth a formula for the flow of the Lease
20 revenues that can be applied to any Lease value
21 that is determined in this proceeding. So,
22 essentially, in the exhibits to Lisa Cooper's
23 testimony, the percentage allocations to
24 transmission and to distribution and to PTF,

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 non-PTF, *etcetera*, are laid out. And those
2 would be consistent regardless of what the
3 ultimate Lease -- annual Lease payment value
4 is.

5 Q And just for clarity, could you walk through
6 the breakdown of the portions of that payment
7 that you just identified, the transmission, the
8 distribution, could you just walk through the
9 breakdown of that and explain where those came
10 from and why they are what they are?

11 A (Mathews) Sure. As stated in the testimony,
12 which I believe is now part of Exhibit 1 of
13 this proceeding, approximately 94 percent of
14 the Lease revenues will be allocated to
15 transmission, to offset transmission rates.
16 These revenues will go to both RNS and LNS
17 customers, and flow to PSNH and the other New
18 England transmission owners in the same manner
19 that transmission costs would flow to New
20 England's transmission-owning utilities.
21 Approximately 5 percent of the revenues will be
22 allocated to distribution to offset PSNH
23 distribution rates. And approximately
24 1 percent of the revenues will be allocated to

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 the Company. The 1 percent is associated with
2 property that is not in distribution or
3 transmission rates.

4 Q Returning to Mr. Giuliano briefly, Mr. Dudley
5 had spoken about the additional payments to be
6 made by Northern Pass into a fund. And he
7 opined that I believe that that supported the
8 public good finding in this matter. Do you
9 agree with Mr. Dudley's assessment of that
10 position?

11 A (Giuliano) I do.

12 Q And do you likewise believe that the Settlement
13 Agreement and the underlying Lease are just and
14 reasonable and in the public good?

15 A (Giuliano) Yes, I do.

16 Q And can you confirm the Company is requesting
17 that both the Settlement Agreement and the
18 underlying Lease be approved?

19 A (Giuliano) Yes.

20 MR. FOSSUM: I believe that's what I
21 have for direct.

22 CHAIRMAN HONIGBERG: Before we move
23 away from you, Mr. Fossum, --

24 MR. FOSSUM: Yes.

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 CHAIRMAN HONIGBERG: -- does the
2 record need to include the testimonies that
3 don't have a witness sponsoring them here right
4 now? Right now, they're just in an exhibit,
5 but they're not being adopted. They're not
6 becoming --

7 MR. FOSSUM: It was my intention to
8 bring every witness, and to have every witness
9 adopt their testimony and move it into the
10 record.

11 CHAIRMAN HONIGBERG: Ah. So, there's
12 more than one panel. I think I didn't
13 understand that. Or more than one set of
14 witnesses?

15 MR. FOSSUM: Correct. So, this is --
16 the panel that is up there now is the panel
17 that was convened to discuss the Settlement
18 Agreement itself. To the extent that there
19 are -- and the Settlement Agreement does
20 reference all of this other testimony. So, it
21 is my intention, after this panel, in some
22 manner or another, is to bring every other
23 witness onto the stand to adopt their testimony
24 and move it -- and it to become part of the

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 record and to be subject to whatever
2 examination is necessary.

3 CHAIRMAN HONIGBERG: Thank you. I
4 guess I didn't understand that going in.

5 All right. Who has questions for
6 this panel? Mr. Glahn, do you have any
7 questions for this panel?

8 MR. GLAHN: No.

9 CHAIRMAN HONIGBERG: Mr. Cunningham?

10 MR. CUNNINGHAM: Yes, Mr. Chair. I
11 have a few questions.

12 **CROSS-EXAMINATION**

13 BY MR. CUNNINGHAM:

14 Q Mr. Dudley, can you hear me?

15 A (Dudley) Yes.

16 Q My name is Art Cunningham. I'm attorney for
17 Lagaspence Realty. And Lagaspence Realty owns
18 the Percy Lodge and Campground, in Stark, New
19 Hampshire. Are you familiar with that
20 property?

21 A (Dudley) I am not.

22 Q And I have with me here today Karen Spencer,
23 who is the Secretary and Treasurer of
24 Lagaspence Realty.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 My question is this, are you, representing
2 Staff of the Public Utilities Commission, do
3 you have your appraisal witness available?

4 A (Dudley) No. He is not available.

5 Q Can you explain why your appraiser is not here?

6 MS. AMIDON: Perhaps that would be
7 answered by me, Mr. Chairman?

8 CHAIRMAN HONIGBERG: Ms. Amidon.

9 MS. AMIDON: Thank you. The subject
10 matter of this hearing is the Settlement
11 Agreement. And Staff chose to not ask its
12 expert to appear, because the only relevant
13 portion of his testimony is set forth in the
14 Settlement Agreement, and that is the number
15 that he reached in terms of the annual Lease
16 value. That is all that's relevant, and not
17 the underlying methodology or process or
18 anything else that he did. He is
19 well-qualified. But the only relevant portion
20 is that number, and that's why we chose not to
21 bring Mr. Schmick here today.

22 CHAIRMAN HONIGBERG: Mr. Cunningham.

23 MR. CUNNINGHAM: I'll move on,
24 Mr. Chair.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 BY MR. CUNNINGHAM:

2 Q Now, Mr. Dudley, let's talk a minute about the
3 Settlement Agreement, which you've testified
4 that you believe to be fair and reasonable?

5 A (Dudley) Yes.

6 Q And, on Page 3 of the Settlement Agreement,
7 which is marked "Exhibit 3" -- well, just back
8 up a second. Who were the Parties to the
9 Settlement Agreement?

10 MS. AMIDON: Mr. Chairman, that's on
11 the writing of the Settlement Agreement. The
12 signatures are on the Settlement Agreement.

13 CHAIRMAN HONIGBERG: Mr. Dudley can
14 answer the question.

15 **BY THE WITNESS:**

16 A (Dudley) Yes. According to the Settlement
17 Agreement, but the copy that I have, the
18 Parties are the Public Utilities Commission,
19 Public Service Company of New Hampshire,
20 Northern Pass Transmission, the Staff of the
21 Commission, and the Office of Consumer
22 Advocate.

23 Q And can you explain to me why intervenors, such
24 as Lagaspence Realty, were not invited to the

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 settlement discussions?

2 MR. KREIS: Mr. Chairman, I really
3 have to object to a question like that, and I'm
4 surprised nobody else has. It is simply not
5 appropriate for the content or even the --
6 anything, really, about settlement negotiations
7 to be the subject of discussion at a
8 evidentiary hearing like this at the
9 Commission. It's very clear in the
10 Commission's rules.

11 CHAIRMAN HONIGBERG: Could the
12 participants in discussions be disclosed, Mr.
13 Kreis, in your view?

14 MR. KREIS: I do not think that is
15 appropriate.

16 CHAIRMAN HONIGBERG: Why not?

17 MR. KREIS: Because the Commission's
18 rules are intended, I think, to facilitate
19 settlement. And it is very common, in
20 settlement conversations, to take place in
21 informal combinations of various groupings of
22 parties. And I just -- I think it ultimately
23 will have the effect of discouraging settlement
24 negotiations in Commission proceedings if the

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Commission is going to start entertaining
2 evidence about the story that led up to the
3 development of a particular settlement
4 agreement.

5 CHAIRMAN HONIGBERG: That's a very
6 narrow question. "Who was there?" I would
7 sustain objections to "who said what to whom?"
8 But "who was there?" doesn't strike me as a
9 problem. I can see who signed. So, I know who
10 was on the Agreement. But I don't -- maybe I'm
11 missing something, but I don't see the harm in
12 answering who was there.

13 MR. KREIS: Because there's no there
14 there. And it would -- in order to develop a
15 full record about how this Settlement came into
16 existence, you would have to put people like me
17 on the stand. And I would have to explain to
18 you who I talked to in the process of coming to
19 the decision to sign that Settlement Agreement.
20 And if you decide that that's important, I
21 would be willing to disclose those things.

22 CHAIRMAN HONIGBERG: I don't -- I
23 don't understand how much further -- why you're
24 going so much further than I am? I just want

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 to know who was part of the discussions, which
2 parties? That's it. Which parties were part
3 of the discussions? Not who your consultants
4 were, not who you talked to outside.

5 But, if there was a group that was
6 talking about the settlement, it's fairly
7 obvious that four of them agreed. And I don't
8 know if the others were consulted or not.
9 There was something in the record, there was
10 some -- a letter filed about this. I'm aware
11 of some back-and-forth. But, as is typical,
12 everybody knows more than we do.

13 So, "who was involved?" doesn't
14 strike me as a problem. The next question
15 probably is a problem. But I don't know what
16 the next question is specifically.

17 But I agree with virtually everything
18 you said, Mr. Kreis, about the substance of the
19 negotiations. But I'm missing the problem with
20 "who was involved?"

21 And I don't see any of the others
22 leaping on this one. So, I'm going to overrule
23 the objection. Understanding, Mr. Dudley, that
24 that was a very narrow question, to which we

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 expect a very narrow answer.

2 WITNESS DUDLEY: Could you repeat the
3 question, Mr. Cunningham.

4 BY MR. CUNNINGHAM:

5 Q The question was, who was invited to the
6 settlement discussions?

7 MS. AMIDON: Mr. Chair -- Mr.
8 Chairman, didn't you just say "who are the
9 parties that participated?", and not the
10 individuals? Is that correct?

11 CHAIRMAN HONIGBERG: Yes. We're
12 going to refine that question to "who were the
13 parties to the case, who were invited to
14 participate in negotiations?"

15 MS. AMIDON: And I think Mr. Dudley
16 can answer the question as to "the parties" who
17 participated.

18 CHAIRMAN HONIGBERG: So, that's what
19 we're asking him to answer.

20 **BY THE WITNESS:**

21 A (Dudley) To my recollection, the Parties were
22 the Parties referenced in the Settlement
23 Agreement.

24 BY MR. CUNNINGHAM:

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q And was my client invited to the settlement
2 agreement discussions?

3 A (Dudley) I can't speak to that specifically.
4 However, I do recall that you, Mr. Cunningham,
5 were present for one of these settlement
6 meetings.

7 MR. CUNNINGHAM: I was present, let
8 the record reflect, Mr. Chair and members of
9 the Commission, I was present at two technical
10 sessions. I was not invited to settlement
11 discussions.

12 CHAIRMAN HONIGBERG: Are we going to
13 be swearing you in as a witness, Mr.
14 Cunningham?

15 MR. CUNNINGHAM: If necessary.

16 CHAIRMAN HONIGBERG: I don't know why
17 it's relevant, but go ahead. What else you got
18 for the panel?

19 BY MR. CUNNINGHAM:

20 Q Can you explain why the intervenors in this
21 case, beyond the direct Parties to the
22 Settlement Agreement, were not invited to the
23 settlement discussions?

24 CHAIRMAN HONIGBERG: There's many

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 people reaching for microphones. Let's take
2 them one at a time. Mr. Fossum.

3 MR. FOSSUM: I think we're all doing
4 it for the same reason, Mr. Chairman. I think
5 that that has strayed into the objectional
6 realm -- objectionable realm that you had
7 identified previously, as now it's getting into
8 who was or wasn't there for what reasons, and
9 what considerations were made. And I think
10 that is too far.

11 CHAIRMAN HONIGBERG: Mr. Kreis,
12 Ms. Amidon, I assume you agree with what Mr.
13 Fossum just said?

14 MR. KREIS: Correct.

15 MS. AMIDON: Yes.

16 CHAIRMAN HONIGBERG: Mr. Cunningham.

17 MR. CUNNINGHAM: Mr. Chair, as you're
18 aware, and Commissioner Bailey is also aware,
19 my client's lodge lies within 500 feet of the
20 proposed Northern Pass Project. For example,
21 safety considerations are material.

22 CHAIRMAN HONIGBERG: Mr.
23 Cunningham -- Mr. Cunningham, the question
24 before me right now is "should I sustained the

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1 objection to the question you just asked?"

2 MR. CUNNINGHAM: You should not.

3 CHAIRMAN HONIGBERG: Why not?

4 MR. CUNNINGHAM: Because I think it's
5 totally inappropriate, Mr. Chair, on the facts
6 of the case and the public good that needs to
7 be demonstrated to make this Settlement fair
8 and reasonable under the law. Each and every
9 intervenor that had an interest in this
10 lawsuit, interest in this docket, should have
11 been invited to the settlement discussions.

12 CHAIRMAN HONIGBERG: Mr. Cunningham,
13 how is this different from every other legal
14 dispute with multiple parties, where it's very
15 common for some parties to "settle" and other
16 parties not to settle? That doesn't preclude
17 the non-settling parties from continuing to
18 litigate. And I assume you are here to explain
19 to us, through the questioning of this panel,
20 why we should not approve this modification to
21 the original filing. Isn't that what you're
22 here to do?

23 MR. CUNNINGHAM: All right, Mr.

24 Chair. I've made my point. They were not

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 invited. I'm ready to proceed.

2 CHAIRMAN HONIGBERG: Mr. Kreis.

3 MR. KREIS: The statement that Mr.
4 Cunningham just made is both irrelevant and not
5 supported by the record.

6 CHAIRMAN HONIGBERG: I'm sorry, which
7 statement?

8 MR. KREIS: The statement that
9 certain parties were not "invited" to
10 participate in the settlement negotiations.

11 And, if necessary, I will take the
12 stand and discuss in detail the contacts that
13 my office had with multiple parties in this
14 case, including parties who are not signatory
15 to the Settlement Agreement, about whether or
16 not to settle and on what terms we could
17 possibly settle the case.

18 CHAIRMAN HONIGBERG: Thank you,
19 Mr. --

20 MR. KREIS: I do not think that is a
21 useful inquiry.

22 CHAIRMAN HONIGBERG: Thank you, Mr.
23 Kreis. And I agree with one of the first
24 things you said just now, which is "this is

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1 irrelevant."

2 Mr. Cunningham, you may proceed.

3 BY MR. CUNNINGHAM:

4 Q Mr. Dudley?

5 A (Dudley) Yes.

6 Q Your appraiser is not in attendance. I'm
7 looking at Page 3 of Exhibit 3, the Settlement
8 Agreement. Can you explain the difference
9 between your appraiser's appraisal of \$125,000
10 a year in rent and the Applicants' appraisal of
11 \$795,000 in rent? Can you explain that
12 differential?

13 A (Dudley) Well, let me preface my answer by
14 stating that I am not a licensed appraiser, nor
15 am I an expert in real estate valuation. Both
16 appraisal reports that were obtained from the
17 consultants, as Mr. Giuliano pointed out
18 earlier, were market-based appraisals. Both
19 appraisers used differing criteria and
20 differing methodologies, and therefore they
21 arrived at different value conclusions.

22 The Settling Parties agreed that both
23 reports were acceptable, in terms of
24 establishing a range of values that we looked

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 at in settlement, to arrive at an appropriate
2 value.

3 Other than that, Mr. Cunningham, I would
4 refer you to Mr. Schmick's testimony and his
5 attachments, where he describes in great detail
6 what his methodology was.

7 Q And would you describe or could you describe
8 for the Commission the basis of the Schmick
9 appraisal, in terms of the analysis he used?

10 MS. AMIDON: Mr. Chairman, I have to
11 object. Mr. Dudley did not -- did not adopt
12 the testimony of Mr. Schmick. He has just said
13 he's not a certified -- or, has any experience
14 in appraisal techniques. The testimony is
15 irrelevant, as I previously stated, except for
16 the number, which is recited on Page 3 of the
17 Settlement Agreement, on Line 5. And I would
18 ask that we move on.

19 CHAIRMAN HONIGBERG: Mr. Cunningham.

20 MR. CUNNINGHAM: I'll move on to
21 another more granular question, Mr. Chair.

22 BY MR. CUNNINGHAM:

23 Q Mr. Dudley, can you explain what data that
24 Mr. Schmick used to establish his appraisal?

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 What basic information did he use?

2 MS. AMIDON: Again, Mr. Chairman,
3 this is irrelevant and is not something that
4 Mr. Dudley is prepared to testify to, because
5 he did not adopt Mr. Schmick's testimony.

6 CHAIRMAN HONIGBERG: Mr. Cunningham.

7 MR. CUNNINGHAM: Mr. Chair, the
8 record will show, and both appraisals are on
9 the record, the record will show that
10 Mr. Schmick used precisely the same property
11 value data that the Applicants' expert used,
12 yet their value came up to be 16 percent of the
13 value that the Applicants' appraiser put on the
14 rental.

15 CHAIRMAN HONIGBERG: Okay.

16 MR. CUNNINGHAM: There's something --
17 there's something fishy about that huge
18 differential in appraisal values, particularly
19 in light of the fact that both appraisers used
20 precisely the same across-the-fence valuation
21 data.

22 CHAIRMAN HONIGBERG: Ms. Amidon.

23 MS. AMIDON: Again, I think
24 Mr. Cunningham's remarks are irrelevant. He's

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 offering testimony. Every party in this docket
2 had the opportunity to file testimony regarding
3 any aspect of the Petitioners' filing,
4 including the opportunity to hire their own
5 consultant to do an appraisal of the same
6 property.

7 He -- I believe Mr. Cunningham said
8 he's an attorney, he's not a licensed expert in
9 appraisal. And I believe his statement should
10 be disregarded.

11 MR. CUNNINGHAM: What should be
12 disregarded, Mr. Chair, is they didn't even
13 bother to bring their witness to testify.
14 That's unfortunate.

15 CHAIRMAN HONIGBERG: Mr. Cunningham,
16 would you prefer that the \$125,000 valuation be
17 the answer to this problem? What is the point
18 of this? That, at the end of the questioning,
19 you would say "we must conclude X because of
20 the differential appraisals"?

21 MR. CUNNINGHAM: The differential
22 appraisals shed substantial doubt on the
23 underlying facts and the fairness and
24 reasonableness of this so-called "Settlement",

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Mr. Chair.

2 CHAIRMAN HONIGBERG: Really?

3 MR. CUNNINGHAM: Really.

4 CHAIRMAN HONIGBERG: How?

5 MR. CUNNINGHAM: Because they use --
6 one, represent, and you can look at the facts,
7 they used exactly the same data. Both
8 appraisers used exactly the same data.

9 CHAIRMAN HONIGBERG: I don't do real
10 estate law, but doesn't that happen all the
11 time? Isn't there disputes about the value of
12 property in virtually every real estate
13 litigation ever?

14 MR. CUNNINGHAM: Of course. But this
15 substantial a dispute, this substantial
16 differential between the two valuations, it
17 lends substantial doubt on the integrity and
18 efficacy of the Schmick appraisal.

19 CHAIRMAN HONIGBERG: Which is not --
20 which is not being offered into evidence.

21 MR. CUNNINGHAM: And I'm particularly
22 frustrated that he's not here so that I can
23 cross-examine him.

24 CHAIRMAN HONIGBERG: Are there

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 mechanisms within state law and the
2 Commission's rules for witnesses to be
3 subpoenaed?

4 And I see lots of nodding heads, from
5 the former General Counsel of the Commission
6 and one of the current Hearings Examiners, and
7 another nodding head from the former Chair.

8 MR. CUNNINGHAM: Mr. Chair, the
9 intervenors do not have the burden of proof in
10 this case.

11 CHAIRMAN HONIGBERG: Yes.

12 MR. CUNNINGHAM: We, representing a
13 property owner, does not have the burden of
14 proof in this case. The burden of proof lies
15 on the Applicant.

16 CHAIRMAN HONIGBERG: And the
17 Applicants -- the Petitioner, and the Parties
18 who are supportive of this Agreement, have
19 chosen, in their wisdom, not to bring that
20 witness to testify and to have his testimony
21 become an official part of the record and an
22 exhibit here.

23 MR. CUNNINGHAM: That's unfortunate.

24 CHAIRMAN HONIGBERG: That's the

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 decision they have made. If you believe that
2 that, for that reason, the Commission should
3 not approve the Agreement, you will be able to
4 make that argument.

5 MR. CUNNINGHAM: I'm in the process
6 of making that argument, Mr. Chair.

7 CHAIRMAN HONIGBERG: I think right
8 now we have a witness panel that would love to
9 answer your questions about the Settlement
10 Agreement, about what they have done. Or, if
11 you have no further questions for them, and
12 want to make your argument, now is not the time
13 to do that.

14 So, let's see if -- are there other
15 questions you would like these witnesses to
16 answer?

17 MR. CUNNINGHAM: A few more questions
18 for Mr. Dudley.

19 BY MR. CUNNINGHAM:

20 Q Again, Mr. Dudley, looking at Page 3 of Exhibit
21 3, the first full paragraph, and I'm just going
22 to quote: "PSNH also provided the testimony of
23 Messrs. Jiotto and Andrew demonstrating that
24 PSNH had undertaken its own analysis and review

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 to determine that the construction of the
2 Northern Pass would be consistent with PSNH
3 engineering standards and that the use of the
4 proposed rights-of-way by the Project would not
5 impair system reliability or PSNH's ability to
6 provide safe and reliable service to its
7 distribution customers."

8 I've got a couple questions. Why does the
9 Settlement Agreement refer to "provide safe and
10 reliable service to distribution customers"?
11 What does that have to do with the Northern
12 Pass?

13 MS. AMIDON: Again, Mr. Chairman, I
14 would have to object. He's asking -- this is
15 the background, essentially. This is a
16 description of what PSNH provided in the nature
17 of testimony. It doesn't -- it's just the
18 piece of background as to what was filed in
19 this docket. And I don't think -- I'm having a
20 hard time understanding how this question is
21 relevant to an examination of the Settlement
22 Agreement.

23 MR. FOSSUM: And I'll --

24 CHAIRMAN HONIGBERG: Mr. Fossum, go

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 ahead.

2 MR. FOSSUM: I was going to add that,
3 to the extent that there are specific questions
4 about what Mr. Jiottis, now Mr. Bowes, did or
5 looked at, and what Mr. Andrew did or looked
6 at, they are here, and they will be presented
7 to adopt their testimony and describe what's in
8 there.

9 CHAIRMAN HONIGBERG: Mr. Cunningham.

10 MR. CUNNINGHAM: My question is to
11 Mr. Dudley, who signed off and represented to
12 this Commission that is fair and reasonable,
13 this Settlement. I'm just asking questions
14 about the language in the Settlement itself.

15 CHAIRMAN HONIGBERG: I actually think
16 Mr. Dudley can probably answer questions along
17 this line, which I think are directed at his
18 understanding of the -- the long-term
19 arrangement is that, if the Northern Pass line
20 is placed in this right-of-way, will it affect
21 PSNH's ability to do what PSNH does for its
22 customers? That's essentially where you're
23 going, right, Mr. Cunningham?

24 MR. CUNNINGHAM: Yes, it is.

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 CHAIRMAN HONIGBERG: All right.

2 Mr. Dudley can answer that.

3 **BY THE WITNESS:**

4 A (Dudley) Yes. I'm relying on the testimony of
5 Eversource's witnesses in this area.

6 BY MR. CUNNINGHAM:

7 Q And what did their witnesses say with respect
8 to distribution customers, when we're talking
9 about the Northern Pass? That's a transmission
10 project, is it not?

11 MS. AMIDON: Mr. Chairman, again, --

12 CHAIRMAN HONIGBERG: That's a
13 question for those witnesses, Mr. Cunningham.

14 MS. AMIDON: Thank you.

15 CHAIRMAN HONIGBERG: If you want to
16 ask Mr. Dudley if he has concerns about whether
17 the regulated distribution utility will be able
18 to continue to fulfill its obligations, if
19 Northern Pass is constructed, Mr. Dudley may
20 have an opinion about that. I have no idea,
21 but it seems like a fair question.

22 MR. CUNNINGHAM: Let me just ask.

23 Good suggestion, Mr. Chair.

24 BY MR. CUNNINGHAM:

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q Do you have any concerns about whether the
2 Northern Pass will be safe and reliable?

3 CHAIRMAN HONIGBERG: That's a
4 different question. That's whether Northern
5 Pass will. Mr. Dudley, I assume, is concerned
6 about the utilities that the Public Utilities
7 Commission regulates as distribution utilities.
8 And that's where Mr. Dudley, I would think,
9 would be most comfortable answering questions,
10 not about Northern Pass, a transmission
11 company.

12 MS. AMIDON: Thank you.

13 MR. CUNNINGHAM: I guess, Mr. Chair,
14 I'm just worried and wondering why we're
15 talking about distribution customers in a
16 Northern Pass docket?

17 CHAIRMAN HONIGBERG: I think I just
18 told you why the Commission would be concerned
19 about it, and why PSNH would be concerned about
20 it. They would want to be concerned that
21 anything that goes in their right-of-way
22 wouldn't affect their ability to serve their
23 distribution customers. Doesn't that seem
24 obvious, Mr. Cunningham?

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 MR. CUNNINGHAM: Mr. Chair, I would
2 think that the Settlement Agreement ought to
3 reflect the Northern Pass.

4 CHAIRMAN HONIGBERG: This is about a
5 lease.

6 MR. CUNNINGHAM: It's a lease, Mr.
7 Chair, about the Northern Pass, and whether the
8 Northern Pass can be safe and reliable.

9 CHAIRMAN HONIGBERG: You ask those
10 questions of the witnesses who can testify
11 about that. Mr. Dudley is not that witness.

12 MR. CUNNINGHAM: All right.

13 BY MR. CUNNINGHAM:

14 Q Let's talk to Mr. Giuliano for a minute. You
15 also have testified to the Commission that you
16 believe that the Settlement Agreement is fair
17 and reasonable?

18 A (Giuliano) That's correct.

19 Q And I just have a few questions of you, and
20 given the fact that the other witnesses are
21 present here. On Page 6 of your testimony, the
22 first full paragraph, you state that "The Lease
23 has been developed to narrowly limit the scope
24 of the leased properties and NPT's leased use

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 to only what is needed to construct, operate
2 and maintain the line. Any additional or
3 expanded use by the Lessee, or a third party,
4 is generally not permitted or relinquished by
5 the Lessor. The location and design of the NPT
6 line within the leased properties is subject to
7 prior engineering review and approval by PSNH;
8 where existing PSNH lines and facilities may
9 need to be relocated and rebuilt within the
10 PSNH power line corridor to accommodate the
11 construction of the Northern Pass line, the
12 entire cost of relocating and rebuilding will
13 be paid for by NPT."

14 Can you give us an idea of what legal
15 descriptions is included in the Lease of what
16 precisely is being leased?

17 A (Giuliano) You're going to have to help me.
18 Did you -- did you refer to Page 6 of the
19 Settlement?

20 Q Yes. Page 6 of your testimony.

21 A (Giuliano) Of the Settlement? Oh, of the
22 testimony.

23 Q Sorry. Page 6 of 9 of your testimony.

24 A (Giuliano) I'm just going to read it real

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 quick. (Short pause) Okay.

2 Q And could you tell us in the Lease or show us
3 in the Lease what the legal description of the
4 leased premises is?

5 A (Giuliano) The Lease Agreement itself has
6 attached to it exhibits that define the
7 corridor, the leased corridor within the PSNH
8 corridor.

9 Q Yes. And how would you -- you've been in the
10 real estate business now I think you told us
11 for many years, is that a metes and bounds
12 description?

13 A (Giuliano) They're -- is the one in the Lease a
14 metes and bounds description? No, it's
15 graphic.

16 Q What does that -- what does "graphic" mean?

17 A (Giuliano) There are sketches, maps attached to
18 the Lease Agreement that help define the leased
19 corridor, as well as a narrative in the Lease
20 document itself.

21 Q And could you show me in the Lease document
22 where my property -- or, my client's property
23 is described?

24 A (Giuliano) In the Lease document?

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q Yes.

2 A (Giuliano) To my recollection, your client's
3 property is not described in the Lease
4 document.

5 Q Is there, for example, a metes and bounds
6 description of the Lease, the Northern Pass
7 Lease, on my client's property?

8 A (Giuliano) I think the best way to describe the
9 corridor that is referenced in the Lease
10 document is it's a general description of the
11 corridor with respect to its width and length
12 through towns and several easements and
13 properties, and does not specifically identify
14 your client's property.

15 Q In other words, my client couldn't know on the
16 ground where exactly the Northern Pass will be?

17 A (Giuliano) Oh, I think you're client can.
18 There's an existing corridor and easement on, I
19 suspect, on your client's property, so that the
20 leased corridor is within the overall PSNH
21 corridor.

22 Q And, so, a surveyor could go there and
23 establish exactly where the Northern Pass is
24 going to be, say, with respect to the existing

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1 115 kV line?

2 A (Giuliano) I believe so.

3 Q And could you tell us how that would work? I
4 mean, what would the surveyor look at?

5 A (Giuliano) I mean, it would be nothing that
6 would be unusual. The surveyor would be basing
7 their information on descriptions of property
8 that exist in existing deeds and easements, and
9 then --

10 Q No, no, no. Back up. I'm talking about
11 there's an existing in-dispute PSNH easement on
12 my client's property. That's a given.

13 MR. FOSSUM: No. I would object to
14 that. There is no easement that's in dispute.
15 This is -- and particularly not in this docket.
16 This is a Lease Agreement.

17 So, I would object at least to the
18 characterization of the question, in the first
19 instance.

20 CHAIRMAN HONIGBERG: Mr. Cunningham,
21 refine your question for Mr. Giuliano. It may
22 not be a question that he can answer. But
23 refine the question so get -- explain to him
24 what it is you would like to know. It may be

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 that Mr. Bowes or somebody else is going to be
2 the right person to answer this.

3 MR. CUNNINGHAM: All right. I'll try
4 to pin it down a little.

5 BY MR. CUNNINGHAM:

6 Q Could a surveyor go onto the easement, the PSNH
7 easement on my property, and tell this
8 Commission where the Northern Pass easement,
9 subject to this Lease, would be?

10 MR. FOSSUM: And I would object to
11 that question as, one, speculative, and, two,
12 irrelevant. Whether a surveyor can actually
13 figure out where that line would be 10 feet to
14 the right or 10 feet to the left of something,
15 it doesn't matter for this Lease. It simply
16 doesn't matter.

17 CHAIRMAN HONIGBERG: Can someone tell
18 me, is the -- does the Lease purport to give
19 Northern Pass access to the entire right-of-way
20 or is there a subset of the right-of-way that
21 is assigned to NPT in the Lease?

22 WITNESS GIULIANO: I can, Mr.
23 Commissioner, excuse me. There's a subset of
24 the existing PSNH corridor that is going to be

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 leased to NPT.

2 CHAIRMAN HONIGBERG: And is that
3 described in the Lease document? "It's the
4 westernmost X number of feet" or the -- how is
5 it described in the Lease?

6 WITNESS GIULIANO: It's described as
7 a "corridor within a corridor", with reference
8 in maps and sketches that are attached to the
9 Lease document.

10 CHAIRMAN HONIGBERG: And so -- and
11 then to understand where the NPT construction
12 would go within that leased corridor, you would
13 need the Northern Pass plans, right?

14 WITNESS GIULIANO: Yes. And there
15 would then be fieldwork that would flag the
16 edges of the corridor and the corridor within
17 the corridor.

18 CHAIRMAN HONIGBERG: All right. Mr.
19 Cunningham, that helped me. I don't know if it
20 helped you.

21 BY MR. CUNNINGHAM:

22 Q And you say there "would be fieldwork". Is
23 this Lease based on such fieldwork?

24 A (Giuliano) No. I think this Lease was crafted

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 prior to that fieldwork taking place. So, this
2 Lease is crafted based on existing documents at
3 the time.

4 Q And has that fieldwork been done since this
5 Lease was crafted?

6 A (Giuliano) I don't know.

7 Q So, you can't tell this Commission where
8 exactly the Northern Pass Lease lies within the
9 existing PSNH easement?

10 A (Giuliano) I can, to the extent that it's
11 referenced in the sketches and maps that are
12 attached to this Lease.

13 Q But that's not a metes and bound description?

14 A (Giuliano) Right.

15 Q And, to your knowledge, that's not based on
16 fieldwork?

17 A (Giuliano) I don't believe that the -- that the
18 maps and sketches that are attached to the
19 Lease reflect current fieldwork. They reflect
20 the fieldwork that evolved into the maps at the
21 time that they were created.

22 Q So, sitting here today, we don't know exactly
23 what is being leased, say, adjacent to my
24 client's lodge?

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 A (Giuliano) No. I don't agree with that. We do
2 know that there is a corridor that will be
3 leased to NPT that lies within that easement
4 that's existed for several years.

5 Q But we can't find it on the ground based on
6 this information. Can we?

7 A (Giuliano) We can find it on the ground with
8 fieldwork that takes place.

9 Q Fieldwork that may or may not have taken place
10 according to your testimony?

11 A (Giuliano) I said I don't know if that
12 fieldwork has taken place.

13 Q All right. Now, I've got an additional
14 question on this critical issue of legal
15 description. Are you familiar with the fact
16 that Portland Natural Gas Transmission System
17 has a 24-inch high-pressure gas pipeline that
18 lies behind my client's lodge?

19 A (Giuliano) I am not familiar with that, no.

20 Q You don't know anything about that?

21 A (Giuliano) No.

22 Q And that's not mentioned in the Lease either,
23 is it?

24 MR. FOSSUM: And, Mr. Chairman, I'm

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 going to object just to the line of
2 questioning. And this time with specific
3 reference to an order of this Commission, Order
4 26,052, where the specific issue -- that
5 specific issue was raised by Mr. Cunningham in
6 a motion. And, in ruling upon his motion that
7 that was relevant testimony, the Commission
8 concluded that it was -- or, that it was
9 relevant information, the Commission concluded
10 that it's not. And that it was, I'll read here
11 from Page 5 of that order that "it's reasonable
12 and consistent with the legal authority of the
13 SEC to allow that body to examine public safety
14 as part of its review of the Northern Pass
15 Project."

16 To the extent that there are concerns
17 about the location or the safe construction of
18 this near the PNGTS line, or any other line,
19 for that matter, that's a Site Evaluation
20 Committee issue and not one for this case.

21 CHAIRMAN HONIGBERG: Mr. Cunningham.

22 MR. CUNNINGHAM: I'm not asking about
23 safety, Mr. Chair. I'm asking about where by
24 terms -- I mean, a legal description for this

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Lease this pipeline lies.

2 CHAIRMAN HONIGBERG: And that was
3 what I understood the question to be as well.
4 Overruled.

5 WITNESS GIULIANO: So, can you help
6 me, sir, by asking me again?

7 MR. CUNNINGHAM: Yes.

8 BY MR. CUNNINGHAM:

9 Q My question is, absent any legal description of
10 precisely where the Northern Pass Lease is with
11 respect to the existing 115 kV line, and with
12 respect to the existing 24-inch high-pressure
13 gas pipeline, how can this Commission --

14 CHAIRMAN HONIGBERG: That's not the
15 same question. The question that you asked him
16 had to do with "where was the PNGTS pipeline
17 within the property?" And I think you were
18 then going to ask "is it in the same corridor
19 that's being leased?" But you hadn't asked it
20 yet. All you had done so far I think was ask
21 him if he knows, and I don't even think he
22 knows -- I think he testified that he doesn't
23 know, didn't know that there's a pipeline in
24 the same right-of-way. But I could be wrong

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 about that.

2 MR. CUNNINGHAM: Well, let me ask it
3 this way. You're quite right, Mr. Chair. The
4 objection interrupted my train of thought. I
5 don't remember exactly what I asked.

6 BY MR. CUNNINGHAM:

7 Q Anyway, you're not familiar with the pipeline,
8 and we don't know exactly what the description
9 of that NPT Lease description is. So, you
10 can't answer the question, I guess?

11 A (Giuliano) Well, the way you're asking it is a
12 bit misleading to me, sir. We do know where
13 the existing easement is, the PSNH easement
14 that crosses your client's property. We also
15 know that this is a leased corridor within that
16 existing easement corridor. And, if you're
17 asking me specifically "do I know where the gas
18 pipeline is in proximity to the Lease?",
19 that's what I'm responding to. I don't know.

20 Q And, so, you don't know whether the gas
21 pipeline is within this, the property subject
22 to this Lease, you don't know?

23 A (Giuliano) I don't know the precise area where
24 the gas pipeline or other improvements may lie

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 within this leased corridor.

2 Q So, since you don't know, the Commission can't
3 know precisely what is being leased in this
4 right-of-way?

5 CHAIRMAN HONIGBERG: And I'll object
6 to that. It seems like there may be witnesses
7 here who can answer that question. Maybe
8 Mr. Giuliano can't do it. But, maybe we don't
9 know yet, but I'd be willing to bet you that,
10 before we're done with the testimony, someone
11 will take a run at it.

12 MR. CUNNINGHAM: All right. Since
13 Mr. Giuliano can't answer the question, that's
14 all the questions I have, Mr. Chair.

15 CHAIRMAN HONIGBERG: Mr. Monahan, do
16 you have any questions?

17 MR. MONAHAN: I do not.

18 CHAIRMAN HONIGBERG: Mr. Kreis?

19 MR. KREIS: Just a couple, but they
20 won't be as interesting as the ones that we
21 just went through. I think my questions are
22 really just for Mr. Dudley.

23 BY MR. KREIS:

24 Q Mr. Dudley, when you were, a while ago, when

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 you were talking in general terms about the
2 Settlement Agreement and providing an overview
3 of it, you mentioned the \$15 million fund that
4 would be created under this Settlement
5 Agreement. And you testified that the purpose
6 of that fund is to help with for what you
7 described as "non-wires alternatives". What
8 are "non-wires alternatives" and, in
9 particular, what are they alternatives to?

10 A (Dudley) They're alternatives, by and large, to
11 additional generation. And specifically,
12 merchant generation, additional power purchases
13 by the utilities, which these initiatives, such
14 as energy efficiency, renewable energy,
15 distributed generation, are in place to avoid.

16 Q And, so, the purpose then, would you agree, is
17 to save customers money?

18 A (Dudley) Yes.

19 Q And to avoid placing additional assets into
20 rate base?

21 A (Dudley) Yes.

22 Q I guess, given that, I have a question for Mr.
23 Chung. Mr. Chung, where does the \$15 million
24 come from?

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 A (Chung) I can't answer -- I'm not able to
2 answer that. That looks relevant to the
3 Northern Pass Project, and I'm not involved in
4 it.

5 Q But does it come from -- does it come from your
6 employer?

7 A (Chung) I have no knowledge of that. You know,
8 maybe Mr. Fossum can help clarify.

9 MR. FOSSUM: Well, I guess I would
10 just ask in that question, what is meant by
11 "your employer"?

12 MR. KREIS: Oh. Well, I'm just
13 trying to establish, so that the Commission
14 fully understands the Settlement Agreement,
15 that the \$15 million comes from Northern Pass,
16 and not from Public Service Company of New
17 Hampshire.

18 CHAIRMAN HONIGBERG: Is that right?
19 Does any --

20 MR. KREIS: Mr. Mathews is nodding.
21 So, I suppose he was probably the person I
22 should have asked.

23 **BY THE WITNESS:**

24 A (Mathews) It's my understanding that there was

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 additional payments totaling 15 million over
2 four years are coming from Northern Pass.
3 They're not being funded by PSNH.

4 BY MR. KREIS:

5 Q And therefore not PSNH's ratepayers ultimately?

6 A (Mathews) Exactly.

7 MR. KREIS: Okay. I think those are
8 all the questions I have, Mr. Chairman.

9 CHAIRMAN HONIGBERG: Commissioner
10 Bailey.

11 CMSR. BAILEY: Thank you. Good
12 morning.

13 WITNESS DUDLEY: Good morning.

14 CMSR. BAILEY: I think my first few
15 questions are probably for Mr. Chung and, I'm
16 sorry, I forgot your name?

17 CHAIRMAN HONIGBERG: Mathews.

18 CMSR. BAILEY: Mr. Mathews.

19 WITNESS MATHEWS: The new guy.

20 CMSR. BAILEY: The new guy.

21 BY CMSR. BAILEY:

22 Q When did PSNH obtain the easements that are
23 going to be leased? Oh, actually, that might
24 be you Mr. Giuliano. Whoever can answer these

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 questions I'm fine with.

2 A (Giuliano) Yes. Without having specific dates
3 of each easement, because there are several
4 easements, but the Company has owned these
5 easements for decades.

6 Q Since the late '40s, early '50s?

7 A (Giuliano) Yes, approximately.

8 Q Okay. When you obtained the easements, did
9 PSNH retail customers pay for those?

10 A (Mathews) Yes. Those are included in PSNH
11 rates.

12 Q Okay. They weren't included in the regional
13 transmission rates, because they didn't exist
14 back then?

15 A (Mathews) I'm not following your question.

16 Q When the easements were obtained, PSNH was a
17 vertically integrated company, correct?

18 A (Mathews) Yes. Before my time, but --

19 Q Yes. Before my time, too. So, PSNH ratepayers
20 paid for those easements, not people in
21 Massachusetts?

22 A (Mathews) I'm going to give pause to my prior
23 answer and say I'm not clear on how those
24 easements would have been charged to ratepayers

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 at that time.

2 Q Well, you agree that PSNH was vertically
3 integrated at that time, correct?

4 A (Mathews) It's my understanding, yes.

5 Q And PSNH only had New Hampshire customers at
6 that time, correct?

7 A (Mathews) I don't know that.

8 CMSR. BAILEY: Public Service Company
9 of New Hampshire, maybe Mr. Fossum could help
10 us?

11 MR. FOSSUM: Yes. I mean, I believe,
12 in the 1940s and 1950s, PSNH, and it was
13 evolving over time, but my understanding was
14 that I would say almost all, I can't say with
15 absolute certainty that every customer was a
16 New Hampshire customer. But, essentially, yes.

17 CMSR. BAILEY: Public Service Company
18 of New Hampshire only served New -- primarily
19 served New Hampshire customers?

20 MR. FOSSUM: Correct.

21 BY CMSR. BAILEY:

22 Q And there was no regional transmission system
23 at that time? There was no regional
24 transmission tariff at that time?

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 A (Mathews) I don't feel I can confirm that.

2 Q Mr. Chung?

3 A (Chung) I'm really focused on PSNH
4 distribution.

5 Q Mr. Dudley?

6 A (Dudley) Well, I agree with you, yes. It was a
7 vertically integrated utility at that time.
8 And that there was not -- ISO-New England was
9 not in existence at that time.

10 Q Thank you. So, if you assume, for purposes of
11 this question, that New Hampshire customers
12 paid for these easements, why would the revenue
13 that PSNH will receive from leasing this
14 right-of-way be shared with the rest of New
15 England's customers? Why should that be?

16 A (Mathews) The allocation of the revenues that's
17 been laid out in the testimony follows the
18 allocation of the costs that are currently
19 being allocated to customers throughout New
20 England.

21 Q What costs are those that have to do with the
22 property?

23 A (Mathews) So, the property as it stands, the
24 leased -- the properties that are subject to

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 the Lease would be in PSNH's rate base for
2 distribution and transmission purposes.

3 Q Can you explain that to me?

4 A (Mathews) Sure.

5 Q What cost is in that rate base?

6 A (Mathews) Sure. So, you have a piece of
7 property that primarily would incur property
8 taxes --

9 Q Uh-huh.

10 A (Mathews) -- and a return to the customer -- to
11 the Company.

12 Q PSNH earns a --

13 A (Mathews) A cost of capital return, right.

14 Q On property?

15 A (Mathews) Yes. Yes, as part of PSNH's rate
16 base.

17 Q How does that work? The property that was paid
18 for in 1950 is earning a rate of return?

19 A (Mathews) Yes.

20 Q How?

21 A (Mathews) The leased property, which has I
22 believe a net book value of around \$400,000, is
23 not depreciable. So, that remains in the
24 Company's transmission and distribution rate

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 base and earns a return.

2 Q So, then, the property that PSNH paid for, that
3 New Hampshire customers paid for, is earning a
4 9 or 10 percent return, whatever the FERC rate
5 of return is for transmission, and that is
6 being -- that that cost is being shared by all
7 New England customers?

8 A (Mathews) Yes. Correct.

9 Q All right. I'm going to move on to a different
10 topic.

11 CHAIRMAN HONIGBERG: Commissioner
12 Giaimo, you want to follow up on that?

13 BY CMSR. GIAIMO:

14 Q So, maybe you could just walk us through how
15 the money would flow? Can you explain -- can
16 you explain to us how the money would flow?
17 How it will be collected and how it will be
18 reconciled with the regional tariff, and the
19 prorated share that each TO pays?

20 A (Mathews) Sure. As I stated in a question
21 posed by Mr. Fossum earlier, 93 -- or,
22 approximately 94 percent of the transmission
23 revenues are designated as -- or, of the Lease
24 revenues are designated as transmission,

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 5 percent are designated as distribution, and
2 1 percent is designated as company revenues,
3 because it relates to properties that are not
4 in distribution or transmission rates.

5 The costs that we talked about just now
6 flow to customers in that same manner. So,
7 94 percent of the net book value of the assets
8 subject to the Lease are in transmission, in
9 the transmission bucket. The cost of those
10 assets would flow to RNS customers and LNS
11 customers. In fact, 73 percent of those, of
12 the transmission assets, are RNS-related.

13 Q So, taking that to the next step.

14 A (Mathews) Yes.

15 Q What percentage of the total RNS is allocated
16 or attributable to PSNH's customers?

17 A (Mathews) You're going right where I was going,
18 which is approximately 6 to 7 percent of the
19 RNS costs would flow to PSNH transmission
20 customers.

21 BY CMSR. BAILEY:

22 Q So, what you're saying is that you have
23 allocated 94 percent of the Lease revenue to
24 transmission costs, because 94 percent of the

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 taxes and return on property and tree-trimming
2 expenses get assigned to transmission?

3 A (Mathews) Essentially, yes. That's what's
4 happening.

5 Q Nobody else has assigned 94 percent of the
6 Lease value, that's just the way you think it
7 should be done?

8 A (Mathews) No. That's the way the costs are
9 allocated on the Company's -- through the
10 Company's transmission tariffs.

11 Q I get that. That's the way the costs are
12 allocated. And you've decided that that's the
13 way the revenue should be allocated?

14 A (Mathews) No. As stated in the testimony, the
15 revenues were allocated based on the fair
16 market value of the assets.

17 Q No. I don't know we're saying the same thing.
18 The revenue -- you're saying that the revenue,
19 the fair market value, say it's a million
20 dollars, and it's not, I understand, --

21 A (Mathews) Sure.

22 Q -- it's the midpoint between 775 and 125, or
23 whatever? 465, was that it?

24 A (Mathews) 460,000.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q \$460,000 of revenue that you're going to get in
2 Lease payments from Northern Pass, is going to
3 be allocated the same way you allocate
4 expenses?

5 A (Mathews) Yes.

6 Q I still don't understand why New Hampshire
7 customers should not receive that revenue? I
8 understand why expenses for tree-trimming, and
9 the cost of the transmission towers and all of
10 that, get allocated among users of the regional
11 transmission network. But Public Service
12 Company of New Hampshire paid for this land and
13 New Hampshire ratepayers paid for this land.
14 So, if you're going to lease the land, why
15 wouldn't New Hampshire customers be the
16 beneficiary of that?

17 A (Mathews) I understand your question. And
18 perhaps it will help if I try to walk through
19 what the costs are that are being allocated to
20 transmission customers for PSNH are, just to
21 give you some perspective.

22 We've estimated that approximately -- the
23 approximate cost, you know, based on the net
24 book value of the plant that's in

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 transmission -- PSNH's transmission rate base,
2 times a carrying charge rate, a typical
3 carrying charge rate of somewhere in the
4 17-18 percent range, which includes the various
5 expenses that we've talked about, the return,
6 the taxes, *etcetera*, would amount to about
7 \$7,000 annually for PSNH's transmission
8 customers.

9 The revenues that, based on the average
10 annual Lease payments in the Settlement,
11 460,000, the revenues that would accrue to the
12 transmission customers are in the \$45,000
13 range.

14 Q New Hampshire transmission customers?

15 A (Mathews) Yes. Yes.

16 Q And I'm trying to understand why it shouldn't
17 be all of the revenue, not for New Hampshire
18 transmission customers, for New Hampshire
19 ratepayers? Because the rest of the costs that
20 are allocated, in the regional transmission
21 network, benefit and were paid for by the
22 region, but this property was not.

23 A (Mathews) I'm not sure what I can add to the
24 explanation that currently the, you know, the

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 revenues flowing in from the -- from the Lease
2 payments will mirror the current allocation of
3 the costs associated with those properties.

4 Q What if the Commission determined that, because
5 the property was paid for by New Hampshire
6 ratepayers, the Lease should not go through the
7 transmission tariff, it should be an offset of
8 TCAM?

9 *[Short pause.]*

10 BY CMSR. BAILEY:

11 Q Got nothing?

12 A (Mathews) I'm not sure I have an answer to
13 that. It's speculation I'm not comfortable
14 making.

15 CMSR. BAILEY: Okay. Thank you. I
16 have some more questions, but --

17 *(Chairman and Commissioners*
18 *conferring.)*

19 CHAIRMAN HONIGBERG: All right. Why
20 don't we take a ten-minute break. Actually,
21 why don't we be more realistic and take a
22 fifteen-minute break. We'll be back at twenty
23 minutes to eleven.

24 (Recess taken at 10:24 a.m.)

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 And the hearing resumed at
2 10:43 a.m.)

3 CHAIRMAN HONIGBERG: Commissioner
4 Bailey, you may resume.

5 CMSR. BAILEY: Thank you.

6 BY CMSR. BAILEY:

7 Q Mr. Giuliano, can you show me in the Lease
8 where the properties that contain the gas
9 pipeline are listed, the part of the
10 right-of-way that contains the gas pipeline?

11 A (Giuliano) I cannot show you specifically where
12 the gas pipeline is located with respect to the
13 Lease. The Lease references, as I mentioned
14 earlier, a series of exhibits, maps, a listing
15 of easements that comprise the corridor, a
16 majority of the corridor, and each those
17 properties is cataloged. So, I would have to
18 cross-reference the information that is in the
19 exhibit, each property is identified with a
20 line list number, to get into the nitty-gritty,
21 and I would have to cross-reference that line
22 list number with the underlying property
23 owners' locations to identify exactly where the
24 gas line is located with respect to the Lease.

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q Could you show me where the Spencer property is
2 listed? The easement on the Spencer property,
3 do you know where that is?

4 A (Giuliano) I do not, without doing that
5 research. I just can't do it here, sitting
6 here today.

7 Q Okay.

8 A (Giuliano) I would have to -- I would have to
9 again match the existing property up to the
10 easement that was granted back in the '40s or
11 '50s, and then cross-reference it from that
12 document.

13 CHAIRMAN HONIGBERG: Where are the
14 materials you would need to answer Commissioner
15 Bailey's question?

16 WITNESS GIULIANO: In PSNH offices.

17 CMSR. BAILEY: How about this? I
18 have an idea.

19 My next question on this topic would
20 be for Mr. Bowes. And I'm going to ask him how
21 wide that easement is there? How many lines
22 are in the easement there, where the gas
23 pipeline is?

24 So, if you could find that

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1 information and give it to Mr. Bowes, so that,
2 when he testifies, maybe we're going to take a
3 lunch break, I don't know, then I can see it,
4 where it is. Okay?

5 WITNESS GIULIANO: Yes, I will try.
6 Yes.

7 CMSR. BAILEY: Thanks.

8 BY CMSR. BAILEY:

9 Q Mr. Giuliano, in your testimony, on Bates Page
10 153, you say that you've been involved in
11 transactions where the Company has been the
12 lessor. Has the Company ever leased a
13 right-of-way to somebody not affiliated to it
14 before?

15 A (Giuliano) Portions of property, the Company
16 has, yes. The Company has leased portions of
17 property.

18 Q Portions of a right-of-way?

19 A (Giuliano) Portions or crossings of a
20 right-of-way.

21 Q Crossings, but not a right-of-way, a linear
22 path?

23 A (Giuliano) I would have to check, but there may
24 be a short linear path that was leased. I

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 think so.

2 Q Do you know if any of -- if what you're
3 thinking of was in New Hampshire?

4 A (Giuliano) I'm thinking of one in particular
5 that may have been in New Hampshire.

6 Q And how did you figure out what the value of
7 that was?

8 A (Giuliano) I don't know. I wasn't here at that
9 time.

10 Q Okay. On Bates Page 156, you say that "the
11 Lease allows Northern Pass to collateralize its
12 leasehold interest...to secure project
13 financing." Can you explain that in layman's
14 terms to me please?

15 A (Giuliano) I will try. Northern Pass, like any
16 tenant in a ground lease situation where the
17 property is owned by a party other than --
18 other than the party that's developing
19 improvements upon it, in those ground lease
20 situations, it's very typical for the tenant,
21 who's building improvements or building a
22 structure or building to seek financing for
23 that, for that improvement. And it's very
24 typical for, in those instances, for the tenant

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 to pledge its rights under the lease as
2 collateral for the funding that it's receiving
3 for that construction. So, that's what's meant
4 by "collateralizing the lease".

5 Q Okay. So, if Northern Pass has a problem, and
6 they have collateralized the land in your
7 right-of-way, do they -- does the bank take it
8 over?

9 A (Giuliano) In this instance, and in the Lease,
10 the Lease specifically states that the NPT, the
11 tenant's lender cannot take over those rights.
12 So, it's not the underlying property that's
13 collateralized. It's the value of the Project,
14 their Project that's collateralized.

15 Q Would you -- it looks to me like the majority
16 of the right-of-way, the majority of the
17 property in the right-of-way will be leased to
18 Northern Pass. Is that correct?

19 A (Giuliano) In terms of the width are you
20 speaking of? The width of the right-of-way?

21 Q Well, you say there's 2,400 acres in the
22 right-of-way; 781 will be exclusively for
23 Northern Pass; and 473 acres will be shared
24 between Northern Pass and PSNH; and then

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 there's a few, 75 acres left over.

2 A (Giuliano) Yes. Yes.

3 Q So, this is going to become a Northern Pass
4 right-of-way, for all intents and purposes, and
5 you're going to -- PSNH is going to use part of
6 it?

7 A (Giuliano) I would characterize it slightly
8 differently. It remains a PSNH-owned asset,
9 fee parcels, as well as easement rights. And
10 PSNH has allowed, pursuant to the Lease, to
11 utilize a portion of the overall right-of-way
12 for specific purposes. And the tenant is also
13 obligated not to interfere with PSNH
14 improvements.

15 So, I would characterize it slightly
16 differently. That it remains very much a PSNH
17 right-of-way, with another party being allowed
18 to use a portion of it.

19 Q Use the majority portion of it?

20 A (Giuliano) Use a significant portion of it.
21 But a portion of it, yes.

22 Q Okay. Mr. Chung and Mr. Mathews, can you look
23 at Bates Page 1142, Lines 15 through 16. And
24 are there words missing from that sentence,

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 starting with "transmission customers"?

2 A (Mathews) We don't believe so.

3 Q Okay. Then, I don't understand what your --

4 what it means. "Transmission customers will be
5 receiving revenues in excess of the return on",
6 on what?

7 A (Mathews) Return on the investment, return on
8 the properties.

9 A (Chung) Yes. The expression is "a return on
10 and of the property". So, a return on the
11 property and return of the property.

12 CMSR. BAILEY: Okay. Thank you. I
13 don't have any further questions.

14 CHAIRMAN HONIGBERG: Commissioner
15 Giaimo.

16 BY CMSR. GIAIMO:

17 Q Can we walk through, since we're on this line,
18 can we walk through the exhibit, I guess it's
19 Ms. Cooper's Exhibit 3, but I assume --

20 CHAIRMAN HONIGBERG: What Bates page?

21 BY CMSR. GIAIMO:

22 Q It's just a couple pages forward. So, it's
23 1151. 1-1-5-1. And my question is a simple
24 one. Can you explain the line items and --

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 sorry. I'm sorry, 1153, 1-1-5-3. Can you
2 explain the bill impact and what this is
3 telling us?

4 A (Mathews) Sure. As we had stated earlier,
5 approximately 94 percent of the Lease revenues,
6 and this is using the Lease -- the annual Lease
7 value that was filed in the initial testimony.
8 We know that the Settlement has a different
9 amount. 94 percent approximately were
10 transmission-related, and I'll probably have
11 you slip a couple pages just so we can follow
12 things through.

13 If you went to Bates Page 1149, you'll
14 see, on Line 1, the allocation of the 94,
15 "93.7 percent" to transmission, total \$703,000
16 of Lease revenue associated with transmission.
17 We then further break that out on Lines 5 and
18 6, between the PTF and the non-PTF portions.
19 Okay?

20 Q Okay. So, the non-PTF is not subject to
21 regional cost allocation?

22 A (Mathews) That's charged to LNS customers.

23 Q That's simply LNS.

24 A (Mathews) Yes.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q Whereas Line 5, which characterizes PTF, that's
2 the Pool Transmission Facility, which has cost
3 allocation *pro rata* based on load throughout
4 the region?

5 A (Mathews) Correct.

6 Q Thank you.

7 A (Mathews) So, that's the derivation of the PTF
8 and non-PTF portions, which flow into Column
9 (A), on the page that you initially referenced,
10 Bates Page 1153. You'll see in Column (A),
11 "515,000" of PTF revenue and "180,000" of
12 non-PTF.

13 And from there, we apply, consistent with
14 the transmission tariffs, the estimated load
15 percentage to get to a PSNH value of the Lease
16 that's showing in Column (C), "34,000" and
17 "39,000", respectively, for PTF and non-PTF.

18 And the remaining columns perform some
19 math that's highlighted at the top of the
20 columns, and essentially show, if I can jump to
21 Column (F), --

22 Q Yes.

23 A (Mathews) -- that the annual cost of a typical
24 700 kW customer, and taking service from PSNH,

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 is 3 -- roughly "3.6 cents" for PTF and "4.8"
2 for non-PTF, for a total of 8 cents annually.

3 Q Annually, --

4 A (Mathews) Yes.

5 Q -- 8 cents?

6 A (Mathews) Correct.

7 Q A typical 700 kWh per month customer, at the
8 end of year, as a result of the Lease payments,
9 would see 8 cents reduction in their --

10 A (Mathews) Correct.

11 Q Thank you. Thank you for walking me through
12 that.

13 A (Mathews) You're welcome.

14 Q We've briefly talked about "94 percent,
15 5 percent, and 1 percent"?

16 A (Mathews) Yes.

17 Q And the 1 percent representing the shareholder
18 property?

19 A (Mathews) That's right.

20 Q Including -- what is that? What is the
21 property?

22 A (Mathews) I don't know the detail behind that.
23 The 1 percent was identified in our plant
24 records that our Plant Accounting Group keeps.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Those would be -- I can tell you that those
2 would be portions of the assets that are
3 subject to the Lease that are not in
4 distribution rates and not in transmission
5 rates. But specifically what they are, I can't
6 comment on.

7 Q Do you have the total value that that creates
8 for the Company?

9 A (Mathews) I think the -- well, the net book
10 value of those was about \$6,000 worth of costs.
11 And I'll see if I can locate, --

12 Q Okay.

13 A (Mathews) -- will be just a moment, --

14 Q Sure.

15 A (Mathews) -- the Company benefit, so to speak.
16 It appears that the Lease payments accruing to
17 the Company for that 1 percent are about \$6,000
18 a year.

19 Q About 6,000. And the total benefit accruing to
20 the ratepayers is about 73,000, is that right?

21 A (Mathews) Are you -- I would ask what annual
22 Lease payment you're using in that?

23 Q I was just looking at the 1153 page, Bates
24 1153, and I was taking the Column (C) and

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 adding them together. Is that --

2 A (Mathews) That would be the transmission
3 portion.

4 Q The transmission portion.

5 A (Mathews) Right. Under the as filed Lease
6 payments.

7 Q Yes. Thank you.

8 CMSR. BAILEY: Can I ask a follow-up
9 on that?

10 BY CMSR. BAILEY:

11 Q That's the as filed. That's not what the
12 Settlement agreed to, right?

13 A (Mathews) Right. The Settlement, we've been
14 talking to an average annual payment of
15 \$460,000. That would translate to about
16 \$45,000 of transmission revenues and 22 --
17 23,000, roughly, of distribution revenue to
18 PSNH.

19 Q And how much to shareholders?

20 A (Mathews) About 6,000.

21 BY CMSR. GIAIMO:

22 Q And the impact on the distribution rate is,
23 what was that, "0.0005 cents" per
24 kilowatt-hour?

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 A (Chung) Yes. I'd say the "0.0005 cents per
2 kWh" was based on the prior estimate of the
3 Lease payment. So, if we scale it down
4 consistent with what Mr. Mathews said, we're
5 looking at a total Lease payment benefit of
6 around 22, 23,000, which then if you further
7 translate that to a cents per kWh, it's 0.0003
8 cents per kWh.

9 Q Thank you. I have one question of
10 Mr. Giuliano. Let me start by thanking you.
11 It's not every day I get to talk to a person
12 with the same number of g's, i's, a's and o's
13 as in my last name. So, --

14 A (Giuliano) Nice to meet you.

15 Q Nice to see you. You, in your testimony, on
16 Bates 156, on Page 5 to 7 of your testimony,
17 you detail what you view as the various
18 benefits associated with the Lease. And you
19 talk a little bit about the steady stream of
20 the rent, mitigation of property taxes, and
21 some vegetation and maintenance associated with
22 the leased property.

23 I'm asking you to opine a little on some
24 of the disadvantages, if you tell us what they

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 meet be. What do you see as the disadvantage
2 of the Lease?

3 A (Giuliano) I guess, just brainstorming with
4 you, in the Lease provides that, in instances
5 where there are aspects of encroachment, for
6 example, that where a third party is
7 encroaching within the corridor, whether it's
8 the larger corridor, the PSNH corridor, or the
9 leased corridor, that the Parties would work,
10 the Parties being the landlord and tenant,
11 PSNH, and NPT as tenant, would work jointly to
12 resolve that encroachment. In that instance,
13 there's just another party, the tenant, that
14 gets involved with resolving such an issue. As
15 opposed to, prior to the Lease, it would be
16 PSNH and the encroaching party.

17 So, it adds another party to those
18 discussions.

19 Q Is there an opportunity cost here, once you
20 sign the Lease, once this Lease happens,
21 there's obviously a finite amount of space on
22 the right-of-way, that you couldn't then
23 proceed to lease to other people, which may
24 have a more -- a better economic benefit in the

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 future as opposed to now?

2 A (Giuliano) I guess I'll respond by saying that,
3 I guess, in theory, that can be a possibility.
4 But there hasn't been other parties who have
5 sort of inquired to us to lease or occupy space
6 in the corridor that would generate a revenue
7 stream for the Company and for the customers.
8 So, I guess, in theory, I would say yes. But,
9 in practicality, that hasn't -- that hasn't
10 happened.

11 We do have a provision in the Lease that
12 discusses remnant parcels. Parcels that are
13 created simply because of the shape, the
14 geographic shape of properties. You know,
15 picture again a corridor, with a smaller
16 corridor within it, and maybe some fragments
17 over to either side. Those fragments are
18 referenced as "remnant parcels" in the Lease,
19 and the tenant is responsible to pay rent for
20 those remnant parcels.

21 PSNH, as landlord, has reserved the
22 ability to extract those remnant parcels from
23 the Lease. So, let's say, in the future,
24 there's a possibility that a remnant parcel

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 might be made to -- might serve a better
2 purpose or a different purpose that could
3 create more revenue for customers, then the
4 Company has the ability to withdraw that
5 remnant parcel from this Lease, and perhaps
6 make it available for other purposes.

7 CMSR. GIAIMO: Thank you for that.

8 BY CHAIRMAN HONIGBERG:

9 Q Mr. Dudley, I'm going to pick up on the
10 conversation that you were having with Mr.
11 Cunningham. Are you satisfied that, if the
12 Northern Pass line is built and located in the
13 same right-of-way as the existing or moved
14 service lines that PSNH has, that PSNH will
15 continue to be able to provide safe and
16 reliable service to its customers?

17 A (Dudley) Yes, I am.

18 Q Is that -- that is something we're all
19 concerned about, right?

20 A (Dudley) Yes. Correct.

21 Q And it's something you took a look at during
22 the course of reviewing this as part of what
23 you did on this docket?

24 A (Dudley) Yes. In part, yes.

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 CHAIRMAN HONIGBERG: That's all I had
2 specifically for the panel. And, Mr. Fossum, I
3 have a couple of questions.

4 I just want to confirm that there is
5 a witness here from Colliers, Mr. LaPorte or
6 someone else, to adopt that testimony and
7 answer questions?

8 MR. FOSSUM: Mr. LaPorte is in the
9 room.

10 CHAIRMAN HONIGBERG: Okay. You saw
11 earlier some questions from the Bench about how
12 the revenue is going to get assigned, accounted
13 for, when it comes in.

14 MR. FOSSUM: Yes.

15 CHAIRMAN HONIGBERG: Questions from
16 everybody. Some of which there didn't seem to
17 be fully -- the loop wasn't fully closed on
18 some of those questions.

19 Is there a witness here who can do
20 that for us? Because -- and it's okay if not.
21 We may just ask for a post-hearing submission
22 of some sort on this topic.

23 MR. FOSSUM: Well, sort of in the
24 interest of full disclosure, we did discuss

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 that issue during the break. I think part of
2 the issue that Mr. Mathews was encountering is
3 I don't think he fully understood the questions
4 that were being asked. And we discussed that
5 issue, and I think Mr. Mathews now understands
6 the questions.

7 CHAIRMAN HONIGBERG: Oh. Do you have
8 questions that you're going to ask on redirect
9 that might --

10 MR. FOSSUM: I was intending to. And
11 to the extent that that's still not
12 satisfactory, we do have witnesses in the room
13 who can speak to that issue who are not on the
14 stand right now. Mr. Bowes can speak to at
15 least some of that issue.

16 And although he has not filed
17 testimony, and I'm sure he's going to love that
18 I'm about to say this, Mr. Goulding could
19 potentially testify.

20 CHAIRMAN HONIGBERG: Well, you'll be
21 happy to know he's smiling as you say that.

22 MR. FOSSUM: I'm sure that he is.
23 So, there was, again, just to disclose, we had
24 talked about either the possibility of having a

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 different panel raised, where individuals you
2 just identified would take the stand and be
3 able to answer all of those questions. Or I
4 could do this -- or I could attempt it through
5 redirect of Mr. Mathews right now.

6 CHAIRMAN HONIGBERG: It seems like
7 you were prepared to try and do that. So, why
8 don't you take a run at that, and whatever
9 other redirect you have. And if that satisfies
10 everyone, then that will be great. And if not,
11 we can torture Mr. Goulding later or allow you
12 to do something in writing.

13 MR. FOSSUM: Well, I'll see what I
14 can do.

15 **REDIRECT EXAMINATION**

16 BY MR. FOSSUM:

17 Q So, just to, pardon the pun, to ground
18 everybody, Mr. Mathews, do you recall the line
19 of questioning, the questions from the Bench
20 about the payments made by PSNH for the
21 underlying property and property rights, and
22 the allocations of those costs? Do you recall
23 that line of questions?

24 A (Mathews) I do.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 Q Historically, when a utility purchased a piece
2 of property or a property right, such as an
3 easement, how were the costs of that purchase
4 dealt with by the Company?

5 A (Mathews) The Company would purchase the rights
6 or the property on behalf of its customers.
7 The customers wouldn't pay for the costs of
8 that property in full at that time, but would
9 rather be charged return and taxes associated
10 with that property through, in this case,
11 transmission rates.

12 Q And, so, to the best of your knowledge, is that
13 what happened with the properties that are
14 subject to this Lease?

15 A (Mathews) Yes. That's my understanding.

16 Q And, so, correct me if I'm wrong, but
17 customers, at the time the property was
18 acquired, if I can rephrase what you had said,
19 the Company did not pay customers -- or, pay
20 that person outright and charge customers for
21 it. Rather that customer -- or, that landowner
22 was paid, and customers were, in turn, charged
23 over time a return relative to the property and
24 O&M expenses, such as taxes?

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 A (Mathews) Yes. That's correct.

2 Q And have the allocations or the way in which
3 that return and those taxes and expenses been
4 recovered in rates, have those changed over
5 time?

6 A (Mathews) I believe they have.

7 Q How so?

8 A (Mathews) And this goes back to the prior line
9 of questioning. Prior to the current tariffs
10 that are in place, PSNH, as was mentioned
11 earlier by the Commissioner, PSNH customers
12 would have paid for the return and taxes
13 solely. They would not have been shared
14 amongst transmission customers throughout New
15 England. And that's reflective of the fact
16 that the acquisition of that property by PSNH
17 was made on behalf of only PSNH customers.

18 Subsequent to, I don't recall the year,
19 somewhere around the 1970 range, when ISO is
20 established and we move into the more current
21 tariffs, the allocation of costs follows the
22 tariffs that are in place, where other New
23 England transmission owners share in those
24 costs. And now the revenues flowing back to --

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 through transmission rates, in this case, would
2 follow that same cost-charging principle, if
3 you will.

4 Q And would that same principle, where the
5 revenues match the costs, apply in any Lease
6 anywhere in New England for transmission
7 property?

8 A (Mathews) Yes, they would.

9 Q And, so, is it your understanding then that
10 this Lease and the revenue allocation follows
11 the costs in the same way that any other such
12 Lease would?

13 A (Mathews) Yes.

14 Q Mr. Giuliano, I just -- I had one question for
15 you. There was a question from the Bench also
16 about leases from PSNH to any non-affiliated
17 parties. Are you aware of a Lease in New
18 Hampshire between PSNH and a non-affiliated
19 party, relative to the existing Hydro-Quebec
20 line?

21 A (Giuliano) I am not. I don't have a
22 recollection of that.

23 CHAIRMAN HONIGBERG: Mr. Fossum?

24 MR. FOSSUM: Yes.

[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 CHAIRMAN HONIGBERG: Can we circle
2 back to that line with Mr. Mathews? I
3 understand the questions and answers that he
4 gave.

5 Is there a body of law or a tariff or
6 a rule that requires that the revenue be dealt
7 with the same as the costs?

8 MR. FOSSUM: And this is where I'd be
9 wading out of my depth to state anything
10 specifically. It is my understanding that the
11 FERC tariff dictates how those costs and the
12 revenues are to be shared. But that's only my
13 understanding from what I have been told. I'm
14 not 100 -- I believe there are witnesses who
15 could testify more definitively about that than
16 me, not that I'm testifying, or I'm not
17 attempting to at any rate. But my
18 understanding is that the FERC tariff does
19 govern that.

20 CHAIRMAN HONIGBERG: Okay. So, then,
21 we'll wait until you have another witness up
22 there who might be able to shed additional
23 light on the reason why it is that the revenue
24 follows the expenses.

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[WITNESSES: Giuliano|Mathews|Chung|Dudley]

1 But I do appreciate what you just did
2 with Mr. Mathews to get a little more clarity
3 on what is actually happening in some of that
4 history.

5 MR. FOSSUM: And I think that's all
6 that I had for clarifications.

7 CHAIRMAN HONIGBERG: Ms. Amidon, do
8 you have any redirect?

9 MS. AMIDON: Yes. I just have one
10 question for Mr. Dudley.

11 BY MS. AMIDON:

12 Q The \$15 million that is being paid by Northern
13 Pass over a period of time is intended to go
14 for non-wires alternatives, correct?

15 A (Dudley) Yes.

16 Q And wouldn't non-wires alternatives include
17 action such as demand response, energy
18 efficiency, and distributed energy resources
19 that are used to offset expansion or investment
20 in transmission and distribution projects?

21 A (Dudley) Yes. Correct.

22 MS. AMIDON: Okay. Thank you.
23 That's all I have. Thank you.

24 CHAIRMAN HONIGBERG: All right.

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[WITNESS: Bowes]

1 Thank you, gentlemen. I think you can return
2 to your seats.

3 Who's the next witness?

4 MR. FOSSUM: I believe, in light of
5 the questions that we've had this morning, and
6 to hopefully round out some of those issues, it
7 makes the most sense to have Mr. Bowes take the
8 stand next.

9 CHAIRMAN HONIGBERG: Mr. Bowes, come
10 on down.

11 (Whereupon **Kenneth Bowes** was
12 duly sworn by the Court
13 Reporter.)

14 CHAIRMAN HONIGBERG: Mr. Fossum.

15 MR. FOSSUM: Thank you.

16 **KENNETH BOWES, SWORN**

17 **DIRECT EXAMINATION**

18 BY MR. FOSSUM:

19 Q Mr. Bowes, could you please state your name,
20 your place of employment, and your
21 responsibilities for the record in this
22 proceeding please.

23 A My name is Kenneth Bowes. I'm the Vice
24 President -- My name is Kenneth Bowes. I'm the

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[WITNESS: Bowes]

1 Vice President of Transmission Performance for
2 Eversource Energy. In relation to this docket,
3 I am assuming the testimony of James Jiottis,
4 and speaking to technical and engineering
5 issues associated with the PSNH Lease to
6 Northern Pass Transmission.

7 Q And, so, just for clarification, you yourself
8 did not file testimony in this proceeding, is
9 that correct?

10 A That is correct.

11 Q But you're adopting the testimony of James
12 Jiottis for purposes of this proceeding?

13 A Yes, I am.

14 Q And you're adopting that as though it were your
15 own testimony?

16 A That is correct.

17 Q And, Mr. Bowes, are you -- do you recall that
18 back on May 8th of this year, there was a
19 letter -- a set of information submitted, which
20 has been premarked for identification as
21 "Exhibit 4"? Are you familiar with that?

22 A Yes, I am.

23 Q And could you explain please what that
24 submission was?

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[WITNESS: Bowes]

1 A It's basically adopting the Testimony of
2 Mr. Jiottis for this proceeding, and becoming a
3 witness for activities in the proceeding.

4 Q And just for clarity, is the information, the
5 information on your qualifications and
6 experience that was included in that, is that
7 still an accurate representation or description
8 of your qualifications and experience?

9 A Yes, it is.

10 MR. FOSSUM: And, so, I guess, in
11 that he has adopted the testimony of
12 Mr. Jiottis, I guess at this point the
13 testimony speaks for itself, and I would have
14 no additional direct at this time.

15 CHAIRMAN HONIGBERG: Is Mr. Bowes the
16 question you would ask to close the loop on
17 some of the questions this morning?

18 MR. FOSSUM: I guess, if you're
19 willing to allow that to happen, then
20 certainly.

21 BY MR. FOSSUM:

22 Q Mr. Bowes, you've --

23 CHAIRMAN HONIGBERG: I think we
24 invited it.

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[WITNESS: Bowes]

1 MR. FOSSUM: So be it. I didn't know
2 if we should leave that for direct questions
3 from folks.

4 BY MR. FOSSUM:

5 Q So, Mr. Bowes, you've been present in the
6 hearing room this morning?

7 A Yes, I have.

8 Q And you've heard the lines of questioning, in
9 particular, from the Bench, relative to, well,
10 a number of issues, including the transmission
11 revenues and the siting of the Northern Pass
12 facilities within the PSNH right-of-way. At
13 this time, do you have any comment on those
14 issues from this morning?

15 CHAIRMAN HONIGBERG: Just so the
16 record is a little bit easier to follow, just
17 take them one at a time. And when you're done
18 with that one, we'll have Mr. Fossum ask you
19 about the second one.

20 MR. FOSSUM: Okay.

21 BY MR. FOSSUM:

22 Q Well, then, let's start with the -- since
23 you've adopted the testimony of Mr. Jiottis,
24 let's start with the engineering-related issues

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[WITNESS: Bowes]

1 that are described in his testimony. And do
2 you have any response to the issues that have
3 been raised this morning with respect to the
4 siting of the Northern Pass Project within the
5 right-of-way?

6 A So, I believe there was several questions
7 around the safety and reliability of the PSNH
8 system with regards to this Lease Agreement. I
9 would say that we have done several things to
10 ensure that Northern Pass Transmission will
11 both construct, own and operate a safe system,
12 and also to ensure that the PSNH facilities
13 adjacent to the Northern Pass Transmission line
14 can still be operated, rebuilt, and maintained
15 in the future in a safe and reliable way.

16 The first thing that we've done to ensure
17 that is PSNH has imposed the Eversource
18 transmission design standards on Northern Pass.
19 So, to be more specific here, the 51 miles of
20 115 kV lines impacted by Northern Pass, and the
21 12 miles of 34 and a half kV distribution that
22 will be impacted by Northern Pass, follow the
23 Eversource design standards.

24 While there's been -- let me take the

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[WITNESS: Bowes]

1 second part of that. Northern Pass will be
2 required to operate under the jurisdiction of
3 the PSNH Control Center for all of their
4 activities during construction. Therefore, any
5 electrical clearances or permits required, any
6 outage scheduling, any cutover scheduling for
7 the existing to-be-rebuilt PSNH lines will be
8 under the jurisdiction and control of PSNH.

9 The third thing that we have done to
10 ensure that the construction will be done in a
11 safe and reliable manner is we have the ability
12 to approve the contractors used, and ensure
13 that they are approved by Eversource and PSNH,
14 and also we have the right to audit the work
15 that they perform as they rebuild the PSNH
16 facilities.

17 Q And at this time, do you have any comment
18 relative to the questions that were raised this
19 morning on the location of the NPT facilities
20 vis-a-vis the PNGTS facilities?

21 A So, I know we have talked at quite length of
22 this in another proceeding before the New
23 Hampshire Site Evaluation Committee. We have
24 purposefully not provided any maps of the

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[WITNESS: Bowes]

1 facilities, and both for confidentiality and as
2 well for, I would say, general infrastructure
3 security reasons. They certainly can be
4 provided. We do have details of where those
5 facilities are.

6 To the east of the property in question,
7 the pipeline is on the north section of the
8 right-of-way. To the west of the property in
9 question, it's close to the south side of the
10 right-of-way. In each case, the right-of-way
11 through this area is 150 feet in width.
12 Northern Pass will take 75 to 100 feet of that
13 right-of-way for that entire length. And it
14 does vary, as the construction in certain areas
15 is a little bit different. And to maintain
16 clearances away from the Portland Natural Gas
17 pipeline, in some cases, we take, "we" being
18 Northern Pass in this case, Northern Pass takes
19 additional right-of-way width. So, it's not a
20 consistent 75 feet for the entire length.

21 Did I cover all the questions? So, in
22 general, it's on one side of the right-of-way
23 here. So, we're either taking the entire north
24 section of the right-of-way for Northern Pass

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[WITNESS: Bowes]

1 or the entire south section. There are other
2 portions of the right-of-way, for example, in
3 the Concord area where Northern Pass is taking
4 the middle of the right-of-way. But, in this
5 particular area, it's either the north section
6 or the south section.

7 There were questions about the exact
8 property bounds of that. While the Lease
9 documents referenced easements or fee-owned
10 land in this area, we have not done the survey
11 work to mark those bounds. That will be part
12 of the work that is done in the future, to lay
13 out exactly the edge of the right-of-way. And,
14 if certain customers would like, we could also
15 mark the bounds of where the NPT Lease area
16 will be as well. But, until you mark the edge
17 of the right-of-way, it's 75 feet from, you
18 know, where we believe it is, but, until that's
19 marked, it's really -- it's not exact by any
20 means.

21 Q On this, the issue of the PNGTS facility, so,
22 is it your opinion then that the Northern Pass
23 Project can be safely constructed, maintained,
24 and operated within that right-of-way alongside

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[WITNESS: Bowes]

1 whatever PSNH facilities are there and whatever
2 PNGTS facilities are there?

3 A Yes. We maintain an existing transmission --
4 electric transmission and gas transmission
5 systems in that right-of-way for about
6 14 miles, I believe. We have multiple other
7 gas transmission lines in New England that
8 coexist with our transmission electric
9 rights-of-way. Probably more than a dozen or
10 probably well over 100 miles throughout New
11 England. It's part of the FERC permitting and
12 siting process for gas transmission, that they
13 look to collocate with other linear
14 transmission or railroad or other facilities.
15 So, it's a very common practice across the
16 Eversource system to have linear gas
17 transmission lines collocated with linear
18 electric transmission lines.

19 Q I think then, at this point, I would turn then
20 to the rates or revenue-related questions to
21 see whether you had any additional information
22 to provide relative to that issue?

23 A So, I think it was the final series of
24 questions you went over with the witness around

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[WITNESS: Bowes]

1 kind of the history of the rates, I think is
2 generally a good way to start with that. One
3 thing I would add is is that this Lease payment
4 is entirely paid for by Northern Pass
5 Transmission. That was a question that came
6 up. And it goes as part of the requirements in
7 the Transmission Service Agreement, currently
8 approved by FERC. So, that's how the Lease
9 payment would be paid. Again, entirely by
10 Northern Pass. No customers. In this case,
11 there's a single customer of the Transmission
12 Service Agreement today, and it's not any of
13 the PSNH customers.

14 The second area gets to the revenue and
15 how that comes into the Company. We do have
16 agreements with other entities, third parties,
17 to use either transmission rights-of-way or our
18 structures themselves. For example, in
19 Connecticut, we have six Master Service
20 Agreements with cellphone providers. They can
21 attach to our transmission structures their
22 cellular antennas. The reason they can do that
23 is that is a Connecticut statute, that there
24 has to be collocation when available. So, we

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[WITNESS: Bowes]

1 are under obligation to allow them to attach.
2 We go through a state siting process for
3 telecommunications facilities in order to do
4 that. And we have facilitated that through
5 Master Service Agreements.

6 So, that generates tens of thousands,
7 hundreds of thousands of dollars of revenue per
8 year, that comes into the Company as "other
9 revenue". That offsets the revenue requirement
10 for all RNS customers in New England. So, in
11 this case, PSNH customers would receive a
12 benefit of the cell tower antennas installed in
13 Connecticut.

14 MR. FOSSUM: And I don't have any
15 other specific questions at this time.

16 CHAIRMAN HONIGBERG: Mr. Glahn, do
17 you have any questions for Mr. Bowes?

18 *[Mr. Glahn indicating in the*
19 *negative.]*

20 CHAIRMAN HONIGBERG: Mr. Cunningham?

21 MR. CUNNINGHAM: I do, Mr. Chairman.

22 **CROSS-EXAMINATION**

23 BY MR. CUNNINGHAM:

24 Q You, Mr. Bowes, adopted the Jiottis testimony,

[WITNESS: Bowes]

1 is that correct?

2 A That is correct.

3 *[Court reporter interruption.]*

4 CHAIRMAN HONIGBERG: Let's go off the
5 record.

6 *[Brief off-the-record discussion*
7 *ensued.]*

8 BY MR. CUNNINGHAM:

9 Q Mr. Bowes, in the Jiottis testimony, starting
10 on Page 5, that would be Bates 146, going onto
11 Page 6, Bates 147, --

12 WITNESS BOWES: Could I get a copy of
13 that testimony from the exhibit, Matt?

14 (Atty. Fossum handing document
15 to the witness.)

16 WITNESS BOWES: Thank you. On Page
17 5, I have it, yes.

18 BY MR. CUNNINGHAM:

19 Q Okay. And it goes on to Page 6. And it starts
20 there at the bottom of the page, I'm just going
21 to quote: "This liaison", and "this liaison" I
22 assume refers to discussions between Northern
23 Pass executives, engineers, and PSNH executives
24 and engineers. What's meant by "liaison"?

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[WITNESS: Bowes]

1 A So, it was an assigned PSNH transmission line
2 engineer that was dedicated to review the
3 designs proposed by Northern Pass.

4 Q And could you tell me who that engineer is?

5 A By name?

6 Q Yes.

7 A I cannot.

8 Q And did you participate in this liaison or
9 these so-called -- the so-called "liaison"
10 between Northern Pass and PSNH?

11 A So, not in this timeframe, I did not.
12 Subsequent to that, I have reviewed the designs
13 submitted for Northern Pass Transmission.

14 Q And going on, I'll just go ahead and quote some
15 more: "This liaison was charged with review of
16 the NPT design to protect PSNH engineering
17 interests in ensuring compliance with PSNH and
18 NU engineering, interconnection and applicable
19 code standards and guidelines. Following", it
20 goes onto the next page, "final design for the
21 NPT project, PSNH Engineering and Operations
22 and Maintenance personnel conducted an
23 additional review."

24 Could you tell me what final design that

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[WITNESS: Bowes]

1 Mr. Jiottis is talking about?

2 A So, this would be the final design for the
3 rebuilt 115 kV line, about 51 miles of that;
4 the final design for the 12 miles of 34 kV
5 system; and then the entire design within the
6 PSNH corridor for Northern Pass Transmission.

7 Q And does that so-called "final design" even
8 exist?

9 A I would say the electrical design will continue
10 to evolve. We've been through a siting
11 process, where we have relocated structures.
12 We have made other modifications based on
13 aesthetic concerns. So, I would say the final
14 issue for construction design does not exist
15 today.

16 Q So, this testimony is false?

17 A Well, I think, at the time the final design
18 proposed for the siting proceeding, I would
19 agree that the choice of words for "final
20 design" is probably not correct.

21 Q And referring, Mr. Bowes, to the Jiottis
22 testimony once again that you have adopted,
23 Page 4, Bates 145, I'm looking at the bottom of
24 the page, the last couple sentences. And it

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[WITNESS: Bowes]

1 starts "In cases", if you can find that?

2 A Yes, I have it.

3 Q I just have --

4 A Line 21.

5 Q Yes. Sorry. You're right. "In cases where
6 PSNH did not have a specific standard, such as
7 clearances for High Voltage Direct Current
8 facilities, PSNH required NPT to provide
9 calculations governing the design and
10 describing what industry references were used.
11 This information was reviewed by PSNH and
12 eventually approved."

13 And could you describe for me what
14 specific standards that PSNH has, if any, now,
15 for the design of HVDC lines?

16 A So, we do not. We do not design, own or
17 operate any HVDC systems. We have only AC
18 transmission and distribution systems in New
19 England.

20 Q And, so, there's still no design parameters or
21 criteria or regulations internally in the
22 Company regarding HVDC construction,
23 construction of facilities for transmission,
24 HVDC transmission?

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[WITNESS: Bowes]

1 A So, specifically, for Northern Pass, there are.
2 We've now adopted and approved the designs
3 provided for Northern Pass Transmission. But
4 that is isolated to a specific type of HVDC and
5 a specific voltage.

6 Q And where might those design criteria be?

7 A It's in the Design Basis Manual provided for
8 Northern Pass Transmission. It has been
9 publicly filed as part of the New Hampshire SEC
10 process.

11 Q And does that design criteria for HVDC include
12 dealing with the collocated pipeline?

13 A I do not know. I know our Eversource standards
14 do cover that. So, --

15 Q Well, my question is with respect to this
16 docket?

17 A I do not know if the Design Basis Manual
18 includes collocation with an HVDC line.

19 Q And you and I can agree, can you not, that
20 collocation with a high-pressure gas pipeline
21 and a high-voltage electric line poses certain
22 safety concerns, does it not?

23 A Yes.

24 Q But you cannot, on this day, on the basis of

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[WITNESS: Bowes]

1 your testimony and the Jiottis testimony, tell
2 us what -- how those concerns are going to be
3 resolved?

4 A That's not what I said.

5 MR. FOSSUM: And at this point, I
6 would object to the question. I mean, if the
7 question is about "safe construction" of the
8 NPT Project, that is clearly a matter for the
9 Site Evaluation Committee to cover. And, to
10 the extent that, I mean, this is about the
11 Lease. This is not about, you know,
12 Mr. Jiottis's or Mr. Bowes's testimony about
13 "safe construction".

14 CHAIRMAN HONIGBERG: Mr. Cunningham.

15 MR. CUNNINGHAM: Mr. Chair, this
16 Commission, on this Lease and in this docket,
17 has to make that safety determination.

18 CHAIRMAN HONIGBERG: What's your
19 source for that?

20 MR. CUNNINGHAM: Their own Petition,
21 Mr. Chair. Their own witnesses.

22 CHAIRMAN HONIGBERG: That's not an
23 answer to my question. What's the body of law
24 or standard you're citing or relying on for the

[WITNESS: Bowes]

1 assertion that, in this docket, in the Lease
2 docket, that the Commission must make a safety
3 determination? I believe the Commission has
4 already ruled that the SEC will be considering
5 safety issues with respect to construction of
6 the NPT line, including in the order that
7 Mr. Fossum read from earlier today, with
8 respect to both construction and maintenance of
9 NPT.

10 So, what is it you're relying on to
11 assert that the Commission has to make a safety
12 determination in this docket?

13 MR. CUNNINGHAM: The public good
14 requires a showing of the fact that this
15 Project will be safe and reliable.

16 CHAIRMAN HONIGBERG: So, it's not
17 sufficient, in your view, for the Commission to
18 say, as I think it has been clear in other
19 orders in this docket, that, if this is
20 approved, it will, of course, be conditioned on
21 approval at the SEC, and with the SEC
22 considering safety, as well as some of the
23 other issues that some of the other intervenors
24 raised, that that's -- that's sufficient.

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[WITNESS: Bowes]

1 MR. CUNNINGHAM: I don't agree.

2 CHAIRMAN HONIGBERG: If the SEC makes
3 a finding that it should be built, it will have
4 decided safety, aesthetics, and all the things
5 that are in RSA 162-H.

6 MR. CUNNINGHAM: My argument, Mr.
7 Chair, would be that has to be made as a
8 finding in this docket as well.

9 CHAIRMAN HONIGBERG: Okay.

10 MR. CUNNINGHAM: And, if I assume
11 your premise, this Lease docket or this Lease
12 cannot be approved until those safety findings
13 are adjudicated in either this docket or in the
14 SEC docket.

15 CHAIRMAN HONIGBERG: I was with you
16 until near the end of what you just said. But
17 I understand the position you're taking, I
18 think. I'm going to allow you to ask some
19 additional questions of this witness based on
20 Mr. Jiottis's testimony. In fact, I think the
21 last question you asked him was one he can
22 probably answer is staying within the
23 testimony, and we'll see what happens with the
24 next question.

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[WITNESS: Bowes]

1 MR. CUNNINGHAM: Well, I've totally
2 forgotten what the last question was. Steve?

3 CHAIRMAN HONIGBERG: Let's go off the
4 record for a minute.

5 *[Brief off-the-record discussion*
6 *ensued.]*

7 CHAIRMAN HONIGBERG: Let's go back on
8 the record. I think Mr. Bowes may well
9 remember what the question is.

10 **BY THE WITNESS:**

11 A So, I believe the question centered around "how
12 could PSNH be assured, as we don't have a
13 design standard for HVDC, the impacts of a high
14 pressure gas transmission line adjacent to a
15 electric transmission line, either, in this
16 case, both AC or DC?"

17 So, the process you go through to
18 determine the impacts on a high-pressure gas
19 pipeline are very similar, whether it's AC or
20 DC. You do an interference study. You look at
21 both the effects of voltage onto the pipeline
22 itself, the effects of current on the pipeline
23 itself, and the impacts during abnormal or
24 fault conditions, both AC and DC, on the

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[WITNESS: Bowes]

1 pipeline. That's the process we're undergoing.

2 Again, it's a very common process we use,
3 not only for gas pipelines, but also for
4 electrified railroad systems, where the
5 signaling systems can be impacted by either
6 voltage or current.

7 So, we go through and do an engineering
8 study to evaluate that. And one has already
9 been done for this existing PSNH transmission
10 line collocated with the gas pipeline. It will
11 be redone for the addition of the HVDC line.
12 Preliminary results have already been done, an
13 assessment. I wouldn't say that was the full
14 study at this point. A full study will be
15 done. And PSNH will ensure that Portland
16 Natural Gas Pipeline makes any of the
17 corrective measures that are necessary to their
18 pipeline, cathodic protection systems, or to
19 their personnel that could come in contact with
20 the pipeline.

21 And we will have our own engineers review
22 the study provided by Northern Pass
23 Transmission and confirm that as well.

24 Q And if I understand what you just said, you say

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[WITNESS: Bowes]

1 there is an AC study that has been done?

2 A Correct. It was done 14 years ago.

3 Q And where --

4 A Or, I'm sorry. I think it was done in 1997.

5 Q And where might that be? That study?

6 A I do not know. It might be in our files with
7 PSNH Transmission Group.

8 Q And has that been produced in this docket or in
9 the SEC docket?

10 A I don't believe it has.

11 Q And could you explain why not?

12 A Again, it's on an existing transmission system
13 and gas transmission system that will change.
14 This application doesn't cover the present, it
15 covers the future.

16 Q Okay. And identify where that study was done?
17 What geographical location?

18 A It was done for the area in Stark, New
19 Hampshire.

20 Q And when are you going to produce that study
21 for the SEC?

22 A I don't believe that we are.

23 Q And with respect to the DC study, what's the
24 status of the DC study, the collocation study?

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[WITNESS: Bowes]

1 A It's been a period of time since I've been
2 close to that. I know we filed a interim
3 study, I believe, in July of this year. I
4 don't know how far it's progressed since then.

5 Q And if I recall, that was the so-called
6 "CorrPro study"?

7 *[Court reporter interruption.]*

8 BY MR. CUNNINGHAM:

9 Q C-o-r-r-P-r-o, CorrPro study. Is that the
10 study you're referring to?

11 A I believe, and I'm not sure I would call it a
12 "study", but it was a document four or five
13 pages long, I believe.

14 Q And your testimony is that that specifically
15 identified the safety concerns with respect to
16 high-voltage DC transmission facilities?

17 A It identified the interference work for both
18 the AC and DC that had been done to date. I
19 believe it required additional work for the DC.

20 Q And what additional work has been done since
21 the CorrPro study was identified and produced
22 in the SEC docket?

23 A As I previously stated, I'm not sure what work
24 has been done. I have not stayed close to that

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[WITNESS: Bowes]

1 particular part.

2 Q Well, who could answer that question?

3 A I can probably get an answer at the break.

4 Q If you would please.

5 CHAIRMAN HONIGBERG: Mr. Fossum?

6 MR. FOSSUM: I suppose it's the same
7 issue I've now asked about a couple of times.
8 I'm not sure, I mean, I appreciate that Mr.
9 Bowes can get an answer. But I'm not sure why
10 it matters.

11 CHAIRMAN HONIGBERG: Yes. We're not
12 going to have -- you're going to ask questions,
13 and if he knows, he knows, and, if he doesn't
14 know, he doesn't know. If that is something
15 you want to argue to us down the line, we're
16 going to do it that way.

17 MR. CUNNINGHAM: I've made my point,
18 Mr. Chair.

19 CHAIRMAN HONIGBERG: Okay. Do you
20 have any further questions of Mr. Bowes?

21 MR. CUNNINGHAM: I do not.

22 CHAIRMAN HONIGBERG: Mr. Monahan, do
23 you have any questions? That was a "no".

24 MR. MONAHAN: Sorry. No, I do not.

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[WITNESS: Bowes]

1 CHAIRMAN HONIGBERG: Mr. Kreis?

2 MR. KREIS: I have no questions for
3 this witness.

4 CHAIRMAN HONIGBERG: Ms. Amidon?

5 MS. AMIDON: I have one question, Mr.
6 Bowes.

7 BY MS. AMIDON:

8 Q You indicated that one of the three steps that
9 you take to assure safety and reliability is
10 that Northern Pass is required to operate under
11 the jurisdiction of Eversource's Control Center
12 during construction, is that right?

13 A That is correct.

14 Q And is that -- that control center in New
15 Hampshire?

16 A Yes, it is. It's in Manchester, New Hampshire.

17 MS. AMIDON: Okay. Thank you. That
18 was it.

19 CHAIRMAN HONIGBERG: Commissioner
20 Bailey.

21 CMSR. BAILEY: Thank you. I have a
22 follow-up on that question about the Control
23 Center.

24 BY CMSR. BAILEY:

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[WITNESS: Bowes]

1 Q I'm confused by your testimony, and I don't
2 understand whether you have jurisdiction over
3 the lines that Northern Pass will be rebuilding
4 for Public Service Company of New Hampshire, or
5 if PSNH and the Control Center has control over
6 both the lines that are being rebuilt and the
7 Northern Pass lines?

8 A It's the latter. They will have control over
9 both the existing PSNH lines, as they do today.
10 As they're rebuilt for Northern Pass, they will
11 have jurisdiction over them. And, ultimately,
12 they will have jurisdiction over the Northern
13 Pass line as well. Obviously, they would be a
14 subordinate tie to New England for transmission
15 facilities in both cases. But they have the
16 day-to-day control of both Northern Pass, the
17 115 kV system, and the 34 kV system in New
18 Hampshire.

19 Q So, when you say "control", you're talking
20 about control of the operation of the line, not
21 control of the building, construction?

22 A Well, there are certain permits and clearances
23 you have to obtain while you build. For
24 example, we'll take the 115 kV line for

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[WITNESS: Bowes]

1 example. We're going to have to build a new
2 line adjacent to the existing line. And then,
3 when they want to cut that line over, transfer
4 from one line to the other, that's under the
5 jurisdiction of the Control Center. They have
6 to get a permit to do that. It has to be under
7 the right conditions for both system loading.
8 And, at the right time, they have to follow, if
9 there's going to be a momentary interruption of
10 service, they have to go through the normal
11 protocol for notifying customers ahead of time.
12 So, that is all under the control of the New
13 Hampshire Control Center, PSNH Control Center.

14 Q And what control or -- what control will the
15 Control Center have over the construction of
16 the Northern Pass line?

17 A So, again, when they are working and adjacent
18 to a PSNH facility, they will have to have
19 potentially certain permits to work on that.
20 The one that comes to mind would be when
21 they're in a congested corridor, especially on
22 the AC system or AC portion of the line, we may
23 have to take special safety precautions on the
24 existing PSNH lines. For example, temporary

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[WITNESS: Bowes]

1 structures or guard structures will have to be
2 built. Guard structures will be built for
3 every road crossing. So, as we cross a road
4 and want to pull a conductor across, whether
5 it's for the rebuild of the PSNH facility or
6 the Northern Pass facility, we'll have to put
7 some safeguards in place.

8 And then there's something called, I don't
9 want to get too technical here, but
10 "non-reclosing". Which means that, if a
11 conductor were to become uncontrolled and go
12 into the adjacent line, that line will
13 interrupt service permanently.

14 Today, we have what's called "reclosing",
15 which means, unlike your circuit breaker in
16 your house, this device will sense a fault,
17 interrupt, and then reclose for reliability
18 reasons. That's something we remove when we're
19 working adjacent to a line.

20 We may also do that when workers are
21 working what we call a "live line". We don't
22 take an outage when they're working on the
23 energized conductors. We work it energized.
24 In that case, we also put non-reclosing on that

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[WITNESS: Bowes]

1 line, so that, if a worker were to get into the
2 line, it will not re-energize into that worker.

3 Q So, all --

4 A All that would go through the New Hampshire
5 Control Center.

6 Q But that all has to do with the Public Service
7 Company transmission lines?

8 A Well, not just. It's when Northern Pass is
9 working adjacent to our lines.

10 Q Sure.

11 A So, along this whole 100-mile corridor, there
12 will be interactions on a daily basis with our
13 Control Center for approvals to do the work.

14 Q Okay. In the right-of-way that we were -- that
15 you discussed with Mr. Fossum, with Mr. Fossum
16 about where the pipeline is collocated, it's
17 150 feet wide?

18 A It is.

19 Q Do you know how many other transmission lines
20 are in that right-of-way right now?

21 A I didn't answer that question. There's one
22 existing transmission line, tends to be towards
23 the middle of that right-of-way. It's going to
24 be rebuilt, as I described that process, to one

[WITNESS: Bowes]

1 side of that right-of-way, to allow Northern
2 Pass to build their transmission line on the
3 other side of the right-of-way.

4 But the first step of that process will be
5 to rebuild the existing 115 kV line, to
6 decommission the present line, and then build
7 the new NPT line.

8 Q And is the pipeline in between the two?

9 A The pipeline is, for the most part, closest to
10 the new NPT line for the entire 14 miles.

11 There is a crossing. It crosses the entire
12 right-of-way of the pipeline. And Northern
13 Pass tends to be the closest line to the
14 pipeline in all cases.

15 Q But you've looked at this and you believe that
16 it can be safely constructed --

17 A Yes, ma'am.

18 Q -- with those three facilities in 150 feet?

19 A Yes.

20 Q Okay. You mentioned a Connecticut law that
21 requires collocation of cellular facilities?

22 A It's actually a tower-sharing requirement. So,
23 it's not just cellular. We share facilities
24 with the Connecticut State Police. If we have

[WITNESS: Bowes]

1 an existing tower, they will collocate on our
2 tower. If they have an existing tower, we'll
3 collocate on their tower. Cell -- I just used
4 the cellular example, because there is a cost
5 sharing or revenue addition in that case.

6 Q I understand. Is that a Connecticut law or a
7 federal law?

8 A It's a Connecticut law.

9 Q That's interesting. You may not be able to
10 answer this question, but I'm going to ask it,
11 and you let me know if it's not appropriate.

12 Do you think that leasing the right-of-way
13 to Northern Pass will establish a precedent
14 whereby any merchant transmission operator who
15 wants to build a transmission line would have
16 the right to attempt to lease your right -- the
17 PSNH right-of-way under similar terms?

18 A So, there's lots wrapped up in that question.
19 It's kind of a compound question.

20 Q Sorry.

21 A No, I'll take them one at a time. So, I
22 believe that FERC Order 1000, which opens up
23 competition for transmission, will lead to new
24 market participants other than the incumbent

[WITNESS: Bowes]

1 transmission owners. Northern Pass is an
2 electric transmission project. It happens to
3 be wholly owned by an incumbent transmission
4 owner, but it need not be. So, I think the
5 federal policy will definitely take us in that
6 direction.

7 ISO-New England is starting to implement
8 competitive projects. There are many in the
9 queue today that include a transmission line
10 component as well, several in New Hampshire.

11 Q Competitive?

12 A Yes. I mean, National Grid has announced a
13 project that comes through New Hampshire as
14 well. They're talking about mostly rebuilding
15 existing facilities they have. But, again,
16 that's still a competitive transmission
17 project. There may be several others that
18 emerge over time.

19 So, I think this is -- is establishing a
20 process to go through. Whether it establishes
21 a precedent, I'm not sure I'm the person to
22 answer that. But, clearly, I think you're on a
23 path to share linear utility corridors. As the
24 gas industry has done with the electric

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[WITNESS: Bowes]

1 industry, I think the electric industry will
2 also do that in the future.

3 Q Do you have any concerns about that, from a
4 safety and -- or, from a reliability
5 standpoint?

6 A So, I think the issues will come in is when the
7 incumbent utility cannot impose its
8 construction and design standards on the third
9 party. In this case, it was very easy to do
10 that. It's, you know, an affiliate. That
11 probably added costs to Northern Pass
12 Transmission. The fact that Northern Pass
13 Transmission has to pay for 51 miles of
14 rebuilding the 115 line and 12 miles of
15 distribution line. That's a benefit we haven't
16 talked about. That's 75 to \$100 million
17 benefit to PSNH. A third party may balk at
18 that and say "No, I'm not going to pay those
19 costs for relocating distribution facilities.
20 They're old, they're depreciated, I shouldn't
21 have to pay that."

22 So, I think, with the right conditions, I
23 think it's a natural thing to do to enable a
24 competitive market.

{DE 15-464} {11-30-17}

[WITNESS: Bowes]

1 Q Okay. Does the National Electrical Safety Code
2 have provisions for HVDC lines?

3 A Yes, they do.

4 Q And that would apply, correct?

5 A And those did apply in our review process, IEEE
6 standards, the HQ design basis. We have to
7 remember that this isn't just a line in New
8 Hampshire, it's also a line in Canada. So, we
9 looked to Hydro-Quebec for their design basis
10 for these structures as part of our review.
11 So, both our standards that are applicable, the
12 National Electric Safety Code, the IEEE
13 standards, and also the Hydro-Quebec standards.

14 CMSR. BAILEY: Okay. Thank you. I
15 have nothing further.

16 CHAIRMAN HONIGBERG: Commissioner
17 Giaimo.

18 BY CMSR. GIAIMO:

19 Q That includes NERC and the NPCC standards as
20 well?

21 A It certainly does.

22 Q Just for a point of clarification, to make sure
23 I understand it. What I think I heard you say
24 is, that there's going to be coordination with

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[WITNESS: Bowes]

1 respect to your local Control Center, as well
2 as the Master Local Control Center, with
3 respect to outages, to short and long-term
4 outage, maintenance. Did I hear that
5 correctly?

6 A Yes. Or, I said "jurisdiction" and "control"
7 were the words I used. So, Northern Pass will
8 have to operate under the existing processes
9 that PSNH does today. Whether it's for local
10 control, as you mentioned, for distribution
11 facilities, or coordination with ISO-New
12 England for scheduled outages and reliability
13 issues, they will have to coordinate, as they
14 do today, for existing transmission facilities.

15 Q So, with respect to that, to the regional
16 reliability, maybe you can explain or touch
17 upon whether or not the I.3.9 and the system
18 impact studies have been done with respect to
19 the Project?

20 A Yes. The I.3.9 has been approved by ISO-New
21 England. And the construction of the Northern
22 Pass transmission line itself is relatively
23 straightforward in that process; the system
24 upgrades are not. So, the system upgrades are

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[WITNESS: Bowes]

1 much more involved. And again, another
2 benefit, if this Project were to go forward, is
3 all of the system upgrades for Deerfield
4 Substation, with a static VAR compensator; for
5 Scobie Pond Substation, with capacitor banks;
6 for upgrading the thermal ratings between
7 Deerfield and Scobie, all paid for by Northern
8 Pass Transmission, but will benefit all of the
9 transmission customers in New England.

10 CMSR. GIAIMO: Thanks.

11 CHAIRMAN HONIGBERG: I have no
12 further questions for Mr. Bowes.

13 Mr. Fossum, do you have any direct?

14 MR. FOSSUM: I do not.

15 CHAIRMAN HONIGBERG: Thank you,
16 Mr. Bowes. You can return to your seat. Let's
17 go off the record.

18 *[Brief off-the-record discussion*
19 *ensued.]*

20 CHAIRMAN HONIGBERG: We're going to
21 take our lunch break, and come back shortly
22 after one o'clock.

23 *(Lunch recess taken at 11:59*

24 *a.m., and the hearing resumed at*

{DE 15-464} {11-30-17}

[WITNESS: Bowes]

1 1:09 p.m.)

2 CHAIRMAN HONIGBERG: Anything we need
3 to do before you call your next witness,
4 Mr. Fossum?

5 MR. FOSSUM: To be truthful, I'm not
6 certain. I was informed that apparently there
7 are additional questions that would -- with
8 respect to the allocation of revenues issue
9 that I believe Mr. Goulding is probably the
10 best to answer. In that those questions
11 weren't going to come from me, I'm not certain
12 -- I think, at any rate, given how this morning
13 went, it would probably make sense to bring
14 Mr. Goulding up now to answer whatever
15 questions there might be, to the extent that he
16 can do so.

17 CHAIRMAN HONIGBERG: It's fine. I
18 think we would probably be interested in
19 hearing from Mr. Goulding, if you want to do
20 that now.

21 MR. FOSSUM: Then, we will do that.
22 And then, after him, proceed with the remaining
23 witnesses.

24 CHAIRMAN HONIGBERG: Mr. Goulding,

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[WITNESS: Goulding]

1 come on down.

2 (Whereupon **Christopher Goulding**
3 was duly sworn by the Court
4 Reporter.)

5 CHAIRMAN HONIGBERG: Mr. Fossum, why
6 don't you have Mr. Goulding do the intro, and
7 then one of us up here will try and ask the
8 questions that we think we're interested in
9 getting answers to.

10 MR. FOSSUM: Understood.

11 **CHRISTOPHER GOULDING, SWORN**

12 **DIRECT EXAMINATION**

13 BY MR. FOSSUM:

14 Q Mr. Goulding, could you please state your name,
15 your place of employment, and your
16 responsibilities for the record please.

17 A Yes. My name is Christopher Goulding. Place
18 of employment is Eversource Service Company,
19 Manchester, New Hampshire. And my title is
20 Manager of New Hampshire Revenue Requirements.

21 Q And just for clarity, Mr. Goulding, did you
22 file any prefiled testimony or other documents
23 in this proceeding?

24 A No, I did not.

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[WITNESS: Goulding]

1 Q But you are generally familiar with the issues
2 that we're here discussing today?

3 A Yes.

4 Q And in particular, the issues relating to
5 revenue requirements, rate setting and the
6 like?

7 A Yes.

8 Q And --

9 CHAIRMAN HONIGBERG: Mr. Fossum, let
10 me step in here.

11 MR. FOSSUM: Please do.

12 BY CHAIRMAN HONIGBERG:

13 Q Mr. Goulding, what I think we're trying to get
14 a handle on is understanding the whys behind
15 the what that has been explained a few times,
16 with respect to how revenue is credited, and
17 why it goes through transmission rates or is
18 shared among transmission and distribution in
19 the percentages that it is. I think we
20 understand the what that it is -- that those
21 allocations are following, tracking, the way
22 costs are imposed on others to pay for those
23 things.

24 But what is the reason for the revenue

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[WITNESS: Goulding]

1 from that to be credited the same way?

2 A I think, if I understand the FERC tariff right,
3 the formula rate, the formula sets out how the
4 revenue requirement is calculated for purposes
5 of billing. And there's certain accounts that
6 are being picked up in that FERC formula tariff
7 formula. And one of those is a 454 account,
8 which is where these revenues are booked to.
9 So, the formula kind of calls for them to be
10 captured as part of that revenue requirement
11 calculation for PTF and non-PTF.

12 Q And, so, the basic answer is "FERC tariff"?

13 A That's my understanding, yes. And it's no
14 different than the distribution side, where we
15 book it to a 454 account, and it would get
16 rolled up as part of our overall revenue
17 requirement that we calculate during a rate
18 case.

19 CHAIRMAN HONIGBERG: Commissioner
20 Bailey.

21 BY CMSR. BAILEY:

22 Q So, you book revenue in the 454 account for
23 both distribution and transmission?

24 A Subject to check, the distribution goes to a

[WITNESS: Goulding]

1 454. But it might be a 456. I'd have to
2 double check that. But I know it does get
3 picked up in the distribution revenue
4 requirement calculation.

5 Q Okay. Can you give us the account cites and
6 the -- and the explanation of what is supposed
7 to go into those accounts? And I'm not asking
8 you to do it right now. You can -- we could
9 ask it as a record request. Because generally
10 those accounts have very specific language
11 about what goes into them, correct?

12 A Right. There would be probably a rents and
13 revenues type classification on it.

14 Q Okay. And I guess what I'd like to know is if
15 there's an account for rents and revenue for
16 in-state and -- or, for -- if there's a
17 different rents and revenue account for
18 transmission services than other services that
19 would go into your New Hampshire distribution
20 company accounts?

21 A Okay. I'm clear on what you're asking.

22 CMSR. BAILEY: All right.

23 CHAIRMAN HONIGBERG: Understanding
24 that the tariffs, both state and FERC, are

[WITNESS: Goulding]

1 hundreds of pages long, is the tariff -- are
2 the tariff provisions you're alluding to
3 isolated on a few pages?

4 WITNESS GOULDING: I believe it is.
5 So, I think we can look through there and kind
6 of pull the pages out that are relevant to this
7 discussion, and provide them as part of a
8 record request.

9 CHAIRMAN HONIGBERG: All right. So,
10 Mr. Fossum, are you with us here, for a record
11 request that will become Exhibit 5 of an
12 explanation of the crediting of revenues?

13 MR. FOSSUM: Yes. So, as I
14 understand, the record request is for a set of
15 documents and explanation explaining the
16 accounts at issue under the FERC tariff, as
17 well as -- for the federal and the state
18 accounting tariffs for transmission and
19 distribution rates, that it would apply to this
20 revenue stream from this Lease, and to include
21 the relevant tariff provisions in what -- in
22 that response.

23 CHAIRMAN HONIGBERG: 'I think that's
24 correct.

[WITNESS: Goulding]

1 **(Exhibit 5 reserved)**

2 CHAIRMAN HONIGBERG: Ms. Amidon, have
3 you had an opportunity to discuss it with your
4 people, the people at your table with respect
5 to the information we're talking about? Does
6 that sound like the way the request should be
7 worded to get what we think we're after?

8 MS. AMIDON: Yes. I'm looking at Tom
9 Frantz, and he's nodding his head. So, I'm --

10 CHAIRMAN HONIGBERG: It's always
11 encouraging when Mr. Frantz nods his head.

12 MS. AMIDON: It is. It is indeed.
13 Thank you.

14 CHAIRMAN HONIGBERG: Thank you all
15 for getting us there.

16 Does anyone have other questions for
17 Mr. Goulding, while we have him trapped up in
18 the witness box?

19 *[No indication given.]*

20 CHAIRMAN HONIGBERG: All right.

21 CMSR. BAILEY: Can I just ask one?

22 CHAIRMAN HONIGBERG: Yes.

23 BY CMSR. BAILEY:

24 Q So, if it turns out that there's only one

[WITNESS: Goulding]

1 account that this rent revenue goes into, and
2 it's shared between distribution and
3 transmission, I need to know why you think it
4 should go all into transmission?

5 A Well, when I say "one account", I mean "one
6 FERC account".

7 Q Right.

8 A But we have different lines of businesses. So,
9 there's a -- one's on transmission and one's on
10 distribution, just like we have multiple
11 companies. They all share the same FERC
12 account, because of the way the FERC Chart of
13 Accounts are set up. But the transmission
14 business is separated out from the distribution
15 business.

16 Q So, would the transmission business have a
17 different account for rent revenue than the
18 distribution business?

19 A I wasn't sure if they have different accounts.
20 But, even if they have the same account, they
21 would have a different company that goes with
22 it, to isolate the different companies'
23 ownership interest, and to capture the
24 associated revenues for the individual

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[WITNESS: Goulding]

1 companies within that account. I will say
2 "account number". It's not necessarily like a
3 bank account.

4 Q Right. I understand that. The Uniform System
5 of Accounts?

6 A Yes.

7 CMSR. BAILEY: Okay. I might have
8 another thought after Commissioner Giaimo asks
9 his question.

10 CHAIRMAN HONIGBERG: Bad luck.
11 Commissioner Giaimo decided he didn't have any
12 questions.

13 CMSR. BAILEY: Oh.

14 WITNESS GOULDING: Thank you.

15 CMSR. BAILEY: Oh, I know. I know
16 what it was.

17 BY CMSR. BAILEY:

18 Q Okay. So, really what we want to -- what I
19 want to understand is why you put the money in
20 that account, if it's an account for
21 transmission? And that should -- the answer
22 should be in the transmission -- in the FERC
23 tariff, correct?

24 A I think the answer on why it goes into that

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[WITNESS: Goulding]

1 account is probably part of the Uniform System
2 of Accounts. And then, in the FERC tariff, it
3 will say "this account gets picked up as part
4 of the FERC formula tariff".

5 Q Okay. So, would show me both of those things?

6 A Right.

7 CMSR. BAILEY: Okay.

8 WITNESS GOULDING: Okay.

9 CMSR. BAILEY: Thanks.

10 CHAIRMAN HONIGBERG: Commissioner
11 Giaimo fooled you. Now, he does have
12 questions.

13 BY CMSR. GIAIMO:

14 Q Does each transmission owner have their own 454
15 account or are they all pooled together? Would
16 CMP pool their money in the same 454 account as
17 an Eversource account?

18 A No, they would not.

19 CMSR. GIAIMO: Okay. Thanks.

20 CHAIRMAN HONIGBERG: Okay.

21 Mr. Goulding, thank you very much.

22 Mr. Fossum.

23 MR. FOSSUM: I guess we will call Mr.
24 Andrew next then.

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[WITNESS: Andrew]

1 (Whereupon **Robert Andrew** was
2 duly sworn by the Court
3 Reporter.)

4 **ROBERT ANDREW, SWORN**

5 **DIRECT EXAMINATION**

6 BY MR. FOSSUM:

7 Q Mr. Andrew, the same questions you've heard for
8 a bunch of folks today. If you could please
9 state your name, your place of employment, and
10 your responsibilities for the record.

11 A All right. My name is Robert Andrew. I'm
12 employed by Eversource Energy, based in
13 Manchester, New Hampshire, as Director of
14 System Solutions. Which my previous title was
15 "Director of System Planning", which may give a
16 little bit more perspective to my job
17 responsibilities.

18 Q And, Mr. Andrew, did you, back in 2015, file
19 testimony in this proceeding, which has been
20 included as Exhibit B to what has been
21 premarked as "Exhibit 1" in this proceeding?

22 A I did.

23 Q And was that testimony prepared by you or at
24 your direction?

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[WITNESS: Andrew]

1 A It was.

2 Q And do you have any changes or corrections or
3 updates to that testimony today?

4 A No, I don't.

5 Q And do you adopt that testimony as your sworn
6 testimony in this proceeding?

7 A I do.

8 Q Mr. Andrew, I have just really one question for
9 you. As we just discussed, this testimony was
10 filed back in 2015, and referenced some various
11 studies and information. Given the time that
12 has lapsed since then, have any of your
13 conclusions changed in light of new
14 developments?

15 A No, they have not.

16 Q So, your conclusions are the same today as they
17 were at the time the testimony was filed?

18 A They are. Yes, that's correct.

19 MR. FOSSUM: Thank you. That's all I
20 had for the direct.

21 CHAIRMAN HONIGBERG: Mr. Glahn?

22 MR. GLAHN: No questions.

23 CHAIRMAN HONIGBERG: Mr. Cunningham?

24 MR. CUNNINGHAM: Mike on, Steve?

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[WITNESS: Andrew]

1 CHAIRMAN HONIGBERG: I'm not sure.

2 MR. CUNNINGHAM: I'm showing the red
3 light.

4 Mr. Andrew, I just have a few
5 questions. Do you have your testimony there?

6 WITNESS ANDREW: I don't have it in
7 front of me. I can get a copy, if you wish.

8 *(Atty. Fossum handing document*
9 *to Witness Andrew.)*

10 WITNESS ANDREW: Yes. I have it now.

11 **CROSS-EXAMINATION**

12 BY MR. CUNNINGHAM:

13 Q Okay. I'd like to refer you to Page 11,
14 starting on Page 11 of your testimony. That's
15 Bates 138.

16 A Okay.

17 Q And at Line 20, there was a question posed
18 "Does construction of the NPT line in the
19 right-of-ways provide any potential benefits?"
20 Do you see that?

21 A I do.

22 Q And if you would turn over then to your
23 Page 12, --

24 A Okay.

[WITNESS: Andrew]

1 Q -- which would be Bates 139. And I just have a
2 few questions, starting at Line 10, where it
3 starts "In addition".

4 A Okay.

5 Q And I'll read it to you: "In addition, a
6 transmission reliability need could arise in
7 the areas between Franklin and Deerfield. The
8 345-kV AC portion of the NPT line connecting
9 Franklin and Deerfield could address that need
10 by providing access to 345 kV to 115 kV
11 transformation, which is a typical system
12 upgrade for relatively weak parts of the
13 system."

14 Does that testimony suggests that the 345
15 AC portion of the Northern Pass could be
16 upgraded for reliability purposes?

17 A Well, the 345 kV portion, from the converter
18 terminal in Franklin to the Deerfield
19 substation, is a Northern Pass asset or line, I
20 guess. And they will be responsible for the
21 maintenance costs of that line and that
22 equipment going forward.

23 If we had a need to extend 345
24 transmission to the north, we would not build a

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[WITNESS: Andrew]

1 new line parallel to the existing line. We
2 would work with Northern Pass to then use that
3 line, to tap it, if you will, put a new
4 substation in, and use that for reliability
5 purposes.

6 So that the statement there is simply, if
7 a need should arise in the future, we would not
8 propose to build another line northward or
9 parallel to that existing line, when we could
10 simply tap that line and use it.

11 Q So, if I understand your testimony, if the need
12 came, and that line needed to be upgraded, the
13 345 kV portion of that line needed to be
14 upgraded for reliability purposes, you would be
15 using the Northern Pass line?

16 A Yes. Well, the line itself wouldn't need to be
17 upgraded. What we would do is, would be to cut
18 into the line at some point, put a new
19 substation there, and provide connections to
20 the existing lower voltage 115 network up
21 there. And at that point in time, if it were
22 used for reliability purposes, then we would
23 negotiate with Northern Pass, and that portion
24 of the line that was used for reliability

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[WITNESS: Andrew]

1 purposes would be transferred.

2 Q And if that section of the line became a
3 reliability project, how would rates -- how
4 would that impact rates?

5 A Well, the -- well, any reliability project, if
6 it's a regional reliability project, gets
7 charged to the regional rates. If it's a local
8 reliability project, it would be charged to
9 local transmission rates. So, it would depend
10 on the driver of it.

11 But, fundamentally, if we need to tap a
12 345 kV line and create additional
13 autotransformers to 115, that, kind of by
14 definition, will be a reliability project, a
15 regional project.

16 Q Yes. And how would that impact PSNH
17 ratepayers?

18 MR. FOSSUM: Well, I would object at
19 this point. I mean, we've had rates and
20 revenue people testifying. Mr. Andrew is here
21 as an engineer. So, I don't know what analysis
22 he would be providing, relative to
23 ratepayer-specific impacts.

24 CHAIRMAN HONIGBERG: Yes. This

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[WITNESS: Andrew]

1 strikes me as questions that should have been
2 addressed to the first witness panel who had
3 the rate people on it.

4 Do you know enough about the rates to
5 even -- to offer an answer here?

6 WITNESS ANDREW: Well, there are a
7 lot of kind of unknowns about what the drivers
8 of it are. So, it's --

9 CHAIRMAN HONIGBERG: Mr. Cunningham.

10 BY MR. CUNNINGHAM:

11 Q And if it became a PSNH, I think you already
12 said something about this, if it became a PSNH
13 rate -- reliability project, that would have
14 implications, would it not, for PSNH
15 ratepayers?

16 A Yes, it would. However, in fairness, if we
17 were using this line and transferring it to a
18 reliability-based account, it would be because
19 this is the least expensive way to solve the
20 reliability issue. So, we would be doing this
21 because it would, in the bigger picture, be
22 saving money for ratepayers.

23 Q But you and I can agree, can we not, that it
24 would have impacts on PSNH ratepayers?

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[WITNESS: Andrew]

1 A Yes. If it were transferred, I guess.

2 That's -- it depends on all kinds of different
3 circumstances and drivers --

4 Q And what do you mean "transferred"? What does
5 that mean?

6 A Ownership, I guess, really.

7 Q And ownership from Northern Pass to PSNH?

8 A Presumably. I'm not a lawyer so, --

9 CHAIRMAN HONIGBERG: You're getting
10 pretty far from your expertise, Mr. Andrew.

11 WITNESS ANDREW: Yes.

12 CHAIRMAN HONIGBERG: I'm not sure how
13 much further you want to go here.

14 WITNESS ANDREW: Yes.

15 CHAIRMAN HONIGBERG: Mr. Cunningham.

16 MR. CUNNINGHAM: Well, my concern,
17 Mr. Chair, is that, as we both know, the TSA
18 allows NPT to transfer the AC portion of the
19 line back to PSNH. And we also know that
20 nobody, including the OCA in this case, and
21 nobody in the SEC case, has done an analysis of
22 the impact on rates to PSNH ratepayers.

23 CHAIRMAN HONIGBERG: Okay. Fair
24 enough. Anything else you have for Mr. Andrew?

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[WITNESS: Andrew]

1 MR. CUNNINGHAM: No. No. That's all
2 the questions I have for Mr. Andrew.

3 CHAIRMAN HONIGBERG: Mr. Monahan, do
4 you have any questions?

5 MR. MONAHAN: I do not.

6 CHAIRMAN HONIGBERG: Mr. Kreis?

7 MR. KREIS: No questions.

8 CHAIRMAN HONIGBERG: Ms. Amidon?

9 MS. AMIDON: No.

10 CHAIRMAN HONIGBERG: Commissioner
11 Bailey.

12 BY CMSR. BAILEY:

13 Q It's a curiosity question. But can you explain
14 to me electrically how that works? If we have
15 electrons flowing south from Hydro-Quebec, --

16 A Uh-huh.

17 Q -- you can use the line at the same time to
18 make electrons flow north?

19 A No. I guess what we would do is put a
20 substation in the middle of the line, and then
21 provide ties, transformers, that connect the
22 345 to the 115 up there. So that, while the
23 majority of power would flow south, some would
24 be siphoned off to the local system needs.

{DE 15-464} {11-30-17}

[WITNESS: Andrew]

1 Q Some of the 1,000 --

2 A So, rather than build one line that goes south
3 and build another line that comes north, and
4 terminate it at a substation, we would simply
5 cut into the existing line and siphon off the,
6 you know, the needed energy.

7 Q So, some of the 1,090 megawatts would go to
8 somebody in New Hampshire, if it was needed for
9 reliability?

10 A Correct.

11 Q Okay.

12 A It would just go to the system faster, rather
13 than a more circuitous route.

14 Q Okay. Thank you. On Bates Page 134, you say
15 that the Franklin-Deerfield right-of-way
16 "future work in this area has also been
17 reviewed and would not be affected by Northern
18 Pass."

19 CHAIRMAN HONIGBERG: Where are you?

20 CMSR. BAILEY: I don't know -- oh,
21 it's the very top line, Lines 1 and 2.
22 "Potential future work in this area has also
23 been reviewed and would not be affected by the
24 Northern Pass line."

{DE 15-464} {11-30-17}

[WITNESS: Andrew]

1 BY CMSR. BAILEY:

2 Q And I was just wondering what "potential future
3 work" you were talking about?

4 A Well, it would really, at this point, be any of
5 the planned projects that are in the ISO
6 regional system plan or local system plan.
7 But, in the context here, it was also -- there
8 is an ongoing study at the ISO for New
9 Hampshire regional needs, and that has just
10 recently been restarted again. And that what
11 we see for needs in the area and potential
12 future projects in the area, this has no
13 conflict.

14 Q Okay. If you were going to tap, put in a
15 substation and add some 115 kV lines, is there
16 still adequate room in the right-of-way to do
17 all that work?

18 A Yes. Generally, if there are multiple lines in
19 the right-of-way, the substation will be
20 adjacent, you know, right next to the
21 right-of-way, and you would route the lines in
22 and route them back out. But we would either,
23 if we did not have land that was appropriately
24 sited, we would, you know, try and purchase

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[WITNESS: Andrew]

1 land that was, you know, to minimize the work
2 and the impact and the cost.

3 That the prospect of doing that, it was
4 kind of a long-term plan that was generated
5 back in the 2008 to 2010 timeframe, when our
6 load forecasts were tremendously higher than
7 they are today. You know, the real truth is,
8 today, we have no vision of needing to do that.

9 Q Okay. And just to push you a little bit more,
10 on Lines 6 through 7, you say "the Northern
11 Pass line in the right-of-way will not affect
12 PSNH's ability presently to provide safe and
13 reliable transmission service."

14 Why did you put the word "presently" in
15 there?

16 A You know, there was no nefarious, you know,
17 intent behind it. I guess it was just a choice
18 of words. But I think, in -- our planning
19 horizon is ten years out. And, in the planning
20 horizon, there is no need to, say, build a
21 second line in the right-of-way, where the
22 space, you know, would be a problem.

23 Q So, the word "presently" was hedging your bets
24 for years 2011 and beyond?

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[WITNESS: Andrew]

1 A I guess. I can't, you know, at this point, you
2 know, I guess I would say, at the time this was
3 written, that was the view. And, today, that
4 is still the view.

5 Q For the next ten years?

6 A For the next ten years, correct.

7 CMSR. BAILEY: Okay. That's all I
8 have. Thank you.

9 CHAIRMAN HONIGBERG: Commissioner
10 Giaimo.

11 CMSR. GIAIMO: Good afternoon.

12 WITNESS ANDREW: Good afternoon.

13 BY CMSR. GIAIMO:

14 Q So, I'm going to ask the same question which I
15 asked the prior witness, which has to do with
16 the System Impact Study and the I.3.9 process.

17 A Uh-huh.

18 Q To the best of your knowledge, has the Project
19 received its --

20 A Yes. It has received I.3.9 approval. I
21 believe the approval letter has been submitted
22 in the other -- the other docket, in there, you
23 know. So, the study work is complete, you
24 know, from the ISO's perspective.

{DE 15-464} {11-30-17}

[WITNESS: Andrew]

1 Q Which is a "no adverse impact" analysis?

2 A Correct. That's the I.3.9 criteria, is to show
3 that your system changes have no adverse impact
4 on the system or any of the market
5 participants, I guess.

6 Q Right. Thanks. So, your testimony had one or
7 two things that piqued my curiosity. I'm on
8 Bates 138. And I'm looking at the line that
9 says -- Lines 9 and 10: "Finally, if a new
10 transmission of some type were needed for
11 reliability, there are other transmission
12 corridors that could be used to address future
13 reliability needs."

14 Given the fact that I just heard you say
15 you "don't see in the ten-year horizon any
16 reliability needs", let's put that aside, there
17 are additional -- there are additional
18 corridors, at least that's your assertion, that
19 could be used for reliability purposes?

20 A Yes.

21 Q In northern New Hampshire?

22 A Well, there are multiple corridors up there.
23 There's the 230 kV corridor that runs up the
24 115 corridor that, you know, we're discussing

{DE 15-464} {11-30-17}

[WITNESS: Andrew]

1 here. And there are ties over to Maine that
2 could be developed also.

3 Q So, this would be my last one. On that same
4 page, you say that "the ISO process invites
5 solutions from NTAs, which is also a trend
6 across the utility".

7 Can you tell me what you mean by that, by
8 the "non-transmission alternatives" or
9 "non-transmission projects"?

10 A Yes. Well, the ISO has their open stakeholder
11 process, is the terminology that they love to
12 use. And at the Planning Advisory Committee,
13 there are representatives from traditional
14 generators, from solar and wind developers,
15 from demand response aggregators, energy
16 efficiency providers, you know, right down the
17 line. It's a very open meeting, anybody can
18 attend.

19 And, so, when problems are defined, when
20 needs are defined, they are presented at the
21 PAC meetings, and any of the participants are
22 welcome to come forward with a proposal to
23 either fully or partially resolve, you know,
24 the issues that are presented.

{DE 15-464} {11-30-17}

[WITNESS: Andrew]

1 Q And those -- and is it your assertion that
2 those could be funded through the FERC tariff?

3 A If someone were to present a least-cost
4 proposal that the ISO evaluated and, you know,
5 said was the least-cost method of doing it, I
6 believe they would have access to regional rate
7 recovery.

8 CMSR. GIAIMO: Thank you. No other
9 questions.

10 CHAIRMAN HONIGBERG: I have no
11 questions for Mr. Andrew.

12 Mr. Fossum, do you have any redirect?

13 MR. FOSSUM: I do not.

14 CHAIRMAN HONIGBERG: Thank you, Mr.
15 Andrew. You can return to your seat.

16 WITNESS ANDREW: Thank you.

17 CHAIRMAN HONIGBERG: Who's next,
18 Mr. Fossum?

19 MR. FOSSUM: Next, I suppose is the
20 only one I have left, is Mr. LaPorte.

21 (Whereupon **Robert LaPorte** was
22 duly sworn by the Court
23 Reporter.)

24 MR. FOSSUM: Good afternoon, Mr.

{DE 15-464} {11-30-17}

[WITNESS: LaPorte]

1 LaPorte.

2 WITNESS LaPORTE: Good afternoon.

3 **ROBERT LaPORTE, SWORN**

4 **DIRECT EXAMINATION**

5 BY MR. FOSSUM:

6 Q Could you please state your name and your
7 employer and your responsibility for the record
8 please.

9 A My name is Robert LaPorte, --

10 *[Court reporter interruption.]*

11 **BY THE WITNESS:**

12 A My name is Robert LaPorte, Managing Director of
13 the business unit at Colliers Valuation and
14 Advisory Services, in Boston.

15 Q And, Mr. LaPorte, back in 2015, did you submit
16 testimony and a report in what has been
17 included as Exhibit E, as part of what has been
18 identified as "Exhibit 1" in this proceeding?

19 A I have.

20 Q And that testimony and the accompanying report,
21 were those prepared by you or at your
22 direction?

23 A Yes.

24 Q And do you have any changes or updates to that

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[WITNESS: LaPorte]

1 testimony or report today?

2 A I do not.

3 Q And do you adopt that testimony, along with
4 that report, as your sworn testimony in this
5 proceeding?

6 A I do.

7 Q Mr. LaPorte, I just have a couple of questions
8 for you. Just to clarify, you were present in
9 the room this morning for the testimony, is
10 that correct?

11 A I was.

12 Q And, so, you heard Mr. Giuliano describe what
13 happens from time to time when parties to a
14 real estate transaction develop differing
15 values for the real estate at issue?

16 A I do.

17 Q Do you agree with his assessment that that
18 happens regularly?

19 A That's the normal course of my business, that,
20 you know, people, other appraisers disagree or
21 have a different valuation approach. And it's
22 not uncommon to have those differences.

23 Q And when those differences arise, is a
24 negotiation among the parties to that

{DE 15-464} {11-30-17}

[WITNESS: LaPorte]

1 transaction also fairly common?

2 A It's commonplace.

3 Q Now, keeping in mind that this -- that the
4 Settlement that we've been talking about so far
5 has a rental amount different than what is
6 specified in your report, do you believe that
7 your report has to be changed or modified at
8 this time?

9 A No.

10 MR. FOSSUM: And I believe that's
11 what I have for direct for Mr. LaPorte.

12 CHAIRMAN HONIGBERG: Mr. Glahn, do
13 you have any questions?

14 MR. GLAHN: I do not.

15 CHAIRMAN HONIGBERG: Mr. Cunningham?

16 MR. CUNNINGHAM: I do. A few.

17 **CROSS-EXAMINATION**

18 BY MR. CUNNINGHAM:

19 Q As a follow-up to Mr. Fossum's question, he
20 asked you to reconcile the difference between
21 your report and the Shenehon or Schmick report.
22 Have you reviewed the Schmick report?

23 A I have not.

24 MR. FOSSUM: And I would object.

{DE 15-464} {11-30-17}

[WITNESS: LaPorte]

1 That's not what I asked Mr. LaPorte to do. So,
2 just for clarification.

3 CHAIRMAN HONIGBERG: That is not a
4 great characterization of Mr. Fossum's
5 testimony. But the question stands and is
6 perfectly answerable. And I think he answered
7 it.

8 MR. FOSSUM: Understood. Thank you.

9 BY MR. CUNNINGHAM:

10 Q You have not seen or read the Schmick?

11 A I have read, just briefly, a small portion of
12 the report.

13 Q And in that "small portion" as you describe it,
14 can you help us understand the huge difference
15 between your appraisal and the Schmick
16 appraisal?

17 A Yes. So, I just -- I just read it. I did not
18 review it in detail to define all the
19 differences that the Schmick report had from
20 our valuation. And it was beyond the scope of
21 my work to do really a review of his report to
22 define those differences.

23 Q So, you're not in a position to help this
24 Commission understand why such a dramatic

{DE 15-464} {11-30-17}

[WITNESS: LaPorte]

1 difference between the two valuations of the
2 same corridor?

3 A I am not, no.

4 Q And do you know whether or not Mr. Schmick
5 used, as you did, an enhancement value?

6 A I do not know.

7 Q And while I'm talking about an enhancement
8 value, would you describe for the Commission
9 what an "enhancement value" is and how you used
10 it in your appraisal?

11 A I will. So, the valuation process that we
12 undertook, in order to understand how the
13 enhancement factor fits into that process, is
14 to do a corridor valuation approach. And in
15 that valuation approach, as we did in this
16 report, there are 700 individual parcels that
17 make up this 100-mile long corridor. And we
18 complete what is called an "at-the-fence
19 valuation" of the various parcels that comprise
20 the corridor.

21 And in doing that, once we have valued the
22 at-the-fence value of the entire corridor,
23 based on our experience of 40 years in doing
24 corridor valuation, we understand that it's

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[WITNESS: LaPorte]

1 common, but doesn't happen all the time, but it
2 is common that these corridors will sell at a
3 price that's greater than the individual value
4 of the parcels that are appraised. And that is
5 because of the continuity of the parcel, and
6 the ability to have an extended linear
7 corridor. And that's called a "corridor
8 enhancement factor".

9 And we have looked at some of the
10 valuation work that we have done on corridors,
11 and have looked at the at-the-fence value of
12 those corridors, and then looked at what the
13 final transaction price was for those
14 corridors, to develop a market-derived
15 enhancement factor.

16 We have also looked at and interviewed
17 other market participants that oftentimes sell
18 corridors, to interview them as to what they
19 would consider an appropriate corridor
20 enhancement for some of their transactions.

21 So that, at the end of the day, we look at
22 the sum of the at-the-fence values for these
23 700 parcels, and then multiply that by what is
24 called a "corridor enhancement factor".

{DE 15-464} {11-30-17}

[WITNESS: LaPorte]

1 Q And in your appraisal, what enhancement factor
2 did you use?

3 A 2.3.

4 Q So, you take the so-called "at-the-fence value"
5 and you multiplied -- and there's a multiplier,
6 and you just take the at-the-fence value,
7 multiply it by 2.3, and you came up with your
8 value?

9 A Yes. That's correct.

10 Q And repeating a question that I asked you, you
11 don't know whether or not Mr. Schmick applied
12 any enhancement factor?

13 A Yes. I'm not aware. I didn't really read it
14 to that detail.

15 Q All right. Fair enough. I understand that.
16 And how did you select your 2.3 enhancement
17 value?

18 A Well, it was, you know, again an appraisal
19 judgment that we made based on our experience
20 of appraising corridors, looking at the actual
21 enhancement factor that was derived from the
22 acquisition of the corridor, and interviews
23 with market participants.

24 Q Could you describe what market participants you

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[WITNESS: LaPorte]

1 talked to?

2 A Sure. A market participant would be, for
3 example, CSX Rail. And CSX Rail sells
4 corridors that are no longer needed. And we
5 have done work for them. And, so, we
6 interviewed them as to what their experience
7 has been nationally on the sale of their
8 corridors.

9 Q And if I understand the enhancement factor, and
10 if I was going to buy a property and build a
11 gas station and convenience store, and I had to
12 assemble, say, four -- three or four properties
13 to put a parcel big enough together, that the
14 value of the aggregated parcels is worth more
15 than the value of the individual parcels one by
16 one, is it not?

17 A Yes. So, we call that "plottage". You know,
18 the assemblage of multiple parcels for a
19 development site creates plottage by the larger
20 parcel.

21 Q In other words, the assembled value of this
22 corridor is more than the value of the
23 individual 700 parcels standing alone, is it
24 not?

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[WITNESS: LaPorte]

1 A Yes. It's somewhat comparable to it, but not
2 exactly. But, yes.

3 Q Well, that's why you applied the 2.3
4 multiplier --

5 A Yes.

6 Q -- to the assembled value?

7 A Correct.

8 Q Okay. All right. So, the at-the-fence values
9 you used, how did you derive the values of
10 those parcels?

11 A So, that gets back to, you know, our review of
12 a lot of data that goes into creating an
13 appraisal report on any property. You look at
14 the site, the corridor. In this case, you
15 assemble information on zoning, land uses,
16 location, and other factors that would impact
17 value. And then you go out and complete a
18 survey of land transactions. And then you
19 apply a value to the individual components that
20 you're appraising.

21 Q So, if I understand your answer, and if I
22 understood your data in support of your
23 appraisal, you looked at actual values of
24 properties alongside of the corridor, and is

{DE 15-464} {11-30-17}

[WITNESS: LaPorte]

1 that what's meant by "at-the-fence"?

2 A No. So, what we look at are land sales in the
3 19 communities that the corridor pass through.
4 And we don't necessarily look at land values
5 specific to land prices that have transacted
6 adjacent to the corridor, but within the
7 community at large. And then we then apply,
8 based on that study, a land price to the
9 individual parcels.

10 Q Is it fair to say that looking at random
11 parcels in the community or at-the-fence or
12 across-the-fence, is it fair to say that those
13 are "comparable sales"?

14 A So, we don't use the term "comparable sales" in
15 this kind of an analysis, because we don't use
16 an adjustment grid to say that the value of
17 Parcel 13 is \$1,000 an acre. But what we do is
18 we look at the prevailing land prices within
19 that area that would be appropriate for the
20 land that's being occupied by the corridor and
21 apply that to the particular parcel.

22 Q But those individual parcels would not have an
23 assembly or plottage value, would they?

24 A They do not.

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[WITNESS: LaPorte]

1 Q So, they're not comparable sales?

2 A So, in that context, you know, one method that
3 we might use is a corridor -- corridor sales as
4 to what corridors sell for. And, in that
5 context, we would then apply that.

6 But you are correct. I mean, these are
7 not corridor sales that we're using to apply to
8 the 700 parcels that comprise this corridor.

9 Q So, basically, at-the-fence is just a random
10 collection of properties somewhere in the
11 vicinity of the so-called "corridor"?

12 A The sales that we use is, that's correct.

13 Q And, so, in no way, shape or form is
14 at-the-fence appraisal technique a comparable
15 sale to an assembled transmission corridor, is
16 it?

17 A No, that is correct. I mean, we make no --
18 that's just part of the process that we do to
19 come up with the entire corridor valuation.

20 Q All right. And, interestingly, I looked at
21 Mr. Schmick, again, Mr. Schmick, and I assume
22 you did not look, Mr. Schmick has written, at
23 least in his bibliography, four or five
24 different articles criticizing the so-called

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[WITNESS: LaPorte]

1 "at-the-fence" corridor valuation process?

2 A Yes. So, I understand that he's written a
3 couple of articles to that. And there's been
4 also other experts that have disagreed with the
5 articles that he's written.

6 Q And following up on -- I guess you have
7 admitted that at-the-fence is not comparable
8 sales. Have you looked for comparable sales to
9 assess the value of this -- of this corridor?

10 A Sure. We have -- we've developed in our
11 appraisal a number of sales of corridors. They
12 weren't power line corridors, however. The
13 transaction market here in the Northeast is
14 primarily rail corridors that are generally
15 being abandoned or being purchased by a
16 government agency for reuse. And that's the
17 principal transaction market for corridors in
18 the Northeast.

19 Q And is that data included in your report?

20 A Yes, it is.

21 Q I'm looking at Page 3 of your November 14, 2014
22 appraisal, that's Bates 202, where you say that
23 you found no comparable ground leases?

24 A That's true. Yes. Ground leases would be a

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[WITNESS: LaPorte]

1 lease of a long corridor for comparable use.

2 Q And, so, how does that square with what you
3 just told me that you looked at as part of your
4 appraisal?

5 A Yes. So, there are -- the transaction market
6 for corridors are generally sale corridors, not
7 "generally", they're exclusively sale
8 corridors. And based on our interviews, we
9 found no leases of corridors that may be of
10 some length of over 25 miles where some portion
11 of the corridor were leased.

12 Q So, are you talking about sales, where, say, a
13 corridor was going to be abandoned? Is that
14 what you're talking about?

15 A So, I'm talking about two different market
16 activities. One is the sale activity and the
17 second one is the rental leasing activity.
18 With regards to the sale activity, there were a
19 number of sales, but they weren't utility
20 corridor sales. They were generally railroad
21 right-of-ways.

22 Q Okay. Railroad right-of-ways that are no
23 longer used as railroads, right?

24 A No. As an example, some of the ones that we've

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[WITNESS: LaPorte]

1 done, the Commonwealth of Massachusetts has
2 spent over \$100 million in acquiring rail
3 corridors from CSX, which they continue to use.

4 Q And how much per mile was that?

5 A Well, I haven't -- I've got some of those
6 statistics. I don't have them off the top of
7 my head. Generally, they are urban corridors.
8 They might connect, for example, Worcester to
9 Boston. And Boston is, you know, you get into
10 Boston, it's high-value land. And, you know, I
11 don't think there would be a comparable
12 situation to the Northern Pass transmission
13 line.

14 Q So, what you're saying is it's not comparable?

15 A So, what I'm saying --

16 *[Court reporter interruption -*
17 *multiple parties speaking.]*

18 MR. CUNNINGHAM: Sorry, Steve.

19 **BY THE WITNESS:**

20 A I'm saying that the sales of these rail
21 corridors are not comparable on a per mile
22 basis to what we appraised at the Northern
23 Pass.

24 BY MR. CUNNINGHAM:

{DE 15-464} {11-30-17}

[WITNESS: LaPorte]

1 Q Well, I have trouble understanding that, sir.
2 And where do I find that data in your appraisal
3 report?

4 A We have a list of sales of corridors in the
5 report. I'd have to go and look at the report
6 to pull out where those -- that list is
7 located. But they're all in there.

8 Q And are those rail corridors you just described
9 for us in there?

10 A They are.

11 Q For hundreds of millions?

12 A No. I'm saying that the Commonwealth of
13 Massachusetts has acquired probably about four
14 or five, six different rail corridors, some of
15 them are short. And we have not put in each
16 individual rail corridor in that summary.

17 Q So, we don't find those in your report?

18 A Not all of them. There are some in there.

19 Q And what appraisal technique did you use in
20 those rail corridors that you didn't include in
21 this report?

22 A We used the same valuation approach.

23 Q Across-the-fence?

24 A Corridor -- we call it the "corridor valuation

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[WITNESS: LaPorte]

1 approach", which is --

2 Q Did you use ATF or across-the-fence valuation?

3 A Yes.

4 Q In a previously assembled corridor?

5 A Yes.

6 Q All right. Now, did you look for other
7 property acquisition comparables in New
8 Hampshire that are not across-the-fence values?

9 A I guess I don't understand the question.

10 Q Well, the question is this. Northern Pass has
11 had to assemble some 50 miles of corridor
12 right-of-way not covered by an existing
13 easement. Are you aware of that fact?

14 A Yes.

15 Q And did you look at -- those would be
16 comparable sales, would they not?

17 A So, we would, you know, one approach that you
18 have in valuing a corridor is a replacement
19 cost approach of what it would cost to acquire
20 and assemble land for a corridor, and that was
21 not used in this approach.

22 Q In other words, you didn't look at what
23 Northern Pass or Eversource Energy paid to
24 acquire some 50 miles of corridor, where they

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[WITNESS: LaPorte]

1 did not already have an easement? You don't
2 didn't look at that at all, did you?

3 A We did not.

4 Q And was that at the instruction of Eversource
5 or Northern Pass?

6 A No, it was not.

7 Q You made that decision on your own?

8 A We did.

9 Q And you and I -- can you and I agree that those
10 would be comparable sales?

11 A They would not.

12 Q So, we disagree?

13 A We disagree.

14 Q Even though that was for the assembly of a
15 transmission line corridor?

16 A Uh-huh. So, what happens in that, because we
17 have done that kind of study in the past, for
18 Bangor Hydro, is to look at what Bangor Hydro,
19 for example, cost them to assemble the
20 corridor. And in an assembly of a corridor,
21 they aren't just sometimes assembling a
22 100-foot wide strip of land. They're acquiring
23 much more land or paying the landowner for
24 severance damage to what's left over, or having

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[WITNESS: LaPorte]

1 to do relocation costs for houses. So, there
2 are -- there's engineering costs. So, there
3 are all these associated costs that come up
4 with a different method of valuing a corridor.
5 And we did not adopt that methodology for this
6 particular valuation.

7 Q All right. What you used is across-the-fence?

8 A We did.

9 Q Random properties, with no comparable value to
10 an assembled corridor, correct?

11 A We came up with land values at-the-fence, and
12 then made an enhancement factor for the
13 assembled corridor.

14 MR. CUNNINGHAM: I think that's all,
15 Mr. Chair. Thank you.

16 CHAIRMAN HONIGBERG: Mr. Monahan?

17 MR. MONAHAN: I have no questions.

18 CHAIRMAN HONIGBERG: Mr. Kreis?

19 MR. KREIS: No questions for this
20 witness.

21 CHAIRMAN HONIGBERG: Ms. Amidon?

22 MS. AMIDON: We have no questions.

23 CHAIRMAN HONIGBERG: We heard you.

24 Commissioner Bailey.

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[WITNESS: LaPorte]

1 CMSR. BAILEY: Following on
2 Mr. Baker's questions, I had --

3 CHAIRMAN HONIGBERG: Cunningham.

4 CMSR. BAILEY: Sorry, Mr.
5 Cunningham's questions, --

6 MR. CUNNINGHAM: That's the other
7 guy.

8 CMSR. BAILEY: Yeah, the other guy.
9 I had some similar questions, so I want to try
10 to ask them in my way.

11 BY CMSR. BAILEY:

12 Q But when you used or located the land sales
13 that were in the towns that you determined the
14 at-the-fence property value of, --

15 A Yes.

16 Q -- did you use any property that was purchased
17 by a company called "Renewable Properties"?

18 A We did not.

19 Q Why not?

20 A Because the -- we were trying to look at more
21 market-related transactions, rather than the
22 need of the buyer, the specific need, that may
23 have distorted a market price for the land.

24 Q So, if that market price for the land were

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[WITNESS: LaPorte]

1 distorted, wouldn't that distortion apply
2 equally to what you were trying to do with the
3 enhancement factor?

4 A I think it's an indirect way of looking at the
5 enhancement factor. But, again, there is a
6 methodology in valuating a corridor, where you
7 do a replacement cost, and you do that kind of
8 analysis. But, at the end of the day, we're
9 dealing with a market value definition and a
10 market rent definition. It's contained in the
11 report.

12 And that is basically a definition that
13 neither the buyer or seller are under any
14 special motivation to either sell the property
15 or buy the property. There's truly a
16 negotiated, open market transaction, rather
17 than on a particular need that the buyer might
18 have to accomplish assembling a corridor.

19 And, so, in the context of our valuation,
20 we adopted the standard definition of market
21 value and market rent.

22 Q Can you tell me what the difference between
23 those two -- what's "market rent" and how does
24 that apply to this analysis?

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[WITNESS: LaPorte]

1 A Yes. So, in order to come up with the fair
2 market rental value of this corridor, we first
3 established what the market value was of the
4 sub-corridor.

5 Q And that's what you did with the ATF, and the
6 sales of land in the towns that the
7 right-of-way is located in?

8 A Correct.

9 Q And you added all those up?

10 A We added them all up, multiplied them by 2.3.

11 Q All right. Let's talk about the 2.3. Where do
12 you get the 2.3?

13 A 2.3 comes from actual transactions of
14 corridors. And they come from transactions,
15 part of that was ones that we have appraised,
16 where we knew for sure what the at-the-fence
17 value was, and then came up with a factor of
18 what was actually paid for that corridor, based
19 on the at-the-fence values that applied to that
20 particular corridor.

21 Q And were the corridors that you used to do that
22 analysis as long as the corridor here?

23 A They were not.

24 Q So, could that -- could your enhancement factor

{DE 15-464} {11-30-17}

[WITNESS: LaPorte]

1 be a little bit too low?

2 A We were actually at the high end of the
3 enhancement factors that we found. Most of
4 them were 1.25 to 1.6. And we ended up, I
5 think for those reasons, because of the length
6 of this corridor, with a 2.3 factor. Which is,
7 I think, maybe with the exception of one or
8 two, the highest that we came across.

9 Q Well, what was the longest corridor prior to
10 this that you looked at?

11 A Well, I -- so, this is off memory, it may have
12 been a 25-mile corridor.

13 Q And this corridor is 100 miles?

14 A One hundred miles, yes. Yes.

15 Q So, how did you land on 0.5 addition to your
16 enhancement factor?

17 A And I guess it's based between Mr. Cepas, who
18 appraised this with me, and myself, we have
19 about 80 or 90 years of experience of
20 corridors. And we've just talked to a lot of
21 people in doing these valuations. And at the
22 end of the day, some of that, you know, it's
23 all market-derived information that we're
24 using, market participants. And at the end of

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[WITNESS: LaPorte]

1 the day, we're putting some sound judgment to
2 that, based on our collective 80 or 90 or 100
3 years of experience in doing these.

4 Q But I hear you say it's all "market-derived",
5 but Renewable Properties was paying way above
6 market value.

7 A Sure.

8 Q And, so, isn't that the market value --

9 A So, that's actually --

10 Q -- of putting the corridor together?

11 A So, that's my -- actually, my point. That we
12 have appraised this at market value and derived
13 a market rent, which is under the conditions
14 that neither the buyer nor seller are under any
15 pressure to buy or sell.

16 Q Why is that reasonable? Northern Pass can't
17 build this without getting that?

18 A Yes. So, our charge was not to create a
19 transaction price that may have a special
20 non-market motivation of either the lessor or
21 the lessee. But this is a market-derived, fair
22 market rent. And that was our charge here, to
23 do market value and market rent, and not a
24 special value that would apply because this

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[WITNESS: LaPorte]

1 particular user, which is the only one that's
2 ever appeared in the last 30 years, could use
3 some of this corridor, if they need it, for
4 this transmission line. You know, we just --
5 our charge was market value and market rent.

6 CMSR. BAILEY: Okay. That's all I
7 have. Thank you.

8 CHAIRMAN HONIGBERG: Commissioner
9 Giaimo.

10 CMSR. GIAIMO: One quick question.

11 BY CMSR. GIAIMO:

12 Q So, the testimony you prefiled was based on
13 information as of November 14th, 2014. We're
14 now in the last day of November 2017. So,
15 three years have passed. In your expert
16 opinion, would results have changed if you
17 reran the numbers today?

18 A So, we updated that to August of 2015. But
19 that's where our valuation work ended.

20 Q Okay. I understand that. Do you think it
21 would change significantly if you reran the
22 numbers 18 months later?

23 A I probably wouldn't say "significantly". But
24 the market is better than it was 18 months ago.

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[WITNESS: LaPorte]

1 CMSR. GIAIMO: Thank you. No other
2 questions.

3 CHAIRMAN HONIGBERG: I have no
4 questions for Mr. LaPorte that haven't already
5 been asked.

6 Mr. Fossum, do you have any redirect?
7 Do you need a minute?

8 MR. FOSSUM: No, I just need to make
9 up my mind. No thank you. No questions.

10 CHAIRMAN HONIGBERG: All right.
11 Thank you, Mr. LaPorte. I think you can return
12 to your seat.

13 That's it for your witnesses,
14 correct, Mr. Fossum?

15 MR. FOSSUM: That's all I have.

16 CHAIRMAN HONIGBERG: Are there any
17 other witnesses going to be called today?

18 *[No verbal response.]*

19 CHAIRMAN HONIGBERG: All right. Is
20 there anything we need to do then before we --
21 before the closing ceremonies?

22 *[No verbal response.]*

23 CHAIRMAN HONIGBERG: Without
24 objection, we'll strike ID on Exhibits 1

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1 through 4, and we're holding 5 for the record
2 requests?

3 *[No verbal response.]*

4 CHAIRMAN HONIGBERG: All right.
5 Seeing no objections, that will be done.

6 Anything we need to do before the
7 parties sum up?

8 *[No verbal response.]*

9 CHAIRMAN HONIGBERG: Mr. Glahn? You
10 have nothing you want to offer in submission.

11 MR. GLAHN: It's rare, I understand,
12 but hard to go through the day being quiet.

13 CHAIRMAN HONIGBERG: Note the date
14 and time, Mr. Glahn had nothing to say.

15 Mr. Cunningham.

16 MR. CUNNINGHAM: Mr. Chair, I just
17 have a couple of concerns. Maybe not in the
18 nature of a closing statement, but I'm deeply
19 concerned, and I think the Commission should be
20 as well, that there's no actual description of
21 this right-of-way. And that has implications
22 not only for my client, in terms of where
23 everything is going to be, particularly with
24 respect to the high-voltage transmission lines,

1 but with respect to the pipeline.

2 But I have concerns, without a legal
3 description, how is Eversource going to finance
4 this thing? I think that's a question that did
5 not get raised. Whether that be bondholders or
6 mortgage -- mortgagees, without a legal
7 description, this thing is going to create
8 financing nightmares. And there is no legal
9 description.

10 The other thing I have, and I think
11 I've made my point during the
12 cross-examinations, the other thing I have is,
13 the idea that Schmick is not here, and they
14 compromise between the one appraisal and the
15 other appraisal, when I think there's
16 substantial doubt about the high appraisal
17 being a fair appraisal, I think that should
18 raise concerns in the minds of the Commission.

19 My last issue is, is an issue that I
20 raised here and I raised in the SEC, is without
21 the engineering, without knowing where this is
22 going to be, that is going to be, and how this
23 is going to be safe and reliable, in a 150
24 foot, particularly with respect to my client's

1 property, 500 feet away from their lodge, the
2 Percy Lodge, without that information being
3 before this Commission, or without that
4 information before the SEC, raises serious and
5 substantial concerns about whether this thing
6 can be done safely and reliably.

7 So, I don't think, Mr. Chair and
8 members of the Commission, that you're in a
9 position today, or even ever, until that
10 engineering is done, to make the necessary
11 finding that this Project can be safe and
12 reliable, and that this rent is fair and
13 reasonable in the circumstances.

14 CHAIRMAN HONIGBERG: Mr. Monahan?

15 MR. MONAHAN: I have nothing to
16 summarize at this time, but there is -- I have
17 nothing to summarize --

18 CHAIRMAN HONIGBERG: Off the record.

19 *[Brief off-the-record discussion*
20 *ensued.]*

21 MR. MONAHAN: I have nothing to
22 summarize at this time. But it is NEPGA's
23 intention to file a final brief, which would
24 summarize our concerns in the proceeding.

1 CHAIRMAN HONIGBERG: Is that
2 contemplated by the scheduling order here? I
3 don't have it in front of me.

4 MR. FOSSUM: It is not.

5 MR. MONAHAN: The procedural schedule
6 that was issued by secretarial letter indicated
7 at the end that, I don't have it in front of
8 me, we can get it, that the question of final
9 briefs would be determined by the Commission.
10 We have not seen anything in the proceeding to
11 date that would suggest that the Commission had
12 determined that it was not provided for.

13 CHAIRMAN HONIGBERG: All right. So,
14 you are making a request that you be permitted
15 to file something following the hearing, is
16 that my understanding?

17 MR. MONAHAN: I'm letting you know it
18 was our intention to do that. If the
19 Commission does want something in the form of a
20 formal request, I'd probably ask counsel for
21 NEPGA to file leave for --

22 CHAIRMAN HONIGBERG: You've made the
23 request. I get it. I mean, you want to be
24 able to file something following the hearing.

1 MR. MONAHAN: Yes. But if you or the
2 panel was looking for extensive argument about
3 that, I just don't want to foreclose that
4 opportunity by just making a simple request
5 right now.

6 CHAIRMAN HONIGBERG: I don't
7 understand. What is it you think you want to
8 do post-hearing? We weren't contemplating
9 legal arguments. I don't know, are there legal
10 arguments you intend to make? I think there
11 were legal issues identified up front, and
12 rulings were made.

13 MR. MONAHAN: Well, I think there
14 was -- there were legal issues teed up up
15 front, and I think the Commission didn't answer
16 all of those. They considered them when they
17 decided to move on with the proceeding. But
18 there were issues raised in the Order of Notice
19 that, particularly around the affiliate
20 transaction issues, that were not raised in the
21 first phase of this proceeding that we intend
22 to -- we intend to offer a comment on at the
23 conclusion of the hearing.

24 MR. FOSSUM: And with that, I would

1 object to that. This case has been pending for
2 over two years. That issue, as he's pointing
3 out, was raised in the Order of Notice. NEPGA,
4 like anybody else, had every opportunity to
5 file testimony, provide a witness,
6 cross-examine witnesses, ask about those
7 issues. To say now "we've waited two years,
8 and we'd really just like to file something
9 after-the-fact", I would -- I object to that.

10 CHAIRMAN HONIGBERG: I guess, Mr.
11 Monahan, let's pick this up in a moment. Let's
12 see what other people want to do in the nature
13 of what we anticipated here for closings. And
14 maybe we'll circle back as to whether there's
15 anything post-hearing that should be filed.

16 Mr. Kreis.

17 MR. KREIS: With respect to whether
18 there are any outstanding legal issues, what I
19 have to say is that the Settlement Agreement
20 that has been submitted to you purports to
21 resolve all of the outstanding legal issues. I
22 am interested in the issues that Commissioner
23 Bailey raised, as I understand her concerns.
24 The question is? Would this Commission have

1 the authority to determine that the entirety of
2 the payment stream from the Lease should flow
3 to the benefit of New Hampshire customers?" I
4 believe that the premise of the testimony that
5 the Petitioners filed is that that's simply not
6 an option.

7 And I have to say that, without
8 having researched the question, I assume it's
9 not an option, because we're talking about
10 federally regulated and determined transmission
11 rates, and there's a preemption issue here. So
12 that, to my way of thinking, is a potential
13 legal issue that might need to be sorted out,
14 in order to satisfy the issue that you folks
15 have raised from the Bench.

16 Other than that, I think that, and I
17 don't know if you want me to move into a
18 summation now?

19 CHAIRMAN HONIGBERG: We're looking
20 for summations right now.

21 MR. KREIS: Okay. So, other than
22 that question, I am -- I'm confident that this
23 Settlement Agreement that has been presented to
24 you is in the public interest. It represents a

1 very creative and ratepayer-favorable solution
2 to the issues that have been raised in this
3 docket, with respect to what is fair -- what is
4 fair for Northern Pass to provide in exchange
5 for the right to lease the transmission
6 right-of-way that Public Service Company of New
7 Hampshire has decided it is willing to lease to
8 Northern Pass.

9 I have looked at the Affiliate
10 Transaction rules, and I believe that what has
11 happened here is fully consistent with them.

12 I'm comfortable with the Commission's
13 prior determination that essentially the safety
14 issues will be resolved in due course by the
15 Site Evaluation Committee -- the Site
16 Evaluation Committee. And what the Commission
17 is effectively being asked to do here is what
18 decision-makers have to do all the time in a
19 big, complex set of approvals like this. Which
20 is basically assume that, at the end of the
21 day, the ultimate authority, which appears to
22 be the Site Evaluation Committee, will have to
23 make a whole pile of different findings that
24 will include assurances that this Project can

1 be operated in a safe and reliable manner.

2 Beyond that, I want to stress that my
3 office takes no position with respect to what
4 the Site Evaluation Committee ought to do about
5 Northern Pass. And the reason we don't do that
6 is I have not looked at all of the various
7 issues and all of the evidence that the Site
8 Evaluation Committee has been entertaining.
9 I've looked only at this Lease and this
10 scenario. And I am very confident that this is
11 an excellent deal for New Hampshire's
12 residential utility customers. And I therefore
13 recommend it for approval to you.

14 CHAIRMAN HONIGBERG: Thank you, Mr.
15 Kreis. Ms. Amidon.

16 MS. AMIDON: Thank you. Staff
17 investigated this Petition and provided expert
18 analysis that constitutes one of the points in
19 the Settlement Agreement. And we participated
20 in the Settlement Agreement and support it, and
21 believe it's a just and reasonable resolution
22 of all the issues in this docket, and that it's
23 in the public interest. And we recommend that
24 the Commission approve it.

1 In connection with the Lease, we
2 believe the Lease value is appropriate, and
3 that the terms of the Lease are, you know,
4 satisfy the -- well, strike that -- are
5 consistent, the terms of the Lease are
6 consistent with general commercial leases. And
7 we have no problem with the Lease being
8 approved by the Commission. However,
9 obviously, we would recommend with the new
10 annual Lease value.

11 As to the Affiliate Transaction
12 rules, the record shows that the derivation of
13 the amount of annual payment in the Settlement
14 Agreement is based on market values. And
15 therefore we believe, because it's market
16 value, it satisfies any issue with respect to
17 the Affiliate Transaction rules, because it's
18 supported by the objective testimony of Mr.
19 LaPorte, and the other point of reference,
20 which was the result of the Shenehon testimony.

21 And, finally, with respect to the
22 safety issues, I'd like to remind the
23 Commission that, in Docket DE 15-459, which was
24 the Petition of Northern Pass Transmission,

1 LLC, to commence business as a public utility,
2 the Commission approved a comprehensive
3 Settlement Agreement, which, as a matter of
4 fact, contain many provisions that were
5 requested and agreed to -- requested by the
6 Safety Division of the Commission and agreed to
7 by Northern Pass. Including organizational
8 charts, the identification of people who are
9 out in the field, the identification of who has
10 responsibility for construction, and other
11 individuals who are responsible for
12 construction, maintenance, rights-of-way,
13 acquisition, vegetation management, training,
14 electric control, and dispatch of field, and
15 emergency response. And I'm reading from that
16 Settlement Agreement.

17 In addition to that, the Settlement
18 Agreement provides for extensive jurisdiction
19 by the Public Utilities Commission over
20 Northern Pass, including with some regular
21 reporting. Most importantly, it relates to the
22 Underground Utility Damage Prevention. And the
23 provision issues states as follows: "NPT shall
24 participate in the Underground Utility Damage

1 Prevention Program set forth in RSA 374:48-56
2 and New Hampshire Code Admin. Rule Puc 800."
3 That is, to me, knowing that the Commission
4 Safety Division will have the ability to
5 inspect and monitor the construction of
6 Northern Pass, insofar as those underground
7 pipelines go, I think satisfies any concern
8 that Staff had had regarding the safety of
9 construction.

10 So, given this in the entirety, we
11 believe that the Settlement Agreement is in the
12 public good. And had, assuming that we agree
13 at this point that the FERC tariff guides the
14 revenue stream allocated from the Lease
15 payments, under the terms of the Lease as
16 filed, customers in New Hampshire would receive
17 very little money. It wouldn't even be
18 discernable in rates.

19 Under this provision, the -- under
20 this Settlement Agreement, \$15 million over a
21 40-year period get designated to New
22 Hampshire-based non-wires alternatives. And I
23 think that that's a significant public good to
24 the people in the State of New Hampshire, who

1 don't get that benefit through the FERC
2 allocation.

3 Having said that, I don't believe
4 written briefs are necessary. I never have.
5 And I recommend that the Commission approve the
6 Settlement Agreement and the underlying Lease
7 as amended by the Settlement Agreement.

8 CHAIRMAN HONIGBERG: Thank you,
9 Ms. Amidon. Thank you for reminding us of the
10 utility status docket. We'll take a look at
11 that in connection with the things that you
12 talked about.

13 Mr. Fossum.

14 MR. FOSSUM: Thank you. And I'll try
15 not to retrod the ground that the OCA and Staff
16 just have. Except to say that I agree with and
17 I appreciate their comments relative to the
18 lease that's at issue here.

19 And, so, with that, I mean to -- my
20 intent was to bring us back around to, you
21 know, what it is that we are doing in this
22 docket. This is a review of a lease. This is
23 not a comprehensive review of the Northern Pass
24 Project or its construction, or anything in

1 particular to that Project. We can substitute
2 any -- the name of any party in there and we
3 would still be looking at the same issues.

4 And those issues are, I mean, as the
5 Commission itself has identified in its order
6 in this case, and I'll -- specifically Order
7 26,020 back in May, that it states "Our review
8 here, as we have consistently stated, will be
9 about whether the terms of the proposed lease
10 between Eversource and NPT are reasonable and
11 in the public interest, and whether
12 Eversource's customers are appropriately
13 compensated by NPT for the use of Eversource's
14 rights-of-way." So, those are the issues that
15 we are here to review.

16 Looking at the Lease itself, you've
17 heard testimony today, and you have the
18 testimony in the record, that this Lease is
19 similar in nature in terms to ground Leases
20 that the Company has engaged in over time.
21 Mr. Giuliano has testified that this is similar
22 to the kinds of leases, the terms of leases
23 that he has seen many, many, many other times.

24 The other Parties to the Settlement

1 have also reviewed the Lease provisions, and
2 agreed that they are reasonable. And I have
3 heard no one speak in any way, by filing or
4 orally or otherwise, that there is anything in
5 the Lease itself that is unreasonable or
6 inappropriate. So, I would ask then that the
7 Commission find that the proposed Lease is both
8 reasonable and in the public interest.

9 As to whether customers are
10 appropriately compensated, we've been through
11 that quite a bit already. Pending, of course,
12 the submission of the request that we have been
13 asked to provide, and noting what the Staff has
14 said, is that the way the rate structure is set
15 up and the way that the revenues from the Lease
16 Agreement flow, New Hampshire customers don't
17 directly benefit in any substantial way from
18 the Lease. And that is sort of irrespective of
19 what value there might be obtained by any
20 appraiser.

21 Nonetheless, the value that we do
22 have in the Settlement Agreement recognizes the
23 work of independent appraisals, that were
24 obtained to provide and understand a

1 market-based value and a market-based rent.
2 And, when presented with differing opinions,
3 the Parties settled on an amount that was
4 reasonable and agreed upon as a fair
5 representative of the fair market value of the
6 property.

7 And, as Mr. Giuliano testified first
8 thing this morning, it's very common that that
9 happens. There's nothing untoward or improper
10 about it. And it is a demonstration of the
11 value of this property and of the compensation
12 that will be paid to Northern -- by Northern
13 Pass to PSNH, and flowed through to its
14 customers.

15 And as an additional value to
16 customers in the State of New Hampshire, an
17 additional fund has been created, capitalized
18 by Northern Pass, and not PSNH's customers,
19 that will benefit the state and its customers
20 for years to come. And we believe that that
21 demonstrates another appropriate and meaningful
22 benefit to New Hampshire, and demonstrates why
23 this Lease is in the public good and should be
24 approved.

1 With that, I will just reiterate my
2 statement that I feel there is no need for any
3 follow-on filings from any parties. This case
4 has been pending for a long time, and parties
5 have had ample opportunity to prepare whatever
6 arguments they needed to make. And I think the
7 record at this point speaks for itself.

8 Thank you.

9 CHAIRMAN HONIGBERG: Thank you,
10 Mr. Fossum. Ms. Amidon.

11 MS. AMIDON: Mr. Chairman, it's been
12 a long day, and I wanted to add one thing to my
13 closing. Which is, obviously, the Commission
14 should approve this, but subject the effect to
15 approval by the SEC of the Northern Pass
16 Project.

17 So, thank you for letting me add
18 that. It was an important point.

19 CHAIRMAN HONIGBERG: All right. Let
20 me circle back to Mr. Monahan. It doesn't --
21 based on everything I've heard, everything I'm
22 aware of is in the record. I don't know that
23 NEPGA has done anything in the docket to
24 indicate what its concerns were, other than

1 come to the initial prehearing conference with
2 a motion to be granted intervenor status, which
3 was granted on a limited basis to talk about
4 the Affiliate Transaction rules and the
5 wholesale market, as I recall. And I may be
6 mixing up with the SEC now. But I know that
7 the Affiliate Transaction rules were the
8 terms -- one of the terms under which NEPGA was
9 granted intervenor status. I don't know what
10 happened during discovery, I'm not privy to it.
11 We only learn about discovery at hearings when
12 people present things to us, unless there are
13 disputes that we need to resolve. So, I don't
14 know what's happened.

15 We do not see the need for
16 post-hearing filings of any sort. That said,
17 people file things here all the time. And we
18 have to deal with them when they do. So, if
19 you feel that -- if you feel that NEPGA should
20 file something, I would recommend that you do
21 that, and you do it as quickly as you can.

22 We're not -- we don't know what
23 you're going to say. We don't quite understand
24 that, because you've given us no indication of

1 what your position is on any of this, except
2 that you have concerns about the Affiliate
3 Transaction rules.

4 So, I'm a little bit at a loss. I
5 guess the bottom line is, you do not have
6 permission from us to file something. You can
7 file something with a Motion for Leave, or you
8 can not file a Motion for Leave and just
9 present it to us, which is what a lot of people
10 do. We deal with it. And we'll deal with it
11 one way or another. But it strikes me as kind
12 of late to be presenting your concerns at this
13 time.

14 Do you have a response?

15 MR. MONAHAN: Yes. Well, and if I
16 could take the opportunity to respond to
17 Mr. Fossum's objection as well, because I think
18 you moved on before I did that. But anyway,
19 I'll capture it all in saying that, I guess I
20 thought there was -- NEPGA felt there was some
21 efficiency by not burdening the proceeding with
22 witnesses. There was cross-examination that we
23 had considered, but because the Staff's witness
24 was withdrawn, wasn't available to us.

1 But our participation, perhaps
2 because it didn't all take place before the
3 Commission, was more than what you've observed.
4 We were active in the discovery process. There
5 were disputes. We worked out some of those
6 disputes with the Hearings Officer assigned to
7 deal with discovery matters.

8 But, most importantly, on the
9 question of the affiliate question, NEPGA filed
10 a lengthy memo in the first phase of this
11 proceeding, which has not been answered by the
12 Commission. I'm not clear whether or not the
13 record that was created in that first part by
14 the Commission will be addressed in the final
15 order associated with the Settlement.

16 And then, lastly, I think, subject to
17 check, with regard to Mr. Kreis's suggestion
18 that the Settlement document addressed all the
19 legal issues, I struggled to find that. And,
20 in particular, I think the Settlement offers --
21 the Settlement Agreement suggested that it was
22 not intended to prevent the ability to argue
23 things that were not included in the Settlement
24 Agreement.

1 CHAIRMAN HONIGBERG: Before we move
2 off of that, can someone tell me what it is Mr.
3 Monahan is referring to of the filing during
4 the first round of this related to the issues
5 he says he wants to raise?

6 MR. MONAHAN: I can, I think, provide
7 you a little more information on that.

8 MR. FOSSUM: I don't know about it.
9 I know that early on in this proceeding the
10 Commissioners had requested legal memoranda
11 relative to the issue of whether PSNH had a
12 possessory interest in the property that it
13 could rightly lease. There were various
14 filings in response to that request. So, I'm
15 aware of those lengthy memos. I'm not aware
16 that -- I don't recall whether NEPGA filed one
17 specifically, but I don't believe it did.

18 Other than that, I'm not aware of
19 anything.

20 CHAIRMAN HONIGBERG: Mr. Monahan,
21 what are you referring to?

22 MR. MONAHAN: So, in the first phase
23 of this proceeding, there was an answer, I
24 believe, to the legal questions that was

1 jointly filed by the City of Concord, the
2 Society for Protection of New Hampshire
3 Forests, and NEPGA. Attached to that was a
4 memo authored by Foley Hoag, which addressed at
5 length the concerns we had about the Affiliate
6 Transaction rules, as it affected the Lease
7 between Northern Pass and -- Eversource and its
8 affiliate, Northern Pass.

9 CHAIRMAN HONIGBERG: I believe you're
10 referring to a filing dated October 28th, 2016.
11 It's number 68. That has a reference to a
12 joint filing of the Society, the City of
13 Concord, and NEPGA. Is that the one you're
14 talking about?

15 MR. MONAHAN: Sounds right.

16 CHAIRMAN HONIGBERG: Was that in
17 connection with the legal questions?

18 MR. MONAHAN: I believe that it was,
19 yes.

20 MR. FOSSUM: I suppose then, if that
21 is, and I'm trying to pull it up myself, but I
22 suppose, if that's the issue that Mr. Monahan
23 has, is that the Commission didn't rule upon
24 that issue at the time, it issued Order No.

1 26,001 in response to all of those filings.

2 If he felt there was an issue that
3 was unaddressed or improperly addressed, that
4 was the time for a motion for rehearing. As I
5 understand the standard for a motion for
6 rehearing is to "bring to the attention of the
7 Commission items that it missed", which this
8 would seem to be. I think the door has closed.

9 CHAIRMAN HONIGBERG: Is it --
10 attached to the filing on October 28th, 2016,
11 there's a November 5th, 2015 memo from Foley
12 Hoag. Is that what we're referring to, Mr.
13 Monahan?

14 MR. MONAHAN: Yes, it is.

15 MR. KREIS: So, if I might, that memo
16 basically is addressed to alleged deficiencies
17 in filings that were made at the SEC. That
18 memo basically says that the Applicant at the
19 SEC did not make a -- it filed an incomplete
20 application, because it didn't address
21 affiliate transaction issues in its SEC filing.

22 I don't really see what relevance
23 that has here.

24 CHAIRMAN HONIGBERG: Mr. Monahan, you

1 sounded like you wanted to say something before
2 Mr. Kreis started?

3 MR. MONAHAN: Yes. Well, --

4 *[Court reporter interruption.]*

5 MR. MONAHAN: Yes. Sorry, Steve.
6 Let me respond to that, and then suggest a way
7 to -- maybe a way to proceed here.

8 So, I don't believe that the order
9 that was issued at the conclusion of the first
10 phase was intended to answer all of the
11 outstanding issues. As I recall, I think the
12 Commission in that order concluded that we had
13 enough to go forward.

14 But, with regard to the question of
15 the relevancy of the affiliate transaction, it
16 seems to be applicable both in what was
17 prepared for the Site Evaluation Committee, as
18 well as here.

19 But, rather than burden the
20 Commission this afternoon with this, as you
21 suggested, people file things all the time.
22 So, I'll take that back to the folks at NEPGA,
23 with, you know, what I've gathered from your
24 action here today, and we will likely file

1 something. But maybe in the process of filing
2 it, try to address some of the concerns that,
3 Commission, you had with regard to our
4 intention to do so.

5 CHAIRMAN HONIGBERG: Mr. Glahn
6 couldn't resist.

7 MR. GLAHN: No.

8 CHAIRMAN HONIGBERG: Mr. Glahn.

9 MR. GLAHN: If I may, --

10 *[Court reporter interruption.]*

11 MR. GLAHN: Sorry. If I may, I'm
12 looking at the memo that was filed in October
13 of 2016. And this was the -- this is the memo
14 that was responsive to the Commission's request
15 for memoranda with respect to whether Public
16 Service Company had the authority to lease this
17 property. Included within that is a section of
18 the memo that deals with the affiliate issue.
19 So, it would seem to me that, when the
20 Commission issued its order, with respecting
21 those memoranda and that issue, that, if NEPGA
22 had a problem at that point, it should have
23 either asked for reconsideration or appealed
24 that order.

1 CHAIRMAN HONIGBERG: You may be
2 right. I'm not going to agree or disagree with
3 what you just said. You may be right. But you
4 also may not be right.

5 Mr. Monahan, I think what you just
6 said a moment ago is probably right. You go
7 back and decide if you want to file, or if
8 NEPGA wants to file something, they can decide
9 what they should file based on the record as it
10 stands and what you've heard here today.

11 Anything else we can do? Yes,
12 Ms. Amidon.

13 MS. AMIDON: Well, this raises due
14 process concerns for me. I mean, I will say
15 that Staff doesn't see an issue with the
16 Affiliate Transaction rules.

17 I do know NEPGA engaged in discovery
18 against the Company, extensive discovery, and
19 none of those responses have been introduced
20 into evidence. And I'm concerned that this
21 memo is going to introduce into evidence
22 material that no one has had a chance to think
23 about and explore.

24 CHAIRMAN HONIGBERG: Yes. All of

1 that is possible. At this -- as we sit here,
2 NEPGA has not been given permission to file a
3 post-hearing memorandum.

4 MS. AMIDON: Thank you.

5 CHAIRMAN HONIGBERG: We'll see what
6 they file, and how people respond to it.
7 People may move to strike it. People may
8 respond substantively. People may do both. I
9 can't do any more than that right now.

10 But we will be keeping the record
11 open for the record -- for the response to the
12 record request. But, otherwise, we'll be
13 adjourning, take the matter under advisement,
14 and issue an order as quickly as we can.

15 Thank you all.

16 *(Whereupon the hearing adjourned*
17 *at 2:39 p.m.)*