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Public Service Company of New Hampshire
d/b/a Eversource Energy
Docket No. DE 21-XXX
Testimony of Lee G. Lajoie
February 10, 2021

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 21-XXX
JOINT PETITION TO APPROVE POLE ASSET TRANSFER

DIRECT TESTIMONY OF LEE G. LAJOIE
Summary of Settlement and Pole Asset Purchase Agreement

On behalf of Public Service Company of New Hampshire
d/b/a Eversource Energy

February 10, 2021

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STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
DIRECT TESTIMONY OF LEE G. LAJOIE

JOINT PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY
AND CONSOLIDATED COMMUNICATIONS OF NORTHERN NEW ENGLAND
COMPANY LLC, d/b/a CONSOLIDATED COMMUNICATIONS
TO APPROVE POLE ASSET TRANSFER

February 10, 2021

Docket No. DE 21-XXX

I. INTRODUCTION

Q. Please state your full name and business address.

A. My name is Lee G. Lajoie. My business address is 780 North Commercial Street,
Manchester, New Hampshire.

Q. By whom are you employed and in what capacity?

A. I am employed by Eversource Energy Service Company as Manager of System Resiliency
in New Hampshire.

Q. What are your principal responsibilities in this position?

A. As the Manager of System Resiliency, I am responsible for the capital budgeting process
for the Public Service Company of New Hampshire d/b/a Eversource Energy
("Eversource" or the "Company"). In recent years, I have also had responsibility for the
Reliability Enhancement Program plan, which supported up to \$40 million of capital

1 investment annually targeted at reliability projects. As that program has matured and
2 tapered off, I have taken on broader responsibility for the forward-looking capital
3 budgeting process. In addition, I oversee the Company's Reliability Reporting and
4 Distribution Automation groups.

5 **Q. Please summarize your educational background and professional experience.**

6 A. I graduated from Northeastern University in 1985 with a Bachelor of Science degree in
7 Electrical and Computer Engineering, Power Systems. In 2016, I earned a Master of
8 Business Administration degree from Southern New Hampshire University. I began
9 working at Public Service Company of New Hampshire, now Eversource, upon my
10 graduation from Northeastern University and have held various positions of increasing
11 responsibility in the Distribution Engineering, Field Engineering, New Service, and
12 Distribution Maintenance groups, through my current position as Manager of System
13 Resiliency.

14 **Q. Have you previously testified before the New Hampshire Public Utilities**
15 **Commission?**

16 A. Yes, I have testified before the New Hampshire Public Utilities Commission (the
17 "Commission") in support of Eversource's Petition for Permanent Rates in Docket No. DE
18 19-057, Motion for Approval of Reconciliation and Continuation of Reliability
19 Enhancement Program in Docket No. DE 17-076, Petition for Continuation of Reliability
20 Enhancement Program in Docket No. DE 17-196, and Petition for Continuation of
21 Reliability Enhancement Program in Docket No. DE 09-035.

1 **Q. What is the purpose of your testimony?**

2 A. My testimony provides a summary of the Settlement and Pole Asset Purchase Agreement
3 between Eversource and Consolidated Communications of Northern New England
4 Company, LLC d/b/a Consolidated Communications (f/k/a Northern New England
5 Telephone Operations LLC) (“Consolidated”), under which Eversource will purchase all
6 utility poles currently owned by Consolidated solely or jointly with Eversource to which
7 Eversource has attached its electrical facilities. In particular, my testimony describes the
8 details surrounding Eversource’s purchase of the utility poles and the reliability and
9 operational benefits resulting from the transaction. Company Witnesses Douglas P.
10 Horton, Vice President of Distribution Rates and Regulatory Requirements for Eversource
11 Energy Service Company, and Erica Menard, Manager of New Hampshire Revenue
12 Requirements for Eversource Energy Service Company, are providing testimony regarding
13 the financial impacts of the transaction, including the calculation of the revenue
14 requirement associated with Eversource’s purchase of the utility poles, Eversource’s cost
15 recovery proposal with respect to the transaction, and the customer bill impacts resulting
16 from the transaction.

17 **Q. How is your testimony organized?**

18 A. Following this introductory section, Section II summarizes the Settlement and Pole Asset
19 Purchase Agreement between Eversource and Consolidated (the “Agreement”), including
20 the key aspects related to the transaction. Section III describes the benefits to New
21 Hampshire customers as a result of the transfer of poles. Section IV is the conclusion.

II. SETTLEMENT AND POLE ASSET PURCHASE AGREEMENT

Q. Please describe the Agreement.

A. Presently, Eversource and Consolidated jointly own approximately 343,098 utility poles in Eversource's service territory, each with a 50 percent ownership of those poles; and Consolidated solely owns approximately 3,844 utility poles in Eversource's service territory to which Eversource has attached its electrical facilities. Through the Settlement and Pole Purchase Agreement (the "Agreement"), Eversource will purchase: (a) Consolidated's 50 percent joint ownership interest in and to the approximately 343,098 utility poles jointly owned with Eversource; and (b) Consolidated's 100 percent ownership interest in and to the approximately 3,844 utility poles. Together, the utility poles purchased by Eversource from Consolidated are referred to as the "Transferred Poles." A copy of the Agreement is attached hereto as Attachment LGL-1 CONFIDENTIAL.

Q. What is the purchase price of the Transferred Poles?

A. The net purchase price of the Transferred Poles is **BEGIN CONFIDENTIAL** **END CONFIDENTIAL**. The net purchase price is comprised of a gross purchase price of **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** for the Transferred Poles, reduced by **BEGIN CONFIDENTIAL** **END CONFIDENTIAL**. In particular, the poles that failed inspection were identified by an outside company in an inspection report dated January 20, 2020, or were earlier designated and tagged as failed inspection.

1 **Q. What “settlement” does the Agreement refer to?**

2 A. The rights and obligations of the parties with respect to the jointly owned poles that are
3 part of the Agreement, including the maintenance of the poles, are set forth in a Joint
4 Use/Ownership Agreement dated September 1, 2011 between Eversource and
5 Consolidated and that agreement’s incorporated Intercompany Operating Procedures.
6 Consolidated has not paid Eversource any vegetation management costs since 2018 related
7 to the maintenance obligations for the Transferred Poles that were jointly owned by
8 Eversource and Consolidated. Consolidated has denied liability for such costs. In full and
9 complete settlement of any and all disputes between the parties, including the vegetation
10 management costs paid by Eversource that had been billed to Consolidated since 2018, the
11 parties have agreed to deduct **BEGIN CONFIDENTIAL** [REDACTED] **END**
12 **CONFIDENTIAL** from the net purchase price for the Transferred Poles. As a result of
13 the settlement, Eversource’s net payment due to Consolidated for the purchase of the
14 Transferred Poles is **BEGIN CONFIDENTIAL** [REDACTED] **END CONFIDENTIAL**.

15 **Q. Does Consolidated have other agreements, licenses, or property rights with respect to**
16 **the Transferred Poles?**

17 A. Yes, Consolidated has the following rights with respect to the Transferred Poles: (1) rights
18 to license attachments, including, but not limited to, the right to collect attachment fees
19 from licensed attachers; (2) licenses relating to the Transferred Poles obtained pursuant to
20 RSA 231:170 to erect poles within public highways; and (3) certain easements and/or
21 licenses to construct, operate, and maintain its jointly-owned poles with Eversource on
22 private properties. In connection with the Agreement and the sale of the Transferred Poles,

1 Consolidated is assigning to Eversource its rights as a licensor and its rights, title, and
2 interest in and to the licenses and property rights with respect to such Transferred Poles
3 pursuant to an Assignment of Pole Attachment Agreements, Licenses, and Property Rights
4 included with the Agreement.

5 **Q. Do the Transferred Poles include any pole attachments?**

6 A. Yes. The Transferred Poles include attachments with associated revenues available from
7 both Consolidated and third-party attachers.

8 **Q. Does the Agreement include any other conditions?**

9 A. Yes. The Agreement is conditioned on satisfactory regulatory approval, including from
10 the Commission. In particular, the Agreement's closing requires, among other things, a
11 final Order of the Commission granting all necessary, final, and non-appealable asset
12 transfer and cost recovery approvals acceptable to Eversource, related to the sale of the
13 Transferred Poles. This is described in greater detail in the testimony of Mr. Horton and
14 Ms. Menard.

15 **III. BENEFITS OF THE TRANSACTION**

16 **Q. Will the transaction result in any benefits to customers?**

17 A. Yes. The transfer of the Transferred Poles to the sole ownership of Eversource will result
18 in significant reliability and operational benefits. Eversource follows a rigorous inspection
19 and replacement process to ensure its poles are safe and reliable; the Transferred Poles
20 currently are not included in this process. In particular, Eversource conducts an annual
21 pole inspection program in which it evaluates the condition of approximately 10 percent of

1 the pole infrastructure in its maintenance area each year. Thus, each pole on the system is
2 inspected on a 10-year cycle. As a result of the inspection, Eversource typically identifies
3 approximately 1,000 poles each year for replacement because they have become unsound
4 due to factors such as rot, soil conditions, and insect infestation. Eversource undertakes
5 the pole inspections to determine the condition of wood distribution poles with the
6 objective of replacing poles that pose a risk to the integrity of the electric distribution
7 system. The purpose of the program is to ensure the safety of the poles; namely, to ensure
8 a pole meets its minimum strength requirements as defined by the National Electric Safety
9 Code. Poles that do not meet the minimum strength requirements are rejected.
10 Eversource's proactive identification and replacement of poles not meeting minimum
11 strength requirements greatly reduces the probability that a pole will fail in service as the
12 result of adverse weather conditions or the installation of additional equipment by
13 Eversource or third parties. This enhances public safety and reliability while decreasing
14 the need to perform emergency replacements.

15 Additionally, Eversource is the first responder to emergency events where poles must be
16 replaced, so the Company is uniquely positioned to replace poles in an expeditious manner.
17 Currently, when poles in Consolidated's maintenance areas need to be replaced as a result
18 of weather events, motor vehicle accidents, or any other reason, the Company must notify
19 Consolidated in accordance with the applicable Intercompany Operating Agreement
20 incorporated into the parties' Joint Use/Ownership Agreement. Consolidated must then
21 locate and dispatch a crew to replace the pole. The time necessary for the two parties to

1 coordinate a response can lead to extended power outages or it can prolong an unsafe
2 condition. Purchasing Consolidated's ownership interest in the poles will allow
3 Eversource, which has on-call line-workers and 24-hour response capabilities via
4 troubleshooters in many areas, to more quickly replace the poles and, therefore, potentially
5 shorten the duration of power outages in these cases.

6 Similarly, Eversource's sole ownership of the poles will make its reliability and resiliency
7 work significantly more efficient because it will no longer need to coordinate with
8 Consolidated prior to the commencement of such work. Currently, any proposed work in
9 Consolidated's maintenance area that involves replacing poles requires significant effort
10 on the part of Eversource's Engineering Design and Operations groups to review and
11 coordinate the pole replacements. After such coordination work is complete, Consolidated
12 often declines to set the poles, resulting in revisions to the job scope and costs for
13 Eversource to include these pole sets and their associated trimming. The additional costs
14 for such work also often results in needing to obtain revised authorization amounts for
15 projects, which further delays the commencement of the work. By becoming the sole pole
16 owner, Eversource will have the ability to avoid these delays and will be able to complete
17 projects requiring pole replacement in a more timely manner, resulting in improvements in
18 system reliability and resiliency for the benefit of Eversource's customers.

19 **Q. Does Eversource have a plan to inspect and, if necessary, replace the Transferred**
20 **Poles to ensure they are safe and reliable?**

A. Yes. Within the first year following the Agreement's approval, Eversource plans to inspect approximately one-third of the Transferred Poles in Consolidated's maintenance area. Thereafter, Eversource will inspect the remaining Transferred Poles in years two through five following approval of the Agreement.

Within the first two years following the Agreement's approval, Eversource plans to replace the poles that failed inspection during the sample inspections leading to the Agreement. In years two through seven following the agreement's approval, Eversource plans to replace any poles determined to be defective in subsequent inspections.

The following table illustrates Eversource's plan for inspection and replacement.

Year	Inspection Target	Replacement Target
1	33%	As many of the known rejected poles as possible.
2	17%	Remainder of the known rejected poles plus as many of the new rejected poles found in the Year 1 inspection as possible.
3	17%	Remainder of the Year 1 rejected poles plus as many of the rejected poles found in the Year 2 inspection as possible.
4	16%	Remainder of the Year 2 rejected poles plus as many of the rejected poles found in the Year 3 inspection as possible.
5	16%	Remainder of the Year 3 rejected poles plus as many of the rejected poles found in the Year 4 inspection as possible.
6		Remainder of the Year 4 rejected poles plus as many of the rejected poles found in the Year 5 inspection as possible.
7		Remainder of the Year 5 rejected poles.

Q. Will customers receive additional benefits as a result of the transaction?

A. Yes. In addition to the reliability and operational benefits mentioned earlier, new customers will also benefit from the transaction because Eversource's sole ownership of

1 the Transferred Poles means that all new customer connections will fall under Eversource's
2 line extension policy, regardless of whether or not the customer wants to take service from
3 Consolidated. Currently, customers in Consolidated's maintenance area who need a line
4 extension to obtain electric service are required to pay Consolidated for the costs of setting
5 new poles in situations where the customer does not request land line telephone service, in
6 addition to Eversource's line extension costs. With Eversource's sole ownership of the
7 Transferred Poles, new customers in Consolidated's maintenance area will no longer need
8 to pay such costs.

9 **Q. Are there any other reasons for Eversource's purchase of the poles from**
10 **Consolidated?**

11 A. Yes. In addition to the reasons and benefits described earlier, the utility industry has
12 trended towards the electric distribution company serving as sole owner of the utility poles.
13 As discussed above, electric distribution companies are able to restore customer outages
14 quicker when they own the poles, and new customers can be transferred easier.

15 **Q. Overall, is Eversource's purchase of the Transferred Poles in the public interest?**

16 A. Yes. The transaction set forth in the Agreement is reasonably permitted under the totality
17 of the circumstances described throughout my testimony, and is not in any way precluded
18 by law or regulation. Other than the minimal estimated impact to customer bills described
19 in more detail in Mr. Horton and Ms. Menard's testimony, Eversource and Consolidated
20 foresee no adverse impact to the public as a result of the transaction. In contrast, as
21 explained in detail throughout my testimony, Eversource's ownership of the Transferred

1 Poles is expected to result in significant reliability and operational benefits. Moreover,
2 Eversource has the managerial, financial, and technical expertise to maintain the
3 obligations relative to the Transferred Poles over the long term. Thus, balancing the
4 minimal increase in rates against the significant reliability and operational benefits
5 resulting from Eversource's sole ownership of the Transferred Poles, there is no net harm
6 to the public as a result of the transaction. As such, it is in the public's interest for the
7 Commission to approve the transfer of the Transferred Poles.

8 **IV. CONCLUSION**

9 **Q. Do you have any concluding remarks?**

10 A. Yes. Approval of the transaction will result in significant reliability and operational
11 benefits for New Hampshire customers. Eversource's ownership of the Transferred Poles
12 will result in all poles to which Eversource is attached being included in the Company's
13 robust pole inspection and replacement process, which will result in increased efficiencies
14 and increased reliability of the poles, therefore resulting in increased reliability of electric
15 service and increased public safety.

16 **Q. Does this conclude your testimony?**

17 A. Yes.