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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 17, 2011 - 1:34 p.m.  
Concord, New Hampshire

NHPUC JUN29'11 PM 3:41

RE: DE 11-107  
GRANITE STATE ELECTRIC COMPANY  
d/b/a NATIONAL GRID:  
*Reliability Enhancement Plan and  
Vegetation Management Plan  
Results and Reconciliation.*

PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Clifton C. Below  
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

APPEARANCES: Reptg. Granite State Electric Company  
d/b/a National Grid:  
Sarah B. Knowlton, Esq.

Reptg. PUC Staff:  
Suzanne G. Amidon, Esq.

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

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Reliability Enhancement Plan and Vegetation Management Plan and Report and Reconciliation Filing (May 13, 2011)	premarked
2	Schedule DET-1 (3 pages)	premarked
3	Direct Testimony of William R. Richer (3 pages)	premarked
4	Revised Fiscal Year 2011 Reliability Enhancement Plan and Vegetation Management Plan Report (Revised June 16, 2011)	premarked
5	REP and VMP Plan FY2012 Discussion with NH PUC Staff, February 10, 2011 from National Grid	14
6	<b>RESERVED</b> (Provide a detailed listing of all costs associated with the reclosers placed into service during fiscal year 2011)	31

**P R O C E E D I N G**

1  
2 CHAIRMAN GETZ: Okay. Good afternoon.  
3 We'll open the hearing in Docket DE 11-107. On May 13,  
4 2011, National Grid filed the results of its Reliability  
5 Enhancement Plan and Vegetation Management Plan for fiscal  
6 year 2011. Among other things, the filing contains a  
7 report on actual spending on O&M for fiscal year 2011 and  
8 a request to refund to customers \$758,113, plus interest.  
9 We issued an order suspending the tariff and scheduling a  
10 hearing on June 2nd.

11 I'll note that on June 16 the Company  
12 filed an updated report to include an additional \$86,291  
13 in capital investment and \$3,829 in O&M. Also note for  
14 the record that the affidavit of publication has been  
15 filed.

16 So, let's take appearances please.

17 MS. KNOWLTON: Good afternoon,  
18 Commissioners. My name is Sarah Knowlton. I'm here today  
19 from the McLane law firm, on behalf of Granite State  
20 Electric Company d/b/a National Grid. And, with me today  
21 from the Company are the Company's three witnesses,  
22 Jennifer Grimsley, William Richer, and Jeffrey Carney.  
23 And, also with me from the Company today is Robert  
24 Sheridan, Amy Smith, and Christian Brouillard. And, from

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1 the McLane law firm, Jinjua Pak, who is here observing.

2 CHAIRMAN GETZ: Thank you.

3 MS. AMIDON: Good afternoon. Suzanne  
4 Amidon, for the Commission Staff. And, all I have with me  
5 today is Steve Mullen, the Assistant Director of the  
6 Electric Division. But I think that will be enough.  
7 Thank you.

8 CHAIRMAN GETZ: Then, you're well-armed.  
9 Are you ready to proceed?

10 MS. KNOWLTON: I am. Thank you. And,  
11 as a preliminary matter, I provided a exhibit list with  
12 the exhibits that the Company proposes to mark for  
13 identification.

14 So, with that, the Company calls  
15 Jennifer Grimsley, William Richer, and Jeffrey Carney.

16 (Whereupon *Jennifer L. Grimsley,*  
17 *William R. Richer,* and *Jeffrey M. Carney*  
18 were duly sworn and cautioned by the  
19 Court Reporter.)

20 **JENNIFER L. GRIMSLEY, SWORN**

21 **WILLIAM R. RICHER, SWORN**

22 **JEFFREY M. CARNEY, SWORN**

23 **DIRECT EXAMINATION**

24 BY MS. KNOWLTON:

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. I'll start with you, Ms. Grimsley. If you would please  
2 state your full name for the record.

3 A. (Grimsley) Jennifer Grimsley.

4 Q. By whom are you employed?

5 A. (Grimsley) National Grid.

6 Q. In what capacity?

7 A. (Grimsley) I'm the Director of Network Strategy for the  
8 New England Electric area.

9 Q. What do your job duties encompass?

10 A. (Grimsley) I'm responsible for regulatory filings and  
11 regulatory compliance for the electric distribution  
12 operations, specifically reliability and capital  
13 expenditures for New Hampshire, as well as  
14 Massachusetts and Rhode Island.

15 Q. What is your educational background?

16 A. (Grimsley) I have a Bachelors of Science in Electrical  
17 Engineering from Washington University, in St. Louis,  
18 and an MBA from Rivier College.

19 Q. Mr. Richer, if you would please state your full name  
20 for the record.

21 A. (Richer) Yes. I'm William R. Richer.

22 Q. By whom are you employed?

23 A. (Richer) I'm employed by National Grid USA Service  
24 Company.

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. What is your position with the Service Company?

2 A. (Richer) I'm the Director of Revenue Requirements.

3 Q. And, what do your job duties entail?

4 A. (Richer) My job duties involve any rate case filings  
5 and dealing with compliance filings and analysis on the  
6 regulatory side for National Grid, for our New  
7 Hampshire and Rhode Island businesses.

8 Q. What is your educational background?

9 A. (Richer) I have an Accounting degree from Northeastern  
10 University.

11 Q. Mr. Carney, please state your full name for the record.

12 A. (Carney) Jeffrey M. Carney.

13 Q. By whom are you employed?

14 A. (Carney) National Grid USA Service Company.

15 Q. What is your job, what is your position with that  
16 Company?

17 A. (Carney) My position is System Arborist in the Asset  
18 Strategy Department.

19 Q. And, what are your job duties?

20 A. (Carney) My job duties are to support the Manager of  
21 Asset Strategy Forestry in developing a reliability  
22 target annual workplan around New England and New York.

23 Q. And, that would include New Hampshire?

24 A. (Carney) Correct.

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. What is your educational background?

2 A. (Carney) I have an Associates degree in Applied  
3 Science, Forestry, and Land Surveying, from Paul  
4 Smith's College, Paul Smiths, New York.

5 Q. Thank you. Ms. Grimsley, I'll start with you. If you  
6 would look at the document that's been marked for  
7 identification as "Exhibit 1", which is the Company's  
8 May 13th, 2011 Reliability Enhancement Plan and  
9 Vegetation Management Plan Report and Reconciliation  
10 filing, it's kind of a mouthful there. Do you have  
11 that in front of you?

12 A. (Grimsley) Yes, I do.

13 Q. And, are you familiar with this document?

14 A. (Grimsley) Yes, I am.

15 Q. And, this contains your prefiled testimony?

16 A. (Grimsley) Yes, it does.

17 Q. And, was that prepared by you or under your direction?

18 A. (Grimsley) Yes.

19 Q. And, you're aware that, on June 16th, 2011, the Company  
20 filed an updated version of what's been marked as  
21 "Exhibit 1"?

22 A. (Grimsley) Yes, that's correct.

23 Q. And, that's been marked for identification as "Exhibit  
24 4". Was that document prepared by you or under your

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 direction?

2 A. (Grimsley) Yes, it was.

3 Q. And, do you have any corrections to Exhibit 4, which is  
4 the updated filing, that you need to make?

5 A. (Grimsley) There is one correction I have to Page 5 of  
6 Exhibit 4.

7 Q. And, that's to the Reliability Enhancement Plan and  
8 Vegetation Management Report?

9 A. (Grimsley) Correct.

10 Q. Okay. Would you walk us through that correction.

11 A. (Grimsley) The last sentence on Page 5 states "As shown  
12 in Table 4 below, the Company met or exceeded each of  
13 these targets while spending less than the total  
14 budget." The words "while spending less than the total  
15 budget" should be removed. That was not caught when we  
16 made the corrections to have the money for the  
17 recloser, the \$86,291. So, that statement is no longer  
18 true and should be removed.

19 Q. Okay. If I were to ask you the questions that are  
20 contained in your testimony in Exhibit 4 today, would  
21 your answers be the same?

22 A. (Grimsley) Yes, they would.

23 Q. Okay. Thank you. And, I'll come back to you in a  
24 minute to get you to explain the revisions in Exhibit

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 4. Mr. Richer, are you familiar with what's been  
2 marked as "Exhibit 1"?

3 A. (Richer) Yes, I am.

4 Q. And, are you familiar with Exhibit 3, which is your  
5 direct testimony that was filed in this case?

6 A. (Richer) Yes, I am.

7 Q. And, in your direct testimony, did you adopt the  
8 testimony in Exhibit 1?

9 A. (Richer) Yes, I did. I adopted the testimony of David  
10 Tufts.

11 Q. And, had you reviewed that testimony before deciding to  
12 adopt it?

13 A. (Richer) Yes, I did.

14 Q. And, are you familiar with what's been marked for  
15 identification as "Exhibit 2", which is DET-1?

16 A. (Richer) Yes, I am.

17 Q. And, would you just explain to us what that document is  
18 and how it relates to Exhibit 1?

19 A. (Richer) Sure. When the Company had filed Exhibit 1,  
20 there are certain schedules attached to the testimony  
21 of David Tufts. Schedule DET-1 is a three-page  
22 schedule, however, there was only one page included  
23 with the initial filing. So, the Company supplemented  
24 its filing with -- on May 24th with an updated Schedule

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 DET-1, all three pages.

2 Q. Are you familiar with what's been marked for  
3 identification as "Exhibit 4", which is the Company's  
4 revised filing?

5 A. (Richer) Yes, I am.

6 Q. And, was that prepared by you or under your direction  
7 as it related to Mr. Tufts' testimony?

8 A. (Richer) Yes. It does. And, if I could just explain,  
9 it is an update of all of the information that was  
10 provided by Mr. Tufts. It's an update of the  
11 testimony, with the revisions for the updated capital  
12 and O&M spending. DET-1 was also revised, DET-2 was  
13 revised, as well as DET-4 and 5. DET-3 was not  
14 revised, because nothing changed.

15 Q. So, is the DET-3 that's contained in Exhibit 1 accurate  
16 as is?

17 A. (Richer) That's correct.

18 Q. Thank you. Mr. Carney, if you would please look at  
19 Exhibit 1. Are you familiar with that reported  
20 testimony?

21 A. (Carney) Yes, I am.

22 Q. And, that contains your panel testimony with  
23 Ms. Grimsley, correct?

24 A. (Carney) Yes.

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. And, was that prepared by you or under your direction?

2 A. (Carney) Yes, it was.

3 Q. Do you have any corrections to that?

4 A. (Carney) No, I do not.

5 Q. If I were to ask you those same questions today, would  
6 they be the same?

7 A. (Carney) Yes.

8 Q. Thank you. Ms. Grimsley, if you would please provide  
9 just a general overview on why the Company revised the  
10 initial filing from May 13th and submitted that to the  
11 Commission?

12 A. (Grimsley) Okay. In preparing for this hearing, in  
13 reviewing the plant in service for the reclosers that  
14 were installed as part of the Reliability Enhancement  
15 Plan, it was discovered that one of the reclosers was  
16 charged to a blanket work order incorrectly. It should  
17 have been charged to the specific project, but it was  
18 charged to a blanket work order. And, as such, its  
19 costs were not included in the filing. Although the  
20 recloser was installed and is in service, it was the  
21 Craft Hill 11L1 feeder. We revised the filing to show  
22 the actual costs for that recloser. So, on Table 4, of  
23 Exhibit 4 the revised plan, which is on Page 6, the row  
24 for "reclosers", showing four, four reclosers

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 installed, the actual capital investment was \$336,661.  
2 So, that's the capital change that was made. And,  
3 there was also an O&M component for this recloser, a  
4 small O&M component. So, in Table 1 of that same  
5 exhibit, on Page 3, the O&M related to the capital  
6 expenditures was increased to \$47,623, from the  
7 \$43,794. So, those two changes, in Table 1 and  
8 Table 4, are really the substance of the change that  
9 was made in the revised report. Those numbers are then  
10 carried throughout the rest of the report in the text  
11 and in Table 3, where that same number from Table 1 is  
12 used.

13 Q. And, did you also flow through those changes in the  
14 joint testimony that you filed with Mr. Carney?

15 A. (Grimsley) Yes. That is correct.

16 Q. Okay. Mr. Richer, did your testimony, that was  
17 submitted under Mr. Tufts' name, did that include any  
18 revisions as a result of the inclusion of these costs  
19 for the reclosers?

20 A. (Richer) Yes. Very similar to the panel testimony, any  
21 numbers that changed as a result of the changes just  
22 described by Ms. Grimsley were also updated in my  
23 testimony, the testimony that I've adopted.

24 MS. KNOWLTON: Thank you. I am happy to

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 either go into further direct examination with the  
2 witnesses or to make them available for cross-examination,  
3 whatever the Commission's desire?

4 CHAIRMAN GETZ: I think we can move to  
5 cross.

6 MS. KNOWLTON: Okay. Thank you. So,  
7 the witnesses are available for cross-examination.

8 CHAIRMAN GETZ: Ms. Amidon.

9 MS. AMIDON: Thank you. I've asked  
10 Mr. Mullen to conduct this cross-examination, if you'll  
11 permit it.

12 MR. MULLEN: Good afternoon.

13 WITNESS RICHER: Good afternoon.

14 MR. MULLEN: Before we get going, I'd  
15 like to hand out a copy of a presentation that was made by  
16 the Company on February 10th, in a meeting with Staff.

17 MS. AMIDON: And, Mr. Chairman, we would  
18 request this be marked for identification as "Exhibit 5".

19 (Documents distributed by Atty. Amidon.)

20 CHAIRMAN GETZ: That's so marked.

21 (The document, as described, was  
22 herewith marked as **Exhibit 5** for  
23 identification.)

24 **CROSS-EXAMINATION**

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 BY MR. MULLEN:

2 Q. Now, I realize, of the three panel witnesses, I believe  
3 Mr. Carney was the only one who was at that meeting.  
4 Mr. Carney, can you confirm that this presentation was  
5 discussed at that meeting?

6 A. (Carney) Yes, it was.

7 Q. Thank you. Before I get into the details of that,  
8 since the revised filing dealt with reclosers, I'd like  
9 to focus on that for right now. And, I will look at  
10 Exhibit 4. But is it fair to say that Exhibit 4, the  
11 only real differences between Exhibit 4 and Exhibit 1  
12 are changes to numbers?

13 A. (Grimsley) That is correct.

14 Q. There's no other further details or explanations in  
15 there, is that correct?

16 A. (Grimsley) No, there isn't.

17 Q. Thank you. If you turn to Page 7 of Exhibit 4, there's  
18 -- on the bottom half of the page there's a discussion  
19 in there about reclosers. And, if I could summarize  
20 part of that. It says that "Two of the four reclosers  
21 were installed in the Enfield and Lebanon feeders", and  
22 there's some discussion about the differences between a  
23 "loop scheme" and a "radial scheme". Could you --  
24 could one of you please discuss the differences

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 involved with those?

2 A. (Grimsley) Okay. A "radial scheme" recloser is a  
3 recloser that's typically installed, for example, at  
4 the midpoint of a feeder. And, for faults that would  
5 occur past that recloser, the recloser would open, and  
6 the customers past that point would be out. But the  
7 customers at the beginning of the feeder would still  
8 have service. A "loop scheme" recloser is a scenario  
9 whereby you connect two feeders, with a recloser  
10 between the two that is normally open. So, for certain  
11 situations, for the loss of one feeder, the customers  
12 are automatically picked up from the feeder that it's  
13 tied to, so it has a greater reliability benefit for  
14 the customers, and it's automated. Whereas, a radial,  
15 just the customers where -- if the fault were at the  
16 beginning of the feeder, the entire feeder would still  
17 be out.

18 Q. And, those two reclosers in the Enfield and Lebanon  
19 feeders, those were installed in areas of the Company's  
20 system other than what they had originally been planned  
21 at the start of the fiscal year, is that correct?

22 A. (Grimsley) That is correct.

23 Q. And, why was that?

24 A. (Grimsley) At the beginning of the fiscal year, those

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 two reclosers were planned for the 18L1 and the 18L2  
2 feeders. During calendar year 2010, there were a  
3 number of challenges in the Lebanon/Enfield area, where  
4 we lost the 1L1, which is a supply to Enfield, three  
5 times in 2010; twice in January and once in December.  
6 So, with the significant service interruptions in the  
7 Lebanon/Enfield area, we looked at what we could do to  
8 potentially improve reliability there. And, that need  
9 was seen as greater than the 18L1 and 18L2.

10 So, given the situation and the  
11 reliability performance in the Lebanon/Enfield area in  
12 2010, we felt that that was a greater reliability  
13 benefit than the original location for those two  
14 reclosers.

15 Q. And, do you know about when the decision was made to  
16 put the reclosers in the new areas?

17 A. (Grimsley) I do not know when that decision was made.

18 Q. And, if you go to Page 6 of Exhibit 4, Table 4, at the  
19 top of the page, shows both what was budgeted at the  
20 beginning of the fiscal year and the actual results.  
21 So, am I correct that, for fiscal year 2011, the  
22 original proposal was to install four reclosers at a  
23 cost of about \$206,000?

24 A. (Grimsley) That's correct.

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. And, that was for the four original areas that they  
2 were going to be installed?

3 A. (Grimsley) Yes, that is correct.

4 Q. And, now, instead of \$206,000, based on this revised  
5 filing, we're just south of \$337,000?

6 A. (Grimsley) That is correct.

7 Q. Is there a -- could you describe the differences in  
8 costs between a recloser on a radial versus looped  
9 scheme?

10 A. (Grimsley) Okay. The reclosers for the loop scheme do  
11 require additional -- an additional source. So,  
12 there's a source on either side of the recloser. So,  
13 there was additional secondary work to power those  
14 reclosers as well. In addition, there was additional  
15 poles were installed for pole height for this  
16 equipment. And, typically, the controls for the loop  
17 scheme recloser are more expensive than the controls  
18 for the radial closer.

19 Q. Is the recloser itself different in cost?

20 A. (Grimsley) I don't believe -- I don't believe it is. I  
21 believe it's in the controls where there are the  
22 differences.

23 Q. And, would I be -- would it be fair to say that the  
24 estimated cost of a recloser is somewhere around 55,

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 \$60,000?

2 A. (Grimsley) That is correct. That's what we originally  
3 budgeted.

4 Q. Now, if we turn to what's been marked as "Exhibit 5",  
5 and if you turn to Slide 5 of that presentation.  
6 Looking on Slide 5, and this presentation was dated  
7 February 10th of 2011, could you tell me actual to date  
8 how many reclosers were installed at the time of that  
9 meeting?

10 A. (Grimsley) Two.

11 Q. And, what was the total cost?

12 A. \$112,856.

13 Q. So, roughly, 56,000 or so, on average?

14 A. (Grimsley) Correct.

15 Q. Okay. So, now, your revised filing indicates that the  
16 costs of a fourth recloser were not included in what  
17 has been marked as "Exhibit Number 1", is that correct?

18 A. (Grimsley) That is correct.

19 Q. Okay. If we turn back to Page 6 of Exhibit 4, in  
20 Table 4, could you tell me what the amount is that's  
21 crossed out now for the capital investment for  
22 reclosers?

23 A. (Grimsley) It would be "\$250,270".

24 Q. Okay. So, doing the math in my head, would I be

[WITNESS PANEL: Grimsley~Richer~Carney]

1 correct to say that the cost of the third recloser is  
2 roughly \$138,000?

3 A. (Grimsley) Not necessarily. My understanding is this,  
4 the cost shown as in -- the cost shown, as Exhibit 5,  
5 the \$112,000, that is only through December. So, when  
6 you met in February, the recloser could have been  
7 installed. So, there is a lag on when the costs show  
8 up in the system. So, I don't think you can actually  
9 just do the math that straightforward from these two,  
10 from these two numbers.

11 Q. In general, do you have an idea as to how much putting  
12 a recloser on a looped scheme increases the costs  
13 versus a radial scheme?

14 A. (Grimsley) I don't have a specific number. I will say  
15 that these, the initial three reclosers that were  
16 included in this cost, the 250,270, were in the range  
17 of 72,000 apiece. There is -- the numbers shown on  
18 Exhibit 4, in Table 4, are the plant in service  
19 numbers. So, they can also include timing differences  
20 from when plant is put in service. So, as work is  
21 performed, completed, and processed through the  
22 accounting system and gets put in services -- gets put  
23 in service, excuse me, you will have costs from one  
24 fiscal year carrying over to another fiscal year. So,

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 in this example, there were some invoices from fiscal  
2 year '10 that didn't get paid until April of fiscal  
3 year '10, so they would show it going in service in  
4 fiscal year '10. So, there is a carryover on the  
5 capital investment in the FERC 101 and 106 accounts.

6 Q. If you turn back to Slide 5 of Exhibit 5, one of the  
7 footnotes at the bottom of the slide, says "Spending  
8 for feeder hardening under budget; extra money will be  
9 used to remove more cutouts." Is that correct?

10 A. (Grimsley) That's correct.

11 Q. And, if we look at Table 4 of Exhibit 4, that is, in  
12 fact, what happened?

13 A. (Grimsley) Yes, that's correct.

14 Q. You actually installed 774 cutouts versus 400 that were  
15 budgeted?

16 A. (Grimsley) Correct.

17 Q. Now, I guess part of the issue I'm having is, that  
18 since we meet during the year and discuss the budget,  
19 and here it was we met February 10th, and the fiscal  
20 year ends March 31st, at the time, if you knew that you  
21 were under budget in feeder hardening, and I would  
22 expect that, if you could get those -- to get those  
23 reclosers installed by the end of the fiscal year, you  
24 would have had an idea that they were going in

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 alternate locations. Do you think it's possible that,  
2 rather than spending -- rather than saying "we're going  
3 to spend all the extra money on cutouts", that really  
4 we could have still stayed within budget by shifting  
5 some of the feeder hardening budget money to the  
6 recloser line?

7 A. (Grimsley) I believe that, at the time, they did think  
8 they were underspending, and both on the feeder  
9 hardening, but not anticipating any overspend on the  
10 reclosers. So, at the time this report was taken,  
11 there were charges in that blanket work order that they  
12 were not aware of, that should have been included here.  
13 So, the 86,291 was not visible in this project. So, I  
14 do believe that, if they had known that they were  
15 spending that on the reclosers, they may have made a  
16 different decision on the cutouts.

17 The cutout work is typically work that  
18 is a fast turnaround. So, you can make a decision on  
19 it and turn that around quickly. So, this meeting was  
20 in February. And, you know, the end of the fiscal year  
21 is March 31st. In addition, cutouts were chosen  
22 believing they were under budget, because it is our  
23 intention to remove all cutouts from the system, so  
24 that is work we plan to do anyway, to remove all of the

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 potted porcelain cutouts from the system.

2 Q. Turn to Slide 16 -- hold on. Slide 14 of Exhibit 5.

3 Am I correct that, for fiscal year 2012, you have three  
4 reclosers budgeted, at a total cost of \$165,000?

5 A. (Grimsley) That is correct.

6 Q. So, roughly 55,000 apiece?

7 A. (Grimsley) That is correct.

8 Q. I guess, would it be fair to assume that none of those  
9 are on a looped scheme?

10 A. (Grimsley) I am not aware that any of those three is a  
11 loop scheme recloser.

12 Q. I would imagine, when even Exhibit 1 was prepared, that  
13 these internal company reports that are generated, from  
14 which all the numbers of installations and the total  
15 costs of those installations are derived?

16 A. (Grimsley) I'm sorry, I'm not quite sure I understand  
17 your question.

18 Q. Well, in order to produce the tables that show up in  
19 the report, I would imagine those are summaries of more  
20 detailed company reports, detailing the number of  
21 installations and the total costs associated with each  
22 one?

23 A. (Grimsley) The costs are pulled from our accounting  
24 system for that particular project, where all the costs

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1 for the reclosers are accumulated. The actual number  
2 on the reclosers, I believe they did confirm with the  
3 persons involved in the local areas that those specific  
4 reclosers were installed. So, I believe that's part of  
5 how the mismatch occurred, that those two things  
6 weren't linked when we first looked at that report, or,  
7 when I say "looked at that report", looked at the cost  
8 of the project for the reclosers.

9 Q. I'm going to shift gears a little bit. Mr. Carney.

10 A. (Carney) Yes.

11 Q. Let me ask a couple of questions about vegetation  
12 management.

13 A. (Carney) Yes.

14 Q. Could you summarize, in terms of miles and costs  
15 incurred during fiscal year 2011, how that compares to  
16 what was budgeted?

17 A. (Carney) Yes. We had planned to trim approximately  
18 175 miles in fiscal year 2011. And, when we filed our  
19 February 15th filing for fiscal year 2011 last  
20 February, we had created the line items based on  
21 previous year spending and, for cycle pruning more  
22 specifically, the actual average of the previous year's  
23 work, meaning FY10. That document was filed before the  
24 Company had completed its bidding activities for FY11.

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1 And, typically, the bidding activities are part of a  
2 larger bid effort by the Company to have the vendors  
3 have maximum exposure to the bid packages around all  
4 three New England states. And, it created a situation  
5 where we had better-than-expected competitive bidding  
6 situations, where the actual average for FY11 came out  
7 slightly lower.

8 So, we had already committed, when we  
9 filed the February 15th filing, to a line item of  
10 \$762,000, and the actual spend for cycle pruning was on  
11 the order of 634,000 as a result of that.

12 Q. Are any of your costs associated with your cycle  
13 trimming, for instance, police details that actually  
14 went in the other direction?

15 A. (Carney) I'm sorry, could you repeat the question  
16 again.

17 Q. Were there costs associated with your cycle trimming  
18 for --

19 A. (Carney) Yes. Yes, there were. Again, I think it's  
20 pretty much been, from year to year, for the last three  
21 filings, that we budget somewhere between 60 and  
22 \$70,000 for cycle trimming police detail expenses.

23 However, in FY11, the lion's share of  
24 the planned cycle trimming in the Salem District was,

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1 in fact, in the Town of Salem. And, we had been  
2 basically told by the Salem Police Department that  
3 there is an ordinance which prevents the use of third  
4 party flaggers or vendor-hired flaggers. So, their  
5 police rates are essentially double the cost of a flag  
6 person. And, they have the -- they have the ability to  
7 tell us where we need details, how many details,  
8 whether there's a cruiser involved or not. So, it's  
9 difficult, at best, to project or pin down what we  
10 think our police detail expenses will be in Salem. We  
11 don't really have those pressures in most of the other  
12 communities in our service territory in New Hampshire.  
13 We're allowed to -- actually, when we need traffic  
14 control, we're allowed to use third party flaggers.

15 Q. Thank you. I understand this is for a reconciliation  
16 of fiscal year 2011 costs. But, just for comparison  
17 purposes, if you could turn to Slide 15 of Exhibit 5.  
18 Could you discuss on that slide the "Planned Cycle  
19 Trimming" for fiscal year 2012 and the "Cycle Trimming  
20 Police Detail Expenses" as compared to the actuals that  
21 were incurred in fiscal year 2011?

22 A. (Carney) Well, the "Planned Cycle Trimming", which is  
23 actually 15 or 20 miles less than FY11, is essentially  
24 the turnover on our five year cycle of the circuits

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1 that we had done back in 2006/2007. So, the mileage is  
2 pretty much on target for the cycle that is coming in  
3 FY12. And, again, the "Cycle Trimming Police Details",  
4 I would have to look at more detail on FY12, to see how  
5 much, in fact, is in the Town of Salem. I'm sure  
6 there's some. And, that we probably -- I think we  
7 budgeted another 60 or \$70,000 for FY12, knowing full  
8 well that that will probably be over again.

9 Q. Thank you.

10 A. (Carney) Yes.

11 Q. Mr. Richer, could you summarize what the net rate  
12 impact is of the proposed adjustments in this filing?

13 A. (Richer) Yes, I can. Are you asking about the  
14 adjustment that was made yesterday or are you talking  
15 about the entire filing?

16 Q. First, you could explain the filing, based on the  
17 filing from yesterday, and then explain how much of a  
18 difference that makes from the initial filing.

19 A. (Richer) Okay. The change from the initial filing  
20 would be a penny per kilowatt-hour.

21 Q. Okay. Well, let me make sure I get this right.

22 Because there are two components to the rate  
23 adjustments here; one relates to the capital and one  
24 relates to the O&M. Is that correct?

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1 A. (Richer) That's correct.

2 Q. Now, am I correct to say that the adjustments for  
3 capital costs impact fixed charges, like customer  
4 charges, whereas the O&M is just based on usage?

5 A. (Richer) That is correct.

6 Q. And, is it also correct that the capital-related,  
7 therefore, there's a change to the fixed charges,  
8 that's an increase to the fixed charges?

9 A. (Richer) That's correct.

10 Q. There is a decrease for the usage charge associated  
11 with O&M, mainly due to a refund?

12 A. (Richer) That is correct.

13 Q. And, that's associated with, I think, receipts from  
14 telecommunications companies?

15 A. (Richer) Yes. That is correct.

16 Q. The net effect of the two of those is an overall  
17 decrease?

18 A. (Richer) Is an overall decrease. For a customer with  
19 usage of 500 kilowatt-hours per month would be an  
20 overall decrease of 94 cents. And, for a customer, an  
21 average customer, averaging monthly usage of 681  
22 kilowatt-hours per month, it would be a \$1.27 decrease  
23 to the monthly bills. And, the adjustments that were  
24 made yesterday changed those numbers by one penny. The

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1 increase -- the decrease in rates, prior to yesterday's  
2 filing, was proposed to be 95 cents for a customer  
3 using 500 kilowatt-hours per month. And, it was a  
4 decrease of \$1.28 for a customer using 681  
5 kilowatt-hours per month. As I said, those numbers  
6 went down by about one penny each.

7 Q. Ms. Grimsley, back to you for a minute. Stuck on these  
8 reclosers. I guess I need to have an automatic  
9 switching device. Does the Company have detailed  
10 information regarding the costs of each of these  
11 reclosers, especially for the latter two on the looped  
12 scheme?

13 A. (Grimsley) Yes, we do. I would also like to point out  
14 that the recloser that we added into the costs  
15 yesterday was not a loop scheme recloser, and the costs  
16 we added in were \$86,000. And, I think it might be  
17 helpful for me to talk about why the variability wasn't  
18 in that recloser as well, because there are a number of  
19 reasons why these don't come in exactly according to  
20 the budget.

21 The 11L1 recloser was a radial recloser,  
22 yet it was located in an area where the pole line was  
23 slightly off the road. So, there were some initial  
24 expenses, excuse me, some expenses to gain access, the

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1 accessibility and the installation were increased just  
2 due to that location, the geographic location of where  
3 that recloser was installed. And, in addition, several  
4 poles had to be replaced there as well.

5 So, each -- each recloser installation  
6 is unique. And, I would agree that we need to do a  
7 better job of coming up with an estimate up front as to  
8 what the cost for that recloser will be, rather than  
9 just using the standard \$55,000 per recloser. I think,  
10 this year, we have seen a lot more variability in these  
11 costs, based on the specific location and configuration  
12 of the reclosers.

13 Q. Yes, I guess that not having that detail is why I find  
14 myself here scratching my head somewhat. Would it be  
15 possible for the Company to provide, for each of these  
16 reclosers, the details concerning the costs associated  
17 with them, whether they involved additional poles and  
18 that sort of thing? It would certainly be helpful in  
19 trying to have a good handle on the costs that come  
20 into these filings.

21 A. (Grimsley) Yes, we can provide that detail.

22 MR. MULLEN: I'd like to make that a  
23 record request.

24 CHAIRMAN GETZ: Okay. We will reserve

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1 Exhibit Number 6.

2 (Exhibit 6 reserved)

3 CHAIRMAN GETZ: Do you know what the  
4 turnaround time on that would be or if there's any issue?

5 MS. KNOWLTON: Yes. If we were to make  
6 a filing a week from today, would that give the Commission  
7 sufficient time to review and the Staff?

8 MR. MULLEN: Well, what I'm envisioning  
9 right now is, once receiving that information and  
10 reviewing it, I would imagine the Commission would want  
11 some sort of recommendation from Staff as to what it  
12 thinks of that. And, in terms of doing that, the  
13 Commission issuing an order prior to July 1, it will be  
14 tight.

15 MS. KNOWLTON: The Company will pledge  
16 to get it in as fast as it possibly can, so will get  
17 working on it right away. And, I'm not sure if I can  
18 commit to a particular date, but they will start on it  
19 immediately, and we will get it in as soon as possible.

20 CHAIRMAN GETZ: Okay. Thank you.

21 MS. KNOWLTON: If that's acceptable?

22 MR. MULLEN: I have nothing further.

23 CMSR. IGNATIUS: Thank you.

24 BY CMSR. IGNATIUS:

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. Mr. Carney, was it your testimony on the results of the  
2 reliability, the reliability metrics, is that yours or  
3 was that someone else, I forgot?

4 A. (Carney) No, that's someone else's, not mine.

5 A. (Witness Grimsley indicated by raising hand.)

6 Q. Ms. Grimsley, looks like you're the lucky one. Looking  
7 at the metrics, and you do it in a couple of different  
8 ways, according to different standards and measuring  
9 for different items. But there is consistently an  
10 increase in the numbers, which I take it means a poorer  
11 performance, a higher number is not what you want to  
12 see, from last year. Is that fair?

13 A. (Grimsley) Yes. In both the calendar year view and the  
14 fiscal year view of the graphs, and this would be in  
15 Exhibit 1 or Exhibit 4, these did not change, the  
16 reliability was slightly worse in 2010, as compared to  
17 2009, if you're looking at the calendar year. And, I  
18 believe there are two -- there are two things to  
19 consider there. The first is that 2009 was a very  
20 favorable year for weather. So, we do believe that we  
21 received some favorability just in the mild weather  
22 throughout 2009. And, in addition, 2010, there were  
23 the three outages I mentioned earlier in the  
24 Lebanon/Enfield area. That those three outages alone,

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1 on the 1L1 supply to the Enfield Station, contributed  
2 33 percent of the SAIDI, of the duration metric, for  
3 2010. So, the two events in January 2010 and  
4 December 2010 did have a severe, you know, a severe  
5 impact. You know, it's a very noticeable impact on  
6 reliability. And, that line is in a right-of-way, its  
7 accessibility during, you know, during the good weather  
8 is difficult; during winter months, it's very difficult  
9 to gain access. And, that caused some extended, you  
10 know, each of these outages took a while to restore  
11 power. They were all in the range of approximately  
12 three hours. So, that was one driver, specifically, on  
13 what happened in 2010.

14 But we do look at reliability not  
15 because -- because something happening from, you know,  
16 December to January, we look at reliability on a trend,  
17 not just a one year point in time. So, I think the  
18 important thing we're focusing on here is maintaining  
19 that downward trend on reliability. And, 2011  
20 reliability year-to-date, or statistics from January to  
21 May is actually considerably improved on past  
22 performance. We still have July and August, some of  
23 the toughest months to go through for reliability, but  
24 we have seen a good start to 2011 as well.

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1 Q. Well, that's good to hear. One would hope, with these  
2 reliability enhancement plans, you would see  
3 improvements. And, the increase in your Figure 1,  
4 Page 9 of the filing, is startling, because it's a  
5 significant increase. Do you, when you meet with Staff  
6 or you file interim reports of where you are on the  
7 reliability metrics, for example, what you just  
8 described is what you've seen in the 2011 numbers so  
9 far, is that something that you share with the Staff  
10 through the course of the year?

11 A. (Grimsley) I believe we have monthly, monthly reporting  
12 of reliability statistics, but I'm not 100 percent sure  
13 on that.

14 MR. MULLEN: We get quarterly reports --  
15 excuse me -- quarterly reports and that monthly  
16 information.

17 CMSR. IGNATIUS: Thank you.

18 BY CMSR. IGNATIUS:

19 Q. So, if you saw trends that were taking you in the wrong  
20 direction, I take it you would try to understand why,  
21 and see if there are systemic changes that need to be  
22 made, rather than just saying "well, it was a good year  
23 or a bad year for weather", but maybe there's something  
24 larger going on?

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1 A. (Grimsley) Yes, that's correct. And, that's also one  
2 of the reasons why we did change the recloser plan to  
3 install those two reclosers in the Lebanon/Enfield  
4 area, because those customers were having more  
5 reliability impacts than where the reclosers were  
6 originally planned. And, in addition, we are planning  
7 to install a second supply to Enfield. So, that work,  
8 the engineering for that work has been approved because  
9 of -- because of some of the poor performance that we  
10 noticed. So, we do try to react to things when we're  
11 aware of them, in addition to being more proactive with  
12 some of the feeder hardening and other programs that we  
13 have in place.

14 CMSR. IGNATIUS: Thank you.

15 CHAIRMAN GETZ: Any redirect,

16 Ms. Knowlton?

17 MS. KNOWLTON: I have none.

18 CHAIRMAN GETZ: Okay. Then, the  
19 witnesses are excused. Thank you.

20 Ms. Amidon, do you have a witness?

21 MS. AMIDON: No.

22 CHAIRMAN GETZ: Any objection to  
23 striking the identifications and admitting the exhibits  
24 into evidence?

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1 MS. KNOWLTON: None.

2 CHAIRMAN GETZ: Hearing no objections,  
3 they will be admitted into evidence. Anything we need to  
4 address prior to opportunities for closings?

5 (No verbal response)

6 CHAIRMAN GETZ: Hearing nothing, then,  
7 Ms. Amidon.

8 MS. AMIDON: Thank you. Staff had  
9 reviewed the initial filing, and the updated filing, as  
10 you can see, presented some additional questions. We  
11 won't be prepared to make a recommendation to the  
12 Commission until we've had a chance to review the  
13 responses to the record request that was made of the  
14 Company in this instance. And, we'll try to turn that  
15 around as quickly as possible. But we can't make a  
16 recommendation at this point.

17 CHAIRMAN GETZ: Thank you.  
18 Ms. Knowlton.

19 MS. KNOWLTON: Thank you. The Company  
20 is committed to continuing to work towards improving the  
21 reliability performance of its system, and believes that  
22 the activities that were undertaken, in association with  
23 the fiscal year '11 REP/VMP Program are consistent with  
24 both the provisions of the Merger Settlement Agreement,

1 which created this program, and the goals that are  
2 contained in it.

3 All of the -- as the witnesses  
4 testified, all of the capital additions that have been  
5 made are in service and benefiting customers, and result  
6 in rates that are just and reasonable. And, we are  
7 pleased to have received the credits from FairPoint, which  
8 benefits the customers. And, you know, it has a straight  
9 impact on their bill, which is very favorable. And, would  
10 ask that the Commission approve the Company's filing as  
11 revised and contained in Exhibit 4 in its entirety. Thank  
12 you.

13 CHAIRMAN GETZ: Okay. Then, thank you.  
14 We'll close the hearing and take the matter under  
15 advisement.

16 (Whereupon the hearing ended at 2:24  
17 p.m.)