

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

February 7, 2017 - 1:36 p.m.  
Concord, New Hampshire

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RE: DE 15-248  
PUBLIC SERVICE COMPANY OF NEW  
HAMPSHIRE d/b/a EVERSOURCE ENERGY:  
*2015 Least Cost Integrated Resource  
Plan.*

**PRESENT:** Chairman Martin P. Honigberg, Presiding  
Commissioner Kathryn M. Bailey  
Sandy Deno, Clerk

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

**Reptg. Residential Ratepayers:**  
D. Maurice Kreis, Esq., Consumer Adv.  
Office of Consumer Advocate

**Reptg. PUC Staff:**  
Suzanne G. Amidon, Esq.  
Richard Chagnon, Electric Division

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

**CERTIFIED  
ORIGINAL TRANSCRIPT**

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                                 RICHARD CHAGNON**

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**E X H I B I T S**

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1	2015 Least Cost Integrated Resource Plan filing (06-19-15)	6
2	Settlement Agreement regarding the 2015 Least Cost Integrated Resource Plan (01-23-17)	6

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

1  
2 CHAIRMAN HONIGBERG: We're here this  
3 afternoon in Docket DE 15-248, which is the  
4 2015 Least Cost Integrated Resource Plan of  
5 Public Service Company of New Hampshire doing  
6 business as Eversource Energy. We're here for  
7 a hearing on the merits. There is a Settlement  
8 Agreement we have on file.

9 Before we do anything else, let's  
10 take appearances.

11 MR. FOSSUM: Good afternoon,  
12 Commissioners. Matthew Fossum, here for Public  
13 Service Company of New Hampshire doing business  
14 as Eversource Energy.

15 MR. KREIS: Good afternoon. I am D.  
16 Maurice Kreis of the Office of the Consumer  
17 Advocate, doing business on behalf of the  
18 state's residential utility customers pursuant  
19 to RSA 363:28.

20 MS. AMIDON: Good afternoon. Suzanne  
21 Amidon for Commission Staff. And I have a  
22 witness today, Rich Chagnon, with the Electric  
23 Division. Thank you.

24 CHAIRMAN HONIGBERG: All right. I

1 note that the OCA is not a signatory to the  
2 Settlement Agreement. Mr. Kreis, just briefly,  
3 what, as a preview, what is your position on  
4 the state of play here?

5 MR. KREIS: I can state that very  
6 succinctly. The OCA neither supports nor  
7 opposes the Settlement Agreement.

8 CHAIRMAN HONIGBERG: Okay. That is  
9 helpful. Thank you.

10 All right. How are we going to  
11 proceed with the witnesses?

12 Mr. Fossum.

13 MR. FOSSUM: Thank you. I think, as  
14 would be fairly evident, we don't have any  
15 testimony to present. So, the intention is, as  
16 I understand it, and I've talked about this  
17 with Staff, the other Settling Party, would be  
18 to present essentially the plan as filed, is  
19 just to get it on the record, and then to  
20 proceed through the Settlement Agreement and  
21 explain its terms, and then subject to whatever  
22 questions the Commissioners may have.

23 CHAIRMAN HONIGBERG: Are there any  
24 preliminary matters we need to deal with before

1 we begin with the witnesses?

2 MR. FOSSUM: The only one I'll raise  
3 is that I've provided to the Clerk copies of  
4 what we would intend to enter as the two  
5 exhibits for the hearing for identification,  
6 just for numbering purposes. We would intend  
7 to offer the June 19th, 2015 Plan filing as  
8 "Exhibit 1", and the January 23rd, 2017  
9 Settlement Agreement filing as "Exhibit 2", for  
10 numbering purposes.

11 CHAIRMAN HONIGBERG: And am I correct  
12 that there's going to be no objection to those  
13 becoming full exhibits?

14 *[No verbal response.]*

15 CHAIRMAN HONIGBERG: All right.  
16 Seeing none, why don't we just dispense with  
17 that now and make Exhibits 1 and 2 "Exhibits 1"  
18 and "2".

19 (The documents, as described,  
20 was herewith marked as **Exhibit 1**  
21 and **Exhibit 2**, respectively, and  
22 entered as full exhibits.)

23 MR. FOSSUM: Very good.

24 CHAIRMAN HONIGBERG: Anything else we

[WITNESS PANEL: Johnson & Chagnon]

1 need to deal with before we start with the  
2 witnesses?

3 *[No verbal response.]*

4 CHAIRMAN HONIGBERG: All right, Mr.  
5 Patnaude.

6 (Whereupon **Russell Johnson** and  
7 **Richard Chagnon** were duly sworn  
8 by the Court Reporter.)

9 CHAIRMAN HONIGBERG: Mr. Fossum.

10 MR. FOSSUM: Thank you.

11 **RUSSELL JOHNSON, SWORN**

12 **RICHARD CHAGNON, SWORN**

13 **DIRECT EXAMINATION**

14 BY MR. FOSSUM:

15 Q. Mr. Johnson, if you could state your name, your  
16 position, and responsibilities for the record  
17 in this proceeding please.

18 A. (Johnson) Sure. My name is Russell Johnson.  
19 I'm the Manager of System Planning for New  
20 Hampshire. In that role, I'm responsible for  
21 both transmission and distribution planning.

22 Q. And, in your role as responsible for  
23 transmission and distribution planning, did you  
24 participate in the drafting and filing of the

[WITNESS PANEL: Johnson & Chagnon]

1 Company's Least Cost Integrated Resource Plan  
2 in this docket?

3 A. (Johnson) Yes. I drafted the distribution  
4 planning component. I also was involved in  
5 putting together the smart grid component of  
6 the Plan. And also reviewing and putting in  
7 the transmission planning piece of it.

8 Q. And, so, it's safe to say you're familiar with  
9 the terms of the Plan, as it was filed back in  
10 2015?

11 A. (Johnson) Yes, I am.

12 Q. And, keeping in mind the date of it, is that  
13 Plan a fair representation of Eversource's  
14 planning processes and procedures for  
15 distribution and transmission?

16 A. (Johnson) It's certainly fair for the time that  
17 it was submitted, which was over a year and a  
18 half ago. Clearly, with the merger of our  
19 company, we are continuing to work towards  
20 developing, you know, three-state guidelines  
21 and criteria.

22 However, what's presented in the Plan is  
23 certainly relevant.

24 Q. Turning briefly also, Mr. Johnson, did you



[WITNESS PANEL: Johnson & Chagnon]

1 participate in the discussions leading to the  
2 Settlement Agreement that's been marked now as  
3 "Exhibit 2"?

4 A. (Johnson) Yes, I did.

5 Q. And, so, you're familiar with the terms of that  
6 Settlement Agreement?

7 A. (Johnson) Yes, I am.

8 Q. And, very briefly, just as a quick overview, is  
9 it your position -- is it the Company's  
10 position that the Settlement Agreement is a  
11 fair and reasonable settlement agreement and  
12 resolution to this proceeding?

13 A. (Johnson) Yes.

14 MR. FOSSUM: With that, I'll at least  
15 allow Mr. Chagnon to be introduced, so that we  
16 can have both of them go through the Settlement  
17 Agreement.

18 CHAIRMAN HONIGBERG: Ms. Amidon.

19 MS. AMIDON: Thank you.

20 BY MS. AMIDON:

21 Q. Good afternoon, Mr. Chagnon. Would you please  
22 state your full name for the record.

23 A. (Chagnon) Yes. Good afternoon. Rich Chagnon.

24 Q. What is your job title and place of employment?

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[WITNESS PANEL: Johnson & Chagnon]

1 A. (Chagnon) Utility Analyst in the Electric  
2 Division at the Public Utility Commission of  
3 New Hampshire.

4 Q. In connection with your work there, were you  
5 assigned the review of the LCIRP filing that  
6 Eversource made in 2015?

7 A. (Chagnon) Yes, I did.

8 Q. And, in connection with that review, did you  
9 conduct discovery and hold technical sessions  
10 with the Company?

11 A. (Chagnon) Yes, I did.

12 Q. Did you participate in the settlement  
13 discussions that led to the Settlement  
14 Agreement filed with the Commission?

15 A. (Chagnon) Yes, I did.

16 Q. And do you have that Settlement Agreement in  
17 front of you, January -- that was filed  
18 January 23rd, 2017?

19 A. (Chagnon) I do.

20 Q. And that represents the terms that the Staff  
21 and the Company agreed to, is that correct?

22 A. (Chagnon) That's correct.

23 MS. AMIDON: Did you want to proceed,  
24 Mr. Fossum?

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1 MR. FOSSUM: Sure.

2 BY MR. FOSSUM:

3 Q. Turning -- Mr. Johnson, if you could just turn  
4 to, beginning on Page 3, looking at the  
5 Settlement Agreement that brings us here this  
6 afternoon, could you just very briefly walk us  
7 through the "Terms of Settlement" that begins  
8 there at Section II, and continuing on from  
9 there. And, I guess Mr. Chagnon also, to the  
10 extent that he may need to fill in some details  
11 along the way.

12 A. (Johnson) Okay. With regard to Page 3, we  
13 believe that the LCIRP, as filed, was adequate,  
14 is adequate. It meets the terms of the RSA,  
15 recognizing that the waivers that were in place  
16 at the time that the LCIRP filing was made.

17 And, again, that the LCIRP provides  
18 the process by which we make decisions on least  
19 cost planning, which really involves developing  
20 solutions which is the lowest reasonable cost  
21 to provide safe and reliable service, as well  
22 as some of the other components that are  
23 recognized in the RSA.

24 *[Court reporter interruption.]*

[WITNESS PANEL: Johnson & Chagnon]

1 CHAIRMAN HONIGBERG: Off the record.

2 [Brief off-the-record discussion  
3 ensued.]

4 **CONTINUED BY THE WITNESS:**

5 A. (Johnson) Moving on to Page 4, there are a  
6 number of bullets that represent components of  
7 the Settlement. I'll move through those. The  
8 first is "Eversource - UES joint  
9 recommendations". The intention is that we  
10 meet regularly with UES and prepare, typically,  
11 an annual, sometimes a biannual report, looking  
12 at the planning requirements of the two  
13 companies where we need to work together on  
14 those.

15 The second bullet, "Eversource - New  
16 Hampshire EC -- Electric Cooperative joint  
17 recommendations", again, similar, it's to  
18 capture our meetings with the NHEC and any  
19 joint planning that's required between the  
20 companies.

21 BY MR. FOSSUM:

22 Q. If I can hold you up there for a moment.  
23 Historically, has the Company provided those  
24 recommendations to the Staff and the OCA?

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[WITNESS PANEL: Johnson & Chagnon]

1 A. (Johnson) The UES joint recommendations have  
2 typically been provided, usually through  
3 discovery following the filing. The New  
4 Hampshire Electric Cooperative, frankly,  
5 historically, has been more informal, and on an  
6 as needed basis that we worked with them. And  
7 I'm not aware that those were provided  
8 historically.

9 Q. So, would it be fair to say this is sort of a  
10 formalization for providing information that  
11 had been previously provided, either informally  
12 or otherwise?

13 A. (Johnson) Yes.

14 Q. Okay. Thank you. Please continue.

15 A. (Johnson) The third bullet is to provide a  
16 "recent organizational chart" relating to the  
17 operations, planning, and engineering functions  
18 supporting Eversource's New Hampshire  
19 activities, and specifically at the manager  
20 level and above. There may be cases where a  
21 manager doesn't exist in New Hampshire that we  
22 provide at the supervisor level.

23 The four bullet is to provide "an updated  
24 crew complement report". I'll let Rich speak

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[WITNESS PANEL: Johnson & Chagnon]

1 to that, as that was a request by the Staff.

2 A. (Chagnon) Sure. The reason for that is to  
3 ensure that the Company does indeed have proper  
4 staffing and the resources to carry out the  
5 work that they have.

6 A. (Johnson) The next bullet is "a discussion of  
7 targeted energy efficiency solutions for  
8 proposed projects for 4 and 12 kV substations".  
9 We have a procedure which calls for, any time  
10 we recognize the need due to loading, to  
11 address 4 and 12 kV facilities, that we  
12 consider non-wires solutions, be they energy  
13 efficiency or distributed generation. So, we  
14 will, as we have in the past, provide a  
15 discussion relative to that process.

16 The next item is to provide "an update to  
17 the Distribution Automation Plan". Again, this  
18 has been included in the last two LCIRP  
19 filings, and we will continue to, as we  
20 continue to employ distribution automation on  
21 the system, both pole-top devices, substation  
22 automation, and relay replacements, we will  
23 provide those details within the LCIRP.

24 The next item is "an update on the

[WITNESS PANEL: Johnson & Chagnon]

1 Company's Customer Engagement Platform  
2 Program". This is an interactive Web-based  
3 system, which is now -- I believe it became  
4 active for all of our customer classes at the  
5 end of 2016. And it allows customers not only  
6 a resource for energy efficiency, but also  
7 allows them to review their usage, compare it  
8 to benchmarks. It also allows the Company to  
9 also gain knowledge with respect to a  
10 customer's interest and involvement in energy  
11 efficiency.

12 The next is "an updated report regarding  
13 the recertification of customers" on a program  
14 that we call "HEATSMART". We have surveyed all  
15 those customers that are on HEATSMART prior to  
16 2006. Received responses from a majority of  
17 those. Roughly 500 accounts have been  
18 discontinued. We've also identified others  
19 that require some follow-up, and expect another  
20 four or five hundred of those accounts to be  
21 removed. So, there will be additional efforts  
22 to reach out to the folks on that program  
23 moving forward.

24 The next is "the most recent list of

[WITNESS PANEL: Johnson & Chagnon]

1 proposed capital projects presented to local  
2 management during the most recent planning  
3 session". And, again, this is through our  
4 annual process of developing our capital plan.  
5 We present a number of projects to management.  
6 And the decision on the priorities of that and  
7 how to move forward is, you know, developed  
8 from that list of capital projects. And, on  
9 Page 5, the first bullet, "Detail regarding the  
10 steps taken through each stage of the Planning  
11 Process Flow". Within the LCIRP, we developed  
12 a process flow for all the various types of  
13 capital projects. And the intent of this item  
14 is that, for three of the largest projects,  
15 that we will provide documentation representing  
16 the process of those projects as they move  
17 through the capital planning and budgeting  
18 process. And, again, within those plans, we  
19 include an evaluation of basically, you know,  
20 the lowest reasonable cost, best alternative  
21 that takes into account reliability, the  
22 ability to serve the load, environmental, a  
23 whole list of characteristics.

24 And, that's the last of the bullets.

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[WITNESS PANEL: Johnson & Chagnon]

1 MR. FOSSUM: Thank you. I have  
2 nothing further for direct.

3 CHAIRMAN HONIGBERG: Ms. Amidon, do  
4 you have any further questions for the  
5 witnesses?

6 MS. AMIDON: Yes. Just a few. Thank  
7 you.

8 BY MS. AMIDON:

9 Q. Mr. Chagnon, do you agree that the Settlement  
10 Commission [Agreement?] recommends that the  
11 Commission find that the 2015 Eversource LCIRP  
12 is adequate?

13 A. (Chagnon) Yes, I do.

14 Q. And the Settlement Agreement describes the  
15 agreement whereby the next LCIRP filed by  
16 Eversource would provide additional and more  
17 complete information to Staff and the  
18 Commission for purposes of reviewing its  
19 adequacy, is that fair to say?

20 A. (Chagnon) That is correct.

21 Q. And, if -- I just want this on the record. Is  
22 the Settlement Agreement -- does the Settlement  
23 Agreement recommend any waivers to the next  
24 LCIRP to be filed by the Company?

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[WITNESS PANEL: Johnson & Chagnon]

1 A. (Chagnon) No, it does not.

2 Q. Thank you. And the purpose of providing this  
3 additional information that is, as Mr. Fossum  
4 characterized as being formalized, is to make  
5 sure that the Staff has information and the  
6 Commission has information to be able to  
7 evaluate whether the Plan is adequate in terms  
8 of the requirements of the LCIRP statute. Is  
9 that what your understanding is?

10 A. (Chagnon) Yes. That's correct.

11 Q. And I just had a couple of questions on the  
12 bullet items.

13 A. (Chagnon) Uh-huh.

14 Q. With respect to the bullet item number -- well,  
15 it's not numbered, but the third bullet item on  
16 Page 4, could you explain from Staff's  
17 perspective why this information is useful to  
18 the evaluation of the LCIRP?

19 A. (Chagnon) Yes. This is the one that outlines  
20 the recent organizational chart. And it's  
21 really for the Commission's understanding of  
22 who has accountability for each item within the  
23 Company to deliver it.

24 Q. Thank you. Also, what is Staff's interest in

[WITNESS PANEL: Johnson & Chagnon]

1 having the discussion of the targeted energy  
2 efficiency solutions for the 4 and 12 kV  
3 substations?

4 A. (Chagnon) Currently, all utilities find it a  
5 challenge in regards to energy efficiency  
6 solutions, and including Eversource. And, so,  
7 the focus is to try and find some solution.  
8 And, if there is one out there, to present it  
9 and explain how you got there. But it is a  
10 challenge for all utilities.

11 Q. And I know you're not a lawyer, but the statute  
12 does say that the Company should make efforts  
13 to "maximize cost-effective energy efficiency"  
14 in its plan".

15 A. (Chagnon) Yes.

16 Q. Do you understand that to be correct?

17 A. (Chagnon) I do.

18 Q. Okay. Thanks. I'd like you to explain, and I  
19 just have one more question with respect to the  
20 last bullet item, which appears on Page 5.  
21 Would you just explain why this element is  
22 important? Because I know, Mr. Chagnon, you've  
23 worked on other least cost plans and are very  
24 interested in seeing how the least cost process

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[WITNESS PANEL: Johnson & Chagnon]

1 works. So, would you explain why this is  
2 important in the review of these plans?

3 A. (Chagnon) Yes. What we've asked for is three  
4 examples of their three highest capital  
5 projects, that are either approved or in the  
6 approval process. And we had asked for that in  
7 this filing, and the Company was able to give  
8 us two great examples. One of them involved  
9 the Tasker Farm substation in Rochester, and  
10 also the Rimmon substation in Manchester, and  
11 that's a total replacement. And the  
12 documentation that was supplied was great  
13 information showing the process, and following  
14 through all of Eversource's policies and  
15 procedures on how they came to the solutions  
16 that they did, and what they considered all  
17 along the way.

18 And, so, it was a chance for Staff to  
19 understand that here's a large project, a lot  
20 of capital dollars, and they actually followed  
21 all of the procedures that they have in place.  
22 And, so, it was very helpful.

23 And, so, now we're asking, in the next  
24 filing, three examples of that.

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[WITNESS PANEL: Johnson & Chagnon]

1 Q. And my understanding is that this will  
2 confirm -- help Staff confirm that the policies  
3 and procedures that are presented in the Least  
4 Cost Plan are being followed by the Company, is  
5 that right?

6 A. (Chagnon) That's correct.

7 MS. AMIDON: Thank you. I have no  
8 further questions.

9 CHAIRMAN HONIGBERG: Mr. Kreis.

10 MR. KREIS: Thank you, Mr. Chairman.  
11 I have just a few questions.

12 **CROSS-EXAMINATION**

13 BY MR. KREIS:

14 Q. I think almost if not everything that I would  
15 like to focus on really relates to one sentence  
16 in the Settlement Agreement, which is  
17 Exhibit 2. And what I'm looking at is the  
18 sentence on Page 3 of the Settlement Agreement,  
19 the very first sentence under Section II of the  
20 Agreement, which is the section that lays out  
21 the terms of the Settlement. And that sentence  
22 reads "The Settling Parties recommend that the  
23 Commission accept Eversource's 2015 LCIRP as  
24 adequate."

[WITNESS PANEL: Johnson & Chagnon]

1           And I guess my first question, and I'd  
2           like to hear both witnesses answer, is what  
3           does the term "adequate" mean in that sentence?

4   A.    (Chagnon) For me, "adequate" means that it's  
5           acceptable, and follows all the terms of the  
6           RSA and what is required by the utility.

7   A.    (Johnson) For me, it's that we met the  
8           requirements as stated in the RSA, with the  
9           exception of the waivers that had been granted.

10   Q.   And the sentence includes the term "LCIRP",  
11           which stands for "Least Cost Integrated  
12           Resource Plan". And I'd like to ask each  
13           witness to explain what their understanding of  
14           the term "Least Cost Integrated Resource  
15           Planning" is?

16   A.    (Chagnon) I'll start. From everything that  
17           I've worked with here at the PUC in this  
18           current position, the "Least Cost Integrated  
19           Resource Plan" has indeed been an outline of a  
20           process for the company to follow, to ensure  
21           that they are making every consideration  
22           possible to find the least cost, that also has  
23           the most safe and reliable source of energy.

24   A.    (Johnson) Likewise, I participated in the 2013

[WITNESS PANEL: Johnson & Chagnon]

1 filing, the technical sessions that followed.  
2 And it was in those technical sessions where  
3 really the focus was put on the process, and  
4 developing process flow diagrams and  
5 incorporating those into the Least Cost  
6 Integrated Resource Plan.

7 So, it was -- it's really focused on  
8 process, and also that we are meeting the  
9 requirements within the RSA.

10 Q. Mr. Johnson, when you testified at the  
11 beginning of the hearing, I think I heard you  
12 mention that there are only certain parts of  
13 the Least Cost Integrated Resource Plan that  
14 you actually drafted. Which sections did you  
15 not draft?

16 A. (Johnson) I did not draft the energy efficiency  
17 piece of it. I did not draft the transmission  
18 planning piece, however, I reviewed it. I  
19 drafted the forecasting piece, which again was  
20 included in the planning piece. And the smart  
21 grid update, I did not personally draft, but I  
22 reviewed.

23 Q. And would it be safe to say that the  
24 transmission planning that's described in the

[WITNESS PANEL: Johnson & Chagnon]

1 Plan is something that takes place under  
2 federal authority, and that here at the  
3 Commission there really isn't any role under  
4 state law for us to play?

5 A. (Johnson) I agree.

6 Q. So, transmission planning would basically be a  
7 constant, rather than a variable, with respect  
8 to the Least Cost Integrated Resource Plan that  
9 we're thinking about here today?

10 A. (Johnson) Yes.

11 Q. So, I guess my big question here is, how would  
12 the Commission make a determination in this  
13 case that the planning that PSNH has conducted,  
14 pursuant to what is described in the Least Cost  
15 Integrated Resource Plan, is actually least  
16 cost?

17 In other words, how can we tell whether  
18 whatever combination of transmission planning,  
19 energy efficiency program implementation, grid  
20 modernization and distribution planning, really  
21 results in service that is "least cost", from a  
22 consumer standpoint?

23 A. (Johnson) The transmission planning component,  
24 as you know, the process is through the



[WITNESS PANEL: Johnson & Chagnon]

1 Independent System Operator of New England.  
2 That process includes developing alternatives,  
3 demonstrating the least cost alternative,  
4 somewhat similarly as to here.

5 On the distribution side, we've laid out  
6 the process, the characteristics that are  
7 considered in the process, and we've provided  
8 examples for those -- for those projects to the  
9 Staff to review.

10 Q. Mr. Chagnon, do you have any comment about  
11 that?

12 A. (Chagnon) Yes. And we do review what is  
13 submitted, and make sure that they are  
14 following their process that we have a full  
15 understanding of.

16 Q. Would each of you agree with me that the term  
17 "integrated" in "Least Cost Integrated Resource  
18 Plan" refers to the desirability of considering  
19 the totality of all these planning efforts to  
20 determine whether they're truly least cost?

21 A. (Johnson) I assume that is the intent, yes.

22 Q. Mr. Chagnon?

23 A. (Chagnon) In totality, sure.

24 Q. So, would you agree with me then that even if I

[WITNESS PANEL: Johnson & Chagnon]

1 knew, perhaps because the FERC found, or even  
2 if I knew that transmission planning, say, were  
3 conducted so that the least cost transmission  
4 options were being pursued, I wouldn't  
5 necessarily know that overall the entire system  
6 is being planned and implemented in a least  
7 cost way on an integrated basis?

8 A. (Chagnon) I'm not sure how to answer that one.

9 Q. Fair enough.

10 A. (Johnson) Nor am I.

11 Q. I think, Mr. Chagnon, you mentioned that, in  
12 RSA 378:37, one of the aspects of the New  
13 Hampshire Energy Policy that is enshrined in  
14 statute is the objective of "maximizing the use  
15 of cost-effective energy efficiency".

16 MS. AMIDON: If you excuse me, I  
17 believe I called his attention to that issue.  
18 He's not a lawyer, but the plain meaning of the  
19 words "maximize cost-effective energy  
20 efficiency" is a concept that Mr. Chagnon is  
21 familiar with.

22 MR. KREIS: Indeed.

23 BY MR. KREIS:

24 Q. And, so, my question is, how do we know that

[WITNESS PANEL: Johnson & Chagnon]

1 this Plan demonstrates that Eversource is, in  
2 fact, doing that, maximizing the use of  
3 cost-effective energy efficiency? Even  
4 assuming, and I think we can assume, because  
5 it's been found elsewhere, that what we have  
6 here is cost-effective energy efficiency. What  
7 I'm focused on is, how we know that Eversource  
8 is, in fact, "maximizing the use of  
9 cost-effective energy efficiency"?

10 A. (Chagnon) Currently, within the processes that  
11 they follow in their capital planning, they  
12 will include their Energy Efficiency Department  
13 and have a discussion with them on some or all  
14 of the circuits that they're considering  
15 upgrading for whatever reason. And, so, that  
16 is part of the process that they go through,  
17 and have discussions on what is available out  
18 there, whether it's to buy another year or just  
19 be able to eliminate this project, because it  
20 was cheaper to come up with an energy  
21 efficiency solution.

22 As I mentioned before, all the utilities  
23 are having a challenge to find a solution.  
24 There hasn't been one yet where they say "this

[WITNESS PANEL: Johnson & Chagnon]

1 one works". Or -- and the hope is, through  
2 continued discussions on these targeted energy  
3 efficiency solutions in their Least Cost  
4 Integrated Resource Plan, that there will be a  
5 breakthrough, that they will be able to  
6 identify an area.

7 Right now, if you are going to take a  
8 substation and upgrade it, typically, it would  
9 take over a year and a half to plan, it would  
10 take a year to build. So, you're out there  
11 three years ahead. Now, to have an energy  
12 efficiency project take that place instead,  
13 then it's got to be some real good planning,  
14 and it's got to be real-time savings in load,  
15 if you will. So, it's got to be guaranteed  
16 load.

17 So, what we're asking the utilities to do  
18 is keep working on it. We'd like to see  
19 solutions.

20 Q. So, Mr. Johnson, you presumably relied on one  
21 of the energy efficiency experts at your  
22 company to draft the energy efficiency portion  
23 of the LCIRP, true?

24 A. (Johnson) Yes.

[WITNESS PANEL: Johnson & Chagnon]

1 Q. And I have to say, that's an entirely  
2 reasonable approach. But did you -- did you  
3 undertake any effort to take a look at what the  
4 energy efficiency folks drafted for you and ask  
5 yourself "Did they do enough? Was there more  
6 energy efficiency that we could have pursued as  
7 a company? Did we pursue all of the energy  
8 efficiency we possibly could? Was there more  
9 energy efficiency that we could have pursued  
10 that would have helped us reduce our other  
11 costs?"

12 A. (Johnson) I did not pursue the level of  
13 spending on energy efficiency or the programs  
14 where that -- that money was distributed. The  
15 look that we take on it is, if we find either a  
16 substation that's reaching its capacity or a  
17 circuit, we approach Energy Efficiency. They  
18 do a rather thorough evaluation of the customer  
19 makeup that's fed by that substation or those  
20 circuits, the large power customers that are on  
21 those circuits, and evaluate whether or not  
22 there are opportunities to potentially do  
23 targeted energy efficiency. Which, again, does  
24 require us to come back to this body for

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1 approval to move funds and direct them in that  
2 manner.

3 And, unfortunately, there's typically been  
4 two outcomes. One is that the large power  
5 customers that are identified are already  
6 taking full advantage of energy efficiency  
7 programs that we offered, and -- and/or the  
8 bulk of the customers are either residential  
9 customers, where there's limited opportunities,  
10 or they're not our customers at all, they  
11 happen to be served by a Co-op or, you know,  
12 another entity.

13 The other, frankly, the biggest challenge  
14 that we find is, typically, when we're doing a  
15 comprehensive area study to determine the best  
16 solution, in nearly every case I can think of  
17 we are dealing with aging infrastructure,  
18 obsolete equipment, reliability concerns, all  
19 of those components by which energy efficiency  
20 does not contribute any benefit to.

21 Therefore, when we're evaluating the  
22 overall best solution, oftentimes energy  
23 efficiency cannot deliver the level of energy  
24 demand reduction that's required or meet the

[WITNESS PANEL: Johnson & Chagnon]

1 other needs of the system.

2 Q. Mr. Johnson, you just alluded to the fact that  
3 sometimes there are often, I guess, the  
4 Company, Eversource, runs out of energy  
5 efficiency funds to provide energy efficiency  
6 services to large customers. Doesn't that  
7 subject that there is more cost-effective  
8 energy efficiency to be had out there that's  
9 going untapped?

10 A. (Johnson) I'm sorry. I'm really not qualified  
11 to respond to that.

12 Q. Fair enough. Fair enough. I think I only have  
13 one more question, and it migrates away from  
14 the sentence I've been obsessing about, and  
15 onto the various bullet points later in the  
16 Settlement Agreement that really relate to  
17 facilitate evaluation of the next LCIRP that  
18 Eversource is going to present.

19 And my question to both witnesses is,  
20 would you support public participation in the  
21 process by which Eversource develops its Least  
22 Cost Integrated Resource Plan?

23 I realize that what we have now is a  
24 process in which Eversource presents its LCIRP,

[WITNESS PANEL: Johnson & Chagnon]

1 and then the Commission opens a docket like  
2 this one, and there are opportunities for the  
3 OCA and other interested parties to  
4 participate.

5 My question really relates to whether  
6 either of you think it's a good idea for the  
7 public to be involved prior to Plan submission?

8 A. (Chagnon) I don't see the benefit of that. I  
9 believe that the Company has done a very good  
10 job at detailing their policies and procedures  
11 on how they move forward with capital projects.

12 I don't think that having the public come  
13 in and have input to that process would show  
14 any improvement at the end of the day. Except  
15 for possibly special interests or someone else  
16 who is going to gain, other than the customer.

17 Q. I'm going to come back to that, but I think  
18 I'll let Mr. Johnson answer first.

19 A. (Johnson) I think the docket that's going on,  
20 relative to grid modernization, is an important  
21 component to the answer to that. I think,  
22 within the least cost integrated resource  
23 planning, we can continue to evaluate non-wires  
24 alternatives, be they energy storage, be they



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1 distributed generation, you know, to an extent.  
2 And, then, if determined that other  
3 alternatives are, in fact, at least cost, at  
4 that time evaluate the best way to approach or  
5 achieve those ends.

6 Q. I want to make sure I understand your answer.  
7 Because it was kind of a "yes" or "no"  
8 question, about whether you would favor public  
9 participation in the process of preparing the  
10 LCIRP, and your answer alluded to the Grid Mod  
11 Working Group docket that's now open. And I  
12 guess I'm tempted to interpret your answer as  
13 similar to Mr. Chagnon's, basically, "No, we  
14 don't think that's a good idea"?

15 A. (Johnson) That's correct.

16 Q. And, so, I want to cycle back to something  
17 Mr. Chagnon said. You mentioned "special  
18 interests". What did you mean?

19 A. (Chagnon) What I meant was that the folks that  
20 always or could show up to a public session  
21 might not always be looking for the best  
22 interest of the customers in whole. And  
23 oftentimes it's the special interest groups or  
24 companies.

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[WITNESS PANEL: Johnson & Chagnon]

1 Q. I'm still confused, though, by what you mean by  
2 "special interests"?

3 A. (Chagnon) "Special interests", meaning that  
4 someone that attends may have something to gain  
5 personally by attending.

6 Q. "Pecuniary gain", in other words?

7 A. (Chagnon) Excuse me?

8 Q. "Pecuniary gain" is what you're talking about?

9 CHAIRMAN HONIGBERG: Money.

10 MR. KREIS: Yes.

11 WITNESS CHAGNON: Thank you.

12 MR. KREIS: Thank you, Mr. Chairman.

13 BY MR. KREIS:

14 Q. So, just to make sure I understand your answer,  
15 you don't favor public participation in the  
16 process of developing these plans, because your  
17 concern is that the elements of the public that  
18 are likely to participate would participate in  
19 a self-serving way, because their products and  
20 services are designed to maximize profit for  
21 their owners?

22 MS. AMIDON: I have to object,  
23 because Mr. Chagnon answered the question. And  
24 I think that his answer is adequate.

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1 CHAIRMAN HONIGBERG: Can rephrase  
2 that, Mr. Kreis, in a way that perhaps  
3 Mr. Chagnon might be able to give you an  
4 opinion?

5 MR. KREIS: I understand. Sure.

6 BY MR. KREIS:

7 Q. I think I heard you say you don't favor public  
8 participation in this process, because you  
9 don't think it would be valuable. Is that a  
10 fair statement?

11 A. (Chagnon) That is fair.

12 Q. And I thought I heard that the reason you don't  
13 think it would be valuable is that the parts of  
14 the public that would participate would be  
15 participating in a self-interested way?

16 A. (Chagnon) That's how I -- one of the points  
17 that I ended on. However, I still don't  
18 believe that a better product can come out of a  
19 public input. Because I do believe that the  
20 Company does a very good job at their least  
21 cost planning now. That's why I came out with  
22 what I did.

23 MR. KREIS: Okay. Tempting as it is  
24 to belabor that, I think I'm going to leave it

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1           there.

2                         CHAIRMAN HONIGBERG:   Commissioner  
3           Bailey.  All right.  Ms. Amidon, did you have  
4           something you wanted to add?

5                         MS. AMIDON:  Would I redirect after  
6           the Commissioners?

7                         CHAIRMAN HONIGBERG:  That would  
8           normally be the case.

9                         MS. AMIDON:  Okay.  Thank you.

10                        CHAIRMAN HONIGBERG:  If there's  
11           something that it would be -- that you really  
12           feel you need to do now to clarify the record  
13           or something like that?

14                        MS. AMIDON:  No.  I can wait.

15                        CHAIRMAN HONIGBERG:  Okay.

16                        MS. AMIDON:  I just wanted to be sure  
17           that -- I usually don't do that, so I wanted to  
18           be sure I followed the process that you  
19           favored.

20                        CHAIRMAN HONIGBERG:  I think our  
21           normal process is that the party who has a  
22           witness on the stand gets what is almost always  
23           the last crack at asking those witnesses  
24           questions.

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1 MS. AMIDON: Thank you.

2 CHAIRMAN HONIGBERG: Sometimes we get  
3 to go last, because, if you raise something  
4 that interests us, we may follow up on that.  
5 But that's the typical process.

6 So, I think Commissioner Bailey is  
7 up.

8 CMSR. BAILEY: Thank you. Good  
9 afternoon.

10 BY CMSR. BAILEY:

11 Q. Can you look at Page 34 of your LCIRP. That's  
12 a pretty big chart. "Pretty", as in  
13 "beautiful".

14 A. (Johnson) Thank you.

15 Q. Are you there?

16 A. (Johnson) Yes.

17 Q. Okay. Can you show me in the -- where in the  
18 process, for the 4 and 12 kilovolt distribution  
19 systems, energy efficiency would be part of the  
20 process in this chart?

21 A. (Johnson) Yes. If I look under "System  
22 Solutions", that's the green-shaded area.

23 Q. Okay.

24 A. (Johnson) Well, maybe I should -- I'll use the

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1 letters, because that way you can help follow  
2 it through. Do see the box labeled letter "d",  
3 small "d" under the blue?

4 Q. Yes.

5 A. (Johnson) Okay. That's where we identify, if  
6 you look all the way to the left, it  
7 specifically references "4 & 12 kV".

8 Q. Right.

9 A. (Johnson) That's where we identify transformers  
10 that are greater than 85 percent of TFRAT.  
11 "TFRAT" being a rating that is given the  
12 transformer above its nameplate rating, based  
13 on an acceptable loss-of-life criteria.

14 If you follow the arrow to the right,  
15 under "Develop Comprehensive Area Studies",  
16 underneath that there are a number of inputs.  
17 And one of those is a reference to "C&LM and DG  
18 is evaluated as options to defer capital  
19 expenditure". And there's an asterisk next to  
20 "C&LM", and if you refer to the bottom, it  
21 refers to our "Policy TD190", which requires a  
22 review of projects to determine whether they're  
23 projects within a five year timeframe are  
24 candidates for targeted C&LM.

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[WITNESS PANEL: Johnson & Chagnon]

1 Q. What does "C&LM" stand for?

2 A. (Johnson) "Conservation and Load Management".

3 Q. Oh. Okay. I should have known that. I'm  
4 sorry. And, if the projects are candidates for  
5 C&LM, then what happens?

6 A. (Johnson) If after -- following a review and a  
7 determination that we can get enough demand  
8 reduction, and for how many years we believe we  
9 can get that demand reduction, if we had a  
10 successful candidate, I believe we would come  
11 back to the Commission with a proposal to  
12 direct targeted energy efficiency to that,  
13 those customers, those circuits.

14 Q. So, can you give me an example of a project  
15 that that might --

16 A. (Johnson) Sure.

17 Q. -- be the solution for?

18 A. (Johnson) Sure. If we had a 4 or 12 kV  
19 substation, that, in fact, was a reasonable  
20 age, let's say, less than 50 or 60 years old,  
21 and general load growth or customer growth got  
22 us to a point where we were going to reach the  
23 capacity of that substation, that transformer,  
24 conceivably, especially if it was a

[WITNESS PANEL: Johnson & Chagnon]

1 commercial/industrial customer base, we could  
2 find enough energy efficiency reductions to be  
3 able to defer that, that capital investment.

4 You know, basically, what we look for is,  
5 if we're anticipating whatever a particular  
6 growth rate may be, let's say, one and a half  
7 percent, and let's say it's a 10,000 kVA  
8 transformer, all right, and that we would take  
9 one and a half percent of that 10,000 kVA, as  
10 long as we could come up with that much energy  
11 efficiency demand reduction, then there's the  
12 potential to defer that capital project.

13 Q. But you --

14 A. (Johnson) I apologize. You need to find that  
15 every year. So, in fact, you have to be able  
16 to continue to find that, to defer it, beyond  
17 one year.

18 Q. But you would have to find a large commercial  
19 customer that hadn't already taken advantage or  
20 full advantage of your energy efficiency  
21 program. I mean, is there anything stopping  
22 you from coming up with a new energy efficiency  
23 program for a particular large commercial  
24 customer, if it would be cheaper than replacing



[WITNESS PANEL: Johnson & Chagnon]

1 a transformer?

2 A. (Johnson) Well, I think, generally, the energy  
3 efficiency programs that are available for  
4 large power customers are unreasonably broad in  
5 what they're able to look at. For example,  
6 they're able look at large compressors, large  
7 energy, you know, using equipment.

8 So, are you suggesting -- I mean, I  
9 wouldn't come up with a new program. I believe  
10 the programs that we have out there, if there  
11 were -- if it was found that we believe there  
12 are -- generally, what happens is the account  
13 executives for those companies that happen to  
14 be on those circuits are consulted by the  
15 people within the Energy Efficiency  
16 organization to determine, in their dealings  
17 with those customers, whether they felt there  
18 were additional energy efficiency opportunities  
19 there.

20 Q. I guess my concern is your testimony that said  
21 that your large commercial customers have  
22 already taken full advantage of the energy  
23 efficiency programs. So, if that's the case,  
24 then this could never happen?

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1 A. (Johnson) Well, I was giving a specific example  
2 to the actual evaluations that we have done.  
3 For example, we were looking at one circuit up  
4 in Bristol, there's only one large power  
5 customer on that circuit. That customer had  
6 taken full advantage of the energy efficiency  
7 programs that we had. And, therefore, there  
8 were no opportunities there.

9 Q. Okay.

10 A. (Johnson) I couldn't speak broadly, frankly,  
11 across the whole system.

12 Q. Oh. Okay. That makes me feel better. Thank  
13 you. Okay. Does any of your planning look at  
14 an overall reduction of peak demand?

15 A. (Johnson) The forecasting methodology that  
16 we're now using takes into account projections  
17 on PV installations, projections on the  
18 increased energy efficiency that's -- that's  
19 being done. So, with respect to our overall  
20 peak, those are incorporated into the forecasts  
21 that are made and used to determine, you know,  
22 the needs of the system going forward.

23 Q. I'm asking if Eversource is attempting to  
24 reduce peak demand, so that things that are

[WITNESS PANEL: Johnson & Chagnon]

1 allocated by demand in the region, within the  
2 region, could be reduced?

3 A. (Johnson) Within the energy efficiency program,  
4 they take advantage of the demand reduction. I  
5 believe that -- I mean, I defer to people who  
6 know more about it, but maybe included in the  
7 forward capacity market for that credit.

8 With respect to demand response, the ISO  
9 runs a demand response interruptible pay  
10 program, whereby they're, across all of New  
11 England, looking to lower peak demand.  
12 Eversource New Hampshire, at this time, does  
13 not have an independent demand response  
14 program. We have HEATSMART, which, again, is  
15 called as a part of the ISO action.

16 Q. Okay. This may be an unfair question, but I'm  
17 going to ask you, and you or Attorney Fossum  
18 can tell me whether it's fair or not.

19 But do you -- do you know if Eversource  
20 let's the public know when they expect the  
21 system peak to occur, so that people can take  
22 demand response actions to lower the peak? I  
23 know you can never predict it with certainty.

24 A. (Johnson) Right. But --

[WITNESS PANEL: Johnson & Chagnon]

1 Q. But you know, if it's the second or third day  
2 in August that's a heatwave, it might be --  
3 that might be.

4 A. (Johnson) Typically, our peak will correspond  
5 with ISO-New England's peak. Maybe not to the  
6 hour, but certainly on the same day. And,  
7 typically, it's within an hour of the ISO  
8 system peak. As part of ISO's actions, part of  
9 those are public awareness actions.

10 Q. But does Eversource do anything for public  
11 awareness?

12 A. (Johnson) I don't know if we -- I apologize, I  
13 don't know where that -- I know that there are  
14 public releases made, and I couldn't tell you  
15 whether they're generated corporately, at our  
16 Eversource level, or locally within New  
17 Hampshire. You know, I happen to believe I  
18 recall that being the case, but I couldn't say  
19 to it with certainty.

20 Q. Okay. All right. Moving onto a slightly  
21 different area. You said that you -- that this  
22 process was part of your planning a year and a  
23 half ago, but now you're working on a  
24 three-state planning process. Can you

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1 elaborate a little bit more about that? Do you  
2 anticipate that your next LCIRP will be a  
3 process that would apply in all three of the  
4 states in which you operate?

5 A. (Johnson) Parts of it will. Some things that  
6 are already in place is the -- the process for  
7 technical review is now a consistent process  
8 across all three states. The process for  
9 capital approval, for money to be spent, is a  
10 consistent process across all three states now.  
11 Each of those incorporate personnel from states  
12 outside of New Hampshire, so that we -- you  
13 have that input from -- and expertise from  
14 people outside of New Hampshire as well  
15 participating in that.

16 From a design guideline perspective,  
17 that's being evaluated now. We believe that  
18 there are some things that we'll be able to  
19 combine and make consistent. Some may not,  
20 simply because of differences within how our  
21 electric system is constructed. For example,  
22 our 34 and a half kV system is really quite  
23 unique, and unlike that which is in our sister  
24 companies, in either Massachusetts or

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[WITNESS PANEL: Johnson & Chagnon]

1 Connecticut. So, not everything will be  
2 exactly the same.

3 Q. Okay. I'm in the wrong document. Sorry. The  
4 last bullet point in the Settlement, on Page 4,  
5 that says you're going to provide "the most  
6 recent list of proposed capital projects  
7 presented to local management during the most  
8 recent planning session in a format similar to  
9 that provided in a confidential discovery  
10 response" that we have not seen. The  
11 Commission has not seen that.

12 Mr. Chagnon, do you think that it's okay  
13 that we haven't seen that? Or, should we make  
14 that part of this record, so that, if there's  
15 an argument in the future about what it should  
16 have looked like, we have something to compare  
17 it to? Or, should I not worry about that?

18 A. (Chagnon) I don't believe you should worry  
19 about that. And Staff does have that  
20 information. And I don't believe it needs to  
21 be part of the record.

22 CMSR. BAILEY: Okay. I think that's  
23 all I had. Thank you.

24 BY CHAIRMAN HONIGBERG:

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[WITNESS PANEL: Johnson & Chagnon]

1 Q. Mr. Chagnon, you testified briefly about the  
2 staffing levels, the fourth bullet point of the  
3 Settlement, on Page 4.

4 A. (Chagnon) Yes.

5 Q. I didn't write down specifically what you said.  
6 Can you restate or remind me why it is you want  
7 to get that information?

8 A. (Chagnon) There's been many changes within  
9 Eversource's crew complement, and they have had  
10 different positions, such as their  
11 troubleshooters. And there's also been lines  
12 that have changed in regards to their Area Work  
13 Center geographical responsibilities. And it's  
14 just good measure for Staff to understand that  
15 crew levels haven't dropped or where they are  
16 at, so that they have the proper resources to  
17 deliver a safe and reliable service.

18 Q. Link it to cost for me. I understand that, if  
19 for safe and reliable service, totally  
20 bulletproof, 100 percent, we'd have them  
21 staffed 100 percent of the time everywhere for  
22 every contingency. Clearly, that's not what  
23 we're looking for.

24 A. (Chagnon) Uh-huh.

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1 Q. What are we looking for, in terms of this  
2 process, the planning process, as that relates  
3 to staffing levels?

4 A. (Chagnon) If staffing levels do drop,  
5 typically, it's covered by contractors. And  
6 whether the Company is making the best decision  
7 because the contractors themselves are the  
8 least cost? And, if they are, typically, it's  
9 because it's a short period of time that  
10 they're needed.

11 Q. So, as it relates to what we're going through  
12 with this process, if they are understaffed  
13 with full-time employees, it may be more  
14 expensive for them to maintain their system in  
15 times of emergency by bringing in additional  
16 outside crews?

17 A. (Chagnon) Yes. And, also, it could be more  
18 expensive, more costs, even on a regular day,  
19 for regular system work, or for these projects.  
20 And, so, are they making the right decisions  
21 for customers that is the least cost.

22 CHAIRMAN HONIGBERG: Thank you.  
23 That's helpful. And that's all I wanted to ask  
24 about.

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[WITNESS PANEL: Johnson & Chagnon]

1 Mr. Fossum, do you have any further  
2 questions for the witnesses who are up there?

3 Because I know Ms. Amidon does.

4 MR. FOSSUM: No. I don't.

5 CHAIRMAN HONIGBERG: Ms. Amidon.

6 MS. AMIDON: Thank you.

7 **REDIRECT EXAMINATION**

8 BY MS. AMIDON:

9 Q. Mr. Chagnon, do you recall when Mr. Kreis asked  
10 you about your viewpoint on whether public  
11 participation would be appropriate in the  
12 Company's development of the LCIRP?

13 A. (Chagnon) Yes, I do.

14 Q. And what I heard, and you can correct me if I'm  
15 wrong, is that you said that you "do not see  
16 public participation providing any customer  
17 benefit". Is that fair?

18 A. (Chagnon) That is fair.

19 Q. And did you, in connection with a customer  
20 benefit, were you thinking of least cost  
21 alternatives to provide service?

22 A. (Chagnon) Yes, I was.

23 MS. AMIDON: Okay. Thank you.

24 That's all I have.

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1                   CHAIRMAN HONIGBERG: All right.  
2                   We've dealt with the exhibits. I don't think  
3                   there's any further questions for the  
4                   witnesses, but I think you gentlemen can  
5                   probably stay where you are, while we let the  
6                   parties sum up.

7                   Mr. Kreis.

8                   MR. KREIS: You'd like me to go  
9                   first?

10                  CHAIRMAN HONIGBERG: I would.

11                  MR. KREIS: I would be delighted to  
12                  do that.

13                  Mr. Chairman, Commissioner Bailey,  
14                  the Office of the Consumer Advocate takes no  
15                  position, as I've already said, with respect to  
16                  the Settlement Agreement and its recommendation  
17                  that the Commission accept as "adequate" the  
18                  2015 Least Cost Integrated Resource Plan filed  
19                  by Eversource almost 19 months ago.

20                  Rather, I would like to take this  
21                  opportunity to articulate the same concerns  
22                  that I raised in Docket Number DE 16-097, which  
23                  is the docket in which the Commission is  
24                  considering the Liberty Utilities Electric

1 Least Cost Integrated Resource Plan for 2016.

2 The statute that governs the decision  
3 that the Commission has to make here is RSA  
4 378:39. It does not call for the Commission to  
5 determine whether a plan is "adequate" or not.  
6 Rather, it tasks the Commission with approving  
7 a least cost plan after considering the  
8 "potential environmental, economic, and  
9 health-related impacts of each proposed  
10 option".

11 I am unable to suggest to the  
12 Commission how it might undertake a review of  
13 any "proposed options", because, as with the  
14 Liberty Utilities' Least Cost Plan, the  
15 Eversource document doesn't describe options,  
16 it describes the processes that the Company  
17 uses to conduct its own evaluation of various  
18 planning options. Nobody is pretending  
19 otherwise. The witnesses both described this  
20 as a "process document" quite forthrightly.

21 RSA 378:39 offers some more general  
22 instructions to the Commission to review least  
23 cost integrated resource plans to evaluate the  
24 consistency of each utility's plan with this

1 subdivision. That is Section 37, 38, 38-a, 39,  
2 and 40 of RSA Chapter 378. This is admittedly  
3 a vague charge, but it resonates nicely with  
4 the well-established canon of statutory  
5 interpretation to the effect that one must look  
6 at statutes as a whole, with an eye toward  
7 achieving their overall purpose and intended  
8 effect.

9           Given that principle, the Commission  
10 can and should focus on RSA 378:37, which lays  
11 out a broad statement of the state's energy  
12 policy. It reads -- it talks about "meeting  
13 the energy needs of the state's citizens and  
14 businesses...at the lowest reasonable cost  
15 while providing for the reliability and  
16 diversity of energy sources, to maximize the  
17 use of cost-effective energy efficiency and  
18 other demand-side resources, and to protect the  
19 safety and health of the citizens, the physical  
20 environment of the state, and the future  
21 supplies of resources, with consideration of  
22 the financial stability of the state's  
23 utilities."

24           I respectfully suggest to you that

1 the Commission cannot determine, on this  
2 record, the extent to which Eversource is  
3 serving New Hampshire customers in a manner  
4 that is consistent with this clear and  
5 comprehensive statement of public policy. From  
6 the standpoint of the state's residential  
7 energy customers, that's a shame.

8 The colloquy about energy efficiency  
9 is instructive. We know that Eversource is  
10 using System Benefits Charge money to deploy  
11 cost-effective energy efficiency. But nothing  
12 in this record supports a finding that the  
13 Company is "maximizing" the use of  
14 cost-effective energy efficiency to advance the  
15 least cost principle in relation to other  
16 demands on the Company's resources. Indeed,  
17 Eversource uses customer resources, the System  
18 Benefits Charge money, rather than Company  
19 resources, and nothing in New Hampshire law  
20 says a utility cannot supplement SBC resources  
21 so as to maximize the use of cost-effective  
22 energy efficiency.

23 I singled out energy efficiency,  
24 because I happen to think it's the cheapest

1 thing out there. But one could make similar  
2 arguments about grid modernization and demand  
3 response.

4 However, the reason I'm not here  
5 urging you to reject the 2015 Least Cost  
6 Integrated Resource Plan or the Settlement  
7 Agreement is that I can't see any useful  
8 purpose in your doing that. It would be far  
9 more useful for the Commission to take this  
10 occasion, perhaps by issuing an order in both  
11 this docket and the Liberty docket, to get the  
12 least cost integrated resource planning process  
13 back on track.

14 It's clear that the Commission has  
15 broad authority to do that, because RSA  
16 378:38-a allows you to waive any of the  
17 substantive requirements for plan contents set  
18 forth in RSA 378:38. The Commission should use  
19 that authority to reinvent least-cost planning  
20 to account for three huge changes in the  
21 electric industry since New Hampshire first  
22 embraced least-cost planning back in 1990.

23 Those changes are: (1) Industry  
24 restructuring, such that electric utilities are

1 no longer vertically integrated or responsible  
2 for the development of appropriate generation  
3 capacity. (2) Increasingly vigorous assertion  
4 by the FERC of authority under the Federal  
5 Power Act, such that transmission planning and  
6 the mechanisms by which we assure the existence  
7 of adequate capacity, meaning generation  
8 capacity, now happen at the regional, rather  
9 than at the state level. And (3) Grid  
10 modernization, such that we can and should  
11 expect that a truly least-cost grid will  
12 require utilities to yield some of their  
13 hegemony in favor of allowing and even  
14 facilitating the process of having key grid  
15 components developed, owned and operated by  
16 third parties and even customers themselves.

17 Mr. Chairman, sometime in the next  
18 few weeks the Commission will receive the  
19 report of the Grid Mod Working Group. When you  
20 do, I believe you will discern a measure of  
21 reluctance on the part of the utilities to  
22 yield any of the grid hegemony they have  
23 enjoyed since Samuel Insull and other dinosaurs  
24 walked the earth. The reluctance is rational,

1 from a business perspective, and not entirely  
2 unjustified, from a public policy perspective.  
3 It is time for the Commission to weigh in, or  
4 at least begin to weigh in.

5 I also have to confess that I'm  
6 disappointed by what I heard from the witnesses  
7 about the prospect of public participation in  
8 the process of developing the least cost  
9 integrated resource plans. Yes, there are  
10 companies whose participation would be  
11 self-interested, just like the utility itself  
12 seeks to maximize return on shareholder  
13 investment.

14 But the fact remains that there are  
15 outside parties, including nonprofits and  
16 customer groups, even the OCA, that have  
17 something, ideas and expertise, to contribute  
18 to this business of least cost integrated  
19 resource planning.

20 Regardless of how the Commission  
21 weighs in, and regardless of whether the  
22 Commission approves the Settlement Agreement  
23 pending in this docket, the "least cost  
24 integrated resource planning" principle remains



1 a compelling one, and it is still the law in  
2 New Hampshire. Customers have the right to  
3 expect that, when they pay their electric  
4 bills, they are paying for a system that has  
5 been planned not for the purpose of enriching  
6 shareholders or picking winners or losers among  
7 players or technologies but, rather, to make  
8 the customers' bills as low as they can be in  
9 light of the state energy policy set forth in  
10 RSA 378:37. Let's get back to work on that  
11 objective.

12 CHAIRMAN HONIGBERG: Mr. Kreis, I  
13 have a question for you about your "public  
14 participation" notion. What structure do you  
15 have in mind that the companies might follow to  
16 solicit and incorporate public input into their  
17 preparation of their plans?

18 MR. KREIS: That's an excellent  
19 question.

20 CHAIRMAN HONIGBERG: That's why I get  
21 the big bucks.

22 MR. KREIS: What I have in mind, and  
23 I don't have a definitive idea to suggest to  
24 you, but I'm thinking about something that

1 would be similar to the process that we're  
2 using to develop the implementation plan for  
3 the Energy Efficiency Resource Standard. We're  
4 about to convene a series of workshops. The  
5 utilities are going to hear suggestions from  
6 stakeholders, some of which are  
7 self-interested, profit-maximizing firms, for  
8 things that the utilities might do as the  
9 deliverers of energy efficiency services to  
10 consumers, and as the companies that are tasked  
11 with making the Energy Efficiency Resource  
12 Standard work.

13 CHAIRMAN HONIGBERG: So, your  
14 thinking is that it would be a systemwide, all  
15 utilities, kind of solicitation of input,  
16 rather than a meeting at Eversource's New  
17 Hampshire headquarters, where people would come  
18 in and offer them their viewpoints?

19 MR. KREIS: I was not thinking that  
20 there would be a generic process, because, in  
21 the energy efficiency space, the utilities have  
22 for many years acted as a -- acted in concert,  
23 because we like statewide uniformity in the  
24 energy efficiency realm to the extent we can

1           achieve it. We haven't expected that of the  
2           investor-owned utilities in the least cost  
3           integrated resource planning context. That  
4           said, I'm open to that possibility for sure.

5                         CHAIRMAN HONIGBERG: On another  
6           aspect of that, I think that, I'm not going to  
7           put words in anyone's mouth, but I think  
8           there's probably concern not just about those  
9           who are in it to maximize their own profits on  
10          their own businesses, but there may well be  
11          interests that present themselves during a  
12          public process who don't care a wit about least  
13          cost anything, who are there for other reasons,  
14          having to do with social policy, and other  
15          policies.

16                        Isn't that a legitimate concern,  
17           assuming one shared that? I'm not putting  
18           words in anyone's mouth.

19                        MR. KREIS: I readily agree that that  
20           is a legitimate concern. And I see parties  
21           that have their own agenda, whether it is  
22           profit-maximization or the achievement of some  
23           social objective that's not related to  
24           least-cost utility bills. And I guess I have

1           some confidence that the utilities, the OCA,  
2           the other stakeholders, and ultimately the  
3           Commission, are capable of assessing the  
4           credibility and persuasiveness of those  
5           self-interested appeals.

6                   CHAIRMAN HONIGBERG:  You would agree  
7           with me, however, that such a process of  
8           identifying and weeding out those arguments  
9           that are not meritorious or even relevant to  
10          the proceedings aren't free?

11                   MR. KREIS:  Yes.  I agree that, like  
12          everything we do, there is an opportunity cost  
13          to every effort that we undertake.

14                   CHAIRMAN HONIGBERG:  Thank you, Mr.  
15          Kreis.  Ms. Amidon -- oh.  Commissioner Bailey  
16          has a question as well.

17                   CMSR. BAILEY:  Mr. Kreis, did you  
18          receive copies of the examples that it seems  
19          that Eversource provided to Staff of the two  
20          largest capital projects and how they worked  
21          through this least-cost process?

22                   MR. KREIS:  Yes.

23                   CMSR. BAILEY:  And wouldn't you say  
24          that that's a little bit better than the

1 Liberty Plan that we received?

2 MR. KREIS: Yes, I would say that,  
3 Commissioner. And I'm not here trying to  
4 criticize Eversource, just as I wasn't here  
5 trying to criticize Liberty in 16-097. I'm  
6 trying to focus our attention on what we might  
7 do in the future.

8 I'm not trying to suggest that you  
9 reject Eversource's Plan as inadequate. And I  
10 agree that there are helpful things that  
11 Eversource has said that give you reason to be  
12 reassured that Eversource is doing a reasonably  
13 good job.

14 CMSR. BAILEY: Okay. Thank you.

15 CHAIRMAN HONIGBERG: Ms. Amidon.

16 MS. AMIDON: Thank you. As you know  
17 from the history of this docket, the most --  
18 the prior LCIRP, the prior, the one that was  
19 previous to this particular filing, in 13, I  
20 think it was 077, in that procedure, the  
21 Commission granted several waivers to  
22 Eversource for its next LCIRP. In addition, in  
23 this proceeding, based on a motion filed by  
24 Eversource, the Commission further confirmed

1           that those waivers were in place.

2                         And, in addition, the Commission  
3           recognized that there was an Energy Efficiency  
4           Resource Standard proceeding underway before  
5           the Commission, and that the grid modernization  
6           investigation was also before the Commission.  
7           And that both of those proceedings would impact  
8           planning, once they were materialized in the  
9           future. And, in consideration of all those  
10          things, the Commission granted waivers to  
11          Eversource.

12                        Also, and to put context into this,  
13          Eversource is also in the process of evaluating  
14          the sale of its generation resources, which  
15          also impacted this particular filing.

16                        And, finally, this filing was also  
17          made, while it was made in June 2015, it was  
18          made shortly after the passage or the  
19          development of it was probably conducted  
20          contemporaneous with the passage of the statute  
21          that Mr. Kreis has quoted.

22                        So, in light of all those issues, and  
23          regardless of whether the word "adequate" is  
24          appropriate or not, the Staff does believe it

1 met the requirements of the Commission in its  
2 waivers, and that it is adequate in the Webster  
3 Dictionary sense of the word; it meets the  
4 requirements. And it's been decided in this  
5 adjudication. There was an opportunity for  
6 parties to file testimony, if they felt so  
7 compelled, and that didn't materialize.

8 So, based on all the Staff's review,  
9 we believe that the Settlement Agreement should  
10 be approved. We think it's a just and  
11 reasonable resolution of the issues in this  
12 case, and that it's in the public interest.

13 And we also believe that, with our  
14 involvement in the Settlement Agreement, the  
15 next LCIRP that Eversource will file will more  
16 likely comport with the requirements of the  
17 statute and be a more robust planning document  
18 for the Commission.

19 And we request you approve the  
20 Settlement Agreement.

21 CHAIRMAN HONIGBERG: Thank you,  
22 Ms. Amidon. Mr. Fossum.

23 MR. FOSSUM: Thank you. I suppose  
24 I'll start directly, and then wander into some

1 of the other points that I have heard.

2 The direct issue is that, certainly,  
3 Eversource does support the Settlement  
4 Agreement that's before you today. And, in  
5 particular, the recommendation in it that the  
6 Commission accept this present Plan as adequate  
7 and in conformance with the statute.

8 I was going to mention, as Ms. Amidon  
9 did, that Eversource did receive a series of  
10 waivers over a series of dockets that were  
11 confirmed by the Commission earlier. And I  
12 would note that 378:38 does lay out what it is  
13 a plan -- an Integrated Resource Plan should  
14 say. Following on that, and subject to the  
15 waivers that we've received, the Plan that was  
16 filed was in line with each of the requirements  
17 of the submission that is required. And, so,  
18 we believe that the Plan that we had filed is  
19 entirely consistent with the statute as it  
20 exists, and subject to the waivers that the  
21 Commission set out.

22 Moving on from that to some of the  
23 other items that I've heard, I wanted to touch  
24 on a couple of things. In particular,



1 Mr. Kreis had mentioned the New Hampshire  
2 Energy Policy, and the statement in it about  
3 "maximizing the use of cost-effective energy  
4 efficiency", and it goes on from there. But  
5 I'll note that he didn't bring up some of the  
6 other things that are the state policy for New  
7 Hampshire, including the one that's laid out  
8 first, "to meet the energy needs of the  
9 citizens and businesses of the state at the  
10 lowest reasonable cost while providing for the  
11 reliability and diversity of energy sources".  
12 That's a fairly broad charge, but it's  
13 certainly one that this Plan indicates we are  
14 conforming with.

15 There are also statements about  
16 "consideration of the financial stability of  
17 the state's utilities" as part of the Plan.  
18 Focusing on one to the detriment of others I  
19 don't think is particularly helpful in this  
20 docket and at this time.

21 With respect to some of the comments  
22 that were made relative to the grid mod  
23 proceeding, and Mr. Kreis's take that you'll  
24 find when the document is filed, whenever that

1           might be, that there's some "reluctance on the  
2           part of the utilities" to engage in certain  
3           activities. I guess I would object to that  
4           characterization. The document hasn't appeared  
5           yet. You haven't seen it yet. What it says  
6           will be what it says. And you may interpret  
7           that how you choose.

8                         Ultimately, whatever that document  
9           says, and whatever recommendations it makes or  
10          that the Commission chooses to adopt that come  
11          out of it, are recommendations that our company  
12          will implement and live with, and hopefully  
13          will excel at providing to the public.

14                        Finally, I guess with respect to  
15          "public input into the planning process", I  
16          think, and, obviously, the Commissioners have  
17          not been a part of it, there are other forums  
18          where this Company has indicated that there is  
19          a space for public input. I suppose I agree  
20          with the witnesses that this planning process,  
21          as Mr. Johnson described it to you, looking at  
22          the loading on a substation, and finding out  
23          what the needs are to potentially relieve that  
24          loading and the potential solutions, up to that

1 point, that seems to me a fairly  
2 utility-specific endeavor. I don't know that  
3 there's a whole lot of room for public input  
4 there.

5 It could be that, beyond that point,  
6 that when evaluating solutions to the  
7 identified issue, that there may be room for  
8 that. And I would hesitate to say that the  
9 Company is entirely foreclosed to such  
10 possibilities.

11 You know, we're here before you today  
12 to seek approval of this Plan that we had  
13 filed, and the Settlement Agreement that is  
14 before you that sets out what would be in our  
15 next plan. I think we're looking forward.  
16 We're looking toward what is coming next. We  
17 have clearly shown in this document that we're  
18 interested in providing to the Commission and  
19 to the Staff and the OCA and others how it is  
20 that we come about making the decisions that we  
21 do, and how we would continue to do so in the  
22 future.

23 I think that we are, in general,  
24 looking toward -- or, we are looking for a

1 process that is more forward-looking, that sees  
2 the things that we do, going forward into a  
3 world where there is more distributed energy.  
4 Where energy efficiency may result in genuine  
5 reductions in peak loads. Issues that we  
6 haven't seen yet.

7 Perhaps the current process doesn't  
8 cover that in its entirety, or at least not to  
9 the satisfaction of some. But I think, by this  
10 Settlement Agreement that's before you, where  
11 we're setting out how it is that we will --  
12 what it is that, at a minimum, we'll come in to  
13 show you in the future. That we acknowledge  
14 that changes are happening. And that, when we  
15 come in the next time, we'll come in with a  
16 plan that looks to the future.

17 For now, though, I'd ask that the  
18 Settlement Agreement and the Plan that  
19 underlies it be approved as consistent with the  
20 statutory requirements.

21 CHAIRMAN HONIGBERG: Thank you very  
22 much, Mr. Fossum.

23 I sense that is all we have for  
24 today. We will take the matter under

1           advisement and issue an order as quickly as we  
2           can. We are adjourned.

3                           *(Whereupon the hearing was*  
4                           *adjourned at 2:55 p.m.)*

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