

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

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June 15, 2017 - 1:37 p.m.  
Concord, New Hampshire

RE: DE 17-076  
EVERSOURCE ENERGY:  
Motion for Approval of  
Reconciliation and Continuation  
of Reliability Enhancement Program.

PRESENT: Chairman Martin P. Honigberg, Presiding  
Commissioner Robert R. Scott  
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

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

Reptg. Residential Ratepayers:  
D. Maurice Kreis, Esq., Consumer Adv.  
James Brennan, Finance Director  
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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                              **LEE LAJOIE**  
                              **BRIAN DICKIE**

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# EXHIBITS

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

CHAIRMAN HONIGBERG: We're here this afternoon in Docket DE 17-076, which is Public Service Company of New Hampshire/Eversource's motion to continue the Reliability Enhancement Program. We know there's been a bunch of filings or a significant filing that changed the state of play, and we'll hear about that in a minute.

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

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

MR. KREIS: I guess I'm next. I'm D. Maurice Kreis, the Consumer Advocate, here on behalf of residential utility customers.

MS. AMIDON: Good afternoon. Suzanne Amidon, for Commission Staff. With me today is Rich Chagnon, who is an Analyst in the Electric Division. Thank you.

CHAIRMAN HONIGBERG: I'll note for the record that Commissioner Scott is

1           unfortunately not here. He is tied, maybe  
2           literally, at the State House. We expected him  
3           to be back by now. But I understand his  
4           hearing is going a little longer than I think  
5           anybody had expected.

6                        So, what's the order of events here,  
7           Ms. Amidon, Mr. Fossum?

8                        MR. FOSSUM: So, the Company intends  
9           to put on a witness panel this afternoon and go  
10          through, I guess as you've indicated, the  
11          information and the Company's request. And,  
12          then, they would be subject to  
13          cross-examination.

14                      So, as I understand, that's the  
15          intended procedure.

16                      CHAIRMAN HONIGBERG: All right. So,  
17          it's your panel?

18                      MR. FOSSUM: Correct.

19                      CHAIRMAN HONIGBERG: Going over --  
20          why don't you put them over there.

21                      MR. FOSSUM: And, while they're  
22          taking their seats, I'll note that, by  
23          agreement, we've premarked three exhibits for  
24          identification. The first, "Exhibit 1", is the

[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Company's initial filing of May 1st. The  
2 second one that has been premarked for  
3 identification is the Company's amended filing  
4 on June 2nd. Both of which are already in the  
5 docket. And the item that's been marked as  
6 "Exhibit 3" for identification is what we  
7 generally refer to as the "bingo sheet" rate  
8 exhibit, and copies have been provided for the  
9 Commissioners and the Clerk. And we'll address  
10 each of those in turn, but just for numbering  
11 purposes.

12 (The documents, as described,  
13 were herewith marked as  
14 **Exhibit 1, Exhibit 2, and**  
15 **Exhibit 3, respectively, for**  
16 identification.)

17 CHAIRMAN HONIGBERG: Mr. Patnaude.

18 (Whereupon **Christopher J.**  
19 **Goulding, Lee Lajoie, and**  
20 **Brian Dickie** were duly sworn by  
21 the Court Reporter.)

22 CHAIRMAN HONIGBERG: Mr. Fossum, you  
23 may proceed.

24 MR. FOSSUM: Thank you.

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**CHRISTOPHER J. GOULDING, SWORN**

**LEE LAJOIE, SWORN**

**BRIAN DICKIE, SWORN**

**DIRECT EXAMINATION**

BY MR. FOSSUM:

Q. Just work our way right down the line. Mr. Goulding, could you begin by stating your name, your position, and your responsibilities for the record please.

A. (Goulding) Sure. My name is Christopher Goulding. I'm a Manager of New Hampshire Revenue Requirements. In my role, I'm responsible for the coordination and implementation of revenue requirement calculations associated with Energy Service rate, Stranded Cost Recovery Charge, Alternative Default Energy rate, and distribution rate changes.

Q. And, Mr. Lajoie, if you could also state your name, your position, and your responsibilities for the record please.

A. (Lajoie) My name is Lee Lajoie. I'm the Manager of System Resiliency for Eversource New Hampshire. And, relating to the proceedings

[WITNESS PANEL: Goulding~Lajoie~Dickie]

1       today, my responsibility is management of the  
2       Reliability Enhancement Program.

3   Q.   And, Mr. Dickie, all the same questions to you.

4   A.   (Dickie) Yes. My name is Brian Dickie. I am  
5       the Director of System Operations for  
6       Eversource. I'm responsible for the T&D Grid  
7       operations, the Technology Support Group that  
8       supports the T&D operating systems, and the  
9       troubleshooter line work crew.

10   Q.   Now, back on May 1st, did each of you submit  
11       prefiled testimony in this proceeding?

12                               *[Court reporter interruption.]*

13   BY MR. FOSSUM:

14   Q.   Mr. Goulding?

15   A.   (Goulding) Yes.

16   Q.   Mr. Lajoie?

17   A.   (Lajoie) Yes.

18   A.   (Dickie) Yes.

19   Q.   And do any of you have any updates, changes or  
20       corrections to any of that testimony today?

21   A.   (Goulding) No

22   A.   (Lajoie) No.

23   A.   (Dickie) No.

24   Q.   And, if you were asked those same questions

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 today, would your answers be the same today?

2 A. (Goulding) Yes.

3 A. (Lajoie) Yes.

4 A. (Dickie) Yes.

5 Q. Thank you. And that is, just for clarity, that  
6 testimony is what has been premarked for  
7 identification as "Exhibit 1", is that correct?

8 A. (Goulding) Yes.

9 A. (Lajoie) Yes.

10 A. (Dickie) Yes.

11 Q. Now, going down the line again, did each of  
12 you, on June 2nd, participate -- oh, I  
13 apologize, I missed a step on the initial  
14 testimony. The initial testimony, that was  
15 prepared by each of you or at your direction,  
16 is that correct?

17 A. (Goulding) Yes.

18 A. (Lajoie) Correct.

19 A. (Dickie) Yes.

20 Q. Thank you. My apologies. Turning to, I guess,  
21 what has been premarked as "Exhibit 2", back on  
22 June 2nd, did each of you participate in the  
23 development of the technical statement and  
24 attachments that are included in that

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 submission?

2 A. (Goulding) Yes.

3 A. (Lajoie) Yes.

4 A. (Dickie) Yes.

5 Q. And do you have any changes or updates or  
6 corrections to that technical statement or  
7 attachments?

8 A. (Goulding) Yes. On Bates Page 026 and 029 --  
9 or, 026 to 039, it should be labeled as  
10 "Attachment LGL-1", to correspond with what is  
11 being referred to on Bates Page 002 of the  
12 technical statement.

13 Q. And do you have any other changes or updates?

14 A. (Goulding) No.

15 A. (Lajoie) No.

16 A. (Dickie) No.

17 Q. And that technical statement and those  
18 attachments, they were prepared by you or at  
19 your direction?

20 A. (Goulding) Yes.

21 A. (Lajoie) Yes.

22 A. (Dickie) Yes.

23 Q. And the information that is in there is true  
24 and accurate to the best of your knowledge and

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 belief today?

2 A. (Goulding) Yes.

3 A. (Lajoie) Yes.

4 A. (Dickie) Yes.

5 Q. Thank you. Keeping with, I guess, Commission  
6 practice, I would like you each, very briefly,  
7 could you describe what it is that is in the  
8 Company's updated plan, and what the Company is  
9 seeking through this hearing this afternoon?

10 A. (Goulding) Sure. So, on May 1st, we made a  
11 filing to extend the REP Program, as well as  
12 handle some treatment associated with some  
13 amortized costs associated with some  
14 amortizations of storms that ended and a  
15 Medicare amortization that ended.

16 *[Court reporter interruption.]*

17 **BY THE WITNESS:**

18 A. (Goulding) And it was a proposal for the  
19 current -- to continue the Program at the  
20 current level for a two-year period. We  
21 received some feedback from Staff and OCA, and  
22 had some conversations about the plan, and  
23 filed a modified plan on June 2nd that split  
24 the two issues -- two items separately, a rate

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 change for the REP Program and a rate change  
2 for the ending of the amortizations.

3 Additionally, it was for a six-month  
4 period, July 1st to December 31st, with a  
5 discussion about coming in for a discussion  
6 over the summer about extending the Program for  
7 2018.

8 And, in the two separate rate changes,  
9 there is an increase in rates of distribution  
10 rates for extension of the REP Program, which  
11 is more than offset by decrease in distribution  
12 rates due to the ending of some amortizations,  
13 like I said, associated with the wind storm and  
14 ice storm, and Medicare.

15 A. (Lajoie) The size of the Program was reduced  
16 for the second half of 2017, to approximately  
17 half the size of what was in the original  
18 filing. We trimmed down some programs,  
19 eliminated funding for some other programs, not  
20 because we felt that they were not  
21 reliability-related, but just in recognition of  
22 the restriction in funding that was available.  
23 We did focus on programs which we feel will  
24 most directly affect reliability, and continue

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 on with what we have seen as an improvement in  
2 reliability, based on or due to the programs  
3 that have been implemented through the REP  
4 Program.

5 BY MR. FOSSUM:

6 Q. Beyond that, are there any commitments that the  
7 Company has made in its revised submission, for  
8 2018 and following?

9 A. (Goulding) Well, there was a commitment to work  
10 with Staff and OCA to develop a 2018 REP  
11 Program.

12 Q. Thank you. And, Mr. Goulding, picking up on  
13 something that you had described, some of the  
14 rate changes, could you, since you already  
15 described sort of what was going on, do you  
16 have in front of you what has been premarked  
17 for identification as "Exhibit 3"?

18 A. (Goulding) Yes, I do.

19 Q. Could you describe please what it is that  
20 exhibit is showing and how that relates to the  
21 rate changes that you were describing?

22 A. (Goulding) So, Exhibit 3 is broken into a few  
23 different attachments. I think the main ones  
24 that are worth looking at, to answer the

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 question, is Attachment CJG-1, Bates Page 005.  
2 So, this rate change is associated with the  
3 continuation of the REP Program. There's  
4 forecasted expenditures of \$10 million --  
5 forecasted capital of \$10 million in the July  
6 to December time frame, and a continuation of  
7 the current O&M budget associated with -- the  
8 O&M associated with capital and in the  
9 Troubleshooter Program. So, for the six-month  
10 period, it results in a rate increase to  
11 distribution rates, an average -- excuse me, an  
12 average distribution rate increase of 0.058  
13 cents.

14 And Attachment 2 is the revenue  
15 requirement calculation that breaks out --

16 Q. I believe, Mr. Goulding, I'm sorry to  
17 interrupt, I was going to -- I was looking at  
18 Exhibit 3, the separate bingo sheet exhibit.

19 A. (Goulding) Sorry.

20 Q. Not the attachments. So, before we get too far  
21 down the line, could you explain what it is  
22 that Exhibit 3 is showing and how that relates  
23 to the rate changes that you were describing?

24 A. (Goulding) Yes. Sorry. I was explaining

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Exhibit 2, not Exhibit 3. So, Exhibit 2 is  
2 kind of a traditional --

3 Q. Wait. Do you mean --

4 A. (Goulding) Exhibit 3 --

5 Q. Thank you.

6 A. (Goulding) -- is a traditional proposed  
7 residential rate impact. So, Page 1 of that  
8 exhibit shows what our current rates are, and  
9 what a current customer pays. So, if you go  
10 half way down, for a customer who takes 600  
11 kilowatt-hours a month, their current bill  
12 would be \$122.15. That's just -- that's based  
13 on current rates that are in effect as of  
14 January 1. And, if you look at the line that's  
15 labeled "Distribution", it's "\$38.13".

16 And, if you look at the July 1st, 2017  
17 proposed, those rates have been adjusted for  
18 the two distribution rate changes in this  
19 filing. One was associated with the  
20 continuation of the REP Program, which is 0.058  
21 cents, and the other was a rate decrease in  
22 distribution rates due to the amortization,  
23 which is negative 0.144 cents. So, when those  
24 are incorporated into the distribution rates,

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1       you get the new column of "07/01/2017", which  
2       gives you a new customer bill of "\$121.41".  
3       And, if you look at the distribution change,  
4       you'll see that the "Distribution" line has  
5       changed by 74 cents, which is a decrease in the  
6       total bill of 0.6 cents.

7   Q.   I'm sorry, do you mean "0.6 percent"?

8   A.   (Goulding) "0.6 percent".

9   Q.   Thank you.

10   A.   (Goulding) And then, turning to Page 2, this  
11       gives the average change to the delivery  
12       service portion of the bill due to the  
13       distribution rate change. Since there's only  
14       one component isolated here, there's not a lot  
15       going on here, but the total delivery service  
16       bill for a residential customer is going down  
17       by 1.3 percent. And that's for a customer --  
18       for a residential customer that does not take  
19       Energy Service from Eversource.

20       Turning to Page 3 of Exhibit 3, this is  
21       for a customer taking Energy Service from  
22       Eversource. They will see a decrease in their  
23       average bill, due to this distribution rate  
24       decrease, of 0.6 percent.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Q. And, so, just to be clear, the rate changes  
2 that are shown throughout Exhibit 3, those are  
3 only reflecting the change that would be due to  
4 the REP, and not any changes to any other rate  
5 elements?

6 A. (Goulding) That's correct.

7 Q. Mr. Goulding, is it the Company's position that  
8 the rate that is being proposed this afternoon  
9 is a just and reasonable rate?

10 A. (Goulding) Yes.

11 Q. And, for Mr. Lajoie and Mr. Dickie, is it the  
12 Company's position that the REP plan, as  
13 revised for June 2nd and included in Exhibit 2,  
14 is that a, in your opinion, a reasonable and  
15 appropriate plan for the remainder of 2017?

16 A. (Lajoie) Yes.

17 A. (Dickie) Yes.

18 MR. FOSSUM: I think that is all that  
19 I have for direct.

20 CHAIRMAN HONIGBERG: Mr. Kreis.

21 MR. KREIS: Thank you very much, Mr.  
22 Chairman. I just want to say at the outset  
23 that, just to avoid any mystery, that the OCA  
24 supports the proposal that's pending in this

[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 docket, as conditioned by the June 2nd  
2 revision. And we're very pleased with the way  
3 that Eversource has been able to work with  
4 Staff and with us to modify the REP proposal,  
5 based on the feedback they got from the Staff  
6 and from the OCA.

7 And, so, I hope what comes out of my  
8 mouth will be perceived as "friendly"  
9 cross-examination, because that's how it's  
10 intended.

11 **CROSS-EXAMINATION**

12 BY MR. KREIS:

13 Q. I am looking at Exhibit Number 1. And, in  
14 particular, I would direct the witnesses'  
15 attention to the graph on Page 15, Bates Page  
16 015 of Exhibit 1, which is actually Page 9 of  
17 the prefiled testimony.

18 CHAIRMAN HONIGBERG: While they're  
19 get that, just off the record.

20 *[Brief off-the-record discussion*  
21 *ensued.]*

22 BY MR. KREIS:

23 Q. Just a couple of questions about the graph  
24 there titled "Eversource New Hampshire SAIDI",

[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 "SAIDI" being the "System Average Interruption  
2 Duration Index". As I interpret that graph,  
3 the Company seems to be indicating that there  
4 was a change in the SAIDI trend that coincides  
5 with the beginning of the Reliability  
6 Enhancement Program. Would that be a fair  
7 statement?

8 A. (Lajoie) That is correct.

9 Q. And the Company believes that, as a result of  
10 the changes that it made by implementing the  
11 Reliability Enhancement Program, that its  
12 System Average Interruption Duration Index  
13 improved? You actually -- you believe there is  
14 a causal relationship between those two things?

15 A. (Lajoie) We believe that the improvement in  
16 SAIDI trend over time was partly due to the REP  
17 Program, yes.

18 Q. Partly due. Are there other factors that you  
19 would say?

20 A. (Lajoie) Weather certainly plays into  
21 reliability for electric customers.

22 Q. So, the weather has been less severe since  
23 2007?

24 A. (Lajoie) Weather has been up and down, as far

[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 as the number of storms since 2007. What we  
2 would consider "storm events", in '07, we had  
3 9; in 2008, we had 18; in 2009, we had 4; 2010  
4 was 15. And it bounces around. I can give you  
5 all the numbers, if you would like?

6 Q. No. I just want to make sure that it's clear  
7 how the Company perceives the cause-and-effect  
8 relationship between its Reliability  
9 Enhancement Program that began in 2007, and the  
10 results that it's been able to achieve with  
11 respect to reliability as measured by the  
12 System Average Interruption Duration Index,  
13 SAIDI.

14 A. (Lajoie) Certainly, a number of the programs  
15 that we have implemented as part of the REP,  
16 including the Distribution Automation Program  
17 within REP, have measurable results in customer  
18 minutes saved, therefore affecting SAIDI in a  
19 positive direction.

20 Q. Both the graph on Page 15, the SAIDI graph, and  
21 the graph on Page 16, which is the SAIFI graph,  
22 "SAIFI" being "System Average Interruption  
23 Frequency Index", show a upward blip, I guess I  
24 would call it, for 2016. To what do you

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 attribute that upward blip?

2 A. (Lajoie) The majority of what we believe caused  
3 that upward blip is weather. As I mentioned,  
4 the storm -- the number of storm events varies  
5 from year to year. In 2015, we had 6 and, in  
6 2016, we had 13. So, it was a doubling of  
7 those storm events, which negatively impacted  
8 reliability for our customers.

9 Q. Do we have any sense yet of what the data will  
10 look like for 2017?

11 A. (Lajoie) I do not have that number for a  
12 year-to-date 2017.

13 Q. Do you have a guess about what it might look  
14 like?

15 A. (Lajoie) Anecdotally, we've had a significant  
16 number of storms in the first five months of  
17 the year. So, depending on how the remaining  
18 months of the year go, I'm sorry, I just can't  
19 predict that.

20 Q. I understand. Looking at the discussion of  
21 Eversource's performance, on Bates Page 016 and  
22 Bates Page 017, and then -- yes, Pages 16 and  
23 17, there's discussion of which quartiles  
24 Eversource falls into. And, by "Eversource", I

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 mean "Eversource New Hampshire". And it likes  
2 like Eversource is trying to make sure that it  
3 lands in the second quartile. Which, I think,  
4 if I'm interpreting this correctly, means  
5 basically an above-average performance in  
6 comparison to your peer utilities. Am I  
7 drawing the right inference, both about what  
8 being in the second quartile means and what  
9 PSNH's target landing place in those quartiles  
10 is?

11 A. (Lajoie) Yes, you are. We have been reasonably  
12 consistently in the third quartile, meaning  
13 more than 50 percent of the utilities in our  
14 segment have better reliability than we do. We  
15 would like to be and we are targeting being on  
16 an consistent basis in the second quartile,  
17 meaning we're in the top half of our segment  
18 for reliability.

19 Q. Okay. Given that everybody knows that  
20 everybody wants to be above-average, but that  
21 somebody has to be below-average, what is the  
22 rationale for the Eversource decision that the  
23 second quartile is the right place to be?

24 A. (Lajoie) Again, anecdotally, we have feedback

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 from our customers who indicate that they are  
2 seeing outages less frequently. They're  
3 recognizing that they're seeing fewer outages.  
4 And, when those outages happen, their power  
5 comes back on sooner. Which would lead us to  
6 believe that we are moving in the right  
7 direction. And second quartile, we're not  
8 gold-plating the system, we're not shooting for  
9 first quartile performance. But we believe  
10 that being in the top half of the utilities in  
11 our segment is a reasonable target to shoot for  
12 and to attain.

13 Q. Why not get into the first quartile?

14 A. (Lajoie) We don't believe that financially  
15 that -- we believe the financial implication of  
16 attempting that would be too large at this  
17 point. I'm not suggesting that we would never  
18 shoot for the first quartile, but that is not  
19 our objective now. It's just too much of a  
20 leap to go from third to first. So, we're  
21 going to work for third to second consistently.

22 And, then, working with parties, such as  
23 your office, we would decide whether to  
24 continue to maintain that second quartile

[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 performance is in the best interest of our  
2 customers, or, if, in fact, improving to the  
3 first quartile might be something that we would  
4 attempt.

5 Q. Has the Company ever endeavored to ascertain  
6 how much more customers would be willing to pay  
7 in order for the Company to improve its  
8 reliability record?

9 A. (Lajoie) No. I'm not familiar with any such  
10 attempt to get feedback on that regard from  
11 customers.

12 Q. So, and given your earlier reference to  
13 anecdotal evidence, it really, if I'm  
14 understanding correctly, is a form of guesswork  
15 about what the customers are willing to live  
16 with, because no utility is perfectly reliable,  
17 there are always going to be some system  
18 failures, and given that reliability has a  
19 cost?

20 A. (Lajoie) I agree. Our experience in some of  
21 the large storms particularly that we've had  
22 are the -- where customers used to be willing  
23 to wait a couple of days for their power to  
24 come back on, it's now a matter of a few hours

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 and they're calling us asking, and my guess is  
2 calling the Commission as well with complaints,  
3 about the fact that their power has been off  
4 for some period of time. We know that that has  
5 happened. And it seems to be that the  
6 expectations are continually increasing, our  
7 customers' expectations are increasing on how  
8 quickly they can have power back.

9 Q. What would happen if there were no reliability  
10 enhancement program?

11 A. (Lajoie) Prior to the implementation of the  
12 Reliability Enhancement Program, as shown on  
13 the graphs on Bates Pages 015 and 016,  
14 reliability was getting worse as a trend over  
15 time. Our belief is, without continued  
16 investment in the system, we would revert back  
17 to that pattern. So, we would be starting at  
18 where we are now and reliability would degrade  
19 over time.

20 Q. And at what point would that degradation in  
21 reliability sink to the level that would  
22 require Commission intervention, even if there  
23 were no reliability enhancement programs?

24 A. (Lajoie) I'm sorry, but I don't think I can

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 answer that question.

2 Q. If my math is correct, based on -- this is the  
3 Attachment CJG-1 to Exhibit 2, which is the  
4 June 2nd filing, the very last line of that  
5 graph says that the Average REP Distribution  
6 Adjustment in cents per kilowatt-hour is "0.058  
7 cents". So, that is a very small number, in  
8 hundredths of a cent, correct?

9 CHAIRMAN HONIGBERG: Mr. Kreis, what  
10 are you looking at? I'm sorry.

11 MR. KREIS: I'm looking at Attachment  
12 CJG-1, which is Page 1 of 14, attached to  
13 Exhibit 2, which is the Company's updated  
14 filing of June 2nd.

15 BY MR. KREIS:

16 Q. And, so, I want to make sure that I'm  
17 understanding correctly that the adjustment to  
18 distribution rates that is accounted for as  
19 part of the REP Program is actually a very  
20 small number. It's not one cent per kWh, it's  
21 not one-tenth of a cent per kWh. It's  
22 58/100ths of a cent per kWh. Do I have that  
23 right?

24 A. (Goulding) Yes.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Q. And, so, if I multiplied that number by 600, I  
2 would get the actual rate impact of the  
3 Reliability Enhancement Program on that magical  
4 600 kWh per month customer rate, correct?

5 A. (Goulding) Yes.

6 Q. And, so, if I -- I did the math and came to  
7 34.8 cents. Would that be roughly right?

8 A. (Goulding) Yes. Sounds about right.

9 Q. So, this is a fairly modest addition to the  
10 electric bill of a typical Eversource New  
11 Hampshire customer?

12 A. (Goulding) Yes. That's accurate.

13 MR. KREIS: I guess those are all the  
14 questions I have.

15 CHAIRMAN HONIGBERG: Ms. Amidon.

16 MS. AMIDON: Thank you. Good  
17 afternoon.

18 WITNESS GOULDING: Good afternoon.

19 WITNESS LAJOIE: Good afternoon.

20 MS. AMIDON: You can each say it all  
21 at once for me.

22 BY MS. AMIDON:

23 Q. I think my first question is for you,  
24 Mr. Goulding. And it has to do with Exhibit 2,

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 and the reconciliation that the Company has  
2 requested for a prior year related revenues and  
3 expenditures. And my reference is CJG-1,  
4 Page 1, on Line 7. And there is a actual over  
5 recovery of 1.4 million, approximately?

6 A. (Goulding) Okay. I see that.

7 Q. We did some -- Staff did some work, and in the  
8 prior -- I guess I would say the prior program  
9 year, which is June -- I mean, July through  
10 June, there was an over recovery of 979,000,  
11 give or take. Is that something that you  
12 recall?

13 A. (Goulding) I don't have it. I know there was  
14 definitely an over recovery. That sounds  
15 fairly reasonable.

16 Q. So, I'm only asking, because there's a  
17 difference between the actual recovery and the  
18 estimated over recovery of about \$428,000. Are  
19 these from two different time periods?

20 A. (Goulding) Are you referring to the May 2nd  
21 filing this year and the June 2nd filing? Or  
22 are you referring to this --

23 Q. No. I'm looking at the -- it's the April  
24 filing of last year, and then the Exhibit 1 of

[WITNESS PANEL: Goulding~Lajoie~Dickie]

1       this year -- I mean, I think it's Exhibit 2 of  
2       this year, which talks about the  
3       reconciliation, and for the same period, July  
4       through June 2016. So, it looks like for that,  
5       and this may be something you want to do in a  
6       record request response, and it's not necessary  
7       for Staff to have that prior to any  
8       deliberation on this. Because I think what  
9       we're trying to do is to get some additional  
10      information. But it appears that there's about  
11      \$428,000 that we can't account for in the  
12      difference between the estimated over recovery  
13      for that prior period and the actual over  
14      recovery?

15               CHAIRMAN HONIGBERG: Ms. Amidon, can  
16      you get us to a Bates page and line number that  
17      you're referring to? Because the number you  
18      said, I'm not finding on any document I have in  
19      front of me. Which may be my -- it's probably  
20      my problem.

21               MS. AMIDON: One moment please.  
22      Thank you. I'm sorry.

23                       *[Atty. Amidon conferring with*  
24                       *Mr. Chagnon.]*

[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 MS. AMIDON: I'm going to ask  
2 Mr. Chagnon to work through that, because he is  
3 the one who observed this difference, and I'm  
4 trying to -- I want to move ahead.

5 CHAIRMAN HONIGBERG: So, you're going  
6 to move to a different issue?

7 MS. AMIDON: Yes.

8 CHAIRMAN HONIGBERG: Okay.

9 MS. AMIDON: I'll just move to a  
10 different issue, and we'll get back, and I may  
11 ask Mr. Chagnon to ask that question, because  
12 me and numbers --

13 BY MS. AMIDON:

14 Q. Okay. So, in Exhibit 2, on Bates 002,  
15 paragraph five, there's a statement that the  
16 Company's Troubleshooter Program is described  
17 on Pages 7 and 8 of the testimony of Mr. Lajoie  
18 and Mr. Dickie in the May 1 filing.

19 And let's go to Exhibit 1, that May 1  
20 filing, and look at pages -- look at 7 and 8,  
21 and I think it may turn out to be Bates stamped  
22 013 and 014. And let me know when you're  
23 there, then I'll ask my questions.

24 A. (Dickie) I'm there.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Q. Okay. So, I looked at this, and would you  
2 agree with me that the description in these two  
3 paragraphs is just basically a general overview  
4 of the Troubleshooter Program?

5 A. (Dickie) It gives an understanding of what they  
6 do and what they charge when they're working in  
7 the areas that they're working in.

8 Q. But there's no separate analysis for each of  
9 the work areas, for example?

10 A. (Dickie) What type of analysis?

11 Q. Any analysis.

12 A. (Dickie) No.

13 Q. Okay. And it doesn't detail how much time was  
14 devoted to the REP activities as opposed to  
15 regular operation and maintenance, is that fair  
16 to say?

17 A. (Dickie) That's fair to say in here, yes. I do  
18 have -- we can give you those numbers, if you'd  
19 like.

20 Q. And it doesn't identify or quantify the line  
21 surveyed by the troubleshooters, would you  
22 agree with that?

23 A. (Dickie) I agree with that.

24 Q. And, so, in my conclusion, and you can disagree

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 with me, is that this is not a detailed  
2 description of the Troubleshooter Program. And  
3 you may disagree, but I --

4 A. (Dickie) Well, it didn't get into that sort of  
5 detail, no.

6 Q. Right. So, the detail is lacking. And this is  
7 something, quite frankly, we'll be looking for  
8 as we move forward in discussions about this as  
9 the Program is discussed for continuation.

10 A. (Dickie) Uh-huh.

11 Q. Some of the issues, though, that are discussed  
12 here are the dispatching of a troubleshooter to  
13 a secondary area. Has this ever happened?

14 A. (Dickie) It has. There's days when there is --  
15 when there is less trouble going on, and there  
16 is activities that we can -- if there's REP  
17 activities, we can put them in the secondary  
18 areas, we will have them respond to trouble  
19 calls when they're out there.

20 Q. Do you have a specific example that could give  
21 me where this actually occurred?

22 A. (Dickie) Well, it really happens in real-time,  
23 and it depends on how much work is happening on  
24 that particular day.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Q. So, do the troubleshooters log their work and  
2 explain what time was devoted to, say, REP  
3 versus what time was devoted to O&M?

4 A. (Dickie) They charge their work accordingly,  
5 yes. So, there's work orders that they charge.  
6 Some of the work orders are REP work orders,  
7 and the other work orders are regular work  
8 orders that are not REP-specific.

9 Q. And what kind of -- would it provide this type  
10 of detail, "dispatched to a secondary area" and  
11 the reason why?

12 A. (Dickie) It would have -- well, it would have  
13 what they would charge.

14 Q. So, it doesn't have that type of detail at  
15 present?

16 A. (Dickie) No.

17 Q. That's something we may be looking for in the  
18 future.

19 A. (Dickie) Okay.

20 Q. Because the troubleshooters are funded through  
21 the REP, how does -- and they're dispatched  
22 then to a secondary area for some other  
23 occurrence, what is the impact on the REP  
24 Program and reliability, because of this

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 secondary usage of the troubleshooter?

2 A. (Dickie) They would charge their time that they  
3 use to fix the trouble, whatever that trouble  
4 may be, but that's about it.

5 Q. So, it's not -- we can be -- it's fair to say  
6 then, when there's dispatched to a secondary  
7 area, that has nothing to do with the  
8 Reliability Enhancement Program, is that fair  
9 to say?

10 A. (Dickie) I would say, if there's maintenance  
11 activities that, like a security inspection or  
12 something like that that is required to be  
13 done, we typically would not send them outside  
14 the primary area for that. It's only for other  
15 activities, like a customer work, where there's  
16 no other work going on in the primary area, we  
17 would send them to the secondary area, just a  
18 meter pull, be a customer-type work, you know,  
19 when a customer is doing vinyl siding on their  
20 home, --

21 Q. And, so, you --

22 A. (Dickie) -- if there's nothing else going on.  
23 And, in that case, they would charge the normal  
24 work order, customer work order.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Q. And that particular portion of the time would  
2 not be attributable to REP?

3 A. (Dickie) That's correct.

4 Q. Has the Company been interested in tracking  
5 this kind of activity to see what tasks are  
6 performed and what time it takes, and whether  
7 any overtime is involved for the  
8 troubleshooters?

9 A. (Dickie) We have what they charge on a percent  
10 basis overall in the various work order  
11 categories. And we track their time, as far as  
12 how much work they're putting out on any given  
13 day. Is that what you're --

14 Q. But they're not required to do things like  
15 document the lines that they have surveyed, if  
16 they're not --

17 A. (Dickie) Oh. Yes. So, if we do a circuit  
18 patrol, which is an REP-type item, they would  
19 jot -- they would write down what they  
20 patrolled, how many miles they patrolled, what  
21 they found.

22 Q. Okay. So, and this information would be  
23 available from the Company for Staff to review?

24 A. (Dickie) Yes.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Q. Okay. So, REP currently covers 2.4 million for  
2 the Troubleshooter Program. If you include the  
3 regular O&M costs that are incurred by the  
4 secondary dispatch, what is the total annual  
5 budget for this, the troubleshooters?

6 A. (Dickie) The REP portion of funding covers  
7 approximately 57 and a half percent of the cost  
8 of the Troubleshooter Program. The remaining  
9 cost is in our base, our base expense.

10 Q. And this is based on the logs that you have  
11 kept?

12 A. (Dickie) Yes.

13 Q. Okay. Thank you. I know that the Consumer  
14 Advocate asked you about the SAIDI and the  
15 spike in 2016. Isn't it fair to say, though,  
16 that in 2015 it was a really good weather year,  
17 and you had a very good SAIDI as a result of  
18 the -- in part, by Mother Nature?

19 A. (Lajoie) That's correct. Yes.

20 Q. Is there any way in your analysis of SAIDI that  
21 you could normalize it for weather? And, in  
22 other words, include weather events, and also  
23 analyze it without the weather events, so that  
24 we could have a better view of what actual

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1 reliability improvements -- what effect it's  
2 had on SAIDI?

3 A. (Lajoie) We've tried to do some  
4 weather-normalization analysis.

5 Q. Uh-huh.

6 A. (Lajoie) And it hasn't proven to be very  
7 effective in telling the story. So, I'm not  
8 sure. But I'd be happy to take a look at it  
9 again, and perhaps that could be part of our  
10 discussions.

11 Q. I think that that would be extremely --  
12 extremely helpful. Because, at some point, I  
13 think, and maybe you will agree with me, that  
14 the marginal results from increased investment  
15 in REP is going to be such that increased money  
16 devoted to REP will not have that much of an  
17 effect on reliability. I think we need to have  
18 a clear understanding of what is REP and what  
19 is weather.

20 A. (Lajoie) Okay.

21 Q. Okay. Thanks. And, in that connection, have  
22 you ever been able to really tear out other  
23 elements, and I think the answer may be "no",  
24 but have you been able to, with the

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1 Troubleshooter Program, tear out the other  
2 elements and determine exactly what  
3 contribution they make to REP?

4 A. (Dickie) As far as -- as far as SAIDI is  
5 concerned?

6 Q. That type of measurement, yes.

7 A. (Dickie) We have some -- we have done some  
8 analysis, very high level, but it hasn't been  
9 conclusive in any way.

10 Q. Okay. Thank you.

11 A. (Lajoie) If I could just quickly go back to  
12 your last question on weather-normalization?

13 Q. Yes.

14 A. (Lajoie) One of the programs where we actually  
15 can do that type of analysis is the  
16 distribution automation part of REP, because  
17 each event is tracked as to the date that it  
18 occurred. And, when the devices operate and  
19 actually reduce the size or the duration of an  
20 outage, we track those minutes.

21 So, I can actually provide  
22 weather-normalized data for pole-top  
23 distribution automation, if that's helpful.  
24 Some of the other stuff, some of the other

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1 parts of REP, it's less -- it's less easy to  
2 slice and dice it that way.

3 But, at least for that part, I can provide  
4 that information.

5 Q. Thank you. And that's something we'll discuss  
6 on the going-forward program.

7 The Consumer Advocate asked about the  
8 aspiration to -- of the Company to be in the  
9 second quartile. And one thing we haven't  
10 really talked about is the fact that, as  
11 companies in the region improve, that second  
12 quartile goes up and up and up, is that  
13 correct?

14 A. (Lajoie) That is correct. Yes.

15 Q. So, it's a moving target, is that fair to say?

16 A. (Lajoie) Yes, it is.

17 Q. And I was -- I had asked this question before.  
18 Is this a corporate-wide aspiration? In other  
19 words, all the Eversource companies want to  
20 perform in that top quartile?

21 A. (Lajoie) Each Eversource operating company has  
22 their own targets. So, there's a set of  
23 targets for Connecticut, for Massachusetts, and  
24 for New Hampshire. They are different.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Currently, the targets for Connecticut are  
2 first quartile for MBI, the Months Between  
3 Interruption.

4 Part of the difference is where we started  
5 from. For many years, New Hampshire had not  
6 spent a lot of money on reliability-related  
7 activities due to the financial situation of  
8 the Company. So, we were starting from a low  
9 reliability, and are working our way up. Part  
10 of that is due to just the geography of it.  
11 The mostly rural character of Eversource New  
12 Hampshire territory, versus, for example, in  
13 Massachusetts, downtown Boston, or, in  
14 Connecticut, downtown Hartford, where the  
15 events are closer to get to and less likely to  
16 be caused by items like trees, which account  
17 for the vast majority of our troubles.

18 Does that answer your question?

19 Q. In part. It does seem, though, that the  
20 quartile perhaps is not a reflection of  
21 performance as much as actual improvement in  
22 reliability. And that's just -- that's just  
23 something to be part of the mix to avoid  
24 gold-plating the reliability program. I mean,

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1       you can't -- regional quartile measurement may  
2       not fit New Hampshire. It may be more the  
3       vegetation management, as you mentioned.

4       A.   (Lajoie) The segment that Eversource New  
5       Hampshire is in is mid-sized Mid-Atlantic and  
6       Northeast companies. So, we are comparing with  
7       similar size companies and in a similar  
8       geographic region. Eversource Connecticut and  
9       Eversource Mass. are in the large  
10      corporation/large company segment, but, again,  
11      Mid-Atlantic and Northeast. So, their targets  
12      are higher and the quartiles are harder to get  
13      to.

14                So, we do try and compare with other  
15      companies that are in a similar situation as to  
16      how we are. Clearly, not every company is  
17      exactly the same.

18      Q.   Including geographical quality, like trees? I  
19      guess it's not really --

20      A.   (Lajoie) Yes.

21      Q.   -- just on the size of the company. Is that a  
22      fair statement?

23      A.   (Lajoie) It's the size of the company and the  
24      region. I mean, you know, comparing us to, for

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 example, the desert Southwest would not be a  
2 valid comparison. But, if you stick within the  
3 Mid-Atlantic and Northeast area, the mid-size  
4 companies would tend to have similar, I would  
5 say, characteristics. As I drive around New  
6 England, there's a lot of forested territory  
7 pretty much everywhere you go.

8 Q. Since we -- I'll just move to continue to talk  
9 about vegetation management. As I understand  
10 it, vegetation management is responsible for  
11 most -- I mean, not vegetation management, but  
12 trees are responsible for most of the outages  
13 in New Hampshire, is that right?

14 A. (Lajoie) Correct. Between 60 and 75 percent,  
15 depending on the year.

16 Q. And I'd like to introduce at this point, or  
17 have it marked for identification, the response  
18 to Staff's Question 1-4 in this docket,  
19 which -- I mean, I could show this to you, Mr.  
20 Lajoie, to make sure you agree with me that  
21 this is what this is. It has some information  
22 on vegetation management.

23 *[Atty. Amidon showing document*  
24 *to Witness Lajoie.]*

1 **BY THE WITNESS:**

2 A. (Lajoie) Yes. I have that document.

3 MS. AMIDON: Thank you.

4 *[Atty. Amidon distributing*  
5 *documents.]*

6 (The document, as described, was  
7 herewith marked as **Exhibit 4** for  
8 identification.)

9 BY MS. AMIDON:

10 Q. So, the first question I have is sort of a  
11 random question. But, if we go to Page -- it's  
12 marked "Page 2 of 3", but it's the page with  
13 the table at the top, of Exhibit 4. Are you  
14 there?

15 A. (Lajoie) Yes.

16 Q. It has two categories of vegetation management,  
17 am I right? "Capital Investment" and "O&M"?

18 A. (Lajoie) Correct.

19 Q. Could you refresh me on why REP now has a  
20 capitalized component?

21 A. (Lajoie) Capitalized vegetation management is  
22 what we refer to as "ETT", or "Enhanced Tree  
23 Trimming". O&M vegetation management is what  
24 we refer to as "SMT" or "Scheduled Maintenance

[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Trimming".

2 Q. And this was approved back in what docket, do  
3 you know?

4 A. (Goulding) There was a filing that was made as  
5 part of a step increase in the REP filing. I  
6 don't remember if it was 2010 or maybe 2011. I  
7 don't have the exact docket. But there was  
8 discussion on the accounting treatment. How it  
9 was changed to make -- how it was changed and  
10 made Enhanced Tree Trimming a capitalized item.

11 Q. Okay. Thank you for that. But, Mr. Lajoie, if  
12 we look at the two categories, Capital  
13 Investment and O&M, for the program year ending  
14 June 2016, it's roughly \$30 million in total,  
15 is that correct?

16 A. (Lajoie) That's correct.

17 Q. Which is substantially higher, would you agree,  
18 than the prior years?

19 A. (Lajoie) That's correct.

20 Q. And, then, if we look at the first three  
21 months, is it -- and correct me if I'm wrong,  
22 the last one, where it says "Actuals Year Ended  
23 June 2017", is there estimates in there through  
24 June 2017 or just the actual through the end of

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 March?

2 A. (Lajoie) Those are just actuals through the end  
3 of March, for the program year which started  
4 July 1 of 2016.

5 Q. So, for just that quarter, you already spent  
6 14 -- oh, that's nine months. So, you spent  
7 \$14 million for the nine months?

8 A. (Lajoie) Yes. That's correct.

9 Q. Do you know why there is such a difference  
10 between the two, in terms of --

11 A. (Lajoie) In ramping up, if you will, the REP  
12 Program, as of July 1, 2015, it was recognized  
13 that it would take some time for capital  
14 investments to be done, for typical capital  
15 investments, building poles and wires, that  
16 type of work. Whereas, for capital tree  
17 trimming, we can acquire more contract crews to  
18 do that work, and that -- so, the decision was  
19 made to ramp up the ETT in the first program  
20 year to get plant in service as per our  
21 agreement on the program. And, then, in the  
22 second program year, starting July 1, 2016, the  
23 ETT for REP would be reduced, because we had  
24 spent that money up front.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Q. And what is the capital requirement associated  
2 with that investment, do you know,  
3 Mr. Goulding? The revenue requirement, I'm  
4 sorry?

5 A. (Goulding) Well, there's depreciation on it and  
6 then there's the rate of return on it, which I  
7 think is somewhere in the range, after tax, of  
8 around seven and a half percent.

9 Q. Okay. Thank you. In our discussions in  
10 technical session, and I apologize, I don't  
11 have a document for this, there was one line  
12 which was discussed as one of -- being one of  
13 the top-ten problematic circuits for the last  
14 seven years, and that's Circuit 355X10. Are  
15 you familiar with that?

16 A. (Lajoie) Yes, I am.

17 Q. Can you explain what the Company has done to  
18 address this reliability on the circuit since  
19 it's been on the top-ten list for seven years?

20 A. (Lajoie) We've accomplished a number of tasks  
21 on that circuit. One of the things we have  
22 done is distribution automation devices, SCADA,  
23 Supervisory Control and Data Acquisition  
24 devices on that circuit, so that they can be

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 remotely operated from the Control Center in  
2 Manchester. That gives us the ability to  
3 sectionalize remotely to minimize the people  
4 impacted by an outage.

5 That particular circuit starts in West  
6 Stewartstown, New Hampshire, and heads north  
7 from there, along Route 3 and another road,  
8 which number -- whose number escapes me at the  
9 moment, but heads all the way up toward the  
10 Canadian border. There is no other source onto  
11 that circuit. So, anything that happens near  
12 the source affects everybody along that  
13 circuit. So, these DA devices were installed  
14 along that circuit to minimize the number of  
15 customers affected to the greater -- to  
16 whatever extent possible.

17 Another thing we've accomplished is ETT on  
18 that circuit. Again, trees being the cause of  
19 the majority of outages, we're attacking the  
20 cause of outages as best we can to prevent the  
21 outages from happening in the first place.

22 There could be other projects that have  
23 happened. I know one of the things we're  
24 working on is, we're working with Vermont

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Electric, to see if we can -- there's currently  
2 a tie on that circuit where we feed into  
3 Vermont, if they run into problems, and there's  
4 a meter on that tie. We're working with them  
5 to see if they can backfeed us in a situation  
6 where we need the power onto that circuit.  
7 But, as you may imagine, cross-border ties, it  
8 takes some time to accomplish. And, to date,  
9 that has not been happening, but it is  
10 something that we're actively working on.

11 I could get a list of other projects that  
12 have happened on that circuit. Offhand, I  
13 don't know of any more. I'm not prepared,  
14 unfortunately, to give you more examples.

15 Q. Oh. No. The concern was that -- that it stays  
16 in the top-ten list. And when do you expect to  
17 see improvement on that?

18 A. (Dickie) We've had some improvement already. I  
19 know we've had some outages that we've been  
20 able to mitigate with the DA devices we have  
21 out there already this year.

22 Now, what the impact is of that, you know,  
23 over the course of a year, I don't know.

24 Q. And I have a couple more questions, they're

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 probably for you, Mr. Lajoie, you're getting  
2 all the fun today, related to Exhibit 4, the  
3 responses -- that one response to Data Request  
4 Number 4.

5 The second question, if you look at that  
6 question, they're separated into four parts,  
7 (a), (b), (c), (d). And (b) and (c) ask  
8 questions related to the FairPoint contribution  
9 to the vegetation management. And my first  
10 question is, when you budget for vegetation  
11 management, do you include the amounts you  
12 expect to receive from FairPoint?

13 A. (Lajoie) Yes.

14 Q. And what happens if you don't receive those  
15 sums?

16 A. (Lajoie) To date, we have not experienced  
17 significant issues with receiving payments from  
18 FairPoint.

19 Q. Okay. And do you have all those reimbursements  
20 by year? Because I believe the question did  
21 not adequately answer that -- I mean, the  
22 response, pardon me.

23 A. (Lajoie) I believe the last page of that  
24 document lists all the billings to both TDS,

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1       who we have joint ownership of poles with, and  
2       FairPoint, under the various programs, those  
3       billing amounts. And it would be -- well, I  
4       didn't prepare this testimony, but my  
5       understanding is, if you see a billing amount,  
6       we did receive that amount.

7   Q.   Okay. Well, maybe I'll just follow up on that  
8       as we continue our discussions about REP going  
9       forward.

10           Another question, part (d) of that  
11       question asked about traffic detail amounts.  
12       And the reason this question was there, I  
13       believe in the technical session you recall  
14       that, in some of the filings, for example, with  
15       Liberty and Unitil, in their reconciliation  
16       they would report to the Commission why  
17       expenses were higher or lower than estimated.  
18       And one of the issues lately has been the cost  
19       of the police detail. And they're able to  
20       provide us with specific information about the  
21       costs and the bills that they have incurred on  
22       police detail.

23           Do you not have that information? Because  
24       I believe what we received in response, and you

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1 can correct me if I'm wrong, is a sort of proxy  
2 adjustment?

3 A. (Lajoie) Beginning in 2013, for ETT, and 2015,  
4 for SMT, contractors were instructed to include  
5 traffic details, police, flaggers, in their  
6 bid, when they bid for tree work for us. So,  
7 that's not broken out separately. If they bid  
8 X number of dollars per mile, that includes the  
9 basics of traffic control. Some towns may  
10 require, for specific roads an extra officer.

11 Q. Uh-huh.

12 A. (Lajoie) And Eversource pays that bill  
13 separately. But the base amount of traffic  
14 detail, if you will, is included in the  
15 contractor bid. So, the proxy amount that you  
16 see there is based on the last time that we  
17 paid the towns for all the police, it was X  
18 number of dollars per mile. We know how many  
19 miles we trim. So, just by doing that  
20 multiplication out, that's our best estimate as  
21 to what traffic control actually cost for those  
22 number of miles.

23 Q. So, if there was a variance in it, between the  
24 estimate and the actuals, you wouldn't know if

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1       it was because of the underlying contract costs  
2       or because maybe of an increment in police  
3       detail cost that you are not aware of. Is that  
4       fair to say? You wouldn't know whether it was  
5       one or the other?

6   A.   (Lajoie) I believe that's fair to say, yes.

7               MS. AMIDON: Okay. Just one moment  
8       please. Thank you.

9                       (Atty. Amidon conferring with  
10                      Mr. Chagnon.)

11               MS. AMIDON: Thank you. Mr. Chagnon  
12       has a question going back to where we started.

13               MR. CHAGNON: Thank you.

14   BY MR. CHAGNON:

15   Q.   Mr. Goulding, the first question that Attorney  
16       Amidon was asking about, it actually goes back  
17       to the fact that the Company is coming in  
18       asking for the Commission to approve  
19       reconciliation for the last two years of the  
20       REP Program. And I apologize, you don't have  
21       this in front of you, but, from the filing on  
22       April 29th, 2016, on Bates Page 017, which is  
23       CJG-2, Page 1 of 15, shows the estimated under  
24       recovery of "\$979,255", which was included in

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 the filing for the program year of July 1st,  
2 2016 through June 30th, 2017.

3 A. (Goulding) Did you say "under recovery" or  
4 "over recovery"?

5 Q. Under recovery.

6 A. (Goulding) I think -- I thought it was --

7 Q. I'm sorry. I apologize. I meant "over  
8 recovery".

9 A. (Goulding) Okay.

10 Q. Okay?

11 A. (Goulding) Yes.

12 Q. So, in the filing for Exhibit 2, which is  
13 June 2nd, on Bates Page 005, which is CJG-1,  
14 Page 1, you have, I believe, an actual over  
15 recovery of "\$1,014,038"?

16 A. (Goulding) No. So, what was in the April 2nd  
17 filing was the forecasted under recovery for  
18 June 30th, 2016. The 1 million on the front  
19 here is the forecasted under -- or, over  
20 recovery for June 30th, 2017. So, they're  
21 different times.

22 If you turn to Bates Page 007 of this  
23 filing, of the current filing.

24 CHAIRMAN HONIGBERG: The June 2nd?

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 WITNESS GOULDING: Yes. Sorry.

2 June 2nd, of Exhibit 2.

3 **BY THE WITNESS:**

4 A. (Goulding) Okay. So, here's all the 2015  
5 actual activity, which goes through June 2016.  
6 And, on Line 9, there is a over recovery,  
7 without interest, of \$1.374 million. And,  
8 then, on Line 13, the cumulative interest of  
9 \$33, gives you a June 30th, 2016 over recovery.

10 CHAIRMAN HONIGBERG: Mr. Goulding, we  
11 are lost. And I'm not even sure we're looking  
12 at the right page.

13 WITNESS GOULDING: Sorry. Bates Page  
14 017.

15 CHAIRMAN HONIGBERG: Bates Page 017.  
16 All right. Now, what line are we going to?

17 WITNESS GOULDING: Okay. So, Line 9,  
18 all the way for the far right column, you'll  
19 see that there's "1,374,949". That's an over  
20 recovery. And, then, on Line 13 -- actually,  
21 Line 14, \$333,000 of interest, gives you a  
22 total under -- total over recovery of  
23 1.408 million. And that's the June 30th  
24 balance. And that would be the one to compare,

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1       versus the \$979,000 from last year's filing.  
2       Because last year's \$979,000 was actuals  
3       through, I think, March or April. So, when we  
4       had the actual activity for May and June, it  
5       ended coming in lower than we had forecasted.  
6       So, there was an increase in the overrecovery.

7                   MR. CHAGNON: Thank you.

8 BY MS. AMIDON:

9 Q.   Mr. Goulding, I'm going to ask you, in addition  
10       to the commitment to work with Staff and the  
11       OCA on the 2018 Program, the Company agreed to  
12       adopt an annual program, as opposed to a  
13       two-year program, and to have that be on a  
14       calendar year basis is that right?

15 A.   (Goulding) Yes.

16 Q.   And that is why we're talking here today about  
17       a program that goes from July 1 to  
18       December 31st, is that fair to say?

19 A.   (Goulding) Yes. And I think I will say that  
20       everyone at Eversource is enthusiastic about  
21       going to a calendar year program versus a split  
22       program.

23 Q.   It makes -- yes. It makes a lot of sense. And  
24       do you agree that, in connection with our work

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1       towards developing that program or our  
2       agreement towards continuing the program, that  
3       this Company is willing to ask additional  
4       questions about the April -- I mean, the May 1  
5       filing, related to double-checking and  
6       understanding what the activities were engaged  
7       in, what the expenses were, is that right?

8   A.   (Goulding) Right. I think there was a -- in  
9       Staff's letter, they had requested or  
10       recommended that there -- the potential for an  
11       audit. And, so, yes. We would definitely be  
12       willing to work with Staff on it.

13               MS. AMIDON: Okay. Great. Thank  
14       you. That's it. Thank you very much.

15               CHAIRMAN HONIGBERG: Commissioner  
16       Scott, do you have any questions?

17               CMSR. SCOTT: No, I do not.

18               CHAIRMAN HONIGBERG: Commissioner  
19       Bailey.

20   BY CMSR. BAILEY:

21   Q.   Is the audit going to look at the  
22       reconciliation for the past year?

23   A.   (Goulding) My understanding, it would review  
24       the -- review the reconciling amounts.

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1 Q. So, are you asking us to approve an amount to  
2 include in rates for the next six months, but  
3 that, if there are any errors in the past, they  
4 will be corrected in the future?

5 A. (Goulding) Right. So, it will be subject to  
6 recommend -- reconciliation based on  
7 recommendations from Staff audit.

8 Q. Okay. Thank you. With respect to tree  
9 trimming, why isn't that just a routine  
10 operation and maintenance expense?

11 A. (Lajoie) Some of it is. The Scheduled  
12 Maintenance Trimming, which has a reduced --  
13 our typical trim zone of 10 feet out, 8 feet to  
14 the side, --

15 *[Court reporter interruption.]*

16 WITNESS LAJOIE: I'm sorry.

17 **CONTINUED BY THE WITNESS:**

18 A. (Lajoie) Our standard trimming zone, 10 feet  
19 above the conductor, 8 feet to the side, 10  
20 feet below, that is an O&M expense. That's  
21 what we referred to as "SMT" or "Scheduled  
22 Maintenance Trimming".

23 The Enhanced Tree Trimming is  
24 ground-cutting, and it's a further distance to

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1 the side. I don't have the measurements  
2 offhand, and as high up as they can possibly  
3 go. So, it increases the clearance zone around  
4 the conductors to prevent contact from trees.

5 And it was determined at some point,  
6 before my involvement, that the Enhanced Tree  
7 Trimming was a capital item.

8 BY CMSR. BAILEY:

9 Q. Do you understand why that's a capital item,  
10 Mr. Goulding?

11 A. (Goulding) So, my understanding is that it  
12 extends the life of the assets, because the  
13 trees outside the trim zone are less likely to  
14 fall onto the wires. So, by doing that, it  
15 enhances the value -- or, enhances the life.  
16 But I'm not 100 percent certain how it -- or,  
17 why it's capitalized, but it's an accounting  
18 standard that we were informed of.

19 Q. And how do you calculate depreciation on that  
20 expense?

21 A. (Goulding) It goes to a -- I'll call it a "365  
22 account". So, there's a standard depreciation  
23 rate that we apply to those accounts, just like  
24 we would with any other kind of investment, the

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1 distribution investment that would fall into  
2 those, that category of accounts.

3 Q. Is that something that the Company might be  
4 willing to look at with Staff? Because that --  
5 that doesn't make sense to me. And, so, if, in  
6 the next time that we look at this you could  
7 explain that, that would be helpful.

8 A. (Goulding) Okay. Yes. We might have to have a  
9 witness from Accounting to explain it. But we  
10 can definitely review with Staff. I know we  
11 did talk about it, like I think I was referring  
12 to, back in 2011 time frame, when it originally  
13 was capitalized. But I don't just recall the  
14 details of all the discussions.

15 Q. Fundamentally, it seems like an O&M expense.  
16 So, I would like to understand why it's  
17 capitalized.

18 A. (Goulding) Okay.

19 Q. Thank you. Can you look at the May 1st filing,  
20 on Bates Page 009, and explain that table to  
21 me, the "Customers Saved" and "Wholesale".

22 A. (Lajoie) The Company serves both direct retail  
23 customers and wholesale customers off of our  
24 distribution system. So, Unitil, New Hampshire

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1 Electric Co-op, and some of the municipal, I  
2 know Ashland Municipal, for example, are served  
3 directly off our 34 kV distribution system.  
4 So, any time we install an automation device on  
5 that 34 distribution system, that saves minutes  
6 where their power supply is out. It's included  
7 in the light blue color, well, the small -- the  
8 small box, if you don't have a color-printed  
9 copy.

10 Q. I do.

11 A. (Lajoie) Okay. It's the light blue box there  
12 that's the wholesale. That's municipalities  
13 and New Hampshire Electric Co-op, and --

14 A. (Dickie) And Unitil.

15 A. (Lajoie) Yes, Unitil as well.

16 Q. Okay. Thank you. I understand that, now that  
17 you say that. Is the discussion that you have  
18 on Page 5 about "programs to address overhead  
19 reliability", is that related to tree trimming?  
20 On the May 1st testimony.

21 A. (Lajoie) Bates Page 011, I'm assuming.

22 Q. I wrote down "5". Yes, that doesn't make  
23 sense. It must be a regular 5.

24 A. (Lajoie) I think it's Page 5 of 14 of the

1 document.

2 Q. Yes.

3 A. (Lajoie) Which is Bates Page 011.

4 Q. Yes. That's it. Sorry.

5 A. (Lajoie) Okay. These items are -- yes. These  
6 items are all capital construction items, poles  
7 and wires and insulators and that type of  
8 utility plant. Reject Pole Replacement,  
9 Porcelain Replacement, we use porcelain  
10 insulators. We have now transitioned to a  
11 polymer insulator. The Hit Less Reliability  
12 Enhancement project addresses our 50, or our  
13 worst-performing circuits, with improvements  
14 intended to reduce the frequency or the  
15 duration of outages.

16 Right-of-way System Hardening includes  
17 replacing structures, replacing cross-arms, in  
18 some cases, reconductoring with tree-covered --  
19 with covered wire to prevent tree-related  
20 outages and so forth. Heather-Lite is a 1970s  
21 to -- '60s to '70s vintage bracket on the top  
22 of poles. It was intended as a beautification  
23 thing, because it keeps everything much closer  
24 together. I think it came about as part of the

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1 Ladybird Johnson Beautify America. The  
2 downside is, it's made out of fiberglass. So,  
3 over time, that degrades. We've had these  
4 brackets fail, and the conductors come down.

5 Also, because the conductors are closer  
6 together, that 10-foot to the side is a smaller  
7 zone. So, branches and trees and so forth do  
8 come into that zone. And, because the  
9 conductors are closer together, it doesn't take  
10 as much of a branch to short between the two  
11 conductors. So, we found it to be a  
12 reliability problem for us. So, we've been  
13 replacing these Heather-Lite brackets with  
14 traditional cross-arms on the top of poles.

15 Q. And why isn't activity like that just standard  
16 utility practice? Why isn't that included in  
17 rates in the first place? Why is it part of a  
18 reliability program?

19 A. (Lajoie) The intent of replacing them is a  
20 reliability improvement issue, again, to  
21 prevent the mostly tree-related outages. That  
22 particular program was included in the original  
23 REP -- well, not the original, but the second  
24 incarnation of REP, not just as a reliability,

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1 but also as a safety item. And it was clearly  
2 identified at that time as a safety item.

3 Q. I'm not --

4 A. (Lajoie) We do some of this work as part of our  
5 base work, our normal utility practice work.  
6 But there's so much of it out there that we  
7 were not making significant progress in  
8 removing these brackets. So, we pulled that  
9 into the REP Program.

10 Q. Okay. On the next page, you talk about some  
11 substation work or substations that were  
12 eliminated as part of the reliability program,  
13 I understand that. But, then, on Line 9, you  
14 say that the "sites were then restored to a  
15 natural state". Is that restoration work  
16 included in the reliability funding?

17 A. (Lajoie) Yes. It's all part of the substation  
18 elimination project, would be to remove  
19 everything that was there, and loam and seed.

20 Q. It sounds -- well, I think I understand, and  
21 this is probably for you, Mr. Goulding, that  
22 you need additional money in rates for the  
23 second half of the year, so that the amount  
24 needed to fund this Program is greater than it

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 was in the past year?

2 A. (Goulding) As we continue to make more and more  
3 capital investments under the Program, there is  
4 depreciation and the carrying charge associated  
5 with those items. So, we put in 12 months of  
6 capital for the last 12 months, and then we're  
7 putting in 6 more -- or, 10 more million over  
8 the next six months. So, it's to support the  
9 \$10 million --

10 Q. Okay.

11 A. (Goulding) -- of investments. Sorry. And just  
12 one more is, previously, as part of the 14-238  
13 Settlement Agreement, we had \$3 million from a  
14 wind storm, and it was directed towards the REP  
15 Program. Per Staff's recommendation, we agreed  
16 to separate those two out, because that  
17 amortization ended and that two-year extension  
18 ended. So, we removed that \$3 million from the  
19 current REP funding to reduce rates. So, then,  
20 there was a gap. So, it -- so, the  
21 amortization is all captured in one rate, and  
22 the increase to REP, excluding the wind storm,  
23 is captured in one rate.

24 Q. Okay. Mr. Lajoie, you said that

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1 "weather-normalization hasn't proven to be  
2 effective in telling the story", when you were  
3 responding to Ms. Amidon's question about  
4 whether you could take the weather effect out  
5 of the SAIDI graphs and see -- so that we could  
6 see specifically whether improvement from the  
7 program is actually happening or not.

8 And, when you said "it's not telling the  
9 story", did you mean that it's not telling the  
10 story you want to tell or it isn't an  
11 effective -- you can't do it effectively?

12 A. (Lajoie) The latter. We can't do it  
13 effectively. My predecessor managing this  
14 program tried to do some of that work, and  
15 struggled with it for a long time, and just --  
16 he couldn't -- he told me that he couldn't come  
17 up with a good way to do exactly what was being  
18 asked.

19 Q. Are you still trying? Are you, personally?

20 A. (Lajoie) I'm going to have to go back and talk  
21 to -- I have not personally tried to do it. As  
22 I mentioned, I did do it for the pole-top  
23 automation devices.

24 Q. Uh-huh.

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1 A. (Lajoie) And I was able to do it for that. But  
2 I'm going to have to go back and look at what  
3 he had done, and see if it's something that we  
4 can do for other programs or not. I don't know  
5 the answer.

6 Q. Okay. And, with respect to the cross-border  
7 tie up in the North Country with Vermont, how  
8 long have you been working with the Vermont  
9 utility to attempt to allow power to go back  
10 our way?

11 A. (Lajoie) I believe it's been about six or nine  
12 months that we've been dealing with the Vermont  
13 utility.

14 Q. And what's the hold up?

15 A. (Lajoie) I don't know. The engineer --

16 A. (Dickie) Well, I think they had some  
17 upgrades --

18 *[Court reporter interruption.]*

19 BY THE WITNESS:

20 A. (Dickie) I think they had some upgrades on  
21 their end that they had to do, in order to  
22 backfeed into us.

23 BY CMSR. BAILEY:

24 Q. Are the upgrades completed?

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1 A. (Dickie) I don't think they are yet, no.

2 Q. Do you have an idea when they will be?

3 A. (Dickie) No. No, I don't.

4 Q. So, this could just be -- it could go on for a  
5 long time, there's no -- I mean, when would you  
6 expect to be able to have the power flow both  
7 ways?

8 A. (Dickie) I don't know.

9 A. (Lajoie) I can talk to the engineer who has  
10 been dealing directly with the Vermont utility  
11 to answer that question. But I don't know the  
12 answer to that.

13 Q. Okay. And are you, both of you, confident that  
14 they're really working on this? Or, I mean, it  
15 seems like, for a circuit to be on the top-ten  
16 worst for seven years, I think, is a long time.  
17 And, so, the question that was raised in my  
18 mind is whether it's really being focused on or  
19 it's just up there in the North Country, and so  
20 we're just kind of letting it, you know, "when  
21 we get to it, we will"?

22 A. (Lajoie) No. I can honestly say that it's not  
23 just one of those "when we get to it, we will".  
24 We do look at these circuits on a regular

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1 basis. We look at not only that 50  
2 worst-performing circuits, but we have a report  
3 on any time a device is operated multiple times  
4 in a short period of time, and trying to  
5 determine the reason for that. We may get  
6 additional tree trimming in. We've gone out  
7 and installed animal protection on transformers  
8 that maybe didn't have animal protection  
9 before, if animals have been an issue.

10 Q. On that circuit?

11 A. (Lajoie) On that circuit, on multiple circuits.  
12 We, last fall, completed a project to patrol  
13 all three-phase lines, looking for a series of  
14 issues that might be there. Some equipment  
15 stuff, missing animal protection was one of  
16 them, unfused transformers and so forth, and  
17 have gone out and added fuses and animal  
18 protection and a number of other things to  
19 circuits all over the state, which include the  
20 355X10 up north.

21 I could provide a list of what was  
22 accomplished on that circuit, but I don't have  
23 it in front of me.

24 Q. Actually, if you could give Staff the

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1 information about when the Vermont utility  
2 expects to be able to have an equal  
3 reliability, you know, if Eversource is  
4 allowing the power to flow to Vermont when  
5 their circuit is out, then, you know, it seems  
6 like it would be a reciprocal arrangement.  
7 And, if you could just find out when that's  
8 expected to happen, that would be good.

9 A. (Lajoie) Absolutely.

10 Q. Thank you.

11 MR. FOSSUM: If I may interject? Is  
12 that being asked as a record request or is that  
13 simply information that is being asked that we  
14 provide to Staff when we get it?

15 CMSR. BAILEY: If you could give it  
16 to Staff when you get it, that would be fine.

17 MR. FOSSUM: Okay.

18 CMSR. BAILEY: Thank you. I think  
19 that's all I have. Thanks.

20 BY CHAIRMAN HONIGBERG:

21 Q. Mr. Goulding, it may not be with you, it may  
22 have been with someone else, but I seem to  
23 recall discussions about why it is that  
24 programs like REP and vegetation management

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1 programs are carved out of just including it  
2 all in rates. And one of the reasons is to  
3 make sure it happens, so that it doesn't become  
4 a casualty of a company not making its numbers  
5 and say "well, we just won't do as much of that  
6 one year".

7 Is that a discussion we've had with you or  
8 is it a discussion that maybe I'm imagining?

9 A. (Goulding) Yes. I think it was part of the  
10 last REP hearing, it was kind of one of those  
11 questions on why -- "why not include it all in  
12 base rates?" And I think that was one of the  
13 comments which we saw this year was, as being  
14 excluded from base rates, it allows for  
15 discussions with OCA and Staff for these extra  
16 dollars to be spent to improve reliability, and  
17 what buckets they can get spent on and why  
18 they're being spent in those general areas.

19 Q. That's consistent with my memory, and I just  
20 can't remember when or the context. But I  
21 even -- I even remember a hearing in which Tom  
22 Frantz was in the witness box and defending an  
23 argument like this. And it might have been in  
24 the settlement that rolled this program in with

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 the divestiture and the Scrubber.

2 A. (Goulding) This conversation happened May 31st,  
3 last year, during this docket. It was my  
4 birthday. So, I recall.

5 Q. There you go. All right. I'm not  
6 hallucinating. Thank you. I feel better now.

7 Why is doing this on a calendar year  
8 desirable for the Company? I'm sure there's an  
9 obvious reason I'm missing, but --

10 A. (Goulding) Well, all of the internal budgets  
11 are done on a calendar year basis, and just  
12 general reporting is done on a calendar year  
13 basis, and most of our rates go on a calendar  
14 year basis. So, it's just much easier for  
15 everything to be on a calendar year basis, and  
16 any rate changes happen at the same time,  
17 versus staggering out everything. And it's  
18 just hard to report out on a 12-month budget  
19 end June 30th, because most budgets are looked  
20 at internally on an annualized basis. So, if  
21 you catch up in the end of the year, because  
22 bad weather at the beginning year, it gives you  
23 that opportunity. But it's a little hard to  
24 plan over split years.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Q. But I was going to ask about whether, at the  
2 beginning of the year versus an end of the  
3 year, by doing it in the middle of the year, in  
4 July, you essentially get an entire winter  
5 season in for analysis purposes, I suppose you  
6 could still analyze winters from, you know,  
7 November through April, or, up north, maybe  
8 October through May, the same way, but still  
9 budget it that way, I suppose?

10 A. (Goulding) Right. Are you talking in terms of  
11 the storm impacts and reliability?

12 Q. Yes. Evaluating the effectiveness of the  
13 program, you know, as soon as Mr. Lajoie  
14 figures out a way to weather-normalize  
15 everything, then it will be useful, I think, to  
16 be able to look at it winter versus winter  
17 rather than year versus year.

18 A. (Lajoie) Our reliability reporting historically  
19 has always been on a calendar year basis as  
20 well. So, it does -- going to a calendar year  
21 basis for this project lines up with that.

22 Q. Does that make sense to you, as you're trying  
23 to figure out whether what you're doing is  
24 working, to look at it on a calendar year

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 basis? Or wouldn't it make it, to me at least,  
2 you know, basic logic, which may be totally  
3 wrong, would tell me I'd want to look at a  
4 season, I'd want to look at a winter season  
5 versus -- winter season versus winter season,  
6 not calendar year versus calendar year?

7 A. (Lajoie) Well, I guess my thought on that is,  
8 we don't plan projects -- we can't make  
9 projects to change the weather. So, we do look  
10 at the causes for outages. And we know, if  
11 it's ice, sleet, and snow, it's probably going  
12 to be in a winter month that that happened. I  
13 mean, we can look at the date that the event  
14 happened, obviously. But I'm not -- I'm not  
15 yet convinced that doing it on a seasonal basis  
16 is any different.

17 In the event of a July 1 to June 30, now  
18 I'm splitting the summer season, thunderstorms  
19 over two different reporting years. So, no  
20 matter when I do the split, I'm splitting  
21 something.

22 Q. Roughly, would you say what percentage of the  
23 relevant storm events happen during the summer  
24 versus happening during the winter? Is it more

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1       during the winter? It would be my instinct,  
2       but it could be wrong.

3   A.   (Dickie) It's a crapshoot. I mean, --

4   A.   (Lajoie) I don't know the answer to that.

5   Q.   That's not a technical term, is it?

6                               *[Laughter.]*

7                   WITNESS DICKIE: It's not.

8                   CHAIRMAN HONIGBERG: At least not in  
9       this industry.

10   **BY THE WITNESS:**

11   A.   (Lajoie) Summer lightning storms and wind  
12       events are sometimes more damaging than winter  
13       snow and ice events. So, it varies from year  
14       to year, from storm to storm.

15   BY CHAIRMAN HONIGBERG:

16   Q.   And, so, talking about wind events and the  
17       things that cause outages, when you're  
18       attempting to determine whether this is  
19       working, and you're attempting to do some sort  
20       of weather-normalization, are you looking at  
21       the characteristics of storms? This particular  
22       storm had these characteristics, this pressure,  
23       this wind, this direction, this temperature.  
24       How long it lasted, to determine what effect

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1       that had on the system?

2       A.     (Lajoie) We do actually work with Plymouth  
3       State University's Weather Program. And they  
4       have done a lot of analysis based on exactly  
5       the factors you're describing of wind pressure,  
6       wind speed -- or, excuse me, atmospheric  
7       pressure, wind speed, and temperature, and what  
8       we can expect for snow, based on the  
9       temperature, whether it's a heavy, wet or, you  
10      know, whatever. So, a lot of those  
11      characteristics, I'm not a weatherman, so I  
12      can't speak to them all, but I know we have  
13      worked with them pretty closely. And I believe  
14      we are continuing to work with them on that  
15      exact type of analysis, to see, on really a  
16      predictive basis, "hey, we know pressure is  
17      dropping at a certain rate, we can expect X  
18      amount of wind speed and, therefore, the  
19      associated damage", you know, "what do we need  
20      to do to prepare for that", and so forth.

21      Q.     And I know you do that, all the companies have  
22      to do that when there's storm preparation,  
23      because, you know, among other things, the  
24      Safety Division wants to know what you expect.

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 Is this a Level 1? A Level 2? A Level 3?

2 Do you then go back and see how good your  
3 predictions were, and how they're matching --  
4 how you're stacking up, you know, year over  
5 year, storm over storm, to refine those  
6 predictions, and then also identifying, after  
7 the fact, what held up well and what didn't  
8 hold up well, for the programs that we're  
9 talking about here?

10 A. (Dickie) As far as, from a programs  
11 perspective, no. But we do, from a post-storm  
12 perspective, "how did we, you know, perform?"

13 Q. It seems like that should be -- that should be  
14 fertile ground for discussion with Staff.  
15 Whether there's some reasonable way to also  
16 roll in to the look-backs at a storm, whether  
17 the effects were different in areas that had  
18 been worked on last year, the year before and  
19 the year before, and under the programs we're  
20 talking about.

21 But, again, it may end up being not  
22 feasible in the short-term. It may be the kind  
23 of thing that takes year to build up enough  
24 data to make it relevant. But it seems like

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[WITNESS PANEL: Goulding~Lajoie~Dickie]

1 the kind of data collection that should be  
2 going on, or at least the discussion should  
3 begin to "what kind of data would we need to  
4 collect to be able to answer these questions?"

5 But, again, I think there's going to be  
6 lots of opportunities to discuss this with  
7 Staff, with the OCA. That all you need to do  
8 there, I think, is say "that makes sense".

9 A. (Dickie) Yes.

10 Q. And I see nodding heads.

11 A. (Lajoie) That makes sense.

12 A. (Dickie) That makes sense.

13 Q. Which always makes me feel good.

14 CHAIRMAN HONIGBERG: All right. I  
15 think that's all I had.

16 Mr. Fossum, do you have any further  
17 questions for the panel?

18 MR. FOSSUM: I do not.

19 CHAIRMAN HONIGBERG: Is there  
20 anything else we need to do?

21 *[No verbal response.]*

22 CHAIRMAN HONIGBERG: I assume there's  
23 no objection to striking ID on the exhibits  
24 that have been introduced?

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1                               *[No verbal response.]*

2                               CHAIRMAN HONIGBERG:   Seeing none, we  
3                               will strike ID.   Is there anything else, before  
4                               the Parties sum up?

5                               *[No verbal response.]*

6                               CHAIRMAN HONIGBERG:   All right.   Mr.  
7                               Kreis, why don't you go first.

8                               MR. KREIS:   Thank you, Mr. Chairman.  
9                               Hopefully, I'll get up close enough to the  
10                              microphone.

11                             As I said earlier, it is the OCA's  
12                             recommendation that you approve the proposal  
13                             that is pending in front of you, as it has been  
14                             amended by Eversource in its June 2nd filing.

15                             Picking up on the theme that I struck  
16                             in my questions to the witnesses, I think what  
17                             we're struggling with, or at least what I'm  
18                             struggling with, is the question of "how far we  
19                             want this utility or any utility to go, in  
20                             terms of achieving measurable results in the  
21                             reliability realm?"   And the reason I'm not  
22                             asking the Commission to do anything other than  
23                             what the Company has proposed is I don't have  
24                             any additional insight to contribute to the

1 discussion. And, therefore, I have no reason  
2 to suggest that the Company's objective of  
3 getting itself into that second quartile, and  
4 therefore into that Lake Woebegone realm where  
5 everybody is above average, is the wrong place  
6 for them to land.

7 But, truly, I don't know whether it  
8 would be better to put the -- to let the  
9 Company languish in the third quartile, or to  
10 urge them to get into the first quartile.  
11 Because what I don't think any of us in this  
12 room know is what consumers are really willing  
13 to pay for.

14 We're entering an era or at least  
15 we're continuing to move into an era where  
16 technology is evolving. I have the same  
17 general sense that the Company does that  
18 consumers overall are less tolerant than they  
19 used to be, when it comes to service  
20 interruptions, but they also have more autonomy  
21 and more access to things that they can use to  
22 mitigate the effects of an outage.

23 I know that there's a utility one  
24 state over that's offering Elon Musk's

1       batteries to its customers for 15 bucks a  
2       month. Fifteen (15) bucks a month is a lot  
3       more expensive than the 35 cents a month that a  
4       typical PSN -- or, Eversource customer is going  
5       to be paying for this program under the  
6       Company's proposal.

7               So, I consign to the good judgment of  
8       our three Commissioners, the question of what  
9       might make sense to urge the Company to do and  
10      what it might make sense to urge us, at the OCA  
11      to do, and the Staff of the Commission to do,  
12      in thinking about this question of "how far we  
13      want our utilities to go with respect to  
14      reliability enhancement?"

15             I have come to agree with the  
16      proposition that a separate reliability  
17      enhancement program and a separate tracker  
18      mechanism in rates is a reasonable bit of  
19      public policy. So, I'm not here urging the  
20      Commission to eliminate reliability enhancement  
21      programs.

22             So, just to sum up again, I think  
23      that the proposal the Company has made here is  
24      in the public interest. And we need, over the



1 next year, to, I think, think a little bit more  
2 about how we want to develop more insight into  
3 how much reliability we want to ask our  
4 customers to pay for.

5 That's all I have to say.

6 CHAIRMAN HONIGBERG: Thank you, Mr.  
7 Kreis. Ms. Amidon.

8 MS. AMIDON: Thank you. Staff does  
9 not have any objections to the filing. But I  
10 think you could understand from our questions,  
11 we are concerned about whether some of the  
12 categories of activities that are in REP should  
13 be more properly in operation and maintenance,  
14 and whether some of the capitalized  
15 expenditures have sufficient support for them  
16 to continue to be capitalized. And these are  
17 some issues which we will explore as we talk  
18 about developing a program for the next  
19 calendar year.

20 And I think the Company is well  
21 aware, just because, you know, REP Phase 1,  
22 Phase 2, Phase 3 have gone forward as they  
23 have. It doesn't mean the next iteration of  
24 the REP Program is going to include everything

1       that previously was included in the REP, at  
2       least from Staff's perspective.

3               But we do have some additional work  
4       to do, as you understand, trying to get our  
5       hands on what REP is really improving, as  
6       opposed to weather or, you know, previous work  
7       or just general operation and maintenance.

8               Having said that, we do support the  
9       audit of this. We understand that the Director  
10      of the Electric Division has already talked to  
11      the Audit Staff here about an audit. So, that  
12      will go forward.

13              And I would just remind the  
14      Commission that, while this rate may be  
15      decreasing, there are three additional rates,  
16      which will be all effective July 1, and those  
17      hearings are next week. So, just wanted to  
18      keep that in mind.

19              Thank you.

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

22              MR. FOSSUM: Thank you. I'll begin  
23      with noting that I don't think that the -- I  
24      think the Company's filing, the June 2nd one

1       that is, and the fact that we were willing to  
2       make it so quickly, I think is an indication of  
3       a couple of things: Both how seriously we take  
4       this program and our willingness to work with  
5       the Staff and the OCA.

6               We very much support this program.  
7       We see it as very important for our customers.  
8       And we'd like to continue to provide it for  
9       many of the same -- the reasons that you've  
10      heard this afternoon, including ones  
11      articulated by the Chair.

12             So, we would ask, therefore, that the  
13      Commissioners approve, for the remainder of  
14      2017, the filing as it's been proposed in  
15      Exhibit 2. And, to go along with that, we  
16      would ask that the rate change that is  
17      specified in there be approved as well.

18             We have committed, as you've heard  
19      repeatedly, to work with the Staff and the OCA  
20      to continue this program. And it's quite clear  
21      that there are some specific concerns, of a  
22      variety of parties, some that are perhaps at  
23      tension with each other, about how far down a  
24      path we ought to head. There are questions

1       about, you know, whether we should be gathering  
2       and analyzing more data to promote or preserve  
3       these programs, and, at the same time,  
4       questions about how far these programs could  
5       go. And all of those tensions are going to  
6       have to be addressed. And, ultimately, there  
7       will have to be decisions made about what is in  
8       the best interests of the customers in New  
9       Hampshire, and we're prepared to do that. And  
10      we're prepared to work with the Parties in the  
11      room today to come up with a program that we  
12      can all support, and that is intended to and  
13      will benefit the Company's customers in New  
14      Hampshire.

15               And, so, with that, I would ask that  
16      the June 2nd filing, the plan that is in there,  
17      and the rates that are specified, that they be  
18      approved, and that the rates be permitted to go  
19      into effect on July 1st of this year.

20               CHAIRMAN HONIGBERG: Thank you, Mr.  
21      Fossum. I guess, in response to what you said,  
22      speaking just for myself, I agree with  
23      virtually everything you said. But I think  
24      there's a pretty important element of that that

1 goes across all of the questions or all of the  
2 issues that you identified and Mr. Kreis  
3 identified and that Staff is talking about, and  
4 that's efficacy. It's that, how well does this  
5 work? And how do we know how well it works?

6 Because, if you don't have a way to  
7 get your arms around that, then you're just  
8 guessing. And you're relying on very blunt  
9 instruments, that are so dependent on weather  
10 and external factors, to get a sense of how  
11 it's going.

12 I mean, I think there's a recognition  
13 that there's probably more data out there that  
14 can be collected. Maybe, ultimately, you can't  
15 get there. But, unless you know how well it's  
16 working, getting up to the second quartile is  
17 less significant, because you don't really know  
18 what -- you know, you're just guessing, really,  
19 at what that means. It's not a significant  
20 metric for anybody.

21 And, then, you get to the question of  
22 "well, how much would it cost to get there?"  
23 You know, "is that worth it?"

24 But I think that efficacy question

1 has to worked through with some rigor. And,  
2 again, that may just be me. We'll debate this  
3 internally, work with Staff, and we'll issue an  
4 order as quickly as we can.

5 Thank you all.

6 ***(Whereupon the hearing was***  
7 ***adjourned at 3:14 p.m.)***