

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 19-057
REQUEST FOR PERMANENT RATES

REBUTTAL TESTIMONY OF
ROBERT D. ALLEN and WILLIAM A. VAN DAM

Vegetation Management

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

March 3, 2020

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1 **I. INTRODUCTION**

2 **Q. Mr. Van Dam, please state your full name, position, and business address.**

3 A. My name is William A. Van Dam. I am Director, Vegetation Management for Eversource
4 Energy Service Company. My business address is 157 Cordaville Road, Southborough,
5 MA 01772.

6 **Q. In your current role, what are your principal job responsibilities?**

7 A. As Director, Vegetation Management, I am responsible for the coordination and
8 implementation of the vegetation management plan across all Eversource Energy electric
9 operating companies, including the Public Service Company of New Hampshire d/b/a
10 Eversource Energy (“PSNH” or the “Company”), as well as NSTAR Electric Company
11 (“NSTAR Electric”) and Connecticut Light & Power Company (“CL&P”). I oversee a

1 staff of approximately 75 arborists and support staff in developing annual plans and
2 managing the execution of the line clearance programs. I am responsible for preparing the
3 annual budget and coordinating outreach on the program goals to key stakeholders. I am
4 also responsible for the overall management of vegetation crews during events triggering
5 activation of the Eversource Emergency Response Plan. In this proceeding, I, along with
6 Mr. Allen, am testifying on behalf of the Company to support its proposals relating to the
7 vegetation management activities undertaken for system reliability and resiliency
8 objectives on the PSNH distribution system and to rebut specific Staff and Intervenor
9 arguments concerning those proposals.

10 **Q. Please describe your education and professional background.**

11 A. I received a Bachelor of Science degree in Mechanical Engineering from the University of
12 Lowell (now University of Massachusetts Lowell) and received a Master of Business
13 Administration from the University of New Haven. I was hired by NSTAR as an Account
14 Executive in 1998 and was responsible for all interactions with competitive suppliers in
15 the deregulated electricity market. I have held a variety of positions at Eversource Energy,
16 including being responsible for the oversight of NSTAR's Vegetation Management
17 Program. I was promoted to the position of Director of Vegetation Management in
18 February 2019.

19 **Q. Have you previously testified before any regulatory bodies?**

20 A. Yes, I have sponsored testimony before the Massachusetts Department of Public Utilities
21 ("MDPU") in several dockets, including the MDPU's investigation into the October 11,

1 2011 snowstorm and Tropical Storm Irene in D.P.U. 11-85-B/11-119-B. I also testified in
2 D.P.U. 18-102 and D.P.U. 19-114, which were NSTAR's 2018 and 2019 Resiliency Tree
3 Work program filings. I have not testified before the New Hampshire Public Utilities
4 Commission previous to this case.

5 **Q. Mr. Allen, please state your full name, position and business address.**

6 A. My name is Robert D. Allen. I am employed by Eversource Energy Service Company as
7 Manager of Vegetation Management. My business address is 780 N. Commercial Street
8 Manchester, NH 03101.

9 **Q. On whose behalf are you testifying?**

10 A. I am testifying on behalf of PSNH. From 2009 to 2013, I held the position of Supervisor
11 of Vegetation Management for the Company. From 1992 to 2009, I was an Arborist for
12 CL&P. Overall, I have approximately 40 years of experience in Arboriculture.

13 **Q. Mr. Allen, have you previously submitted testimony in this proceeding?**

14 A. Yes. I submitted direct, pre-filed testimony as part of the Company's May 28, 2019 initial
15 filing for an increase in distribution rates. My testimony presented the Company's
16 proposals relating to the vegetation-management activities undertaken for system
17 reliability and resiliency objectives on the PSNH distribution system. My educational
18 background, professional background, and qualifications are contained in that prior
19 testimony.

1 **Q. Mr. Allen and Mr. Van Dam, what is the purpose of your joint rebuttal testimony?**

2 A. Our rebuttal testimony responds to the testimony submitted by Commission Staff and the
3 Office of the Consumer Advocate (“OCA”) in this rate proceeding. We respond to the
4 Staff and OCA claims regarding: (1) the continuation of the Enhanced Tree Trimming
5 (“ETT”) component of the Company’s vegetation management program (“VMP”); (2) the
6 inclusion in operations and maintenance (“O&M”) expense, to be recovered through rates
7 and the Company’s proposed Distribution Rate Adjustment Mechanism (“DRAM”), a total
8 of \$1.2 million in “unpaid contributions” from Consolidated Communications, which is a
9 joint pole owner telecommunications company (“ILEC”); (3) the proposed Enhanced Tree
10 Removal (“ETR”) budget; and (4) the inclusion of VMP costs in the DRAM.

11 **Q. Does the Company agree with the claims asserted by Staff and the OCA to**
12 **significantly restrict vegetation management activities and the collection of funds to**
13 **undertake those activities?**

14 A. No, we do not. The Company has a strong institutional commitment to the provision of
15 service reliability to customers, which encompasses the objective of, to the extent possible,
16 avoiding or mitigating outages and restoring power after large-scale weather events in a
17 safe and reasonably prompt manner when those outages do occur. As the evidence in this
18 proceeding demonstrates, investment in vegetation management activities is not only
19 beneficial but, in fact, is vital to **maintain** the reliability of the electric distribution system
20 and augment system resiliency during major weather events. The Company has developed
21 an aggressive and progressive VMP designed to maintain reliability and improve
22 resiliency. The arbitrary restriction of proven VMP activities, particularly ETT, will result

1 in the degradation of service reliability to the detriment of the Company's customers. Such
2 a result is antithetical to the public-service obligation the Company must meet to serve
3 customers responsibly.

4 **Q. Are you sponsoring any attachments through your rebuttal testimony?**

5 A. Yes. The table below lists the attachments we are sponsoring through our rebuttal
6 testimony:

Attachment	Description
Attachment VMP-Rebuttal-1	New Hampshire December 2008 Ice Storm Assessment Report
Attachment VMP-Rebuttal-2	After Action Review December 2008 Ice Storm Final Report
Attachment VMP-Rebuttal-3	2017-2018 Circuit Performance ETT Analysis
Attachment VMP-Rebuttal-4	Municipal Letters of Support

7
8 **II. ETT IS A CRITICAL ASPECT OF VMP**

9 **Q. Please describe Staff's concerns about ETT and its recommendation as to the**
10 **discontinuation of ETT as a component of the VMP.**

11 A. We have reviewed the direct testimony and exhibits of Staff witness Kurt F. Demmer
12 regarding his recommendations on ETT. Mr. Demmer asserts that "[t]here is little to no
13 evidence of overall SAIFI [System Average Interruption Frequency Index] or SAIDI
14 [System Average Interruption Duration Index] performance as the ETT activity
15 progresses" (Demmer Test. at 22). Mr. Demmer cites to the cost per mile of ETT and the
16 absence of ILEC contributions in line with ETT claimed benefits as reasons that program

1 expenditures should be cut (id. at 22-23, 27). Based on these concerns, Staff recommends
2 the discontinuance of ETT as a component of the VMP (id. at 27).

3 **Q. Do you agree with Staff's recommendation?**

4 A. No, we do not. As explained below, ETT is a critical, indispensable component of the
5 VMP, which *is* producing reliability benefits for customers and is an absolute necessity if
6 reliability is to be maintained over the longer term. Independent analysis, which formed
7 the basis of the Company's determination to implement ETT, supports this conclusion.

8 **Q. Please describe the independent analysis you reference in support of the need to**
9 **continue ETT on the PSNH distribution system?**

10 A. In December 2008, a severe ice storm inflicted great damage on the electric distribution
11 system in New Hampshire, resulting in over \$150 million of reported damage to personal
12 property. Nearly half of the damage reported in New Hampshire occurred on PSNH's
13 distribution system. Following the storm, the Commission engaged NEI Electric Power
14 Engineering ("NEI") to review the efforts of the New Hampshire electric utilities, including
15 PSNH, and the two largest incumbent telecommunications utilities in New Hampshire prior
16 to, during and after the storm. Following its assessment, NEI issued the "New Hampshire
17 December 2008 Ice Storm Assessment Report" ("Storm Report") on October 28, 2009.
18 The Storm Report is being provided as Attachment VMP-Rebuttal-1.

1 **Q. Please summarize the Storm Report's findings in relation to the impact of vegetation**
2 **damage during the storm.**

3 A. The December 2008 ice storm resulted in over \$150 million of reported damages to
4 property in New Hampshire, with close to 60 percent of the damage experienced by the
5 electric and telecommunications utilities (Exh. PSNH-VMP Rebuttal-1, at i). NEI
6 determined that nearly half of the damage reported in New Hampshire as a result of the
7 storm event occurred on PSNH's system (id.). The electric restoration efforts lasted
8 approximately two weeks, beginning with the initial loss of power on December 11, 2008
9 and ending on December 24, 2008 (id.). The storm impacted 75 percent of PSNH
10 customers.

11 NEI noted that, while the December ice storm created the greatest amount of property
12 damage and longest duration of power and telecommunication outages in the recent history
13 of New Hampshire, the U.S. Army Corps of Engineers Cold Regions Research Engineering
14 Laboratory predicted that a storm of the same or similar magnitude should occur on average
15 once every ten years (id.). As a result of its assessment, NEI determined that the most
16 significant cause of storm damage to the electric system was ice laden limbs and trees
17 falling onto power lines (id. at ii, V-4). Under the then-current overhead trimming
18 practices, NEI noted that even *minor* ice loads would have an impact on the power lines in
19 New Hampshire and that this represented a *known risk* to the distribution system (id. at V-
20 18). The question posed by NEI was whether reduction of this risk was of increased
21 importance given the amount of damage and cost to the state as a result of the ice storm

1 (id.). Based on its expert assessment, NEI determined that such increased focus on
2 reduction of the risk to the distribution system posed by vegetation was critical.
3 Specifically, to minimize impact of future storms, NEI concluded that a more aggressive
4 tree trimming and vegetation removal program needed to be implemented by the utilities
5 with the support of local and state government (id. at ii, V-5).

6 One area that NEI focused on in its assessment was ground to sky trimming, or ETT. At
7 the time of its assessment, PSNH did not conduct ETT on its distribution system (id. at V-
8 27). NEI noted that achieving the ground to sky clearance associated with ETT would
9 require additional trimming time and the use of cranes to make trimming at a higher level
10 possible (id.). NEI also noted that, while PSNH would incur additional costs associated
11 with ETT, after one trimming cycle the costs would be reduced since all of the branches
12 would be fully accessible using conventional boom trucks instead of cranes (id.). NEI
13 cautioned that a utility undertaking ETT would need to ensure that its subsequent trimming
14 cycles were adequate to prevent any branches from extending over the distribution line in
15 the future or else the utility would need to repeat the higher cost ETT practices (id.).
16 Despite the increased initial cost associated with ETT, NEI recommended that each electric
17 utility in New Hampshire include ETT in their vegetation management programs where
18 possible (id. at V-32).

1 **Q. Were there any other reports following the 2008 ice storm that supported increased**
2 **vegetation management activities, including ETT?**

3 A. Yes. Following the 2008 ice storm, the Commission conducted an after-action review of
4 the utilities' emergency preparedness and response to the storm. Based on this after-action
5 assessment, the Commission issued its After Action Review December 2008 Ice Storm
6 Final Report ("Final Report") on December 3, 2009. The Final Report is provided herewith
7 as Attachment VMP-Rebuttal-2. The Commission found, based on the after-action review,
8 as well as its experience working with the utilities and state and local officials during the
9 ice storm, that vegetation management, as well as other elements, is critical to effective
10 emergency preparedness (Att. VMP Rebuttal-2 at 5).

11 The Commission found that the heavy vegetation found in New Hampshire logically points
12 to the need for robust vegetation management and should be taken into account in
13 emergency planning (*id.* at 11). As a result of its assessment, the Commission determined
14 that much of the damage resulting from the ice storm was due to trees or limbs from outside
15 the trim zone (*id.* at 10). The Commission stated that "[u]nless we substantially increase
16 the area around utility lines, a high level of damage will always be likely in an ice storm of
17 this magnitude" (*id.*). Based on its findings, the Commission found that, although
18 considerably more expensive, ground to sky trimming or ETT should be considered (*id.* at
19 15, 63).

1 **Q. Did the Company respond to these findings in structuring its vegetation management**
2 **programs?**

3 A. Yes. Based on the findings reached in these two important reports, the Company sought
4 the Commission's authorization to include ETT in the Company's Reliability Enhancement
5 Program ("REP"). The Commission approved the inclusion of ETT in the REP 3, REP 4,
6 2018 REP and the 2019 REP Extension.

7 **Q. What impact has ETT work had on system reliability as predicted by the findings in**
8 **the Storm Report and the Final Report?**

9 A. Currently, the Company has completed ETT on 60 percent of its distribution system. Staff
10 recommends discontinuing ETT based on the unsubstantiated conclusion that the most
11 recent years' SAIDI and SAIFI have not improved significantly enough under ETT (see
12 Demmer Test. at 22-23). However, a review of the Company's SAIDI/SAIFI performance
13 over the last 11 years, including 2019 performance, demonstrates a continued, marked
14 improvement in system reliability, particularly in 2019, that cannot simply be attributed to
15 factors *other than* the ETT program and other efforts made by the Company to reinforce
16 the system.

17 Specifically, SAIDI for 2019 was 40.50 minutes compared to the 2018 SAIDI of 70.25
18 minutes, while the average SAIDI over the last 11 years (including 2019) is 72.32 minutes.
19 The 2019 SAIDI (40.50 minutes) is 44 percent better than the average SAIDI of 72.32
20 minutes for the past 11 years. SAIFI shows a similar improvement. SAIFI for 2019 was
21 0.315 compared to the 2018 SAIFI of 0.5197. Including those 2019 SAIFI results, the

1 average SAIFI over the last 11 years is 0.576. The 2019 SAIFI (0.315) is 45 percent better
2 than the average SAIFI for the past 11 years (0.576).

3 The distribution system's performance to date in 2020 is also demonstrating improvement
4 as a result, in part, of ETT and ETR. The impact of ETT and ETR is evidenced in the
5 performance of specific circuits benefitting from the program. Specifically, the Company's
6 Circuit 316x1 provides an excellent example of the reliability benefits associated with ETT
7 and ETR. The Company's Circuit 316x1 spans a total of 154 miles and serves 3,296
8 customers. In 2018, Circuit 316x1 was the *worst performing circuit* on the Eversource
9 Energy electric distribution system among all three states, New Hampshire, Connecticut
10 and Massachusetts. In 2017-2018, the Company completed 13.44 miles of ETT along
11 Circuit 316x1 and removed 1,466 hazard trees along the circuit in 2019. The Company
12 also completed ETT along the entire three-phase backbone. Circuit 316x1, previously the
13 worst performing circuit out of all of the Eversource Energy operating companies'
14 distribution systems, experienced **zero** tree-related disturbances or outages during the
15 recent February 7-8, 2020 major snow/ice/wind event. As a means of further comparison,
16 Circuit 316x1 experienced 26 tree-related events and 4,387 customer interruptions in
17 January 2019. In January 2020, Circuit 316x1 experienced 7 tree-related events and 565
18 customer interruptions. There is no doubt about it -- these results were produced by the
19 ETT and ETR work conducted in 2017-2019.

1 Another example is Circuit 377x7, which spans 16.87 miles and serves 499 customers. The
2 Company performed 11.72 miles of ETT in 2018 on Circuit 377x7. In 2018, Circuit 377x7
3 experienced 11 tree-related events and 362 customer interruptions, while in 2019 it
4 experienced 5 tree-related events and 87 customer interruptions. Circuit 377x7
5 experienced **zero** tree-related disturbances or outages during the recent February 7-8, 2020
6 major snow/ice/wind event.

7 Although vegetation management is but one component leveraged to maintain reliability;
8 improve resiliency and achieve emergency preparedness (see Exhs. PSNH-VMP Rebuttal-
9 1, at ii, V-5, V-23; PSNH-VMP Rebuttal-2, at 5, 10), the trend of SAIDI/SAIFI
10 improvement since the Company commenced ETT on its system demonstrates that the
11 continuation of ETT is both critical and warranted. Staff's summary conclusion that
12 "[t]here is little to no evidence of overall SAIFI or SAIDI performance as the ETT activity
13 progressed" (Demmer Test. at 22) is soundly contradicted by actual results on the system.

14 **Q. Is there any analysis that the Company has developed to demonstrate the benefits of**
15 **ETT?**

16 **A.** Yes. In 2017 and 2018, there were 16 circuits in each year where the entire three-phase
17 backbone was trimmed to ETT specifications. The Company has compared tree-related
18 SAIFI data from the year *prior to* the ETT trim and the year *after* the ETT trim. The results
19 are shown in Attachment VMP-Rebuttal-3. The results show very clearly that ETT on the
20 three-phase circuit backbones has a dramatic impact on the number of outages experienced
21 by customers. The Company analyzed specific circuit data from 2016 until the present.

1 **Q. Please explain what you mean by “backbone.”**

2 A. The Company identified 1,600 miles of backbone circuits at the commencement of ETT,
3 and to date has completed approximately 1,100 miles. The Company defines “backbone”
4 as all three-phase circuits from the source of power (usually a substation) to the first
5 protective device.

6 **Q. Please describe Attachment VMP-Rebuttal-3 in more detail.**

7 A. Page one of this analysis provided in Attachment VMP-Rebuttal-3 shows the circuits that
8 were trimmed to ETT specifications in 2017. For those circuits, the Company analyzed
9 tree-caused outages on the three-phase backbones and laterals in 2016 (the year prior to the
10 ETT) and then for 2018 (the year after the ETT). This analysis shows that tree-caused
11 outages on the backbones were reduced **by over 53 percent** and on the laterals by 6
12 percent. The second page of the analysis shows the circuits that were trimmed to ETT
13 specifications in 2018. For these circuits, the team looked at the tree-caused outages in
14 2017 (the year prior to the ETT) and then in 2019 (the year after the ETT), and the result
15 was even more dramatic. The analysis shows a reduction of tree-caused customer outages
16 on the three-phase backbone of 82 percent and on the laterals of 9 percent. Overall, PSNH
17 is observing a consistent improvement in tree-related SAIFI since it commenced ETT. The
18 Company had its best ever tree-related SAIFI numbers in 2019.

19 ETT only has to be performed once. Once it is performed, the Company maintains the
20 expanded clearance through its routine trimming cycle. The Company has completed 60
21 percent of the system, and has only 40 percent left to complete, which it expects to complete

1 in the next five years. Once completed, the cost of ETT is significantly reduced. As a
2 result, it makes no sense to give up the program now. It is simply not clear why this result
3 would make sense for customers at this stage of the game, particularly in light of the
4 Commission's findings in relation to the significant storms that have occurred previously.

5 **Q. Is the continuation of ETT necessary to maintain reliability or improve reliability?**

6 A. Both. As noted above, the Company has completed ETT on 60 percent of its system. ETT
7 will be undertaken on the remaining 40 percent of the system over the next five years at a
8 cost of approximately \$5 million per year, for a one-time investment of \$25 million. The
9 theory behind ETT is that a utility will see a positive trend in improvement in both SAIDI
10 and SAIFI as more ETT is completed. However, because there are numerous factors that
11 affect SAIDI and SAIFI over time, ETT is also an imperative to *maintain* reliability in
12 relation to those indices. Moreover, ETT is an imperative if system resiliency is an
13 objective. As shown above, the Company has already experienced this positive trend and
14 anticipates that it will hold constant over the remainder of the ETT.

15 **Q. What would be the impact of accepting Staff's recommendation and discontinuing**
16 **ETT?**

17 A. Ceasing ETT prior to completing the full cycle will assure that certain parts of the system
18 will experience a lesser level of reliability and resiliency than other parts of the system,
19 which makes no sense. Customers who are served by circuits that have not been subject to
20 ETT will not experience the level of reliability and resiliency that other PSNH customers
21 have enjoyed under ETT to date. As shown in the Storm Report, tree-related outages take

1 longer to restore than outages occurring for other reasons and, if tree-related outages were
2 reduced by half, the average time a customer could be without power every year would be
3 substantially reduced (Att. VMP-Rebuttal-1, at V-20-21). Ceasing ETT at this point will
4 deprive certain customers of the same level of reliability and resiliency as other customers,
5 despite the fact that those customers will have contributed to the ETT costs through the
6 various REPs. This is an inequitable, unreasonable and unwarranted result.

7 As we have discussed above, ETT has, thus far, produced a positive trend in reliability and
8 the Company anticipates that this trend will continue as it conducts ETT on the remaining
9 40 percent of the system; however, only those customers on completed circuits have
10 actually experienced the benefit. As discussed elsewhere in this testimony, ETT is a one-
11 time undertaking and, following ETT, the enhanced trimming is simply included in
12 maintenance trimming (referred to as "METT," maintenance on ETT circuits) conducted
13 on a cycle of less than 60 months. Staff's recommendation to discontinue ETT at this point
14 will assure that the Company's customers, all of whom have contributed to the costs of
15 ETT, will experience varied levels of reliability. This is contrary to the Company's
16 obligation to provide all of its customers with safe and reliable service.

17 **Q. Did Staff indicate that it was concerned with the cost of ETT and is it this concern**
18 **that is serving as the basis for discontinuing ETT?**

19 A. Yes. Staff referenced the expense per mile of ETT, which is approximately eight times the
20 cost per mile of scheduled maintenance trimming ("SMT"), and noted that it creates a very
21 high cost per SAIFI improvement or \$ per Δ CI (Demmer Test. at 22).

1 **Q. Do you agree with Staff's conclusion that the SAIFI improvement is not significant**
2 **enough to justify the cost of ETT?**

3 A. No. As discussed above, Staff failed to analyze the Company's 2019 SAIDI/SAIFI
4 performance when attempting to quantify the reliability improvement associated with ETT
5 and summarily concluded that the reliability improvement was "non-discernable"
6 (Demmer Test. at 23). However, in 2019, SAIDI was 40.50 minutes compared to the 2018
7 SAIDI of 70.25 minutes, while the average SAIDI over the last 11 years (including 2019)
8 is 72.32 minutes. The 2019 SAIDI (40.50 minutes) is 44 percent better than the average
9 SAIDI of 72.32 minutes for the past 11 years. SAIFI for 2019 was 0.315 compared to the
10 2018 SAIFI of 0.5197. Including those 2019 SAIFI results, the average SAIFI over the
11 last 11 years is 0.576. The 2019 SAIFI (0.315) is 45 percent better than the average SAIFI
12 for the past 11 years (0.576). Although it is true that there are numerous sources of
13 influence on SAIDI/SAIFI performance, the improvement in SAIDI/SAIFI is marked,
14 providing solid support for completing ETT on the remaining 40 percent of the distribution
15 system.

16 Again, ETT is a one-time cost and the Company is 60 percent completed, leaving only five
17 years of work undone. Once ETT is completed, the maintenance costs associated with
18 future trimming are included in maintenance trimming, which is approximately \$5,919 per
19 mile (Attachment Staff 10-033 SP01; see also Att. VMP-Rebuttal-1, at V-27; Att. VMP-
20 Rebuttal-2, at 15). The Company strives for a four-year SMT cycle and the work is

1 competitively bid for a four-year cycle to ensure that it is performed in a cost-effective
2 manner (Allen Test. at 8).

3 **Q. Do municipalities throughout the Company's service territory support the**
4 **Company's ETT and hazard tree removal programs?**

5 A. Yes, our communities strongly support these programs. The Company has received
6 numerous letters in support of its ETT work and hazard tree removals, all of which
7 reference the reduction in the number and duration of outages, particularly during storms.
8 In some cases, the Company's ETT and ETR work has reduced demand for local
9 emergency services. Copies of these letters are provided as Attachment VMP-Rebuttal-4.

10 **III. ILEC COST SHARING**

11 **Q. Does Staff also recommend that ETT be suspended based on the provisions of the**
12 **Intercompany Operating Procedure ("IOP") the Company currently has in place**
13 **with the ILECs?**

14 A. Yes. According to Staff, because the IOP does not require the ILEC to reimburse the
15 Company for ETT, this presents another reason to discontinue ETT (Demmer Test. at 23).
16 Staff posited that ETT should be discontinued due to the absence of ILEC contributions
17 that should be in line with ETT claimed benefits (id. at 27). However, the Company's
18 focus is on the service provided to electric customers and the benefits of ETT and ETR are
19 undertaken and are fully warranted for PSNH electric customers.

20 **Q. Is the ILECs' unwillingness to pay an unreasonable basis to suspend ETT?**

21 A. Yes. As noted by the Company, the IOP does not require the ILEC to contribute to the
22 costs of ETT (Exh. STAFF-12-40), which recognizes that the telephone infrastructure does

1 not benefit from ETT in the same manner as the electric distribution system. The basis for
2 Staff's conclusion that the Company should attempt to collect money from a third-party
3 despite there being no legal obligation for the third-party to pay those costs is unclear. The
4 Company does not conduct vegetation management for the benefit of third parties. All of
5 the Company's planning, work and results inure to the benefit of electric customers and
6 warrant cost recovery from customers. In that regard, it is clear that the Company's
7 customers, to whom the Company must provide safe and reliable service, benefitted from
8 the ETT conducted on the areas of distribution with shared poles. As demonstrated above,
9 SAIDI and SAIFI have demonstrated a positive trend since the inception of ETT and tree-
10 related outages are vastly reduced with ETT. The Company anticipates that these trends
11 will continue as it undertakes ETT on the remaining 40 percent of the system, which bears
12 out the conclusions of both the Storm Report and the Final Report regarding the need for
13 the implementation of ETT. Accordingly, the Company needs to continue ETT and to
14 recover the costs associated with ETT because these actions are consistent with the
15 obligation to customers.

16 **Q. Do Staff and OCC make additional recommendations regarding ILEC cost-sharing?**

17 A. Yes. Staff and OCA recommend that \$1.2 million associated with hazard tree removals,
18 which the Company has been unable to collect from Consolidated Communications, should
19 not be recovered from customers (Mullinax Test. at 28-29; Defever Test. at 36-38). Staff
20 argues that passing the \$1,213,743 owed by Consolidated to the Company on to customers
21 provides no incentive for the Company to resolve the issue with Consolidated (Mullinax

1 Test. at 26). This is incorrect. The Company made additional expenditures on hazard tree
2 removals that were for the benefit of the electric distribution system and did not provide
3 incremental benefit to the joint pole owner. For this reason, the Company has worked to
4 collect these funds from Consolidated; but the Company fully recognizes that the
5 likelihood of recovery under these circumstances is remote given that there is no obligation
6 to pay and the primary beneficiaries are electric distribution customers.

7 **IV. ENHANCED TREE REMOVAL**

8 **Q. Please summarize Staff's position regarding the budget for Enhanced Tree Removal**
9 **as part of the budget?**

10 A. The Company has proposed a \$10 million budget for ETR. Staff recommends, without
11 providing any analysis, that the ETR budget should be set at \$2.5 million per year, which
12 is a 75 percent reduction (Demmer Test. at 27).

13 **Q. What would be the implications of a 75 percent reduction in the ETR budget?**

14 A. Such a drastic reduction will negatively impact the Company's ETR program, to the direct
15 detriment of customers. As an initial matter, the Company will be able to remove far fewer
16 trees that are threatening the distribution system. Postponing the removal of hazard trees,
17 including those that were impacted by the drought in 2017 or other weather-related causes,
18 and those threatened by invasive insect species or weakened by disease, will allow those
19 trees to continue to deteriorate, thereby increasing the likelihood that they will fail and
20 impact the distribution system, resulting in customer interruptions.

1 More specifically, the Company will still need to identify hazard trees on its system prior
2 to and while performing maintenance trimming, despite the 75 percent budget reduction.
3 However, once the trees are identified, the reduction in funding will require PSNH to
4 prioritize the removals and allow it to address, perhaps, one out of five hazard trees. In
5 addition, the Company currently budgets approximately \$500,000 per year for vendor
6 arborists to identify hazard trees. This would have to be reduced to approximately
7 \$200,000 per year, which means that if the overall budget is reduced as proposed by Staff,
8 the amount available for actual removals would be only approximately \$2.3 million.

9 **Q. What does this mean in terms of the number of hazard trees you will be able to**
10 **remove?**

11 A. PSNH will be performing approximately about 2,400 miles of SMT in 2020 and hopes to
12 complete another 100 miles of ETT in 2020. In 2019, the Company removed 23,982 hazard
13 trees in this process, which equates to almost 10 hazard trees per mile trimmed. This means
14 that if the Company is limited to only \$2.3 million for actual removals (i.e., 23% of the
15 2019 hazard tree budget), it will be able to remove only 6,000 hazard trees (i.e., 25% of the
16 24,000 in 2019). As a result, Staff's recommendation will equate to removal of less than
17 2 hazard trees per mile trimmed. With that limited number of removals, the initiative
18 around circuits with more than 900 customers (LZ-900 Program) would not be sustainable.

1 **V. VEGETATION MANAGEMENT COST RECOVERY**

2 **Q. Please describe Staff's recommendation regarding the inclusion of VMP costs in the**
3 **DRAM.**

4 A. As we understand it, Staff does not support the creation of the DRAM, nor does it
5 recommend that VMP costs should be included in the DRAM (Chagnon Test. at 13-14).
6 Staff concludes that the Company should have the discipline and expertise to derive a
7 reasonable calculation of the costs of necessary vegetation management activities (id. at
8 13).

9 **Q. Do you agree with Staff's conclusions and recommendation?**

10 A. Company Witnesses Douglas P. Horton and Troy M. Dixon will address the DRAM issues.
11 We focus solely on the Staff's recommendations as related to vegetation management.
12 Staff's conclusions do not take into account various factors that are completely outside the
13 Company's control, but which affect the amount of critical vegetation management
14 activities that can and must be conducted in a given year. As noted in Mr. Allen's initial
15 testimony, the relative health of trees and vegetation significantly impact the amount of
16 trees and vegetation to be trimmed/removed in order to mitigate risks to the distribution
17 system (Allen Test. at 19-20). Tree crew availability also plays a role, as do private
18 property permission granted or denied regarding tree removal (id. at 20). Given the
19 potentially significant variability, restricting the recovery of vegetation management costs
20 solely to base rates will do one of two things: (1) ensure that there are insufficient funds
21 available for performing the critical vegetation management discussed and recommended

1 in the Commission’s Storm Report and Final Report; or (2) leave no means to return funds
2 to customers when necessary.

3 Additionally, Staff suggests that a distribution rate case provides the best opportunity to
4 “[p]rovide more discipline to vegetation management...” (Chagnon Test. at 14). However,
5 Staff does not identify any instances of imprudent vegetation management practices.
6 Furthermore, the Company has demonstrated that ETT, contrary to Staff’s conclusions, is
7 providing a reliability benefit to customers. Lastly, the reconciliation of VMP costs
8 through the DRAM in no way prevents or excuses the Company’s from the obligation to
9 undergo rigorous VMP planning and budgeting. As noted by the Company, the
10 reconciliation of VMP costs through the DRAM will enable the Commission to undertake
11 an annual opportunity to review the Company’s planned versus actual VMP activities and
12 costs, as well as the factors that impacted the level of VMP activities the Company was
13 able to undertake in a given year (Allen Test. at 21-22). It is unclear how this annual review
14 will provide less oversight and input than the semi-regular reviews that would take place as
15 part of a base distribution rate case, which can occur several years apart, if not more.

16 **VI. CONCLUSION**

17 **Q. Does this conclude your rebuttal testimony?**

18 A. Yes, it does. We have demonstrated that the Company’s proposed VMP activities and
19 budgets are critical to the continued safe and reliable operation of the distribution system,
20 as well as continuing the positive trend in reliability improvement.