

1 **STATE OF NEW HAMPSHIRE**2 **PUBLIC UTILITIES COMMISSION**

3 **June 13, 2024** - 9:04 a.m.
 4 21 South Fruit Street
 5 Suite 10
 6 Concord, NH

REDACTED
 (For **PUBLIC Use**)

7 RE: **DG 24-050**
 8 **PNGTS, TCP, NNEIC, BGIF IV, AND AIV-B:**
 9 Petition to Transfer Partnership
 10 Interests.

11 **PRESENT:** Chairman Daniel C. Goldner, *Presiding*
 12 Commissioner Pradip K. Chattopadhyay
 13 Commissioner Carleton B. Simpson

14 Sarah Fuller, Esq./*PUC Legal Advisor*

15 Doreen Borden, Clerk

16 **APPEARANCES:** **Reptg. BlackRock Global Infrastructure**
 17 **Fund IV, SCSp (BlackRock) and North**
 18 **Haven Infrastructure Partners III,**
 19 **Inc. (Morgan Stanley) [Buyers]:**
 20 Thomas B. Getz, Esq. (*McLane Middleton*)
 21 Barry Needleman, Esq. (*McLane Middleton*)
 22 Viggo Fish, Esq. (*McLane Middleton*)

23 **Reptg. TC Pipelines, LP (TCP) and**
 24 **Northern New England Investment**
 Company, Inc. (NNEIC) [Sellers]:
 David P. Littell, Esq. (*Bernstein Shur*)
 A. Eli Leino, Esq. (*Bernstein Shur*)

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

*** R E D A C T E D - For PUBLIC Use ***

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APPEARANCES: (C o n t i n u e d)

Reptg. Residential Ratepayers:
Donald M. Kreis, Esq., Consumer Advocate
Office of Consumer Advocate

Reptg. New Hampshire Dept. of Energy:
Mary E. Schwarzer, Esq.
Paul B. Dexter, Esq./Legal Director
(Regulatory Support Division)

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P R O C E E D I N G

CHAIRMAN GOLDNER: Okay. Good morning, everyone. I'm Chairman Goldner. I'm joined today by Commissioner Simpson and Commissioner Chattopadhyay.

We're here this morning for a hearing in Docket Number DG 24-050. The authority to convene a hearing in this matter is provided in RSA Chapter 541-A, 369:8, and 374:30. We are considering testimony and evidence concerning the proposed Petition to transfer partnership interests from the Sellers, TC Pipelines, LP, and Northern New England Investment Company, Incorporated, to the Buyers, BlackRock Global Infrastructure Fund IV, SCSp, and North Haven Infrastructure Partners III, concerning the change of ownership of Portland Natural Gas Transmission System, PNGTS.

The Petitioners filed this Petition on March 26, 2024, and requested approval of the Petition pursuant to RSA 369:8, II(b)(1), averring that the proposed transaction will not have an adverse effect on the rates, terms, service, or operation of PNGTS in New Hampshire,

1 or, alternatively, pursuant to RSA 374:30, I,
2 because the transaction will be for the public
3 good.

4 This hearing will review the Petition
5 and focus on any adverse effect of the
6 transaction and whether or not this transaction
7 is in the public good.

8 Let's take appearances. I'll recognize
9 first the Petitioner.

10 MR. GETZ: Good morning, Mr. Chairman,
11 Commissioners. I'm Tom Getz, from the law firm
12 of McLane Middleton, on behalf of the Buyers.
13 For ease of reference today, I'll be referring to
14 the Buyers as "BlackRock" and "Morgan Stanley".
15 Also today, for the Buyers, are Barry Needleman
16 and Viggo Fish.

17 The witnesses for the Buyers, starting
18 on the left, is Bill Yardley, Mark Saxe, and
19 Daniel Sailors.

20 CHAIRMAN GOLDNER: Thank you.

21 MR. GETZ: Thank you.

22 CHAIRMAN GOLDNER: Thank you. We'll
23 turn now to the Office of the Consumer Advocate.

24 MR. KREIS: Good morning, Mr. Chairman,

1 Commissioners. I'm Donald Kreis, the Consumer
2 Advocate. For ease of reference, I'll be
3 referring to myself today as "The Consumer
4 Advocate".

5 CHAIRMAN GOLDNER: Very good. And the
6 New Hampshire Department of Energy.

7 MS. SCHWARZER: Good morning. Mary
8 Schwarzer, for the Department of Energy. And
9 with me is Legal Director Paul Dexter.

10 Our witnesses are Dr. Deen Arif and
11 Dr. Bruce Blair.

12 CHAIRMAN GOLDNER: Very good. Before
13 we get started today, I do wish to disclose to
14 all parties that, although I have no direct
15 financial interest in the proceeding, I do have a
16 small amount of financial shares of BlackRock in
17 my portfolio.

18 Having said this, I feel entirely
19 confident of my impartiality, and intend to
20 preside over today's proceedings. But will check
21 now to see if there are any objections or
22 concerns from the parties to me continuing to
23 preside? Any concerns?

24 MR. LITTELL: Certainly no objection,

1 Chairman Goldner. When it's appropriate,
2 we'll --

3 *[Court reporter interruption.]*

4 MR. LITTELL: Certainly no objection.
5 Just wanted to enter an appearance, when you get
6 to it.

7 CHAIRMAN GOLDNER: Thank you.

8 *[Atty. Getz indicating in the*
9 *negative.]*

10 CHAIRMAN GOLDNER: Okay. Thank you.
11 So, please introduce yourself, sir?

12 MR. LITTELL: Good morning, Chairman
13 Goldner and Commissioners. David Littell, with
14 the firm of Bernstein Shur, with my colleagues
15 Corey Lim and Eli Leino. And we're here for the
16 Sellers, PNGTS and the Seller entities.

17 Thank you.

18 CHAIRMAN GOLDNER: Okay. Thank you.

19 Okay. Seeing no objections, we'll move
20 on to the next preliminary issue.

21 I'll note that the following
22 preliminary issues need to be addressed: First,
23 the Motion for Confidential Treatment, originally
24 filed with the Petition on 03-26-24, and

1 supplemented on April 5th, 2024, and June 12th,
2 2024.

3 Can the Petitioners confirm that the
4 following documents are included in their Motion
5 for Confidentiality, I'll list them off: (1)
6 Purchase and Sale Agreement, the PSA; (2) the
7 Pre-Filed Testimony of Daniel Sailors and Mark
8 Saxe; (3) the Buyers' Statements of Assets and
9 Liabilities; (4) the Transaction Service
10 Agreement, the TSA; and (5) material produced in
11 discovery to the DOE, and the DOE Technical
12 Statement that includes a confidential
13 attachment?

14 Have I missed any of the documents for
15 confidential treatment that's been requested?

16 MR. GETZ: That's a complete list, Mr.
17 Chairman.

18 CHAIRMAN GOLDNER: Thank you, Attorney
19 Getz.

20 MS. SCHWARZER: Mr. Chairman?

21 CHAIRMAN GOLDNER: Yes.

22 MS. SCHWARZER: I think the
23 Confidential Technical Statement, in addition to
24 the attachments, also includes confidential

1 information that's been redacted.

2 CHAIRMAN GOLDNER: Okay. Duly noted.

3 Thank you, Attorney Schwarzer.

4 Is there any objections to the
5 Petitioners' Motions for Confidential Treatment
6 from either the OCA or the New Hampshire
7 Department of Energy?

8 MS. SCHWARZER: No objection.

9 MR. KREIS: None from us either.

10 CHAIRMAN GOLDNER: Okay. Or the
11 Pipeline, any objection?

12 MR. LITTELL: No, absolutely.

13 CHAIRMAN GOLDNER: Okay.

14 MR. LITTELL: No. We're a movant on
15 the Motion.

16 CHAIRMAN GOLDNER: Okay. Just
17 checking. Thank you.

18 Okay. Do the Petitioners have any
19 additional argument that they wish to make at
20 this time concerning this Motion?

21 MR. GETZ: Thank you, Mr. Chairman. A
22 very brief opening statement.

23 CHAIRMAN GOLDNER: If you could,
24 Attorney Getz, I've got a few more preliminary

1 matters before we go to opening. I just wanted
2 to check to see if we had anything that I had
3 missed?

4 *[Atty. Getz indicating in the*
5 *negative.]*

6 CHAIRMAN GOLDNER: Okay. Thank you.

7 So, a follow-up question: Are these
8 the identical documents that we're talking about
9 here, 1 through 5, that were granted confidential
10 treatment in the SEC proceeding?

11 MR. FISH: Mr. Chairman, I can address
12 that.

13 The documents that were granted
14 confidential in the SEC proceeding are the
15 unredacted versions of the Testimonies of Daniel
16 Sailors and Mark Saxe.

17 CHAIRMAN GOLDNER: Okay.

18 MR. FISH: Those have been marked as
19 part of the Hearing Exhibit Petitioners 2 in this
20 case, as well as the Transition Services
21 Agreement, and the Statements of Assets and
22 Liabilities.

23 CHAIRMAN GOLDNER: Okay. Thank you.

24 Okay. The final order in this matter

1 will address all pending Motions for Confidential
2 Treatment of disclosed records. For purpose of
3 the hearing today, the records remain
4 confidential pursuant to Puc 203.08(c).

5 So, a couple of other preliminary
6 issues. Number one, Exhibit 9, this is labeled
7 as a "Placeholder" for the "fully executed
8 versions of the PSA and TSA at closing".

9 Have these documents been submitted?

10 MS. SCHWARZER: Mr. Chairman, if I
11 could speak to that?

12 CHAIRMAN GOLDNER: Sure.

13 MS. SCHWARZER: That was something that
14 the Department asked to be included in the
15 Exhibit List. We are aware of a parallel
16 proceeding in Maine. And we're unclear as to
17 whether that might result in any changes to the
18 TSA or the PSA.

19 And, so, we have spoken with the
20 Petitioners. And I believe, subject to their
21 input here, reached agreement that, if anything
22 is changed, they will let the DOE know. And, if
23 we agree that it's not material, we will not make
24 an additional filing.

1 But, in the event that we believe it's
2 a material change, we would make a subsequent
3 filing here. And, irrespective of any changes,
4 when, after closing, the Petitioners will provide
5 us, and we will file or they can file into this
6 docket, the final versions of those documents.

7 CHAIRMAN GOLDNER: Okay.

8 MS. SCHWARZER: That's our proposal.

9 CHAIRMAN GOLDNER: And that would be --
10 the proposal would be to do that after a final
11 order?

12 MS. SCHWARZER: Presumably, after final
13 order, so the closing can go forward. And, yet,
14 until it's closed, and until Maine resolves its
15 own concerns, we understand that there might be a
16 change, unlikely as that could be.

17 CHAIRMAN GOLDNER: So, would you
18 propose still inputting those as Exhibits 9, and
19 then 10 for the confidential version, is that --
20 you're proposing those would still be exhibits?

21 MS. SCHWARZER: I think it would be
22 best if they were still exhibits. If the
23 Commission has another preference, certainly
24 we're open to that.

1 CHAIRMAN GOLDNER: Do other parties
2 have any concerns with making an Exhibit 9, and
3 then an Exhibit 10 as the confidential version?

4 MR. GETZ: No objection, Mr. Chairman.
5 We're looking at that as the final documents,
6 when they're executed, that we'll provide them.
7 Whether it's as a marked exhibit or some other
8 mechanism, we have no objection.

9 CHAIRMAN GOLDNER: Okay. Just a
10 moment.

11 *[Chairman Goldner and Cmsr. Simpson*
12 *conferring, and then Chairman Goldner*
13 *conferring with Atty. Fuller.]*

14 CHAIRMAN GOLDNER: Okay. So, we'll
15 just ask that those documents, if filed, would be
16 filed into the docket, but not as an exhibit.

17 Okay. Moving on. Are there any -- is
18 there any objection to grant the Petitioners'
19 request of taking judicial notice of the Site
20 Evaluation Committee's companion Docket, SEC
21 24-001 [2024-01?], and the June 12th, 2024, Order
22 and Recommendation of the Subcommittee? First,
23 the OCA?

24 MR. KREIS: No objection from us.

1 CHAIRMAN GOLDNER: Thank you. And the
2 Department of Energy?

3 MS. SCHWARZER: I have -- we have no
4 objection. I didn't see that in the Exhibit
5 List, perhaps I overlooked it.

6 CHAIRMAN GOLDNER: It's just they're
7 requesting to take judicial notice. So, we
8 just -- we're looking to take judicial notice of
9 those filings.

10 MS. SCHWARZER: No objection.

11 *[Judicial notice taken.]*

12 CHAIRMAN GOLDNER: Okay. Thank you.

13 Third, is there any objection to grant
14 the New Hampshire Department of Energy request
15 for administrative notice of the following, and
16 I'll read these into the record, it's a little
17 bit lengthy: Northern Utilities, Incorporated,
18 Petition for Expedited Approval of Empress
19 Capacity Agreements, Docket Number DG 23-087,
20 Order Number 26,939, approving the Settlement
21 Agreement; number two, Northern Utilities,
22 Incorporated, Petition for Expedited Approval of
23 Empress Capacity Agreements in Docket DG 23-087,
24 Settlement Agreement redacted revised version,

1 including attachments; and, three, Northern
2 Utilities, Incorporated, Petition of Expedited
3 Approval of Empress Capacity Agreements, Docket
4 Number DG 23-087, Settlement Agreement
5 confidential revised version, including
6 attachments.

7 I'll start with the OCA, and then move
8 to the Petitioners.

9 MR. KREIS: The question is --

10 CHAIRMAN GOLDNER: Any objection to
11 granting the DOE request for administrative
12 notice of those documents?

13 MR. KREIS: No objection.

14 CHAIRMAN GOLDNER: Thank you.
15 Petitioners?

16 MR. GETZ: No objection, Mr. Chairman.

17 MR. LITTELL: No objection.

18 CHAIRMAN GOLDNER: Thank you.

19 *[Administrative notice taken.]*

20 CHAIRMAN GOLDNER: Okay. I think we
21 have everything that we need to move forward.
22 So, at this point, I'll move to --

23 MS. SCHWARZER: Mr. Chairman?

24 CHAIRMAN GOLDNER: Yes.

1 MS. SCHWARZER: Exhibit 8 came in
2 late --

3 CHAIRMAN GOLDNER: Uh-huh.

4 MS. SCHWARZER: -- to your attention.
5 And I just wanted to ask that it be included in
6 the exhibit. And we'll file an updated Exhibit
7 List post-hearing?

8 CHAIRMAN GOLDNER: Yes. I see no issue
9 with that, Attorney Schwarzer.

10 MS. SCHWARZER: Okay. And I have hard
11 copies, if it would be convenient to the
12 Commission to have?

13 CHAIRMAN GOLDNER: Yes. We did receive
14 it electronically this morning.

15 But, if the other parties desire a hard
16 copy, that would be fine to hand it out, if
17 anybody asks for it.

18 MS. SCHWARZER: Thank you very much.

19 CHAIRMAN GOLDNER: Okay.

20 Okay. Let's move then to the swearing
21 of the witnesses, and Mr. Patnaude.

22 *(Whereupon **MARK SAXE, DANIEL SAILORS,***
23 *and **WILLIAM YARDLEY** were duly sworn by*
24 *the Court Reporter.)*

1 CHAIRMAN GOLDNER: All right. And
2 we'll move to opening statements, beginning with
3 the Petitioner.

4 MR. GETZ: Thank you, Mr. Chairman.

5 As laid out in their Petition, the
6 Buyers seek approval of the upstream change of
7 ownership of the partnership interests in the
8 Portland Natural Gas Transmission System, from
9 the Sellers, TC Pipelines and Northern New
10 England Investment Company, to subsidiaries of
11 BlackRock and Morgan Stanley, pursuant to RSA
12 369:8, II(b)(1), or, alternatively, RSA
13 374:30, I.

14 In the first case, the transaction will
15 not have an adverse effect on the rates, terms,
16 services, or operations of PNGTS in New
17 Hampshire, as set forth in Mr. Yardley's detailed
18 written representation, which was provided as
19 Attachment E to the Petition.

20 In the second case, the transfer of
21 ownership in PNGTS will be for the public good,
22 inasmuch as the Buyers have the financial,
23 managerial, and technical capability to operate
24 PNGTS, as described in the Testimony of Messrs.

1 Yardley, Saxe, and Sailors, which was provided as
2 Attachment F to the Petition.

3 Thank you, Mr. Chairman.

4 CHAIRMAN GOLDNER: Thank you, Attorney
5 Getz.

6 Any other comments from the
7 Petitioners?

8 *[No verbal response.]*

9 CHAIRMAN GOLDNER: Okay. Let's move to
10 any opening statement from the OCA, and then
11 follow that with the DOE.

12 MR. KREIS: Thank you, Mr. Chairman.
13 Just very briefly.

14 We have kicked the tires on this
15 proposed transaction. And we've even consulted
16 with our counterpart office in Maine, where the
17 law is slightly different.

18 And I have concluded that this is a
19 classic example of a "no adverse impact" scenario
20 that I think our General Court has deemed to be
21 appropriate for a swift and uncontroversial
22 approval, and so that, unless something
23 remarkable happens today at hearing that I don't
24 anticipate, will be our ultimate recommendation.

1 CHAIRMAN GOLDNER: Based on what you
2 currently know, would the OCA also say it's in
3 the public good?

4 MR. KREIS: Yes.

5 CHAIRMAN GOLDNER: Okay. Thank you.

6 Okay. Very good. Let's move to the
7 New Hampshire Department of Energy.

8 MS. SCHWARZER: Thank you, Mr.
9 Chairman.

10 The Department of Energy, consistent
11 with the Technical Statement, believes that the
12 transfer of the upstream partnership shares will
13 not result in an adverse impact, and is
14 consistent with the public good, subject to two
15 items, including input of the LDCs and a contract
16 issue.

17 The Department expects to present
18 testimony today to ask the witnesses to update
19 their opinions, consistent with additional
20 material that's been filed into the record. And
21 we look forward to doing that this morning.

22 CHAIRMAN GOLDNER: Okay. Very good.

23 I think, at this point, we can move to
24 direct with the witnesses, and Attorney Getz.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 MR. NEEDLEMAN: I'll take it, Mr.
2 Chair. Thank you.

3 CHAIRMAN GOLDNER: Attorney Needleman.

4 **MARK SAXE, SWORN**

5 **DANIEL SAILORS, SWORN**

6 **WILLIAM YARDLEY, SWORN**

7 **DIRECT EXAMINATION**

8 BY MR. NEEDLEMAN:

9 Q Let me start with you, Mr. Saxe. Could you
10 please state your name for the record and your
11 place of employment?

12 A (Saxe) My name is Mark Saxe. And I work at
13 BlackRock.

14 Q And briefly describe your role in this
15 transaction please?

16 *[Court reporter interruption regarding*
17 *use of the microphone.]*

18 WITNESS SAXE: Start over, or was
19 that --

20 BY MR. NEEDLEMAN:

21 Q Yes. Please briefly describe your role in this
22 transaction?

23 A (Saxe) I'm a Managing Director on the team, and I
24 lead the investment for our firm.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 Q In this matter, we have Exhibit 1, Bates number
2 061-072, and Exhibit 2, Bates Number 181-192.
3 Exhibit 1 is your public testimony, Exhibit 2 is
4 your confidential testimony. Is this material
5 that you prepared and filed in this docket?

6 A (Saxe) I did.

7 Q And do you have any changes or additions to that
8 testimony?

9 A (Saxe) No changes.

10 Q With that in mind, do you adopt and swear to it
11 today?

12 A (Saxe) I do.

13 Q Thank you. Let me turn to you, Mr. Sailors.
14 Could you please state your name and place of
15 employment for the record?

16 A (Sailors) Daniel Sailors, Morgan Stanley.

17 Q And what is your role in this transaction?

18 A (Sailors) I am also a Managing Director at Morgan
19 Stanley, and I led this investment for Morgan
20 Stanley Infrastructure Partners.

21 Q There are two pieces of -- two exhibits that I
22 want to reference for you. The first is
23 Exhibit 1, Bates Pages 050 to 060, the second is
24 Exhibit 2, Bates 170 to 180. The first one is

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 your public prefiled testimony in this matter,
2 the second is your confidential testimony. Did
3 you prepare and submit both pieces of that
4 testimony in this docket?

5 A (Sailors) I did.

6 Q And do you have any changes or additions to that
7 testimony?

8 A (Sailors) I do not.

9 Q That being the case, do you swear to it and adopt
10 it today?

11 A (Sailors) I do.

12 Q Mr. Yardley, let me turn to you please. Could
13 you state your name and place of employment for
14 the record?

15 A (Yardley) My name is Bill Yardley. And --

16 Q You have to turn the microphone on.

17 A (Yardley) My name is Bill Yardley. And I'm a
18 consultant to Morgan Stanley and BlackRock.

19 Q And what is your role in this transaction?

20 A (Yardley) I'm consulting specifically on the
21 acquisition of PNGTS by these two firms, and
22 leveraging my rather lengthy experience in the
23 pipeline business.

24 Q And referencing Exhibit 1, Bates Pages 073 to

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 082, that is the prefiled testimony you prepared
2 and filed in this matter, is that correct?

3 A (Yardley) That's correct.

4 Q Do you have any changes or additions to that
5 testimony this morning?

6 A (Yardley) I actually do.

7 Q Okay. Could you please explain those?

8 A (Yardley) Yes. Since filing my testimony, the
9 DOE issued its technical statement. And, in the
10 Recommendations, at the end, DOE qualified its
11 support by saying that it would like a statement
12 that the Buyers intend to adhere to all existing
13 contractual obligations under the Firm
14 Transportation Contracts.

15 And I just want to confirm that the
16 Buyers will certainly do that.

17 Q Okay. Thank you. And, for the record, the
18 Technical Statement is Exhibit 6, and you were
19 referring to Bates Page 009, is that correct?

20 A (Yardley) That's correct.

21 Q Okay. Let me also turn to Exhibit 1, Bates
22 Pages 046 to 049. That is the detailed written
23 statement that you filed in this matter, is that
24 correct?

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A (Yardley) That's correct.

2 Q And was that prepared by you and under your
3 supervision?

4 A (Yardley) Yes, it was.

5 Q And do you adopt and swear to that today?

6 A (Yardley) I do.

7 Q And subject to the changes you made in your
8 prefiled testimony, do you adopt and swear to
9 that?

10 A (Yardley) Yes.

11 MR. NEEDLEMAN: Okay. Thank you.

12 Mr. Chair, the witnesses are available for cross.

13 CHAIRMAN GOLDNER: Thank you. We'll
14 start cross-examination with the Office of the
15 Consumer Advocate?

16 MR. KREIS: I have no questions for the
17 witnesses.

18 CHAIRMAN GOLDNER: Thank you. We'll
19 turn now to the New Hampshire Department of
20 Energy?

21 MS. SCHWARZER: Thank you. Just a
22 brief clarification of some of the Bates
23 stamping. It's my understanding that Petition --
24 the Exhibit 1 and Exhibit 2 are both marked 001

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 through -- they each start at Page 001 and they
2 go forward. And I was noticing Attorney
3 Needleman was referencing different Bates numbers
4 for the redacted and confidential version.
5 Should they -- should they match?

6 MR. NEEDLEMAN: We can clarify that
7 after we're in a break. I was just referencing
8 the numbers that I had in the materials.

9 MS. SCHWARZER: Okay. Thank you.

10 MR. NEEDLEMAN: I apologize for any
11 confusion.

12 MS. SCHWARZER: Not at all. I just
13 wanted to clear that up just to start with.
14 Thank you.

15 CHAIRMAN GOLDNER: You're referring to
16 Exhibits 1 and 2?

17 MS. SCHWARZER: Yes.

18 CHAIRMAN GOLDNER: It looks to me, in
19 the filing that I have, shows that the Bates
20 numbers are the same for each page in those
21 documents. Do you have a different
22 understanding?

23 MS. SCHWARZER: No, I agree. I just
24 believe that the page numbers referenced by

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 Petitioners' counsel were different page numbers
2 for Exhibit 1 and Exhibit 2. And I believe
3 they're probably the same numbers as referenced
4 for Petition 1 -- for Exhibit 1. And we can
5 confirm that on the break.

6 CHAIRMAN GOLDNER: Okay. Great. Thank
7 you.

8 MS. SCHWARZER: Good morning. Thank
9 you.

10 As a panel, I'm not sure to whom I
11 should direct any questions. So, I'd ask whoever
12 feels most qualified to answer that question, to
13 take the mike and answer. And, if anyone wants
14 to add any information, please feel free to do
15 that as well.

16 **CROSS-EXAMINATION**

17 BY MS. SCHWARZER:

18 Q The Department received some supplemental
19 testimony from Maine after we filed our tech
20 session -- tech statement. I'm asking if the
21 panel can confirm that that supplemental
22 discovery included a transcript of a technical
23 session, data requests and responses in Maine,
24 and additional testimony from Buyers and Sellers?

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A (Yardley) I believe that's correct.

2 Q Okay. Thank you. And I wanted to clarify to
3 something from the supplemental testimony, from
4 Sailors, Saxe, and Yardley. So, I guess any of
5 the three of you.

6 We did not enter this into evidence.
7 So, I'm just going to read from the Page 7 of the
8 supplement testimony in that separate Maine
9 proceeding. You were asked "If there are other
10 ways that the Buyers will support the New England
11 region and the State of Maine as a request of
12 their acquisition of PNGTS?" And the answer was
13 "Yes. Once the transmission *[sic]* closes, the
14 Buyers will retain, at a minimum, the current
15 field technician PNGTS staffing levels of two
16 field technicians, one of which shall be located
17 in Maine, for a period of five years after
18 Commission approval of the transaction."

19 Does that sound appropriate to you as
20 an actual answer?

21 A (Yardley) Yes.

22 Q And we, here in New Hampshire, had asked some
23 initial questions about staffing as well. And we
24 had asked, in our initial Data Request 1-10, and

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 then subsequent Dataset 2-4 and 2-6, about the
2 employment expectations and the current
3 employment. And, at that time, I believe it was
4 signaled that the Sellers intended to fill a
5 third vacant position for a pipeline technician
6 as soon as possible. And, then, the Buyers
7 commented that they expected that "after the
8 proposed transfer of PNGTS" -- excuse me, "after
9 the proposed transfer, PNGTS will use contracted
10 services consistent with prior historical
11 practice."

12 Does that sound accurate as well?

13 A (Yardley) Yes. Yes, it does.

14 Q And I just wondered if the panel would please
15 explain whether there's an intent to fill that
16 third position as soon as possible, or if the
17 Petitioners anticipate that they will continue
18 with two field staff?

19 A (Yardley) Sure. Yes. Our full intention is to
20 fill that vacancy. Currently, the owners, TC,
21 has a requisition of internally to try to attract
22 someone to that role. If they can't fill it
23 between now and the end of the PSA, then we will
24 take up the ball and try to fill it as well.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 Q And thank you for that clarification. Assuming
2 for the sake of argument that the position may be
3 a challenging one to fill, does the panel have
4 any concerns about safety or operations in the
5 event that PNGTS continues with two field staff
6 technicians?

7 A (Yardley) No, we don't. We've been -- TC has
8 been operating Portland with those two field
9 techs for probably the last eight months, one.
10 And, two, there are available outside resources,
11 if we can't find the right individual
12 temporarily.

13 Q Thank you. I want to turn now to some questions
14 about what has been marked as "Exhibit 3" in this
15 docket, which is an updated Attachment D. Could
16 you just describe generally what Attachment D
17 is, both in the original Petition and as updated?

18 MR. NEEDLEMAN: Just for clarification
19 purposes, Mary, are you referring to Bill's
20 detailed written statement?

21 MS. SCHWARZER: I'm referring to Bates
22 Page 041 through 045 in Exhibit 1, which is
23 marked "Attachment D", "Pre-Closing Structure" is
24 the first page. And, then, in the Exhibit 3, my

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 understanding is that's an updated version of
2 that attachment.

3 MR. NEEDLEMAN: The organizational
4 chart?

5 MS. SCHWARZER: I think there's a set
6 of -- the organizational chart for Buyers and
7 Sellers, yes.

8 MR. NEEDLEMAN: Thank you.

9 MS. SCHWARZER: Sure.

10 BY MS. SCHWARZER:

11 Q Does anyone on the panel need time to get to
12 those attachments, or can I --

13 A (Sailors) I think we found them.

14 Q Okay. Great. So, let me just start again then,
15 and ask could someone please identify what
16 Attachment D represents?

17 A (Sailors) Sure. So, I believe that Attachment D
18 represents the organizational structure of the --
19 of PNGTS today, as well as what is expected to be
20 the organizational structure subsequent to
21 BlackRock and Morgan Stanley's acquisition of
22 Portland.

23 Q And, as originally filed in March, Attachment D,
24 Petition 1, is different from Exhibit 3?

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 Correct?

2 A (Sailors) I'm sorry, I don't have Exhibit 3 in
3 front of me currently.

4 MS. SCHWARZER: Can -- I need the
5 version that I have there. You may be able to
6 access an electronic version, do you have --

7 MR. NEEDLEMAN: Mr. Chair, would it be
8 okay if we provided them with copies?

9 CHAIRMAN GOLDNER: Yes, please.

10 *[Atty. Fish handing documents to the*
11 *witness panel.]*

12 WITNESS SAILORS: Yes. I think we've
13 got both in front of us now.

14 MS. SCHWARZER: Okay. Thank you very
15 much.

16 BY MS. SCHWARZER:

17 Q Could you identify the differences between
18 Attachment D, as filed in March, and
19 Attachment 3 -- excuse me, Attachment D, now
20 marked "Exhibit 3"?

21 A (Saxe) Oh. This is the insertion of holding
22 company --

23 *[Court reporter interruption.]*

24 **BY THE WITNESS:**

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A (Saxe) Sorry. Is this the insertion of the
2 entity that BlackRock put in between our
3 acquisition entity?

4 BY MS. SCHWARZER:

5 Q Well, that's my question to you.

6 A (Saxe) Yes. We -- I don't think it's necessarily
7 a change, it's an evolution. We always intended
8 to have an entity, 100 percent owned entity, in
9 between. That is how we do all of our
10 transactions. It's beyond my scope, from a tax
11 purpose perspective, is why we do it. We've got
12 several investors or multiple investors with
13 different tax needs. And, so, that's part of the
14 rationale.

15 So, I wouldn't necessarily think of it
16 as a "change", it's an evolution. When we filed
17 this structure, it was sort of like a
18 placeholder, and that's the right way to think
19 about it. The specifics of which is, you know,
20 tax-related and beyond my scope.

21 Q Okay. Well, I don't have questions about tax.
22 So, that's good.

23 A (Saxe) Okay.

24 Q If we were to compare Page 42 of Attachment D,

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 and Page 2 of Exhibit 3, underneath the
2 "BlackRock Global Infrastructure Fund" triangle,
3 we would see the insertion of two entities,
4 "BGIF V [IV?] Patriot Holdingco GP LLC", and then
5 underneath that "BGIF V [IV?] Patriot Holdco LP",
6 correct?

7 A (Saxe) Yes.

8 Q And are those the new entities?

9 A (Saxe) Yes.

10 Q And, then, if we were to compare Page 3 and Page
11 40 -- excuse me, Page 43 and Page 3, we would see
12 those same changes again, correct?

13 A (Saxe) Yes.

14 Q Are there any other changes that you're aware of,
15 comparing Attachment D to Exhibit 3?

16 A (Saxe) No.

17 Q Could you please explain what the impact on LDC
18 ratepayers here in New Hampshire would be of the
19 changes that have been made in Exhibit 3?

20 A (Saxe) No changes.

21 Q When are those structural changes anticipated to
22 go into effect?

23 A (Saxe) Well, at closing, when -- I mean, they
24 have already -- these entities are being placed

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 now, formed, have been formed. And we expect
2 that they would go into effect at closing.

3 Q Are the entities currently in the framework as
4 was filed in March?

5 A (Saxe) No. They are as you see now on Exhibit 3.

6 Q Thank you. How does PNGTS currently handle
7 claims for property damage and personal injury
8 arising out of the operation of the Pipeline?

9 A (Saxe) That's a question you would have to ask
10 their current owners.

11 Q Okay. Do you have any idea at all, in terms of
12 sustaining of the Transition Agreement?

13 A (Sailors) I mean, again, it might be a TC
14 question. For me, my assumption would be that TC
15 has appropriate insurance in place today, and
16 that would be consistent with what we would
17 expect to have *pro forma* after the acquisition.

18 Q How would PNGTS handle claims for property damage
19 or personal injury arising out of the operation
20 of the Pipeline under Exhibit 3?

21 A (Sailors) I don't --

22 MR. NEEDLEMAN: I'm sorry.

23 WITNESS SAILORS: Go ahead.

24 MR. NEEDLEMAN: Was the question in

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 relation to PNGTS, Mary, after the acquisition?

2 MS. SCHWARZER: Yes. After the
3 acquisition, as constructed in Exhibit 3.

4 MR. NEEDLEMAN: Thank you.

5 **BY THE WITNESS:**

6 A (Sailors) I don't have all the detail with me
7 today, in terms of exactly which insurance
8 policies we have, and in what entity they will
9 sit, right? But the expectation would be that we
10 would have very sufficient levels of insurance to
11 cover everything that you just mentioned. We
12 can't tell you what entity they sit at. But I
13 would expect it to be generally commiserate with
14 the level of coverage that TC has today.

15 And sufficient to, you know, for what
16 is expected.

17 BY MS. SCHWARZER:

18 Q So, in Petition 1, the statement on Page 4 that
19 says "At the closing of the Transaction,
20 BGIF V [IV?] and NHIP III will each indirectly
21 own a 50 percent interest in PNGTS. See
22 Attachment D, which includes an organizational
23 chart showing the post-closing ownership
24 structure of PNGTS" remains, correct?

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A (Sailors) Yes. BlackRock's and Morgan Stanley's
2 funds, respectively, will each own 50 percent of
3 PNGTS.

4 Q I would like to point your attention to a
5 transcript from the Maine -- a Maine technical
6 session that was part of the supplemental
7 discovery that we received. There was a question
8 about two entities, Beehive Loop Acquisition
9 Company, LLC, and Beehive Loop StubCo LLC.

10 In that transcript, there was a
11 question as to whether those entities have any
12 assets, Operations, employees, or other income,
13 besides the PNGTS partnership interest that they
14 hold. Do those entities hold a partnership
15 interest?

16 A (Sailors) So, again -- so, Beehive Loop JV LLC, I
17 believe is the entity into which both BlackRock
18 and Morgan Stanley will be investing in, and
19 that's a limited partnership that we will assert
20 co-control via.

21 Q That will -- I'm sorry, will assert what?

22 A (Sailors) We will co-control the Pipeline via
23 our, you know, the LLC agreement at that entity,
24 right?

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 So, and apologies, your question was
2 what exactly?

3 Q My question was whether those entities have
4 basically no assets or other income or interests
5 or employees, other than they're holding the
6 PNGTS partnership shares?

7 A (Sailors) Yes, that should be accurate. I can't
8 tell you what entity the employees of PNGTS will
9 be employed at. But I don't think it is likely
10 that entity.

11 Q And, at least with regard to the transcript in
12 Maine, there was a discussion as to whether
13 public safety is an important issue in dealing
14 with natural gas, and I believe the panel would
15 agree with that, correct?

16 A (Saxe) Yes.

17 Q And, so, where in, as described -- and presumably
18 the description of the transaction here in New
19 Hampshire mirrors the description you have filed
20 in Maine, correct?

21 A (Saxe) Yes.

22 Q And perhaps, I believe in Maine, in the technical
23 transcript, it's referred to as "Exhibit 2", but
24 it's basically Attachment D, it's the structure

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 of the organization as you propose it to be when
2 the transaction closes?

3 A *[Witness Saxe nodding in the affirmative]*.

4 Q There was a concern raised in Maine that the
5 Companies identified the Beehive Loop and the
6 Beehive Loop acquisition would be judgment-proof,
7 and that that might suggest a concern with regard
8 to the public safety or the coverage for acts or
9 omissions of PNGTS. Could you comment on that
10 please?

11 A (Saxe) Yes. I think it's important to recognize
12 that we're investing on behalf of our investors,
13 we're putting in a significant amount of capital.
14 Our investors -- our mandates are to be, you
15 know, low risk, provide dividends to our
16 investors. And, so, this isn't -- I don't know
17 what perception there is about, you know, our
18 capital. But we're not going to take, you know,
19 crazy chances with this capital. We're going to
20 mature it appropriately, we're going to be very
21 prudent stewards with this capital.

22 And, so, if there's any notion that
23 it's going to be, you know, governed in a way
24 that will be reckless, I think is misconstrued.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 Q And you're confident that insurance policies are
2 in place and will remain in place for the
3 duration to cover any public safety event?

4 A (Saxe) They will be put in place, yes. I'm
5 confident.

6 Q And, so, in your opinion, do you believe New
7 Hampshire regulators should be satisfied that the
8 public interest and the interest of LDC
9 ratepayers are protected, in terms of the public
10 safety and the operation of this asset?

11 A (Saxe) I do.

12 Q Thank you. And I don't know if you had an
13 opportunity to look at Exhibit 8?

14 I do have paper copies, if that would
15 be helpful to the panel?

16 MS. SCHWARZER: May I approach, Mr.
17 Chairman?

18 CHAIRMAN GOLDNER: Yes.

19 *[Atty. Schwarzer distributing documents*
20 *to the witness panel.]*

21 MS. SCHWARZER: Let me give you a
22 minute please to look at that.

23 *[Short pause.]*

24 MS. SCHWARZER: I believe the panel is

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 ready for a question, is that correct?

2 WITNESS YARDLEY: Yes.

3 MS. SCHWARZER: Thank you.

4 BY MS. SCHWARZER:

5 Q This exhibit -- well, let me start, in a prior
6 docket before the Commission here earlier this
7 year, Docket Number 23-087, Northern sought
8 approval of Empress Precedent Agreements,
9 involving the development of a transmission
10 pipeline owned by TC. So, that's just a backdrop
11 for this question.

12 We, the Department, inquired, and I
13 believe this data response is provided on behalf
14 of Petitioners, as to whether there would be an
15 impact on that Canadian regulatory entity's
16 approval of the Empress Precedent Agreements were
17 this transfer of upstream partnership interests
18 to occur. Would you agree the answer provided
19 here is that -- is "no", there is no anticipated
20 impact?

21 A (Yardley) Yes.

22 Q And I see Mr. Saxe --

23 A (Saxe) Yes.

24 Q Okay.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A (Sailors) Yes.

2 MS. SCHWARZER: All of you agree, yes.

3 Okay. Great. Thank you very much.

4 I have no further questions, Mr.

5 Chairman.

6 CHAIRMAN GOLDNER: Okay. We'll turn

7 now to Commissioner questions, beginning with

8 Commissioner Simpson.

9 CMSR. SIMPSON: Good morning. Thank
10 you for coming today.

11 BY CMSR. SIMPSON:

12 Q I'm just curious, have either of you testified
13 outside of this acquisition in regulatory
14 proceedings before?

15 A (Sailors) No.

16 A (Saxe) I have not.

17 Q Well, welcome to the utility regulatory world.

18 Just at the highest level, could you
19 each describe your employer's interest in this
20 infrastructure, the motivating factors, and the
21 interstate gas transmission infrastructure
22 generally?

23 A (Saxe) Sure. As I was talking about earlier, our
24 mandate is to invest in critical infrastructure

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 on behalf of our investors. Critical
2 infrastructure, because our investors are looking
3 for low-risk investment opportunities that are
4 resilient to economic cycles, that can provide a
5 stable, steady cash yield. And we believe that,
6 you know, interstate pipelines are, you know,
7 essential infrastructure that are critical,
8 necessary, needed, and very valuable assets.
9 And, so, you know, we're very attracted to
10 finding opportunities to invest in them. And,
11 so, that's the attraction of our firm to this
12 asset class in general.

13 The other part of your question was?

14 Q Just looking at your interest in this particular
15 asset, what drew you to PNGTS?

16 A (Saxe) Well, this asset, in particular, you know,
17 we feel like it's quite irreplaceable. And we
18 don't feel like it could be replaced. And, you
19 know, when you find an asset like that, you're
20 naturally drawn to it.

21 Now, I personally have been following
22 the, you know, natural gas pipeline industry,
23 investing in it, since 2004. And, so, I've spent
24 a fair amount of time looking at various assets,

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 and this one is extremely attractive, for many
2 reasons. Not only, you know, like I said, it's
3 irreplaceable. But, you know, we think that the
4 market, you know, that it serves is -- it's
5 critical, it's needed. So, that's what drew us
6 to it as an investment option.

7 A (Sailors) And I think I'll probably have a pretty
8 similar script, in fairness. But, yes, --

9 *[Court reporter interruption.]*

10 **BY THE WITNESS:**

11 A (Sailors) So, Morgan Stanley Infrastructure
12 Partners is a -- we are a private equity firm
13 that invests in infrastructure assets. We do
14 that in the U.S., we do that in Europe, we do
15 that in Australia. Energy being one of the four
16 key sectors that we invest in.

17 Within energy, you know, like Mark, we
18 think about things that have really visible and
19 durable revenue streams and margin profiles,
20 right? We are not a risk-taking entity, in terms
21 of the spectrum of investment, right? Our goal
22 is to always protect the capital that we're
23 putting in, and to have a modest, but
24 appropriate, kind of return profile to what we're

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 doing.

2 Things like criticality, things like
3 contracts, right, things like customer
4 creditworthiness, these are things that we care
5 about. When you look at PNGTS, I agree with
6 Mark, this is -- this is a market that, you know,
7 demand pull market, very long-term history of
8 durable demand. It's very critical to the
9 ongoing needs, particularly in the winter, of the
10 customer base here. It's very difficult to
11 replace it. Anything that you can replace it
12 with is things like LNG imports today, in terms
13 of what it is. And you've got a customer base
14 that had -- that sees visible long-term demand
15 for itself, and, as such, they sign up for
16 long-term contracts to support their ability to
17 continue to access gas on a long-term basis. And
18 we think that that's pretty consistent with the
19 kind of characteristics that we're looking for,
20 that meet kind of our mandate as a fund.

21 BY CMSR. SIMPSON:

22 Q Thank you. Appreciate that overview. I'm
23 admittedly biased, but I don't think there's a
24 better jurisdiction to do business in than New

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 Hampshire.

2 Can you describe your internal
3 processes for evaluation of investment capital
4 allocation, in the context of your overall energy
5 infrastructure portfolio?

6 A (Saxe) Yes. I mean, our process is one where
7 we -- it's a phased approach, where we initially
8 come with what we call, effectively, a "screening
9 memo", which identifies what the thesis is, the
10 four corners of the opportunity, and effectively
11 is asking for permission to evaluate the
12 opportunity, and spend time and money on it.
13 That's kind of our first phase.

14 And, then, second phase is, once we
15 have spent a considerable amount of time studying
16 the opportunity, completing, you know, the bulk
17 of our due diligence, we go back, you know, we
18 call that our "interim", it's really our
19 check-in.

20 Where, once we've completed the
21 majority of our work, we present that work. And,
22 if it's all consistent with the thesis, and it
23 all pans out, we, effectively, get approval to
24 complete, and then we go back, we call it the

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 "final", which is presenting everything prior to,
2 you know, signing, committing to get the
3 transaction done.

4 You know, from an allocation
5 perspective, we're all about risk-and-return.
6 You know, we have a very narrow mandate, in terms
7 of, you know, we'd like to achieve, you know,
8 modest double-digits, leveraged around equity.
9 We'd like to realize some yield. And, you know,
10 we are targeting, you know, allocations
11 predominantly to energy, energy transition. More
12 recently, we have broadened that to digital,
13 which includes towers, data centers, and fiber.

14 But we are -- our heritage has always
15 been energy, that's where we came out of. And,
16 so, as long as it meets the characteristics that
17 we're looking for, that our investors have given
18 us for our mandate from a risk-and-return
19 perspective, with some visibility to yield, then
20 we'll meet it.

21 And, when we go through that process,
22 it gets beat up a lot. Our entire team is
23 encouraged to challenge us. And, when we get
24 through that process, beaten and bruised, if we

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 get approved, then we ultimately sign. And,
2 then, depending on -- each investment is
3 different, the closing process is always
4 different, depending on the investment.

5 But that's, at a high level, what's
6 involved.

7 A (Sailors) So, again, probably a fair amount of
8 commonality there, right? So, within North
9 America, we spend time -- we kind of break down
10 the world sectorially, right. And, so, I spend
11 the vast majority of my time thinking about
12 things in the energy industry. Almost all of my
13 professional experience, since 2006, has been in
14 energy. I would say that, in the last few years,
15 kind of heavily contracted natural gas assets, is
16 one of kind of a handful of things that we think
17 are interesting places to spend time.

18 With regard to decision-making, you
19 know, what I would say is, we -- it depends on
20 kind of how the opportunity comes to pass, right?
21 But, generally, we'll take an opportunity in
22 front of our Investment Committee, of which I'm a
23 member, reasonably early in the process, have a
24 fulsome conversation. There's probably around

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 ten people in the Investment Committee, we have a
2 Chief Investment Officer, whose vote ultimately
3 counts more than others. And, you know, at that
4 stage, we kind of get approval to move forward in
5 a formal way, to get more budget to be able to
6 spend real kind of diligence dollars.

7 You know, we started working with Bill
8 Yardley quite early in this process, and had
9 gotten to know him over a reasonably significant
10 period of time ahead of that. You know, with
11 regard to, as we were getting closer to signing
12 the transaction, right, we went ahead and spent a
13 bunch of money on legal, marking up the Purchase
14 and Sale Agreement to negotiate that debt
15 financing.

16 You know, ultimately, what we took in
17 front of our Investment Committee was something
18 that looked as complete as we could at that point
19 in time, and laid out all of our diligence
20 findings and assumptions. And, ultimately, we
21 got approval from our Committee to kind of bid
22 the price that we did.

23 And I'd say that there's always some
24 variability deal to deal, but that's pretty

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 consistent. You know, I think we probably had
2 four total conversations in front of the
3 Committee. And, you know, we've owned a number
4 of different natural gas and energy assets over
5 the years, including a FERC-regulated gas
6 pipeline system in the past. And, so, the
7 Committee had a fair amount of familiarity with
8 the industry broadly. And, yes.

9 Q Thank you for that. I'm sure you recognize the
10 thorough approach that the Department of Energy
11 used, the OCA uses, to evaluate any proceeding,
12 any petition in front of us. And I just want to
13 underscore the dependence that the distribution
14 utilities that we regulate have on this
15 infrastructure. And that is really the reason
16 for that scrutiny, and to ensure that your
17 employers are committed in the long run to this
18 infrastructure that our customers and utilities
19 depend very deeply upon, --

20 A *[Witness Saxe indicating in the affirmative].*

21 Q -- both from a safety, reliability, service
22 perspective?

23 A (Saxe) Not lost on us, and important to us as
24 well.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A (Sailors) Yes. Wholeheartedly, right? I mean,
2 very long term, I mentioned it earlier, right,
3 but there's been demand for natural gas in this
4 state for a long time. And, you know, it seems
5 like the customer base thinks that they're going
6 to have demand for natural gas for a long time
7 going forward. And, you know, this is a very
8 critical asset. And, so, being able to meet that
9 means that, you know, things like asset
10 integrity, you know, we're very focused on.

11 Q Thank you. You mentioned "valuation". Can you
12 just discuss, at a high level, the methodologies
13 that you employ when you identify a potential
14 asset, and then, through that due diligence
15 process, determine what an appropriate valuation
16 is?

17 A (Saxe) Yes. I mean, it's -- there's no one
18 specific thing that we point to, we look at
19 everything. I mean, obviously, we start with a
20 business model, where we build up revenues, and
21 down to cash flow. And, then, there is a bunch
22 of different analyses, you know, discounted cash
23 flow that we look at, we look at comparable
24 transactions, trading multiples, comparables.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 And, then, we try to triangulate around, you
2 know, what type of return is appropriate based on
3 the risk, and we look at that and triangulate,
4 you know, relative to where the comparable
5 transactions have been, what the trading
6 multiples are. And, ultimately, you know, as TC
7 keeps us honest, it's not a -- it's not a
8 transaction that was ours alone. So, there's
9 competition, too, that we have to take into
10 account, and it's all that taken together. And,
11 then, we're subject to our Investment Committee,
12 who, you know, has to approve the valuation as
13 well.

14 So, it's all that taken together, and
15 then, ultimately, helps us triangulate on what
16 the right valuation is.

17 A (Sailors) Yes, I agree with all that. The only
18 thing I'd add is just, you know, in the case of
19 PNGTS, the kind of -- the current -- so, the cash
20 dividends that the asset generates really kind of
21 are as important as anything else, right? As
22 Mark points out, things like a guess on how much
23 someone might pay us for this asset some number
24 of years in the future, you know, we do our best

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 to have a point of view. But what the Pipeline
2 does on the contracts, too, and are known, and
3 kind of debt, right, we're going to have debt on
4 the asset, it's going to have a fixed interest
5 rate, right? So, we've got a lot of very visible
6 knowledge, in terms of both the amount of revenue
7 coming in, the amount of expenses that the
8 Pipeline has, the amount of interest that we're
9 going to have to pay, and that leaves us with a
10 reasonable amount of kind of the cash to be able
11 to dividend out on an annual basis. And that's a
12 pretty substantial amount of the total return.
13 It's just that ability to kind of, you know, have
14 a durable cash stream.

15 Q And can you speak to TC's motivation for moving
16 on from this asset? Do you have a sense of why
17 they're looking to rebalance their portfolio?

18 A (Sailors) I can't speak for them, obviously.

19 Q Uh-huh.

20 A (Sailors) But I do believe that there is a
21 desire, at the TC corporate level, to modestly
22 reduce their leverage profile. And the sale of
23 Portland I think is one of multiple steps that
24 they are currently undertaking to do so.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 That's my understanding of the relative
2 logic.

3 Q Okay. You discussed a bit of the ownership
4 structure that's outlined in Exhibit 3. And I'm
5 hoping you might come back to that. I always
6 find it humorous when I see some of these
7 acquisition vehicles. Who came up with the name
8 "Beehive"?

9 A (Saxe) It was internal counsel on our side.
10 There's apparently a hiking trail somewhere I
11 think in Maine. Acadia, I think? Yes. She's a
12 big fan of hiking.

13 Q I see. It sounds like these special purpose LLCs
14 are primarily for tax purposes?

15 A *[Witness Saxe indicating in the affirmative].*

16 Q And you have investors that then can benefit from
17 this structure. Can you speak to that a bit
18 more, just for my own personal understanding?

19 A (Saxe) Yes. Again, I don't -- I'm not a tax
20 expert.

21 Q Nor am I.

22 A (Saxe) Nor would I profess to be. And I don't
23 know that I would use the word "benefit". You
24 know, there's -- every jurisdiction has different

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 tax regulations. And, so, this allows the
2 cleanest way to get, you know, proceeds to them,
3 and, you know, subject them to the tax that they
4 are responsible for paying, without burdening,
5 you know, the entity.

6 And, so, it's the cleanest way to get
7 them, you know, the easiest way to subject them
8 to the tax burden that they're responsible for.
9 That's my understanding.

10 A (Sailors) I think all that's --

11 *[Court reporter interruption.]*

12 **BY THE WITNESS:**

13 A (Sailors) So, I agree with everything Mark just
14 said. And for -- just for your own edification,
15 since you asked, you should think of it as our --
16 Morgan Stanley's investor base is a mix of
17 international investors, investors here in the
18 United States, investors that are taxable, and
19 investors that are tax-exempt. Right? And, so,
20 that's, kind of generally speaking, the buckets
21 of who would be investing into this. And, so,
22 while it looks convoluted, it's to get the
23 appropriate tax treatment with those different,
24 you know, whether you're investing from a

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 different country, or if you are a tax-exempt
2 entity, you might have a different set of tax
3 needs.

4 A (Saxe) So, like this example, it's to not burden
5 one investor for the tax burden of another
6 investor, things like that.

7 BY CMSR. SIMPSON:

8 Q Okay. Thank you. That's helpful. You've
9 addressed the LDC transportation service
10 agreements. Those will not be changing at this
11 time, given the acquisition, correct?

12 A (Saxe) Correct. They can't be. I don't know how
13 we would change them.

14 Q Okay. Very good. Have you been in touch with
15 the LDCs, Northern and EnergyNorth Natural Gas?

16 A (Yardley) I've had one discussion with Northern.

17 Q Okay.

18 A (Yardley) I have not had a discussion with
19 Liberty.

20 Q Okay. And are you willing to speak to the nature
21 of that discussion, and any outcomes from that
22 discussion?

23 A (Yardley) Yes. So, I've been in the pipeline
24 business for a while. So, I had many of these

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 pipeline discussions -- pipeline customer
2 discussions over the years. And I think -- I
3 think their general questions were, you know,
4 what -- the things that they like, that TC does,
5 they would like to see continued. And the things
6 that they would like to see changed, they would
7 like us to consider changing.

8 And I think what they're really getting
9 at was "Are you guys going to do this right? Am
10 I going to be inconvenienced?" And I tried to
11 give them as much assurance as possible that we
12 would do things right.

13 Q And, clearly, Morgan Stanley and BlackRock have
14 considerable financial wherewithal. I'm thinking
15 about the future. Do you have a vision for
16 expansion of this asset? What types of
17 investments do you see within the future, as
18 owners, 50/50 owners of this asset?

19 A (Saxe) So, we couldn't promise or predict, you
20 know, or guarantee anything. We like the
21 investment based on the merits of what we have
22 there today.

23 But, as investors, if you were one of
24 our investors, there's no crime in doing better

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 than what you have today.

2 Now, when we get in and close, we have
3 a couple of ideas that we plan to explore and
4 evaluate. And, if the merits are justified, then
5 we would plan to execute on those. There is an
6 expansion that we have our eye on, you know, if a
7 customer -- if customers support it, then we'll
8 pursue it, you know, to expand the system
9 modestly. And, then, there's other things in and
10 around the asset that we would hope, you know,
11 would be in the customers' best interest to
12 enhance the asset, which would be, you know,
13 beneficial to, you know, the asset, make it more
14 valuable.

15 A (Sailors) You know, what I would say is that
16 the -- so, PNGTS has had a number of growth
17 projects organically that it's executed on in the
18 last six or seven years. You've had other pipes
19 that have been proposed into the region that
20 haven't been able to be built, right? And
21 Portland, as an existing asset, has been able to
22 execute on organic growth. The most recent
23 growth project --

24 *[Court reporter interruption.]*

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 **CONTINUED BY THE WITNESS:**

2 A (Sailors) The most recent open season, which is,
3 basically, like a request for proposal to run an
4 expansion project, you had more demand than there
5 was incremental capacity that was made available
6 there, and that demand was ultimately contracted
7 on a very long-term basis.

8 And, so, at least the recent past would
9 suggest that there is customer interest in trying
10 to expand the system. And, if we have the
11 ability to do that, and our customers are
12 supportive, and we get the jurisdictional
13 approvals that we need, and we're able to expand
14 on the Canadian side via TC, then it's something
15 we would absolutely consider.

16 BY CMSR. SIMPSON:

17 Q And today, Portland does not serve any retail
18 customers, correct?

19 A (Yardley) That's correct.

20 Q Do you see that changing in the future?

21 A (Yardley) Not immediately.

22 Q Okay. Thank you. And, then, my final question,
23 we've heard about Maine, in your view, where are
24 you at with the Maine process?

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A (Sailors) So, we had our most recent session
2 yesterday, and we have another one on Friday.
3 You know, don't want to speak for the group, it
4 feels like we are getting reasonably close to
5 being there, you know, and then would then
6 proceed from there to the Commission itself.

7 But, Bill, I don't know if there's
8 anything you would add? But it kind of feels
9 like maybe, in the next weekish, we might have
10 kind of relative agreement at a working group
11 level.

12 A (Yardley) Yes. I would just say we've had
13 constructive dialogue, no unreasonable positions.
14 And we just keep making ourselves as available as
15 we can.

16 Q Okay. And, then, for my final question, I'll
17 look somewhat to the lawyers, but I'll ask the
18 witnesses as well.

19 Given that the pipeline also goes into
20 Massachusetts, is there any regulatory approval
21 required for this within the State of
22 Massachusetts?

23 MR. NEEDLEMAN: I can say that, prior
24 to undertaking this process, and the process in

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 Maine, attorneys for the Companies looked at that
2 issue and determined that no approvals were
3 necessary in Massachusetts.

4 MR. LITTELL: And we concur. We looked
5 at it as well.

6 CMSR. SIMPSON: Okay. That's all I
7 have today. Thank you.

8 WITNESS SAILORS: Thanks.

9 CHAIRMAN GOLDNER: Thank you. We'll
10 turn now to Commissioner Chattopadhyay.

11 CMSR. CHATTOPADHYAY: Good morning. I
12 think some of the questions I had has been
13 covered by Commissioner Simpson.

14 I may come across a little bit
15 differently on some of the same points that
16 you've talked about. So, here I go.

17 BY CMSR. CHATTOPADHYAY:

18 Q I mean, PNGTS is, obviously, it has an ongoing
19 business. It's running the Pipeline and all of
20 that. When -- if the transfer ends up happening,
21 the Buyers, you know, are you already thinking in
22 terms of any changes to staff and operate, you
23 know, the Pipelines? That is part of the mix,
24 because PNGTS is already considering some

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 changes.

2 So, it could be about staffing
3 requirements, you have touched upon a bit on
4 that, but I want to get a better sense of aspects
5 like, you know, the operation of the Pipeline,
6 what kind of engineering input is needed? Are
7 there things that you're thinking about, in terms
8 of continuing what PNGTS would be doing, and, you
9 know, following the same process? Or, there are
10 things that you're thinking about doing
11 differently, because it's already quite clear to
12 you from your interaction with PNGTS that there
13 are things that you have to take up?

14 A (Yardley) So, I'll take that. You guys can chime
15 in.

16 First of all, I think, let's talk about
17 field operations, the field operations will be
18 extremely consistent. So, same personnel even,
19 transferring over, same number. Hopefully, we
20 fill the vacancy.

21 The supervision of that, and the
22 engineering, we will then have operating
23 personnel based in Houston. And, so, the trick
24 with operations, and with many of the other

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 functions, is to -- is to replicate what TC does,
2 somewhat internally and some with outside
3 contractors, to replicate that as well, probably
4 with more outside contractors.

5 And, so far, I would say there's
6 nothing that I've seen that I would say "Oh, we
7 have to do that differently." I would simply say
8 that we're probably a bit ahead of the game right
9 now, as we approach closing, you know, hopefully
10 soon. And we've done -- we've done a lot of work
11 in evaluating all of the potential sources of
12 that work, of that outsource work, whether it's
13 engineering, it is gas control, accounting, all
14 of those functions. We're also very far down the
15 road in our hiring processes for those folks,
16 too.

17 So, we haven't even closed yet, haven't
18 entered the twelve-month TSA period, and I feel
19 as though we're in very good shape to replicate
20 what TC has been doing.

21 Q Would the Buyers agree with all of that?

22 A (Saxe) Yes.

23 A (Sailors) Nothing to add.

24 Q Nothing to add?

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A *[Witness Sailors indicating in the negative].*

2 Q Okay. So, there are -- currently, there are
3 transporter agreements, right?

4 A (Yardley) Yes.

5 Q Does the change in ownership impact anything? I
6 just want to confirm.

7 A (Yardley) No.

8 Q It doesn't?

9 A (Yardley) It does not. Does not. They are
10 long-term --

11 Q So, continues, stays in place, whatever has been
12 agreed to is simply being, sort of, --

13 A (Yardley) That's correct.

14 Q -- the commitments are being transferred?

15 A (Yardley) That's correct.

16 Q Okay. You had talked about some interaction that
17 you had with the gas utilities, the New Hampshire
18 gas utilities. How do you -- I mean, like, so,
19 how do you plan to continue that conversation and
20 make sure that -- ultimately, it's really about
21 the ratepayers in New Hampshire. That's what's
22 paramount to me. So, I'm trying to understand
23 what kind of structure you have put in place to
24 continue the interaction with the gas utilities?

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 And you've already shared a little bit
2 on, you know, based on Commissioner Simpson's
3 question, where things are. But, if you want to
4 also add a little bit more on --

5 A (Yardley) Sure.

6 Q -- how things will be going forward?

7 A (Yardley) Yes. Yes. It's an excellent
8 question.

9 So, I think one benefit, in my eyes of
10 this transaction, is that the personnel that are
11 going to be focused on Portland and the
12 Pipeline's customers are going to be wholly
13 devoted to Portland. So, the marketing personnel
14 won't have any other roles but taking care of the
15 two New Hampshire local distribution companies,
16 the three local distribution companies in Maine,
17 and the customers in Massachusetts. And I -- I
18 tend to think that that's a -- that's a benefit.

19 So, there will be personnel that look
20 after the customers' long-term needs. We talked
21 about an expansion project potentially. So,
22 that -- unfortunately, that's not one
23 conversation. That's a back-and-forth
24 conversation, typically over months, if not

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 years. And, so, there will be an individual
2 that's focused mostly on that.

3 Then, we'll have sort of a short-term
4 personnel, either direct to and directly employed
5 by Portland, or outsourced, that will have
6 customer contact, on that short-term,
7 minute-to-minute, day-to-day basis. And that
8 typically involves discussions around, you know,
9 "Is my schedule that I submitted for gas load for
10 today, is that accurate?" You know, "Can they
11 get an interruptible service, because we need a
12 little bit more on a given day?", that sort of
13 thing. And, so, I believe that -- so, that
14 customer service will be extremely strong.

15 Anecdotally, that's my background. I
16 came up as a customer, and then joined the
17 Pipeline in Customer Service. So, I'm very
18 hopeful, and actually confident that we're going
19 to have a very strong Customer Service team.

20 Q Are you suggesting that things will be better?

21 A (Yardley) TC is an extremely good operator. I
22 think they have had very good customer service.
23 We will at least -- we will at least have that
24 standard.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 CMSR. CHATTOPADHYAY: That's all I
2 have.

3 CHAIRMAN GOLDNER: Okay.

4 BY CHAIRMAN GOLDNER:

5 Q Let's start with, do you have an anticipated
6 closing date at this point, approximately?

7 MS. SCHWARZER: Mr. Chairman?

8 CHAIRMAN GOLDNER: Yes.

9 MS. SCHWARZER: I believe that's
10 confidential.

11 CHAIRMAN GOLDNER: Okay. Do we have
12 any parties in the room that can't know the
13 closing date?

14 MR. LITTELL: That's a good point. I
15 don't -- yes. I don't know who the gentleman is?

16 MS. SCHWARZER: He's with us.

17 MR. LITTELL: Okay. No. Then, we
18 wouldn't have a concern, as long as we treat it
19 confidentially.

20 CHAIRMAN GOLDNER: We'll treat it
21 confidentially. The court reporter will work
22 with Attorney Getz after the hearing, if that's
23 okay, Attorney Getz? To make sure that anything
24 over the course of the hearing that needs to be

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 confidential is held confidential.

2 CMSR. SIMPSON: Is the gentleman in the
3 back of the room with either the Buyers or the
4 Sellers?

5 MR. GETZ: The Sellers.

6 CMSR. SIMPSON: Thank you. Go ahead.

7 MR. LITTELL: With the Sellers.

8 CHAIRMAN GOLDNER: Please proceed.

9 We'll make sure it's redacted in the record.

10 **BY THE WITNESS:**

11 A (Sailors) Sure. _____
12 _____
13 _____
14 _____

15 BY CHAIRMAN GOLDNER:

16 Q Okay. Thank you. Okay. Just a general
17 question. Can you speak to your view of the
18 future of gas in the Northeast, and even in the
19 U.S.? You know, and I'm sure you've been
20 following very closely in Massachusetts and New
21 York, and other places, gas is not as popular as
22 it was ten years ago, and yet you're buying a gas
23 pipeline.

24 So, maybe you can share your thoughts

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 on the future of natural gas in the Northeast and
2 the U.S.?

3 A (Sailors) I'm happy to go first.

4 Q Thank you.

5 A (Sailors) So, when I -- when I think about
6 natural gas in the Northeast, there are two
7 primary sources of demand. One is for power
8 generation, and one is for -- is for, primarily,
9 residential heating.

10 On the -- on the residential heating
11 side, you've seen natural gas take on its share,
12 primarily, from heating oil. So, you've seen
13 modest kind of demand growth. But it's been more
14 kind of low, single-digit, reasonably ratable.
15 It's a function of either kind of things like new
16 home construction, and those new homes being
17 hooked up to a natural gas system, as opposed to,
18 maybe on a legacy basis, they had a propane tank
19 or they had maybe fuel oil, right? And, so,
20 that's one source of demand growth on the heating
21 side.

22 The other would be things like
23 conversions, right? So, people that had those
24 legacy systems, existing homes that are

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 converting to natural gas, maybe because of the
2 price or maybe because of the better greenhouse
3 gas emission profile.

4 The other primary source of demand is
5 on the electricity generation side. And kind of,
6 as you've seen over the last 15 or 20 years,
7 coal-fired and oil-fired electric generation has
8 been almost totally eliminated in the Northeast,
9 and almost all of that has been as a result of
10 incremental natural gas-fired power generation.

11 When you -- so, I started my career in,
12 on the electron side, in electricity. And the
13 last time that you saw real views around things
14 like demand growth was kind of 20 years ago. And
15 what is happening in the world today,
16 specifically, the significant growth in data
17 centers, which is a really big user of
18 electricity. It's kind of an all-hands-on-deck
19 approach right now, with regard to, if you had an
20 expectation of demand that was growing at very
21 flat or low single digits, that's all of a sudden
22 kinked upwards. And that's reasonably regional,
23 right? There are areas that have more new
24 construction of data centers, maybe because

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 there's existing data centers maybe because the
2 power is a little bit cheaper, right? But it's
3 prevalent everywhere. And what I would say is,
4 assets like data centers need ratable -- ratable
5 power, right? So, they need it all the time.
6 And, so, things that are dispatchable, i.e., that
7 you can control when it generates, as opposed to
8 having variability, seem to be in real demand,
9 and more so now than kind of in the past.

10 And, so, I don't think that, speaking
11 for Morgan Stanley, our investment is not because
12 "Hey, we see a data center revolution happening."
13 It is there's real durability to the -- we see
14 real durability to the needs of both the kind of
15 home natural gas heating in the Northeast, that's
16 both less durable and has, you know, modest
17 growth, if you kind of extrapolate what has been
18 happening. And there hasn't been anything that,
19 in our estimation, just drastically changes to
20 the kind of historical kind of curve.

21 And, then, on the electric generation
22 side, you've gone -- you know, I think that there
23 is a lot of new things, like solar and wind, that
24 are finding their way into different parts of the

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 country, and various degrees of scale. But,
2 right now, you're kind of short power, right?
3 And you're short power and you're short
4 dispatchable power. And, so, I don't -- we don't
5 anticipate any material reduction in natural
6 gas-fired electric generation. And, frankly, I
7 think there's probably a higher probability that
8 it grows, as opposed to goes away.

9 And, then, maybe the last thing I'll
10 just hit on, sorry if this is rambling, is the
11 Northeast is currently forced to meet its peak
12 winter demand load by liquified natural gas
13 imports from outside the U.S. Those are
14 significantly more expensive, and they have a
15 worse aggregate greenhouse gas profile. And, so,
16 to me, I think of pipeline-fed natural gas, which
17 I don't know if that's your specific question,
18 but just to hit on it, as being a better
19 alternative for consumers and for the environment
20 on a relative basis. And, so, that I think is
21 maybe one other point I would just hit with
22 regard to why we think Portland is an interesting
23 asset.

24 Q Thank you.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A (Saxe) Yes. I would say our mandate is broad
2 enough, and I think our firm is well recognized
3 as one that's favorable on investing in energy
4 transition assets. And, you know, personally, I
5 would, you know, very focused on opportunities
6 that are targeted to reduce emission profile.
7 You know, we're also focused on investing in
8 things that have good return profiles for our
9 investors.

10 And, you know, along the lines of a lot
11 of the things Daniel mentioned, you know, you
12 just can't flip a switch and make everything, you
13 know, have a zero-emission profile. You know,
14 natural gas, you know, you just -- we do view it
15 as a transition fuel. You know, it's going to be
16 part of the equation to get us to a zero-carbon
17 economy. And there's no other way of getting
18 there.

19 And, you know, when we fast-forward 40
20 to 50 years, you know, hopefully we're a lot
21 closer, but 40 to 50 years from now we still see
22 natural gas being part of the picture no matter
23 what you do. And, so, that's, you know, that's
24 the reason why we're so interested in this asset,

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 because we don't think there's another way.

2 Q Thank you. Mr. Yardley, any comments?

3 A (Yardley) No. I'll leave it there. Thank you.

4 Q Okay. All right. And I think, just to sort of
5 summarize what you were saying, I think that's
6 why you got questions from Commissioner Simpson,
7 and I think maybe Commissioner Chattopadhyay as
8 well, about expansion, because there aren't a lot
9 of other options for expansion. And this asset I
10 think represents that opportunity, both for
11 generation and for the residential use.

12 Do you see any other uses for this
13 pipeline, other than -- other than gas?

14 You know, you can read about different
15 uses for pipelines, whether it's hydrogen or
16 whether it's carbon or what have you. Do you
17 anticipate any other uses for this pipeline, or
18 is it strictly natural gas?

19 A (Sailors) I think it's difficult to determine
20 over the long term. It is possible that there
21 could be blending of kind of what's known as
22 "renewable natural gas", right? Methane, that
23 has a lower kind of carbon intensity score, or
24 things like hydrogen, right, of certain limits,

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 based upon, you know, again, focusing heavily on
2 things like asset integrity and whatnot.

3 So, I don't think there's anything that
4 would preclude it. And, you know, it's, you
5 know, BlackRock owns a renewable natural gas
6 developer that is active in regions, including
7 the Northeast, right? So, is it possible that --
8 that that low-carbon intensity methane finds its
9 way to consumers via pipeline, as part of a
10 solution with methane that's extracted from the
11 ground? I think it's possible.

12 But it's not -- it's not something that
13 I think is super highly knowable.

14 A (Saxe) I think our --

15 *[Court reporter interruption.]*

16 **BY THE WITNESS:**

17 A (Saxe) I just said that the referenced portfolio
18 company that he's talking about is called
19 "Vanguard Renewables", and we produce negative
20 carbon intensity gas.

21 BY CHAIRMAN GOLDNER:

22 Q And how does that work?

23 A (Saxe) So, Vanguard takes agricultural waste, so
24 cow manure, basically, and food waste, and it

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 produces -- extracts the natural gas from it.

2 And, so, carbon intensity is a measurement of how
3 much carbon it would have emitted. And the gas
4 that we produce, had we not taken that waste,
5 and, you know, the agricultural waste and the
6 food waste, the amount of carbon that would have
7 been emitted to the atmosphere is more than us
8 taking it and making natural gas out it.

9 Q And what do they do with it?

10 A (Saxe) We, you know, it's consumed as regular
11 natural gas.

12 Q I see.

13 A (Saxe) Yes.

14 Q What about the waste, though?

15 A (Saxe) So, it's taken and used as two things.
16 One, fertilizer, and then like it's straw, for
17 like cow beds, basically. So, we give it back to
18 the farmers. There's no real economic value.
19 But it's fertilizer and that straw, for like cows
20 to sit on in the farms.

21 Q Interesting. Thank you. Just as sort of another
22 mechanical question. Does the purchase of the
23 Pipeline give you the opportunity to use that
24 access for adding additional, like, physical

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 pipelines?

2 I'm just picturing a big pipeline
3 that's sitting out there. There's just one is
4 what I'm picturing. Can you -- is that true?
5 And can you add physically other pipelines to it?

6 A (Yardley) Yes. So, currently, Portland is a
7 single-line, 24-inch, that runs between the
8 Canadian border and Westbrook, Maine. And, then,
9 it's a 30-inch that we share with Maritimes, that
10 goes down to Massachusetts. Again, both single
11 lines.

12 Yes. You know, typically, you, in
13 order to expand pipe, you typically add
14 horsepower to the line, until the line can't be
15 powered up any more, and then you do something
16 called "looping", which is essentially laying
17 another line along next to it, either in parts of
18 it or along the entire route.

19 So, yes. It would require an awful lot
20 of right-of-way discussions. But, yes, that's
21 possible.

22 Q It's possible?

23 A (Yardley) Yes.

24 Q And how much capability do you have today? You

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 plan on using a certain amount. How much could
2 you bump that up with additional, you know, pumps
3 and so forth?

4 A (Yardley) Horsepower?

5 Q Yes.

6 A (Yardley) Yes. I'm not sure I've been privy to
7 all of the expansion plans that TC might have had
8 on the Pipeline. But, at least for the current
9 possibility, it would be adding another __
10 percent to the line.

11 Q _____ percent, okay. Because I imagine,
12 when you're purchasing something, you would want
13 to know what the upside is on what you currently
14 have. So, roughly __ percent is what you see
15 today?

16 A (Yardley) Yes.

17 Q Okay. Thank you.

18 MR. LITTELL: Mr. Chairman, pardon me.

19 CHAIRMAN GOLDNER: Yes.

20 MR. LITTELL: To just note, I think the
21 __ percent figure is confidential.

22 CHAIRMAN GOLDNER: Confidential.

23 MR. LITTELL: So, we'll work on the
24 transcript afterwards.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 CHAIRMAN GOLDNER: Thank you. And
2 appreciate you pointing that out. And we'll make
3 sure that that gets done with the court reporter.

4 BY CHAIRMAN GOLDNER:

5 Q Okay. Now, for some cash flow questions. So,
6 you have a high rate -- in the business arena,
7 you have a high rate of return expectation, which
8 means that the near-term cash flow is more
9 important than the long-term cash flow. And I
10 would imagine, with your -- the sort of discount
11 rate or discounted cash flows that you require,
12 that the -- I should say the rate of return that
13 you require, that out 15 or 20 years that the
14 revenue looks sort of almost meaning less? Is
15 that true? Am I thinking of that in the right
16 way? Or do cash flows 15 or 20 years and beyond
17 out have a significant impact?

18 A (Sailors) So, if you're purely thinking about,
19 right, so, from a finance point of view, right,
20 things that are nearer in the future are --
21 matter more to things like a rate of return than
22 further in the future, right?

23 Q Yes. I'm thinking about like a PV calculation.

24 A (Sailors) Yes. Exactly. For a PV calculation,

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 the cash flow in the next twelve months is more
2 important than 20 years hence.

3 Q Exactly. And I guess what I'm trying to ask is,
4 that it seems like, if you're using a pretty high
5 rate of return, that your cash flows out in time,
6 15, 20, 30 years, would be almost meaningless,
7 given the high rate of return, not true?

8 A (Saxe) No. No. I'm not sure how to follow the
9 logic. But, in our underwrite, you know, what we
10 refer to as our "terminal value", which is the
11 value, the way that we underwrote it, it's ten
12 years of cash flow, and then a terminal value is
13 a meaningful portion of our total return.

14 Q Okay.

15 A (Saxe) And, so, I'm not sure I follow your math
16 or logic for why you're saying that that is not a
17 meaningful part of our total return.

18 Q Yes. I'll walk you through the logic. So, if --
19 let's just say, this is hypothetical, but you had
20 a 20 percent sort of discount on your cash flows.

21 A (Saxe) And we don't.

22 Q If you did.

23 A (Saxe) Yes. Okay.

24 Q Let's say you had 12.

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 A (Saxe) Okay.

2 Q Just to use sort of a probably more logical
3 number. You do your discounted cash flows out
4 ten years, you get a PV, no problem. And, then,
5 it sounds like you do a terminal value and you do
6 the rest of the cash flows out 20, 30, 40, 50, a
7 hundred years, whatever your estimates were, to
8 create a second number. And you're saying that
9 that terminal value is a significant portion of
10 your analysis when valuing the Pipeline?

11 A (Saxe) Correct.

12 Q Okay. Thank you. Can you speak to, and if this
13 is proprietary, I certainly respect that, and we
14 can have it redacted by the court reporter, do
15 you have a time horizon that you think about, in
16 terms of your calculations and the life cycle of
17 the Pipeline?

18 A (Saxe) Two separate questions. But, you know,
19 our investors invest with us, our funds are, you
20 know, 12-year funds, with three one-year
21 extensions. Our investors like to see us invest
22 it. So, yes, like 15 years potential.

23 Q Yes.

24 A (Saxe) But, you know, our investors like to see

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 us invest it for long periods of time. Again,
2 they're returns-focused. So, there's no crime in
3 achieving a great return faster than that.

4 But we do, when we underwrite, like I
5 was saying, our standard methodology is looking
6 at ten-year increments. So, that's the way we
7 think about the world. What's the world going to
8 look like ten years forward? What is the buyer,
9 who we're going to be selling to, going to be
10 looking to? And that's the ten -- that's the
11 horizon that we --

12 *[Court reporter interruption.]*

13 **CONTINUED BY THE WITNESS:**

14 A (Saxe) That's the investment horizon that we look
15 to is a ten-year period.

16 The life cycle or, you know, economic
17 obsolescence of the asset is something entirely
18 different. You know, we tend to think that
19 pipelines have a very, very long life, some of
20 them. But some of the pipelines that, you know,
21 I've invested in in the past have been around,
22 you know, over 70 years. And, so, they tend, you
23 know, even though --

24 BY CHAIRMAN GOLDNER:

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 Q But you weren't the original purchaser?

2 A (Saxe) No, I was not. I was not. They
3 typically, when you make the investment and you
4 do the engineering, they tell you to assume 40 or
5 50 years, but they typically last much longer
6 than that. But that's typically what a normal
7 underwriting for the economic life of the asset
8 is.

9 Q Okay. Very helpful. Thank you.

10 And, then, I think I'll wrap up, we'll
11 take a break and come back for redirect. But,
12 so, the last question for this portion of the
13 session.

14 How did -- of course, your goal is to
15 be successful here. So, my next question isn't
16 meant to imply otherwise. But, if it's not, if
17 you have to abandon the Pipeline for whatever
18 reason, what are the financial implications or
19 responsibilities if that were to occur?

20 A (Saxe) Like regulatorially? Or, like with our
21 investors?

22 Q I'm thinking from the perspective of like what
23 happens to the physical asset?

24 With a wind turbine, for example, you

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 know, people, or our nuclear plants, people put a
2 lot of thought into what happens at termination.

3 A (Yardley) Yes. So, fortunately, this doesn't
4 happen often. But, at least in my experience on
5 some very short lines, for example, if a power
6 plant went out of business, and we had a short
7 line to that pipeline -- or, to that power plant,
8 we would generally pay, pay for abandoning that
9 facility in place. And either fill it with
10 nitrogen, or take a more expensive route and take
11 it out of the ground. My experience is you fill
12 it with nitrogen and cap it.

13 Q And you fill it with nitrogen so it doesn't
14 oxidize?

15 A (Yardley) That's right.

16 CHAIRMAN GOLDNER: Okay. Okay. Thank
17 you.

18 So, let's take a 15-minute break.
19 We'll return at ten of.

20 I'm sorry, Mr. Needleman?

21 MR. NEEDLEMAN: I was just going to
22 say, Mr. Chair, I don't believe we're going to
23 have any redirect. So, in the interest of time,
24 if we want to come back and have the DOE

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 witnesses ready?

2 CHAIRMAN GOLDNER: Okay. That's
3 excellent. Let me -- we need to check to see if
4 we have any additional questions. So, if the
5 witnesses can return to the stand, that will be
6 great. And I'll double-check to make sure
7 there's no need for redirect at that point.

8 So, thank you. Let's return at ten of.

9 *(Recess taken at 10:36 a.m., and the*
10 *hearing reconvened at 10:51 a.m.)*

11 CHAIRMAN GOLDNER: Okay. The
12 Commission has no further questions. And you're
13 still okay passing on redirect?

14 MR. NEEDLEMAN: We are, Mr. Chair.
15 And, if it's acceptable to the Commission, if our
16 witnesses could leave at this point, they would
17 appreciate it?

18 CHAIRMAN GOLDNER: For the day or for
19 the --

20 MR. NEEDLEMAN: Well, it would be --
21 so, some of them, at least for the day, I think
22 they have flights to catch. I don't know if
23 there's a need for them to remain.

24 CHAIRMAN GOLDNER: Okay. I don't think

[WITNESS PANEL: Saxe|Sailors|Yardley]

1 so either. I'll just check with my fellow
2 Commissioners to see if they have any concerns?

3 *[Cmsr. Simpson and Cmsr. Chattopadhyay*
4 *indicating in the negative.]*

5 CHAIRMAN GOLDNER: Seeing none. That
6 would be fine.

7 MR. NEEDLEMAN: Thank you.

8 CHAIRMAN GOLDNER: Thank you. Okay.
9 So, the witnesses are excused.

10 And we'll invite the DOE witnesses to
11 the stand.

12 *[Short pause.]*

13 CHAIRMAN GOLDNER: And, while folks are
14 getting resettled, I'll just mention -- I'll just
15 mention, while folks are getting settled, that we
16 will have a question for the lawyers at closing.
17 We'd like to know the standard of review that
18 each of the parties believe that the Commission
19 should apply? Is it "adverse effect", under
20 RSA 369, "public good", under 374:30, or both?

21 *[Short pause.]*

22 CHAIRMAN GOLDNER: Okay. We'll give
23 the witnesses another moment to get settled in.
24 And, when they're ready, Mr. Patnaude, if you

[WITNESS PANEL: Blair|Arif]

1 could please swear them in.

2 (Whereupon **BRUCE L. BLAIR** and
3 **FAISAL DEEN ARIF** were duly sworn by the
4 Court Reporter.)

5 CHAIRMAN GOLDNER: Thank you. We'll
6 begin with direct, and Attorney Schwarzer.

7 MS. SCHWARZER: Thank you.

8 **BRUCE L. BLAIR, SWORN**

9 **FAISAL DEEN ARIF, SWORN**

10 **DIRECT EXAMINATION**

11 BY MS. SCHWARZER:

12 Q I've going to ask each of you to introduce
13 yourselves for the record please?

14 A (Blair) My name is Bruce Blair. I'm a Public
15 Utilities Analyst for the New Hampshire
16 Department of Energy, Gas Division.

17 Q Could you pull that mike closer to you? Like you
18 almost have to swallow it.

19 A (Blair) All right. Should I repeat myself?

20 Q Please.

21 A (Blair) My name is Bruce Blair. I'm a Utility
22 Analyst for the Gas Division in the New Hampshire
23 Department of Energy.

24 A (Arif) And I am Faisal Deen Arif. I am the

[WITNESS PANEL: Blair|Arif]

1 Director for Gas Division in the Department of
2 Energy in New Hampshire.

3 Q And I'm going to address them, the rest of --
4 many of these questions to Dr. Blair. And,
5 Dr. Arif, I'll ask you, from time to time, your
6 position as well.

7 Dr. Blair, in what field of study was
8 your Doctorate awarded?

9 A (Blair) My Doctorate is in Political Science,
10 with a specialization in energy policy and
11 administration.

12 Q And how long have you worked with the New
13 Hampshire Department of Energy?

14 A (Blair) December 1st of last year.

15 Q And have you provided your CV as an attachment to
16 Exhibit 6 and 7?

17 A (Blair) I have. It is Attachment C, in Exhibit 6
18 and 7.

19 Q Have you testified before the Commission before?

20 A (Blair) No. This is my first time.

21 Q Could you please identify Exhibit 6 and 7?

22 A (Blair) Yes. Exhibit 6 is the New Hampshire DOE
23 Technical Statement, with attachments, the
24 redacted version. Exhibit 7 is the New Hampshire

[WITNESS PANEL: Blair|Arif]

1 DOE Technical Statement, with attachments, the
2 confidential version.

3 Q And those -- that technical statement is the
4 statement of both yourself and Dr. Arif, is that
5 correct?

6 A (Blair) Yes.

7 Q And it's May 3rd, 2024?

8 A (Blair) Yes.

9 Q And did you prepare or supervise the preparation
10 of Exhibit 6 and Exhibit 7?

11 A (Blair) Yes.

12 Q Do you have any corrections that you want to make
13 to that exhibit?

14 A (Blair) Yes. We, in reviewing it for the
15 hearing, we've noticed a handful of
16 typographical errors.

17 Q Maybe three?

18 A (Blair) Three, yes.

19 Q Could you just take us to where those corrections
20 are?

21 A (Blair) So, on -- in both Exhibits 6 and 7, on
22 Bates Page 1, numeral (2), we state "RSA 274:30",
23 and it should say "RSA 374:30".

24 Q Thank you. And the next one?

[WITNESS PANEL: Blair|Arif]

1 A (Blair) And, then, in both Exhibit 6 and 7, on
2 Bates Page 008, the last paragraph of that page,
3 we have two instances where it says "TNGTPS",
4 and, of course, it should say "PNGTS". That's
5 the second line of that last paragraph and the
6 fourth line of that paragraph.

7 Q With those corrections to Exhibit 6 and 7, do you
8 adopt 6 and 7 as your sworn testimony, and
9 accurate as the day it was filed?

10 A (Blair) Yes.

11 Q And, Dr. Arif, I'm going to ask you if you agree
12 with those corrections?

13 A (Arif) I do.

14 Q And do you adopt Exhibit -- were 6 and 7 prepared
15 by you or under your supervision?

16 A (Arif) It was.

17 Q And do you adopt them as your sworn testimony,
18 accurate as the day it was filed, May 3rd, 2024?

19 A (Arif) I do.

20 Q And I'll ask both of you, in your tech
21 session [statement?], you concluded that, subject
22 to the views of the LDCs, Northern and Liberty,
23 that the proposed transaction will not result in
24 any adverse impact and is consistent with the

[WITNESS PANEL: Blair|Arif]

1 public good, is that correct?

2 A (Blair) Yes.

3 A (Arif) That is correct.

4 Q Okay. Dr. Blair, could you please identify
5 additional material, just list additional
6 material that's come into the record since you
7 filed your technical statement?

8 A (Blair) Yes. Since we filed our technical
9 statement, we have received, in response to our
10 petition to make both Northern and Liberty
11 mandatory parties, and we received their
12 objection.

13 We also received Exhibit 5, which is
14 PNGTS's 2024 budget.

15 Q Updated?

16 A (Blair) Updated budget, yes. We received
17 Exhibit 3, which is updated Attachment D, which
18 was the previously mentioned organizational
19 structure.

20 We received supplementary discovery
21 from the Maine PUC hearings or process docket.

22 And, then, we received I believe it's
23 Exhibit 8, the oral data request response,
24 concerning Canadian regulatory approval.

[WITNESS PANEL: Blair|Arif]

1 Q Thank you. And, if we could take those one at a
2 time. Could you please discuss Northern's
3 objections, and whatever you found significant in
4 that document?

5 A (Blair) Yes. So, in Northern's objection to the
6 petition to be made a mandatory party, on
7 Paragraph 7, they state "Northern's rights and
8 obligations under those" presumably involving
9 PNGTS, "agreements are not impacted by an
10 upstream transfer of ownership".

11 Q And was that helpful to you?

12 A (Blair) Yes.

13 Q And did that change your conclusion?

14 A (Blair) It does not change, no.

15 Q How about Liberty's objection?

16 A (Blair) Liberty made a similar statement, at
17 Paragraph 4, 3 to 5, but specifically
18 Paragraph 4, in which they state "Liberty is
19 confident that Commission's approval of the
20 relief sought in this docket will not affect its
21 existing FERC-regulated contracts."

22 Q And did that assist you in reaching a solid
23 conclusion?

24 A (Blair) Yes.

[WITNESS PANEL: Blair|Arif]

1 Q And did it change your conclusion?

2 A (Blair) No.

3 Q How about the update to Attachment D?

4 A (Blair) So, the updated Attachment D includes the
5 provision of the two previously mentioned
6 "holding companies", if you -- for lack of a
7 better term, in between BlackRock Infrastructure
8 and Beehive.

9 Q And you heard the Petitioners' testimony earlier
10 this morning, correct?

11 A (Blair) Yes.

12 Q So, does the updated Attachment D change your
13 conclusion in the technical statement at all?

14 A (Blair) No.

15 Q How about Exhibit 5, the 2024 updated budget?

16 A (Blair) We received PNGTS's updated 2024 budget,
17 and --

18 Q Did it change your conclusion?

19 A (Blair) No.

20 Q And, Exhibit 8, which is the statement you
21 referred to earlier?

22 A (Blair) Yes. We had the initial concern
23 concerning Canadian regulatory processes. And
24 Exhibit 8 did not change our final conclusion.

[WITNESS PANEL: Blair|Arif]

1 Q Thank you. And, just briefly, the very narrow
2 concern I believe you had raised about Canadian
3 regulatory processes was whether that would --
4 the upstream transfer would have an impact on the
5 likelihood of the Empress Precedent Agreements
6 being approved, correct?

7 A (Blair) Correct.

8 Q And this answered that concern?

9 A (Blair) Yes.

10 Q And you -- accordingly, the concerns -- the
11 opinion you reached on the last page of your tech
12 statement, which was subject to input from the
13 LDCs, has been resolved. And, so, your opinion
14 stands, is that correct?

15 A (Blair) Yes.

16 Q And, Dr. Arif, you've heard Dr. Blair's
17 testimony. Do you agree with his testimony?

18 A (Arif) I do.

19 Q And your -- similarly, your conclusions stand, no
20 longer subject to input from the LDCs?

21 A (Arif) Not at this point.

22 MS. SCHWARZER: Thank you. I have no
23 further questions.

24 CHAIRMAN GOLDNER: Thank you. We'll

[WITNESS PANEL: Blair|Arif]

1 move to cross, and the Office of the Consumer
2 Advocate?

3 MR. KREIS: No questions, Mr. Chairman.

4 CHAIRMAN GOLDNER: Thank you. And the
5 Petitioners?

6 MR. NEEDLEMAN: No questions, Mr.
7 Chairman.

8 MR. LITTELL: No questions, Mr.
9 Chairman.

10 CHAIRMAN GOLDNER: Thank you. Okay.
11 We'll move to Commissioner questions, beginning
12 with Commissioner Simpson.

13 CMSR. SIMPSON: I want to thank you
14 both for your technical statement, and the
15 discovery process. In reading through the record
16 and the work that you did was extremely helpful.
17 And I just want to commend you for your diligence
18 in this effort. I thought it was very well done.
19 So, thank you.

20 I don't have any questions for either
21 of you.

22 CHAIRMAN GOLDNER: Thank you. We'll
23 turn now to Commissioner Chattopadhyay?

24 CMSR. CHATTOPADHYAY: I do not have any

[WITNESS PANEL: Blair|Arif]

1 questions.

2 CHAIRMAN GOLDNER: All right. And the
3 Chair has no questions.

4 We'll return to the Department for any
5 redirect, though I suspect there's none?

6 MS. SCHWARZER: No redirect. Thank
7 you, Mr. Chairman.

8 CHAIRMAN GOLDNER: Thank you. Always
9 want to afford the opportunity.

10 Okay. Very good. The witnesses are
11 excused. I think you could just stay seated
12 where you are, if you like, assuming those chairs
13 are comfortable.

14 We have new chairs, by the way, coming
15 to the hearing room soon. So, I hope they will
16 be an improvement over the current ones.

17 MR. GETZ: It's been 20 years, Mr.
18 Chairman.

19 *[Laughter.]*

20 CHAIRMAN GOLDNER: I thought there was
21 somebody in the room who might know the answer to
22 that. So, it turns out that there was.

23 Yes. I think, so, hopefully, we'll get
24 those in soon, and things will be a little bit

1 more comfortable than those 20 year-old chairs.

2 CMSR. SIMPSON: Chairman, Emeritas Getz
3 seems to be following us with excitement.

4 *[Laughter.]*

5 CHAIRMAN GOLDNER: He does. He does.

6 CMSR. CHATTOPADHYAY: Finally, straws
7 for the cows.

8 CHAIRMAN GOLDNER: Okay. Very good.
9 So, let's move to closing at this point, and
10 we'll begin with the Department of Energy.

11 MS. SCHWARZER: Mr. Chairman, as you
12 recently heard our witnesses testify, we support
13 the approval of this proposed transfer of
14 upstream partnership shares. We conducted the
15 analysis consistent with both the "adverse
16 impact" and the "public good" standard.

17 I'm mindful of your request as to which
18 standard should apply. However, in light of the
19 Commission's order, I believe it was the
20 structuring order, it did not occur to me that we
21 would be asked that question. And, so, I have
22 not considered whether or not it's appropriate to
23 address merely the "adverse interest" *[sic]*
24 standard.

1 If the Commission is interested in a
2 further answer, we can certainly file something
3 on request.

4 CHAIRMAN GOLDNER: Okay. I assume
5 that's an answer from the Department on the
6 whole. I see that Attorney Dexter is sitting to
7 your left, as the Manager of the Department.
8 Attorney Dexter, did you have a -- did you maybe
9 want to comment?

10 MR. DEXTER: No. I concur with what
11 Attorney Schwarzer said. When the order came
12 out, and set forth the proceeding that we've gone
13 through, and it went by the 30 days and the 60
14 days, and the 60 days that were laid out, we read
15 that as a signal to address both standards. And,
16 having done that, we didn't need to go back and
17 say "Well, I think, if we'd done that
18 differently, which one would have applied?"

19 I guess I'm struggling a little bit
20 with how the three -- I'll get the numbers wrong,
21 excuse me here -- the 369:8 would apply, given
22 the amount of time that's past, because I think
23 there were deadlines that would have had to be
24 met in order to apply that standard.

1 CHAIRMAN GOLDNER: Okay. Thank you.

2 We'll turn now to the Office of the
3 Consumer Advocate for a close.

4 MR. KREIS: Thank you.

5 Today's hearing was very interesting.
6 And I believe that the Petition warrants approval
7 by the Commission, as I said at the beginning. I
8 say that notwithstanding the fact that I learned
9 during the break that one of the witnesses for
10 the Buyers actually went to Colby College. I'm
11 willing to overlook that, if the Commission is.

12 With respect to the statutory standard
13 that applies, it is the position of the Office of
14 the Consumer Advocate that the Petition would
15 merit approval under either a "public good"
16 standard or the "no adverse impact" standard in
17 RSA 369:8, II(b).

18 I have seen in other RSA 369:8 cases
19 the petitioners waived the statutory timeline,
20 which is quite aggressive. And one might think
21 that that is what could be deemed to have
22 happened here.

23 What I would urge the Commission --
24 what I would suggest that the Commission do is

1 issue an order saying that "To the extent there's
2 any issue about the interplay between those two
3 statutes, it can be avoided here, because the
4 proposal meets both standards."

5 CHAIRMAN GOLDNER: Thank you, Attorney
6 Kreis.

7 And we'll turn now to the Commission --
8 the Petitioners, rather.

9 MR. GETZ: Thank you, Mr. Chairman.

10 As we pled it in the Petition, the
11 primary standard we filed this Petition under is
12 in RSA 369:8, II, which sets forth the standard
13 and a process, that essentially set, in a
14 situation where a change of ownership at the
15 parent level, if there is a detailed written
16 representation of no adverse effects, that,
17 effectively, the Commission could take no action,
18 and it would be approved. We weren't technically
19 proposing that that's what you should do, but
20 this is what you could do.

21 But we also filed the testimony that
22 would satisfy the 374 standard that is for the
23 public good, which case law indicates, and it
24 shows that a combination of financial,

1 managerial, and technical capability, as well as
2 no adverse effect on rates, terms, and services,
3 which is satisfied by the technical statement of
4 the -- of our witnesses.

5 So, I think, you know, in concert with
6 the Consumer Advocate and I think with Staff
7 here, I think you have -- I don't think you need
8 to select one over the other, because we proved
9 both. And I think you have the prerogative and
10 the discretion, and the belts and suspenders to
11 say that we've satisfied both standards. And I
12 have seen that approach taken in prior
13 proceedings under 369:8.

14 CHAIRMAN GOLDNER: Okay. Thank you.

15 Okay. Attorney Littell, anything that
16 you'd like to add?

17 MR. LITTELL: Thank you, no. We agree
18 with that analysis, that we think both are met.
19 And, if there's any question, or if the
20 Department takes the view that we need to meet
21 both, there's no harm in belt and suspenders.
22 But we're not sure that you need to apply -- that
23 you need to look at the "public interest"
24 standard, in addition to the "adverse effect".

1 So, we concur with what Attorney Getz
2 stated.

3 CHAIRMAN GOLDNER: Okay. Thank you.

4 And I'll just ask a final question of
5 Attorney Getz. Is the order from the Commission
6 needed by a particular timeline or date? Did you
7 have something that you would request?

8 MR. GETZ: We had I think requested
9 that, if you could do this within the same
10 timeframe of the 90 days that applies to the Site
11 Evaluation Committee proceeding. So, that would
12 put us out into -- if that could be done by the
13 end of this month. But I think, you know, a
14 slippage of a week or two would not be a problem,
15 given what you heard about closing, and what's
16 going on in Maine. But --

17 CHAIRMAN GOLDNER: Okay. Thank you.
18 Yes, I don't know that will be a problem, but I
19 wanted to check.

20 Okay. Are there any objections to
21 striking ID on the exhibits submitted today and
22 accepting them into evidence as full exhibits?

23 MR. GETZ: No objection.

24 MR. KREIS: None from us.

1 CHAIRMAN GOLDNER: Seeing --

2 MS. SCHWARZER: No.

3 CHAIRMAN GOLDNER: Thank you. Seeing
4 none, we'll strike ID and enter all the exhibits
5 as full exhibits in this docket.

6 Is there anything else that we need to
7 cover today?

8 MR. GETZ: No, Mr. Chairman.

9 CHAIRMAN GOLDNER: Okay. Thank you.
10 Again, seeing none. We'll issue an order in due
11 course.

12 Thank you, everyone. We are
13 adjourned.

14 ***(Whereupon the hearing was adjourned***
15 ***at 11:09 a.m.)***

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