STATE OF NEW HAMPSHIRE

PUBLIC UTITITIES COMMISSION

DG 11-040

In the Matter of:
National Grid USA, Inc. and Liberty Energy Utilities Co. et al.
Joint Petition for Approval of Stock Acquisitions

Direct Testimony

of

Stephen P. Frink
Assistant Director – Gas & Water Division

October 7, 2011

New Hampshire Public Utilities Commission

National Grid USA &
Liberty Energy Utilities Co. et al.

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Testimony of
Stephen P. Frink

Q. Please state your name, occupation and business address.

A. My name is Stephen P. Frink and I am employed by the New Hampshire Public Utilities Commission (Commission) as Assistant Director of the Gas & Water Division. My business address is 21 S. Fruit Street, Suite 10, Concord, New Hampshire 03301.

Q. Please summarize your educational and professional experience.

A. See ***Attachment SPF-1***.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to summarize Staff's concerns regarding the proposed acquisition of EnergyNorth Natural Gas, Inc. (EnergyNorth) by Liberty Energy Utilities Co. (Liberty Energy) and explain how the proposed acquisition as filed fails to meet the "no net harm" standard.

Q. Please describe the acquisition proposal contained in the Joint Petition.

A. The petition seeks approval for the acquisition of Granite State Electric Company (Granite) and EnergyNorth by Liberty Energy through Liberty Energy's purchase of 100 percent of the common stock of the companies from National Grid USA (National Grid and, as the context may require, its relevant affiliates). Liberty Energy in turn is proposing to assign its rights and obligations under the stock purchase agreement to Liberty Energy Utilities (New Hampshire) Corporation. As the context may require, in my testimony, "Liberty" refers to the companies that will be the relevant affiliates of Granite and EnergyNorth under the joint petitioners' proposal.

Areas of Concern

Q. This marks the third change in ownership for EnergyNorth in just over ten years. How does this proposed acquisition differ from the others?

A. The prior acquisitions were by companies with extensive experience in owning and operating natural gas utilities and each acquisition was expected to produce synergy savings. In this instance the acquirer has never owned or operated a natural gas utility and there is no assertion in the filing that the acquisition will result in any savings.

Q. What are areas of potential concern?

A. Although Liberty Utilities Co., the immediate parent of Liberty Energy, has experience operating small water and sewer utilities, those utilities operate much smaller and simpler systems than either of the Granite or EnergyNorth systems. EnergyNorth serves 86,000 customers, owns and operates over 2,000 miles of distribution mains and on-system storage and peaking facilities, generates revenue from off-system sales, executes a somewhat complicated hedging policy, provides marketer and aggregator services, and has intervened in FERC proceedings to protect its interests, designed and implemented energy efficiency programs for its natural gas customers and prepared integrated resource plans.

Based on its review of the proposed transaction, Staff has identified a number of concerns regarding gas and electric operations, public safety, customer service, transaction financing, energy efficiency, resource planning and rate impacts, both during and after the transition to new ownership.

Q. What concerns does your testimony address?

A. My testimony focuses primarily on the risks and rate impact of the proposed merger on EnergyNorth customers.

Acquisition Risk

Q. Does Liberty's lack of experience in operating a gas utility pose a risk?

A. The transfer of utility ownership always involves the potential for a number of risks, including, for example, cost overruns that can harm the financial viability of operations or declines in customer service due to lack of planning or management capabilities. Such risks can be managed, however, with proper planning and testing if the acquiring company has the support of the exiting utility operator throughout the transition and the financial wherewithal to cover whatever contingencies may arise.

The acquiring company's energy distribution utility experience, and familiarity with regional operating conditions and relevant regulatory requirements can be factors that help limit risk, as was the case when KeySpan acquired EnergyNorth in 2000, National Grid acquired EnergyNorth in 2007, and Unitil acquired Northern Utilities in 2008. Even though KeySpan had extensive experience operating natural gas utilities that operated in close proximity to New Hampshire, there were a number of cost and regulatory issues that arose when it acquired EnergyNorth, due in large part to KeySpan's lack of experience specific to the New Hampshire system and regulatory requirements.[1] The 2008 Unitil acquisition of Northern raised fewer issues, due in part to Unitil's experience in operating a natural gas utility and providing utility service in New Hampshire. Liberty does not have the same level of familiarity or experience.

In this regard, the Liberty Energy acquisitions are more analogous to the Fairpoint acquisition of Verizon New England, where a company lacking regional experience purchased utility operations and had to acquire new systems to support and operate the utility.

Q. As a stock purchase, is Liberty acquiring the assets necessary to operate EnergyNorth?

A. No. Through the stock sale, Liberty Energy is acquiring the physical assets located in New Hampshire and is keeping the employees that maintain and operate those facilities. Many of the services required to effectively operate EnergyNorth, however, will continue to be provided by National Grid and its affiliates located outside New Hampshire throughout the transition period. A good many of the management employees and supporting assets will remain with National Grid.

Q. Does Liberty have the systems and staff to perform the services currently provided by National Grid for EnergyNorth?

A. Liberty is in the process of acquiring the systems, resources and personnel necessary to provide those services. Although Liberty has never owned or operated a natural gas utility, it has operated small water and sewer utilities in other jurisdictions, primarily located in the southwest United States, so Liberty does have some of the operating systems and experience to support certain customer, accounting and regulatory services. Liberty does not presently have all the engineering, supply procurement and dispatch, energy efficiency and integrated resource

1 Examples can be found in EnergyNorth dockets DG 01-181 addressing filing and reporting failures and errors in calculating gas rates, DG 03-160 addressing gas contracting and dispatch, and DG 06-154 addressing thermal billing.

planning resources necessary to operate EnergyNorth.

Q. What steps has Liberty taken to limit the transaction risks and ensure a smooth transition?

A. Liberty has undertaken extensive planning, hired a number of National Grid and other experienced natural gas utility employees and entered into transition services agreements (TSAs) with National Grid, under which National Grid will provide a broad array of services to EnergyNorth on a transitional basis after consummation of the stock transfer.

Q. Are Liberty's planning and testing efforts adequate to ensure a smooth transition?

A. The planning and testing is far from complete and there are concerns in that area, as identified and discussed in the testimony of G3.

Q. What are the consequences if problems should arise during and following the transition?

A. Customer service, safety and reliability could be compromised and there likely will be cost overruns that could lead to rate increases and/or threaten the financial health of Granite and EnergyNorth. Granite and EnergyNorth customers would bear the brunt of those risks.

Q. Please elaborate on the potential cost risk concerning the proposed transaction.

A. As described in the G3 testimony, there is an enormous amount of planning and testing required to ensure a smooth transfer of service from National Grid to Liberty, particularly as Liberty has never owned or operated a natural gas utility. In addition to the planning and testing costs, Liberty also has to modify existing systems and acquire new systems to maintain EnergyNorth's current level of service. These costs are typically referred to as transition costs, as they are necessitated by the change in ownership. As part of the planning process, these costs should be clearly identified and distinguished from normal operating utility costs and capital investments. These incremental costs and the proposed regulatory treatment of these costs should be considered when evaluating acquisition costs and rate impacts. Because complications can and typically do arise during the transfer transition period, actual transition costs often exceed original projections. Liberty recognizes the potential for cost overruns in its budget estimate of IT systems to replace the National Grid systems, which includes a 20 percent contingency factor. **See *Attachment SPF-2 (Supplemental Data Response to Staff 1-72).***

Transition costs can be substantial and actual costs can be well in excess of current projections, particularly in this instance, where Liberty has no prior natural gas utility experience.

Risk Sharing

Q. Does National Grid share any of the potential cost risk if the proposed acquisition is completed?

A. No. National Grid will receive the agreed upon purchase price of $285 million for Granite and EnergyNorth at the time of the sale and will be fully reimbursed for all future services provided under the TSA.

Q. Should National Grid share in that risk?

A. Yes. National Grid received five qualifying bids and could possibly have sold EnergyNorth to a company with the systems and experience that might have significantly reduced transition costs and alleviated the operations and service concerns. **See *Attachment SPF-3 (Data Response to Staff 2-82).*** By selecting a buyer with no natural gas utility or New Hampshire utility regulatory experience, the transition costs and risk of cost overruns are increased. As I will explain later in my testimony, the proposed ownership transfer as filed does not meet the "no net harm" standard, due in large part to transition costs and risks associated with National Grid selling to an inexperience buyer.

Q. **What is the "no net harm" standard?**

A. Staff witness Steven Mullen explains the "no net harm" standard in his testimony and how it has traditionally been interpreted and applied by the Commission. Traditionally, the Commission has approved transfers of ownership where the utility customers were not expected to see degradation in services, safety and reliability or immediate rate increases under the new ownership beyond what could reasonably be expected under the pre-transfer ownership.

Q. **What considerations would you recommend taking into account in assessing this transaction under the "no net harm" standard?**

A. I would recommend taking into consideration the expected benefits and services if National Grid were to maintain ownership of EnergyNorth and assess the potential impact on those benefits and services of a buyer such as Liberty that lacks experience in energy distribution operations and management.

Q. **Have you made an assessment of the potential impact on EnergyNorth of an inexperienced buyer in this case?**

A. Yes.

Q. **Please explain your assessment of the potential impact on EnergyNorth.**

A. First, I considered the fact that Algonquin only recently acquired its first electric utility company – *i.e.*, the acquisition of the California Pacific Electric Company (CalPeco) electric utility from Sierra Pacific Power. In that case, a number of critical services are still being provided under a transition services agreement with the prior owner. Until that newly acquired utility is operating independently, it is not possible to evaluate with any degree of certainty the customer impacts in that transaction. The fact that the ownership transition of that utility precedes Liberty's acquisition of Granite so closely is a matter of concern regarding Liberty's ability to safely, reliably and cost effectively operate Granite, given the concurrent demands of launching the management and operation of both electric utilities from a position of no experience.

Of even greater concern is the purchase of EnergyNorth, where Liberty lacks even the limited experience it has with CalPeco to draw upon. With no experience in operating a natural gas distribution utility and the added complication of acquiring only the physical assets located in New Hampshire without the simultaneous acquisition of personnel and systems necessary to perform the myriad and varied functions currently being provided by National Grid and its affiliates, it can be expected that there will be a steep learning curve for Liberty. As a result, the TSA with National Grid and National Grid's willingness and ability to perform the required services for as long as necessary are essential to ensure no degradation in safety, reliability and customer service.

Q. Is it your recommendation that the Commission reject the proposed ownership transfer because the public would be better served by a present or different potential owner?

A. No. But it is important to consider the risk and cost that National Grid has exposed Granite and EnergyNorth customers to as a result of selecting the Algonquin bid. National Grid is expected to receive a significant premium above book value if the sale goes through but will not bear any of the risk or responsibility of cost overruns that could occur during the transition.

Q. By what means should National Grid share in that risk?

A. The Algonquin offer includes a substantial acquisition premium, as disclosed in the fact sheet

Algonquin provided to the public when it announced the acquisition in December 2010. According to the fact sheet, the acquisition of Granite includes anticipated regulated assets of approximately US $72 million at the closing for a purchase price of approximately US $83 million, representing a 1.154 multiple of anticipated regulated assets. The acquisition of EnergyNorth includes anticipated regulated assets of about US $178.8 million for a purchase price of US $202 million, representing a 1.129 multiple of anticipated regulatory assets. **See *Attachment SPF-4 (Algonquin fact sheet issued December 2010)***.

Based on the fact sheet, the total consideration to be paid National Grid is $285 million and the book value of regulatory assets at the time of the sale is expected to be $250.8 million, a difference of $34.2 million.

Q. How could that risk by mitigated, in your view?

A. To provide assurance against the potential risks raised by this transaction, a portion of the acquisition premium should be held in escrow until all TSA services have been completed. If there are significant cost overruns, then that escrow fund would be used to offset those costs. Such an arrangement would not eliminate the potential that customers could experience "net harm," but it could limit the harm.

Q. Does escrowing the acquisition premium address the same risks as holding back a portion of TSA payments to National Grid or having National Grid post a performance bond as suggested by other witnesses?

A. No. Those proposals are designed to ensure National Grid meets its responsibilities as required under the terms and conditions of TSAs; they do not address potential transition cost overruns. The premium escrow would be used to alleviate substantial transition cost overruns. For instance, Liberty estimated the cost to replace National Grid IT systems to be approximately

$6.4 million. Those costs could be capped at $8 million (25 percent above estimated costs), above which the acquisition premium escrow funds would be applied.

Q. Why should National Grid be responsible for Liberty transition cost overruns?

A. National Grid is currently responsible for EnergyNorth's utility operations and as such is required to provide safe, reliable and cost effective service. It is National Grid's responsibility to find a suitable buyer under which there will be no net harm. National Grid is a partner in this transaction and should be assisting Liberty in identifying and quantifying transition costs and in limiting the risk of cost overruns that New Hampshire rate payers will be exposed to as a result of the sale. Escrowing the acquisition premium would allow National Grid full recovery of the value of its regulated assets while limiting the public risks related to potential cost overruns.

Rate Impact

Q. What areas have been reviewed when considering the potential rate impact?

A. Staff reviewed each of the areas used in determining a utility's revenue requirement: rate base, operating costs, amortization and depreciation, taxes and cost of capital. Staff also considered the impact that Liberty's business plans might have on rates and service.

Q. What is Liberty's business plan?

A. Liberty's business plan is to own and operate a national portfolio of moderately sized electric and natural gas distribution utilities in regulatory jurisdictions that are expected to be supportive of Liberty's "best-in-class" customer-focused approach and local management strategies. **See Robertson Direct Testimony at p. 8 of 32.**

Q. What is Algonquin's business strategy?

A. Algonquin's business strategy is to invest in lower risk, income producing assets and continue to reinvest in the acquired assets, such as through capital replacement projects. **See Robertson Direct Testimony at p. 11 of 32.**

Q. How might Liberty's business plan affect rates?

A. While Staff welcomes a customer-focused approach and local management, such an approach can be costly, as local facilities will need to be purchased or rented and staffed.

Another concern is that the New Hampshire utilities will once again become a small piece of a much larger entity as more and more utilities are acquired by Liberty. Algonquin's New Hampshire acquisition constitutes close to 20 percent of its current asset base, thereby warranting management attention. Management's attention in addressing New Hampshire's needs could wane, however, as more utilities are acquired and the New Hampshire investment becomes a smaller piece of Algonquin's asset base.

Also, Algonquin's stated desire to "reinvest" in the New Hampshire utilities raises concerns. Under KeySpan and National Grid ownership, EnergyNorth has seen a tremendous increase in capital spending, which has contributed to recent rate increases. While expanding the availability of natural gas to more New Hampshire businesses and homes is a desirable objective, the majority of the capital spending has been non-growth related. Liberty's capital spending plan should be carefully considered and limited to what is necessary and essential to provide safe and reliable service and economic growth, not used as a means to unnecessarily increase rate base and revenues at the expense of ratepayers.

Q. How will staffing and operating costs change under Liberty management?

A. Based on the presentation prepared by Liberty and presented at the September 7-8, 2011 technical session, EnergyNorth currently has 143 full-time equivalent positions (FTEs); under

Liberty staffing will increase by 17 FTEs to a total of 160. EnergyNorth's 2011 budgeted labor costs are $17,402,000 under National Grid and are expected to be $17,947,000 under Liberty, an increase of $545,000. Liberty also expects see a $159,000 increase in rent expense due to additional property requirements and a $171,000 increase in allocated non-labor corporate costs for a total increase of $876,000 in annual operations, customer services and administrative costs. **See *Attachment SPF-5 (Liberty September 7&8, 2011 presentation - pages 18, 19 & 23).***

Q. How does the estimated cost increase impact the EnergyNorth revenue requirement?

A. Based on Liberty's analysis of the EnergyNorth expenses for the fiscal year ending March 31, 2011, EnergyNorth's labor, operations and maintenance normalized expenses totaled $28,161,000. Under Liberty those costs would have been $876,000 higher, an increase of three percent. **See *SPF-6 (Supplemental Response to Staff 2-111)***.

Q. Have you concluded that Liberty's cost projections are complete and reasonable?

A. No. Liberty's cost projections appear to be incomplete; therefore, it is impossible to conclude at this point that they are reasonable. The projected Liberty operating costs include a net savings of $628,000 in annual IT labor and non-labor expenses based on employing new IT systems. To purchase and install the new IT systems is expected to cost $6.4 million and will be recorded as a one-time capital investment. The total capital expenditure for new IT systems is expected to be approximately $4,123,000 for EnergyNorth and $2,266,000 for Granite. **See *Attachment SPF-2 (Supplemental Data Response to Staff 1-72).*** The projected savings of $628,000 will be largely offset by the return on new IT investments. **See *Attachment SPF-5 (pages 24-26).***

Furthermore, Liberty's projections do not include non-IT investments for items such new furniture and computers, estimated to be a one-time capital investment of approximately $400,000, which will also earn a return and result in an increase in the annual depreciation expense. **See *Attachment SPF-7 (Data Response to Staff TS 2-18).***

Liberty does not break out non-IT expenses between Granite and EnergyNorth, but based on the projected increase in staffing for each of the utilities (10 for Granite and 17 for EnergyNorth), it can be assumed that 63 percent or $252,000 of that $400,000 cost will be assigned to EnergyNorth.

Q. Do these investments represent transition costs?

A. Yes. It is unclear what National Grid's immediate plans are regarding IT system upgrades, and to the best of Staff's knowledge there are no plans to increase EnergyNorth staffing, but it is unlikely National Grid would be making the $4,375,000 investment (new IT systems investment of $4,123,000 and new workstation investment of $252,000) required as a result of the proposed acquisition. If allowed for recovery, the $4,375,000 million investment necessary for Liberty to operate EnergyNorth will earn a rate of return and create additional depreciation expenses, costs that will be reflected in future rate filings until fully depreciated.

Q. What has Liberty identified as the expected transition costs?

A. Liberty estimates transition costs of $630,000, identified as external costs payable to 3rd party consultants related to setup of facilities, processes, systems, etc., and incremental expenses incurred by management, such as travel. These transition costs do not include payments made by Liberty to National Grid under the TSAs, however. **See *Attachment SPF-8 (Supplemental Data Response to Staff 1-27 & OCA Tech 2-2).***

Q. Is the Liberty transition cost projection reasonable?

A. No. Liberty includes only external IT system installation costs and ignores the actual cost of the new systems, internal costs and non-IT system investments.

Q. Does Liberty intend to seek recovery of transition costs through rates?

A. Liberty intends to seek recovery of transition costs related to the new IT systems but has not taken a position on non-IT transition costs. My position on this is outlined below.

Q. What is the impact on the revenue requirement when factoring in transition costs?

A. By adding over $4 million in rate base and factoring in the related increase in depreciation expenses, the revenue requirement will increase significantly. Applying EnergyNorth's allowed overall rate of return of 8.33 percent to the EnergyNorth rate of return at the post-acquisition cost of capital to the transition cost of $4,375,000 ($4,123,000 IT related and $252,000 non-IT related) produces a return of $364,438 and when tax effected (tax effect of 1.68 as determined EnergyNorth's last rate case) this produces an increase in the revenue requirement of $612,256. Depreciation on the IT systems investment based on Liberty assumed life of 8 years increases the annual depreciation expense by $515,375 ($4,123,000 times 12.5%). There will be a reduction in tax expense as a result of the higher depreciation, but clearly there will be a substantial increase in the revenue requirement if the transition costs are allowed for recovery.

Q. Are transition costs related to the new IT systems reasonable?

A. The transition costs related to the new IT systems are likely to be much higher than would be the case if Liberty Energy had owned or operated a natural gas utility prior to this transaction. Liberty is acquiring new systems and adapting its current systems necessary to support a natural gas utility. It is safe to assume that natural gas utilities acquired by Liberty in the future will benefit from the experience, system acquisitions and system enhancements gained through its acquisition of EnergyNorth. If Liberty is allowed to fully recover these transition costs through rates, EnergyNorth customers will be paying a disproportionate share of the IT systems used by Liberty to support multiple natural gas utility operations.

Q. Should recovery of transition costs related to system implementation be allowed?

A. No. The settlement in the National Grid acquisition of EnergyNorth allowed for recovery of transition costs, IT systems or other, to the extent those costs were offset by realized synergy savings, but Liberty has not asserted or demonstrated that this acquisition will produce any synergy savings. Allowing recovery of transition costs would mean customers would be paying higher rates than would have been the case if National Grid had retained ownership.

Q. Are there other items that will impact EnergyNorth's revenue requirement?

A. Yes, in addition to the rate base additions and increased operating costs Liberty is forecasting, there will be changes in the capital structure and cost of capital. The EnergyNorth capital structure for ratemaking purposes is 50/50 debt to equity and under Liberty the ratio is expected to be 45/55 debt to equity. Everything else being equal, an increase in equity financing will typically result in a higher weighted cost of capital. Since Liberty is expecting to issue debt at a lower rate than the existing EnergyNorth long term rate of 6.99%; the overall cost of capital could be less despite the higher equity weighting. It is worth noting that the $80 million in long term debt on EnergyNorth's books is a promissory note between EnergyNorth and KeySpan that allows for EnergyNorth to prepay all or part of the loan at any time without penalty, bonus or premium. If EnergyNorth were to take advantage of favorable market conditions to refinance its long term debt now at a rate more in line with what Liberty is expecting to pay, EnergyNorth's overall cost of capital could be lower under National Grid than it is expected to be under Liberty.

The average short term borrowing rate for EnergyNorth in 2010 was 1.35%, a rate realized through its money pool agreement with National Grid. The rate prescribed in the money pool agreement is based on the weighted average of the cost of the external borrowing used to fund the pool. **See *Attachment SPF-9 (Data Response to Staff 3-83)***. Liberty is currently negotiating a $60 million bank credit facility to meet the short term borrowing needs of all its utilities. The borrowing rate is expected to be the U.S. Prime rate less 1% (currently 2.25%) or Libor plus 1.75% (currently 1.95%). **See *Attachment SPF-5, page 34.***

By contrast, in 2010 the EnergyNorth average short term borrowing rate equaled the U.S Prime rate less 1.9%, a significant discount from what Liberty is anticipating through its short term borrowing arrangement. Higher borrowing costs on short term debt will increase EnergyNorth's revenue requirement in the future.

Staff is also concerned with the amount of short term funds available to its New Hampshire utilities through the arrangement, as it may not be adequate to meet their borrowing requirements. This concern is explained further in Mr. Mullen's testimony.

Q. If Liberty acquires EnergyNorth, what will the rate impact be?

A. Rates will increase under Liberty. Based on the information produced in this proceeding, increases in rate base and operating costs will increase the annual revenue requirement. This assumes the overall cost of capital is the same under either National Grid or Liberty ownership.

<u>**Conclusion and Recommendation**</u>

Q. Do you believe Liberty can safely and reliably operate EnergyNorth?

A. Yes, with certain caveats. Although Liberty has no experience owning or operating a natural gas utility, it appears that Liberty will acquire management capabilities through National Grid pursuant to the TSAs. However, Staff has some concerns about Liberty's ability to overcome its lack of experience. To date, Liberty has been able to hire experienced and qualified employees to manage and operate the EnergyNorth system and appears to have the financial strength to fund the transaction and transition. A number of these concerns are raised in the testimony of other Staff witnesses, but I believe Liberty is capable of addressing those concerns under certain conditions.

Q. Can Liberty operate EnergyNorth cost effectively?

A. Based on the petition proposal as filed, I do not believe Liberty can operate EnergyNorth as cost effectively as National Grid is currently able to. Both operating costs and rate base will increase if Liberty acquires EnergyNorth.

Q. Will EnergyNorth customers see a rate increase if the acquisition is approved?

A. EnergyNorth ratepayers will eventually see higher rates as a result of the proposed ownership transfer. Liberty estimates a modest increase in operating costs and will be seeking recovery of transition costs related to system implementation. Liberty has estimated a one-time capital cost of nearly $6.4 million related to new IT systems. G3 has testified that there is a great deal of planning and testing that needs to done before Liberty assumes sole control and that transition services to be provided by National Grid will be needed for longer than Liberty is anticipating. G3 has also recommended that Liberty or Algonquin create a new management position to oversee the transition. Based on the G3's testimony, it is very likely that IT transition costs will be well in excess of current Liberty projections. As Liberty intends to seek recovery of those transition costs through rates, higher than anticipated transition costs will exacerbate future rate increases.

Q. Please summarize your recommendation.

A. I recommend that the Commission deny Liberty Energy's petition to acquire EnergyNorth as filed. The proposed financing and accounting of the transaction will ultimately result in higher rates than EnergyNorth ratepayers would experience absent the acquisition, thereby causing financial harm to ratepayers. There are a number of possible conditions that could be applied to an approval of this transaction that would mitigate the risk to New Hampshire ratepayers, including holding at least a portion of the acquisition premium in escrow to ensure a smooth transition. Further discussion of possible conditions can be found in the testimony of G3 and Staff witness Steven Mullen, as well. While the New Hampshire economy may benefit from increased staffing and the opening of a new headquarters within the State, those benefits are more than offset by the financial harm to customers and the economy of higher energy rates under the joint petitioners' filing.

Q. Does that conclude your testimony?

A. Yes.