

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

3
4 **January 26, 2018 - 10:15 a.m.**
5 Concord, New Hampshire

9 FEB '18 PM 12:26

6
7 **RE: DE 17-196**
8 **EVERSOURCE ENERGY:**
9 **Petition for Continuation of**
10 **Reliability Enhancement Program.**

11 **PRESENT:** Chairman Martin P. Honigberg, Presiding
12 Commissioner Kathryn M. Bailey
13 Commissioner Michael S. Giaimo

14 Sandy Deno, Clerk

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

18 **Reptg. Residential Ratepayers:**
19 Brian D. Buckley, Esq.
20 James Brennan, Finance Director
21 Office of Consumer Advocate

22 **Reptg. PUC Staff:**
23 Suzanne G. Amidon, Esq.
24 Richard Chagnon, Electric Division
 Kurt Demmer, Electric Division

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

**CERTIFIED
ORIGINAL TRANSCRIPT**

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LEE LAJOIE
BRIAN DICKIE

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P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: We're here this
3 morning in Docket 17-196, which is Eversource's
4 Reliability Enhancement Program, a proposal for
5 2018. We have the filing, we have some
6 supplemental testimony, we have some papers
7 that have been put in front of us on our table.

8 But, before we get to any of that,
9 let's take appearances.

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

14 MR. BUCKLEY: Good morning, Mr.
15 Chairman and Commissioners. My name is Brian
16 D. Buckley. I am the Staff attorney with the
17 Office of the Consumer Advocate. To my left is
18 Mr. Jim Brennan, the Director of Finance at the
19 OCA. And we are here representing the
20 interests of residential ratepayers.

21 MS. AMIDON: Good morning,
22 Commissioners. I'm Suzanne Amidon. I
23 represent the Staff. To my left is Rich
24 Chagnon, and to his left is Kurt Demmer, both

1 Analysts with the Electric Division.

2 CHAIRMAN HONIGBERG: All right. How
3 are we proceeding this morning? Mr. Fossum.

4 MR. FOSSUM: This morning, our
5 intention was to -- we have a panel of three
6 witnesses, we were intending to present the
7 same three witnesses who filed testimony, to go
8 over their testimony and the Company's
9 proposal.

10 CHAIRMAN HONIGBERG: Anything we need
11 to do before we put them in place?

12 MR. FOSSUM: The only thing I would
13 point out is we have premarked for
14 identification two exhibits. "We", being
15 Eversource that is. They're Eversource's
16 initial December 15th submission, which has
17 been premarked as "Exhibit 1", and the
18 January 23rd supplemental testimony has been
19 premarked for identification as "Exhibit 2".

20 That's the only items I'm aware of
21 for preliminary matters.

22 (The documents, as described,
23 were herewith marked as

24 **Exhibit 1** and **Exhibit 2,**

1 respectively, for
2 identification.)

3 CHAIRMAN HONIGBERG: There are a
4 couple of other exhibits up here. Are they
5 from you, Ms. Amidon?

6 MS. AMIDON: Yes, they are. Exhibit
7 3 is, I included the cover email just to
8 understand the source of the material, but it's
9 a response to some of the questions Staff and
10 the OCA had about the capitalization of the
11 Enhanced Tree Trimming costs. And Exhibit 4 is
12 a graph that was prepared by Eversource for
13 purposes of answering some questions relative
14 to the reliability contributions of
15 troubleshooters and the portion of work that
16 they did on various activities.

17 (The documents, as described,
18 were herewith marked as
19 **Exhibit 3** and **Exhibit 4**,
20 respectively, for
21 identification.)

22 CHAIRMAN HONIGBERG: Ms. Amidon, is
23 anyone from Staff going to testify or are you
24 just going to use these documents in

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 questioning the Company's witnesses?

2 MS. AMIDON: We just intend to use
3 them for some cross-examination. Thank you.

4 CHAIRMAN HONIGBERG: All right. Fair
5 enough.

6 Anything else before the witnesses
7 take the stand?

8 *[No verbal response.]*

9 CHAIRMAN HONIGBERG: All right. Why
10 don't we move them into place.

11 (Whereupon **Christopher J.**
12 **Goulding, Lee Lajoie,** and
13 **Brian Dickie** were duly sworn by
14 the Court Reporter.)

15 CHAIRMAN HONIGBERG: Mr. Fossum.

16 MR. FOSSUM: Thank you.

17 **CHRISTOPHER J. GOULDING, SWORN**

18 **LEE LAJOIE, SWORN**

19 **BRIAN DICKIE, SWORN**

20 **DIRECT EXAMINATION**

21 BY MR. FOSSUM:

22 Q I'll go through the preliminaries, work down
23 the line. Mr. Goulding, could you please state
24 your name and your position and your

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 responsibilities for the record please.

2 A (Goulding) Sure. My name is Christopher
3 Goulding. I'm the Manager of New Hampshire
4 Revenue Requirements. My responsibilities
5 include revenue requirement calculations
6 associated with the TCAM, distribution rates,
7 Energy Service rates, Stranded Cost Recovery
8 Charge rates.

9 Q And I'll just move down. Mr. Lajoie, could you
10 please also state your name, your place of
11 employment, and your responsibilities for the
12 record.

13 A (Lajoie) My name is Lee Lajoie. I'm the
14 Manager of System Resiliency for Eversource.
15 I'm responsible for the REP Program management,
16 plus capital budget and Reliability Reporting
17 Department.

18 Q And, Mr. Dickie, could you also state your
19 name, your place of employment, and your
20 responsibilities.

21 A (Dickie) Yes. I'm Brian Dickie, the Director
22 of System Operations. I am responsible for the
23 safe and reliable operation of the transmission
24 and distribution systems for Eversource in the

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 State of New Hampshire. I'm also responsible
2 for outage management and the Troubleshooter
3 Group.

4 MR. FOSSUM: And, Mr. Dickie, could
5 you just quickly check to see if the red light
6 on your microphone is on?

7 WITNESS DICKIE: Oh. Yes, it's on
8 now. I'm sorry about that.

9 MR. FOSSUM: All right. Thank you.

10 BY MR. FOSSUM:

11 Q Mr. Goulding, did you, back on December 15th,
12 submit testimony in this matter included in
13 what has been premarked for identification as
14 "Exhibit 1"?

15 A (Goulding) Yes, I did.

16 Q And was that testimony prepared by you or at
17 your direction?

18 A (Goulding) Yes, it was.

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

21 A (Goulding) No, I do not.

22 Q And do you adopt that testimony as your sworn
23 testimony in this proceeding?

24 A (Goulding) Yes, I do.

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 Q And, Mr. Goulding, did you also, on
2 January 23rd, submit supplemental testimony in
3 what has been premarked for identification as
4 "Exhibit 2"?

5 A (Goulding) Yes, I did.

6 Q And was that testimony prepared by you or at
7 your direction?

8 A (Goulding) Yes, it was.

9 Q And do you have any changes or updates or
10 corrections to that testimony this morning?

11 A (Goulding) No, I do not.

12 Q And do you adopt that testimony as your sworn
13 testimony in this proceeding?

14 A (Goulding) Yes.

15 Q Mr. Lajoie, did you, also back on
16 December 15th, submit prefiled testimony in
17 what has been marked for identification as
18 "Exhibit 1"?

19 A (Lajoie) Yes, I did.

20 Q And was that testimony prepared by you or at
21 your direction?

22 A (Lajoie) Yes, it was.

23 Q And do you adopt that testimony as your sworn
24 testimony in this proceeding?

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 A (Lajoie) Yes, I do.

2 Q And finally, Mr. Dickie, did you also, back on
3 December 15th, submit prefiled testimony in
4 what has been premarked for identification as
5 "Exhibit 1"?

6 A (Dickie) Yes, I did.

7 Q And was that testimony prepared by you or at
8 your direction?

9 A (Dickie) Yes, it was.

10 Q And do you adopt that testimony as your sworn
11 testimony in this proceeding?

12 A (Dickie) Yes.

13 Q Mr. Lajoie, I have a question for you
14 specifically. Do you have any updates to the
15 information contained within the testimony that
16 is included in Exhibit 1?

17 A (Lajoie) Yes, I do. If you would turn to Bates
18 Page 014, which is Page 10 of 12 of "Testimony
19 of Lee Lajoie and Brian Dickie", there are two
20 graphs on that page, one representing SAIDI and
21 one representing SAIFI. Both charts were
22 prepared in December, before we had year-end
23 results for 2017. So, both included a
24 "Projected 2017" value. We do have the final

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 results at this time.

2 Our actual projection was very close to
3 where we ended up. The SAIDI number for the
4 end of the year was 118.6. So, the dot on the
5 graph, which was right at the "120" line, moved
6 down just ever so slightly. And on the bottom
7 chart, for SAIFI, the actual was 1.107. So,
8 the dot is actually very close to where it
9 should be on the graph.

10 Q Thank you for that update. Mr. Lajoie, could
11 you, at a very high level, explain what it is
12 that the Company is proposing in this filing?

13 A (Lajoie) As described in Attachment LGL-1, on
14 Bates Page 017 of the filing, the 2018 Plan
15 consists of two major components under the
16 capital part. First is "Circuit Tie
17 Construction". There are two projects proposed
18 for 2018. These are incremental, projects that
19 would not be done without the REP Program. The
20 description of the individual circuit ties and
21 the benefits to be gained by them are part of
22 that filing. The other part of the Capital
23 Plan is tree trimming, both Enhanced Tree
24 Trimming and Hazard Tree Removal. Again, these

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 are incremental over and above what would be
2 done under the Company's base budget.

3 The circuit tie project, the two of them
4 together add up to approximately \$3 million --
5 exactly \$3 million in capital. And the Tree
6 Trimming Program, between ETT and Hazard Tree,
7 add up to a total of \$6 million, for a total of
8 \$9 million in capital.

9 Q And is there any operation and maintenance, O&M
10 activity to be undertaken under the Company's
11 proposal?

12 A (Lajoie) Yes, there is. The O&M portion of the
13 capital is estimated to be \$350,000, plus there
14 is \$2 million in funding to fund part of the
15 Troubleshooter Program.

16 Q Thank you. Mr. Goulding, I'd like to turn to
17 you. And could you -- well, could you please
18 explain what was proposed as part of the
19 Company's initial filing, as included in your
20 testimony in Exhibit 1, and how that has
21 changed, as explained in your testimony in
22 Exhibit 2?

23 A (Goulding) Sure. So, as part of our initial
24 filing, we were requesting the reconciliation

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 of actual capital and O&M expenses currently in
2 rates, and seeking approval of a 12-month
3 continuation of the Program for the 12 months
4 ended December 2018. And there was a rate
5 increase associated with those with the
6 continuation of the Program of 0.021 cents.
7 So, that was our initial proposal.

8 But, since the proposal was made, the Tax
9 Cuts and Jobs Act was approved, which reduced
10 the Federal Tax rate from 35 percent, down to
11 21 percent. And what that does is it decreased
12 our pre-tax rate of return from roughly
13 10.68 percent, down to 9.09 percent.

14 So, when we included that in the model to
15 do the calculation of the return for the
16 revenue requirement, it ended up reducing the
17 revenue requirement by approximately
18 \$1.5 million. So, it actually mitigated any
19 rate increase necessary to continue the program
20 as proposed.

21 Q And, so, just for clarity then, the Company is
22 not, and correct me if I'm wrong, the Company
23 is not proposing a rate change to continue the
24 REP in 2018?

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 A (Goulding) That's correct.

2 Q I guess this would normally be the part where
3 I'd ask you if the proposed rates are just and
4 reasonable. But, in that the Company is not
5 proposing that, I will simply ask if it is the
6 Company's position that the REP Program, and
7 this is for all the witnesses, the REP, as
8 proposed, do you believe is reasonable and
9 appropriate for continuation of this Program?

10 A (Goulding) Yes.

11 A (Lajoie) Yes.

12 A (Dickie) Yes.

13 MR. FOSSUM: Thank you. And that's
14 all I have for direct.

15 CHAIRMAN HONIGBERG: Mr. Buckley.

16 MR. BUCKLEY: Great. Thank you, Mr.
17 Chairman. And thank you to the witnesses and
18 Mr. Fossum.

19 **CROSS-EXAMINATION**

20 BY MR. BUCKLEY:

21 Q I'm going to follow up on something that he had
22 mentioned relative, and was discussing with
23 Mr. Goulding, relative to the tax law changes.
24 So, you mention that the actual change in

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 percentage rate was incorporated into the
2 supplemental testimony, which is now marked as
3 "Exhibit 2". One question I have for you
4 relative to those tax changes. Does this
5 update include changes to the excess
6 accumulated deferred income tax under the REP?
7 A (Goulding) It has not incorporated that change.
8 And for this filing, we had mentioned that we
9 would pick that up in the reconciliation. But
10 we're still getting a handle on how it would
11 impact the filing. My understanding is that
12 excess or surplus excess ADIT would also be a
13 credit to rate base. So, it would act just
14 like ADIT. It just moves into a different
15 liability account. So, there shouldn't be a
16 significant impact on the filing as submitted.

17 So, when it gets picked up in the
18 reconciliation, my thought is it should be
19 minimal.

20 Q Okay. Great. So, that would be picked up in
21 the reconciliation and have little impact?

22 A (Goulding) Yes.

23 Q Okay. Great. Thank you. And one further
24 question about that, and I might be getting a

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 little out of my expertise here. But is there
2 some distinction between protected versus
3 unprotected Accumulated Deferred Income Tax and
4 has an impact on how it's treated?

5 A (Goulding) I am not sure what you mean by
6 "protected" and "unprotected". I think there
7 is Accumulated Deferred Income Tax surplus
8 associated with the long-lived depreciable
9 assets and short-lived depreciable assets, but
10 I'm not 100 percent clear. I'm outside my
11 comfort zone even saying that.

12 Q Okay. That's fine. Me, too. Okay. So, I
13 guess the next question is for Mr. Lajoie. So,
14 I think you mention in your testimony, at Bates
15 006, the bottom paragraph, that this filing was
16 revised fairly significantly to incorporate
17 concerns that the OCA and Staff and the
18 Commission had expressed in the past.

19 Can you just quickly summarize those, and
20 I know you already started to do this relative
21 to some of the Program, but could you just
22 quickly summarize some of those concerns?

23 A (Lajoie) Previous versions of the Reliability
24 Enhancement Program included significantly more

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 capital. We were on the order of \$40 million a
2 year up through June 30th of 2017. Starting
3 July 1 of 2017, the Program was scaled back
4 significantly, on the order of \$10 million in
5 capital. And then, starting in 2018, it has
6 been scaled back again. Those reductions in
7 scale were after discussion with both OCA and
8 Staff. They felt that the Program should be
9 scaled back. So, that's how we ended up where
10 we're at.

11 I think that answers your question.

12 Q Yes. That's great. One further question I
13 have is relative to, you mentioned what the
14 historical spending was. So, I was doing a
15 little research and trying to understand the
16 historical spending. And there are a series of
17 Annual Reports, which are very helpful, that I
18 was able to find between 2013 and 2015. I
19 wasn't able to find one as of yet for 2016.
20 But is it correct that those Annual Reports
21 will continue to be issued?

22 A (Lajoie) Yes. We will have an Annual Report,
23 which will include the results through June 30
24 of 2017. They will include the results from

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 July 1, 2017 through the end of 2017, plus the
2 proposal for 2018, which we're here discussing
3 today. All of those results will be in one
4 report, which will be issued by the end of the
5 first quarter of this year.

6 Q Great. Thank you, Mr. Lajoie. And I guess
7 this is subject to check, but, in reviewing
8 those Annual Reports, would you agree that the
9 approximate spending wax and wane from 2013 was
10 about \$30 million; 2014 about \$30 million; 2015
11 was reduced quite a bit, to around 17; and
12 then, after that reduction, the annual spending
13 began to grow a bit? You mentioned the
14 "\$40 million" mark in 2017.

15 A (Lajoie) I don't have any of those numbers in
16 front of me. If they came from the reports
17 that were filed, then I would have to agree
18 with them.

19 But I don't have the information in front
20 of me. So, I can't confirm or deny your
21 question.

22 Q Great. Thank you. And then, for 2018, reduced
23 significantly, in working with Staff and OCA
24 and others?

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 A (Lajoie) Yes. The Plan for 2018 is a total of
2 \$9 million in capital, as previously described.

3 Q Okay. Great. Thank you, Mr. Lajoie. So, I
4 just have a few more questions for
5 Mr. Goulding. I guess the first one, if I
6 could ask you to turn to Bates Page 027 of the
7 original testimony, that's Exhibit 1, I
8 believe.

9 A (Goulding) Okay. I'm here.

10 Q So, on Line 17 through 26, you discuss the
11 Enhanced Tree Trimming and Hazard Tree Removal,
12 and how they will remain capital expenditures
13 for 2018, and then they will be moved to become
14 O&M expenditures starting in 2019, I think. Is
15 that correct?

16 A (Goulding) That's correct.

17 Q So, can you just give me a little bit more
18 explanation regarding that change?

19 A (Goulding) As part of discussions with Staff,
20 and hearing feedback from Commissioners, we
21 have basically just agreed to transition from
22 the current capitalization policy for Enhanced
23 Tree Trimming and Hazard Tree Removal to
24 classifying it as O&M going forward.

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 Q Great. Thank you. And, so, I'm going to ask
2 you to turn to your schedules in that filing,
3 specifically Bates Page 044, and just try to
4 give a little context relative to the written
5 testimony.

6 A (Goulding) Okay. I'm here.

7 Q So, can you just give me an explanation of what
8 Bates 044 represents overall?

9 Is that the actual capital placed into
10 service for the period July 2016 through
11 June 2017?

12 A (Goulding) Yes. Under the REP Program.

13 Q Great. Thank you. So, I have one question
14 about this. If you look at Line 85, relative
15 to "Hazard Tree Removal", why are some of the
16 values in there negative?

17 A (Goulding) So, there probably would be costs
18 that were booked in -- prior to July 2016 that
19 were reversed. I would have to dig into why
20 they're negative. I don't have an
21 understanding -- or, I don't have any knowledge
22 of why they're negative, but it would usually
23 be associated with reversals of information,
24 because this information comes right from our

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 accounting system.

2 Q Okay. That makes sense. Moving to Line 4, on
3 that same page, can you tell me, and maybe Mr.
4 Lajoie can help you with this, can you just
5 describe what that investment is?

6 A (Goulding) Sorry, what line was that?

7 Q Or, I guess maybe Line 1, the "DA Pole Top".

8 A (Lajoie) Are you looking for a description of
9 what "DA Pole Top" is?

10 Q Yes.

11 A (Lajoie) Okay. The DA Pole Top Program is an
12 initiative that we started, basically, in 2014,
13 to install a significant number of pole top
14 devices, which are remotely controlled from the
15 Control Center, which Brian manages. And
16 allows them to get information back from the
17 system, and then to actually open and close
18 switches as necessary to mitigate the impact of
19 outages and to restore power when outages do
20 occur, sectionalizing down to -- the system
21 down to the smallest possible area.

22 At the moment, as of the end of 2017, we
23 had installed approximately a thousand of these
24 devices on our system. The intent is to break

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 the system down into blocks of no more than 500
2 customers. So that any one outage could
3 theoretically be sectionalized down to that
4 block, so only 500 customers would be impacted
5 until the actual cause of the outage is
6 repaired.

7 Q So, would you say these investments contribute
8 significantly to reduction in outage times?

9 A (Lajoie) That's correct. We find that they
10 have had a significant impact on reliability of
11 electric service to our customers.

12 Q So, --

13 A (Lajoie) If you give me a second, I --

14 (Witness Dickie conferring with
15 Witness Lajoie.)

16 **BY THE WITNESS:**

17 A (Dickie) It has more of an impact on SAIFI,
18 which is the System Average Interruption
19 Frequency Index, than SAIDI. You still have
20 the outage, however there's less customers
21 impacted.

22 BY MR. BUCKLEY:

23 Q Okay. Great. Thank you. I guess one question
24 I have relative to distribution automation is

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 that, in other jurisdictions, I've read through
2 some grid modernization investment plans, in
3 some other jurisdictions, distribution
4 automation is a not insignificant part of those
5 plans. Can you just talk for a moment about
6 how these investments might relate to
7 investments in grid modernization?

8 A (Lajoie) At the moment, we do not have
9 direction from the State of New Hampshire as to
10 what an actual grid modernization plan will be.
11 I was involved in some workshop sessions
12 conducted here at the Commission to look into
13 grid modernization, and make a recommendation
14 as to what a so-called "modern grid", if you
15 will, what that would look like.

16 I would anticipate that these would --
17 that pole top distribution automation may be a
18 part of that. I, too, have seen some proposals
19 in other jurisdictions. It was a small part of
20 what a modern grid would look like. There were
21 a lot of other aspects to this modern grid.

22 But, again, we do not have a plan in the
23 State of New Hampshire for what a grid
24 modernization program would look like. So, I

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 really can't speak to how much of that program
2 would be -- would consist of pole top
3 automation devices.

4 I can tell you, the devices we are
5 installing now are strictly being installed for
6 reliability purposes. And we strongly believe
7 they have made a significant difference in the
8 reliability of electric service to our
9 customers.

10 Q And because you are not exactly sure what a
11 future grid modernization plan would look like,
12 you can't be certain right now if these devices
13 that have been a reasonably large portion of
14 the REP for the last two years or so, you can't
15 quite be sure whether these devices will have
16 interoperability with a system of the future
17 that might, let's say, have fault location,
18 isolation, and self-repair, that sort of thing?

19 A (Lajoie) Looking into my crystal ball, I would
20 definitely say that these would play into a
21 grid modernization effort. I don't think my --
22 again, my opinion is that these are -- these
23 are not something that would be -- that would
24 not play well with the rest of the program. My

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 opinion is, they would tie in and be integrated
2 into a modern grid -- or, a grid modernization
3 program.

4 A (Dickie) Right. So, I'll just -- so, these
5 devices are very sophisticated, right? They
6 give you all the data, all the information on a
7 per phase basis.

8 As far as fault isolation/system
9 restoration, that's what they're set up for.
10 And we do that process now with an operator.
11 In the future, you'll do that process with an
12 operating program, a DMS or ADMS, that will do
13 it automatically, it will take that operator
14 function and automate it, without changing out
15 the devices. So, in that context, it would
16 support grid modernization.

17 However, we're using it just for
18 straight-up reliability. Right? But it does
19 enable future grid modernization in that
20 context.

21 Same thing with Volt/VAR, you still get --
22 you get VAR indications from these devices,
23 right, so you can control your voltage and get
24 your VAR flow. Right? So, for grid

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 efficiency, right?

2 Q Great. Thank you, Mr. Dickie.

3 A (Dickie) Yes.

4 Q That's very helpful to know. But, so, one
5 thing I'll note is that there have been rather
6 significant investments in this for the past
7 two years or so of the REP. But, for the
8 forthcoming year, are there further
9 investments?

10 A (Lajoie) There will not be further investments
11 as part of the REP Program. There will be
12 further investments as part of the Company's
13 base budget program.

14 Q Ah. Okay. That is very helpful to know.
15 Thank you. So, I'm going to return to
16 Mr. Goulding to ask one or two more questions
17 about Enhanced Tree Trimming.

18 Sticking with that same Bates Page 044, I
19 think it is. If you look at Line 80?

20 A (Goulding) Okay.

21 Q So, is this line, this line is a significant
22 part, this is where, in 2019, those investments
23 will move to -- out of 365, which is a capital
24 investment, into a different line item, is that

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 correct? Into an O&M line item?

2 A (Goulding) Yes. Any cost associated with
3 Enhanced Tree Trimming in 2019 would be moved
4 to -- would be booked to an O&M category or an
5 O&M account. I'm not sure of the level of the
6 spending, but they would be booked to an O&M
7 account.

8 Q So, when the Enhanced Tree Trimming is booked
9 to the -- as a capital asset, what lifetime is
10 assigned to those investments? What's the
11 depreciation life?

12 A (Goulding) It would be the depreciable life of
13 a 36 -- Account 365 asset, and do the math.
14 (Short pause) Looks like it's approximately 30
15 years. Because if I look on Bates Page 032,
16 Line 11, for the Plant Account 365, I have a
17 0.27 percent depreciation rate per month, which
18 translates into a roughly 3.25 percent
19 depreciation rate per year. So, it comes out
20 to a little over roughly 30 years.

21 Q Okay. That is very helpful to know. So, in
22 that context, if I could ask you to turn to
23 Bates Page 030, Line 4.

24 A (Goulding) Okay. I'm there.

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 Q So that shows about \$90 million of plant
2 depreciating in Account 365. Is that correct?

3 A (Goulding) It shows the cumulative investment
4 under the REP Program in Account 365.

5 Q And, so, could you tell me, or maybe even just
6 approximate, how much of that is vegetation
7 management versus investments in overhead
8 conductors?

9 A (Goulding) I definitely can't venture a guess.
10 I can probably, if I look back at one of the
11 other exhibits, I can look at what else can
12 roll in there. It looks like the cost of DA
13 Pole Top gets -- some of that gets -- a big
14 chunk of that gets booked to the 365 Account,
15 some DA line sensor, a portion of direct buried
16 cable. So, it's a significant mix of all of
17 the programs, a portion of them. Some of them
18 go to 365. It's not just vegetation
19 management. But, even using this exhibit, I'm
20 not comfortable taking this as a proxy
21 allocation, because I just don't know what's
22 been historically in there, without going back
23 and looking at the data.

24 Q Okay. Yes. That is absolutely fine. I guess

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 one final question I would ask you is, so,
2 moving forward, we'll no longer be capitalizing
3 this Enhanced Tree Trimming or Hazard Tree
4 Removal. But, for those investments that have
5 been made, which could be fairly significant,
6 that will be depreciating for that 30-year
7 period or so that you mentioned, ratepayers
8 will continue to pay for that. Though, we've
9 now decided they are not capital assets. Is
10 that correct?

11 A (Goulding) That was an agreement moving forward
12 in 2019. So, prior to that, as the testimony
13 states, this Enhanced Tree Trimming was kind
14 of -- was part of the capital back in a 2006
15 rate case, and REP in a 2009 rate case. So,
16 it's not something that was just enacted out of
17 nowhere. So, it would be the Company's
18 position that those were prudently incurred
19 costs and booked correctly.

20 So, yes. They would continue to stay in
21 the rate base.

22 MR. BUCKLEY: Okay. Thank you very
23 much, Mr. Goulding. No further questions.

24 CHAIRMAN HONIGBERG: Ms. Amidon.

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 MS. AMIDON: Thank you. And good
2 morning.

3 BY MS. AMIDON:

4 Q Staff did some research concerning, as did
5 Attorney Buckley, concerning the history of
6 this Program. And the principal agreement in
7 the 2009 distribution rate case where REP II
8 was created was a five-year agreement. And,
9 Mr. Goulding, I don't know if you can remember
10 that, but I would just offer that. The
11 Settlement was approved in Order Number 25,123
12 in 09-035. So, that was in, I believe,
13 April 2010 and extended to probably May 1, 2015
14 on that basis. Would you agree, subject to
15 check?

16 A (Goulding) Yes. I think that the REP II
17 Program ran through June 30 of 2015.

18 Q Right. But the -- and in the course, in
19 between 2015 and 20 -- excuse me, 2010 and
20 2015, there were step increases that were set
21 out in the Settlement Agreement for increase in
22 non-REP REP and in REP-related expenses. Do
23 you recall that?

24 A (Goulding) Yes.

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 Q Okay. Thank you. Also, that Agreement was the
2 one that required the Annual Reports that
3 Attorney Buckley referred to. And you may not
4 recall that, but I recently -- well, the Staff
5 recently looked at that Agreement, and
6 reports -- the Annual Reports were required in
7 that Agreement on, I think, April 1 of each
8 year. So, subject to check, would you agree
9 with that?

10 A (Goulding) That sounds familiar.

11 Q And, so, the result being that, since the
12 Settlement Agreement expired, and I think that
13 this -- I think that this explains why Attorney
14 Buckley couldn't find a June -- I mean, a 2016
15 Annual Report, the Company did not file a
16 report in April of 2016. I'm fairly sure of
17 that.

18 A (Goulding) Okay. Yes. I don't believe we
19 filed -- we filed one, I don't know if it was
20 part of the 09-035 docket. But it was filed,
21 Mr. Lajoie?

22 A (Lajoie) September 30th of 2016.

23 Q Was that just on the GIS Program?

24 A (Lajoie) No. That was on the entire REP

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 Program.

2 A (Goulding) And that was for the 12-month -- or,
3 18-month period or 12-month period?

4 Q Okay.

5 A (Lajoie) I would have to look. It was at least
6 the 12-month period ending June 30 of 2016.

7 And I believe there was a Program Catch-Up
8 Report that was filed to cover the period where
9 a program report was not filed.

10 Q Okay. But you don't know what docket that was
11 filed in?

12 A (Goulding) I don't.

13 A (Lajoie) I don't. I'd have to look.

14 Q I think that's probably why we couldn't find it
15 then. Thank you. And in that, in the -- so,
16 the 2015 Plan that was proposed by the Company
17 grew out of the agreement in the Divestiture
18 Settlement Agreement that REP be continued for
19 two years. Do you remember that?

20 A (Goulding) Yes. That would be the 12 months
21 ended June 30th, 2016 and 12 months ended
22 June 30th, 2017.

23 Q Yes. Thank you. That's right. And that was,
24 if anyone of you were involved in that, that

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 was done on an expedited basis. Do you recall?

2 A (Goulding) Yes.

3 Q Because our records show that the filing was
4 made on June 10, and then the Company requested
5 the rates to be effective July 1. Does that
6 sound about right to you?

7 A (Goulding) That's what I recall.

8 Q Okay. And in that filing, and this just
9 relates to some of the questions that Mr.
10 -- that Attorney Buckley had, the Company, for
11 the 12-month period ending July 2016, requested
12 \$38.9 million in capital expense. And then,
13 for the period ending July 2017, the 12-month
14 period, the Company requested 51.159 million in
15 capital expense.

16 And is there anyone who can tell me, would
17 you agree that this was somewhat of a departure
18 from the amounts that had been requested under
19 the rate case? And, Mr. --

20 A (Lajoie) From previous versions of REP? Yes,
21 it was a significant increase, if that's your
22 question?

23 Q Yes, it is. Thank you. And at that time, the
24 Company and the Staff, because there was this

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 agreement, and because there was Designated
2 Staff and the Office of Consumer Advocate
3 supporting the Divestiture Settlement
4 Agreement, as I recall, the Company did not
5 have an opportunity to sit down with Staff and
6 the OCA to review the Plan before it was filed.
7 Is that fair to say?

8 A (Lajoie) That was prior to my involvement, so I
9 can't speak to that. But I believe that to be
10 the case.

11 Q Okay. Thank you. That's was -- that at least
12 was helpful. Though, I really appreciate you
13 responding to those questions.

14 So, last year, in May, the Company again
15 made a filing to continue the REP again for two
16 years. Does everyone recall that?

17 A (Lajoie) Yes.

18 Q And similar to the approval of the agreement
19 for the continuation for two years ending
20 June 2017, there was a request for \$39 million
21 in capital annually. Does anyone recall that?

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

23 Q All right. And that is when, as you recall,
24 the Company also requested to help fund that

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 REP by continuing certain surcharges that were
2 related to, I think, the 2008 ice storm, the
3 cost recovery for those -- for the costs of
4 damages incurred in the 2008 ice storm, that
5 was a surcharge on rates, and also something
6 that's referred to as the "Medicare
7 Amortization". Do you remember that?

8 A (Goulding) Yes.

9 Q Okay. And it was at that point, I believe,
10 that both Staff and the OCA expressed some
11 concern about the magnitude of capital expense
12 being requested by the Company. Would you
13 agree?

14 A (Goulding) Yes. I remember there was a letter
15 submitted.

16 Q Okay. So, this filing which has the support of
17 Staff, and I'll just say that, you know, right
18 out, we support this filing. But that's
19 because the Company spent a lot of time and put
20 in a lot of effort working with Staff and the
21 OCA to develop a plan that we could support in
22 this hearing. Is that right?

23 A (Goulding) Yes.

24 Q And that's because you wanted to -- the Company

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 was looking for an expedited approval, is that
2 fair to say?

3 A (Goulding) That, and coupled with the order
4 issued back in June of 2017, where we were
5 directed by the Commission, if we were going to
6 seek to continue the Program beyond 2017, we
7 would need to work with Staff and OCA to
8 develop a Program that we could all agree upon.

9 Q Okay. And in connection with this Program,
10 does the Company agree that it will be
11 providing a report on a summary of the results
12 of the actual activities engaged in during
13 2018?

14 A (Lajoie) Yes.

15 Q Okay. It will be similar to those reports that
16 were previously received in connection with the
17 2010 Settlement Agreement?

18 A (Lajoie) Yes. It will be similar to that.

19 Q Okay. Thank you. As you know, I -- does
20 anyone have in front of them the exhibit marked
21 for identification as "Exhibit 3"? I don't
22 have very many questions on this. It's not on
23 the substance, it's more as to what it actually
24 is.

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 A (Lajoie) Yes. We have a copy of that.

2 Q Okay. And this was -- this was the result of
3 some inquiries we made with the Company on the
4 basis for -- additional background, I should
5 say, for the basis for the capitalization of
6 the expenses associated with the Enhanced Tree
7 Trimming?

8 A (Lajoie) There were a number of questions.
9 And, yes, that is part of what is included in
10 Exhibit 3.

11 Q And, in fact, I think it's -- attached to this
12 is a -- I think it's like two pages from the
13 back, it's a May 31st, 2012 memorandum. It's
14 an in-house memo provided to account -- to
15 explain the accounting recommendation for
16 capitalizing these costs. Is that -- I just
17 want to know what it is. I'm not asking for
18 the rationale behind it.

19 A (Goulding) Yes. It appears to be an accounting
20 memo talking about Enhanced Tree Trimming.

21 Q Okay. Thank you. So, in this item there are
22 several -- as you said, it's not just Enhanced
23 Tree Trimming, which is addressed by this
24 document that's attached to the email, but

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 there is some other discussion on information
2 on the capitalizing of the Hazard Tree Removal
3 costs and the definition of "MBI".

4 And then, if you go to Page 2 of the
5 initial attachment, the Item e. says "Budget
6 and plan for O&M and capital for 2017 Base
7 REP". Do you see that.

8 A (Lajoie) Yes, I do.

9 Q Do you have the budgeted and total capital and
10 non-reliability capital for these same years
11 available yet?

12 A (Lajoie) I do not have them in front of me. We
13 do have a 2018 capital budget, which has not
14 yet been Trustee-approved. So, it's not final.

15 Q Okay.

16 A (Lajoie) But we do have numbers, what was
17 presented. I did not bring that information
18 with me, so I don't have it in front of me.

19 Q But it's -- let me just ask, is this something
20 that you would be willing to share with Staff
21 and the OCA when it is available? I mean, I
22 wouldn't ask for any internal company
23 documents. I'm just asking if it would --

24 A (Goulding) Yes. And if I'm -- I might have my

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 filings wrong, but we make a E-22 filing.

2 Q Oh, yes.

3 A (Goulding) That has kind of all the capital
4 budgets for the year for 2018. So, I think
5 there would be -- that would be where the data
6 would be for 2018.

7 Q Thank you. Thanks for that. I forgot about
8 that part.

9 Similarly, I'm going to move now to what
10 we've asked to be marked for identification as
11 "Exhibit 4". And that is a series of graphical
12 depictions of certain things related to the
13 Troubleshooter Program and some -- it looks
14 like some safety reliability measurements.

15 If you look at Page 6, this is probably
16 Mr. Dickie, can you explain what is depicted on
17 this?

18 A (Lajoie) I'll take that question.

19 Q Thank you.

20 A (Lajoie) The request was made to provide
21 various reliability indices. This one
22 represents SAIDI duration by region, based on
23 IEEE Criteria over a period of time. So, this
24 shows 2005 through June of 2017, by region of

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 the Company. The Company is divided into five
2 different regions. So, each of the colored
3 lines represent the SAIDI for that region for
4 each of those years. The exception is the
5 June 2017 numbers are rolling 12 months. So,
6 it includes part of '16 and part of '17,
7 because we didn't have year-end 2017 figures at
8 that time.

9 Q And do you have them now?

10 A (Lajoie) Yeah, I do. Excuse me, yes, I do. I
11 don't have them in front of me, but we can
12 certainly provide that information.

13 MS. AMIDON: Okay. It doesn't need
14 to be a record request. We just want to
15 continue to follow these results.

16 BY MS. AMIDON:

17 Q Now, on Page 5 of this exhibit, it lists number
18 of callouts in the Troubleshooter's primary
19 area. First of all, what is a "callout"? Can
20 someone answer that for me?

21 A (Dickie) Yes. A "callout" is where we call in
22 a line crew after hours, when they're not
23 working, to repair or respond to any kind of
24 trouble event.

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 Q And, so, there's a big drop-off in these
2 callouts as of it looks like August 2015?

3 A (Dickie) Right, yes. Right. So, this is just
4 the Primary Troubleshooter Area. So, the areas
5 of Southern and Central Regions, which includes
6 the Area Work Centers of Bedford, Hooksett,
7 Derry, and Nashua. These are just the callouts
8 in those specific areas. So, the callouts in
9 the other areas, the Eastern Region, the
10 Northern Region, the Western Region are not
11 depicted on this chart.

12 Q Okay. Thank you.

13 A (Dickie) So, they have dropped off in the
14 Primary Troubleshooter Area, because we have
15 troubleshooters 24/7.

16 Q Okay. Thank you. And, Mr. Goulding, similar
17 to the treatment of the capital expense and the
18 depreciation for the Hazard Tree Removal and
19 the Enhanced Tree Trimming, the cost for the
20 Troubleshooters will remain in Account 365 and
21 be subject to depreciation as well, is that
22 correct?

23 A (Goulding) No.

24 Q They don't?

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 A (Goulding) The Troubleshooter costs go to O&M
2 accounts right now. So, I don't know what O&M
3 account. I'm guessing, if they're doing
4 distribution work, it will be like a 588
5 Account. But I'm not certain.

6 Q Oh. Okay. Sorry about that. Thank you. Mr.
7 Lajoie, you provided, I believe, some updated
8 information on performance in your testimony.
9 And I wanted to know, if I refer to Page --
10 Bates Page 007 of your testimony, are you
11 there? You see the graph related to "Tree
12 Related SAIFI"?

13 A (Lajoie) Yes, I do.

14 Q Do you have the final performance for the end
15 of 2017?

16 A (Lajoie) I do not have that in front of me, no.

17 Q Okay. Do you have any projection, as you did
18 for some of the other?

19 A (Lajoie) No.

20 Q Okay.

21 A (Lajoie) We do have year-end results at this
22 time, but I don't have them in front of me. We
23 could provide that, if you would like?

24 MS. AMIDON: Yes. And again, this is

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 not a record request. It's just something
2 Staff would normally get. So, we'll deal with
3 the Company offline on this. Thank you.

4 One moment please.

5 *(Short pause.)*

6 BY MS. AMIDON:

7 Q Looks like I have one more question on what's
8 marked for exhibit as "Exhibit No. 4", on Page
9 10. Whoever of you can explain it, would you
10 tell what's depicted by the two lines on this
11 chart?

12 A (Dickie) Yes. So, this is SAIDI, is calculated
13 for the Primary Troubleshooter Areas and
14 anything outside of those areas. So, the red
15 line would be outside of Primary Areas. So,
16 the Southern and Central Regions are the
17 Primary Troubleshooter Areas. That's the blue
18 line. And everything else is the red line.
19 That's the SAIDI, average over time.

20 Q So, what do you conclude from this graph?

21 A (Dickie) Well, it just means that the average
22 interruption duration is much lower in the
23 Primary Regions. So, some of that's due to
24 Troubleshooters responding quicker. Some of

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 that's just due to the system itself. It's
2 more compact. You know, you get into the Keene
3 area, right, or up north, obviously, the travel
4 time is longer. So, it takes a little bit
5 longer to get power back on and restored in
6 those areas.

7 But, in general, the Primary
8 Troubleshooter Areas are -- it's a quicker
9 outage to repair.

10 A (Lajoie) This graph was provided in response to
11 a direct question from Staff as part of our
12 meetings.

13 Q I understand that.

14 MS. AMIDON: Okay. Thank you.
15 That's all we have.

16 CHAIRMAN HONIGBERG: Commissioner
17 Bailey.

18 BY CMSR. BAILEY:

19 Q I think I have a follow up to Ms. Amidon's
20 question on Exhibit -- regarding Exhibit 4,
21 Page 5. This shows that the number of callouts
22 in the Troubleshooting Area has -- looks like
23 it has significantly decreased.

24 Does that mean the number of calls to

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 employees that aren't necessarily
2 troubleshooters that would be on overtime has
3 decreased? Or, the number of calls to the
4 Troubleshooting organization has decreased?

5 A (Dickie) No. Number of calls to the day shift
6 line workers. So, day shift line workers are
7 non-Troubleshooters.

8 Q So, number of calls to non-Troubleshooters has
9 been reduced?

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

11 Q Because the Troubleshooters are taking those
12 calls, as part of their regular job?

13 A (Dickie) They're responding to trouble events
14 as we go. If they're too busy or there's too
15 many troubles, we call someone in to respond.

16 Q Okay.

17 A (Dickie) Or, if there's a pole accident, which
18 requires more people to replace a pole, we'll
19 call people in to do that.

20 Q Okay. Thanks. Mr. Goulding, I think this
21 question is for you. Can you explain to me
22 what "bonus depreciation" is?

23 A (Goulding) Yes. So, as part of the tax laws,
24 they allow you to take bonus depreciation. So,

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 what that does is, for tax purposes, when you
2 install an asset, you can depreciate whatever
3 the level is. So, if it's 100 percent bonus
4 depreciation, I take 100 percent deduction on
5 my tax return, so I would pay lower taxes in
6 year one. So, I get that benefit up front to
7 pay lower taxes.

8 Q I'm not getting it. I want to know what "bonus
9 depreciation" is. Why would they -- it's an
10 accounting thing?

11 A (Goulding) What it does is, it's passed as part
12 of a tax law to stimulate the economy. So,
13 it's supposed to encourage investments.
14 Because, as a company, you can do an investment
15 now, take all of that expense as bonus -- as
16 depreciation when you file your taxes, so you
17 get, basically, say, whatever the Federal Tax
18 rate is up front on that investment. Where
19 before, if you didn't have bonus depreciation,
20 it would depreciate maybe 10 percent per year.

21 Q Okay.

22 A (Goulding) So, your tax -- bonus depreciation
23 allows you to get a tax benefit up front,
24 instead of having it over the life of the

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 asset.

2 Q Okay. Thank you.

3 A (Goulding) Okay.

4 Q All right. I think you have all testified that
5 the capital dollars allocated or set aside last
6 year were around \$40 million? Yes?

7 A (Lajoie) It was \$40 million through the end of
8 June, June 30, 2017. The investment in the
9 second half of the year was significantly less
10 than that, I believe it was \$10 million.

11 Q And what are the rates based on? The rates
12 that are currently in effect right now?

13 A (Goulding) It is -- they're based on all of the
14 REP investments, I believe, that were made
15 since our last step increase for REP, which was
16 April 2013, through today. So, there's all of
17 that capital investment that's been placed in
18 service for the past almost five years, four
19 and a half years.

20 Q So, the rates are based on capital investment
21 in excess of \$40 million?

22 A (Goulding) Yes.

23 Q Okay. Per year. And now we're going down to
24 \$10 million, \$9 million?

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 A (Lajoie) Nine.

2 Q And but for the tax change, why isn't this a
3 rate decrease?

4 A (Goulding) So, the rates are developed to
5 support the cumulative investments that have
6 been made. So, even when you -- so, if there
7 was no new investments made, then you wouldn't
8 need to change the rates. But, because there
9 is new investments made, you need additional
10 funding --

11 Q Okay.

12 A (Goulding) -- for those new investments. So,
13 the current funding is just supporting the
14 cumulative investments that are already in
15 service.

16 CMSR. BAILEY: Okay. All right.
17 Thank you. That's all I have.

18 CHAIRMAN HONIGBERG: Commissioner
19 Giaimo.

20 CMSR. GIAIMO: Good morning.

21 WITNESS DICKIE: Good morning.

22 WITNESS LAJOIE: Good morning.

23 WITNESS GOULDING: Good morning.

24 CMSR. GIAIMO: So, I think most of my

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 questions are for Mr. Lajoie and Mr. Dickie.

2 So, Mr. Goulding, you can relax for a second.

3 BY CMSR. GIAIMO:

4 Q And my questions are focused on fundamental
5 fairness, and is everyone, you know, are all
6 PSNH ratepayers getting a benefit from the
7 Program commensurate with what they're putting
8 in. So, maybe you can articulate why an
9 investment to circuits, in Swanzey and
10 Hinsdale, why it's fair for and what benefit it
11 provides to improvements on those circuits
12 circuit to people in Pittsburg? Maybe just to
13 talk a little bit about maybe your system and
14 how it's tightly integrated, and to the extent
15 that one improvement could improve the
16 reliability for the whole?

17 A (Lajoie) Okay. There's a number of things that
18 are going to play into that. For one thing,
19 what we're proposing as part of the REP are
20 those two circuit ties. Those are only two of
21 approximately fifteen that have been completed
22 in the last two years. So, a lot of other work
23 has been done in other areas of the state.

24 One of the things that we look at every

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 year is our 50 worst-performing circuits, and
2 we certainly try to propose projects that may
3 address those worst-performing circuits. And
4 those two areas corresponded to some of the
5 worst-performing circuits that we've had last
6 year, and perhaps even for a longer duration.
7 I'm familiar with the area. I used to work
8 there. So, yes.

9 A large part of the system, as it was
10 built over the years, was actually built as a
11 radial system, where the source is in one spot,
12 and it's kind of like a spoke on a wheel, it
13 just goes straight out. It doesn't tie to
14 anything at the end, unlike a spoke, I guess.
15 So, what these circuit ties do is actually give
16 us the way to backfeed that system.

17 So, if you've got a radial circuit, and
18 you have an outage somewhere near the source,
19 everybody on that circuit is out until the
20 power -- until we're able to repair the problem
21 and get the power back on.

22 By building circuit ties, we can have an
23 alternate feed to those people, so, again, we
24 can sectionalize down to the smallest possible

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 area, pick up some people from the normal
2 direction, and pick up the rest of the people
3 from the alternate feed, to get as many people
4 back on quickly, and then go out and fix the
5 problem that actually caused the outage.

6 A (Dickie) From a distribution automation
7 standpoint, we're doing the -- the goal is to
8 do the entire system. And, so, the 500
9 customer blocks that Lee had mentioned earlier,
10 that is a goal for the entire system. So, for
11 all of Eversource customers in New Hampshire.

12 Q Okay.

13 A (Dickie) But you can't do it all at once,
14 right?

15 Q I understand.

16 A (Dickie) It takes a little bit of time to get
17 it.

18 Q With respect to tree trimming, will the tree
19 trimming be done based on need, based
20 geographically, proportionately through the
21 state? Maybe someone can touch upon what the
22 plans are for that.

23 A (Lajoie) The tree trimming is going to -- the
24 ETT portion of tree trimming is going to focus

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 on areas where the largest blocks of customers
2 are, so that we're not taking out any more
3 customers than we need to, or reducing the
4 numbers of people that may be affected by a
5 tree or a branch coming down. ETT is only
6 performed on a section of a circuit once over
7 the course -- over the lifetime of that
8 circuit. So, we're not going back and
9 re-ETTING stuff that we've already done.

10 When you gain that additional clearance
11 zone provided by the Enhanced Tree Trimming
12 Program, we work to maintain that enhanced
13 clearance zone, so we don't have to go back.
14 Maintaining a zone is significantly less
15 expensive than establishing the zone. So, by
16 maintaining that zone, it reduces the expenses
17 going forward, but we get the benefit of that
18 enhanced clearance zone forever.

19 Q But what I think I heard, and maybe I didn't
20 hear it right, is you're looking for the places
21 where there's the largest population in your
22 Enhanced Tree Trimming. But that doesn't seem
23 consistent with where the most trees are in the
24 state?

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 A (Lajoie) We do a significant portion of ETT all
2 the way across the state, and every year look
3 at where we've seen tree outages, and what
4 areas could benefit most from ETT. But then,
5 within that area, we're looking for the
6 sections where a tree problem would cause the
7 most damage, the most number of customers out.
8 Does that help?

9 Q Yes. I understand what you're doing.

10 A (Lajoie) Okay.

11 Q I think I understand. Thank you. Talking
12 about the Troubleshooter Program, what are we,
13 Page 8 on Bates, Bates Page 008?

14 CHAIRMAN HONIGBERG: Exhibit 1?

15 BY CMSR. GIAIMO:

16 Q Exhibit 1. So, on Exhibit 1, starting at the
17 bottom: "The primary coverage area consists of
18 Bedford, Derry, Hooksett, and Nashua." So,
19 that's the Primary Coverage Areas. And then it
20 later says "the Secondary Coverage Areas
21 include Epping, Keene, Newport, Portsmouth,
22 Rochester, and Tilton." So, nothing in
23 Lancaster? Nothing in northern New Hampshire?

24 A (Dickie) Not at this time. You know, we try to

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 keep the Troubleshooters -- the Troubleshooters
2 are always busy. They're not sitting around
3 waiting for something to happen. So, if
4 they're not doing trouble-related work, they're
5 doing other work, which we don't charge REP
6 for, we charge something else. And there's
7 just not enough work, because there's not
8 enough circuitry in those areas to keep someone
9 busy 24/7.

10 Q But when I look at the Exhibit 3, Slide 10, on
11 Page 10, I see --

12 CHAIRMAN HONIGBERG: Exhibit 4?

13 CMSR. GIAIMO: Sorry, yes. Exhibit
14 4.

15 BY CMSR. GIAIMO:

16 Q I see there's a real value in finding myself in
17 the primary area with respect to SAIDI, as
18 opposed to the --

19 A (Dickie) On Page -- What page are you on?

20 Q I'm sorry. On Slide 10 of Exhibit 4.

21 A (Dickie) Yes.

22 Q It's more -- giving you more opportunity to
23 comment, it seems to me that, you know, the
24 SAIDI numbers are significantly lower if you're

[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 in those Primary Troubleshooting Areas than if
2 you're not?

3 A (Dickie) It is. I don't think it's all
4 Troubleshooters. I think some of it's
5 population density, right? You're picking --
6 you have an outage and you pick it up quicker.
7 You also respond quicker with Troubleshooters,
8 obviously. But, certainly, some of that is,
9 you know, customers -- so, there's SAIDI, and
10 then there's also SAIFI, how many customers
11 you're picking up per outage also.

12 But, in general, yes, the SAIDI in the
13 outlying areas tends to be higher than the more
14 populated centers, yes.

15 CMSR. GIAIMO: Thank you. That's all
16 the questions I have.

17 CHAIRMAN HONIGBERG: My questions
18 have been answered.

19 Mr. Fossum, do you have any further
20 questions for your witnesses?

21 MR. FOSSUM: I think just one at this
22 time.

23 **REDIRECT EXAMINATION**

24 BY MR. FOSSUM:

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[WITNESS PANEL: Goulding|Lajoie|Dickie]

1 Q Mr. Lajoie, I believe you said that there was a
2 2016 report that had been filed in September of
3 2016. Am I remembering your testimony
4 correctly?

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

6 Q Subject to check, do you believe that report
7 was filed in Docket DE 14-238?

8 A (Lajoie) Yes. I believe that's correct.

9 MR. FOSSUM: Thank you. And that's
10 all I've got.

11 CHAIRMAN HONIGBERG: Thank you,
12 Mr. Fossum.

13 If there's nothing else for the
14 witnesses, I think they can probably remain
15 where they are, because we're probably not
16 going to be long to finish this one.

17 WITNESS GOULDING: Could I confer
18 with Attorney Fossum real quick, just to --

19 CHAIRMAN HONIGBERG: Sure,
20 Mr. Goulding. We don't want to leave anything
21 unanswered here.

22 (Witness Goulding conferring
23 with Atty. Fossum.)

24 MR. FOSSUM: We are all set. Thank

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1 you. Appreciate the moment.

2 CHAIRMAN HONIGBERG: All right.
3 Without objection, we'll strike ID on
4 Exhibits 1 through 4.

5 If there's nothing else, we'll allow
6 the parties to sum up.

7 MR. FOSSUM: Relative to -- I just
8 want to raise one issue, if I may, relative to
9 Exhibit 4. Is that only a few pages of what is
10 in there were addressed. So, I'm not -- I
11 guess I'm not raising an objection, I'm simply
12 noting for the record that much of what is in
13 Exhibit 4 was not the subject of any questions
14 and wasn't described.

15 It is -- and, so, there's -- to the
16 extent there's information in there that has
17 not been explained, I suppose I would object to
18 the use of that information to form the part of
19 any decision in this docket to that extent.

20 CHAIRMAN HONIGBERG: Ms. Amidon.

21 MS. AMIDON: I can't disagree with
22 that. And if he wants to -- if he wants to
23 limit the pages, maybe he could identify the
24 pages that he wants to be part of Exhibit 4.

1 MR. FOSSUM: Well, my recollection is
2 that I believe it was Pages 5 and -- 5 and 10
3 for certain. And if I may, I believe my notes
4 show that there were questions on Pages 5, 6,
5 and 10. So, those are the ones that have been
6 explained and information has been offered to
7 understand what's exactly being shown. So,
8 those would be the pages that I believe may be
9 an appropriate part of the record.

10 CHAIRMAN HONIGBERG: Ms. Amidon.

11 MS. AMIDON: I think that's right, I
12 guess. Are you --

13 *(Atty. Amidon conferring with*
14 *Mr. Chagnon.)*

15 MS. AMIDON: Yes, okay. Yes. We're
16 comfortable with that.

17 CHAIRMAN HONIGBERG: So, Pages 5, 6,
18 and 10 are the only three pages that will carry
19 forward in Exhibit 4. Is that what the parties
20 want to have happen here?

21 MS. AMIDON: Well, the Company has --

22 CHAIRMAN HONIGBERG: Ms. Amidon, you
23 can argue with him. You can disagree with him,
24 if you would like.

1 MS. AMIDON: Well, I frankly do
2 disagree with him, because the Company produced
3 that. And I don't know why they don't want
4 something that they produced in the record.

5 CHAIRMAN HONIGBERG: I don't think he
6 ultimately cares that much. He's noting for
7 the record that there were no questions about
8 most of the pages in the exhibit. And he is
9 leery of seeing an order that relies on
10 information on Pages 1 and 2 as being crucial
11 to the Commission's decision.

12 MS. AMIDON: I see. I think I
13 misunderstood then. I understand now. I think
14 it should be in the -- it should be introduced
15 as an exhibit, and note for the record that
16 those are the three pages that are relevant to
17 the cross-examination here.

18 CHAIRMAN HONIGBERG: I think the
19 record is now clear on that point.

20 MS. AMIDON: Thank you.

21 CHAIRMAN HONIGBERG: So, we're going
22 to strike ID on all of Exhibit 4, understanding
23 the limitations, Mr. Fossum, that you
24 identified for it.

1 MR. FOSSUM: Thank you.

2 CHAIRMAN HONIGBERG: So, ID is struck
3 on all four exhibits.

4 If there's nothing else, we'll have
5 the parties sum up. Mr. Buckley, why don't you
6 start us off.

7 MR. BUCKLEY: Thank you, Mr.
8 Chairman. The Office of the Consumer Advocate
9 is supportive of the 2018 REP filing by the
10 Company. We appreciate the Company working
11 with Staff, the OCA to minimize those costs
12 which directly fall under the REP. And we
13 particularly appreciate the treatment of the
14 Troubleshooter Program in this most recent
15 filing, as well as the Enhanced Tree Trimming
16 and Hazard Tree Removal, and Distribution
17 Automation investments. Thank you.

18 CHAIRMAN HONIGBERG: Ms. Amidon.

19 MS. AMIDON: Thank you. Staff
20 supports the filing as well. And we're -- you
21 know, it's satisfying for the customers, I'm
22 sure, to know that the rates are mitigated by
23 the accounting of the tax reduction for the
24 Company. So, that's good.

1 We support the ending of the funding
2 the troubleshooters through the REP. We also
3 agree with the exclusion in the future of
4 Enhanced Tree Trimming and Hazard Tree Removal
5 from capital costs. It's unfortunate, of
6 course, that taxpayers will be continuing to
7 pay for these costs for some period of time due
8 to the treatment of them as capital investment.

9 Going forward, we think -- we believe
10 that the Company should address a wholesale
11 review of the REP Program in the next
12 distribution rate case. We think there are a
13 lot of -- a little bit more discipline needs to
14 be provided to this Program, including
15 establishing budgets that are based on a
16 not-to-exceed level, and that -- because we
17 want to assure that the resulting rates are
18 just and reasonable. And at some point, the
19 benefit/cost analysis of increased investment
20 in reliability is not going to show a
21 commensurate improvement in reliability
22 statistics. At some point, there has to be
23 something where it's more on a maintenance type
24 of activity, rather than something that needs

1 to be continually enhanced.

2 We also believe the Company should
3 focus on vegetation management, because the
4 testimony shows that the trees are continuing
5 to be the problem of most outages. And that's,
6 obviously, the biggest challenge for the
7 Company, and we think that there should be some
8 increased focus to those things in the
9 Reliability Program, as opposed to, you know,
10 distribution automation and that type of thing.

11 We expect that the Company will file
12 an Annual Report on the capital projects,
13 describing how they were selected, whether
14 there were budget overruns or not, and provide
15 us with the information that has been -- was
16 provided following the 2010 rate case
17 settlement.

18 And we also request that the
19 Commission direct them to meet with the OCA and
20 Staff before, I mean, I don't know when the
21 Company is going to be filing a rate case, but
22 if they intend to, say, for example, continue
23 REP in 2019, I ask that the Company be directed
24 to meet with OCA and Staff in advance of that,

1 so that we can make sure that this -- the
2 filing that is made is one in which we all can
3 agree to, and that it improves reliability for
4 customers, as well as results in just and
5 reasonable rates.

6 Thank you.

7 CHAIRMAN HONIGBERG: Mr. Fossum.

8 MR. FOSSUM: Thank you. I appreciate
9 the support of the Staff and the OCA for this
10 filing. This is a good Program. And even
11 scaled back as it has been, it is still a good
12 Program. And it's one that the Company
13 supports, and certainly supports the
14 continuation of it.

15 As expected by the Commission and --
16 or, by the Staff and the OCA, the Company did
17 spend significant time and effort to work with
18 those parties, so that they understood what it
19 was we were proposing, why we were proposing
20 it, and we took their feedback under advisement
21 to make changes to the Program that's presented
22 to you today.

23 I have no reason to believe the
24 Company would have any objection to continuing

1 working with the Staff and the OCA going
2 forward on potential revisions or refinements
3 to the Program.

4 With respect to the Troubleshooters
5 and the Enhanced Tree Trimming and the change
6 in their treatment, I believe the reasons for
7 those changes are explained in the testimony.

8 But I would like to respond to the
9 Staff's indication that the continuation of
10 payments is "unfortunate", I believe was the
11 term. And the Company, I guess, would disagree
12 with that characterization. The ETT costs were
13 appropriately capitalized at the time that they
14 were capitalized, and they're treated as any
15 other capital asset would be. The fact that
16 their treatment will change in the future does
17 not change the fact that they were
18 appropriately booked and accounted for at the
19 time they were incurred.

20 We will be, as Mr. Lajoie has
21 testified, we will be filing a report
22 summarizing the activities to date in the first
23 quarter of this year. And we are certainly
24 intending to file ongoing reports for this

1 Program. So, I don't anticipate that being any
2 issue.

3 With that, we're requesting that, as
4 indicated in Mr. Goulding's supplemental
5 testimony, that this Program be continued at
6 the current funding level, at the current level
7 of rates, and that no rate increase is
8 necessary. And therefore, customers will reap
9 the benefits of these programs, without having
10 to have a rate increase to do so.

11 So, I would ask that this Program be
12 approved as filed and supplemented. And that's
13 what I'm asking for this morning.

14 CHAIRMAN HONIGBERG: Thank you, Mr.
15 Fossum.

16 We will take the matter under
17 advisement, issue an order as quickly as we
18 can. We are adjourned.

19 MR. FOSSUM: Thank you.

20 ***(Whereupon the hearing was***
21 ***adjourned at 11:33 a.m.)***