

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

I N D E X

PAGE NO.

**STATEMENT REGARDING MOTION FOR
CONFIDENTIAL TREATMENT BY:**

Mr. Kreis 8

OTHER PRELIMINARY MATTERS BY:

Mr. Kreis 9

OPENING STATEMENT BY:

Ms. Chiavara 11

* * *

WITNESS PANEL:

**ROBERT A. BERSAK
CATHERINE A. FINNERAN
ERICA L. MENARD
DOUGLAS P. HORTON
THOMAS C. FRANTZ
RICHARD CHAGNON
ROBERT P. CHENEY, JR.**

Direct examination by Mr. Venora 13

Direct examination by Ms. Ross 18

Interrogatories by Cmsr. Bailey 27

* * *

CLOSING STATEMENTS BY:

Mr. Kreis 51

Ms. Ross 52

Ms. Chiavara 53

E X H I B I T S		
EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Direct Testimony of Robert A. Bersak	<i>premarked</i>
2	Attachment RAB-1 - Costs Eligible for Securitization	<i>premarked</i>
3	Attachment RAB-2 - Independent Accountant's Report	<i>premarked</i>
4	Direct Testimony of Catherine A. Finneran	<i>premarked</i>
5	Attachment CAF-1 - Report on the Removal of Mercury Boiler Units 1 & 2 at Schiller Station 2016-2019	<i>premarked</i>
6	PUC Audit Staff - Final Audit Report	<i>premarked</i>
7	Settlement Agreement on Audit of Divestiture-Related Costs and Attachments	<i>premarked</i>
8	STAFF 1-010 and Attachment STAFF 1-010 A - E	<i>premarked</i>
9	STAFF 1-020 and Attachment STAFF 1-020	<i>premarked</i>
10	STAFF 1-031 and Attachment STAFF 1-031	<i>premarked</i>
11	STAFF 1-033	<i>premarked</i>
12	Integral Review Findings of the June 14, 2019 GZA Report on Post-Demolition Building...	<i>premarked</i>
13	Report on Post-Demolition Building Surface Sampling and Evaluation of Human Health Risk, Former Schiller...	<i>premarked</i>

P R O C E E D I N G

1
2 CHAIRWOMAN MARTIN: We're here this
3 morning in Docket DE 20-005, which is the Public
4 Service Company of New Hampshire d/b/a Eversource
5 Energy's audit of stranded costs following
6 divestiture.

7 I need to make the necessary findings
8 because this is a remote hearing.

9 As Chairwoman of the Public Utilities
10 Commission, I find that due to the State of
11 Emergency declared by the Governor as a result of
12 the COVID-19 pandemic, and in accordance with the
13 Governor's Emergency Order Number 12, pursuant to
14 Executive Order 2020-04, this public body is
15 authorized to meet electronically. Please note
16 that there is no physical location to observe and
17 listen contemporaneously to this hearing, which
18 was authorized pursuant to the Governor's
19 Emergency Order.

20 However, in accordance with the
21 Emergency Order, I am confirming that we are
22 utilizing Webex for this electronic hearing. All
23 members of the Commission have the ability to
24 communicate contemporaneously during this

1 hearing, and the public has access to
2 contemporaneously listen and, if necessary,
3 participate.

4 We previously gave notice to the public
5 of the necessary information for accessing the
6 hearing in the Order of Notice. If anybody has a
7 problem during the hearing, please call
8 (603)271-2431. In the event the public is unable
9 to access the hearing, the hearing will be
10 adjourned and rescheduled.

11 Okay. We need to take a roll call
12 attendance of the Commission. My name is Dianne
13 Martin. I am the Chairwoman of the Public
14 Utilities Commission. And I am alone.

15 Commissioner Bailey.

16 CMSR. BAILEY: Good morning, everyone.
17 Commissioner Kathryn Bailey. And I am alone.

18 CHAIRWOMAN MARTIN: All right. Let's
19 take appearances, starting with Mr. Venora.

20 MR. VENORA: Good morning, Chairwoman
21 Martin, Commissioner Bailey.

22 Daniel Venora, from the law firm of
23 Keegan Werlin, here today on behalf of Eversource
24 Energy.

1 CHAIRWOMAN MARTIN: Okay. Thank you.
2 And Mr. Kreis.

3 MR. KREIS: Good morning, Chairwoman
4 Martin, Commissioner Bailey, colleagues.

5 I am D. Maurice Kreis, the Consumer
6 Advocate. My job, as you all know, is to
7 represent the interests of the Company's
8 residential customers.

9 CHAIRWOMAN MARTIN: All right. Thank
10 you. And Ms. Ross.

11 MS. ROSS: Good morning, Chairman
12 Martin, Commissioner Bailey.

13 My name is Anne Ross, a Staff Attorney.
14 And I have three witnesses with me today: Thomas
15 Frantz, Director of the Electric Division;
16 Richard Chagnon, Assistant Director of the
17 Electric Division; and Robert Cheney, of Sheehan
18 Phinney, Bass & Green. And I am alone.

19 CHAIRWOMAN MARTIN: All right. Thank
20 you. And welcome, everyone.

21 MR. VENORA: And, Chairwoman Martin, I
22 should note, we also have counsel for
23 Eversource -- additional counsel for Eversource,
24 Attorney Chiavara. I will ask her to put in her

1 appearance also.

2 CHAIRWOMAN MARTIN: Ms. Chiavara.

3 MS. CHIAVARA: Good morning, Chair
4 Martin and Commissioner Bailey.

5 Jessica Chiavara, counsel for Public
6 Service Company of New Hampshire, doing business
7 as Eversource Energy.

8 And we also have witnesses today:
9 Mr. Robert Bersak, Ms. Catherine Finneran,
10 Ms. Erica Menard, and Mr. Douglas Horton. And
11 we also have Stephen Raymond and William Smagula
12 and Paul Parsons available as support witnesses,
13 in case the Commissioners' questions require
14 additional specialized subject matter expertise.

15 CHAIRWOMAN MARTIN: Okay. Thank you.
16 All right. I have Exhibits 1 through 13 have
17 been prefiled and premarked for identification.

18 Anything else related to exhibits?

19 *[No verbal response.]*

20 CHAIRWOMAN MARTIN: Okay.

21 MS. CHIAVARA: That's the full exhibit
22 list.

23 CHAIRWOMAN MARTIN: All right. Thank
24 you. Seeing no one else.

1 Eversource has also filed a Motion for
2 Confidential Treatment, pursuant to Puc 203.08
3 and RSA 91-A:5, IV. Is there any objection to
4 that motion?

5 Mr. Kreis.

6 MR. KREIS: Yes. Thank you, Chairwoman
7 Martin.

8 I think the Commission should look with
9 a certain degree of skepticism on the PSNH
10 motion. One of the key arguments that they --
11 that the Company makes in favor of confidential
12 treatment is "Oh, if you don't grant confidential
13 treatment of certain materials, we will have
14 difficulty in negotiating future contracts of
15 this sort in the future."

16 Well, this is the bitter end for this
17 Company of owning generation assets and being
18 responsible for environmental cleanups or any
19 other expenses. So, the Company isn't going to
20 have to negotiate any future contracts. And, so,
21 that is a very unpersuasive justification for
22 confidential treatment under RSA 91-A.

23 And, therefore, the Commission should
24 look with particularity at each of the documents

1 that the Company would like to see treated
2 confidentially, and reject confidential treatment
3 for those documents that are claimed to be
4 confidential on that basis.

5 CHAIRWOMAN MARTIN: Okay. Thank you.
6 Does anyone else want to be heard on that motion?

7 *[No indication given.]*

8 CHAIRWOMAN MARTIN: Okay. Seeing none.
9 We will take that motion under advisement and
10 issue an order. But we will ask that all
11 information identified as confidential be treated
12 as confidential for this hearing.

13 Any other preliminary matters?

14 Mr. Kreis.

15 MR. KREIS: Yes, Chairwoman Martin. On
16 November 2nd of this year, I filed a letter with
17 the Executive Director indicating that the Office
18 of the Consumer Advocate is in agreement with the
19 terms of the Settlement Agreement that PSNH and
20 Staff have signed, and wished to be treated as if
21 it were a signatory to the Agreement.

22 I do not know for sure that that letter
23 was ever received. I note that it does not
24 appear in the docket entries that are available

1 on the Web. And I just want to make sure that it
2 is noted on the record that we consider ourselves
3 to be a signatory to the Agreement, even though
4 my signature does not actually appear on the
5 Agreement.

6 CHAIRWOMAN MARTIN: Okay. Thank you
7 for making that clarification and putting that on
8 the record.

9 Anything else?

10 *[No indication given.]*

11 CHAIRWOMAN MARTIN: And how do we
12 intend to proceed today, as far as witnesses?
13 Are we having panels?

14 MS. ROSS: We would suggest that we
15 have a panel so that any witness can be
16 questioned at any point during the hearing. We
17 think that's probably a more efficient way of
18 presenting the Settlement, if the Commissioners
19 approve.

20 That would mean that we would have
21 seven people, essentially, available, and they
22 would also need to be sworn in.

23 CHAIRWOMAN MARTIN: Commissioner
24 Bailey, does that sound okay with you?

1 CMSR. BAILEY: Yes. That's fine.

2 Thank you.

3 CHAIRWOMAN MARTIN: That's fine with me
4 as well.

5 So, why don't we then swear in all
6 seven witnesses please, Mr. Patnaude.

7 (Whereupon **Robert A. Bersak,**
8 **Catherine A. Finneran, Erica L. Menard,**
9 **Douglas P. Horton, Thomas C. Frantz,**
10 **Richard Chagnon, and Robert P. Cheney,**
11 **Jr.,** were duly sworn by the Court
12 Reporter.)

13 CHAIRWOMAN MARTIN: Okay. Mr. Venora,
14 will you start or is it Ms. Chiavara?

15 MR. VENORA: Ms. Chiavara will start.

16 CHAIRWOMAN MARTIN: Okay. Thank you.
17 Go ahead.

18 MS. CHIAVARA: Good morning once again.

19 The matter before the Commission today
20 is, hopefully, a relatively straightforward one,
21 thanks to the steadfast efforts of both
22 Commission and Company Staff to review the
23 audit -- to review and audit the Company's
24 divestiture-related costs associated with the

1 sale of its thermal and hydro generating assets.
2 This docket is a final step of several years of
3 legal, regulatory, and commercial proceedings
4 related to generation divestiture.

5 In this docket, the Commission Staff
6 conducted its audits of the Company's divestiture
7 costs, followed by two rounds of discovery, and
8 several productive technical sessions. All of
9 which culminated in Staff and Eversource
10 confidently entering into the proposed Settlement
11 Agreement in front of the Commission today, which
12 would resolve all open issues in this matter.

13 Settling Parties include Commission
14 Staff and Eversource. And the Settlement
15 Agreement is supported by the Office of the
16 Consumer Advocate in the letter that he
17 referenced as submitting to this docket on
18 November 2nd, stating concurrence with the terms,
19 and requesting that the Commission treat the OCA
20 as if it were a signatory to the Agreement.

21 The Company appreciates the support of
22 Staff and OCA in achieving this result. And,
23 with all parties in agreement, we respectfully
24 request that the Commission approve the proposed

1 Settlement Agreement.

2 Thank you.

3 MR. VENORA: Thank you. And I'll
4 proceed to simply -- I'll proceed to introduce
5 the Eversource witnesses.

6 **ROBERT A. BERSAK, SWORN**

7 **CATHERINE A. FINNERAN, SWORN**

8 **ERICA L. MENARD, SWORN**

9 **DOUGLAS P. HORTON, SWORN**

10 **THOMAS C. FRANTZ, SWORN**

11 **RICHARD CHAGNON, SWORN**

12 **ROBERT P. CHENEY, JR., SWORN**

13 **DIRECT EXAMINATION**

14 BY MR. VENORA:

15 Q Mr. Bersak, would you please state your full
16 name, company-related position and
17 responsibilities you assumed for Eversource for
18 purposes of the docket?

19 A (Bersak) Good morning, Chairwoman Martin and
20 Commission Bailey. My name is Robert Bersak.

21 *[Court reporter interruption.]*

22 CHAIRWOMAN MARTIN: Excuse me, Mr.
23 Bersak. We're having an audio problem. Let's go
24 off the record for a minute.

1 *[Brief off-the-record discussion*
2 *ensued.]*

3 **BY THE WITNESS:**

4 A (Bersak) I'll start again. My name is Robert
5 Bersak. At the time my testimony was filed, I
6 was the Chief Regulatory Counsel for Eversource
7 Energy.

8 *[Court reporter interruption.]*

9 CHAIRWOMAN MARTIN: Mr. Bersak, can you
10 pause for a moment? Let's go off the record.

11 *[Brief off-the-record discussion*
12 *ensued.]*

13 CHAIRWOMAN MARTIN: Let's go back on
14 the record, Steve. Thank you. Go ahead.

15 **BY THE WITNESS:**

16 A (Bersak) Fourth time's a charm. My name is
17 Robert Bersak. And, at the time my testimony was
18 filed, I was the Chief Regulatory Counsel for
19 Eversource Energy. My team was responsible for
20 the filing, litigation, and oversight of
21 regulatory matters involving all Eversource
22 operating companies before the Federal Energy
23 Regulatory Commission, the Connecticut Public
24 Utilities Regulatory Authority, the Massachusetts

1 Department of Public Utilities, the Vermont
2 Public Utility Commission, the Maine Public
3 Utilities Commission, and this Commission. I
4 also oversaw the general legal needs of Public
5 Service Company of New Hampshire's operations
6 throughout the state.

7 With respect to today's proceeding, I
8 was one of two Eversource employees who oversaw
9 the recent divestiture of the Company's coal,
10 gas, oil, wood, and hydroelectric generating
11 facilities. I was also one of the principal
12 employees in the 2018 securitized financing of
13 generation-related stranded costs.

14 BY MR. VENORA:

15 Q Thank you, Mr. Bersak. And marked as "Exhibits
16 1", "2", and "3" are your prefiled testimony and
17 attachments, dated November 27, 2019. Do you
18 adopt those exhibits as part of your sworn
19 testimony here today?

20 A (Bersak) Yes, I do.

21 Q And do you have any corrections or amendments to
22 your testimony this morning?

23 A (Bersak) Just one administrative correction.

24 Following the divestiture of the Company's

1 generating assets, my position was eliminated by
2 Eversource as of April 30th. So, I retired from
3 the Company effective on May 1st. I agreed to
4 continue as the Company's witness for this
5 proceeding, based on my direct involvement
6 throughout the entire divestiture process, from
7 the late 1990s, to up until today.

8 Q Thank you very much. Ms. Finneran, would you
9 please state your name, company-related position,
10 and your responsibilities for purposes of this
11 docket?

12 A (Finneran) Sure. Good morning, everyone. My
13 name is Catherine Finneran. I am Vice President
14 of Sustainability and Environmental Affairs at
15 Eversource. And, in that position, I oversee
16 environmental regulatory compliance and
17 sustainability strategy across the companies in
18 all three states.

19 Q Okay. Thank you. And marked as "Exhibits 4" and
20 "5" are your prefiled testimony and attachment
21 dated November 27, 2019. Do you adopt those
22 exhibits as your sworn testimony here morning?

23 A (Finneran) Yes, I do.

24 Q Thank you. And do you have any corrections or

1 amendments to that testimony?

2 A (Finneran) No. I do not.

3 Q Okay. Ms. Menard, would you please state your
4 name, position, and responsibilities for
5 Eversource for purposes of this docket?

6 A (Menard) Good morning. My name is Erica Menard.
7 I am employed by Eversource Energy Service
8 Company as the Manager of Revenue Requirements.

9 Q Thank you. And, Mr. Horton, would you please
10 state your name, position, and responsibilities
11 for Eversource?

12 A (Horton) Good morning. My name is Doug Horton.
13 I am the Vice President of Distribution Rates and
14 Regulatory Requirements for Eversource Energy.

15 MR. VENORA: Okay. Thank you. And,
16 so, those are the Company's primary witnesses
17 this morning.

18 I can turn it over to Attorney Ross to
19 introduce Staff's witnesses.

20 CHAIRWOMAN MARTIN: Go ahead, Ms. Ross.

21 MS. ROSS: Thank you. The witnesses
22 today are the three I named. And let's begin
23 with Tom Frantz.

24 BY MS. ROSS:

1 Q Tom, please state your name and position and the
2 purpose of your testimony today?

3 A (Frantz) Hello. My name is Tom Frantz. And I'm
4 the Director of the Electric Division at the New
5 Hampshire Public Utilities Commission.

6 Pertaining to this proceeding, I have a
7 long background in the Eversource generation and,
8 with Ms. Ross, on the negotiations that led to
9 the sale of the hydro and fossil assets. I've
10 also worked on the rate reduction bonds and
11 issuance that Eversource completed. And I worked
12 on the SCRC proceeding.

13 Directly for this proceeding, I am
14 testifying about the just and reasonable rates
15 associated with this Settlement.

16 And I think, with that, I'll turn it
17 over to Mr. Chagnon.

18 Q Mr. Chagnon, would you please state your name,
19 your position, and the purpose of your testimony?

20 A (Chagnon) Yes. Good morning. Richard Chagnon,
21 Assistant Director of the Electric Division, here
22 at the PUC.

23 In this docket, I participated in
24 investigating many of the data requests to the

1 Company, and also reviewed the stranded costs
2 results, and the rates.

3 Q Thank you. And, Mr. Cheney, please indicate your
4 name and position, and the purpose of your
5 testimony today?

6 A (Cheney) Good morning. My name is Robert Cheney.
7 I'm an attorney with Sheehan, Phinney, Bass &
8 Green, in Manchester. I'm a director and
9 shareholder.

10 My role in this project was to provide
11 assistance to PUC Staff regarding environmental
12 issues related with the mercury removal project
13 at the Schiller facility. I will be testifying
14 this morning regarding, and answering questions
15 as needed, regarding that project.

16 MS. ROSS: Thank you. Those are our
17 witnesses.

18 I should also mention that Karen Moran
19 is here, if needed. She worked on the Staff
20 audit of these expenses and revenues associated
21 with divestiture, and did a yeoman's job. So,
22 thank you, Karen.

23 CHAIRWOMAN MARTIN: Okay. Thank you.
24 Mr. Venora or Ms. Chiavara, will one of you do

1 additional direct?

2 MR. VENORA: That's all we have planned
3 on for this morning. So, at this point, the
4 witnesses would be available for questioning.

5 CHAIRWOMAN MARTIN: Okay. Ms. Ross,
6 the same for you?

7 MS. ROSS: It is up to the Commission
8 how you'd like to proceed. I can ask the
9 witnesses, if you'd like, for a brief summary of
10 the Staff position on the Settlement. Or, you
11 can go right to questions. I'll leave it to you.

12 CHAIRWOMAN MARTIN: I appreciate the
13 background, so --

14 MS. ROSS: All right. Fine.

15 BY MS. ROSS:

16 Q Let's begin with Tom. Tom, if you would, just
17 could you speak a little about why Staff believes
18 this is a reasonable outcome to restructuring,
19 and why it results in just and reasonable rates
20 to ratepayers?

21 A (Frantz) Well, I'd start with, this is really the
22 culmination, as Mr. Kreis mentioned, of a very,
23 very long process, going back many years. And,
24 as the Commission is well aware, the divestiture

1 was approved several years ago.

2 This proceeding took a look at the
3 actual costs in the audit. I think, when the
4 Commission looks at all the materials that are
5 available to it, we've, I think, done a thorough
6 job. We've looked at the actual costs, but also
7 prudence, how the Company handled its
8 divestiture, especially in the Schiller
9 mercury -- removal of mercury at the Schiller
10 facility.

11 We've done about as much detailed work
12 as we could do. And we think this actually is a
13 culmination of that work and results in a fair
14 and reasonable outcome for this proceeding.

15 Q Thank you, Tom. Rich, at this point, would you
16 -- oh, I'm sorry.

17 A (Frantz) No. I was just going to also say, if
18 Mr. Cheney or Mr. Chagnon want to jump in, that
19 is also fine. They put a lot of time and effort
20 also into this.

21 Q I was actually going to ask Mr. Chagnon if he
22 might just briefly review the adjustments that
23 result in a reduction to the original request
24 from the Company for the stranded cost number?

1 I know not all of the audit recommendations were
2 baked into the Settlement, but there were a
3 number of significant adjustments.

4 A (Chagnon) Thank you. On Exhibit 7, in Attachment
5 1, Page 2, is the list of adjustments. I did not
6 plan to go into them in depth. But they're the
7 result of Staff's audit, as well as adjustments
8 that were agreed to through the Settlement
9 process.

10 So, the total adjustments to the final
11 costs provided by Eversource is \$6,376,755.

12 Q Thank you, Rich. I think that we can wait and
13 see if the Commissioners have specific questions
14 about any of the individual adjustments.

15 And, with that, I wonder, Mr. Cheney,
16 if you would be willing to do a quick overview?
17 There was one adjustment made to the Schiller
18 removal operation, which I think you can describe
19 to the Commission, and then some of our thinking
20 and analysis on that process. Thank you.

21 A (Cheney) Certainly. I'd like to begin by just
22 quickly summarizing, I think, our general view of
23 this mercury removal project. Which, overall, is
24 favorable, in the sense that "mission

1 accomplished".

2 As pointed out in the summary prepared
3 by Eversource, Exhibit 5, this is really -- there
4 are only five of these facilities in the United
5 States, I believe. This is the first one to be
6 demolished in this particular way, which is --
7 what was difficult in this process is to get the
8 mercury-contaminated material out of the facility
9 while the facility continued to operate. A lot
10 of intertwining parts of this facility that had
11 to remain in operation.

12 Overall, this removal project
13 accomplished what it set out to do, which is to
14 eliminate a significant potential risk to
15 ratepayers from having mercury remain present in
16 the facility. Mercury is a basic element. It
17 does not break down, it does not go away. It
18 remains where it's located.

19 To just give some sense of the enormity
20 of this project, when the facility shut down, and
21 this is referenced in Eversource Exhibit 5, in
22 Exhibit 5 of the docket, Page 15, when this
23 facility was shut down in 1968, 3,000 gallons of
24 mercury were removed.

1 During the course of this project, an
2 additional 165 gallons of mercury were removed.
3 Mercury is a very dense element, 165 pounds, that
4 constitutes 18,000 -- over 18,000 pounds of
5 mercury. And just to give a sense of context for
6 that, the New Hampshire Department of
7 Environmental Resources regulates the mercury
8 emissions from coal-fired facilities. And the
9 maximum achievable technology standard limits the
10 amount of emissions coming out of a facility
11 stack, such as the ones that are currently
12 operating at Schiller Station, I believe that's
13 Unit 4 and 6, to six pounds a year.

14 So, this removal project was a
15 significant project. And I think that, looking
16 at Exhibits 12 and 13, which are the two health
17 risk -- one is the health risk assessment
18 prepared by Eversource's contractor, GZA. And
19 Exhibit 12 is findings by a peer reviewer of the
20 GZA report. The GZA, itself, as well as the peer
21 reviewer, described the final risk assessment
22 reports as conservative, that means being
23 protective. And they conclude that there is no
24 significant risk left at the end of this project.

1 All told, although this was an
2 expensive project, I believe, at the end of the
3 day, it was successful.

4 The one adjustment that you see Staff
5 requested from Eversource, and which is part of
6 this compromise, is to changing conditions as
7 they proceeded -- as Eversource's contractor,
8 Manafort Brothers, proceeded through the
9 demolition project was encountering in -- as they
10 began in December of 2016, into the first quarter
11 of 2017, more than a residual amount of
12 contamination remaining in the facility.

13 It turns out that, between December and
14 May, Manafort removed approximately 46 percent of
15 the total mercury that they would remove during
16 the entire project. In short, they were
17 surprised at the amount of mercury they were
18 encountering. As a result of that, they sought
19 changes to other regulated air emissions. They
20 also sought a change order from Eversource.

21 Notwithstanding, by the time they hit
22 June, they encountered a situation where a worker
23 had elevated levels of mercury in their
24 bloodstream. That caused a stoppage of work for

1 a period of from June, until things started up
2 again in mid September.

3 Manafort, with Eversource oversight,
4 revamped the way -- somewhat revamped the way
5 that they were doing the work. They also added
6 on additional controls. This slowed down the
7 project somewhat. But I believe Eversource --
8 I'm sorry, Manafort was able to get through the
9 rest of the project with no additional issues.

10 A compromise that was effected by Staff
11 and Eversource related to the shutdown, so-called
12 "shutdown period", one of the Eversource explains
13 that part of the reason that they needed to shut
14 down -- or, one of the reasons that they needed
15 to compromise is their own claim with Manafort
16 was to retain the workforce, because it was a
17 very skilled and specialized workforce that had
18 been brought to bear on this project.

19 Staff agreed that it was important to
20 retain the workforce. But Staff thought that
21 some of what resulted in the shutdown could have
22 been better anticipated. Therefore, we agreed to
23 split difference on labor costs, and we agreed to
24 a certain amount of materials cost. Because,

1 during the shutdown period, the specialized
2 containment had to be preserved. This resulted
3 in a reduction in the claimed costs by Eversource
4 of approximately just a little over \$700,000.

5 But, other than that adjustment, and
6 the difficulties that came associated with the
7 shutdown period, overall, the project I would
8 deem as achieving its objectives in a manner in
9 which was protective of human health, as well as
10 the New Hampshire environment.

11 Happy to answer any specific questions
12 you might have.

13 MS. ROSS: Thank you. The witnesses
14 are available for questions.

15 CHAIRWOMAN MARTIN: Okay. Thank you
16 for that background.

17 Commissioner Bailey, do you have
18 questions?

19 CMSR. BAILEY: Yes. Just a few.

20 BY CMSR. BAILEY:

21 Q On the page that Mr. Chagnon referenced, Exhibit
22 7, looks like maybe Bates Page 010, yes, Bates
23 Page 010, it shows the adjustments that you
24 agreed upon. And the "Reallocation of Debt Cost

1 per Audit Agreement" of 2.5 million, rounded, it
2 looks like it was allocated to distribution and
3 transmission, is that true? Or, is the 2.5
4 million forgone by the Company in the
5 Settlement?

6 A (Menard) I can answer that. Those debt costs
7 were reallocated to the remaining segments, which
8 is distribution and transmission, because debt at
9 the Eversource-wide level, rather than this
10 specific segment level.

11 Q Can you say that again? Debt is what?

12 A (Menard) Is at the Eversource company level, the
13 PSNH level, rather than generation, distribution,
14 transmission. So, when these -- when the
15 securitization happened, we had -- we do allocate
16 debt costs, for calculation purposes, to the
17 various segments, distribution, transmission, and
18 generation. So, when generation assets were
19 divested, we took those debt costs that were
20 assigned to generation and assigned those to the
21 securitization amount.

22 As we were going through the audit
23 process, we discussed the fact that debt is
24 actually at the PSNH level, and therefore

1 shouldn't have been allocated to generation as
2 part of securitization.

3 So, those debt costs were not forgone.
4 They were just reallocated to the remaining
5 segments left, distribution and transmission.

6 Q And what was the debt for?

7 A (Menard) It's historical debt issuance that we
8 have had. The Company frequently goes out for
9 debt issuances, to fund capital, construction
10 costs, and things like that. And that's secured
11 at the PSNH company level. And, so, these are
12 remaining amortized costs.

13 Q So, are you saying that this debt was just
14 misallocated in the first place? I'm having a
15 hard time understanding this.

16 A (Menard) Yes. When we developed the costs for
17 securitization, these costs -- these debt
18 issuance costs were essentially assigned to the
19 generation segment. And, so, therefore, when we
20 securitized, we said "Okay, these generation debt
21 issuance costs should go with the generation
22 business and be part of the securitization
23 package." But that was not an appropriate
24 allocation to be done, because, again, at the

1 corporate level, and therefore --

2 A (Horton) May I?

3 A (Menard) Yes. Go ahead.

4 A (Horton) I'm sorry, Erica. May I offer just my
5 two cents on the topic?

6 Q Please do.

7 A (Horton) Just to supplement Ms. Menard's
8 testimony, the way that I think of it is, when we
9 recover the debt issuance costs through the
10 normal ratemaking process as a cost of debt, it's
11 factored into the cost of debt. We finance the
12 business, money is fungible, so, we finance the
13 business and we manage our capitalization for the
14 Company overall. So, that would include
15 transmission, distribution, and generation
16 investments, when we owned generation.

17 So, originally, when we would have
18 issued the debt over time, as Ms. Menard
19 explained, we would have allocated out those debt
20 issuance costs to reflect them in the appropriate
21 lines of business. And we continued to do that
22 when we prepared the initial securitization
23 amount, meaning the debt issuance costs that had
24 been allocated to the generation line of

1 business, we included those in the securitized
2 amount.

3 But, through the audit process, we
4 agreed that an adjustment would be appropriate,
5 because that debt wasn't retired upon
6 divestiture. And, so, those costs, those
7 issuance costs, which had been incurred at the
8 time we issued the debt originally, that debt was
9 still in existence and, you know, being utilized
10 by the Company, just like any other debt or
11 equity that's in place. And, so, we reallocated
12 those issuance costs to the transmission and
13 distribution line of business, just like we would
14 for a new cost -- a new debt issuance today.
15 Those debt issuances costs would be allocated to
16 the transmission and distribution lines of
17 business, and then reflected in the cost of debt
18 rate.

19 Q Were any costs like this included in the amount
20 that was securitized?

21 A (Horton) The original securitized amount was
22 based on an estimate, and I believe included
23 that, that issuance cost. But then, here, with
24 the reconciliation process, and as a result of

1 these adjustments, they are removed from the
2 final amount. Upon reconciliation, they will not
3 be recovered through the securitization process.
4 Those costs will be recovered as our other debt
5 issuance costs, from T&D.

6 Q Okay.

7 CHAIRWOMAN MARTIN: Excuse me.
8 Commissioner Bailey, we lost your video. I just
9 wanted you to know that. We can still hear you.

10 CMSR. BAILEY: I can still hear
11 everybody and see everybody. I don't know what
12 happened.

13 CHAIRWOMAN MARTIN: Okay. Are you
14 comfortable proceeding?

15 CMSR. BAILEY: I am.

16 CHAIRWOMAN MARTIN: All right. Thank
17 you.

18 BY CMSR. BAILEY:

19 Q Mr. Chagnon or Mr. Frantz, do you have anything
20 to add to this?

21 A (Frantz) I don't, Commissioner. I don't know if
22 Mr. Chagnon does. I think that was described
23 fairly well. And we believe it was appropriate
24 to do.

1 A (Witness Chagnon indicating in the affirmative.)

2 Q Okay. Thank you. Can somebody tell me what the
3 three biggest issues that were resolved by this
4 case are? The three biggest compromises that you
5 made? Why don't we start with --

6 A (Horton) You want me to take a shot at that?

7 Q Sure. Why don't we start with Eversource. Mr.
8 Horton, you can start. Tell me what compromises
9 you made. And then, Staff can tell me what
10 compromises it made.

11 A (Horton) Certainly. So, on that schedule that
12 you were looking at, I believe it was Exhibit 7,
13 Bates 010, it lists all of the adjustments in
14 detail. But I would say they do fall into three
15 big categories.

16 One are adjustments through the audit
17 process that, with the Staff's deep-dive into the
18 costs, identified a number of issues, and we
19 worked through them collaboratively through the
20 process. We identified a number of items that we
21 agreed to remove from the securitization amount
22 that we're reconciling here. That was a large
23 portion of the adjustment that's reflected on
24 that page. There are several line items

1 associated with that.

2 The next item is the adjustment that
3 was described related to the Manafort costs. We
4 had different perspectives and opinions around
5 the necessary incurrence of those costs and the
6 appropriateness for recovery. We agreed, through
7 compromise and settlement, to reduce the amount,
8 amount that we're recovering for those costs,
9 despite the fact that they were incurred, and in
10 our estimation and opinion were necessary in
11 order to achieve the results that we did.

12 And then, the third Settlement
13 concession was related to recovery of stranded
14 administrative and general expenses, which, as
15 Mr. Bersak described in his testimony, are costs
16 that are related to generation, administrative
17 and general support for the generation line of
18 business that will be going away over time, but
19 not able to be eliminated immediately. And, so,
20 we originally sought recovery of an estimate of
21 those costs at about I believe it was ten and a
22 half million dollars. And, subsequently, after
23 the Settlement, and the compromises achieved as a
24 result of the Settlement, the final amount that

1 we are going to be recovering is closer to two
2 and a half million dollars, also as shown in that
3 schedule.

4 So, those, in my mind, are the largest,
5 the three biggest areas of settlement and
6 compromise that we reached through the process.

7 A (Frantz) I'm happy to jump in. Thank you,
8 Mr. Horton.

9 I don't disagree with those three. I
10 think, from Staff's perspective, and Mr. Cheney
11 can jump in on this, we took, besides the audit,
12 which was a very deep dive, we spent a lot of
13 time and effort looking at the costs associated
14 with the mercury removal from Schiller. We were
15 out there, we met with the Company, we toured the
16 plant. And, from the very beginning, we had a
17 number of questions associated with the stoppage
18 of work and the causes, and what occurred between
19 Manafort and the Company.

20 We asked a lot of data requests. Mr.
21 Cheney could go into that. I think, ultimately,
22 we're satisfied with where we ended up --

23 CHAIRWOMAN MARTIN: Mr. Frantz?

24 WITNESS FRANTZ: Yes.

1 CHAIRWOMAN MARTIN: I apologize for
2 interrupting. We have lost Commissioner Bailey.
3 I know she needed to try to reset.

4 Can we just take a five-minute break
5 please? Let's go off the record.

6 WITNESS FRANTZ: Certainly.

7 CHAIRWOMAN MARTIN: I apologize. We'll
8 return at noon.

9 *(Recess taken at 11:56 a.m. and the*
10 *hearing reconvened at 12:01 p.m.)*

11 CHAIRWOMAN MARTIN: Okay. Thank you.
12 Let's go back on the record.

13 Commissioner Bailey, did you want to
14 back up a little bit, or just proceed with where
15 Mr. Patnaude mentioned?

16 CMSR. BAILEY: I would really
17 appreciate it if Mr. Frantz started over please,
18 or I can go back and read the transcript. But,
19 just to get any context, it might be easier.

20 **BY THE WITNESS:**

21 A (Frantz) Okay. I'm happy to back up and start
22 again.

23 I think I mentioned that I don't
24 disagree with the three areas that Mr. Horton has

1 mentioned. But I would like to focus a little
2 bit on the Schiller mercury removal costs. I'll
3 let other witnesses talk about perhaps any other
4 adjustments.

5 But that project and those costs did
6 require a lot of Staff time, effort, and review.
7 We visited the project, we stayed in touch with
8 the project. As you may know, the original cost
9 of that project, the removal of the mercury, were
10 about \$20 million. We got updates. And, as we
11 saw the updates, we also then asked questions.
12 We went out to the plant. And what really
13 concerned us at the time was when they had an
14 issue with the work stoppage. And we understood
15 that, but we wanted to learn more about why.

16 And there was hot cutting going on,
17 they found a lot more mercury. The project was
18 shut down, as you were all aware probably, and
19 I'm sure other witnesses can talk about it, Mr.
20 Cheney has already.

21 So, we did a deep-dive into that,
22 because the final project costs, as you know,
23 ended up around \$46 million or so. And a
24 significant increase from what was estimated as

1 part of the asset divestiture proceeding. And,
2 so, we wanted to really understand what drove
3 those costs so high.

4 We did, I think, as deep a dive into
5 that as we could. Mr. Cheney did a tremendous
6 job of reviewing all of the materials and we
7 looked at them. He asked a lot of data requests,
8 and reviewed the responses, we met with the
9 Company. And I think, ultimately, we ended up at
10 a reasonable place on what is a very difficult
11 cost increase on that project, but
12 understandable. There just aren't projects like
13 that. It's very hard to estimate the costs.
14 There were a lot of unknowns going in. And I
15 think, overall, the Company did a good job in
16 managing the project.

17 And I think the State of New Hampshire
18 should feel comfortable that it was done safely
19 and at a reasonable cost.

20 You know, Mr. Cheney, I don't know if
21 you want to add anything to that? And then, I
22 think if you have other areas, I'm happy with Mr.
23 Chagnon talking about what he thinks the three
24 biggest adjustments are. Certainly, there were

1 many.

2 But that was one that we really focused
3 on, and we spent a lot of time and effort on it.

4 A (Cheney) Yes. Thank you, Tom. As Mr. Horton
5 indicated, we approached the shutdown issue from
6 slightly different perspectives. But I would
7 direct the Commissioners' attention to Exhibits
8 10 and 11, regarding this particular issue.

9 Exhibit 10 includes -- well, Manafort
10 made a claim, a substantial claim, to Eversource
11 for expenses during this shutdown period.
12 Eversource responded April 3rd, 2018, in the
13 letter that is -- begins on Page 2 of Exhibit 10.
14 And lays -- the particular paragraph there is
15 Subparagraph (a), which really talks about the
16 costs incurred during the shutdown period, to
17 keep the labor force and the equipment and
18 everything intact during that four-month shutdown
19 period.

20 CHAIRWOMAN MARTIN: Mr. Cheney?

21 WITNESS CHENEY: Yes.

22 CHAIRWOMAN MARTIN: I just want to
23 interrupt and make sure that Mr. Frantz is still
24 able to hear, where I don't have his video any

1 longer. Mr. Frantz, are you there?

2 WITNESS FRANTZ: I can hear and I can
3 see. I'm just trying to save some bandwidth for
4 folks. So, I'm on mute, and also I turned off my
5 video. But I am right here, and listening.

6 CHAIRWOMAN MARTIN: Okay. Thank you.
7 I just wanted to make sure.

8 Go ahead, Mr. Cheney.

9 **CONTINUED BY THE WITNESS:**

10 A (Cheney) Exhibit 11 lays out, in brief,
11 Eversource's rationale for why it paid roughly
12 the million dollars to Manafort that it did for
13 the costs incurred during the shutdown period.

14 What Staff did was to take a look at
15 the costs during this period, which are set out
16 on Page 4 of Exhibit 10, by month. During the
17 discussions with Eversource, we took those
18 numbers, retold them by classification, all the
19 labor costs, all the equipment costs, health and
20 safety, and materials and supplies.

21 I think where Staff agreed with
22 Eversource was Eversource's rationale that, and I
23 had mentioned this earlier, it was very important
24 to keep the skilled employees that Manafort had

1 on staff, to keep them on the project, and not
2 have them leave the project, go off to other
3 jobs.

4 The way that we effected the compromise
5 is, once we retold these numbers, the compromise
6 is, essentially, we agreed to pay half the labor
7 costs during this time period, as well as roughly
8 a \$15,000 a month materials cost. Again, the
9 Exhibit 11 rationale at Eversource discusses the
10 importance of maintaining the containment
11 facilities during this period, so they would be
12 available when work restarted. And we agreed
13 that the event happened, that was -- that was an
14 important consideration.

15 And, so, by way of compromise,
16 Eversource agreed to pay half -- to accept just
17 half the four-month labor costs, \$15,000 roughly
18 a month for materials.

19 The equipment rental cost and the
20 health and safety cost, the health and safety
21 cost involved a lot of retraining of the health
22 and safety -- of the workers to implement the new
23 health and safety protocols they put in place as
24 they restarted the work, using different

1 techniques, a different process. Which I'm sure
2 folks from Eversource could explain in detail, if
3 you want more information on that. But that was
4 essentially the compromise, taking those four
5 classifications. We did not -- in the
6 compromise, there was no amount credited for
7 health and safety or equipment. It was half
8 labor, and a large portion of materials and
9 supplies.

10 And, again, that totaled roughly some
11 \$300,000 out of the million. And, so, as part of
12 the compromise, Eversource gave up approximately
13 just a little over \$700,000.

14 Overall, as you come out of the
15 shutdown, what was learned in the first few
16 months of the demolition project, I think Staff
17 agrees that there was much more mercury, as I
18 referenced earlier, still in the material than
19 was previously thought. Everyone learned that,
20 during the early part of the process, that, if
21 you moved quickly and used hot cutting
22 techniques, mercury has a low boiling point and
23 vaporizes easily, and that's what puts it into
24 the ambient air, potentially impacting workers or

1 the environment. And, so, the major shift,
2 post-shutdown, was to do a lot more cold cutting,
3 which is slower. And you then take out big
4 pieces. And, if they have mercury on them,
5 usually that material had to go off to something
6 called a "retort facility", where these large
7 pieces of metal could be put in and the mercury
8 vaporized off.

9 So, personally, I did not see another
10 way that Eversource could have proceeded,
11 Manafort could have proceeded post-shutdown, to
12 protect the environment and protect health and
13 safety than what they did.

14 It's difficult to argue that the only
15 way that they could have moved faster or done
16 things differently would have either have
17 resulted in more exposure to the workers or more
18 emissions to the environment, and I don't think
19 that would have been acceptable to anyone.

20 The end result is a large residual
21 potential liability that, again, because this is
22 elemental mercury, that would never have gone
23 away, was removed from the scene, and so -- and
24 properly dealt with.

1 BY CMSR. BAILEY:

2 Q So, it cost \$48 million, but that's how much it
3 needed to cost, and those costs are reasonable?

4 A (Cheney) Commissioner, I can't see how it could
5 have been done differently. Again, this is, if
6 the whole facility had been demolished, and you
7 weren't trying to keep Units 4 and 6 running,
8 possibly it could have been done more cheaply.
9 But that was not the factual situation we were
10 facing. So, not only did Manafort have to be
11 careful with regard to its own workers,
12 eventually, once GSP takes over, you have to be
13 certain that containment works, because now you
14 have the GSP workers on-site as well.

15 So, I participated in every monthly
16 meeting with the Eversource team. I questioned
17 them extensively during that process. I can't,
18 myself, I can't see another way, again, that they
19 could have finished this off that wouldn't have
20 resulted in more exposure, both to human health
21 or the environment.

22 So, I think, at the end of the day, as
23 expensive as it is, you know, the compromise
24 effected by Staff and Eversource, it just goes to

1 show that, back in the '60s, maybe folks -- well,
2 we didn't know what we know today, and it is what
3 it is. We can't change history. Had to be dealt
4 with.

5 Q Okay. Mr. Bersak, do you believe that there are
6 any remaining financial risks to Eversource or
7 PSNH of further costs from Schiller or has this
8 mitigated your responsibility?

9 A (Bersak) We're not aware of any material costs
10 that remain with respect to the generation assets
11 that we owned. As I stated in my testimony,
12 Exhibit 1, there were some ongoing costs that
13 remained after we had filed our motion seeking
14 that the audit process begin. And I identified
15 one in my testimony, which was a "citizen suit"
16 that was filed against the Company, that one
17 related to Merrimack Station, not Schiller. That
18 suit was brought by Sierra Club and Conservation
19 Law Foundation. Those costs were not included in
20 the testimony or in the figures that were filed
21 as part of this docket.

22 I could report that, as a result of
23 going through the initial motions practice and
24 the answer process, and filing of other motions,

1 that, ultimately, a stipulation of dismissal was
2 filed with respect to Eversource. So, we were
3 dropped out of that lawsuit, so that there is no
4 longer an exposure with respect to any kind of
5 fines or penalties or costs. But we did incur
6 legal fees, and those legal fees exceeded the
7 deductible for the environmental insurance we had
8 taken out. So, we have, in fact, asserted -- put
9 in a claim with the insurance company, and I
10 believe it was paid. So, we had costs there.

11 Another example of costs that remained
12 from generation, while not specific to Schiller,
13 were costs from remediating a recognized
14 environmental condition that was discovered as
15 part of the divestiture process at the property
16 in Newington, that was formally owned by Mobil
17 Oil. Where there were some underground oil pipes
18 that were part of the original Mobil Oil process.
19 We had cleaned them, we had filled them with
20 concrete. There was a question from New
21 Hampshire DES as to whether that was sufficient
22 or not. And that process took a long time for us
23 to ultimately resolve, as we tried to juggle
24 agreements and work that needed to be done

1 between us, the new owner, Granite Shore Power,
2 the Pan Am Railroad was on-site, DES, and
3 contractors.

4 But I believe that that was
5 successfully resolved, and that we are -- the DES
6 granted the waiver that was necessary to remove
7 that environmental condition.

8 Generally, the reps and warranties that
9 were part of the agreement, the purchase and sale
10 agreements that were approved by the Commission,
11 those reps and warranties only existed for a year
12 after closing. So, the year has expired for both
13 the fossil/hydro -- the fossil plants and the
14 hydro plants.

15 There are some ongoing requirements or
16 obligations for a longer period of time with
17 respect to environmental matters as they're set
18 forth in the purchase and sale agreements. But
19 we are not aware of any such claims. And is it
20 possible that there could be something? Yes.
21 But we are not aware of anything, and we don't
22 anticipate having any other obligations.

23 Q Okay. Thank you. So, with respect to the
24 mercury cleanup, it's finished, and there will

1 be -- you don't anticipate there could be
2 surprises in the future with respect to that?

3 A (Bersak) I suppose there could always be
4 surprises. But I think that, in light of the
5 work that we did, and what we committed to do,
6 that I would not expect that there would be
7 anything. But, under the terms of the purchase
8 and sale agreement, I think we do have some
9 residual obligation in the event that something
10 was to occur that we are not aware of right now.

11 Q And would that environmental insurance help pay
12 for that or would that -- can you explain that to
13 me please?

14 A (Bersak) That was -- the mercury over at Schiller
15 was part of the reason why we suggested that the
16 insurance should be obtained. And, depending
17 upon what the claim is, it is quite possible that
18 insurance would cover some of those costs.

19 Q Okay. Thank you. Could somebody go over the
20 consumer or the customer rate impacts schedule
21 with me please?

22 A (Menard) I can go over that with you. Are you
23 looking at Page 1 or Page 2 of Attachment 2? The
24 residential?

1 Q Yes.

2 A (Menard) The residential table, that one?

3 Q Yes.

4 A (Menard) So, the overall cost that we would be
5 seeking to recover in the next Stranded Cost Rate
6 update would be about \$12 million. And we
7 isolated just that cost to show what the impact
8 is for a typical residential customer. And we
9 are showing that on Page 2 of that attachment.

10 So, from the current SCRC rate that was
11 set back in August, again, isolating just this
12 increase related to the generation divestiture,
13 for a -- we have a 550, a 600, a 650
14 kilowatt-hour a month customer. If I take just
15 the 600 kilowatt-hour monthly bill, it would be
16 an overall impact to the total bill of about one
17 percent. And you can see that on Line 45 of that
18 attachment.

19 Q And what's the change in the SCRC rate as a
20 result of this \$12 million? And confirm for me
21 that it's only for one year?

22 A (Menard) We would look to recover it over a
23 one-year time period. So, it would be go into
24 effect in the February 1st rate, and be recovered

1 over one year. And that would be about, for the
2 Rate R class, it would be 0.184 cents.

3 CMSR. BAILEY: Okay. Thank you. Thank
4 you very much. That's all the questions I have.

5 CHAIRWOMAN MARTIN: All of my questions
6 have been answered. But I did want to give
7 Mr. Kreis the opportunity, if he wishes, to
8 highlight the three biggest compromises from his
9 perspective?

10 MR. KREIS: I agree with Staff's
11 characterization of the compromises that they
12 negotiated.

13 CHAIRWOMAN MARTIN: Okay. Any redirect
14 from counsel?

15 MS. CHIAVARA: None.

16 MR. VENORA: No.

17 CHAIRWOMAN MARTIN: Staff?

18 *(Atty. Ross indicating in the*
19 *negative.)*

20 CHAIRWOMAN MARTIN: All right. Then,
21 we can excuse the witnesses.

22 And strike the ID on Exhibits 1 through
23 13, admitting them as full exhibits.

24 Anything else before we sum up?

1 *[No verbal response.]*

2 CHAIRWOMAN MARTIN: All right. Seeing
3 none. Mr. Kreis, would you like to start?

4 MR. KREIS: Sure. Just very briefly,
5 Madam Chairwoman.

6 The Office of the Consumer Advocate was
7 more or less an outside observer of this process.
8 And, as such, I am impressed by and pleased with
9 the thoroughness with which the Electric Division
10 discharged its responsibilities to evaluate with
11 thoroughness and skepticism what the Company was
12 proposing to do. I think they did a great job.

13 I think the compromises that were
14 negotiated were appropriate and reasonable. I
15 think the result of the Agreement, although it's
16 never good news to see rates go up, even
17 temporarily, are rates that are just and
18 reasonable, and a suitable end to the era of
19 Public Service Company as the owner of generation
20 assets.

21 And, so, therefore, I respectfully
22 request that the Commission approve the
23 Settlement Agreement, again, treating the Office
24 of the Consumer Advocate as if it were a

1 signatory to that Agreement. Thank you.

2 CHAIRWOMAN MARTIN: All right. Thank
3 you. Ms. Ross.

4 MS. ROSS: Thank you, Chairman Martin
5 and Commissioner Bailey.

6 I do want to take a moment to thank
7 both Staff and a lot of senior members of the
8 Company. And to reminisce slightly about the
9 whole restructuring process, which was painful,
10 at times litigious, and at other times just plain
11 tedious.

12 I also want to praise the Staff Audit
13 Division, because they tracked down thousands,
14 literally, thousands of accounts, traced the
15 dollars, tried to make sure things weren't being
16 double-counted, that these were legitimate
17 expenses. We were getting rid of a whole line of
18 business. Some of those costs legitimately moved
19 into other lines, some of them should have
20 disappeared. It's quite a balancing act,
21 understanding and verifying all of that. And,
22 so, I want to thank our Audit Staff for that
23 effort.

24 And, finally, I want to say that the

1 Schiller cleanup, I have walked up and down the
2 four or five stories of that industrial complex
3 at a number of points during the cleanup. And it
4 looked like spaghetti. There were vent pipes
5 running through the cleanup area that served the
6 legitimate operation of the other units in the
7 building. It was amazing that they were able to
8 isolate as they did.

9 Anyway, long story short, I feel
10 comfortable that we have met our obligation of
11 thoroughly inquiring of this docket, and that the
12 reduction of approximately \$6 million is a fair
13 compromise.

14 And I want to thank all members, both
15 Staff, OCA, and the Company, for their work in
16 this.

17 CHAIRWOMAN MARTIN: Thank you. And Mr.
18 Venora or Ms. Chiavara.

19 MS. CHIAVARA: Yes. Thank you.

20 Eversource would like to reiterate its
21 appreciation to Staff for their effort, both with
22 the audit and with the subsequent administrative
23 review that was allowed through docket technical
24 sessions and discovery.

1 Eversource's divestiture of its
2 generating facilities was a complex transaction
3 that took place over a number of years, and
4 involved over a dozen stations located in three
5 states. The demonstrated efforts by Eversource,
6 Commission Staff, and others, allowed for the
7 achievement of Commission directives relating to
8 divestiture.

9 Eversource's divestiture costs were
10 both prudently managed and diligently documented,
11 and those efforts have been further supplemented
12 with the additional review that was enabled by
13 the Staff's audit in this docket.

14 The Settlement Agreement presented for
15 approval today reflects a constructive and
16 collaborative review process between Eversource,
17 Staff, and the OCA, and under itself is a
18 culmination of multiple Commission proceedings
19 involving generation divestiture that serves to
20 inform the Commission's approval of these
21 divestiture-related costs.

22 With the comprehensive record that has
23 been built in support of the Agreement terms, we
24 would like to reiterate that the Commission

1 approve this Agreement. And thanks the
2 Commission for its consideration in this matter.
3 This will settle all open issues relating to the
4 audit of divestiture-related costs.

5 Thank you.

6 CHAIRWOMAN MARTIN: Okay. Well, thank
7 you, everyone. I am certainly impressed by the
8 spirit of compromise and collaboration that we
9 have heard today.

10 With that, we will close the record,
11 and take the matter under advisement. The
12 hearing is adjourned. Have a good day.

13 ***(Whereupon the hearing was adjourned at***
14 ***12:27 p.m.)***

15
16
17
18
19
20
21
22
23
24