

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

May 31, 2016 - 1:37 p.m.
Concord, New Hampshire

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RE: DE 09-035
PUBLIC SERVICE CO. OF NEW HAMPSHIRE
Distribution Service Rate Case.
(Hearing on Motion to Continue the
PSNH Reliability Enhancement Program)

[Hearing also noticed regarding
Dockets DE 11-250 & DE 14-238]

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of
New Hampshire d/b/a Eversource Energy:
Matthew J. Fossum, Esq.

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

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Rich Chagnon, Electric Division

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

 ORIGINAL

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
37	Eversource Energy filing comprised of Motion to Continue Reliability Enhancement Program, with Testimonies of Russell Johnson and Christopher J. Goulding, including attachments (04-29-16)	premarked
38	Schedules regarding the Reliability Enhancement Program regarding the Project IDs	premarked
39	Schedules regarding the Reliability Enhancement Program regarding Comparison of Current and Proposed Residential Rate R	premarked
40	PowerPoint entitled "Eversource NH Troubleshooter Program"	premarked
41	Document entitled "Eversource New Hampshire Reliability Enhancement Program Additional Reports and Information"	premarked

P R O C E E D I N G

CHAIRMAN HONIGBERG: We're here this afternoon in Docket DE 09-035. This was also noticed in Dockets DE 11-250 and DE 14-238, but really this is about the first of those three dockets. It's Public Service Company of New Hampshire doing business as Eversource Energy. They filed a motion to continue the Reliability Enhancement Program. This is a reconciliation of a period that's ended and a review of the projected activities and expenditures from April 1, 2016 through June 30th of 2017.

Before we go any further let's take appearances.

MR. FOSSUM: Good afternoon, Commissioners. Matthew Fossum, for Public Service Company of New Hampshire doing business as Eversource Energy.

MR. KREIS: Good afternoon, Mr. Chairman, members of the Commission. I'm Consumer Advocate Donald Kreis doing business on behalf of the state's residential utility customers.

MS. AMIDON: Good afternoon. Suzanne

1 Amidon, for Commission Staff. With me today is
2 Rich Chagnon, who is an Analyst in the Electric
3 Division.

4 CHAIRMAN HONIGBERG: And you're not
5 doing business for anyone, I take it, other
6 than the people of the State of New Hampshire?

7 All right. Thank you. All right.
8 How are we going to proceed today? I see we
9 have some exhibits up here. Mr. Fossum, what's
10 the plan?

11 MR. FOSSUM: The Company has a panel
12 of witnesses. And, since you had noted, yes,
13 by agreement, we've marked a set of exhibits
14 for identification. And I can walk through
15 them just to make sure that we all have the
16 same things in front of us before we begin the
17 testimony.

18 What has been marked for ID as
19 "Exhibit 37" is the Company's April 29, 2016
20 filing on the continuation of the Reliability
21 Enhancement Program.

22 What has been marked for
23 identification as "Exhibit 38" is a set of
24 spreadsheets that will -- at the top, in rather

1 small type, it says "Reliability Enhancement
2 Program Actual Capital Placed in Service by
3 Program" is the heading on Page 1 of that
4 exhibit.

5 CHAIRMAN HONIGBERG: We'll be marking
6 as Exhibit 38-A some magnifying glasses that go
7 with Exhibit 38 perhaps?

8 MR. FOSSUM: Yes.

9 CHAIRMAN HONIGBERG: We'll work on
10 that. What has been marked for identification
11 as "Exhibit 39", the heading on the first page
12 of that is the "Public Service Company of New
13 Hampshire d/b/a Eversource Energy Comparison of
14 Current and Proposed Residential Rate R", goes
15 on from there, just to make sure we're all on
16 the same page.

17 What has been marked for
18 identification as "Exhibit 40" is a PowerPoint
19 presentation, on the first page of which it
20 says "Eversource NH Troubleshooter Program".

21 And what has been marked for
22 identification as "Exhibit 41" is a document
23 with the heading of "Additional Reports and
24 Information".

1 So, just to make sure that we're all
2 in agreement that we have the same documents in
3 front of us to start.

4 And, with that, I would have Mr.
5 Johnson and Mr. Goulding to take the stand and
6 begin.

7 CHAIRMAN HONIGBERG: All right. Why
8 don't they do that.

9 Are there any other preliminary
10 matters we need to deal with before those
11 witnesses start testifying?

12 MS. AMIDON: None.

13 CHAIRMAN HONIGBERG: All right.
14 Thank you. Ms. Amidon and Mr. Kreis, is there
15 going to be any objection to these five, its
16 five exhibits being full exhibits?

17 MR. KREIS: There will be none from
18 the OCA.

19 MS. AMIDON: Now that I have the last
20 one, I don't have a problem.

21 CHAIRMAN HONIGBERG: All right. So,
22 we'll strike ID now. We'll just get that out
23 of the way. On the off chance I forget on the
24 other end, it's now done.

[WITNESS PANEL: Goulding~Johnson]

1 (*The ID was struck from the*
2 *premarked Exhibits 37 through 41*
3 *and made full exhibits.*)

4 MR. FOSSUM: Before we begin their
5 testimony, I will offer one other small
6 procedural item, is that there are -- there is
7 some material in here that, if we get down into
8 very specific questions about things, there are
9 other people who have come along today, who
10 have not filed testimony, but are here to
11 provide more specific information if we get
12 there. We might not. But I wanted to alert
13 the Commissioners that it's possible we would
14 have another witness join them, if needed.

15 CHAIRMAN HONIGBERG: Okay. Thank you
16 for that heads up.

17 (Whereupon **Christopher J.**
18 **Goulding** and **Russell Johnson**
19 were duly sworn by the Court
20 Reporter.)

21 **CHRISTOPHER J. GOULDING, SWORN**

22 **RUSSELL JOHNSON, SWORN**

23 **DIRECT EXAMINATION**

24 BY MR. FOSSUM:

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 Q. Mr. Johnson, could you state your name, your
2 position, and your responsibilities for the
3 record in this proceeding please.

4 A. (Johnson) Sure. I am Russell Johnson. I'm the
5 Manager of System Planning for New Hampshire.
6 And I have responsibilities of long-term and
7 short-term system planning for both the
8 transmission and distribution system in New
9 Hampshire Eversource territory.

10 Q. And your responsibilities include the oversight
11 or work on the Company's Reliability
12 Enhancement Program?

13 A. (Johnson) That's correct.

14 Q. Now, Mr. Johnson, back on April 29, 2016, did
15 you submit testimony in this matter?

16 A. (Johnson) Yes, I did.

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

19 A. (Johnson) Yes.

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

22 A. (Johnson) No.

23 Q. And, if you were asked the same questions
24 today, would your answers be the same today?

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 A. (Johnson) Yes.

2 Q. And, Mr. Goulding, if you could state your
3 name, your position, and responsibilities for
4 the record please.

5 A. (Goulding) My name is Christopher Goulding.
6 I'm the Manager of Revenue Requirements for New
7 Hampshire. I'm employed by Eversource Service
8 Company. My current responsibilities include
9 the coordination and implementation of revenue
10 requirement calculations for Eversource, as
11 well as the filings associated with the Energy
12 Service rate, the TCAM, the SCRC, and Rate ADE.

13 Q. And do your responsibilities also cover
14 calculations and filings relative the
15 Reliability Enhancement Program?

16 A. (Goulding) Yes. Sorry. And distribution rate
17 changes in the Reliability Enhancement Program,
18 which is a component of the distribution rates.

19 Q. And, Mr. Goulding, back on April 29th, did you
20 also file testimony in this matter?

21 A. (Goulding) I did.

22 Q. And was this testimony prepared by you or at
23 your direction?

24 A. (Goulding) Yes.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 Q. And do you have any changes or updates to that
2 testimony today?

3 A. I do.

4 Q. Could you explain what those are.

5 A. (Goulding) On Bates Page 012 of the Exhibit 37,
6 Line 14 says "Consistent with Section D", it
7 should be "Section E". And, then, Bates Page
8 013, Line 9, again it says "Consistent with the
9 terms of Section D", should be "Section E".

10 Q. And other than those that you've just
11 explained, do you have any changes or updates
12 to your testimony?

13 A. (Goulding) I do not.

14 Q. And, if you were asked these same questions
15 today, would your answers be the same today?

16 A. (Goulding) Yes, they would.

17 Q. Now, Mr. Goulding, if you could turn to -- I
18 guess you don't necessarily need to turn to it,
19 but what is marked in Exhibit 37 as "CJG-1",
20 this set of schedules in that attachment, is
21 that correct?

22 A. (Goulding) Yes. So, this Exhibit CJG-1,
23 Page 2, 3, and 4, what is on there is a list of
24 plant accounts. They're ranging from Plant

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 Account 303, 362, up to 397. And what these
2 plant accounts are, is this is where the REP
3 capital that's placed into service would end
4 up, once it's placed into service, it gets to
5 these plant accounts on PSNH's books.

6 Q. So, the inclusion of plant accounts isn't --
7 that's not meant to include everything that
8 would be in that plant account, correct?

9 A. (Goulding) No. This format is consistent with
10 how we did last year's filing. And what
11 happens is, the REP activities have a project
12 ID that's associated with each one of those.
13 So, we do a query based on the project ID, and
14 then we see where that project ID ends up and
15 what plant account it ends up in, and that's
16 how we capture the costs that go into these
17 plant accounts. And they're included in the
18 REP filing.

19 Q. And, so, have you prepared additional
20 information to better set out what you had
21 called those "project IDs"?

22 A. (Goulding) Yes. So, Exhibit 38, which I
23 apologize for the small font, I was trying to
24 get it on one page, so it's easier to look at.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 There's -- it's a five-page exhibit. So,
2 Page 1 is the actual costs by project, and then
3 also by plant -- of the plant account that
4 those plant in service go to for April 2013
5 through June 2014. So, you'll see the
6 different programs under the old REP Program,
7 "Air Brake Switch Replacement Program",
8 "Capital Work", and so forth.

9 Page 2 has the similar projects, which,
10 again, those are all captured by a specific
11 project ID. And that's the actual information
12 July of 2014 to June 2015. So, up through
13 March of 2015, that was included in last year's
14 REP filing. The numbers haven't changed. But,
15 then we've got forecasted activity for April
16 2015 to June '15. So, that's been updated to
17 actual information.

18 And, then, if you turn to Page 3 of the
19 Exhibit 38, you have the actual information
20 July 2015 through March 2016, and then
21 forecasted activity for April '16 through June
22 of '16. And you see there's, again, there's
23 the new -- some of the new REP capital
24 programs, "DA Pole Top", "DA Relay Replace",

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 because there are a lot of distribution
2 automation projects that were included in the
3 REP Continuation Program.

4 And, then, Page 4 of this exhibit, you'll
5 have the 12 months ended June 2017 budgeted
6 capital placed in service by program. And,
7 then, also underneath it, are listed by the
8 FERC account that it would go to. And you'll
9 see there's a column there I just want to
10 highlight, it says "Allocation". And,
11 basically, what we did, if we had DA Pole Top
12 activity actual information historically, we
13 knew we could look to see how those costs for
14 that type of category was allocated amongst the
15 different FERC accounts, and we just reproduced
16 it and had it allocated in the same manner to
17 try to accurately represent how it would hit
18 the FERC accounts.

19 Q. So, then, -- and I'll let you finish.

20 A. (Goulding) Okay. Then, we have Page 5 of the
21 package -- or, Exhibit 38. And this is the O&M
22 expense piece of the REP Program. And it's
23 actual information July 2015 to March 2016, and
24 then forecasted information for April 2016 to

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 June 2016. And you'll notice that that
2 information will tie into Exhibit CJG-1,
3 Page 15 of 15. The total O&M for the year is
4 "\$5.367690 million. And this is just the
5 breakdown by month/by program to give a little
6 more detail for the programs.

7 Q. And, just for the sake of clarity, turning back
8 to -- I'll just pick Page 4 of Exhibit 38, at
9 the top, where it says "DA Pole Top", the four
10 numbers that are directly under there, are
11 those the plant accounts that show up in
12 Attachment CJG-1?

13 A. (Goulding) Yes. Those are the FERC accounts
14 that show up in Attachment CJG-1.

15 Q. Okay. So, is it correct to say that this
16 filing is both sort of a summary or
17 reconciliation of past years, as well as a
18 projection of future spending?

19 A. (Goulding) Yes. Consistent with Section 2.E.2
20 of the Generation Divestiture Settlement
21 Agreement, it says "In April of" -- or, "In
22 April 2016, PSNH shall make a filing to
23 reconcile the expense and revenues relating to
24 REP activities between April 1st, 2015 and

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 March 31st, 2016 and shall include a forecast
2 of activities for the period April 1st, 2016
3 through June 30th, 2017." And "Any rate change
4 required to reconcile these amounts and account
5 for the forecasted activities shall occur on
6 July 1st, 2016, and be subject to future
7 reconciliation."

8 So, that was what this filing was intended
9 to do.

10 Q. Since you had mentioned a rate change, have you
11 prepared an exhibit to demonstrate the rate
12 change that the Company is requesting?

13 A. (Goulding) Yes. As a part of Exhibit 37 --
14 actually, sorry. Exhibit 39, Page 1 is kind of
15 a comparison of a current and proposed
16 Residential Rate R calculation. So, the only
17 component that's changing, that is reflected
18 here, is the change in the distribution rate as
19 a result of REP. So, if you look down to the
20 section where it says the current distribution
21 payment for January 1st, 2016 would be
22 "\$38.76", July 1st it will be "\$39.18". Which
23 is a 1.1 percent change in that distribution
24 component alone, and it's a 0.4 percent change

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 in the total bill.

2 Q. For sake of completeness, could you explain
3 what is shown in the remainder of Exhibit 39.

4 A. (Goulding) So, Page 2 is similar information
5 that's on Page 1, just not broken down by the
6 individual components. So, it's the current
7 payment for a 625 kWh monthly usage customer
8 that currently pay "\$115.79", their new rate
9 would be -- with the new rate, it will be
10 "\$116.22", which is a 0.37 percent increase in
11 the bill.

12 Q. And, before going on, just for clarity sake,
13 that price or payment comparison, is that a
14 customer who's taking energy service from the
15 Company?

16 A. (Goulding) Yes. That would be for a customer
17 taking energy service.

18 Q. So, would the impact be potentially different
19 if the customer is not taking energy service?

20 A. (Goulding) It would be.

21 Q. All right.

22 A. (Goulding) So, Page 3 of this, this is the
23 "Percent Change in each Rate Component". Since
24 the distribution rate is the only one that's

[WITNESS PANEL: Goulding~Johnson]

1 changing, there's a 1.1 percent change in the
2 distribution rate.

3 And, then, you have Page 4, this is the
4 "Impact on a Delivery Service Bill". So, this
5 will be for ignoring the energy service portion
6 or energy component of the bill, there's
7 roughly a 0.8 percent change in the Delivery
8 Service rate. And that Delivery Service rate
9 includes distribution, transmission, SCRC,
10 System Benefit Charge, and Consumption Tax.

11 And, then, the final page, which I believe
12 is Page 5, that's the -- this is for a customer
13 taking energy service from Eversource. They
14 would see a point -- for residential customers,
15 they would see a 0.4 percent change in their
16 overall bill due to the rate change requested
17 today.

18 Q. And, so, Mr. Goulding, these rates that you've
19 just described, this would be for -- proposed
20 for effect for July 1 of 2016?

21 A. (Goulding) That's correct.

22 Q. Would there be an additional or different
23 impact next year?

24 A. (Goulding) It's not clear what -- entirely

[WITNESS PANEL: Goulding~Johnson]

1 clear what will happen for next year. The
2 Settlement Agreement in DE 14-238 only dealt
3 with the two years ending June 30th, 2017. We
4 do realize there's a benefit to customers of
5 the Reliability Enhancement Program. So, we
6 would probably -- we would definitely seek to
7 continue the program at sometime next year.

8 Q. And, in so doing, would the Company be seeking
9 to discuss or collaborate with the Staff and
10 the OCA on that program going forward?

11 A. (Goulding) Yes. We'll be discussing reasonable
12 and appropriate means with the OCA and Staff to
13 keep the program continuing.

14 Q. So, then, just to bring it back around, could
15 you just explain, in just a couple of words,
16 what the Company is seeking today?

17 A. (Goulding) Okay. So, today, the Company is
18 seeking approval of the costs and cost recovery
19 as explained in the filing, and a rate change
20 effective January 1st -- I mean, excuse me,
21 July 1st, 2017 -- '16 an average rate change of
22 0.048 cents per kWh.

23 Q. And, for the record, is it the Company's
24 position then that the rates that would be

[WITNESS PANEL: Goulding~Johnson]

1 implemented, if the Commission approved this
2 filing, would those rates be just and
3 reasonable and appropriate?

4 A. (Goulding) Yes.

5 Q. Mr. Johnson, I have just a couple of questions
6 for you. Looking at Exhibit 37, your testimony
7 in Exhibit 37, Page 5 of that testimony, which
8 is Bates 009, there's a discussion of the
9 "Troubleshooter Program". Are you familiar
10 with that program?

11 A. (Johnson) I am generally familiar with the
12 program, yes.

13 Q. Could you explain, just very quickly, what that
14 program is?

15 A. (Johnson) Sure. Well, the program was to
16 implement a troubleshooter organization, which
17 is a 24 by 7 organization of -- well, let me
18 restart. Do you want to review this
19 particular --

20 Q. I guess, then, we'll -- yes. So, Mr. Johnson,
21 looking at what has been marked as "Exhibit
22 40", --

23 A. (Johnson) Thank you.

24 Q. -- going through that, could you use that to

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 explain what the Troubleshooter Program is.

2 A. (Johnson) Thank you. Yes. I'll start with
3 the -- the first page is simply a picture of a
4 vehicle used by one of the troubleshooter
5 organizations. I will just note that that
6 vehicle has material-handling capabilities,
7 which allows the troubleshooter to conduct
8 most, you know, restoration, outage restoration
9 activities, including hanging a transformer,
10 *etcetera*.

11 Moving on to Page 2, there's some bullets
12 here. Back in August of last year, Eversource
13 implemented a 24 by 7 Troubleshooter Program.
14 The troubleshooters act as first responders.
15 Their primary mission is to respond quickly to
16 both emergencies and outage events. The
17 organization consists of two supervisors, one
18 on day shift/one on night, and 8 [18?]
19 troubleshooters, six each housed in Area Work
20 Centers in Hooksett, Bedford, and Nashua. They
21 operate on 12-hour shifts. And these are
22 additional positions above the base line crew
23 positions.

24 I'll note that the primary coverage area

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 covers approximately 1,052 square miles, which
2 represents about 236,000 customers. They also,
3 on occasion, go into the secondary coverage
4 areas, which cover approximately 2,600 square
5 miles and close to 230,000 customers.

6 The next page shows a graphical
7 representation of those areas. You can see the
8 yellow area, in the central south, is their
9 primary area. The areas in red represent
10 secondary coverage areas.

11 Moving on to the next slide of "Program
12 Benefits". Troubleshooter resources are
13 immediately available to respond to customer
14 needs and emergencies. It gives us the ability
15 to have trucks on the road throughout those
16 coverage areas 24/7. It allows the Area Work
17 Center line crews to focus specifically on
18 customer-driven work or other reliability
19 capital work with less disruptions for routine
20 outages and emergency events.

21 Eversource was able to eliminate the need
22 for the "Loss of Service" investigation
23 charges. If you're not familiar with that,
24 that was the process by which, if a customer

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 called in during non-working hours, they were
2 instructed that, if the problem was found to be
3 an internal problem, that they were liable for
4 those charges. So, with having those crews
5 available 24/7, we're able to eliminate that
6 practice.

7 Program enables more line resources to be
8 moved across the system in response to storm
9 events, since now they just leave the
10 troubleshooters in their local areas and
11 they're able to move their remaining line crews
12 to respond.

13 And it's all managed under a centralized
14 Distribution System Operations Center, which is
15 able to prioritize the events across the
16 system.

17 To continue on with the program benefits,
18 they're equipped to quickly respond and
19 mitigate all emergencies. They follow a "make
20 safe, restore, and then repair" model. They
21 augment the existing "on call" line workers
22 which continue across the state. The single
23 worker concept makes them more efficient, since
24 the vast majority of outages are able to be

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 restored by a single-member crew.

2 They are more visible to emergency
3 responders, since they're available and on the
4 road 24/7. And they provide additional eyes on
5 the system, focusing on system reliability, by
6 the fact that they're able to conduct a
7 significant number of circuit patrols.

8 If you move to the next page, there's a
9 chart that shows, just since October, the miles
10 of lines patrolled by the troubleshooters. You
11 know, looking for potential outages, which
12 they -- those things that they can fix
13 immediately, they do. Those that they can't,
14 they make sure get written up and done by the
15 Area Work Centers under their normal work
16 management processes.

17 On the next slide are a slide indicating
18 some reliability benefits since the program
19 began. If I can direct your attention all the
20 way over to the right-hand side, the blue line,
21 which is identified with the "81", represents
22 the CAIDI, by those troubles handled by the
23 troubleshooter. The "90", in the orangish
24 line, represents the CAIDI within the

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 troubleshooter's primary area. So, that's a
2 combination of the troubleshooters and the
3 local crews in the area's CAIDI. And, then,
4 finally, the green line represents the whole of
5 the Eversource New Hampshire system. So, you
6 can see that there's a demonstrated benefit to
7 CAIDI.

8 Q. Just to hold you up for one second on that
9 slide. So, just for clarity then, what is
10 shown in this graph, is that an indication that
11 the CAIDI in the areas where the
12 troubleshooters are active is lower than in the
13 remainder of the Company's system?

14 A. (Johnson) That's correct. The average
15 interruption duration is lower, is less.

16 The next slide is "Reliability Benefits".
17 This slide demonstrates the number of events.
18 These include both outage and non-outage events
19 within the troubleshooter's primary area. So,
20 you can see they have been very active between
21 October and May, with close to 3,700 events
22 that they have addressed.

23 The next slide is representative of the
24 benefit that the troubleshooter organization

[WITNESS PANEL: Goulding~Johnson]

1 has with the emergency responder community.
2 This is one particular event with a quote from
3 the New Boston Fire Chief, stating that "The
4 Eversource crew removed obstacles and allowed
5 firefighters to get to some of the worst of the
6 fire." But, again, it's representative of the
7 ability to have those crews, who are on the
8 road 24/7, to be able to respond.

9 And, then, finally, the last page is just
10 some additional customer accolades as a result
11 of the responsiveness and capabilities of that
12 troubleshooter organization.

13 Q. And, so, Mr. Johnson, what you just went
14 through, Exhibit 40, that was not included in
15 your original testimony, is that correct?

16 A. (Johnson) That's correct.

17 Q. And, so, this was additional information the
18 Company provided?

19 A. (Johnson) Yes. I'm sorry. The PUC Staff had
20 requested additional information regarding the
21 troubleshooter organization. So, we put the
22 presentation together to provide them some
23 greater insights into program and benefits.

24 Q. And is it the Company's position that the

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 Troubleshooter Program does demonstrate some
2 reliability benefits?

3 A. (Johnson) Yes, it does.

4 Q. Changing gears a bit, are you familiar with the
5 reports the Company had previously filed
6 relative to its REP activity?

7 A. (Johnson) Yes, I am.

8 Q. Could you just very quickly explain what
9 reports the Company had been filing.?

10 A. (Johnson) Sure. Under the Settlement with the
11 Docket 09-035, we had been filing annual
12 reports on the REP Program. The latest one
13 being April of 2015. Prior to that, there were
14 also some reports providing the status of the
15 GIS Project, which I believe the last report
16 there was back in 2013, when the project -- the
17 GIS Project itself was completed and put in
18 service. We have not filed any more recent
19 reports since those reporting requirements that
20 were associated with, you know, the previous
21 REP Program ended.

22 Q. And is the Company intending to resume some
23 level of reporting on REP?

24 A. (Johnson) Yes. The PUC Staff had indicated,

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 you know, a desire, a need to have more
2 in-depth information regarding the REP Programs
3 themselves, as well as the status of ongoing
4 GIS efforts.

5 Q. And, so, looking now at what has been marked as
6 "Exhibit 41", could you explain what's, without
7 reading it, if you could explain what that
8 document shows?

9 A. (Johnson) Sure. We've agreed to a set of
10 reports that we will be submitting. The first
11 item is to provide annual reports on the REP
12 Program, similar to the form and content of the
13 previous REP reports. Just the comment that
14 the first part will need to summarize the
15 January 2015 through June 2015, and the second
16 part will be to do the first year of this
17 latest program, which is July 1st, 2015 through
18 June 30, 2016.

19 The second item is to provide regular
20 updates on the GIS Program, specifically here,
21 the GIS Connectivity Program, which is underway
22 as part of the latest REP. With the intention
23 that we would provide quarterly reports until
24 such time that the project is complete and all

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 the charges are expected to be finalized.

2 The third was to provide a copy of the
3 company procedure that will be used to ensure
4 that the GIS will continue to be updated and
5 validated as changes occur to the distribution
6 system, which is critical to be able to
7 leverage both the GIS and OMS for the Company.

8 And the fourth is to provide a report
9 regarding staffing levels by month of line
10 crews, digger crews, troubleshooters,
11 contractor line crews, and other line
12 maintenance personnel, along with details of
13 positions allotted, open, and filled, by month.

14 Q. And is the Company open to further discussions
15 with the Staff or OCA on potential changes or
16 additions to some of the reporting requirements
17 in the future?

18 A. (Johnson) Yes.

19 MR. FOSSUM: Thank you. That's all I
20 have for direct.

21 CHAIRMAN HONIGBERG: Mr. Kreis.

22 MR. KREIS: Thank you, Mr. Chairman.

23 Good afternoon to the witnesses.

24 **CROSS-EXAMINATION**

{DE 09-035, et al} {05-31-16}

1 BY MR. KREIS:

2 Q. My questions I think I'm just going to pose to
3 the panel generally. And, like Commissioner
4 Scott, I'll just leave to the two of you the
5 decision about which of you are best qualified
6 to answer anything I might ask. And I have to
7 beg your indulgence at the outset for sounding
8 a little skeptical about all of this. I'm new
9 to the Reliability Enhancement Program, and,
10 although my Office is a signatory to the
11 Settlement Agreement that you were talking
12 about earlier, I, myself, am not. And, so, I
13 want to start with there.

14 Mr. Goulding, you read some language from
15 the Settlement Agreement, this is Section E of
16 the Settlement Agreement, that appears on Page
17 13. And I want to make sure I understand what
18 everybody else in the room thinks Section E
19 means. What does Section E mean?

20 A. (Goulding) My understanding of what Section E
21 means is that we're presenting our actual
22 expenses and revenues for the month -- or, for
23 the period April 1st, 2015 to March 31st, 2016,
24 and then we're forecasting out basically 15

[WITNESS PANEL: Goulding~Johnson]

1 more months of forecasted activity to include
2 in rates effective July 1st of this year.

3 Q. So, in other words, the Reliability Enhancement
4 Program, as a distinct program, continues
5 through at least June 30th, 2017?

6 A. (Goulding) Yes.

7 Q. And this reconciliation process assures that
8 prudently incurred costs from that program get
9 into rates?

10 A. (Goulding) Yes.

11 Q. But, after that, we don't know?

12 A. (Goulding) Right. There's nothing that
13 addresses whether the Reliability Program would
14 continue, at least in the Settlement Agreement,
15 after July 1st or June 30th, 2017. That there
16 is language in there that there will be a
17 future reconciliation for this forecasted
18 period coming up.

19 Q. The Reliability Enhancement Program has a long
20 history. It goes back to 2006, true?

21 A. (Goulding) Yes.

22 Q. At what point do we have enough reliability
23 enhancement so that we don't need a Reliability
24 Enhancement Program anymore?

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 A. (Johnson) I'll answer that. The system
2 continues to degrade over time. So, it's
3 always necessary to provide investment in the
4 system even to maintain some level of
5 reliability. But, with that said, our customer
6 expectations for reliability continue to
7 increase and the industry's expectation of
8 reliability continues to increase. So, we will
9 expect to continue to strive, to continue to
10 improve reliability and the level of service
11 quality to our customers.

12 Q. Well, I guess, and this is where the scepticism
13 might come in, I would have thought that the
14 obligation to provide safe and reliable service
15 is part of what the Company provides through
16 its general distribution service rates, and yet
17 we're in this decade-long process of adding a
18 special charge to the Company's rates in order
19 to enhance reliability. And, so, I'm wondering
20 how long it's going to take before we get to
21 the point where the Company can simply sustain
22 itself and its obligation to provide safe and
23 reliable service based on its regular
24 distribution service rates?

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 A. (Johnson) Some programs I can see will -- we
2 will meet a point where further investment or a
3 great deal of investment will not be necessary.
4 For example, pole top distribution automation,
5 once the system has been -- that has been fully
6 implemented, there would be a reduction there
7 in the amount of spending needed.

8 On the other side, we have equipment that
9 continues to age. We have a significant number
10 of transformers and other equipment on the
11 system that is in excess of 60 years old. And,
12 so, those requirements may increase over time
13 to address them.

14 Q. Looking at Bates Page 010 of the Company's
15 filing of April 29th, I'm interested in the
16 graphs on Bates Page 010 and Bates Page 011.
17 These are Pages 6 and 7 of Mr. Johnson's
18 testimony. And they show overall, I think,
19 positive trends in both SAIDI and SAIFI.

20 A. (Johnson) Yes.

21 Q. And I guess to ask or belabor the questions I
22 was previously asking, at what point do we
23 decide that the improvements are sufficient?

24 A. (Johnson) I can tell you that, as a company, we

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 aim for first quartile performance, and we're
2 not there. We have a ways to go. But, as I
3 said, the industry continues to improve as
4 well. So, first quartile performance continues
5 to improve over time.

6 Q. And, when you say "first quartile performance",
7 you mean?

8 A. (Johnson) Top 25 percent.

9 Q. Of?

10 A. (Johnson) Of utilities, with respect to
11 reliability performance.

12 Q. And, if we're not there yet, where are we?

13 A. (Johnson) We're the second quartile. We were
14 in the third quartile, approaching fourth.
15 We're now in the second quartile.

16 Q. Where is the borderline between what is
17 included in the Reliability Enhancement Program
18 and what is simply covered by the regular
19 revenue requirement of the Company?

20 A. (Johnson) The programs originally agreed to
21 were a negotiation between Staff and the
22 Company. They included, frankly, both programs
23 that have a high reliability element, as well
24 as programs that had a safety element to them.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 For the most part, we have continued with those
2 same programs into the latest REP Program. We
3 have added a significant investment in
4 distribution automation, which I think is in
5 line with where we want to move forward going
6 forward. And we've added some programs, like
7 circuit tie construction, which is critical for
8 us to make the next steps in reliability
9 improvement and to get the most out of our
10 distribution automation.

11 Q. I'm glad you mentioned that, because, as I was
12 looking at Exhibit Number 38, and when I got to
13 Page 4, in Exhibit Number 38, which is the page
14 that projects the Reliability Enhancement
15 Program's capital expenditures through next
16 June of 2017, I noticed that the two biggest
17 items are called "DA Pole Top" and "OH Circuit
18 Tie". I'm pretty good at reading that small
19 print. So, it would be helpful if you could
20 explain what each of those programs does,
21 because each of them are the two largest that
22 I've been able to look at in this exhibit.

23 A. (Johnson) Sure. Each of them contain a number
24 of programs within them. Distribution

[WITNESS PANEL: Goulding~Johnson]

1 automation includes the application of pole top
2 devices, which provide both the ability to
3 isolate faults and restore customers, but it
4 also provides situational awareness of what's
5 going on in the system to our ESCC, our
6 Electric System Control Center and our System
7 Operations Center.

8 Also, in that grouping is relay
9 replacements of old electromechanical relays to
10 solid state relays, which, again, provide far
11 more information and are able to really tie
12 into the grid modernization efforts that are
13 underway.

14 Also in there is telecom build-out, which
15 you need to build the telecommunications
16 capabilities of the system in order to take
17 advantage of and use those pole top devices, as
18 well as line fault indicators that are also
19 part of the distribution automation program.

20 Q. And, that's what "DA" connotes in Exhibit 38?

21 A. (Johnson) Yes. Within the overhead reliability
22 segment, there is a program to build circuit
23 ties, which I mentioned. There is a section
24 for -- it's called "Heather-Lite"

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 reconstruction, which is a type of overhead
2 construction using fiberglass brackets, which
3 over time are failing, causing both a safety
4 and reliability risk. There's a program, which
5 has been ongoing since the beginning of REP, to
6 replace porcelain on the system, again, both a
7 reliability and safety issue.

8 There is a program to replace reject poles
9 through our pole inspection process. Poles are
10 identified that need to be -- that are either
11 rotting or insect-damaged that need to be
12 replaced.

13 There is a program to make the capital
14 investments for meeting NESC. We have National
15 Electric Safety Code inspections that are done
16 on a regular basis. So, there's a program to
17 address that.

18 There is a program to address aging
19 infrastructure and small conductors within
20 right-of-way construction. Much of our
21 right-of-way plant is very, very old and is in
22 need of some attention. So, that's what that
23 particular program is.

24 And one last program is what's referred to

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 as the "Hit List Reliability Program",
2 previously noted as the "Reliability Annual",
3 but this is where small reliability projects,
4 which are meant to address items brought up
5 either through the Worst Performing Circuits
6 list or Three or Mores, there are various
7 reports that we run that identify
8 poor-performing circuits or sections of
9 circuits. And, so, that annual is where those
10 projects roll into it.

11 Q. And have the specifics of any of these projects
12 that you just testified about been the subject
13 of any settlement negotiations or conversations
14 between you and the Staff of the Commission?

15 A. (Johnson) Not recently. The only new programs
16 from -- with respect to the latest Reliability
17 Program, is the circuit tie and right-of-way
18 program within the overhead reliability
19 section.

20 With respect to DA, we have had
21 discussions with the Staff, and have provided
22 them documentation. We had done a pilot on
23 some three circuits within our service
24 territory -- I should say three regions within

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 our service territory, and that demonstrated
2 significant improvements in reliability. And
3 that was a basis for continuing with investment
4 in that area.

5 Q. If, for some reason, the Commission were to
6 decide after today's hearing that it no longer
7 wanted to approve the Reliability Enhancement
8 Program, would the Company just stop making all
9 these investments?

10 A. (Johnson) We would not make them to the level
11 that we are. And it would force us to balance
12 those investments against aging infrastructure,
13 meeting the demands of new customer growth in
14 those areas.

15 Q. Are there similar programs in the --
16 Mr. Goulding, were you about to say something?

17 A. (Goulding) Yes. I was just going to add that
18 these reliability investments are on top of
19 our -- kind of our base investments that we do.
20 So, if there was something that was cut out of
21 here, it would have to come -- get cut out of
22 the base investments in order to balance it
23 out.

24 Q. Are there similar programs in the other states

[WITNESS PANEL: Goulding~Johnson]

1 that Eversource serves?

2 A. (Johnson) Yes. Connecticut has a Resiliency
3 Program, which includes many of the system
4 hardening and veg. management practices. I
5 would say that, both in Connecticut and
6 Massachusetts, they have already invested and
7 implemented significantly within the
8 distribution automation parts of their
9 business.

10 Q. If the Commission approves the request pending
11 today, does that mean that the prudence of
12 these expenditures has been conclusively
13 determined?

14 A. (Goulding) You're asking for the forecasted
15 expenditures?

16 Q. Yes.

17 A. (Goulding) No. It's just, what we're -- we
18 kind of have the general framework of "these
19 are the type of projects we're looking to do".
20 So, we're just asking -- presenting it, saying
21 "this is what will be covered in rates". But,
22 when we file the reconciliation, that will be
23 where the prudence would be determined.

24 Q. And does anything that you're projecting today

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 foreclose or affix outcomes in the Commission's
2 grid modernization inquiry?

3 A. (Johnson) No.

4 MR. KREIS: Thank you. I think those
5 are all the questions I have.

6 CHAIRMAN HONIGBERG: Ms. Amidon.

7 MS. AMIDON: Thank you. Good
8 afternoon.

9 WITNESS GOULDING: Good afternoon.

10 BY MS. AMIDON:

11 Q. And, Mr. Johnson, I wanted to -- I wanted you
12 to help us explain why we have Exhibit 41. If
13 you recall, we had a technical session, and
14 Staff expressed its concern that the typical
15 REP report that we usually get in April of each
16 year wasn't filed with the detail that we
17 needed. Do you recall that?

18 A. (Johnson) Yes, I do.

19 Q. And Item 1 on Exhibit 41 is intended to help to
20 more fully explain the detail surrounding each
21 of these activities. Is that fair to say?

22 A. (Johnson) Yes.

23 Q. And other items that might be included in
24 there, like FairPoint's contribution to pole

[WITNESS PANEL: Goulding~Johnson]

1 replacement or information on the cost of
2 police -- I don't know, I guess the police
3 crews that supervise some of the work that you
4 do in rights-of-way, would that be included in
5 that report?

6 A. (Johnson) We could provide that detail. We
7 historically have not, but we could.

8 Q. Are any of the monies that you pay for police
9 crews a part of the REP Program?

10 A. (Johnson) Yes.

11 Q. Just O&M, right?

12 A. (Johnson) Yes. No, no, no. It's part of the
13 capital costs as well. They roll into the
14 project and those costs are captured.

15 Q. I think that detail would be helpful. Are you
16 aware that both Liberty and Unitil also have
17 Reliability Enhancement Programs that include a
18 vegetation management portion?

19 A. (Johnson) Yes, I am.

20 Q. And, basically, as I understand it, the
21 Commission wanted to improve reliability,
22 especially following, I think, the 2008 ice
23 storm here in this state?

24 A. (Johnson) Yes.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 Q. And, if I recall correctly, the activity with
2 REP/VMP has really increased in all areas since
3 that time?

4 A. (Johnson) Yes.

5 Q. Is that fair to say?

6 A. (Johnson) Yes.

7 Q. Okay. On Page 8 of your testimony, Mr.
8 Johnson, at Line 19, you talk about "Enhanced
9 Tree Trimming" and the "Full Width Right-of-Way
10 Clearing". Is the Right-of-Way Clearing --

11 CHAIRMAN HONIGBERG: Ms. Amidon, I'm
12 sorry. Ms. Amidon, you said "Page 8 of his
13 testimony". Did you mean "Bates Page 008"?

14 MS. AMIDON: Yes. Thank you. I
15 apologize. So, I apologize, Mr. Johnson.
16 That's Bates 008.

17 CHAIRMAN HONIGBERG: Sorry to break
18 the flow.

19 MS. AMIDON: That's okay. It needed
20 to be done.

21 BY MS. AMIDON:

22 Q. So, could you explain, is this Right-of-Way
23 Clearing an ongoing activity by the Company?

24 A. (Johnson) Yes, it is.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 Q. And just briefly describe how, do you do
2 like -- you can't do the whole right-of-way in
3 one year, I imagine. So, could you just
4 describe how you work the rights-of-way?

5 A. (Johnson) Sure. Many of our rights-of-ways,
6 over the years, well, either they weren't
7 completely cleared to their full width
8 originally or over the years have not been
9 maintained to that width. In order to obtain
10 the highest level of reliability, maintaining
11 that clearing to the full width increases the
12 reliability of the system. So, we have, over
13 the last few years, identified specifically
14 either poor performing or for some other reason
15 some circuits, which we've gone in and done a
16 full-width right-of-way clearing.

17 For example, prior to this year we did the
18 355 line, which feeds up into the northern part
19 of the country, which is a --

20 *[Court reporter interruption.]*

21 **CONTINUED BY THE WITNESS:**

22 A. (Johnson) The 355 line, a perennial
23 poor-performing circuit.

24 BY MS. AMIDON:

[WITNESS PANEL: Goulding~Johnson]

1 Q. Well said. One of the issues that Staff
2 identified, and I think you probably recall
3 this, is the increase in the cost of the GIS
4 system, from 3 million to \$4.1 million.

5 A. (Johnson) Yes.

6 Q. Would you please explain the reasons for those
7 increases?

8 A. (Johnson) Sure. The first, which amounted for
9 about a \$200,000 increase, was that the project
10 scope had not been finalized with the vendor at
11 the time of our initial estimate. The second
12 was a decision was made -- the original scope
13 of work did not include all of the secondary
14 poles and the secondary pole path. So, in
15 other words, you have the primary voltage for
16 poles with primary voltage conductors on them,
17 those were included. However, where we step it
18 down to residential voltage usage, those poles
19 and those paths had not been included in the
20 original scope. It was determined, especially
21 in order to ensure that the OMS operates
22 correctly, that we incorporate that in the GIS.
23 So that was an additional 72,000 locations of
24 poles that need to be added. So, that added

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 about \$765,000 to the cost.

2 And the additional \$137,000 was the
3 company that we have hired to do the
4 connectivity study, which identifies, for each
5 customer meter, the distribution transformer
6 that it's connected to, the phase that it's on
7 and the protective device that serves it is
8 correct, is also capturing errors that had
9 existed in our original hand-drawn paper maps
10 that the GIS system was based upon. So, that
11 \$137,000 was included to capture and
12 incorporate those changes to the GIS system.

13 Q. And the changes to the scope is one reason why
14 Staff asked for the resumption of reporting on
15 the GIS Project, is that right?

16 A. (Johnson) Yes.

17 Q. And, just for the record, "OMS" is?

18 A. (Johnson) I'm sorry. The "Outage Management
19 System".

20 Q. And the Outage Management System is not funded
21 through REP, is that right?

22 A. (Johnson) That is correct.

23 Q. Okay. Thank you. Mr. Goulding, I don't know
24 if these questions are for you, but it relates

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 to Exhibit 38. And I'm starting with the
2 "Troubleshooter", which is Page 5 of 5 of that
3 exhibit.

4 A. (Goulding) Okay. I'm looking at it.

5 Q. Okay. So, if you look at the actual costs for
6 the Troubleshooter Program for the first three
7 months of 2016, subject to check, would you
8 agree that the total for that first quarter is
9 about 120 -- I mean, strike that -- \$822,000?

10 A. (Goulding) For that first quarter?

11 Q. For the first quarter.

12 A. (Goulding) I think it's more, yes, around
13 500,000 for -- you're saying "July '15 to
14 September '15"?

15 Q. No. I was looking at January 2016 --

16 A. (Goulding) Okay.

17 Q. -- through March 2016.

18 A. (Goulding) Okay.

19 Q. I'm sorry if I was not clear.

20 A. (Goulding) Sorry. Yes, you're right. It's
21 800,000.

22 Q. Okay. So, those were the actual expenses when
23 it was ramped up, is that right, the actual
24 costs?

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 A. (Goulding) Yes.

2 Q. So, if you took that sum and you multiplied it
3 for four quarters, and just take my word for
4 it, because Rich did the math, you get about
5 3.2 million annually, more or less?

6 A. (Goulding) Okay. Yes.

7 Q. And the budget is 2.4 million?

8 A. (Johnson) One thing to note is that January
9 number happened to be a three-pay period month,
10 which is why that month is inflated. I believe
11 we only have two three-pay period months in the
12 year, so --

13 Q. Okay. Do you know why the first quarter was so
14 high?

15 A. (Johnson) When we estimated the costs of the
16 Troubleshooter Organization, we had to make
17 assumptions on how much of their time was going
18 to be spent on REP-related restoration or, you
19 know, circuit patrols, repairing damage, you
20 know, things that were identified as or
21 associated with improved reliability. They
22 also perform some lighting service upgrades,
23 some other activities, which are not charged to
24 the REP Program. We had to make assumptions on

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 what we thought that's what was going to be.

2 We assumed that it was going to be, on average,
3 about 200,000, based on the staffing that was
4 there. It actually has ended up being around
5 230,000, roughly. Some of the explanation of
6 the changes are the vehicle charges have been
7 higher than we anticipated. So, it was an
8 estimate to start with. So, it is coming in a
9 little bit higher than we had anticipated.

10 Q. If a troubleshooter incurs overtime, how is the
11 overtime charged?

12 A. (Johnson) If it's to address outages, then it
13 flows to activities which flow to the REP
14 Program.

15 Q. And if not?

16 A. (Johnson) If it happened to be working on a
17 capital project, it would flow to that capital
18 project. Or, if it was working on something
19 that's not reliability-related, it would not
20 flow to the Reliability Program.

21 Q. And, so, it would be paid through a different
22 account?

23 A. (Johnson) Yes.

24 Q. Like an Operation & Maintenance account or

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 something of that nature?

2 A. (Johnson) Yes.

3 Q. So, is it possible for you to tell us, for that
4 first three months of 2016, how much the
5 Company saved in the Operation & Maintenance?

6 A. (Johnson) I'm not familiar enough with the
7 program to discuss that. I'm not sure if we
8 want to get someone else who is more familiar.

9 A. (Goulding) My thought is that --

10 CHAIRMAN HONIGBERG: Hang on. Hang
11 on one second, Mr. Goulding. Give Mr. Fossum a
12 chance to confer.

13 (Atty. Fossum conferring with
14 Company representative.)

15 CHAIRMAN HONIGBERG: Mr. Fossum.

16 MR. FOSSUM: I was just conferring.
17 We do have somebody in the room who could
18 provide additional information about how it is
19 that the troubleshooters get their work and
20 charge their time. But I don't believe we have
21 anybody who has the specific dollars that the
22 Staff is asking about.

23 CHAIRMAN HONIGBERG: Mr. Goulding,
24 you were going to say something.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 WITNESS GOULDING: Well, yes. No,
2 my -- I was going to say that the
3 Troubleshooter Organization is a program on top
4 of kind of the base program again. I know I
5 said about the capital also. So, it's an
6 incremental expense on top of the normal
7 expense. So, I wasn't sure where the O&M
8 savings was specifically coming from.

9 MS. AMIDON: Well, I withdraw my
10 question. I'm sorry.

11 BY MS. AMIDON:

12 Q. Okay. I had an additional question on your
13 exhibit, on Page 3 of 5, Exhibit 38. And could
14 you explain why many of the months at the
15 beginning of the chart have no entry?

16 A. (Goulding) Okay. So, we got approval for
17 the -- kind of the extension of the REP Program
18 in late June 2014. So, it took a little while,
19 once the budgets kind of were approved, in
20 order to get the jobs written and then get the
21 jobs done. So, there's the jobs are -- capital
22 is being spent on those jobs, but then there's
23 a lag time between when the jobs are written,
24 the capital is spent, and then it finally gets

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 put into service. So, that's why you see lots
2 of zeros in the beginning, and then it starts
3 to ramp up, because those jobs have been spent
4 and slowly getting put into service.

5 Q. So, this is just more as an actual reflection
6 of when the different plant goes into service,
7 as opposed to like a monthly calculation of
8 costs?

9 A. (Goulding) Right. And, so, because the other
10 one would be capital spend, and we can't
11 include, basically, CWIP in our rates.

12 Q. Thank you. And I just have one more question
13 for you, Mr. Goulding, which is related to the
14 calculation of rates. And that appears in
15 Exhibit 37, the April 29th filing, on Bates 33.
16 Just if you could explain what is going on on
17 this page and how the rate was calculated or
18 the rate increase, I should say, was
19 calculated.

20 A. (Goulding) So, in order to calculate the
21 average rate impact, what you'll see, you'll
22 see a bunch of numbers. The current revenue
23 average distribution rate of 4.389 cents, and
24 what that is is it's using a test year usage

[WITNESS PANEL: Goulding~Johnson]

1 levels, multiply it by the different rates to
2 come up with your total revenues, and then
3 divide it by the kWh to come up with the
4 average distribution rate. And, then, we have
5 the rate that was calculated on Page 1 of
6 CJG-1, which was the 0.048 cents. So, when you
7 add the 0.048 cents to the average distribution
8 rate, you have a proposed revenue or average
9 distribution rate of 4.437 cents, which is a
10 1.010936 percent increase in the overall
11 distribution rates.

12 So, that 1.1 percent increase has been
13 applied to all the components of the
14 distribution revenues proportionally, meaning
15 the customer charge, demand charge, and the kWh
16 charge. If we just increase the kWh and didn't
17 adjust all those other charges, you could have
18 a disproportionate amount of -- you could have
19 different customer sectors disproportionately
20 funding the REP Program, which was -- would be
21 inconsistent with the 09-035 Settlement, which
22 had a set structure set up on how different
23 classes of customers would pay.

24 Q. That was exactly what I was going to ask you.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 This sort of ties back to the rate structure
2 that was agreed to in 09-035?

3 A. (Goulding) Yes.

4 Q. Okay. Thank you.

5 MS. AMIDON: With your permission,
6 Mr. Chagnon has a couple of questions.

7 MR. CHAGNON: If I may?

8 CHAIRMAN HONIGBERG: You may proceed.

9 MR. CHAGNON: Thank you.

10 BY MR. CHAGNON:

11 Q. Mr. Johnson, in regards to Exhibit 40, which is
12 the Troubleshooter Program, and on Page 7,
13 which outlines the CAIDI and the success of the
14 Troubleshooter Program. The yellow line
15 explains what the troubleshitter --
16 troubleshooter, excuse me, of primary region
17 is, and that is central southern New Hampshire?

18 A. (Johnson) That's correct.

19 Q. And that shows a CAIDI of 90?

20 A. (Johnson) That's correct.

21 Q. Historically, for the same time period, does
22 this geographical area -- would you say that
23 it's been higher or lower than the average for
24 the Company as a whole?

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 A. (Johnson) Historically, it has been lower than
2 the Company as a whole. I don't know
3 specifically how much lower.

4 Q. So, the question comes down to, how is success
5 measured for the next year, in regards to the
6 success of the Troubleshooter Program being
7 paid through the REP funds from customers?

8 A. (Johnson) Again, the chart does demonstrate
9 that the Troubleshooter CAIDI is performing
10 better than the overall CAIDI for that area.
11 That's what the graph shows.

12 Q. Okay. Thank you. The Troubleshooter Program
13 also has a secondary geographical area that
14 they cover?

15 A. (Johnson) It does.

16 Q. And which has a longer commute or drive?

17 A. (Witness Johnson nodding in the affirmative).

18 Q. And, so, are those numbers included in the "81"
19 CAIDI number?

20 A. (Johnson) They are not. Well, actually, I'll
21 be honest, I don't -- I'm not sure of that
22 answer. I'm told they are not.

23 MR. CHAGNON: Okay. Thank you.

24 MS. AMIDON: That concludes our

[WITNESS PANEL: Goulding~Johnson]

1 questions. Thank you.

2 CHAIRMAN HONIGBERG: Commissioner
3 Scott.

4 CMSR. SCOTT: Good afternoon.

5 WITNESS GOULDING: Good afternoon.

6 BY CMSR. SCOTT:

7 Q. Mr. Johnson, I'll start with you. On
8 Exhibit 37, where you have Bates 010 and 011,
9 for instance, where you have your SAIDI and
10 SAIFI numbers. I was curious. Obviously,
11 this -- we enjoyed a very mild winter, probably
12 one of the mildest on record. Are these
13 numbers at all weather-adjusted?

14 A. (Johnson) They are often weather-adjusted. But
15 I'll tell you, from system performance, even
16 though the weather was mild this past winter, I
17 can tell you that the latter part of the winter
18 we had many events on the system. So,
19 temperature is not always a reflection to the
20 challenges that the system faces.

21 I can point to you, I mean, yes, in 2009,
22 that was a remarkably weather-friendly year for
23 reliability. So, yes, there are variances from
24 year to year.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 Q. And I ask that in the context of Mr. Chagnon's
2 question. I think one of them was, if you're
3 unable to parse that stuff out, it's hard to
4 measure your impact then moving forward?

5 A. (Johnson) Yes.

6 Q. Okay. At least notionally, we've been -- any
7 time we do have an outage, especially a
8 long-term outage, we tend to sense here there's
9 a lot of customer intolerance of outages. Are
10 you able to quantify any of that? Do you have
11 any empirical data for customers, for instance,
12 how much people save -- or, excuse me, the
13 opposite, not the saving, how much it costs
14 people when there are outages, that type of
15 thing? Can you quantify that?

16 A. (Johnson) I have seen testaments that have done
17 that, you know, through the industry, I have
18 seen that type of analysis, to evaluate
19 distribution automation and those types of
20 things, yes.

21 We have not used that in our
22 justifications. We typically look at a "cost
23 per saved customer minute" type evaluations to
24 compare projects.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 Q. I think also in your testimony, I don't
2 remember which page, but -- yes, I guess it was
3 Page 008, you mentioned "Enhanced Tree
4 Trimming". I was curious, have you seen any
5 trends in customer support for that type of
6 activity?

7 A. (Johnson) Yes. We have a tremendous amount of
8 support in New Hampshire. When we go out and
9 permission for enhanced tree trimming, we get
10 very, very few refusals. And very often they
11 ask us to take down even more. So, it's been
12 very -- customers on a whole have been very
13 supportive toward enhanced tree trimming.

14 Q. What does the "enhanced" part of enhanced tree
15 trimming, what -- what makes you call it
16 "enhanced"?

17 A. (Johnson) It provides greater clearances. It's
18 basically ground-to-sky. Further clearance
19 from the end of the cross-arm and above the
20 line. It provides full clearance, as opposed
21 to just an envelope of clearance.

22 Q. Uh-huh. Thank you. I also notice in your
23 testimony there was reference to "overhead
24 reliability and safety measures", obviously.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 Over a year ago, I can't remember the time
2 frame, recent history, we -- the Company
3 experienced an unfortunate event with a
4 cross-arm in Keene. Would the programs listed
5 here address that type of problems going on?

6 A. (Johnson) Yes. Specifically, the right-of-way
7 project that I mentioned to address aging
8 infrastructure would address that situation.

9 Q. And I'd like to build a little bit on what Mr.
10 Kreis was discussing. I struggle myself for
11 having, you know, as I learn how to be a
12 regulator, I am often told that single issue
13 ratemaking is inappropriate, because you don't
14 get to see all the implications that you should
15 do as a full rate case. So, I was hoping maybe
16 you could help me out here. So, you know, we
17 talked about enhanced tree trimming. You know,
18 I've said this before, but it's probably not
19 outside the realm of thought that trees will
20 grow in New Hampshire. So, we expect that to
21 be happening. When you put in infrastructure,
22 we all understand that it will age and need to
23 be replaced. There's a service life to most
24 components.

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 So, that's where I trouble with it. That
2 why a special program? Why shouldn't this be
3 baked into a rate case, and perhaps we not have
4 performance-based metrics where we hold you to
5 SAIDI, SAIFI, CAIDI metrics and do it that way?
6 Why is this the best way to the ratepayer?

7 A. (Goulding) I think this is an optimal way, only
8 because there's a certain amount of funding
9 that's dedicated to reliability. So, it can
10 kind of be -- after a rate case, it can be
11 discussed where the funds should be used, how
12 they should be targeted, if they should be
13 targeted at distribution automation, to certain
14 reliability type programs, or other programs
15 that are just enhancing and hoping to avoid
16 downstream outages that are more long-term type
17 outages that might not get addressed until
18 later on, maybe down the road.

19 But I think the main thing is just that it
20 gives all parties kind of a little bit of
21 insight onto where the dollars are being spent
22 on reliability, and it also ensures that
23 they're being spent on reliability.

24 CMSR. SCOTT: That's all I have, Mr.

{DE 09-035, et al} {05-31-16}

1 Chairman.

2 CHAIRMAN HONIGBERG: Commissioner

3 Bailey.

4 BY CMSR. BAILEY:

5 Q. Mr. Johnson, did you say that the GIS Project
6 was completed in March of 2013 -- or, completed
7 and put in service in 2013?

8 A. (Johnson) The scope that was identified at that
9 time, yes.

10 Q. And that was just to map where all the poles
11 are?

12 A. (Johnson) It basically took what was on our
13 paper maps, our hand-drawn maps, and mapped
14 them within a GIS system.

15 Q. In the piece that you're working on now, it's
16 just mapping the transformers to the customers?

17 A. (Johnson) It's to provide connectivity from the
18 transformer's meter to the transformer
19 serving -- the customer's meter to the
20 transformer serving them, as well as
21 identifying which phase they are on, which that
22 information is all needed in order for the
23 OMS, the Outage Management System, --

24 Q. Uh-huh.

[WITNESS PANEL: Goulding~Johnson]

1 A. (Johnson) -- to identify, you know, which
2 customers are out for any given outage.

3 Q. Okay. Do you -- most of your poles are still
4 jointly owned with telephone companies, is that
5 correct?

6 A. (Johnson) Yes. That's correct.

7 Q. Do they have a similar GIS system or do you
8 share this information with them?

9 A. (Johnson) I know that we, because those poles
10 were identified on our maps, they would have
11 been incorporated into our GIS, just from our
12 maps. I honestly don't know whether or not we
13 have shared any additional information with
14 them.

15 Q. Okay.

16 A. (Johnson) I don't know.

17 CMSR. BAILEY: All right. I think
18 all the other questions I had have been
19 answered. Thank you.

20 BY CHAIRMAN HONIGBERG:

21 Q. Mr. Goulding, I want to return to the
22 question -- the last question Commissioner
23 Scott asked you, and your answer was about
24 "ensuring that the expenditures on reliability

[WITNESS PANEL: Goulding~Johnson]

1 are transparent and, in fact, that they are
2 made". Is that ultimately one of the
3 overarching policies in your mind,
4 understanding that you're not the architect of
5 all this, that, by doing this, we make it more
6 likely that the Company won't skimp on
7 expenditures on reliability?

8 A. (Goulding) I guess I wouldn't -- I don't know
9 if I would use the word "skimp". But
10 there's -- when the budgets and overall rates
11 are developed, there's a certain amount of base
12 capital spending that's included in there. So,
13 you have to start knocking out certain base
14 spending in order to do the reliability. So,
15 this is just an add-on to that base, and it
16 does ensure the reliability -- specific
17 reliability programs are done, and I guess, as
18 you said, they would not be "skimped on".

19 Q. As I'm sitting here, I'm not even sure that's
20 the right word. Mr. Johnson, you've been asked
21 a couple of times about the chart or the graph,
22 I guess it is, that's on Page 7 of the
23 PowerPoint that is Exhibit 40. Can you explain
24 those three lines again for me please? I

{DE 09-035, et al} {05-31-16}

[WITNESS PANEL: Goulding~Johnson]

1 apologize for making you do this.

2 A. (Johnson) Sure. The blue line represents the
3 customer average interruption duration for
4 those troubles responded to by a troubleshooter
5 within their primary coverage area. The green
6 line represents the systemwide -- Eversource
7 systemwide customer average interruption
8 duration. And the orange line represents the
9 customer average interruption duration within
10 the primary troubleshooter region, but
11 including a response to all troubles, not just
12 those by the troubleshooter.

13 Q. So, the expectation is, and this graph shows,
14 that the blue line is generally below the other
15 two lines?

16 A. (Johnson) That's correct.

17 Q. There are some instances where they meet, where
18 the blue and the green lines meet at
19 essentially the same point in December, I
20 assume that's 2015?

21 A. (Johnson) Yes.

22 Q. And, then, in April, the orange line actually
23 goes below the blue line, which is a surprising
24 result. Is that just the magic of small

{DE 09-035, et al} {05-31-16}

1 numbers?

2 A. (Johnson) Month-to-month volatility can be
3 significant.

4 Q. If you were to present this data with a rolling
5 average type of presentation, some of that
6 would be smoothed out, would it not?

7 A. (Johnson) Yes.

8 CHAIRMAN HONIGBERG: All right. I
9 think my other questions were answered.

10 Mr. Fossum, do you have any further
11 questions for your witnesses?

12 MR. FOSSUM: I do not. Thank you.

13 CHAIRMAN HONIGBERG: All right. The
14 exhibits have been entered. I don't have to
15 deal with that.

16 Is there anything else we need to do
17 before the Parties sum up?

18 MS. AMIDON: No.

19 CHAIRMAN HONIGBERG: Didn't think so.
20 Mr. Kreis, lead us off please.

21 MR. KREIS: Thank you, Mr. Chairman.
22 As I mentioned earlier, my Office is a
23 signatory to the Settlement Agreement that
24 we've been talking about earlier. I agree with

1 the Eversource witnesses that, by the terms of
2 those Settlement Agreement -- that Settlement
3 Agreement, what we're talking about here is a
4 reconciliation that will take us ultimately
5 through June 30th of 2017. And, for that
6 reason, and in that spirit, I support what the
7 Company is proposing that the Commission
8 approve today.

9 I do have to say, though, that as I
10 said as I began my questions, I'm skeptical
11 about this whole enterprise. And I guess my
12 skepticism is fairly encapsulated in the last
13 page of Exhibit Number 40, particularly the
14 bullet point that talks about customer Fred
15 Riley. He called, and I'm reading now, "and
16 expressed his satisfaction with the line crews
17 that helped to resolve his flickering lights.
18 He couldn't say enough in how professional,
19 patient, respective, and diligent the line
20 crews were to resolve his flicker issues. (He
21 used 8 more nice adjectives)" That's 12
22 adjectives altogether. I know a little bit
23 about the use of adjectives, because I'm
24 building a reputation here for using them

1 liberally. But I don't charge extra for using
2 adjectives, and the Company shouldn't charge
3 extra for earning adjectives.

4 Safe and reliable service are within
5 the Company's obligation as a distribution
6 service utility. And what I'm concerned about
7 here is a program that allows the Company to
8 essentially impose a rate surcharge for basic
9 things that it does, but it can manage to
10 attach a buzz word or programmatic label to,
11 like "troubleshooter".

12 There is a point at which failing to
13 skimp turns over into gold-plating. I don't
14 know what that point is. But I can tell you
15 that, when we're here a year from now
16 considering whether to extend that program,
17 that's a question I'll be asking.

18 Subject to that, I commend this case
19 to the Commission's best judgment.

20 CHAIRMAN HONIGBERG: Ms. Amidon.

21 MS. AMIDON: Thank you. Staff
22 thoroughly investigated this filing, I think
23 the witnesses would agree with that. And we
24 believe that, with the additional reporting

1 that we're going to get from them, you know,
2 pursuant to their agreement, Exhibit 41, that
3 it is in the public interest to accept this
4 filing and to grant the motion.

5 We believe that the rates were
6 appropriately calculated in a manner consistent
7 with the Settlement in 09-035, which was the
8 Company's last distribution rate case, and the
9 resulting rates are just and reasonable.

10 I think the interesting thing is we
11 won't know the overall impact of rate effect
12 for customers as of July 1, because the SCRC,
13 the Energy Service, and the TCAM, the
14 Transmission Cost Adjustment Mechanism will all
15 change at that point as well.

16 But, with respect to the increase
17 here, 1.1 percent, we believe it's reasonable.
18 Thank you.

19 CHAIRMAN HONIGBERG: Mr. Fossum.

20 MR. FOSSUM: Thank you. Just to get
21 it out of the way first, we would -- the
22 Company is here to ask that the reconciliation
23 that's demonstrated in Exhibit 37, as well as
24 the additional information we've provided to

1 the Commission today, be approved, as well as
2 the rate change that is proposed for July 1,
3 2016 to cover the Reliability Enhancement
4 Program, as is discussed in the Settlement
5 Agreement going back to 09-035, as well as the
6 more recent Settlement Agreement in 14-238.

7 And, that said, and, for the record,
8 the Company is very serious about its
9 obligations to provide safe and reliable
10 service. And, irrespective of this program,
11 that is an obligation that we take very
12 seriously. We pride ourselves on having a
13 culture of safety in the Company, and that goes
14 for what we do internally and what we can
15 provide for our customers.

16 And I would also note, the Commission
17 has recognized the benefits that this program
18 has provided in its prior order last year
19 approving the continuation of the program. So,
20 in general, this is something that we take very
21 seriously. This is the reliability of our
22 system. And this provides an additional
23 opportunity to do more work that might not
24 otherwise be done.

1 That said, we do understand the point
2 that's made by the OCA, and, as the
3 Commissioners had also indicated today, there's
4 some questions about, you know, what's properly
5 in here and what is not. As Mr. Johnson
6 testified to, what is in here now has been the
7 product of some negotiations. We believe and
8 we've heard testimony today we will continue to
9 have discussions about what is appropriate to
10 include, what costs are appropriate for
11 customers to bear, and what's the best and most
12 appropriate way for the Company to continue a
13 program that this Commission, the other
14 parties, and customers have identified as being
15 beneficial.

16 So, with that, I will reiterate my
17 request for approval for the July 1, 2016 rate
18 change and ask that the Commission approve
19 that.

20 And, for what happens next year, and
21 going forward after that, we will continue our
22 discussions, and hopefully come back to the
23 Commission with an additional proposal in the
24 future to continue this program for the benefit

1 of both the Company and its customers.

2 CHAIRMAN HONIGBERG: All right. If
3 there's nothing else, thank you all for the
4 presentation and the arguments you've made.
5 We'll take this under advisement and issue an
6 order as quickly as we can.

7 ***(Whereupon the hearing was***
8 ***adjourned at 3:01 p.m.)***