

## STATE OF NEW HAMPSHIRE

## PUBLIC UTILITIES COMMISSION

August 6, 2015 - 9:06 a.m.  
Concord, New Hampshire

DAY 3

{REDACTED - for public use}

AUG 19 2015 AM 9:36

RE: DG 14-380

LIBERTY UTILITIES (ENERGYNORTH NATURAL  
GAS) CORP. d/b/a LIBERTY UTILITIES:  
*Petition for Approval of a Firm  
Transportation Agreement with the  
Tennessee Gas Pipeline Company, LLC.*

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

Sandy Deno, Clerk

**APPEARANCES:** Reptg. Liberty Utilities (EnergyNorth  
Natural Gas) Corp. d/b/a Liberty Utilities:  
Sarah B. Knowlton, Esq. (Rath, Young...)

Reptg. the Pipe Line Awareness Network  
for the Northeast, Inc. (PLAN):  
Richard A. Kanoff, Esq. (Burns & Levinson)  
Zachary R. Gates, Esq. (Burns & Levinson)

Reptg. Residential Ratepayers:  
Susan Chamberlin, Esq., Consumer Advocate  
Dr. Pradip Chattopadhyay, Asst. Cons. Adv.  
Office of Consumer Advocate

Reptg. PUC Staff:  
Rorie E. Patterson, Esq.  
Stephen P. Frink, Asst. Dir./Gas & Water Div.  
Al-Azad Iqbal, Gas & Water Division

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

ORIGINAL

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**P R O C E E D I N G**

CHAIRMAN HONIGBERG: We're here this morning to resume and finish the hearing in 14-380, which is Liberty's Precedent Agreement with Northeast Direct.

We have lots of paper up here. So, bear with us for just a second. Off the record.

(Brief off-the-record discussion ensued.)

CHAIRMAN HONIGBERG: Back on the record. I think we're going to be picking up with the OCA's witness, is that right, Ms. Chamberlin?

MS. CHAMBERLIN: That's correct.

CHAIRMAN HONIGBERG: Is there any other business we need to transact from the last time we were all together? Mr. Kanoff.

MR. KANOFF: I have a procedural inquiry and request.

CHAIRMAN HONIGBERG: Fire away.

MR. KANOFF: The brief, the initial brief, the brief is due tomorrow, close of business.

CHAIRMAN HONIGBERG: Uh-huh.

MR. KANOFF: And, our procedural request is to ask for a waiver of the filing of the paper copy only until Monday morning. We would file electronically

{DG 14-380} [REDACTED - for public use] {08-06-15/Day 3}

[WITNESS: Chattopadhyay]

1 tomorrow, per the deadline. And, as per procedures, this  
2 would allow us not to have to find a transport for the  
3 paper tomorrow, on Friday traffic. I've done that before.  
4 I don't believe there's any prejudice to the Commission or  
5 to the Parties.

6 CHAIRMAN HONIGBERG: Anybody have any  
7 problem with that?

8 (No verbal response)

9 CHAIRMAN HONIGBERG: That's fine. We'll  
10 do that. And, the other parties can do that as well, the  
11 ones who aren't physically in the building already.

12 MR. KANOFF: Thank you.

13 CHAIRMAN HONIGBERG: Anything else we  
14 need to deal with?

15 (No verbal response)

16 CHAIRMAN HONIGBERG: All right.

17 Ms. Chamberlin.

18 MS. CHAMBERLIN: Thank you. I'd like to  
19 call Dr. Pradip Chattopadhyay to the stand please.

20 (Whereupon **Pradip K. Chattopadhyay** was  
21 duly sworn by the Court Reporter.)

22 **PRADIP K. CHATTOPADHYAY, SWORN**

23 **DIRECT EXAMINATION**

24 BY MS. CHAMBERLIN:

[WITNESS: Chattopadhyay]

1 Q. Please state your name for the record.

2 A. My name is Pradip Kumar Chattopadhyay.

3 Q. Did you file testimony on behalf of the New Hampshire  
4 Office of the Consumer Advocate in this proceeding?

5 A. Yes, I did.

6 Q. Is the testimony filed true and correct to the best of  
7 your knowledge?

8 A. Yes.

9 Q. Are there any changes or corrections you wish to make?

10 A. No.

11 MS. CHAMBERLIN: The testimony of  
12 Dr. Pradip Chattopadhyay is already marked for  
13 identification as "Exhibit 15", the confidential version,  
14 and "Exhibit 16", the redacted version. I conferred with  
15 the Parties, and everyone has a copy. So, my  
16 understanding is that I would provide one copy to the  
17 court reporter, and then that would be sufficient?

18 CHAIRMAN HONIGBERG: Go ahead.

19 MS. CHAMBERLIN: For anyone who wants  
20 it, these are a couple extra of the redacted version.

21 BY MS. CHAMBERLIN:

22 Q. Dr. Chattopadhyay, did you analyze EnergyNorth's  
23 Petition for approval of 115,000 Dekatherms of capacity  
24 on the proposed Northeast Direct Pipeline?

[WITNESS: Chattopadhyay]

1 A. Yes, I did.

2 Q. And, what was your -- what did your review involve?

3 A. I essentially looked at the reasonability of the  
4 contract amount. And, my analysis involved looking at  
5 whether the 115,000 Dth per day amount was reasonable,  
6 as far as the contract amount is concerned, or not.

7 MS. KNOWLTON: Chairman Honigberg, I'm  
8 going to object. My understanding, to this line of  
9 questioning, my understanding was is that the witnesses  
10 were going to be free today to address the Settlement  
11 Agreement and the testimony as to the Settlement  
12 Agreement, but that this was not going to be a restatement  
13 of either OCA or PLAN's direct testimony.

14 CHAIRMAN HONIGBERG: I don't expect  
15 that's where she's going. I suspect she's just setting  
16 the scene for how he formed his initial opinion, and how  
17 his opinion may or may not have changed based on the  
18 Settlement. I assume you're not going to go any further  
19 than that, right?

20 MS. CHAMBERLIN: That is correct.

21 CHAIRMAN HONIGBERG: All right. Why  
22 don't you proceed then.

23 BY MS. CHAMBERLIN:

24 Q. In your opinion, has the Company undertaken an adequate

[WITNESS: Chattopadhyay]

1 portfolio optimization process?

2 A. No.

3 Q. Did you request additional analysis of the capacity  
4 amounts?

5 A. Yes. In the data requests, I had requested the Company  
6 to analyze the NED capacity at 105,000 Dth per day, and  
7 then I also did like 95,000 Dth per day, 85,000 Dth per  
8 day, and 75,000 Dth per day, as well as 65,000 Dth per  
9 day. This was essentially just to give me a better  
10 understanding of how the contract levels might affect  
11 the cost of procurement.

12 Q. And, as a result of those runs, what do you conclude  
13 from that information?

14 A. In response to my data requests, which was laid out in  
15 terms of the way I just described, "please provide  
16 analysis of those contract levels, and make necessary  
17 assumptions you want to make in terms of anything else  
18 that you want to consider in the analysis." The  
19 Company ended up going through an analysis of, for  
20 example, with respect to 105,000 Dth per day, they used  
21 that amount for the NED capacity, and the difference  
22 between 115,000 Dth and 105,000 Dth as being from the  
23 Dracut, the Concord Lateral capacity.

24 So -- and, then, they did that for each



[WITNESS: Chattopadhyay]

1 of the quantities that I had requested analysis for,  
2 all the way down to 65,000 Dth, again assuming that the  
3 difference between 115,000 and 65,000 Dth was captured  
4 through the Dracut/Concord Lateral capacity.

5 Q. And, did you draw any conclusions from that information  
6 about the amount being requested in the Precedent  
7 Agreement?

8 A. Yes. Purely based on the analysis that the Company had  
9 provided, it indicated that the combination of 65,000  
10 Dth per day for NED and 50,000 Dth per day for the  
11 Concord Lateral had the least cost. But, because this  
12 was just a series of questions to get a sense of how  
13 the numbers play out, I would be careful in stating  
14 again that those were the numbers that were looked at.  
15 And, as far as the last one, which is 65,000 Dth per  
16 day for NED, combined with 50,000 Dth per day for  
17 Dracut, for the Concord Lateral, that -- that doesn't  
18 necessarily mean that the amount, the right amount, as  
19 far as cost minimization is concerned, is going to be  
20 that combination, because I didn't look at the other  
21 numbers. But it certainly told me that the cost was  
22 going down as we moved from 115,000, all the way to  
23 65,000 Dth per day.

24 Q. Thank you. And, did you analyze the partial Settlement

[WITNESS: Chattopadhyay]

1 Agreement, which has been proposed?

2 A. Yes. I have come to the conclusion that it's not  
3 reasonable, based on several views that I conducted  
4 myself. First of all, one needs to understand that the  
5 Company ran an analysis of only one amount, which is  
6 115,000 Dth per day. It's, when you talk about "what  
7 is the optimum contract level?", it's important to look  
8 at other contract levels, assuming everything else  
9 being held constant. So, the Company did not do that.  
10 It just looked at 115,000 Dth per day. And, even when  
11 I asked them the questions, they used other assumptions  
12 to kind of bring in the Dracut capacity to still give  
13 you, in total, 115,000 Dth per day.

14 So, one of the observations I have is  
15 that it's important to know what the costs are, purely,  
16 when you're looking at NED, what different contract  
17 levels will give you in terms of cost. And, as I was  
18 examining the IRP that the Company expert witness  
19 referred to in the testimony, I find that, during the  
20 IRP analysis, the Company had used something called a  
21 "resource mix optimization". And, SENDOUT sort of does  
22 two kinds of optimization; resource mix optimization  
23 and standard optimization.

24 The standard optimization is what the

[WITNESS: Chattopadhyay]

1 Company essentially did for the 115,000 Dth per day  
2 analysis, the NED scenario, the PA scenario. The  
3 importance is -- of this is that the standard  
4 optimization only looks at the variable costs and tries  
5 to look for the minimum cost in terms of the variable  
6 costs. So, you're already assuming that project is  
7 there, whatever fixed costs you're incurring, including  
8 the demand charges, are all given. You're not trying  
9 to figure out what contract level it would be. And,  
10 that is done through the resource mix optimization.

11 What the resource mix optimization does  
12 is that it says, you know, "You have a new resource out  
13 there. Let's see what contract level would actually  
14 lead to the least cost." So, it let's the analysis  
15 pick the right contract amount, and therefore what the  
16 implications are for the demand charges. And, you're  
17 doing it because you have the luxury to figure out what  
18 that contract level should be ideally.

19 And, you can run that scenario, along  
20 with also with an informed understanding of what other  
21 optional resources are out there that can also be  
22 subjected to resource mix optimization. And, the IRP  
23 essentially did that.

24 And, it kind of concluded that the

[WITNESS: Chattopadhyay]

1 optimum amount was 90,000 Dth per day for the NEX  
2 project, which has very similar attributes to the NED  
3 project. The "NEX" is the "Northeast Extension", if  
4 I'm correct. I think it's called that. And, so, the  
5 assumptions for both of those projects are very  
6 similar. And, it came up with a number of 90,000 Dth  
7 per day, under the assumption, which is very important,  
8 that the propane facilities in Manchester and Nashua  
9 weren't there. And, they amounted to roughly 33,000  
10 Dth per day.

11 So, essentially, if that is the starting  
12 point, that you sort of counted the propane facilities  
13 out, and then ran the resource mix optimization, you  
14 got an answer of 90,000 Dth per day, when you ran the  
15 IRP, which happened, I believe, more than a year ago.  
16 So, technically, in my mind, if you counted those  
17 propane facilities, then the answer is really, roughly  
18 speaking, 90,000, less 33,000. So, around 57,000 is  
19 the right answer.

20 Now, given that, over the years, things  
21 have changed. And, the Company has updated its --

22 Q. Excuse me, Dr. Chattopadhyay. If I could just direct  
23 you to the partial Settlement Agreement, given all the  
24 data that you just described, does the partial

[WITNESS: Chattopadhyay]

1 Settlement Agreement address your concerns?

2 A. No. I'm actually -- I'm going there, because, like I  
3 said, I had three views, or roughly, in fact, one of --  
4 the optimization piece I've already talked about. The  
5 second, I'm talking about what the IRP told me. And,  
6 the third piece would be about, you know, what is sort  
7 of reasonable to do. And, I'll talk about it in a  
8 moment.

9 But the point I'm trying to make is,  
10 with the IRP, I can infer, and, roughly speaking, it's  
11 57,000. But, then, you need to adjust for the update  
12 that the Company did on the design day requirement.  
13 And, even if I'm very generous and I go for the last  
14 year's adjustment, which was 16,000 Dth, compared to  
15 what the IRP had predicted, the amount is close to  
16 around 70,000 Dth per day. That's the first point.

17 The second point -- I'm sorry. The  
18 other point that I wanted to talk about was, like I  
19 said in my testimony, it may be reasonable to look at a  
20 planning horizon of, say, five to ten years. So, even  
21 if I go ten years down into the future, based on what  
22 the Company had analyzed in its rebuttal testimony, if  
23 you assume that the 34,600 meg -- I'm sorry -- Dth per  
24 day off the propane facilities are there, then one can

[WITNESS: Chattopadhyay]

1       come to the conclusion that, even, say, down into  
2       2024/25, with the assumptions of 115,000 Dth per day  
3       being there for NED, there's an excess of 29,000 Dth  
4       per day of capacity. With 100,000 Dth per day, if  
5       that's an alternative, the excess is still about 16,000  
6       Dth per day. So -- roughly speaking, sorry, 14,000 Dth  
7       per day.

8                   And, so, to me, when I look at the  
9       Settlement terms, I'm comparing, really, a number that  
10      should be around somewhere from 75,000 to 90,000 Dth,  
11      roughly speaking. And, these numbers are already  
12      accounting for the iNATGAS being at 8,800 Dth per day.  
13      It is already accounting for the capacity-exempt  
14      customers returning and the assumptions that the  
15      Company had made about it. It is already accounting  
16      for the Keene's capacity. So, to me, when we are  
17      talking about terms that say that we're going to go  
18      from 100 to 115,000 under those, when the additions of  
19      those three points are 10,000 Dth, if you look at the  
20      Settlement proposal, to me, we are not even there. I  
21      mean, it's, to me, the numbers that I'm talking about  
22      are somewhere in the range of reasonably 75,000 to  
23      90,000 Dth per day. And, that's just a rough estimate.

24                   CHAIRMAN HONIGBERG: Dr. Chattopadhyay,

[WITNESS: Chattopadhyay]

1 I've lost the question. I'm not sure if you remember the  
2 question. But maybe it would be helpful if Ms. Chamberlin  
3 got you back on track.

4 MS. CHAMBERLIN: Okay.

5 BY MS. CHAMBERLIN:

6 Q. The partial Settlement Agreement made some changes to  
7 the original Petition. In your view, is that enough to  
8 make the Agreement in the public interest?

9 A. No. And, if I wasn't very clear, I was essentially  
10 talking about the terms, where it says, you know, the  
11 amount would be 115,000, and unless something happened  
12 it's going to be 100,000. That's the point I'm talking  
13 about. And, I'm trying to say my analysis shows that  
14 the amounts are well below those. That's the relevance  
15 of the discussion that I was having.

16 And, with the other condition, which is  
17 about growth incentives, I have no issues with it. I  
18 mean, it's helpful. But I would point out that that is  
19 not enough to let me conclude that we have a reasonable  
20 amount that's being purchased. So, that's where I'm --  
21 where I am.

22 Q. Thank you. And, the Company makes some projections  
23 about mitigation revenues. Without using any  
24 confidential numbers, do you believe the mitigation

[WITNESS: Chattopadhyay]

1 revenues will adequately compensate ratepayers for any  
2 excess capacity?

3 A. The analysis that the Company did has assumed some  
4 mitigation revenues. And, there are some assumptions  
5 behind it. And, those are just that, those are  
6 assumptions. To the extent that there is more teeth to  
7 it, so, in terms of the Company saying "okay, we  
8 actually are going to be abiding by or we're going to  
9 put serious effort to make sure that the mitigation  
10 revenues are enough to help the ratepayers to be not  
11 faced with excess costs", that can help the process.

12 But, I mean, really, at the end of the  
13 day, this is about, for me, "what is the reasonable  
14 amount, under the conditions that are already out there  
15 in the Settlement terms?"

16 So, I'm not -- I cannot really speak to  
17 exactly how one can implement some sort of approach  
18 where the mitigation revenues that are being assumed  
19 are -- are actually adhered to. And, so, right now, in  
20 my mind, this is really about the "what is the  
21 reasonable amount that the Company should be allowed to  
22 purchase?"

23 Q. And, in your view, does the partial Settlement address  
24 any cost disparity between current ratepayers and



[WITNESS: Chattopadhyay]

1 future ratepayers?

2 A. No, it doesn't.

3 Q. And, can you describe why you believe that?

4 A. Whenever you are buying excess capacity, that is not  
5 reasonable. You have to keep in mind, the excesses are  
6 actually about, generally speaking, the current  
7 ratepayers. You can always buy whatever amount you  
8 want, at some point in time in the future it's going to  
9 meet the customers' requirements. But, point is, if  
10 you're going to buy excessive amounts at this point in  
11 time, the rates that the current ratepayers are going  
12 to pay, it's going to be, in terms of present value  
13 terms, actually higher than the customers way into the  
14 future, and yet they are not the ones who are  
15 causing -- who are the ones who triggered the design  
16 day requirement that is being addressed in the -- in  
17 the excessive capacity procurement.

18 So -- and, that is something I've  
19 discussed in my testimony.

20 Q. In terms of the partial Settlement Agreement, what is  
21 your recommendation to the Commission?

22 A. I'm going to take a slight leeway here. First, to  
23 point out what is, I think, would be the best in terms  
24 of what should be done. In my opinion, the Company

[WITNESS: Chattopadhyay]

1 should be required to do a resource mix optimization,  
2 and give us a good sense of what's that cost-minimizing  
3 amount. And, then, we can have a discussion about the  
4 reasonability of the number around that. That's number  
5 one. So, I would recommend to the Commission that that  
6 is something that the Commission requires the Company  
7 to do.

8 In terms of the Settlement terms, like I  
9 described, I am so far away from the that band of 100  
10 and 115,000 that, for me, I cannot support that, those  
11 terms. For me, however, if you're going to talk in  
12 terms of, okay, what about it's 100,000 Dth per day?  
13 Again, there isn't enough in the Settlement to give me  
14 any comfort that that's a reasonable amount.

15 But, to the extent that the Company goes  
16 ahead and actually undertakes cost-effective  
17 retirements of propane facilities, and also looks at  
18 ways to reduce the burden on the current ratepayers, if  
19 there is such a process, then one might be able to  
20 consider 100,000 Dth per day. But I, based on what I  
21 have seen in the record, I cannot go there.

22 I'm going to be strongly advocating that  
23 the Company is asked to do the analysis properly.

24 Number two, I mean, it clearly shows me that, if the

[WITNESS: Chattopadhyay]

1 Commission is going to only think about 115,000 to  
2 100,000, there's no reason why we should be going over  
3 100,000 at all. And, that's not my recommendation.  
4 I'm just saying if that's where the Commission ends up  
5 going to.

6 MS. CHAMBERLIN: Thank you. The witness  
7 is available for cross-examination.

8 CHAIRMAN HONIGBERG: Mr. Kanoff, do you  
9 have any questions for Dr. Chattopadhyay?

10 MR. KANOFF: Just one question.

11 **CROSS-EXAMINATION**

12 BY MR. KANOFF:

13 Q. Your last comment about possible ways to reduce the  
14 burden on current ratepayers, is there any way that you  
15 can think of where that would be the case, sitting here  
16 today?

17 A. Not under the terms I see in the Settlement, or based  
18 on what's there in the requirement. There's --  
19 obviously, I can surmise as how things might play out,  
20 but that's -- I don't think it's going to help at this  
21 point, because I'm looking at it in a broad sense.  
22 And, I'm saying that, to the extent there are enough  
23 protections for current ratepayers, essentially, the  
24 current ratepayers are buying more capacity right now

[WITNESS: Chattopadhyay]

1           than they need. And, the analysis shows that we are  
2           procuring way more than what is sort of optimum.

3                       There could be a space where we can  
4           discuss, you know, "what are the protections for the  
5           current ratepayers?" And, I can't really speak more  
6           than that.

7   Q.   And, so, it's a possibility, but you don't have a  
8           specific notion right now?

9   A.   No, I don't.

10                   MR. KANOFF: No other questions.

11                   CHAIRMAN HONIGBERG: Ms. Patterson, do  
12   you have any questions?

13                   MS. PATTERSON: Yes. Thank you. Good  
14   morning.

15                   WITNESS CHATTOPADHYAY: Good morning.

16   BY MS. PATTERSON:

17   Q.   Could you clarify the 75,000 to 90,000 Dth per day  
18           range, and tell me whether or not that includes the  
19           Company keeping the propane peaking plants?

20   A.   I'll respond to the last part first. It does keep the  
21           propane facilities. And, I'm talking about the 34,600  
22           Dth per day capacity. Okay. And, you want me to  
23           clarify --

24   Q.   That was what I wanted you to do.

[WITNESS: Chattopadhyay]

1 A. Oh, okay. I'm sorry. That's fine.

2 Q. No, thank you. Could you tell us what the range would  
3 be without the propane plants?

4 A. Again, depends on what do you mean by "without the  
5 propane facilities"? As far as --

6 Q. I mean the 34,600 Dth per day.

7 A. So, just add that amount to both -- to both ends. So,  
8 it's going to get -- get to that amount, roughly  
9 speaking.

10 Q. Is that roughly 100,000 to 115,000?

11 A. Under the assumption, without the propane facilities,  
12 that is roughly correct. But, since you're asking that  
13 question, I will clarify. Even my question about  
14 whether those facilities should be retired or not, the  
15 analysis that the Company did, first of all, I'll say  
16 it's not viable, we cannot get rid of them.

17 Number two, the Company also did an  
18 analysis, because I asked for it. And, it's not  
19 exactly clear what that analysis shows, but for sure it  
20 shows that, when they counted the propane facilities  
21 out, the total cost was greater than the NED cost.

22 Q. Do you have the Settlement Agreement in front of you?

23 A. No, I don't.

24 MS. PATTERSON: May I approach the

[WITNESS: Chattopadhyay]

1 witness please?

2 (Atty. Patterson handing document to the  
3 witness.)

4 BY MS. PATTERSON:

5 Q. Just a quick question. Do you agree -- did you  
6 participate in the discussions that led to the  
7 Settlement Agreement?

8 A. Yes, I did.

9 MS. CHAMBERLIN: Your Honor, I object to  
10 any discussion of the Settlement. Those discussions are  
11 confidential.

12 CHAIRMAN HONIGBERG: That was a "yes" or  
13 "no" question, didn't call for any description of what  
14 took place. But I'm listening.

15 MS. PATTERSON: Thank you.

16 BY MS. PATTERSON:

17 Q. And, would you -- so, and as the OCA witness, you're  
18 familiar with the terms and conditions of the  
19 Settlement Agreement?

20 A. To the extent I was involved, I am. Yes.

21 Q. You reviewed it, though, as it's been filed?

22 A. Yes.

23 Q. Okay. And, do you agree that the Settlement requires  
24 the Company to perform an analysis of the propane

[WITNESS: Chattopadhyay]

1 plants, other than those facilities in Keene, within  
2 the next IRP?

3 A. Yes. But it also says -- can I?

4 Q. Yes.

5 A. That it would look at the next five-year planning  
6 horizon of the IRP, just to clarify. So, it's not --  
7 if you're talking about the analysis to be done right  
8 away, no. It will take a future look at it.

9 Q. In the next IRP?

10 A. Yes.

11 Q. Do you know when that IRP is due?

12 A. I don't know exactly, but in a year or two.

13 Q. Would you agree, subject to check, that it's due in  
14 February 2017?

15 A. Subject to check, sure.

16 Q. Thank you. One last question. Do you agree that, if  
17 the Settlement were approved by the Commission, and in  
18 doing so the Company would be required to present an  
19 analysis of the existing or remaining life of the  
20 propane peaking plants, in the context of that docket,  
21 would you agree that, by procuring the NED capacity,  
22 that the Company would have more flexibility with  
23 regards to the retirement of those plants at that time?

24 A. Any time you have more capacity, given everything else,

[WITNESS: Chattopadhyay]

1           you will have greater flexibility. So -- but you can't  
2           be aware of the cost implications, you cannot just do  
3           this in a vacuum.

4                       MS. PATTERSON: I don't have any other  
5           questions. Thank you.

6                       CHAIRMAN HONIGBERG: Ms. Knowlton.

7                       MS. KNOWLTON: Thank you.

8 BY MS. KNOWLTON:

9 Q.    Dr. Chattopadhyay, can you point to the model run that  
10       excluded propane?

11 A.    It's the response to, if I'm remembering correctly, OCA  
12       3 -- either 3-10 or 3-11.

13 Q.    All right. While we look for that, I'm just going to  
14       go on with some other questions. I may circle back to  
15       that. In your opinion, would it be prudent for the  
16       Company to rely on the propane systems for the long  
17       term?

18 A.    Based on your own -- the Company's testimony, I mean,  
19       at this point, it's not viable to get rid of it. In  
20       the long term, I haven't -- again, it all depends on  
21       what further information you're going to provide. At  
22       this point, I'm not able to conclude to what you just  
23       asked, saying that "in the long term, you know, it's  
24       going to be best for the Company to get rid of it." I



[WITNESS: Chattopadhyay]

1 don't know.

2 Q. Are you aware that the propane plants are approximately  
3 40 years or older?

4 A. Yes. I'm not exactly aware that they are 40 years or  
5 older, but I am aware that they are very old. But that  
6 does not necessarily mean to me that, you know, just  
7 because something is old, that we have to get rid of  
8 it. If it's cost-effective to keep, hold on to, then  
9 that should be part of the mix.

10 And, I'm not -- I'm not suggesting that  
11 you should not consider them being taken out in the  
12 long run. But there's analysis needed for it to  
13 conclude that.

14 Q. Have you ever conducted planning for a utility?

15 A. No, I haven't.

16 Q. And, are you aware that a utility's obligation is to be  
17 able to supply its customers 24 hours a day, seven days  
18 a week, 365 days a year?

19 A. Sort of, yes.

20 Q. "Sort of" or "yes"?

21 A. Okay, yes. The reason I'm --

22 CHAIRMAN HONIGBERG: There's no pending  
23 question.

24 WITNESS CHATTOPADHYAY: Okay.

[WITNESS: Chattopadhyay]

1 BY MS. KNOWLTON:

2 Q. You're aware that the contract that's before the  
3 Commission doesn't contemplate volumes less than  
4 100,000, correct?

5 A. As far as the PA contract is concerned right now, yes.

6 Q. And, Tennessee, under that contract, has no obligation  
7 to contract with the Company for any lesser amount?

8 A. Under that contract, yes.

9 Q. And, your position in this case is that the Commission  
10 should reject the contract, but not concern itself with  
11 whether it's even possible for the Company to get  
12 another contract with Tennessee for something less than  
13 100?

14 A. My position is that you cannot simply look at the --  
15 what the contractual terms are and limit yourself to  
16 what that contract level should be. Cost is a big  
17 factor, and one cannot ignore cost-effective  
18 procurement. And, if that analysis shows that the  
19 contract itself is not reasonable, then, in my opinion,  
20 the Commission should consider amounts other than the  
21 ones in the contract.

22 Q. But my understanding of your testimony was, is that the  
23 Commission shouldn't consider whether or not the  
24 Company is able to go back and negotiate another

[WITNESS: Chattopadhyay]

1 contract with Tennessee in making its decision?

2 A. Correct, if the cost-effective amount is different from  
3 the ones that are in the contract.

4 Q. And, that's a position that takes some risk, doesn't it  
5 take risk?

6 A. That is why it is important to look at the numbers  
7 reasonably. And, what I'm saying is that, if I cannot  
8 conclude that the band from 100,000 Dth per day to  
9 115,000 Dth per day is reasonable, then it is my  
10 recommendation that amounts that, obviously, are lower  
11 than that, because that's what my analysis shows it's  
12 likely to be, we should consider those amounts.

13 Q. As I heard your testimony today, you consider  
14 "reasonable" a range of procurement up to 90,000, and  
15 that does not include the retirement of the propane  
16 facilities. And, with the retirement of the propane  
17 facilities, that gets you to 100,000 and over. Yet, at  
18 the same time, you're saying the Commission should  
19 reject the Settlement and take a risk that the Company  
20 can't enter into another precedent agreement with  
21 Tennessee to procure a different amount of capacity.  
22 Isn't there some inconsistency in that position?

23 A. I don't think so. The Company did not analyze the  
24 situation, as far as retiring the propane facilities is

[WITNESS: Chattopadhyay]

1 concerned. And, it's -- so, and it sort of says that  
2 that is not a viable option. So, to me, there's no  
3 reason for me to prematurely assume that those should  
4 be considered to be retired in figuring out what the  
5 right amount is.

6 Q. Is it possible that Tennessee could walk away from the  
7 deal entirely, if the Company went back and tried to  
8 renegotiate a new deal?

9 A. That I cannot, you know, surmise on. But, again, if  
10 it's not clear, what I'm saying is --

11 Q. That actually answers my question. And, my next  
12 question is, is it possible that Tennessee could agree  
13 with the Company to contract, but at a higher cost?

14 A. Yes, it's possible. But, when you say "higher  
15 cost", --

16 Q. Then compared to the --

17 MS. CHAMBERLIN: Objection. Could you  
18 let the witness please answer.

19 CHAIRMAN HONIGBERG: I think -- I think  
20 he's actually doing fine, taking care of himself on this.  
21 I think I'm going to -- I'm not really sure what happened  
22 there. Who stopped whom? Dr. Chattopadhyay, did you have  
23 something else you wanted to say in response to that last  
24 question that you could do quickly?

[WITNESS: Chattopadhyay]

1 WITNESS CHATTOPADHYAY: Yes. Can you  
2 repeat the question?

3 CHAIRMAN HONIGBERG: There we go.

4 BY MS. KNOWLTON:

5 Q. What I was trying to get at is, is that would it be --  
6 if the Company and Tennessee were to enter into  
7 subsequent contract negotiations, is it possible that  
8 Tennessee would only agree to a rate that's higher than  
9 the rate that's in the current Precedent Agreement?

10 A. It is possible. But what is important, the rate being  
11 higher doesn't mean the total cost is going to be  
12 higher as well. There are other things that are  
13 moving. And, it's possible that the rate is higher  
14 than that's being blessed in the contract right now.  
15 And, it may be higher, but that still doesn't mean that  
16 the total cost cannot be lower.

17 Q. You do agree, don't you, that among the pipeline  
18 choices that the Company had, between NED, C2C, and  
19 Atlantic Bridge, that NED is the more cost-effective  
20 option?

21 A. Based on my look of the Company's analysis, correct.

22 Q. Are you aware that the other two pipeline options,  
23 Atlantic Bridge and C2C, are now fully subscribed?

24 A. I think I heard that in the first day of the hearing in

[WITNESS: Chattopadhyay]

1           this docket.

2   Q.    Okay.

3   A.    Or, maybe the second day, I don't remember.

4   Q.    Would you take that subject to check?

5   A.    Sure.

6   Q.    If the Commission rejected the Precedent Agreement, and  
7           the Company had to go back to Tennessee to renegotiate,  
8           do you think the fact that C2C and Atlantic Bridge are  
9           fully subscribed could affect the Company's negotiating  
10          power with Tennessee?

11   A.    I cannot, again, this is all about guessing what might  
12          be, what might not be.

13                   CHAIRMAN HONIGBERG:  But it's certainly  
14          possible, isn't it?  I think that was the question she  
15          asked you, isn't it?

16                   WITNESS CHATTOPADHYAY:  Yeah.  It's  
17          possible.

18   BY MS. KNOWLTON:

19   Q.    Another reason why you want the Commission to reject  
20          the Precedent Agreement is your concern that current  
21          customers will "unnecessarily bear a significantly  
22          greater burden compared to ratepayers in the future,  
23          when the supply and reliability needs are predominantly  
24          being caused by ratepayers in the future."  Is that

[WITNESS: Chattopadhyay]

1 your testimony?

2 A. Correct.

3 Q. And, what you consider a "burden" is really no  
4 different than the circumstance surrounding any other  
5 infrastructure project paid for by a large group of  
6 individuals, like the cost to build a bridge or to  
7 widen a highway, like I-93, to accommodate more  
8 traffic. Would you agree with that?

9 A. If done prudently, yes. So, if I clarify, I didn't say  
10 that, if you get to the reasonable amount, for example,  
11 I talked about it in my testimony, that one could  
12 target the -- let's say the tenth year planning horizon  
13 and see what the design day might be, and then go for  
14 the contract level based on that. There, the reality  
15 that I talked about still holds, but I'm less concerned  
16 about it. I'm not going to -- so, I agree with you.  
17 For most infrastructure projects, that is how things  
18 play out. But, if you're going to overprocure, and  
19 that's what's happening here, the concern that I raise  
20 becomes relevant. And, --

21 Q. But you -- I'm sorry.

22 A. And, it's to point out, the other members of the LDC  
23 Consortium, they have all planned their design day  
24 roughly around 2023/24. So, for them, that concern is

[WITNESS: Chattopadhyay]

1 not a bigger concern. For me, it's a bigger concern  
2 here, because you're planning for 2037/38 design day  
3 requirement, at least based on the direct testimony, of  
4 the Company's direct testimony.

5 MS. KNOWLTON: I'm going to move to  
6 strike Dr. Chattopadhyay's testimony, to the extent that  
7 he refers to the procurement by other LDCs. I don't  
8 believe that that is relevant for the Commission's  
9 determination of whether or not the Agreement that's  
10 before it should be approved.

11 MS. CHAMBERLIN: And, I object. The  
12 counsel asked the question, she raised the issue.

13 CHAIRMAN HONIGBERG: I heard a  
14 completely different question than that part of the answer  
15 was responsive to. The question she was asking had to do  
16 with the comparison to other infrastructure projects. The  
17 point he's making is that other LDCs did this differently.  
18 That's responsive to a completely different question. So,  
19 it is nonresponsive.

20 However, you're going to get a crack at  
21 asking him more questions in just a second, aren't you?

22 MS. CHAMBERLIN: I am.

23 CHAIRMAN HONIGBERG: Yes. So, I'm going  
24 to strike the testimony after the response related to the



[WITNESS: Chattopadhyay]

1 effect on ratepayers being similar to the effect on  
2 everybody else for every other infrastructure structure  
3 project when done prudently.

4 But I have a sneaking suspicion we're  
5 going to hear it again in a few minutes.

6 BY MS. KNOWLTON:

7 Q. Dr. Chattopadhyay, the forecast that you just referred  
8 to, that included the propane plants, correct?

9 A. Which forecast? I mean, can you --

10 Q. Well, you were telling us about how you felt that the  
11 planning horizon out to 2024 -- I'm sorry, 2036, you  
12 know, was imprudent, in terms of the amount of capacity  
13 that the Company is seeking to procure. And, my  
14 question to you is, didn't that forecast that the  
15 Company relied upon include the propane plants?

16 A. Yes. I already said that initially.

17 Q. Okay.

18 A. That's what it is.

19 Q. All right. And, back to this concept of "developing  
20 infrastructure for the future", isn't it typical that,  
21 when these types of projects are built, that people  
22 today are paying for the cost of the bridge or the cost  
23 of the highway that benefits others in the future?

24 A. I already agreed to that. But I was trying to qualify

[WITNESS: Chattopadhyay]

1 the response by saying that you need to look at the  
2 prudence. So, if you're going to be overprocuring  
3 relative to what the prudent amount is, then, the  
4 concern that I raise becomes relevant. That's the  
5 point I'm trying to make.

6 Q. Okay. And, this is not something that's unfamiliar to  
7 the Commission. I'll give you an example. I know, in  
8 the past, the Commission has approved cost recovery  
9 from current customers for the cost of constructing a  
10 water treatment plant that was sized to meet the needs  
11 of customers, not only at that time, but well into the  
12 future.

13 CHAIRMAN HONIGBERG: Is that a question?

14 BY MS. KNOWLTON:

15 Q. Well, my question is, are you familiar with the  
16 Commission's undertaking of that type approval in the  
17 past?

18 A. I haven't worked on water cases directly. But I would  
19 say that that is -- I expect that to be true.

20 Q. Right. And, that's because --

21 A. And -- sorry. But here we are talking about a contract  
22 level. It's not like you're putting in something into  
23 place yourself.

24 Q. Well, I mean, if the Company -- I think your suggestion

[WITNESS: Chattopadhyay]

1           then is that the Company procure some capacity now, and  
2           then wait and get more in the future?

3   A.   I'm saying it procures an amount that is prudent. And,  
4           that is not driven by the twentieth year into the  
5           horizon. It's driven more likely way sooner. And, I'm  
6           saying that the reasonable sort of cutoff would be ten  
7           years.

8   Q.   Okay. But, if the Company retired the propane plants  
9           earlier than the 2036, wouldn't the shortfall in  
10          capacity happen sooner?

11   A.   It's not like you don't have the ability to go out  
12          there and look for other resources based on what you  
13          expect the design year requirements are going to be in  
14          the future. Right now, all I'm saying, at this point  
15          it is not prudent to think way beyond the tenth year.  
16          And, that is actually a pretty -- in my opinion, pretty  
17          generous. It's looking at ten years down into the  
18          future.

19   Q.   Are you aware that back in 2008 the Commission approved  
20          an expansion of the Concord Lateral that resulted in  
21          the procurement of more capacity than was needed at the  
22          time that the contract was entered into, because it was  
23          seeking to accommodate the need for capacity in the  
24          future?

[WITNESS: Chattopadhyay]

1 A. I need to understand, when you say "more capacity than  
2 needed", what is "needed"? I mean, what -- you can  
3 point out is what design day was it targeting? And, at  
4 this point, I don't know what that -- what design day  
5 you were talking, which years. So, I can't really  
6 respond to that.

7 Q. Do you know when the last project was constructed that  
8 reflected new capacity that was built to interconnect  
9 with the Company's distribution system?

10 A. I don't know precisely. But, subject to check, I  
11 remember there was discussions about it somewhere, in  
12 the data responses I think. So, it could be fifteen,  
13 fifteen years or twenty years ago.

14 Q. All right. Setting aside the amount of capacity that  
15 the Company purchases, --

16 A. Say that again. Sorry.

17 Q. Setting aside the amount of capacity that the Company  
18 purchases, would you agree that the NED Pipeline has  
19 some benefits that have nothing to do with price or,  
20 for that matter, you know, the amount of capacity that  
21 is procured? And "benefits" I mean to the Company and  
22 its customers.

23 A. Yes, I do.

24 Q. What are those benefits?

[WITNESS: Chattopadhyay]

1 A. I've sort of already mentioned, whenever you  
2 overprocure, there is greater flexibility. So, I'm not  
3 discounting that. And, I've already indicated that.  
4 But this isn't about just looking at what the Company  
5 wants. It's also about what the ratepayers are going  
6 to be subject to. And, one cannot ignore the realities  
7 that this, even in terms of planning for projects that  
8 take a while to be in the ground, there's a reasonable  
9 planning horizon. I mean, to me, that's the crux here.

10 Q. But can you explain, when you were referred to one of  
11 the benefits that you see of this project to the  
12 Company, when you said "greater flexibility", can you  
13 explain what you mean by that?

14 A. Leaving aside the issue of cost, for example, we have  
15 already discussed it. So, to the extent that you are  
16 able to figure out that such and such propane  
17 facilities can be cost-effectively retired, the reality  
18 that you have excess capacity from other sources, it  
19 helps you to implement that sooner.

20 Q. Do you see any benefit to the Company of having a  
21 second delivery point into its system?

22 A. Yes, I do.

23 Q. That would be another benefit of this project?

24 A. Yes.

[WITNESS: Chattopadhyay]

1 CHAIRMAN HONIGBERG: Ms. Knowlton, we're  
2 going to need to break anyway. So, this -- why don't we  
3 take our break, 10:00 break, because it is exactly 10:00.  
4 And, we'll come back on the record in 15 minutes, at  
5 10:15. Off the record.

6 (Recess taken at 10:00 a.m. and the  
7 hearing resumed at 10:21 a.m.)

8 CHAIRMAN HONIGBERG: Ms. Knowlton,  
9 before you get started, I want to go back to the motion to  
10 strike the testimony and the exchange that I had with you  
11 and Ms. Chamberlin about that.

12 The answer that the witness wanted to  
13 give you, in response to the question about "isn't this  
14 just like every other infrastructure project that people  
15 have to pay for?", was "Yes, but you have to be prudent  
16 about it." And, then, he wanted to continue, and did  
17 continue and say "other utilities" -- "one of the ways we  
18 might look at prudence is what other similar utilities  
19 do." And, his point is that "other utilities looked at a  
20 much shorter horizon for making the decision about this."

21 I think I understand that. The question  
22 that I have is, is that anywhere in the record already or  
23 is he introducing that fact for the first time in response  
24 to that question? Does anybody know?

[WITNESS: Chattopadhyay]

1 MS. KNOWLTON: I don't believe it is in  
2 the record. Mr. DaFonte was asked about that when he was  
3 on the stand. And, you might recall that there was -- he  
4 was questioned about his knowledge of those dockets in  
5 Massachusetts and the planning horizon that was used.  
6 And, I believe --

7 CHAIRMAN HONIGBERG: Mr. Kanoff has  
8 something on this, I think.

9 MS. KNOWLTON: -- that he said that he  
10 "didn't have knowledge of it". So, --

11 CHAIRMAN HONIGBERG: Mr. Kanoff.

12 MR. KANOFF: Yes. It's in  
13 Mr. Rosenkranz's testimony, on Page 20.

14 CHAIRMAN HONIGBERG: All right. If it  
15 is -- if that is testimony that's already on the record,  
16 Ms. Knowlton, I'm going to encourage you to ask whatever  
17 questions you feel you need to of this witness with  
18 respect to that aspect of his answer.

19 Ms. Chamberlin, I'm going to then  
20 reconsider the ruling on the motion to strike, which was  
21 Ms. Knowlton's. I granted the motion, I'm now overruling  
22 my own -- I'm reversing my own order on that. So, the  
23 testimony is going to come in. You won't have to ask  
24 about it again.

[WITNESS: Chattopadhyay]

1 But, because it's going to come in, and  
2 Ms. Knowlton won't have another crack at this witness, she  
3 should ask whatever questions she has with this witness  
4 about that while she's doing this now.

5 Does everybody understand what I've just  
6 done?

7 MS. CHAMBERLIN: Yes.

8 CHAIRMAN HONIGBERG: All right. Thank  
9 you. Ms. Knowlton, you can continue.

10 MS. KNOWLTON: Thank you.

11 BY MS. KNOWLTON:

12 Q. Dr. Chattopadhyay, I want to walk through some numbers  
13 based on the testimony that you've given today, to make  
14 sure that I understand correctly what you're saying.  
15 So, what I understood you to say earlier this morning  
16 is that the Company's last approved IRP came up with  
17 90,000 Dekatherms a day of capacity that was needed.  
18 And, that you were in agreement with that number. Is  
19 that correct?

20 A. I did not participate in that IRP docket representing  
21 OCA. So, I'm not sure I can say whether I agree or  
22 disagree. But I'm saying that IRP filing shows --  
23 actually works through the analysis of what's the  
24 resource mix level of maximum daily quantity for NEX,



[WITNESS: Chattopadhyay]

1       which has very similar attributes to NED. And, the  
2       number there was 90,000. But the model was based on  
3       the assumption that 32,600 Dth per day for the  
4       Manchester and Nashua facilities were not there.

5   Q.   Right. So, then, the propane facilities were assumed  
6       to be retired for those purposes?

7   A.   For those two cities.

8   Q.   Okay. So, let's -- so, the 90 -- let's start with the  
9       90,000 from the IRP. And, would you agree that it is  
10      appropriate to include some additional amount for  
11      capacity-exempt customers that have returned?

12  A.   I already discussed that. I said "yes".

13  Q.   Okay. And, how much would you include for those  
14      customers?

15  A.   Again, for me, it's not about how much I would include.  
16      I'm saying the Company has projected what those  
17      inclusions are going to be, and I was basing my  
18      analysis on those numbers.

19  Q.   All right. So, I would like to -- do you have Mr.  
20      DaFonte's rebuttal testimony in front of you?

21  A.   No, I don't. Yes, I do, actually. Yes.

22                   MS. KNOWLTON: I actually have -- my  
23      next question is confidential. I apologize. I need to go  
24      through this to --

[WITNESS: Chattopadhyay]

1 CHAIRMAN HONIGBERG: Okay. All right.  
2 So, Mr. Frink, can you do me a favor please? So, the  
3 people who are not allowed to hear the confidential part  
4 of the record will go with Mr. Frink for just a few  
5 minutes. Thank you.

6 (Public portion of the record  
7 suspended.)

8 (Pages 43 through 51 of the hearing  
9 transcript is contained under separate  
10 cover designated as "**Confidential &**  
11 **Proprietary**" and is the reason that  
12 *Pages 43 through 51* contained herein  
13 have been redacted and the pages are  
14 intentionally left blank.)

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[WITNESS: Chattopadhyay]

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[WITNESS: Chattopadhyay]

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[WITNESS: Chattopadhyay]

1 (Hearing resumes on the PUBLIC portion  
2 of the record.)

3 CHAIRMAN HONIGBERG: All right. Go  
4 ahead, Ms. Knowlton.

5 MS. KNOWLTON: Thank you.

6 BY MS. KNOWLTON:

7 Q. Dr. Chattopadhyay, looking -- I'm looking at that Table  
8 Staff Tech-23(b) that we were looking at. This is  
9 Bates Page 01 of Mr. DaFonte's rebuttal testimony.

10 A. Yes.

11 Q. If you would take the difference from -- if you take  
12 the difference between the year "2024/25 Design Day  
13 Updated", and compare that to -- tell me the difference  
14 between that and the year "2014/2015 Design Day  
15 Updated", what that figure is?

16 A. Repeat that. The last one was "2014/2015"?

17 Q. Yes, 2014/2015.

18 A. It's about 42, 43,000, roughly.

19 Q. I'm getting "26,329". I'm doing 171,513, less 145,184.

20 A. Can I -- I'm a little confused. Can I ask, you're  
21 asking me to compare 2014/15 with 2024/25, and you're  
22 looking at "Total Updated Design Day"?

23 Q. Yes. That's what I'm looking at.

24 A. So, it's "148,547" to "191,000".

[WITNESS: Chattopadhyay]

1 Q. I'm looking just at the "Design Day Updated" column.

2 CHAIRMAN HONIGBERG: The second column.

3 BY MS. KNOWLTON:

4 Q. The second column on the table.

5 A. Yes. This is correct. Okay.

6 Q. And, would you agree that it's -- the difference  
7 between the two is the 26,329 Dekatherms a day?

8 A. Yes.

9 Q. And, that would reflect the amount of growth that the  
10 Company has projected from the IRP forecast?

11 A. The "Design Day Updated" is part of the NED filing.  
12 It's not the IRP filing.

13 Q. But the Company -- so, the first column is --

14 A. Correct.

15 Q. -- was the Company's Design Day based on the last  
16 Commission-approved IRP, right?

17 A. Right.

18 Q. And, then, the Company did an update to that forecast  
19 that included its projected growth?

20 A. Yes.

21 Q. And, that's that next column, "Design Day Updated",  
22 right?

23 A. Correct.

24 Q. So, I'm just trying to get some reasonable proxy for

[WITNESS: Chattopadhyay]

1 the amount of growth that we can add in to our figure.

2 And, so, I was just trying to get this difference

3 between the years 2024/25 and 2014/2015, which I get

4 "26,329 Dekatherms a day". Do you get that same math?

5 A. I mean, you're just going through that math. Yes,  
6 that's correct.

7 Q. So, if I add that to our previous total of the amount  
8 of dekatherms a day that the IRP found was necessary to  
9 serve customers in the future, adding in the  
10 capacity-exempt, adding in the iNATGAS, and adding in  
11 that 26,329 in growth, we get a number that's over  
12 115,000 Dekatherms a day, correct?

13 A. Can you --

14 Q. And, don't say the number out loud, because that number  
15 may be confidential please.

16 A. This is assuming that you -- I'm not following exactly  
17 what you're saying. Can you repeat it?

18 Q. So, this is assuming --

19 (Court reporter interruption.)

20 BY MS. KNOWLTON:

21 Q. The 90,000 assumes that the propane was retire, that's  
22 that IRP figure. And, I can write this down on a piece  
23 of paper, if that's easier, and hand it to you, if you  
24 want to look at that?

[WITNESS: Chattopadhyay]

1 A. I'm not really following what you're saying. The  
2 design day is there's a design day requirement. It's  
3 not the resources. That's what's confusing me. It's  
4 just the requirement that you're trying to meet. And,  
5 if it's helpful, what I have done is simply, in talking  
6 about the ten years projection, I took the numbers that  
7 the Company had provided, which is -- which leads to --  
8 well, I don't know.

9 MS. KNOWLTON: Actually, I think I can  
10 make this really simple, if I might. Can I approach the  
11 bench with a piece of paper and just write the numbers  
12 down and show them to the witness?

13 CHAIRMAN HONIGBERG: You're going to  
14 show them to other counsel, too?

15 MS. KNOWLTON: I can show it to counsel  
16 first.

17 CHAIRMAN HONIGBERG: And, the reason  
18 she's doing this, for the people in the back, is there's  
19 at least one confidential number that's in the calculation  
20 that she wants to show the witness. So, we're trying to  
21 avoid making you leave again. And, I'll ask  
22 Dr. Chattopadhyay to focus on the total, understand how  
23 she got there, but not talk about the interim numbers,  
24 okay?

[WITNESS: Chattopadhyay]

1 WITNESS CHATTOPADHYAY: Okay.

2 CHAIRMAN HONIGBERG: Actually, let me  
3 correct that. It's not to name the total, it's the  
4 quality she's asking for, of more or less than.

5 (Short pause.)

6 CHAIRMAN HONIGBERG: Off the record.

7 (Brief off-the-record discussion  
8 ensued.)

9 MS. KNOWLTON: May I approach the  
10 witness?

11 CHAIRMAN HONIGBERG: Sure.

12 BY MS. KNOWLTON:

13 Q. Dr. Chattopadhyay, I'm going to show you a piece of  
14 paper that I've written on that has --

15 (Court reporter interruption.)

16 BY MS. KNOWLTON:

17 Q. -- which shows the 90,000 Dekatherms a day from the  
18 last approved IRP, DG 13-313, the confidential  
19 capacity-exempt figure, the iNATGAS figure, and then I  
20 show a total. And, you've already agreed that we did  
21 the math right. And, then, the next thing I show is  
22 "plus growth". And, I would just ask that you write in  
23 whatever number you think, you know, put in the lowest  
24 number that you think is reasonable for the Company to



[WITNESS: Chattopadhyay]

1       assume for growth on the system over the next ten  
2       years, and then add that up for me.

3                       (Short pause.)

4       **BY THE WITNESS:**

5       A.   Again, I'm struggling a little bit.  Because, in my  
6           calculations, and I keep going back to what I had said,  
7           was that the IRP worked through what that amount should  
8           be, which is the resource mix optimization or the NEX  
9           capacity should be, which is 90,000 Dth per day.  But  
10          that is not what is the level that is necessarily  
11          needed in the very first year.  It's based on a  
12          projection and cost attributes and figuring out that is  
13          the amount that we should be targeting.

14                    Now, having figured that out, all I was  
15          saying was that calculation contains the 32,600 Dth per  
16          day for the propane facilities calculated in it.  So,  
17          if you just subtract that amount, you really roughly  
18          need 57,000 Dth per day to account for, you know, what  
19          you need into the future based on that optimization.

20                    Having said that, I then actually used a  
21          capacity-exempt number of --

22       **BY MS. KNOWLTON:**

23       Q.   Just don't say it out loud.

24       A.   What -- which is in your -- which is associated with

[WITNESS: Chattopadhyay]

1       20,000 -- sorry, 2037/38, okay? And, I went with the  
2       others as well, that is what the Company had provided.  
3       So, that calculation has already taken account of, let  
4       me see, it's in that table, which is 23(b). Okay? And  
5       that, when I talked about that number overall, you add  
6       that number to 57,000, that's how you get close to.  
7       Anyway, that's what I did.

8   Q.   So, do you think it should be zero?

9   A.   What?

10   Q.   I mean, just put down whatever you think it should be.  
11       Zero, question mark. I mean, do you --

12   A.   I need to, first of all, in the calculations that's  
13       there in the table, there's also Keene, okay? So,  
14       really, I'm struggling to give you -- what do you mean  
15       by "growth"? Just --

16   Q.   Define it -- here's what I'm trying to get at. And,  
17       I'm really not trying to make it complicated. What I'm  
18       asking you to do is to write down whatever figure, in  
19       your professional judgment, best approximates what  
20       growth the Company should plan for for the next ten  
21       years.

22   A.   Overall --

23   Q.   And, if you think it's zero, put zero. You know, put  
24       whatever you think is appropriate.

[WITNESS: Chattopadhyay]

1 MS. CHAMBERLIN: Your Honor, I think the  
2 question has been asked and answered. He's given the  
3 answer.

4 CHAIRMAN HONIGBERG: I have not -- no, I  
5 have not heard an answer. But I think it may be because  
6 they're talking about two different things.

7 MS. CHAMBERLIN: Yes.

8 CHAIRMAN HONIGBERG: But I definitely  
9 haven't heard an answer to that question. There's no  
10 doubt in my mind.

11 MS. CHAMBERLIN: He's explaining what he  
12 did. She's asking what he did.

13 CHAIRMAN HONIGBERG: No. She's not  
14 asking what he did. She's trying to develop another  
15 calculation.

16 MS. PATTERSON: Yes.

17 CHAIRMAN HONIGBERG: And, she's trying  
18 to ask him "how much, if any, should be included for  
19 growth on the system, on the existing system?" And, his  
20 answer about what he already did isn't an answer to that  
21 question.

22 MS. CHAMBERLIN: It isn't. He is saying  
23 that the 90,000 Dekatherms already includes growth.

24 CHAIRMAN HONIGBERG: Ah. That's what I

[WITNESS: Chattopadhyay]

1 think he's saying, too, but he hasn't said it yet.

2 MS. KNOWLTON: Then, he should write a  
3 zero.

4 **BY THE WITNESS:**

5 A. Again, we are -- we are talking -- this is really  
6 confusing me. First of all, when I talk about "75,000  
7 to 90,000", that has nothing to do with your number  
8 here, 90,000 Dth. Okay.

9 BY MS. KNOWLTON:

10 Q. I know that.

11 A. That's --

12 Q. And, we're going to get to that in a minute.

13 CHAIRMAN HONIGBERG: Only one at a time,  
14 Ms. Knowlton.

15 **BY THE WITNESS:**

16 A. That's helpful. So, if you're talking about this  
17 number, I've already talked about today, I'm saying I'm  
18 adding 16,000 to it --

19 BY MS. KNOWLTON:

20 Q. Okay.

21 A. -- to get the total.

22 Q. Thank you. So, add -- write down "16,000" on that  
23 piece of paper, where I have a blank for growth.

24 A. Yes. Not -- because I'm saying "total". So, it's

[WITNESS: Chattopadhyay]

1       really, your numbers already here --

2                       (Court reporter interruption.)

3                       CHAIRMAN HONIGBERG: Please don't read  
4       the numbers on that piece of paper.

5                       WITNESS CHATTOPADHYAY: Okay.

6                       (Court reporter indicating he didn't get  
7       the numbers.)

8                       CHAIRMAN HONIGBERG: That's a good  
9       thing. It's not on the record. It didn't get in there.  
10      Please don't read the numbers.

11                      WITNESS CHATTOPADHYAY: Okay.

12      **CONTINUED BY THE WITNESS:**

13      A. I'm saying, including the numbers that you've already  
14         provided, the number that -- that number is 16,000 over  
15         90,000.

16      BY MS. KNOWLTON:

17      Q. Okay. So, can you write down, where it says "customer  
18         growth", and where the blank is, write down whatever  
19         number you think should be there.

20      A. Okay. I will also --

21      Q. Just write the number down.

22      A. I will. I will. I will. I'm also qualifying, these  
23         are your numbers. Okay?

24      Q. That's okay.

[WITNESS: Chattopadhyay]

1 A. So, I'm starting off with these numbers and putting a  
2 number there, that -- which I arrived using my look at  
3 your -- the Company's table. So, the number that I  
4 have here from you is, to start with, different for the  
5 capacity-exempt than what I had assumed.

6 But, anyway, I'm going to do this  
7 calculation --

8 Q. Dr. Chattopadhyay, actually, I asked you, when you put  
9 down the capacity-exempt number, I asked you what was  
10 your number, and you said "I accept the Company's  
11 number." I showed you Mr. DaFonte's testimony.

12 A. No, I --

13 Q. If you think it's a different number, all I want you to  
14 do is to cross out and put down the number that, in  
15 your professional opinion, you believe represents the  
16 correct number --

17 A. When you --

18 Q. -- that the Company should be planning for.

19 A. When you showed me the table, you asked me whether that  
20 number was \_\_\_\_\_ or whatever.

21 MS. CHAMBERLIN: Eh!

22 WITNESS CHATTOPADHYAY: So -- sorry. I  
23 just said that's what's written there.

24 MS. KNOWLTON: Okay.

[WITNESS: Chattopadhyay]

1 WITNESS CHATTOPADHYAY: Okay? And, I'm  
2 more than happy to give you the calculation here.

3 BY MS. KNOWLTON:

4 Q. I want to be clear, though, for purposes of this  
5 calculation, I want this to reflect what you believe is  
6 appropriate. And, I want to start over, if you think  
7 what's written down so far isn't appropriate. Because  
8 you've told us that you agree with the IRP methodology,  
9 and you didn't dispute the 90,000. So, -- and it was  
10 approved by the Commission. So, I want to add to the  
11 90,000 the capacity-exempt number. Do you want to  
12 change what's on that piece of paper?

13 A. What I would like to do is I would like to add a number  
14 to the 90,000, overall, okay? Without getting into a  
15 debate about capacity-exempt, iNATGAS, and all of that.  
16 So, --

17 Q. But can we agree what -- okay, if you want to load it  
18 all up into one figure, I'm okay with that. But can  
19 you tell me what's in that figure? Is it  
20 capacity-exempt, is it IRP, and is it growth on the  
21 system? And iNATGAS?

22 A. As assumed by you, as well as Keene.

23 Q. Add in -- I'm asking you, add in all those things that  
24 should be added, that you think should be added, and

[WITNESS: Chattopadhyay]

1 just give me -- give me a total.

2 A. It's not about what "should be added". I'm saying  
3 what's there in your table. And, I'm saying, that  
4 total, I've already talked about it, it's 90,000, and  
5 beyond that 16,000.

6 CHAIRMAN HONIGBERG: Wait. Doctor,  
7 wait. Wait, wait, wait, wait, wait. Wait.

8 WITNESS CHATTOPADHYAY: Okay.

9 CHAIRMAN HONIGBERG: She is asking you  
10 "what, in your professional judgment, having looked at the  
11 situation, the numbers should be?" If there are some on  
12 which you have no opinion, and are just going to accept  
13 the Company's numbers, that's fine.

14 WITNESS CHATTOPADHYAY: Yes.

15 CHAIRMAN HONIGBERG: If there are  
16 numbers about which you do have an opinion, those are the  
17 ones she wants. She wants both.

18 WITNESS CHATTOPADHYAY: Okay.

19 CHAIRMAN HONIGBERG: She wants to know  
20 what they are.

21 **BY THE WITNESS:**

22 A. I accepted the Company's number. And, you know, I  
23 don't have any opinions on them, as far as the overall  
24 calculation is concerned, for the purpose of my



[WITNESS: Chattopadhyay]

1 testimony -- for the testimony that I provided today.

2 So, what I'm saying is, I've already done the  
3 calculations. And, those calculations account for  
4 capacity-exempt numbers, they account for iNATGAS, and  
5 which I hadn't even mentioned what that amount was, and  
6 I account for whatever the Company provided here,  
7 including the Keene new expansion numbers. Okay?

8 Q. So, what's the total here?

9 A. So, I'm saying, from 90, you add roughly 16,000.

10 Q. Okay. And, what's that total?

11 A. So, it comes to 106,000.

12 Q. Dekatherms a day?

13 A. Yup.

14 Q. Okay. Now, let's go to your -- you also testified  
15 about a range of "75,000 to 90,000" this morning. Is  
16 that correct?

17 A. Correct.

18 Q. And, that range included the propane plants, right?

19 A. That included the propane plants.

20 Q. Okay. And, the Company is going to file its next IRP  
21 analysis or next IRP that includes an analysis of those  
22 propane plants no later than February 2017, correct?

23 A. Subject to check, that's my understanding.

24 Q. And, the NED Pipeline is scheduled to be in service as

[WITNESS: Chattopadhyay]

1 of November 2018, right?

2 A. That is my understanding, yes.

3 Q. So, I would next ask you to take the lower end of your  
4 range, the 75,000, and then to assume that the propane  
5 is retired, and to add in the amount of capacity that  
6 the propane facilities represents and tell me that  
7 total?

8 A. I have -- again, these are all rough numbers. So, the  
9 75,000, I'm saying, for both numbers, you can add  
10 34,600, roughly.

11 Q. Okay. So, what does that get to?

12 A. One hundred and --

13 CHAIRMAN HONIGBERG: I hope it's  
14 109,600.

15 **BY THE WITNESS:**

16 A. 109,600.

17 CHAIRMAN HONIGBERG: Good.

18 BY MS. KNOWLTON:

19 Q. Okay. And, then, so that's the lower end of the range,  
20 assuming a propane retirement. And, then, what would  
21 be the upper end of your range, again, assuming  
22 retirement of those propane facilities?

23 A. I would add another 15,000 to it.

24 Q. And, that would get us to what?

[WITNESS: Chattopadhyay]

1 A. That will get us 124,600 Dth per day.

2 MS. KNOWLTON: The Company has nothing  
3 further for the witness.

4 CHAIRMAN HONIGBERG: Commissioner Scott.

5 COMMISSIONER SCOTT: Good morning.

6 BY COMMISSIONER SCOTT:

7 Q. Most of my questions have been answered, but I just  
8 wanted to get -- delve a little bit deeper in your  
9 testimony from the Bench and your written testimony,  
10 you discuss this "current customer versus future  
11 customer equity issue". So, what I'm curious about is,  
12 and I think Attorney -- the attorney from Liberty  
13 mentioned, is your presumption that, by looking at  
14 these smaller increments of time, whether it's ten  
15 years or something else, and this balancing of current  
16 customers and future customers, is there a presumption  
17 that there's a ready supply of pipeline capacity to be  
18 purchased in the future? Meaning, you limit your  
19 increment today, because, in ten years from now or  
20 twenty years from now, if there's a need for future  
21 growth, you just buy some more. Is that an  
22 appropriate -- is that your assumption?

23 A. The look at the different levels is purely to do a  
24 search analysis of where you get the least cost. So,

[WITNESS: Chattopadhyay]

1       it's not tied to me suggesting that those are the --  
2       that is how it should be procured. There is an amount  
3       associated with the contract that is going to give you  
4       the least cost, if you're going to run the resource  
5       mix, or the way I was approaching it is very similar,  
6       keep everything else same, go through the different  
7       numbers, then get a good sense of where the costs will  
8       be in the lower range, okay? That's what I was doing  
9       there.

10               Now, having said that, it's -- it is  
11       also my position that you can look into the future, for  
12       example, five to ten years, and choose a design day,  
13       and work on it, and figure out what's the capacity that  
14       we need. That would be more in line with the approach  
15       that I just described. And, it would, even though it's  
16       very likely to give you a higher cost than what a least  
17       cost optimization would do, that would still be in the  
18       reasonable range.

19               But to go all the way to twenty years is  
20       not reasonable, in my opinion. You have to consider  
21       the fact that markets work in their own ways. And, as  
22       customers, we should be more than comfortable in having  
23       to deal with a design day that's going to happen twenty  
24       years down in the future, sometime in the future, not

[WITNESS: Chattopadhyay]

1 right now. That's my --

2 Q. Well, I guess my question is, is inherent in that  
3 discussion that we should go ten years, not twenty  
4 years, but if a twenty year projection shows there  
5 should be a need for more capacity to be purchased,  
6 that would imply there would be a second purchase  
7 closer to that date. Is that correct?

8 A. Provided it plays out exactly that way. So, what you  
9 have -- the reality is that you have to deal with the  
10 uncertainties. And, as ratepayers right now, who are  
11 going to be paying for this, it is very fair that they  
12 are not required to pay for these, for a proceed  
13 procurement level that is meant for a design day so  
14 much into the future. That's the point I'm trying to  
15 make. And, it's -- there's a balance there you need to  
16 strike, and I was suggesting five to ten years horizon  
17 is a reasonable approach.

18 Q. And, back to my question is, so, is it safe to assume,  
19 you think a second procurement, assuming the twenty  
20 year projection is correct, that there would be a need  
21 for an even further purchase compared to what your  
22 levels you're suggesting are, is a second procurement,  
23 is that realistic?

24 A. It's very possible. Yes.

[WITNESS: Chattopadhyay]

1 COMMISSIONER SCOTT: Okay. Thank you.

2 CHAIRMAN HONIGBERG: Commissioner

3 Bailey.

4 COMMISSIONER BAILEY: I'm new at this.

5 So, I'm trying to --

6 WITNESS CHATTOPADHYAY: Okay.

7 COMMISSIONER BAILEY: -- ask you for

8 some information.

9 BY COMMISSIONER BAILEY:

10 Q. Can you tell me, does the price of firm transportation  
11 service increase or decrease over the life of the  
12 pipeline? So, like if --

13 A. Can you repeat? Sorry. I don't --

14 Q. If we know what the price of transportation service is  
15 today, that they have agreed to in the PA, and they  
16 have agreed to it for 20 years, if they -- say they  
17 only agree to it for ten years. And, so, the contract  
18 was for ten years. First of all, how long does a  
19 pipeline last, do you know?

20 A. You know, I don't -- I'm not -- I really don't. But I  
21 know they're long, they last -- they're long, well  
22 beyond 20 years, in some cases.

23 Q. Okay. So, maybe 40 years or --

24 A. Yes.

[WITNESS: Chattopadhyay]

1 Q. Okay. So, in the 30th year, would the price, if they  
2 had to renegotiate a contract, be higher or lower than  
3 the price that they negotiated today, you think?

4 A. The way the demand charges work, to the best of my  
5 understanding, they are recovering the embedded costs  
6 of the project, okay? So, there's, generally speaking,  
7 those costs are all recovered in a 20-year, roughly  
8 speaking, 20-year timeline. And, then, that doesn't  
9 mean there are going to be -- there won't be other  
10 costs associated with procuring transportation, even on  
11 the same pipeline, for example. So, for me, it's very  
12 hard to predict what those numbers are going to be into  
13 the future, because of inflation, there are other  
14 factors involved.

15 But, generally speaking, because the  
16 embedded costs are recovered when a project is proposed  
17 and it's put in place, my understanding is it's not --  
18 the embedded costs are recovered over, say, let's say,  
19 in this case, maybe twenty years.

20 Q. Okay. So, if they're recovered over twenty years, and  
21 they have a contract for ten years, are the embedded --

22 A. Beyond that?

23 Q. Just assume that they had negotiated a contract for ten  
24 years, because that's what you think would be more

[WITNESS: Chattopadhyay]

1 appropriate.

2 A. Yes.

3 Q. Okay. So, and assume they got the same price.

4 A. I'm not saying the contract should be for ten years.

5 Q. Okay.

6 A. The contract is still twenty years. I'm just talking  
7 about the contract level.

8 Q. Okay. I get the difference.

9 A. Yes.

10 Q. Okay. I'll leave it there. Do you believe that  
11 there's any possibility, that it's possible that  
12 there's a limitation in the supply that would be  
13 available in Dracut in the future?

14 A. Can you just repeat the first part again? I missed --

15 Q. Is it possible that the supply in Dracut could be  
16 limited, so that there isn't enough supply coming from  
17 Dracut?

18 A. You're talking about the Dracut/Concord Lateral?

19 Q. Yes.

20 A. That is assumed in the analysis by, you know, by the  
21 Company. And, my discussion about the numbers here  
22 today was assuming that those 50,000 -- the 50,000  
23 capacity from Dracut is being taken over by the NED  
24 capacity.



[WITNESS: Chattopadhyay]

1 But, if you're asking me whether, in the  
2 future, there could be issues with the Dracut/Concord,  
3 you know, Concord Lateral, which is still there? Yes.  
4 I mean, it's possible. But my calculations here  
5 already -- the NED capacity that I'm talking about is  
6 replacing for those 50,000 Dth per day contract for the  
7 Concord Lateral, the two pieces that the Company has.

8 Q. But your testimony I thought was "it would be more  
9 cost-effective to keep the 50,000 on the Concord  
10 Lateral and only buy 65,000 on the NED Pipeline." Or,  
11 assuming that 65,000 was necessary, but you think  
12 that's too high.

13 A. The analysis shows that 65,000/50,000 Dth combination  
14 for NED and Concord Lateral is less costly than going  
15 just to NED. And, that assumes a lot of things about  
16 the prices already. So, the constraints are being  
17 modeled by the Company already, okay?

18 And, if the question is that, whether we  
19 should keep going down further, it's about the cost.  
20 And, it's entirely possible that you may have a,  
21 relatively speaking, a very illiquid situation in  
22 Dracut. But, in the overall scheme of things, paying a  
23 very high energy price at any point in time may be a  
24 better option than trying to procure additional

[WITNESS: Rosenkranz]

1 capacity, contract for demand charges, for which you  
2 pay throughout twenty years. So, that's, you know,  
3 that's a possibility.

4 Q. So, do you think that securing capacity on this NED  
5 Pipeline would improve reliability?

6 A. I'm not an engineer. But, based on my look at it, I  
7 would expect that it has reliability values.

8 COMMISSIONER BAILEY: Okay. Thank you.

9 CHAIRMAN HONIGBERG: I have no questions  
10 for Dr. Chattopadhyay. Ms. Chamberlin.

11 MS. CHAMBERLIN: Your Honor, as long as  
12 your -- the original motion to strike has been overruled,  
13 and that testimony stays in, I have no questions.

14 CHAIRMAN HONIGBERG: All right. Thank  
15 you very much. Thank you, Dr. Chattopadhyay. You can  
16 return to your seat.

17 WITNESS CHATTOPADHYAY: Thank you.

18 CHAIRMAN HONIGBERG: We're going to take  
19 a five-minute break for Mr. Patnaude, and then we'll come  
20 back for what I think is the last witness. So, we'll  
21 break until, we'll say, 20 after.

22 (Recess taken at 11:12 a.m. and the  
23 hearing resumed at 11:23 a.m.)

24 CHAIRMAN HONIGBERG: Mr. Kanoff.

[WITNESS: Rosenkranz]

1 MR. KANOFF: I'd like to have  
2 Mr. Rosenkranz take the stand.

3 (Whereupon **John A. Rosenkranz** was duly  
4 sworn by the Court Reporter.)

5 MR. KANOFF: Good morning, Mr.  
6 Rosenkranz.

7 WITNESS ROSENKRANZ: Good morning.

8 **JOHN A. ROSENKRANZ, SWORN**

9 **DIRECT EXAMINATION**

10 BY MR. KANOFF:

11 Q. Will you state your full name for the record.

12 A. John Rosenkranz.

13 Q. And, for whom do you work?

14 A. I'm a self-employed consultant. My company is North  
15 Side Energy, LLC.

16 Q. And, what type of work do you do there?

17 A. I do gas supply planning and regulatory consulting for  
18 a number of clients.

19 Q. And, how long have you done this type of consulting  
20 work?

21 A. I've had my own firm since 2006. But, previously, in  
22 my career, I have done other gas supply-related  
23 consulting.

24 Q. Have you had an opportunity to testify as an expert

[WITNESS: Rosenkranz]

1 witness and defend that testimony before a governmental  
2 agency that regulates public utilities?

3 A. Yes, I have. I've been doing quite a bit of work for  
4 the Maine Public Advocate's Office. So, I've done some  
5 testimony in Maine. I do -- I've been involved in a  
6 number of cases in Ontario, before the Ontario Energy  
7 Board. I've done a case in Arizona, and a couple other  
8 states.

9 Q. And, aside from your present consulting work, do you  
10 have any other natural gas/public utility-related  
11 experience?

12 A. Yes. As I said previously, I was doing consulting in  
13 the gas supply planning area. I worked for a firm that  
14 provided gas supply planning software to gas  
15 distribution companies, was involved in helping those  
16 companies do different types of gas supply planning  
17 studies. Something similar to what's now used as the  
18 SENDOUT software, this would be the precursor, and, at  
19 that time, was a competitor to SENDOUT.

20 I've also, in my background, been  
21 involved in pipeline development projects, storage  
22 development projects. So, I've worked on a number  
23 of -- a range of different things in the gas supply  
24 area.

[WITNESS: Rosenkranz]

1 CHAIRMAN HONIGBERG: Mr. Kanoff, I'll  
2 note we do have Mr. Rosenkranz's résumés. It was attached  
3 to his testimony. So, we're familiar with his background.

4 MR. KANOFF: Thank you.

5 BY MR. KANOFF:

6 Q. The testimony and exhibits you prepared are in the file  
7 in this case and have been marked as "Exhibits 17"  
8 through "22" for identification. Is that your  
9 understanding?

10 A. Yes.

11 MR. KANOFF: And, I believe we have all  
12 agreed that they may be entered as exhibits for  
13 identification as marked.

14 CHAIRMAN HONIGBERG: Just have him adopt  
15 it as his testimony.

16 BY MR. KANOFF:

17 Q. Do you adopt the Exhibits 17 through 22 as your  
18 testimony?

19 A. Yes, I do.

20 CHAIRMAN HONIGBERG: Do you have any  
21 corrections or changes that need to be made to it?

22 WITNESS ROSENKRANZ: There is one minor  
23 correction I can point out. On Page 6 of my testimony,  
24 there's a "Table 1". And, just above Table -- well, in

{DG 14-380} [REDACTED - for public use] {08-06-15/Day 3}

[WITNESS: Rosenkranz]

1 Table 1, the third column, the second column of numbers,  
2 it says "Proposed 2017-2018", that should be "2018-2019".  
3 And, just above that, the last sentence of the paragraph  
4 above refers to "2017-2018", it should be "2018-2019". It  
5 doesn't change any substance. It's more a labeling issue.

6 BY MR. KANOFF:

7 Q. If we were to ask you the questions in your testimony  
8 today as filed, would your answers be the same?

9 A. Yes, they would be.

10 Q. Did you also participate in -- and who are you  
11 testifying on behalf of today?

12 A. I am testifying on behalf of the Pipe Line Awareness  
13 Network for the Northeast, Inc.

14 Q. And, did you, as part of your testimony, participate in  
15 assisting PLAN in discovery?

16 A. Yes, I did.

17 Q. And in responding to discovery?

18 A. Yes, I did.

19 Q. And, did you participate in technical conferences?

20 A. Yes, I did.

21 Q. Is there any other activities that you presented --  
22 that you participated in?

23 A. Other than participating in this hearing, that's it.

24 Q. And, have you had an opportunity to review the terms of

[WITNESS: Rosenkranz]

1 the Settlement Agreement between Commission Staff and  
2 the Company?

3 A. Yes, I did.

4 Q. In discussions of the Settlement Agreement on Day 1,  
5 there was some discussion, if you may recall, between  
6 Ms. Knowlton and Mr. DaFonte, with respect to Dracut as  
7 being "illiquid". Do you remember that?

8 A. Yes.

9 Q. And, I believe that Mr. DaFonte indicated that "Dracut  
10 had a lack of supply and suppliers". Do you recollect  
11 that as well?

12 A. Yes. I know that that's been an issue.

13 Q. And, specifically, Mr. DaFonte said that "Dracut was  
14 illiquid", that was his conclusion?

15 A. I believe that's what he said, yes.

16 Q. And, there was also, as part of that, discussions about  
17 "declining supplies", specifically "off of Atlantic  
18 Canada, Sable Island, Deep Panuke". And, that  
19 volumes -- and "those sources may be reduced". Do you  
20 recollect that?

21 A. Yes.

22 Q. And, he also mentioned supply from "Portland Natural  
23 Gas Transmission System" and the availability of "LNG",  
24 correct?

[WITNESS: Rosenkranz]

1 A. I believe he did include those as other sources of gas  
2 at Dracut, yes.

3 Q. And, is it also part of his testimony that "the lack of  
4 liquidity at Dracut accounts for price spikes"? Do you  
5 recollect that?

6 MS. PATTERSON: I'm going to object at  
7 this point. Only because it was my understanding that the  
8 testimony of these witnesses would consist of a brief  
9 introduction of their points in testimony, and then a  
10 response to the Settlement Agreement. And, I don't, while  
11 I could see that there could be a relation of these  
12 questions to the Settlement Agreement, I don't think  
13 there's been a foundation laid by the -- by the  
14 questioner.

15 CHAIRMAN HONIGBERG: That's overruled.  
16 Go ahead.

17 WITNESS ROSENKRANZ: I'm sorry. Could  
18 you repeat the question?

19 MR. KANOFF: Sure.

20 BY MR. KANOFF:

21 Q. I was just asking about whether the lack of liquidity  
22 at Dracut would account for, in Mr. DaFonte's  
23 testimony, "price spikes"?

24 A. My understanding of Mr. DaFonte's testimony in this



[WITNESS: Rosenkranz]

1 case is that there are price spikes generally in the  
2 New England market. Dracut is one of those points.  
3 But he does point out the fact that the overall  
4 Tennessee 200 line index, which is a broader index  
5 capturing more of the New England market, is a fair  
6 proxy for the pricing at Dracut. So, I think that his  
7 point is certainly well taken that there's been a great  
8 deal of price volatility in New England the last  
9 several winters. How much of that is related to  
10 specifically Dracut and other things, I think is a  
11 matter of -- I'm not sure it's directly tied to Dracut.

12 CHAIRMAN HONIGBERG: So, Ms. Patterson,  
13 he just buttressed Mr. DaFonte's testimony. Mr. Kanoff,  
14 where are you going with this?

15 BY MR. KANOFF:

16 Q. Last is, to bring it home, do you agree with  
17 Mr. DaFonte about "illiquidity at Dracut" and "a lack  
18 of supply and suppliers"?

19 A. No. I think we've got a different view on Dracut, that  
20 Dracut point. As I said, I think that, as opposed to  
21 focusing on Dracut, it's more the New England market  
22 has been the concern. The Dracut point itself, there's  
23 been a change of the supplies, supply and suppliers  
24 coming into that market. But, as I point out in my

[WITNESS: Rosenkranz]

1 testimony, the market has been developing new supplies,  
2 in terms of additional gas coming in through the PNGTS  
3 system, the PNGTS system, in addition to the C2C  
4 expansion that's been announced, has also made clear  
5 that they're available to expand by several hundred  
6 thousand a day, dekatherms a day, in future years,  
7 beginning as early as 2018. And, I believe that going  
8 forward the LNG supply from the Canaport facility will  
9 continue to be there.

10 I think that the issue with supply at  
11 Dracut, in particular, and New England more generally,  
12 is largely an issue of price, as opposed to the supply  
13 just won't be there.

14 Q. Do you recollect a discussion between Ms. Knowlton and  
15 Mr. DaFonte with respect to the Concord Lateral?

16 A. Yes. There's been discussion on terms of the pricing  
17 of incremental capacity on the Concord Lateral, yes.

18 Q. And, do you recollect the discussion in the  
19 confidential session with respect to changes in the  
20 initial cost estimate?

21 A. Yes.

22 Q. Without restating what those numbers are, can you give  
23 us an opinion about the Company's new estimates?

24 A. I know that -- yes, I can give you my opinion, based on

[WITNESS: Rosenkranz]

1 my experience dealing with pipeline expansion projects,  
2 as a -- procuring gas supply for large generators, and  
3 working with pipelines on coming up with estimates for  
4 connecting and getting firm transportation. These are  
5 numbers that very much depend, particularly at the very  
6 early planning stages, their estimates depend very much  
7 on the quantity involved, exactly where the gas is  
8 coming from and exactly where the gas is going to.

9 So, in this case, there has been put on  
10 the record confidentially an estimate that the Company  
11 has received from Tennessee Gas Pipeline of an  
12 expansion cost that they used in their -- that they  
13 used that number in their analysis. There was some  
14 questions about that cost, and we determined that that  
15 is a cost for, I believe I can say, 65,000 a day of  
16 expansion, which is a large -- relatively large  
17 expansion, but also to a specific point, it was just to  
18 the Nashua meter.

19 The Company then, very late in the game,  
20 came up with a -- or, provided another estimate. In my  
21 mind, that's not an update to their previous estimate,  
22 it's a different estimate. It's based on the 65,000,  
23 but going to a different set of points. And, at this  
24 point, we don't know exactly what the assumptions are

[WITNESS: Rosenkranz]

1 behind those numbers.

2 My point here is that the Concord  
3 Lateral expansion is a cost that you assume going  
4 forward is an important part of any economic analysis  
5 you're doing for the alternatives to NED. But we don't  
6 have in front of us a full, I would say, a reasonable  
7 range of estimates for different projects, particularly  
8 for the different sizes, for the parties that are  
9 recommending that the number be less than 65, 65,000.  
10 So, I think that needs to be kept in mind.

11 Q. Would it have been helpful for EnergyNorth to request  
12 and provide a cost estimate then for a more reasonably  
13 sized expansion, such as 25,000 to 35,000 Dekatherms a  
14 day?

15 A. Well, it certainly would have been helpful, I think, to  
16 the Commissioners, to understand what those numbers  
17 mean and what the range of costs could be going  
18 forward.

19 Q. And, just -- I have two more areas very briefly. Do  
20 you recall discussions between Ms. Knowlton and Mr.  
21 DaFonte with respect to corrections to Table 8 of Mr.  
22 DaFonte's testimony that would have been corrected  
23 version 53 -- corrected Exhibit, I'm sorry, 53?

24 MS. PATTERSON: May I --

[WITNESS: Rosenkranz]

1 MR. KANOFF: Yes.

2 MS. PATTERSON: May I just interject?  
3 Excuse me please. And offer an objection for you to rule  
4 as you wish. Which is that this whole testimony is  
5 sounding to mean like rebuttal of this witness, because  
6 he's responding to testimony from today's hearing. And,  
7 I'm just looking for clarification as to whether or not  
8 there will be an opportunity to offer surrebuttal to that  
9 witness's testimony?

10 CHAIRMAN HONIGBERG: Well, I think  
11 you've got the procedural posture we're in a little  
12 backwards. Rebuttal testimony would be coming from the  
13 parties sponsoring the Settlement. This is testimony of  
14 those who are opposed to it. And, it seems perfectly  
15 reasonable to me to have the witness respond to the points  
16 that were made in favor of the Settlement, that are beyond  
17 what is in his prefiled testimony. Am I missing  
18 something?

19 (No verbal response)

20 CHAIRMAN HONIGBERG: I don't think so.  
21 All right. So, I will overrule the objection that was  
22 offered.

23 MS. PATTERSON: Thank you.

24 BY MR. KANOFF:

[WITNESS: Rosenkranz]

1 Q. Do you recollect that discussion?

2 A. Yes.

3 Q. And, as part of that discussion, Mr. DaFonte corrected  
4 that exhibit, which would be Table 8 to his rebuttal,  
5 as corrected in Exhibit for identification 53, is that  
6 correct?

7 A. Yes.

8 Q. And, what does Table 8, in Mr. DaFonte's testimony  
9 marked as "Exhibit 9" for identification show?

10 A. My understanding of Table 8 is that it's responsive to  
11 the testimony that I filed, with regard to the 50,000 a  
12 day recommendation to -- the recommendation of the  
13 Company to take 50,000 a day of capacity that's now  
14 from Dracut and move that receipt point to Wright. The  
15 question -- the analysis I did showed that, based on  
16 forward-looking prices, and, actually, prices taken  
17 from the record provided by the Company, that that  
18 didn't save costs for ratepayers. It actually  
19 increased costs.

20 This table takes -- does a similar  
21 analysis, uses historical numbers from the last -- just  
22 the last two winters, and calculates what would the  
23 price at Wright, New York had to have been, if the  
24 price at Wright, New York had been below the

[WITNESS: Rosenkranz]

1       breakeven number, then you would have saved money by  
2       buying gas at Wright, instead of buying gas at Dracut.  
3       So, that's -- instead of calculating a difference in  
4       cost, he went through and calculated a breakeven  
5       number.

6   Q.   And, do you have an opinion on the exhibit and  
7       Mr. DaFonte's corrections?

8   A.   My opinion on his table is that it doesn't rebut my  
9       testimony. He's using different numbers from a  
10      different time period. And, particularly, in the  
11      Winter of 2014/2015, he calculates a breakeven number.  
12      It's -- I guess it's public now, it's \$8.08. But he  
13      doesn't then say, during this past winter, what was the  
14      price at Wright. Was it actually below \$8.08 or was it  
15      above \$8.08?

16                       We did ask for him to provide some  
17      historical daily numbers for Wright, New York. As it's  
18      already been discussed in this case, Wright, New York  
19      is not a liquid point right now, in terms of having a  
20      published price index. But I think there's been  
21      agreement that the Waddington point on Iroquois, which  
22      is just north of there, is a liquid point, it's the  
23      Canadian border import point. There is trading, quite  
24      a bit of trading there. So, there is a daily price

[WITNESS: Rosenkranz]

1 index.

2 Right now, Wright trades above that,  
3 because gas is flowing from Waddington to Wright. So,  
4 there's a small premium. But I think it's reasonable  
5 that that would be a proxy for this type of analysis.

6 The daily Waddington price, during the  
7 months of January and February, when most of this gas  
8 was being purchased at Dracut, my calculation is that  
9 that price was \$8.76. So, based on his own analysis,  
10 it's not exactly -- he didn't provide exactly the  
11 number that you would want, which was, if you took all  
12 the days he bought at Dracut, and looked at the price  
13 at Wright, or Waddington as the proxy, and came up with  
14 an average, what would that average be?

15 I don't have the numbers in terms of  
16 which days, which qualities were purchased. But we do  
17 know from other sources that it was primarily taken in  
18 those coldest January and February days.

19 Mr. DaFonte didn't provide the analysis.  
20 And, when I tried to do the analysis, it looks like  
21 it's actually proving my point, which is that it's  
22 likely that that's going to be an increase in cost, not  
23 a decrease in cost.

24 Q. And, you testified that you reviewed the Settlement, is



[WITNESS: Rosenkranz]

1           that right?

2   A.    Yes.

3   Q.    And, what's your opinion on the Settlement?

4   A.    My opinion of the Settlement, it doesn't address the  
5           concerns that were expressed in my testimony, which is  
6           that the -- any number of 100,000 Dekatherms a day or  
7           115,000 Dekatherms a day is not in the public interest,  
8           because it is, you know, for one -- the one reason  
9           includes the 50,000 that's not new supply, it's just  
10          this conversion of an existing contract. That  
11          doesn't -- that doesn't appear, even in the near-term,  
12          but particularly in the long-term, that that's going to  
13          save money, if you factor in the supplies that are  
14          going to be new supplies that are going to be coming  
15          into New England, and the fact that there's likely to  
16          be, when new pipeline capacity is built, a narrowing of  
17          that price differential between Wright, New York and  
18          eastern Massachusetts or Dracut, Massachusetts.

19                   And, then, the other issue is that it  
20           also includes a higher growth number than you need to  
21           meet the expected growth in demand over the next ten  
22           years or so.

23   Q.    Is there any other points that you wish to discuss  
24           about the Settlement?

[WITNESS: Rosenkranz]

1 A. I would just say that the terms of the Settlement  
2 appear to be a little bit more ambiguous than I  
3 probably would have wanted to see, if I had been  
4 involved in the drafting. In particular, on Page 3,  
5 when talking about the amount of capacity for this  
6 threshold of whether you stay at the 115 or go to the  
7 100,000, it refers to "design day capacity", doesn't  
8 say "design day capacity in which year". I'm presuming  
9 that, since it's measured as of April 2017, it's  
10 referring to design day capacity of -- estimated for  
11 the next year 2017/2018, but that's not clear from the  
12 wording.

13 And, particularly with respect to the  
14 iNATGAS firm sales, which is probably going to be the  
15 bigger -- one of the bigger, if not the biggest, piece  
16 of that sum that's going to be calculated. It refers  
17 to the "design day capacity", again, not knowing which  
18 year, but for "iNATGAS firm sales". Well, iNATGAS is  
19 not going to be a sales customer -- is not required to  
20 be a sales customer for more than one year. So, by the  
21 2017, it could be a transportation customer. It  
22 doesn't say how you deal with the iNATGAS load in that  
23 case.

24 MR. KANOFF: Mr. Rosenkranz is available

[WITNESS: Rosenkranz]

1 for cross-examination.

2 CHAIRMAN HONIGBERG: Ms. Chamberlin, do  
3 you have any questions for Mr. Rosenkranz?

4 MS. CHAMBERLIN: I have a few. Thank  
5 you.

6 **CROSS-EXAMINATION**

7 BY MS. CHAMBERLIN:

8 Q. In your opinion, what is an appropriate planning  
9 horizon for pipeline capacity acquisitions?

10 A. I'm going to answer this carefully, because I think  
11 there's been some different use of the word "planning  
12 horizon" in some of the discovery that's gone back and  
13 forth. But, if the question -- the way I understand  
14 the question is, is it reasonable, when making a  
15 decision about a long-term contract today, to look at  
16 what the expected requirement is going to be twenty  
17 years from the start of that contract? Which is, you  
18 know, again now this actually is 24 years out. There  
19 is so much uncertainty in terms of what requirements  
20 are going to be that far in the future, and the fact  
21 that you -- it does involve a serious amount of  
22 overcontracting in the near-term, I don't think that  
23 that's justified. I think that something like a  
24 10-year horizon from today to get the amount of growth

[WITNESS: Rosenkranz]

1           that you should contract for today is reasonable.

2                       I believe that's both on the basis of  
3           the uncertainty in terms of your growth forecast, but  
4           also I do feel that there will be opportunities to  
5           contract for additional capacity, if it's determined to  
6           be needed, to have it there in time for the possibility  
7           that ten years from now you will need more capacity.

8   Q.   Are you familiar with petitions filed by members of the  
9        LDC in Massachusetts for NED Pipeline capacity?

10   A.   Yes, I did review those.

11   Q.   And, --

12                   CHAIRMAN HONIGBERG:  And filed prefiled  
13       testimony about it.  Are you going to ask to go something  
14       beyond what's in the prefiled testimony?

15                   MS. CHAMBERLIN:  I'm going to ask him  
16       what the planning horizons are for those --

17                   CHAIRMAN HONIGBERG:  And, I assume he's  
18       going to testify consistently with how he testified on  
19       Page 20 of his prefiled testimony.  Is that a fair guess,  
20       Mr. Rosenkranz?

21                   WITNESS ROSENKRANZ:  That is a very fair  
22       guess.

23                   CHAIRMAN HONIGBERG:  Okay.

24   BY MS. CHAMBERLIN:

[WITNESS: Rosenkranz]

1 Q. So, refresh my recollection, what are the planning  
2 horizons?

3 A. Again, working -- I'm getting leery of the word  
4 "planning horizon", but my reading of those filings was  
5 that they looked at their requirement ten years out, in  
6 terms of determining what's a reasonable quantity to  
7 contract for in for growth.

8 Q. And, that's for Boston Gas?

9 A. The National Grid, Columbia of Massachusetts, and  
10 Berkshire Gas all had similar.

11 Q. All three had similar --

12 A. Similar ten-year look-aheads, in terms of deciding what  
13 to contract for on the NED system.

14 MS. CHAMBERLIN: Thank you.

15 CHAIRMAN HONIGBERG: Ms. Patterson.

16 MS. PATTERSON: I have no questions.

17 Thank you.

18 CHAIRMAN HONIGBERG: Ms. Knowlton.

19 BY MS. KNOWLTON:

20 Q. Mr. Rosenkranz, can you tell me how much capacity is  
21 being built to Wright?

22 A. In terms of "being built", I would say that the  
23 Constitution Pipeline, which I understand to be 600,000  
24 a day, is approved by the Federal Energy Regulatory

[WITNESS: Rosenkranz]

1 Commission, but has not yet started construction. So,  
2 I'm aware of that project.

3 Q. Would you take subject to check that it's 650,000, as  
4 opposed to 600?

5 A. Yes, I will take that.

6 Q. And, are there any other pipelines that are being  
7 proposed to Wright?

8 A. Correct. There are other pipelines being proposed to  
9 Wright, including the Supply Path portion of the  
10 Northeast Energy Direct project.

11 Q. Do you know how much capacity that represents?

12 A. That's a number I don't have at my fingertips.

13 Q. Would you take subject to check that it's between 600  
14 and a million Dekatherms?

15 A. In terms of numbers that have been proposed by  
16 Tennessee Gas Pipeline, I will accept that they have  
17 been discussing those types of numbers.

18 Q. Do you know how much capacity is being built to Dracut?

19 A. I believe that there is a substantial amount of  
20 capacity to Dracut right now, and that there are  
21 projects in the works that would increase the capacity  
22 from different sources to fill that capacity.

23 Q. Do you have any sense or just rough estimate of what  
24 that amount of capacity is?

[WITNESS: Rosenkranz]

1 A. As I referenced, I know, from reviewing the cases in  
2 Massachusetts, that the PNGTS, or Portland Natural Gas  
3 Transmission System, has said that they are able to add  
4 several hundred thousand a day of capacity beginning as  
5 soon as 2018. I also know that the Atlantic Bridge  
6 project will affect the supply that's available on the  
7 joint facilities pipeline that terminates in Beverly,  
8 Massachusetts and Dracut, to allow gas to flow from the  
9 Algonquin system, through Boston Harbor, through  
10 Beverly, and would become physically -- supply  
11 physically available at Dracut.

12 Q. You testified about your opinion about the availability  
13 of gas from Canadian sources, such as Deep Panuke and  
14 Sable Island, is that correct?

15 A. Yes. That's included in my testimony.

16 Q. And, you, I think in your testimony, your live  
17 testimony here, you indicated that you felt that it was  
18 more an issue of the price, not the availability of  
19 that gas, is that right?

20 A. I wasn't referring specifically to the Deep Panuke or  
21 Sable Island production.

22 Q. What production were you referring to?

23 A. I was referring to the aggregate supply from all the  
24 different sources that would be available in the

[WITNESS: Rosenkranz]

1 eastern Massachusetts market, including the one at  
2 Dracut.

3 Q. But that would include supply from Canada?

4 A. Yes.

5 Q. Okay.

6 A. From a few different sources.

7 MS. KNOWLTON: I'd like to propose to  
8 mark for identification as "Exhibit 56" an article  
9 regarding the availability of production of gas from  
10 Canada.

11 (Atty. Knowlton distributing documents.)  
12 (The document, as described, was  
13 herewith marked as **Exhibit 56** for  
14 identification.)

15 BY CHAIRMAN HONIGBERG:

16 Q. Mr. Rosenkranz, do you have that before you?

17 A. Yes, I do.

18 Q. Would you read the highlighted text please.

19 A. This references the Deep Panuke project. So, the  
20 highlighted text: "The Deep Panuke project in Nova  
21 Scotia's offshore is now expected to produce roughly --

22 CHAIRMAN HONIGBERG: Slow down. Slow  
23 down, so Mr. Patnaude can get it.

24 **CONTINUED BY THE WITNESS:**

{DG 14-380} [REDACTED - for public use] {08-06-15/Day 3}



[WITNESS: Rosenkranz]

1 A. -- is now expected to produce roughly 50 percent less  
2 natural gas than forecast because of water problems" --  
3 excuse me -- "because of its water problems. Encana  
4 Corp., the gas field's Calgary-based owner, said  
5 Wednesday it has slashed the field's reserve estimate  
6 by about 200 billion cubic feet."

7 Then, there's a marked part later,  
8 further down: "Averill", A-v-e-r-i-l-l, "said the  
9 company can't predict how long Deep Panuke will operate  
10 because the timeline depends on such factors as well  
11 and reservoir performance and how production is  
12 managed."

13 Further down, it's marked passage:  
14 "Despite the water issue, Deep Panuke is producing at  
15 its target level of 180 to 200 million cubic feet per  
16 day so far this year, he said. Deep Panuke was  
17 originally expected to flow 300 million cubic feet per  
18 day. Meanwhile, word that Deep Panuke likely won't  
19 operate for as long as expected was a surprise to the  
20 province and energy industry." That's --

21 BY MS. KNOWLTON:

22 Q. If you flip it over, I think there's a little bit more,  
23 if you don't mind.

24 A. Oh. Sorry. "A Halifax natural gas consultant and

[WITNESS: Rosenkranz]

1 broker said it sounds like the field could run out some  
2 time in 2016 after three years of production."

3 Q. Sorry.

4 A. One more. "Deep Panuke is one of two producing  
5 fields" -- "gas fields off the province's coast. The  
6 other is Sable, where output has been dwindling for  
7 years. An industry think-tank, the Atlantica Center  
8 for Energy in Saint John has predicted that Sable will  
9 run out of gas by 2017."

10 Q. Based on what you read, is it possible that this  
11 decline in supplies, could it affect the price in  
12 Dracut?

13 A. The price in Dracut and the price in New England  
14 generally will be lower without those supplies, than it  
15 would be if they had those supplies, presumably.  
16 That's a short-term impact. Again, if the reduction in  
17 supply from those sources spurs development of  
18 additional pipeline capacity from central Canada or the  
19 TransCanada system, through the PNGTS system, that  
20 supply will be replaced and there may be little or no  
21 price impact, in the longer term.

22 Q. You said "lower", did you mean "higher"?

23 A. Did I say that --

24 CHAIRMAN HONIGBERG: Why don't we start

2 | BY THE WITNESS:

13 BY MS. KNOWLTON:

16	A. Yes.
----	---------

18 | A. I will take that.

21 A. I will take that subject to check, sure.

23 | A. No, I do not.

{DG 14-380} [REDACTED - for public use] {08-06-15/Day 3}

[WITNESS: Rosenkranz]

1 CHAIRMAN HONIGBERG: This is going to be  
2 "Exhibit 57".

3 (The document, as described, was  
4 herewith marked as **Exhibit 57** for  
5 identification.)

6 BY MS. KNOWLTON:

7 Q. Mr. Rosenkranz, if you would take a look at this  
8 document, which is from the New Hampshire Secretary of  
9 State's Office. And, I'll represent to you that this  
10 is Pipe Line Awareness Network for the Northeast,  
11 Inc.'s Application to Register as a Foreign Nonprofit  
12 Corporation here in New Hampshire. If you would --

13 MS. KNOWLTON: Whoops. Just noticing  
14 that my copies here didn't copy double-sided.

15 CHAIRMAN HONIGBERG: I see the same  
16 thing.

17 MS. KNOWLTON: Yes.

18 CHAIRMAN HONIGBERG: Do you have a full  
19 copy of --

20 MS. KNOWLTON: I do. Somebody here has  
21 a full copy, I apologize.

22 CHAIRMAN HONIGBERG: Off the record.

23 (Brief off-the-record discussion  
24 ensued.)

[WITNESS: Rosenkranz]

1 (Short pause to make copies of  
2 Exhibit 57 and distribute copies.)

3 BY MS. KNOWLTON:

4 Q. Mr. Rosenkranz, do you have before you the second page  
5 of the exhibit?

6 A. Yes, I do.

7 Q. And, do you see the names listed of the officers and  
8 directors of PLAN?

9 A. Yes, I do.

10 Q. And, are there any from the State of New Hampshire?

11 MR. KANOFF: I object to this line of  
12 testimony. And, it's on the basis of relevance. And,  
13 also just to note that Mr. Rosenkranz is a witness here,  
14 not the organization.

15 CHAIRMAN HONIGBERG: Ms. Knowlton.

16 MS. KNOWLTON: Mr. Rosenkranz is here  
17 speaking for the organization. And, I can pretty quickly  
18 get to my questions about the organization's position,  
19 which is what he's here representing. And, this is  
20 foundational to that. So, I believe that the line of  
21 inquiry is appropriate.

22 CHAIRMAN HONIGBERG: Go ahead. You may  
23 proceed.

24 MS. KNOWLTON: Thank you.

[WITNESS: Rosenkranz]

1 BY MS. KNOWLTON:

2 Q. So, Mr. Rosenkranz, are there any officers or directors  
3 that reside in New Hampshire, based on this document?

4 A. Based on this document, I see one director with a  
5 "Hollis, New Hampshire" address.

6 Q. And, that's Mr. Moloney?

7 A. Yes. That's the one I see.

8 Q. Would you -- do you know whether Mr. Moloney is a  
9 customer of the Company?

10 A. I don't have that information.

11 Q. Would you accept subject to check that the Company  
12 doesn't serve the street in Hollis on which Mr. Moloney  
13 resides?

14 MR. KANOFF: Continued objection.

15 CHAIRMAN HONIGBERG: Understood. You're  
16 preserved as to this line of questions.

17 MR. KANOFF: Thank you.

18 BY CHAIRMAN HONIGBERG:

19 Q. Have you met or spoke with any members of PLAN in New  
20 Hampshire about this docket?

21 A. Have I spoken with any --

22 Q. Members of PLAN.

23 A. -- of PLAN?

24 Q. New Hampshire members of PLAN --

[WITNESS: Rosenkranz]

1 A. Oh. Okay.

2 Q. -- about this docket that you're here testifying about  
3 today?

4 A. No. I have spoken to one of the members of PLAN here  
5 in New Hampshire about this docket, but that was  
6 Mr. Hartlage, who is here attending.

7 Q. Okay.

8 A. So, I answered a different question. I apologize.

9 Q. So, he's a member of PLAN, a New Hampshire member of  
10 PLAN? No?

11 CHAIRMAN HONIGBERG: No. What he said  
12 is he spoke to a Mass. --

13 **BY THE WITNESS:**

14 A. No. I --

15 CHAIRMAN HONIGBERG: -- the full answer  
16 to the question that you didn't ask that he gave was he  
17 "spoke to one Massachusetts member of PLAN" --

18 MS. KNOWLTON: Okay.

19 CHAIRMAN HONIGBERG: -- "while he's been  
20 here in New Hampshire."

21 MS. KNOWLTON: All right.

22 WITNESS ROSENKRANZ: I answered the  
23 question as I first heard it.

24 MS. KNOWLTON: Okay.

[WITNESS: Rosenkranz]

1 WITNESS ROSENKRANZ: And, it was  
2 unnecessary.

3 BY MS. KNOWLTON:

4 Q. So, how did you -- how did you ascertain what PLAN's  
5 position would be in this docket, if you have never  
6 spoken to any of their New Hampshire members?

7 A. I was retained by the attorney representing PLAN, and  
8 was made very clear what the ground rules for PLAN's  
9 participation and what my role would be, based on the  
10 decision that was made by the Commission that limited  
11 their participation to the interest of EnergyNorth  
12 customers with respect to the prudence, justness, and  
13 reasonableness of the Precedent Agreement and its  
14 associated costs.

15 Q. You haven't spoken to any of those customers, have you?

16 A. I spoke -- I was retained, as I said, through their  
17 attorney. And, that was the basis on which I was  
18 retained and that was the basis under which I did the  
19 work.

20 Q. But PLAN's position is that the NED project should not  
21 be built, correct?

22 MR. KANOFF: Objection.

23 CHAIRMAN HONIGBERG: Grounds?

24 MR. KANOFF: Again, the witness has



[WITNESS: Rosenkranz]

1 testified as to the basis for his testimony here. PLAN's  
2 position, for or against, is not relevant to that  
3 testimony.

4 CHAIRMAN HONIGBERG: I think, if he  
5 knows the answer to the question, he can answer it.

6 **BY THE WITNESS:**

7 A. My understanding is that the members of PLAN are not in  
8 favor of the construction of the NED project. My  
9 engagement was based on the fact that I would be  
10 looking at the economics of the project. And, the  
11 conclusion that I reached had to do with the  
12 requirements and relative costs of the alternatives  
13 available to the Company. I did not say, one way or  
14 the other, in my testimony that -- or, put it this way,  
15 I did not say that "the NED project was not a potential  
16 option for the Company." My testimony is that it  
17 was -- it's at anything close to the level that they  
18 propose and contained in the Precedent Agreement is not  
19 in the public interest.

20 (Atty. Knowlton distributing documents.)

21 CHAIRMAN HONIGBERG: This is going to be  
22 "Exhibit 58".

23 (The document, as described, was  
24 herewith marked as **Exhibit 58** for

[WITNESS: Rosenkranz]

1 identification.)

2 BY MS. KNOWLTON:

3 Q. Mr. Rosenkranz, I've given you what's been marked for  
4 identification as "Exhibit 58", which I'll represent to  
5 you is a printout as of July 22nd 2,015 from PLAN's New  
6 Hampshire website.

7 CHAIRMAN HONIGBERG: And, it appears to  
8 be every other page.

9 MS. KNOWLTON: Are you kidding?

10 CHAIRMAN HONIGBERG: Off the record.

11 (Brief off-the-record discussion  
12 ensued.)

13 CHAIRMAN HONIGBERG: We're going to go  
14 back on the record. So, Exhibit 58 is just going to be  
15 Page 1 of what was handed out a minute ago. And, off the  
16 record.

17 (Brief off-the-record discussion  
18 ensued.)

19 CHAIRMAN HONIGBERG: Go ahead,  
20 Ms. Knowlton.

21 BY MS. KNOWLTON:

22 Q. Mr. Rosenkranz, if you can look to about the middle of  
23 the page, there's a paragraph that reads  
24 "NHPipelineAwareness.org strongly opposes construction

[WITNESS: Rosenkranz]

1 of the Northeast Energy Direct natural gas pipeline  
2 (NED) that Kinder Morgan/Tennessee Gas Pipeline seeks  
3 to build in New England, New York, and Pennsylvania."  
4 Do you see that?

5 A. Yes.

6 Q. Based on that position, is there any basis whatsoever  
7 that PLAN would have done anything other than object to  
8 the Precedent Agreement that is before the Commission?

9 MR. KANOFF: I object to the question.  
10 There's been no foundation laid that the New Hampshire  
11 *PipelineAwareness.org* organization is related in any way  
12 other than a website reference to the Pipeline Awareness  
13 Network for the Northeast. And, he's being asked to  
14 testify based upon a publication from another  
15 organization. And, I don't believe that that's relevant?

16 CHAIRMAN HONIGBERG: Let's me see if I  
17 can shortcut this. Mr. Kanoff, is there any dispute that  
18 the organization you represent and that Mr. Rosenkranz is  
19 testifying on behalf of is opposed to the building of the  
20 pipeline? Is there any dispute about that?

21 MR. KANOFF: There's no doubt about it.

22 CHAIRMAN HONIGBERG: And, you'd  
23 stipulate to that, correct?

24 MR. KANOFF: I would stipulate to that.

[WITNESS: Rosenkranz]

1 But that's not to say, just to be clear, that's not to say  
2 that there are other alternatives that they would support.

3 CHAIRMAN HONIGBERG: No, I understand.  
4 I get that. But that's not the point she wants to make.  
5 She's -- we all know where she's going with this. And, I  
6 think the witness understands it as well. But there's  
7 really -- I mean, it's not a secret. PLAN, the  
8 organization you represent, is opposed to the pipeline.  
9 We understand that up here. I think Ms. Knowlton  
10 understands it. I think everybody understands it.

11 So, I don't think -- I mean, what else  
12 do you need to do with that, Ms. Knowlton?

13 BY MS. KNOWLTON:

14 Q. I could just rephrase it, and say, based on your  
15 understanding that PLAN opposes the construction of the  
16 NED, is there any basis upon which PLAN would have done  
17 anything other than object to the Precedent Agreement  
18 that is before the Commission?

19 A. My opinion is based on my analysis. I was not given  
20 direction, in terms of what position I should take on  
21 the Precedent Agreement.

22 Q. Okay. And, you -- it sounds to me, based on your  
23 testimony, that you do have some knowledge of other  
24 natural gas pipelines?

[WITNESS: Rosenkranz]

1 A. Yes.

2 Q. Are you familiar with Granite State Gas Transmission  
3 Pipeline?

4 A. Very much so, yes.

5 Q. Do you know who owns Granite State Gas Transmission  
6 Pipeline?

7 A. Granite State Gas Transmission is owned by Unitil  
8 Corporation.

9 Q. And, does Unitil Corporation have a subsidiary that is  
10 a local distribution company?

11 A. Yes. They operate Northern Utilities in New Hampshire  
12 and Maine, and they also have Fitchburg Gas & Electric.

13 Q. And, does Northern Utilities purchase capacity on that  
14 pipeline?

15 A. Northern Utilities holds capacity on the Granite State  
16 Pipeline, yes.

17 Q. Do you know what percentage of capacity Northern takes  
18 off Granite State Gas Transmission?

19 A. The question is, "of the capacity of the Granite State  
20 Gas Transmission Pipeline, what percentage is held by  
21 Northern Utilities?"

22 Q. Correct.

23 A. I would say it's approximately 80 percent.

24 MS. KNOWLTON: I have nothing further

[WITNESS: Rosenkranz]

1 for the witness.

2 CHAIRMAN HONIGBERG: Commissioner Scott.

3 COMMISSIONER SCOTT: Thank you. Good  
4 afternoon.

5 BY COMMISSIONER SCOTT:

6 Q. Earlier discussions, we, collectively "we", I guess,  
7 have talked about the liquidity in the future at  
8 Wright. And, the first day, you may remember from the  
9 first day of our hearing, I inquired regarding the  
10 Precedent Agreement, had some language about  
11 "triggers", which would -- I assume, were to ensure  
12 liquidity. Are you familiar with what I'm referring  
13 to?

14 A. Yes. I know that there's something in the Precedent  
15 Agreement that refers to the availability of new  
16 pipeline capacity into the Wright, New York point.

17 Q. I was curious your opinion on that, is the figures in  
18 that Precedent Agreement, those triggers, are those  
19 sufficient, in your opinion, to prompt liquidity, if  
20 you will, compared to where Wright is now?

21 A. "Liquidity" is a slippery word, and I'm struggling with  
22 that, and partly is that you don't -- you're not  
23 illiquid and perfectly liquid, it's a range. So, I  
24 will agree that it's important that there -- if you're

[WITNESS: Rosenkranz]

1 using that point as a receipt point for firm capacity,  
2 that you have some way of getting gas to Wright, New  
3 York, because there is not a lot of -- there's no gas  
4 producers right at Wright. And, there's limited  
5 pipeline capacity right now into that market. And,  
6 most of that pipeline capacity is already going to  
7 markets in Long Island and New York City and  
8 Connecticut.

9 So, you know, I think there's a  
10 difference of opinion. And, as I've said, I reviewed  
11 the filings of the New York -- of the Massachusetts  
12 companies that have committed to NED capacity. There  
13 are some that's saying "we're going to contract from  
14 Wright". There's some that are saying "even with the  
15 pipeline capacity that's available, we feel it's  
16 necessary to contract on either Constitution or on the  
17 Supply portion, to go back further from Wright, because  
18 we're not confident we'll have enough supply."

19 So, I think that the takeaway or the  
20 conclusion I've come to with respect to Wright is, it's  
21 not known. It's uncertain. You're taking some sort of  
22 risk that, if you're just on the Market Path capacity  
23 here, that, I mean, there have been some assumptions  
24 made in terms of what the price of gas at Wright is

[WITNESS: Rosenkranz]

1 going to be relative to the Marcellus, which is based  
2 on -- definitely will require some amount of new  
3 capacity. I don't know how much new capacity and when  
4 it will be required to make those numbers correct, or  
5 make that a reasonable forecast. That's why I think it  
6 would be important to look at a range of different  
7 forecasts for that, for Wright, or to factor in that  
8 you really can't approve the Market Path until you know  
9 how the gas is going to get there.

10 So, yes, I am concerned for a number of  
11 reasons with liquidity at Wright, and don't have a  
12 strong -- don't have a firm answer for you, other than  
13 I'm worried about it.

14 Q. Thank you. So, I'll go to a -- with that, and that's a  
15 fair assessment, I think. Earlier, I asked the OCA's  
16 witness about opportunities in the future, if there's a  
17 smaller increment to be purchased on the gas system now  
18 for transportation, based on a 10-year horizon, but the  
19 Company sees, in 20 years, will have a further need.  
20 And, I think you answered, for somebody else, you  
21 answered my question earlier, that you felt comfortable  
22 that there would be a potential to purchase more  
23 capacity. Can you elaborate on that?

24 A. Certainly. We don't know what's going to happen with



[WITNESS: Rosenkranz]

1 the NED project. And, there's still some uncertainty  
2 about whether that's going to be built. So, that's one  
3 point of uncertainty. There is clearly a demand for  
4 more natural gas into New England, and largely because  
5 of what's going on with the offshore Nova Scotia  
6 production, a demand to take gas through New England  
7 and get into the Maritimes provinces.

8 So, there appears to be good reason for  
9 pipelines that are in the business of providing  
10 capacity to markets that need new gas supplies to be --  
11 continue for the next several years to be coming up  
12 with opportunities to contract for capacity, and that  
13 would be through the incremental expansions of the  
14 Algonquin and Maritimes systems, something like the  
15 Atlantic Bridge project, which has been mentioned is  
16 going forward. There's a follow-up Access Northeast  
17 project that is offering additional capacity. And,  
18 this is one of a number of different -- a series of  
19 incremental expansions on the Algonquin system. I  
20 think we'll now see some expansion on the PNGTS system,  
21 because you can access Marcellus gas through that  
22 route.

23 So, I see pipeline alternatives. Also,  
24 in the case of an LDC, you're also going to look at

[WITNESS: Rosenkranz]

1 "are there on-system alternatives, upgrading  
2 LNG/peaking facilities on-site?" So, there's that  
3 part.

4 Now, recognizing the position of my  
5 client, if the NED project goes forward, you're in a  
6 situation where you clearly have a pipeline that would  
7 be into expansion economics mode, where it's being  
8 constructed with relatively little compression.  
9 There's a term in the gas industry about "cheap  
10 expansibility". Of, once you build a pipeline, you  
11 then have a period of time when it's actually fairly  
12 inexpensive to add compression to an existing pipeline  
13 to get a good amount of capacity. So, that would be  
14 another outcome, if EnergyNorth contracted for a  
15 smaller amount there. I believe there are other  
16 projects that are available. And, certainly, if the  
17 NED project is built, there would be capacity available  
18 through expansions on that pipeline.

19 COMMISSIONER SCOTT: Thank you.

20 CHAIRMAN HONIGBERG: Commissioner  
21 Bailey.

22 BY COMMISSIONER BAILEY:

23 Q. Can you explain to me of the basis for your statement  
24 about that you "expect a narrowing of the price

[WITNESS: Rosenkranz]

1 difference between Dracut and Wright"? Is that just  
2 because people are going to have more supply in there?

3 A. It's because right now you have a pipeline bottleneck  
4 situation, essentially along the New York, eastern New  
5 York border. What's happened over the last 15 years is  
6 New England has grown its demand for pipeline, for gas,  
7 and that's been served primarily from the east. It's  
8 from -- you have the Sable Island production, you then  
9 had the LNG development. You had the PNGTS system  
10 built to bring gas in. You had expansion of, going  
11 back 20 years, expansion of the Distrigas facility.  
12 You had the new offshore receiving terminals built.  
13 So, there was a lot of gas that was coming from that  
14 side.

15 There's now been pressure to bring gas  
16 from the west. And, there's just not -- there hasn't  
17 been pipeline capacity built from west to east. So,  
18 there's no opportunity to arbitrage those two markets  
19 during the winter. The capacity is just not there.  
20 And, there are a number of projects in the works.  
21 Unfortunately, it's taken awhile for them to come on  
22 line. But the expectation would be, once you've got  
23 things like the AIM project that's coming on line in  
24 2016, you've got the Spectra/Atlantic Bridge, and

[WITNESS: Rosenkranz]

1 potentially something from Tennessee coming on later,  
2 that that will narrow -- that will eliminate that  
3 bottleneck. So, you'll have something that looks more  
4 like the historical relationship between the New  
5 York/New Jersey market and New England market, where  
6 gas is flowing west to east, but it's reflecting more  
7 variable cost differences and, you know, not the fact  
8 that you just have a bottleneck that's keeping gas from  
9 flowing as it wants to flow.

10 Q. So, if NED is built, wouldn't that have the same  
11 effect?

12 A. If NED was built, that would -- that would certainly  
13 add on to that effect in a big way. And, I believe  
14 that that's part of their marketing materials, is that  
15 it's going to bring down the gas in New England. So,  
16 to me, it seems inconsistent to see those projects  
17 happening, which are due to very obvious market forces  
18 but then assume that over the next 25 years you're  
19 going to have an \$8.00 difference in price between  
20 those two markets every winter for, you know, over the  
21 planning -- over the planning horizon, which is what  
22 the economic analysis that EnergyNorth has done has  
23 embedded in their numbers.

24 COMMISSIONER BAILEY: Okay. Thank you.

[WITNESS: Rosenkranz]

1 BY CHAIRMAN HONIGBERG:

2 Q. Mr. Rosenkranz, you read the testimony from  
3 Dr. Chattopadhyay and heard him testify this morning.  
4 Do you have any comments or opinions on his testimony?

5 A. I thought that his approach of looking at different  
6 volumes of capacity was a good way to approach this.  
7 And, I agree with his opinion that too much NED is not  
8 necessarily a good thing, particularly from a cost  
9 standpoint. I approach -- my, you know, my opinion on  
10 his work was, and why I approach things differently,  
11 based on my experience with gas models, running the  
12 different scenarios is important, but also  
13 understanding the numbers that went into it is  
14 important. So, that's why we spent so much time on  
15 that type of discovery, to understand, for example, how  
16 they were pricing gas at Dracut in their model.

17 Q. No, I understand. The two of you were doing something  
18 different. But I am certain that, as you were reading  
19 his testimony and listening to him testify, you had to  
20 have been thinking to yourself "do I agree with the  
21 positions that he's taking?" And, my sense is that you  
22 do, generally, is that right?

23 A. Directionally, certainly. Based on his discussions  
24 this morning, I have to say I don't think I agree with

[WITNESS: Rosenkranz]

1 the numbers. I got lost there for a while. But I  
2 think my testimony shows how I got to the numbers.  
3 And, the biggest difference is that 50,000, that's not  
4 new supply, it's a shifting of receipt point.

5 CHAIRMAN HONIGBERG: Thank you. I have  
6 no other questions.

7 Mr. Kanoff, do you have any further  
8 questions for your witness?

9 MR. KANOFF: Very limited. If I could  
10 approach, if I could approach the witness with a website  
11 update involving Deep Panuke that he can read in about two  
12 seconds, and then I could ask him a question?

13 CHAIRMAN HONIGBERG: Bring it on. So,  
14 off the record.

15 (Brief off-the-record discussion  
16 ensued.)

17 CHAIRMAN HONIGBERG: So, back on the  
18 record.

19 MR. KANOFF: Zack will give the website.

20 MR. GATES: Mr. Chairman, I'll give the  
21 website. And, so, there's no ambiguity on the record,  
22 I'll use the military alphabet and it will help you  
23 understand.

24 So, it's "[www.neb-one.gc.ca/nrg/](http://www.neb-one.gc.ca/nrg/)

[WITNESS: Rosenkranz]

1     ntgrtd/" --

2                   COMMISSIONER BAILEY: Too fast.

3                   CHAIRMAN HONIGBERG: As long as  
4     Mr. Patnaude is getting it, don't worry about it,  
5     everybody.

6                   (Comment off the record by the Court  
7     Reporter.)

8                   CHAIRMAN HONIGBERG: Are you having  
9     trouble keeping up? No, he can keep up. He's good at  
10    this.

11                  MR. GATES: Okay. Where did you leave  
12    off, Mr. Patnaude? Okay. I believe we were at "/" after  
13    "d", and then it goes "mrkt/" --

14                  MS. KNOWLTON: Can we get a -- I prefer  
15    a copy.

16                  MR. GATES: We're almost done.

17    "snpsht/2015/07-04dppnk-eng.html".

18    [www.neb-one.gc.ca/nrg/ntgrtd/mrkt/snpsht/2015/07-04dppnk-  
19    eng.html]

20                  I can e-mail it to you.

21                  CHAIRMAN HONIGBERG: Yes. Why don't you  
22    e-mail it.

23                  MR. KANOFF: Right now.

24                  CHAIRMAN HONIGBERG: Off the record.

[WITNESS: Rosenkranz]

1 (Off-the-record discussion ensued.)

2 MR. KANOFF: I'm going to mark this.

3 CHAIRMAN HONIGBERG: It's going to be  
4 "59".

5 (The document, as described, was  
6 herewith marked as **Exhibit 59** for  
7 identification.)

8 (Off the record.)

9 (Atty. Kanoff distributing documents.)

10 CHAIRMAN HONIGBERG: Are we ready to go?

11 Mr. Kanoff, you may proceed.

12 MR. KANOFF: Thank you.

13 BY MR. KANOFF:

14 Q. Do you have what's been marked as an exhibit for  
15 identification "59" in front of you?

16 A. Yes, I do.

17 Q. And, does this exhibit for identification reference the  
18 Deep Panuke project that was discussed earlier with  
19 Ms. Knowlton?

20 A. Yes. It does discuss Deep Panuke.

21 Q. And, have you had a chance to read this exhibit?

22 A. Yes.

23 Q. And, would you discuss whether in any way the strategy  
24 that is referenced here of "lowering" -- sorry, "moving



[WITNESS: Rosenkranz]

1 to seasonal production" would affect the availability  
2 of supply and price impact on this project at all?

3 A. Well, certainly, it will help in the near term a  
4 company such as EnergyNorth, which are purchasing gas  
5 at the end of the Maritimes pipeline primarily during  
6 the winter. So, that will add to the available supply.  
7 I would just say that, in the long term, it's not a  
8 surprise that the Deep Panuke project was going to be a  
9 relatively short-lived source of natural gas. It  
10 always -- before it was developed, it showed a  
11 production curve that went to 300,000 Dekatherms a day  
12 or MCF per day for a couple of years, and then fell off  
13 quite -- quite quickly thereafter.

14 So, from a big picture standpoint, I  
15 think the Deep Panuke project has some short-term  
16 impacts. Certainly, it turned out to be -- to fizzle  
17 off quicker than people had expected, but it was always  
18 expected that that was not going to be the principal  
19 source of supply for the Maritimes or the New England  
20 market.

21 Q. Thank you. And, one last question. With respect to  
22 Constitution and Supply Path projects that were  
23 discussed earlier, is there a risk, in your opinion,  
24 that those projects will not get built?

1 A. There's always a risk that a project won't get built.  
2 I mean, I think there -- it's likely that something  
3 will be built on that path, but there's no way of  
4 knowing at this point how much gas will flow through  
5 that path, versus other path out of the Marcellus area.

6 MR. KANOFF: I have no other questions.

7 CHAIRMAN HONIGBERG: Thank you,  
8 Mr. Rosenkranz. You can return to your seat. That is the  
9 last witness, if I'm not mistaken, correct?

10 MS. KNOWLTON: Correct.

11 MS. PATTERSON: Correct.

12 CHAIRMAN HONIGBERG: All right.  
13 Exhibits, all these exhibits that have been marked for  
14 identification. Are there exhibits that the parties want  
15 to object to becoming full exhibits? I see Ms. Patterson  
16 jumping on her microphone, yes?

17 MS. PATTERSON: My objection would be  
18 framed in that I object to any exhibits that were entered  
19 for identification that were not used by the party  
20 entering them for identification. To the extent that the  
21 exhibits were only marked for identification and not used,  
22 I would object to those being admitted.

23 CHAIRMAN HONIGBERG: That is a very  
24 sound objection. Do you know what numbers are

1 incorporated, because I do recall that there were some?

2 MS. PATTERSON: I don't surely know what  
3 numbers they are. But I do recall that there were --  
4 there was at least one.

5 CHAIRMAN HONIGBERG: I think we're going  
6 to need to know what that one was.

7 Are there other objections, while  
8 Ms. Patterson flips through the exhibits? Ms. Knowlton.  
9 Oh, I'm sorry.

10 MS. KNOWLTON: I have none, other than I  
11 would support her position.

12 CHAIRMAN HONIGBERG: Ms. Chamberlin, Mr.  
13 Kanoff, do you have any objections to exhibits or do you  
14 have any response to Ms. Patterson's objection to the  
15 exhibits that were marked but not used?

16 MS. CHAMBERLIN: I'd have to wait and  
17 see which ones she's referring to.

18 CHAIRMAN HONIGBERG: Okay.

19 MS. CHAMBERLIN: And, I don't have  
20 objections to the other exhibits.

21 CHAIRMAN HONIGBERG: Mr. Kanoff, do you  
22 have objections to any of the exhibits?

23 MR. KANOFF: No.

24 CHAIRMAN HONIGBERG: Okay.

1 MS. PATTERSON: I know for sure that --  
2 well, my understanding is that 23 was not used.

3 MS. CHAMBERLIN: And, could you refresh  
4 our recollection as to what 23 is?

5 MS. PATTERSON: Sure. It was one of  
6 your exhibits. It was Staff 4-15.

7 MS. CHAMBERLIN: No. That was clearly  
8 used. I'd have to go back and look at the transcript.  
9 But, you know, we used it.

10 CHAIRMAN HONIGBERG: I know there was at  
11 least one that was not used.

12 MS. CHAMBERLIN: Your Honor, --

13 MS. KNOWLTON: May I make a suggestion?  
14 Would it be possible that, concurrent with the submission  
15 of our briefs tomorrow, that to the extent that any party  
16 believes that there were exhibits that were marked for  
17 identification, but not used, that we submit that list to  
18 the Commission? And, if -- it sounds like everybody is in  
19 agreement that anything that wasn't used shouldn't be  
20 admitted. Hopefully, our lists will match, or, you know,  
21 we could put together a list and circulate it among  
22 counsel and see if we all agree?

23 CHAIRMAN HONIGBERG: Yes. I think that  
24 that's a good suggestion. The last one in particular,

1 start that way. I would remind everybody, this is not a  
2 new procedure. This is pretty much how we wrap these  
3 hearings up. So, we can keep track of some, and certainly  
4 a lot easier when we do one day, three or four hour  
5 hearings.

6 So, in the future, I would -- I think we  
7 would expect the parties to be prepared to address which  
8 exhibits they might have objections to at the close of the  
9 testimony.

10 But I think Ms. Knowlton's suggestion is  
11 a good one. If counsel could work together, figure out if  
12 there's an agreed upon entire list. If there are  
13 objections to one or two or three, they can be identified  
14 and they can be addressed in your post-hearing filings,  
15 and we can deal with it that way. Ms. Chamberlin.

16 MS. CHAMBERLIN: Your Honor, with all  
17 due respect to the suggestion, I would suggest it goes to  
18 the weight of the evidence. If it wasn't used, then  
19 nobody is going to look at it. The amount of time it's  
20 going to take me to go through the transcript, and check  
21 which ones were actually referenced, and where it was  
22 referenced, and check the testimony, is, I think, more  
23 time than it's worth, honestly.

24 CHAIRMAN HONIGBERG: But that's what's

1 going to happen, because we're not going to clutter up the  
2 record. We have a plenty-cluttered record here. We're  
3 not going to clutter it up further with exhibits that were  
4 not used. We're just not going to do it.

5 MS. CHAMBERLIN: Can you define what  
6 "used" means?

7 CHAIRMAN HONIGBERG: "Marked, but then  
8 never referenced again."

9 MS. CHAMBERLIN: Okay.

10 CHAIRMAN HONIGBERG: And, I know there  
11 was one.

12 Are there any other matters we can take  
13 up, before the parties sum up really briefly, because  
14 you're all going to get a chance to make post-hearing  
15 filings? Ms. Chamberlin, yes.

16 MS. CHAMBERLIN: I have one other. I  
17 would ask that the Commission take administrative notice  
18 of the IRP petition, it's Exhibit 1 in DG 13-313. I'm not  
19 even sure that's necessary, because it's a Commission  
20 proceeding. But I wanted to be sure that people can look  
21 at that, and it's available to everyone. So, I'd ask that  
22 you take administrative notice of it.

23 CHAIRMAN HONIGBERG: Ms. Knowlton.

24 MS. KNOWLTON: I'm checking, but I don't

1 believe that -- let me just check. One minute.

2 (Short pause.)

3 MS. KNOWLTON: There was no petition  
4 that was filed in the IRP docket. It's the Company  
5 submits it's plan.

6 MS. CHAMBERLIN: Your Honor, it's  
7 Exhibit 1.

8 CHAIRMAN HONIGBERG: Yes. I think she's  
9 referring to the document that initiates that docket,  
10 which is the plan, that becomes Exhibit 1 during the  
11 proceeding, right?

12 MS. CHAMBERLIN: Correct.

13 CHAIRMAN HONIGBERG: No one's going to  
14 have any objection to that. I don't -- and, I agree with  
15 you, I actually don't think it's necessary, since it's a  
16 document that is an exhibit in another docket. People can  
17 reference it, people can find it, we're aware of it. If  
18 people want to make reference to it, they can. Fair  
19 enough?

20 Any other matters, before the parties  
21 sum up briefly?

22 MS. KNOWLTON: I'm going to waive a  
23 summation. I don't need to do that, with the submission  
24 of a written brief.

1 CHAIRMAN HONIGBERG: Everybody else  
2 agree with that?

3 MS. PATTERSON: Yes.

4 CHAIRMAN HONIGBERG: No? Okay.  
5 Ms. Chamberlin, you want to say something?

6 MS. CHAMBERLIN: I do.

7 CHAIRMAN HONIGBERG: Okay. How about  
8 you, Mr. Kanoff, are you going to want to say something  
9 orally?

10 MR. KANOFF: I'll make a short -- very  
11 short comment.

12 CHAIRMAN HONIGBERG: All right. Then,  
13 Ms. Chamberlin, I'll let you go first.

14 MS. CHAMBERLIN: Thank you. This is a  
15 case that calls out for regulatory intervention. The  
16 ratepayers in New Hampshire have learned time and time  
17 again that predicting long-term growth over twenty years  
18 is very risky. Committing large, expensive projects --  
19 committing to large, expensive projects, without fully  
20 understanding and investigating the cost impact over  
21 twenty years does not turn out well for ratepayers. Once  
22 ratepayer funds are committed and a project is built, it  
23 is extremely difficult to go back and capture savings or  
24 protections for ratepayers. The time for prudent action



1 is now.

2 This Precedent Agreement is not in  
3 ratepayers' interests. There is insufficient evidence to  
4 support the 115,000 Dekatherm capacity purchase. The  
5 Company must be held to reasonable projections of customer  
6 growth, based on rigorous economic analysis. The  
7 testimony is that they did one SENDOUT analysis; that is  
8 simply not enough. The SENDOUT computer runs cannot  
9 analyze the optimum level of new capacity needed, unless  
10 different capacity levels are entered into the model.

11 The Company has not met its burden of  
12 proof. And, therefore, the Commission should reject the  
13 partial Settlement Agreement and the Precedent Agreement  
14 as filed. Thank you.

15 CHAIRMAN HONIGBERG: Mr. Kanoff.

16 MR. KANOFF: We would support what OCA  
17 just said. The one thing I do want to add is that there  
18 is a option, should this particular project be approved,  
19 to not change the receipt point at Wright, and to continue  
20 the 50,000 Dekatherms that are currently under contract at  
21 Dracut.

22 And, I just want to emphasize in closing  
23 that, as part of your consideration of different types of  
24 opportunities, that that should remain in your minds as

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1       you look at this.

2                   The other thing I want to also stress is  
3       that we can all speculate, and it's pure speculation, as  
4       to what Kinder Morgan/Tennessee Gas would do, if this  
5       Commission were to require, as we suggest it should, that  
6       the Company revisit its proposal for NED at these levels,  
7       if at all. There is certainly a need for Tennessee for  
8       shippers. And, there's every indication that they would  
9       work with any regulatory agency to make sure that any  
10      opportunity for an additional shipper or a reduced amount  
11      from a current shipper is considered. Thank you.

12                   CHAIRMAN HONIGBERG: Does anyone have  
13      anything further they need to raise with us before we  
14      adjourn?

15                   (No verbal response)

16                   CHAIRMAN HONIGBERG: All right. Seeing  
17      nothing, thank you all very much. We will adjourn.

18                   **(Whereupon the hearing was adjourned at**  
19                   **12:53 p.m.)**