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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 17, 2011 - 1:34 p.m.
Concord, New Hampshire

NHPUC JUN29'11 PM 3:41

RE: DE 11-107
GRANITE STATE ELECTRIC COMPANY
d/b/a NATIONAL GRID:
*Reliability Enhancement Plan and
Vegetation Management Plan
Results and Reconciliation.*

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

APPEARANCES: Reptg. Granite State Electric Company
d/b/a National Grid:
Sarah B. Knowlton, Esq.

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.

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

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Reliability Enhancement Plan and Vegetation Management Plan and Report and Reconciliation Filing (May 13, 2011)	premarked
2	Schedule DET-1 (3 pages)	premarked
3	Direct Testimony of William R. Richer (3 pages)	premarked
4	Revised Fiscal Year 2011 Reliability Enhancement Plan and Vegetation Management Plan Report (Revised June 16, 2011)	premarked
5	REP and VMP Plan FY2012 Discussion with NH PUC Staff, February 10, 2011 from National Grid	14
6	RESERVED (Provide a detailed listing of all costs associated with the reclosers placed into service during fiscal year 2011)	31

P R O C E E D I N G

1
2 CHAIRMAN GETZ: Okay. Good afternoon.
3 We'll open the hearing in Docket DE 11-107. On May 13,
4 2011, National Grid filed the results of its Reliability
5 Enhancement Plan and Vegetation Management Plan for fiscal
6 year 2011. Among other things, the filing contains a
7 report on actual spending on O&M for fiscal year 2011 and
8 a request to refund to customers \$758,113, plus interest.
9 We issued an order suspending the tariff and scheduling a
10 hearing on June 2nd.

11 I'll note that on June 16 the Company
12 filed an updated report to include an additional \$86,291
13 in capital investment and \$3,829 in O&M. Also note for
14 the record that the affidavit of publication has been
15 filed.

16 So, let's take appearances please.

17 MS. KNOWLTON: Good afternoon,
18 Commissioners. My name is Sarah Knowlton. I'm here today
19 from the McLane law firm, on behalf of Granite State
20 Electric Company d/b/a National Grid. And, with me today
21 from the Company are the Company's three witnesses,
22 Jennifer Grimsley, William Richer, and Jeffrey Carney.
23 And, also with me from the Company today is Robert
24 Sheridan, Amy Smith, and Christian Brouillard. And, from

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1 the McLane law firm, Jinjua Pak, who is here observing.

2 CHAIRMAN GETZ: Thank you.

3 MS. AMIDON: Good afternoon. Suzanne
4 Amidon, for the Commission Staff. And, all I have with me
5 today is Steve Mullen, the Assistant Director of the
6 Electric Division. But I think that will be enough.
7 Thank you.

8 CHAIRMAN GETZ: Then, you're well-armed.
9 Are you ready to proceed?

10 MS. KNOWLTON: I am. Thank you. And,
11 as a preliminary matter, I provided a exhibit list with
12 the exhibits that the Company proposes to mark for
13 identification.

14 So, with that, the Company calls
15 Jennifer Grimsley, William Richer, and Jeffrey Carney.

16 (Whereupon *Jennifer L. Grimsley,*
17 *William R. Richer,* and *Jeffrey M. Carney*
18 were duly sworn and cautioned by the
19 Court Reporter.)

20 **JENNIFER L. GRIMSLEY, SWORN**

21 **WILLIAM R. RICHER, SWORN**

22 **JEFFREY M. CARNEY, SWORN**

23 **DIRECT EXAMINATION**

24 BY MS. KNOWLTON:

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. I'll start with you, Ms. Grimsley. If you would please
2 state your full name for the record.

3 A. (Grimsley) Jennifer Grimsley.

4 Q. By whom are you employed?

5 A. (Grimsley) National Grid.

6 Q. In what capacity?

7 A. (Grimsley) I'm the Director of Network Strategy for the
8 New England Electric area.

9 Q. What do your job duties encompass?

10 A. (Grimsley) I'm responsible for regulatory filings and
11 regulatory compliance for the electric distribution
12 operations, specifically reliability and capital
13 expenditures for New Hampshire, as well as
14 Massachusetts and Rhode Island.

15 Q. What is your educational background?

16 A. (Grimsley) I have a Bachelors of Science in Electrical
17 Engineering from Washington University, in St. Louis,
18 and an MBA from Rivier College.

19 Q. Mr. Richer, if you would please state your full name
20 for the record.

21 A. (Richer) Yes. I'm William R. Richer.

22 Q. By whom are you employed?

23 A. (Richer) I'm employed by National Grid USA Service
24 Company.

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. What is your position with the Service Company?

2 A. (Richer) I'm the Director of Revenue Requirements.

3 Q. And, what do your job duties entail?

4 A. (Richer) My job duties involve any rate case filings
5 and dealing with compliance filings and analysis on the
6 regulatory side for National Grid, for our New
7 Hampshire and Rhode Island businesses.

8 Q. What is your educational background?

9 A. (Richer) I have an Accounting degree from Northeastern
10 University.

11 Q. Mr. Carney, please state your full name for the record.

12 A. (Carney) Jeffrey M. Carney.

13 Q. By whom are you employed?

14 A. (Carney) National Grid USA Service Company.

15 Q. What is your job, what is your position with that
16 Company?

17 A. (Carney) My position is System Arborist in the Asset
18 Strategy Department.

19 Q. And, what are your job duties?

20 A. (Carney) My job duties are to support the Manager of
21 Asset Strategy Forestry in developing a reliability
22 target annual workplan around New England and New York.

23 Q. And, that would include New Hampshire?

24 A. (Carney) Correct.

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. What is your educational background?

2 A. (Carney) I have an Associates degree in Applied
3 Science, Forestry, and Land Surveying, from Paul
4 Smith's College, Paul Smiths, New York.

5 Q. Thank you. Ms. Grimsley, I'll start with you. If you
6 would look at the document that's been marked for
7 identification as "Exhibit 1", which is the Company's
8 May 13th, 2011 Reliability Enhancement Plan and
9 Vegetation Management Plan Report and Reconciliation
10 filing, it's kind of a mouthful there. Do you have
11 that in front of you?

12 A. (Grimsley) Yes, I do.

13 Q. And, are you familiar with this document?

14 A. (Grimsley) Yes, I am.

15 Q. And, this contains your prefiled testimony?

16 A. (Grimsley) Yes, it does.

17 Q. And, was that prepared by you or under your direction?

18 A. (Grimsley) Yes.

19 Q. And, you're aware that, on June 16th, 2011, the Company
20 filed an updated version of what's been marked as
21 "Exhibit 1"?

22 A. (Grimsley) Yes, that's correct.

23 Q. And, that's been marked for identification as "Exhibit
24 4". Was that document prepared by you or under your

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 direction?

2 A. (Grimsley) Yes, it was.

3 Q. And, do you have any corrections to Exhibit 4, which is
4 the updated filing, that you need to make?

5 A. (Grimsley) There is one correction I have to Page 5 of
6 Exhibit 4.

7 Q. And, that's to the Reliability Enhancement Plan and
8 Vegetation Management Report?

9 A. (Grimsley) Correct.

10 Q. Okay. Would you walk us through that correction.

11 A. (Grimsley) The last sentence on Page 5 states "As shown
12 in Table 4 below, the Company met or exceeded each of
13 these targets while spending less than the total
14 budget." The words "while spending less than the total
15 budget" should be removed. That was not caught when we
16 made the corrections to have the money for the
17 recloser, the \$86,291. So, that statement is no longer
18 true and should be removed.

19 Q. Okay. If I were to ask you the questions that are
20 contained in your testimony in Exhibit 4 today, would
21 your answers be the same?

22 A. (Grimsley) Yes, they would.

23 Q. Okay. Thank you. And, I'll come back to you in a
24 minute to get you to explain the revisions in Exhibit

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 4. Mr. Richer, are you familiar with what's been
2 marked as "Exhibit 1"?

3 A. (Richer) Yes, I am.

4 Q. And, are you familiar with Exhibit 3, which is your
5 direct testimony that was filed in this case?

6 A. (Richer) Yes, I am.

7 Q. And, in your direct testimony, did you adopt the
8 testimony in Exhibit 1?

9 A. (Richer) Yes, I did. I adopted the testimony of David
10 Tufts.

11 Q. And, had you reviewed that testimony before deciding to
12 adopt it?

13 A. (Richer) Yes, I did.

14 Q. And, are you familiar with what's been marked for
15 identification as "Exhibit 2", which is DET-1?

16 A. (Richer) Yes, I am.

17 Q. And, would you just explain to us what that document is
18 and how it relates to Exhibit 1?

19 A. (Richer) Sure. When the Company had filed Exhibit 1,
20 there are certain schedules attached to the testimony
21 of David Tufts. Schedule DET-1 is a three-page
22 schedule, however, there was only one page included
23 with the initial filing. So, the Company supplemented
24 its filing with -- on May 24th with an updated Schedule

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 DET-1, all three pages.

2 Q. Are you familiar with what's been marked for
3 identification as "Exhibit 4", which is the Company's
4 revised filing?

5 A. (Richer) Yes, I am.

6 Q. And, was that prepared by you or under your direction
7 as it related to Mr. Tufts' testimony?

8 A. (Richer) Yes. It does. And, if I could just explain,
9 it is an update of all of the information that was
10 provided by Mr. Tufts. It's an update of the
11 testimony, with the revisions for the updated capital
12 and O&M spending. DET-1 was also revised, DET-2 was
13 revised, as well as DET-4 and 5. DET-3 was not
14 revised, because nothing changed.

15 Q. So, is the DET-3 that's contained in Exhibit 1 accurate
16 as is?

17 A. (Richer) That's correct.

18 Q. Thank you. Mr. Carney, if you would please look at
19 Exhibit 1. Are you familiar with that reported
20 testimony?

21 A. (Carney) Yes, I am.

22 Q. And, that contains your panel testimony with
23 Ms. Grimsley, correct?

24 A. (Carney) Yes.

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. And, was that prepared by you or under your direction?

2 A. (Carney) Yes, it was.

3 Q. Do you have any corrections to that?

4 A. (Carney) No, I do not.

5 Q. If I were to ask you those same questions today, would
6 they be the same?

7 A. (Carney) Yes.

8 Q. Thank you. Ms. Grimsley, if you would please provide
9 just a general overview on why the Company revised the
10 initial filing from May 13th and submitted that to the
11 Commission?

12 A. (Grimsley) Okay. In preparing for this hearing, in
13 reviewing the plant in service for the reclosers that
14 were installed as part of the Reliability Enhancement
15 Plan, it was discovered that one of the reclosers was
16 charged to a blanket work order incorrectly. It should
17 have been charged to the specific project, but it was
18 charged to a blanket work order. And, as such, its
19 costs were not included in the filing. Although the
20 recloser was installed and is in service, it was the
21 Craft Hill 11L1 feeder. We revised the filing to show
22 the actual costs for that recloser. So, on Table 4, of
23 Exhibit 4 the revised plan, which is on Page 6, the row
24 for "reclosers", showing four, four reclosers

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 installed, the actual capital investment was \$336,661.
2 So, that's the capital change that was made. And,
3 there was also an O&M component for this recloser, a
4 small O&M component. So, in Table 1 of that same
5 exhibit, on Page 3, the O&M related to the capital
6 expenditures was increased to \$47,623, from the
7 \$43,794. So, those two changes, in Table 1 and
8 Table 4, are really the substance of the change that
9 was made in the revised report. Those numbers are then
10 carried throughout the rest of the report in the text
11 and in Table 3, where that same number from Table 1 is
12 used.

13 Q. And, did you also flow through those changes in the
14 joint testimony that you filed with Mr. Carney?

15 A. (Grimsley) Yes. That is correct.

16 Q. Okay. Mr. Richer, did your testimony, that was
17 submitted under Mr. Tufts' name, did that include any
18 revisions as a result of the inclusion of these costs
19 for the reclosers?

20 A. (Richer) Yes. Very similar to the panel testimony, any
21 numbers that changed as a result of the changes just
22 described by Ms. Grimsley were also updated in my
23 testimony, the testimony that I've adopted.

24 MS. KNOWLTON: Thank you. I am happy to

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 either go into further direct examination with the
2 witnesses or to make them available for cross-examination,
3 whatever the Commission's desire?

4 CHAIRMAN GETZ: I think we can move to
5 cross.

6 MS. KNOWLTON: Okay. Thank you. So,
7 the witnesses are available for cross-examination.

8 CHAIRMAN GETZ: Ms. Amidon.

9 MS. AMIDON: Thank you. I've asked
10 Mr. Mullen to conduct this cross-examination, if you'll
11 permit it.

12 MR. MULLEN: Good afternoon.

13 WITNESS RICHER: Good afternoon.

14 MR. MULLEN: Before we get going, I'd
15 like to hand out a copy of a presentation that was made by
16 the Company on February 10th, in a meeting with Staff.

17 MS. AMIDON: And, Mr. Chairman, we would
18 request this be marked for identification as "Exhibit 5".

19 (Documents distributed by Atty. Amidon.)

20 CHAIRMAN GETZ: That's so marked.

21 (The document, as described, was
22 herewith marked as **Exhibit 5** for
23 identification.)

24 **CROSS-EXAMINATION**

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 BY MR. MULLEN:

2 Q. Now, I realize, of the three panel witnesses, I believe
3 Mr. Carney was the only one who was at that meeting.
4 Mr. Carney, can you confirm that this presentation was
5 discussed at that meeting?

6 A. (Carney) Yes, it was.

7 Q. Thank you. Before I get into the details of that,
8 since the revised filing dealt with reclosers, I'd like
9 to focus on that for right now. And, I will look at
10 Exhibit 4. But is it fair to say that Exhibit 4, the
11 only real differences between Exhibit 4 and Exhibit 1
12 are changes to numbers?

13 A. (Grimsley) That is correct.

14 Q. There's no other further details or explanations in
15 there, is that correct?

16 A. (Grimsley) No, there isn't.

17 Q. Thank you. If you turn to Page 7 of Exhibit 4, there's
18 -- on the bottom half of the page there's a discussion
19 in there about reclosers. And, if I could summarize
20 part of that. It says that "Two of the four reclosers
21 were installed in the Enfield and Lebanon feeders", and
22 there's some discussion about the differences between a
23 "loop scheme" and a "radial scheme". Could you --
24 could one of you please discuss the differences

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 involved with those?

2 A. (Grimsley) Okay. A "radial scheme" recloser is a
3 recloser that's typically installed, for example, at
4 the midpoint of a feeder. And, for faults that would
5 occur past that recloser, the recloser would open, and
6 the customers past that point would be out. But the
7 customers at the beginning of the feeder would still
8 have service. A "loop scheme" recloser is a scenario
9 whereby you connect two feeders, with a recloser
10 between the two that is normally open. So, for certain
11 situations, for the loss of one feeder, the customers
12 are automatically picked up from the feeder that it's
13 tied to, so it has a greater reliability benefit for
14 the customers, and it's automated. Whereas, a radial,
15 just the customers where -- if the fault were at the
16 beginning of the feeder, the entire feeder would still
17 be out.

18 Q. And, those two reclosers in the Enfield and Lebanon
19 feeders, those were installed in areas of the Company's
20 system other than what they had originally been planned
21 at the start of the fiscal year, is that correct?

22 A. (Grimsley) That is correct.

23 Q. And, why was that?

24 A. (Grimsley) At the beginning of the fiscal year, those

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 two reclosers were planned for the 18L1 and the 18L2
2 feeders. During calendar year 2010, there were a
3 number of challenges in the Lebanon/Enfield area, where
4 we lost the 1L1, which is a supply to Enfield, three
5 times in 2010; twice in January and once in December.
6 So, with the significant service interruptions in the
7 Lebanon/Enfield area, we looked at what we could do to
8 potentially improve reliability there. And, that need
9 was seen as greater than the 18L1 and 18L2.

10 So, given the situation and the
11 reliability performance in the Lebanon/Enfield area in
12 2010, we felt that that was a greater reliability
13 benefit than the original location for those two
14 reclosers.

15 Q. And, do you know about when the decision was made to
16 put the reclosers in the new areas?

17 A. (Grimsley) I do not know when that decision was made.

18 Q. And, if you go to Page 6 of Exhibit 4, Table 4, at the
19 top of the page, shows both what was budgeted at the
20 beginning of the fiscal year and the actual results.
21 So, am I correct that, for fiscal year 2011, the
22 original proposal was to install four reclosers at a
23 cost of about \$206,000?

24 A. (Grimsley) That's correct.

[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. And, that was for the four original areas that they
2 were going to be installed?

3 A. (Grimsley) Yes, that is correct.

4 Q. And, now, instead of \$206,000, based on this revised
5 filing, we're just south of \$337,000?

6 A. (Grimsley) That is correct.

7 Q. Is there a -- could you describe the differences in
8 costs between a recloser on a radial versus looped
9 scheme?

10 A. (Grimsley) Okay. The reclosers for the loop scheme do
11 require additional -- an additional source. So,
12 there's a source on either side of the recloser. So,
13 there was additional secondary work to power those
14 reclosers as well. In addition, there was additional
15 poles were installed for pole height for this
16 equipment. And, typically, the controls for the loop
17 scheme recloser are more expensive than the controls
18 for the radial closer.

19 Q. Is the recloser itself different in cost?

20 A. (Grimsley) I don't believe -- I don't believe it is. I
21 believe it's in the controls where there are the
22 differences.

23 Q. And, would I be -- would it be fair to say that the
24 estimated cost of a recloser is somewhere around 55,

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 \$60,000?

2 A. (Grimsley) That is correct. That's what we originally
3 budgeted.

4 Q. Now, if we turn to what's been marked as "Exhibit 5",
5 and if you turn to Slide 5 of that presentation.
6 Looking on Slide 5, and this presentation was dated
7 February 10th of 2011, could you tell me actual to date
8 how many reclosers were installed at the time of that
9 meeting?

10 A. (Grimsley) Two.

11 Q. And, what was the total cost?

12 A. \$112,856.

13 Q. So, roughly, 56,000 or so, on average?

14 A. (Grimsley) Correct.

15 Q. Okay. So, now, your revised filing indicates that the
16 costs of a fourth recloser were not included in what
17 has been marked as "Exhibit Number 1", is that correct?

18 A. (Grimsley) That is correct.

19 Q. Okay. If we turn back to Page 6 of Exhibit 4, in
20 Table 4, could you tell me what the amount is that's
21 crossed out now for the capital investment for
22 reclosers?

23 A. (Grimsley) It would be "\$250,270".

24 Q. Okay. So, doing the math in my head, would I be

[WITNESS PANEL: Grimsley~Richer~Carney]

1 correct to say that the cost of the third recloser is
2 roughly \$138,000?

3 A. (Grimsley) Not necessarily. My understanding is this,
4 the cost shown as in -- the cost shown, as Exhibit 5,
5 the \$112,000, that is only through December. So, when
6 you met in February, the recloser could have been
7 installed. So, there is a lag on when the costs show
8 up in the system. So, I don't think you can actually
9 just do the math that straightforward from these two,
10 from these two numbers.

11 Q. In general, do you have an idea as to how much putting
12 a recloser on a looped scheme increases the costs
13 versus a radial scheme?

14 A. (Grimsley) I don't have a specific number. I will say
15 that these, the initial three reclosers that were
16 included in this cost, the 250,270, were in the range
17 of 72,000 apiece. There is -- the numbers shown on
18 Exhibit 4, in Table 4, are the plant in service
19 numbers. So, they can also include timing differences
20 from when plant is put in service. So, as work is
21 performed, completed, and processed through the
22 accounting system and gets put in services -- gets put
23 in service, excuse me, you will have costs from one
24 fiscal year carrying over to another fiscal year. So,

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 in this example, there were some invoices from fiscal
2 year '10 that didn't get paid until April of fiscal
3 year '10, so they would show it going in service in
4 fiscal year '10. So, there is a carryover on the
5 capital investment in the FERC 101 and 106 accounts.

6 Q. If you turn back to Slide 5 of Exhibit 5, one of the
7 footnotes at the bottom of the slide, says "Spending
8 for feeder hardening under budget; extra money will be
9 used to remove more cutouts." Is that correct?

10 A. (Grimsley) That's correct.

11 Q. And, if we look at Table 4 of Exhibit 4, that is, in
12 fact, what happened?

13 A. (Grimsley) Yes, that's correct.

14 Q. You actually installed 774 cutouts versus 400 that were
15 budgeted?

16 A. (Grimsley) Correct.

17 Q. Now, I guess part of the issue I'm having is, that
18 since we meet during the year and discuss the budget,
19 and here it was we met February 10th, and the fiscal
20 year ends March 31st, at the time, if you knew that you
21 were under budget in feeder hardening, and I would
22 expect that, if you could get those -- to get those
23 reclosers installed by the end of the fiscal year, you
24 would have had an idea that they were going in

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 alternate locations. Do you think it's possible that,
2 rather than spending -- rather than saying "we're going
3 to spend all the extra money on cutouts", that really
4 we could have still stayed within budget by shifting
5 some of the feeder hardening budget money to the
6 recloser line?

7 A. (Grimsley) I believe that, at the time, they did think
8 they were underspending, and both on the feeder
9 hardening, but not anticipating any overspend on the
10 reclosers. So, at the time this report was taken,
11 there were charges in that blanket work order that they
12 were not aware of, that should have been included here.
13 So, the 86,291 was not visible in this project. So, I
14 do believe that, if they had known that they were
15 spending that on the reclosers, they may have made a
16 different decision on the cutouts.

17 The cutout work is typically work that
18 is a fast turnaround. So, you can make a decision on
19 it and turn that around quickly. So, this meeting was
20 in February. And, you know, the end of the fiscal year
21 is March 31st. In addition, cutouts were chosen
22 believing they were under budget, because it is our
23 intention to remove all cutouts from the system, so
24 that is work we plan to do anyway, to remove all of the

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 potted porcelain cutouts from the system.

2 Q. Turn to Slide 16 -- hold on. Slide 14 of Exhibit 5.

3 Am I correct that, for fiscal year 2012, you have three
4 reclosers budgeted, at a total cost of \$165,000?

5 A. (Grimsley) That is correct.

6 Q. So, roughly 55,000 apiece?

7 A. (Grimsley) That is correct.

8 Q. I guess, would it be fair to assume that none of those
9 are on a looped scheme?

10 A. (Grimsley) I am not aware that any of those three is a
11 loop scheme recloser.

12 Q. I would imagine, when even Exhibit 1 was prepared, that
13 these internal company reports that are generated, from
14 which all the numbers of installations and the total
15 costs of those installations are derived?

16 A. (Grimsley) I'm sorry, I'm not quite sure I understand
17 your question.

18 Q. Well, in order to produce the tables that show up in
19 the report, I would imagine those are summaries of more
20 detailed company reports, detailing the number of
21 installations and the total costs associated with each
22 one?

23 A. (Grimsley) The costs are pulled from our accounting
24 system for that particular project, where all the costs

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[WITNESS PANEL: Grimsley~Richer~Carney]

1 for the reclosers are accumulated. The actual number
2 on the reclosers, I believe they did confirm with the
3 persons involved in the local areas that those specific
4 reclosers were installed. So, I believe that's part of
5 how the mismatch occurred, that those two things
6 weren't linked when we first looked at that report, or,
7 when I say "looked at that report", looked at the cost
8 of the project for the reclosers.

9 Q. I'm going to shift gears a little bit. Mr. Carney.

10 A. (Carney) Yes.

11 Q. Let me ask a couple of questions about vegetation
12 management.

13 A. (Carney) Yes.

14 Q. Could you summarize, in terms of miles and costs
15 incurred during fiscal year 2011, how that compares to
16 what was budgeted?

17 A. (Carney) Yes. We had planned to trim approximately
18 175 miles in fiscal year 2011. And, when we filed our
19 February 15th filing for fiscal year 2011 last
20 February, we had created the line items based on
21 previous year spending and, for cycle pruning more
22 specifically, the actual average of the previous year's
23 work, meaning FY10. That document was filed before the
24 Company had completed its bidding activities for FY11.

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1 And, typically, the bidding activities are part of a
2 larger bid effort by the Company to have the vendors
3 have maximum exposure to the bid packages around all
4 three New England states. And, it created a situation
5 where we had better-than-expected competitive bidding
6 situations, where the actual average for FY11 came out
7 slightly lower.

8 So, we had already committed, when we
9 filed the February 15th filing, to a line item of
10 \$762,000, and the actual spend for cycle pruning was on
11 the order of 634,000 as a result of that.

12 Q. Are any of your costs associated with your cycle
13 trimming, for instance, police details that actually
14 went in the other direction?

15 A. (Carney) I'm sorry, could you repeat the question
16 again.

17 Q. Were there costs associated with your cycle trimming
18 for --

19 A. (Carney) Yes. Yes, there were. Again, I think it's
20 pretty much been, from year to year, for the last three
21 filings, that we budget somewhere between 60 and
22 \$70,000 for cycle trimming police detail expenses.

23 However, in FY11, the lion's share of
24 the planned cycle trimming in the Salem District was,

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1 in fact, in the Town of Salem. And, we had been
2 basically told by the Salem Police Department that
3 there is an ordinance which prevents the use of third
4 party flaggers or vendor-hired flaggers. So, their
5 police rates are essentially double the cost of a flag
6 person. And, they have the -- they have the ability to
7 tell us where we need details, how many details,
8 whether there's a cruiser involved or not. So, it's
9 difficult, at best, to project or pin down what we
10 think our police detail expenses will be in Salem. We
11 don't really have those pressures in most of the other
12 communities in our service territory in New Hampshire.
13 We're allowed to -- actually, when we need traffic
14 control, we're allowed to use third party flaggers.

15 Q. Thank you. I understand this is for a reconciliation
16 of fiscal year 2011 costs. But, just for comparison
17 purposes, if you could turn to Slide 15 of Exhibit 5.
18 Could you discuss on that slide the "Planned Cycle
19 Trimming" for fiscal year 2012 and the "Cycle Trimming
20 Police Detail Expenses" as compared to the actuals that
21 were incurred in fiscal year 2011?

22 A. (Carney) Well, the "Planned Cycle Trimming", which is
23 actually 15 or 20 miles less than FY11, is essentially
24 the turnover on our five year cycle of the circuits

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1 that we had done back in 2006/2007. So, the mileage is
2 pretty much on target for the cycle that is coming in
3 FY12. And, again, the "Cycle Trimming Police Details",
4 I would have to look at more detail on FY12, to see how
5 much, in fact, is in the Town of Salem. I'm sure
6 there's some. And, that we probably -- I think we
7 budgeted another 60 or \$70,000 for FY12, knowing full
8 well that that will probably be over again.

9 Q. Thank you.

10 A. (Carney) Yes.

11 Q. Mr. Richer, could you summarize what the net rate
12 impact is of the proposed adjustments in this filing?

13 A. (Richer) Yes, I can. Are you asking about the
14 adjustment that was made yesterday or are you talking
15 about the entire filing?

16 Q. First, you could explain the filing, based on the
17 filing from yesterday, and then explain how much of a
18 difference that makes from the initial filing.

19 A. (Richer) Okay. The change from the initial filing
20 would be a penny per kilowatt-hour.

21 Q. Okay. Well, let me make sure I get this right.

22 Because there are two components to the rate
23 adjustments here; one relates to the capital and one
24 relates to the O&M. Is that correct?

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1 A. (Richer) That's correct.

2 Q. Now, am I correct to say that the adjustments for
3 capital costs impact fixed charges, like customer
4 charges, whereas the O&M is just based on usage?

5 A. (Richer) That is correct.

6 Q. And, is it also correct that the capital-related,
7 therefore, there's a change to the fixed charges,
8 that's an increase to the fixed charges?

9 A. (Richer) That's correct.

10 Q. There is a decrease for the usage charge associated
11 with O&M, mainly due to a refund?

12 A. (Richer) That is correct.

13 Q. And, that's associated with, I think, receipts from
14 telecommunications companies?

15 A. (Richer) Yes. That is correct.

16 Q. The net effect of the two of those is an overall
17 decrease?

18 A. (Richer) Is an overall decrease. For a customer with
19 usage of 500 kilowatt-hours per month would be an
20 overall decrease of 94 cents. And, for a customer, an
21 average customer, averaging monthly usage of 681
22 kilowatt-hours per month, it would be a \$1.27 decrease
23 to the monthly bills. And, the adjustments that were
24 made yesterday changed those numbers by one penny. The

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1 increase -- the decrease in rates, prior to yesterday's
2 filing, was proposed to be 95 cents for a customer
3 using 500 kilowatt-hours per month. And, it was a
4 decrease of \$1.28 for a customer using 681
5 kilowatt-hours per month. As I said, those numbers
6 went down by about one penny each.

7 Q. Ms. Grimsley, back to you for a minute. Stuck on these
8 reclosers. I guess I need to have an automatic
9 switching device. Does the Company have detailed
10 information regarding the costs of each of these
11 reclosers, especially for the latter two on the looped
12 scheme?

13 A. (Grimsley) Yes, we do. I would also like to point out
14 that the recloser that we added into the costs
15 yesterday was not a loop scheme recloser, and the costs
16 we added in were \$86,000. And, I think it might be
17 helpful for me to talk about why the variability wasn't
18 in that recloser as well, because there are a number of
19 reasons why these don't come in exactly according to
20 the budget.

21 The 11L1 recloser was a radial recloser,
22 yet it was located in an area where the pole line was
23 slightly off the road. So, there were some initial
24 expenses, excuse me, some expenses to gain access, the

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1 accessibility and the installation were increased just
2 due to that location, the geographic location of where
3 that recloser was installed. And, in addition, several
4 poles had to be replaced there as well.

5 So, each -- each recloser installation
6 is unique. And, I would agree that we need to do a
7 better job of coming up with an estimate up front as to
8 what the cost for that recloser will be, rather than
9 just using the standard \$55,000 per recloser. I think,
10 this year, we have seen a lot more variability in these
11 costs, based on the specific location and configuration
12 of the reclosers.

13 Q. Yes, I guess that not having that detail is why I find
14 myself here scratching my head somewhat. Would it be
15 possible for the Company to provide, for each of these
16 reclosers, the details concerning the costs associated
17 with them, whether they involved additional poles and
18 that sort of thing? It would certainly be helpful in
19 trying to have a good handle on the costs that come
20 into these filings.

21 A. (Grimsley) Yes, we can provide that detail.

22 MR. MULLEN: I'd like to make that a
23 record request.

24 CHAIRMAN GETZ: Okay. We will reserve

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1 Exhibit Number 6.

2 (Exhibit 6 reserved)

3 CHAIRMAN GETZ: Do you know what the
4 turnaround time on that would be or if there's any issue?

5 MS. KNOWLTON: Yes. If we were to make
6 a filing a week from today, would that give the Commission
7 sufficient time to review and the Staff?

8 MR. MULLEN: Well, what I'm envisioning
9 right now is, once receiving that information and
10 reviewing it, I would imagine the Commission would want
11 some sort of recommendation from Staff as to what it
12 thinks of that. And, in terms of doing that, the
13 Commission issuing an order prior to July 1, it will be
14 tight.

15 MS. KNOWLTON: The Company will pledge
16 to get it in as fast as it possibly can, so will get
17 working on it right away. And, I'm not sure if I can
18 commit to a particular date, but they will start on it
19 immediately, and we will get it in as soon as possible.

20 CHAIRMAN GETZ: Okay. Thank you.

21 MS. KNOWLTON: If that's acceptable?

22 MR. MULLEN: I have nothing further.

23 CMSR. IGNATIUS: Thank you.

24 BY CMSR. IGNATIUS:

[WITNESS PANEL: Grimsley~Richer~Carney]

1 Q. Mr. Carney, was it your testimony on the results of the
2 reliability, the reliability metrics, is that yours or
3 was that someone else, I forgot?

4 A. (Carney) No, that's someone else's, not mine.

5 A. (Witness Grimsley indicated by raising hand.)

6 Q. Ms. Grimsley, looks like you're the lucky one. Looking
7 at the metrics, and you do it in a couple of different
8 ways, according to different standards and measuring
9 for different items. But there is consistently an
10 increase in the numbers, which I take it means a poorer
11 performance, a higher number is not what you want to
12 see, from last year. Is that fair?

13 A. (Grimsley) Yes. In both the calendar year view and the
14 fiscal year view of the graphs, and this would be in
15 Exhibit 1 or Exhibit 4, these did not change, the
16 reliability was slightly worse in 2010, as compared to
17 2009, if you're looking at the calendar year. And, I
18 believe there are two -- there are two things to
19 consider there. The first is that 2009 was a very
20 favorable year for weather. So, we do believe that we
21 received some favorability just in the mild weather
22 throughout 2009. And, in addition, 2010, there were
23 the three outages I mentioned earlier in the
24 Lebanon/Enfield area. That those three outages alone,

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1 on the 1L1 supply to the Enfield Station, contributed
2 33 percent of the SAIDI, of the duration metric, for
3 2010. So, the two events in January 2010 and
4 December 2010 did have a severe, you know, a severe
5 impact. You know, it's a very noticeable impact on
6 reliability. And, that line is in a right-of-way, its
7 accessibility during, you know, during the good weather
8 is difficult; during winter months, it's very difficult
9 to gain access. And, that caused some extended, you
10 know, each of these outages took a while to restore
11 power. They were all in the range of approximately
12 three hours. So, that was one driver, specifically, on
13 what happened in 2010.

14 But we do look at reliability not
15 because -- because something happening from, you know,
16 December to January, we look at reliability on a trend,
17 not just a one year point in time. So, I think the
18 important thing we're focusing on here is maintaining
19 that downward trend on reliability. And, 2011
20 reliability year-to-date, or statistics from January to
21 May is actually considerably improved on past
22 performance. We still have July and August, some of
23 the toughest months to go through for reliability, but
24 we have seen a good start to 2011 as well.

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1 Q. Well, that's good to hear. One would hope, with these
2 reliability enhancement plans, you would see
3 improvements. And, the increase in your Figure 1,
4 Page 9 of the filing, is startling, because it's a
5 significant increase. Do you, when you meet with Staff
6 or you file interim reports of where you are on the
7 reliability metrics, for example, what you just
8 described is what you've seen in the 2011 numbers so
9 far, is that something that you share with the Staff
10 through the course of the year?

11 A. (Grimsley) I believe we have monthly, monthly reporting
12 of reliability statistics, but I'm not 100 percent sure
13 on that.

14 MR. MULLEN: We get quarterly reports --
15 excuse me -- quarterly reports and that monthly
16 information.

17 CMSR. IGNATIUS: Thank you.

18 BY CMSR. IGNATIUS:

19 Q. So, if you saw trends that were taking you in the wrong
20 direction, I take it you would try to understand why,
21 and see if there are systemic changes that need to be
22 made, rather than just saying "well, it was a good year
23 or a bad year for weather", but maybe there's something
24 larger going on?

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1 A. (Grimsley) Yes, that's correct. And, that's also one
2 of the reasons why we did change the recloser plan to
3 install those two reclosers in the Lebanon/Enfield
4 area, because those customers were having more
5 reliability impacts than where the reclosers were
6 originally planned. And, in addition, we are planning
7 to install a second supply to Enfield. So, that work,
8 the engineering for that work has been approved because
9 of -- because of some of the poor performance that we
10 noticed. So, we do try to react to things when we're
11 aware of them, in addition to being more proactive with
12 some of the feeder hardening and other programs that we
13 have in place.

14 CMSR. IGNATIUS: Thank you.

15 CHAIRMAN GETZ: Any redirect,

16 Ms. Knowlton?

17 MS. KNOWLTON: I have none.

18 CHAIRMAN GETZ: Okay. Then, the
19 witnesses are excused. Thank you.

20 Ms. Amidon, do you have a witness?

21 MS. AMIDON: No.

22 CHAIRMAN GETZ: Any objection to
23 striking the identifications and admitting the exhibits
24 into evidence?

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1 MS. KNOWLTON: None.

2 CHAIRMAN GETZ: Hearing no objections,
3 they will be admitted into evidence. Anything we need to
4 address prior to opportunities for closings?

5 (No verbal response)

6 CHAIRMAN GETZ: Hearing nothing, then,
7 Ms. Amidon.

8 MS. AMIDON: Thank you. Staff had
9 reviewed the initial filing, and the updated filing, as
10 you can see, presented some additional questions. We
11 won't be prepared to make a recommendation to the
12 Commission until we've had a chance to review the
13 responses to the record request that was made of the
14 Company in this instance. And, we'll try to turn that
15 around as quickly as possible. But we can't make a
16 recommendation at this point.

17 CHAIRMAN GETZ: Thank you.
18 Ms. Knowlton.

19 MS. KNOWLTON: Thank you. The Company
20 is committed to continuing to work towards improving the
21 reliability performance of its system, and believes that
22 the activities that were undertaken, in association with
23 the fiscal year '11 REP/VMP Program are consistent with
24 both the provisions of the Merger Settlement Agreement,

1 which created this program, and the goals that are
2 contained in it.

3 All of the -- as the witnesses
4 testified, all of the capital additions that have been
5 made are in service and benefiting customers, and result
6 in rates that are just and reasonable. And, we are
7 pleased to have received the credits from FairPoint, which
8 benefits the customers. And, you know, it has a straight
9 impact on their bill, which is very favorable. And, would
10 ask that the Commission approve the Company's filing as
11 revised and contained in Exhibit 4 in its entirety. Thank
12 you.

13 CHAIRMAN GETZ: Okay. Then, thank you.
14 We'll close the hearing and take the matter under
15 advisement.

16 **(Whereupon the hearing ended at 2:24**
17 **p.m.)**