

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

NHPUC AUG05'16 at 7:58

July 20, 2016 - 1:37 p.m.  
Concord, New Hampshire

RE: DE 15-459  
NORTHERN PASS TRANSMISSION, LLC:  
*Petition to Commence Business  
as a Public Utility.*

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

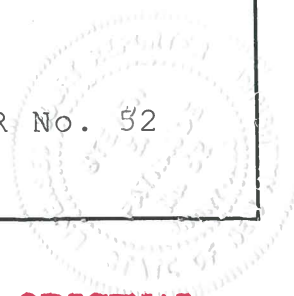
Sandy Deno, Clerk

**APPEARANCES:** **Reptg. Northern Pass Transmission LLC:**  
Thomas B. Getz, Esq. (McLane Middleton)  
Marvin Bellis, Esq. (Eversource)  
Robert Clarke (Eversource)

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

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

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



 ORIGINAL

**I N D E X**

		<b>PAGE NO.</b>
1		
2		
3		
4	<b>STATEMENTS REGARDING PETITION TO INTERVENE BY:</b>	
5		
6	Mr. Cronin	5, 7
7	Mr. Getz	5
8	Mr. Kreis	6
9	Ms. Amidon	6
10	<b>QUESTIONS BY:</b>	
11	Chairman Honigberg	7
12	<b>PUBLIC COMMENT BY:</b>	
13		
14	Ms. Boepple	9
15	*       *       *	
16	<b>WITNESS PANEL:</b>	
17	<b>JERRY P. FORTIER</b>	
18	<b>MICHAEL J. AUSERE</b>	
19	<b>THOMAS C. FRANTZ</b>	
20	<b>RANDALL S. KNEPPER</b>	
21		
22	Direct examination by Mr. Getz	15
23	Direct examination by Ms. Amidon	18, 20
24	Cross-examination by Mr. Kreis	42
	Interrogatories by Cmsr. Bailey	53
	Interrogatories by Chairman Honigberg	60
	<b>CLOSING STATEMENTS BY:</b>	
	Mr. Kreis	68
	Ms. Amidon	76
	Mr. Getz	81
	<b>QUESTIONS BY:</b>	
	Chairman Honigberg	72, 74, 79

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

**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Petition, including attachments thereto, Testimony of Michael J. Ausere with attachments, and Testimony of Jerry Fortier with attachments (10-19-15)	14
2	Settlement Agreement (05-20-16)	14
3	NPT responses to Data Requests OCA 1-006 and OCA 1-007 (02-08-16)	14

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

1  
2 CHAIRMAN HONIGBERG: We're here this  
3 afternoon in Docket DE 15-459, which is  
4 Northern Pass Transmission, LLC's Petition to  
5 Commence Business as a Public Utility. We're  
6 here for a hearing on the merits. We have what  
7 is characterized as a "settlement" between  
8 Staff and the Applicant, the Petitioner.

9 Before we go any further, let's take  
10 appearances.

11 MR. GETZ: Good afternoon, Mr.  
12 Chairman and Commissioner. I'm Tom Getz, from  
13 the law firm of McLane Middleton. I'm here  
14 appearing on behalf of Northern Pass  
15 Transmission, LLC. With me at counsel's table  
16 is Marvin Bellis, Senior Counsel with  
17 Eversource, and also Robert Clark, who is the  
18 Company's Director of Transmission Business  
19 Operations.

20 MR. KREIS: Good afternoon, Mr.  
21 Chairman, Commissioner Bailey. I'm Consumer  
22 Advocate Donald Kreis, here on behalf of  
23 residential utility customers.

24 MS. AMIDON: Good afternoon. Suzanne

1 Amidon, for Commission Staff.

2 CHAIRMAN HONIGBERG: I know we have  
3 at least one preliminary matter we need to deal  
4 with, and I understand that there's a member of  
5 the public who wants to provide public comment.

6 So, late yesterday I understand  
7 Mr. Cronin filed a Petition to Intervene.  
8 Mr. Cronin, do you want to add anything to  
9 what's in what you filed?

10 MR. CRONIN: Not right now, except  
11 that I'd like to postpone this.

12 CHAIRMAN HONIGBERG: Okay. Mr. Getz,  
13 do you have any position on Mr. Cronin's  
14 petition?

15 MR. GETZ: Yes, I do, Mr. Chairman.  
16 The Company objects to the obviously late-filed  
17 Petition to Intervene in this proceeding. Only  
18 saw this document this afternoon. I did not  
19 personally receive a copy of it electronically.  
20 But, in looking at it, I fail to see that  
21 Mr. Cronin cites any right, duty, privilege, or  
22 other substantial interest that's affected by  
23 this proceeding.

24 And I would also note that it appears

1 that he lists as his residence "Briar Hill  
2 Road", in "Hopkinton, New Hampshire".

3 Hopkinton is not one of the towns in which  
4 Northern Pass Transmission, LLC, seeks to  
5 commence business as a public utility.

6 And, therefore, we believe he has no  
7 right recognizable under the statute to  
8 intervene as a party in this proceeding.

9 CHAIRMAN HONIGBERG: Mr. Kreis or  
10 Ms. Amidon, do you want to offer anything up on  
11 Mr. Cronin's motion?

12 MR. KREIS: Mr. Chairman, your  
13 reference to it is the first I've heard of it.  
14 I haven't received it. I haven't read it. I  
15 don't know anything about it. I have no  
16 position on it.

17 CHAIRMAN HONIGBERG: It's nice to  
18 have an open mind, though, right?

19 Ms. Amidon.

20 MS. AMIDON: Thank you. Staff  
21 received an electronic copy of this last night  
22 about 5:30, which is after closing hours for  
23 the PUC. And we did review it. And, Staff,  
24 for the same reasons as mentioned by Attorney

1           Getz, objects to the petition at this time.  
2           Not only does he not state a right, duty,  
3           privilege, or interest, but it's filed so late.  
4           And, even given the description of his  
5           awareness of this docket, he could have filed  
6           this two months ago had he really wanted to  
7           avoid interfering with the orderly conduct of  
8           this proceeding. So, we would object to it.

9                         CHAIRMAN HONIGBERG: Mr. Cronin,  
10           having heard the Company and Staff's position,  
11           is there anything you want to add on your  
12           motion?

13                        MR. CRONIN: A couple of things. One  
14           is that --

15                                 *[Court reporter interruption.]*

16                        MR. CRONIN: A couple of things. One  
17           is that, with regard to the AC line that was  
18           proposed, that would be charged to me as a  
19           residential ratepayer possibly later.

20                        And, otherwise, my -- I don't see how  
21           my petition is late, given that my reference  
22           point was when the OCA had shown that it  
23           wasn't -- wasn't party to this.

24                        CHAIRMAN HONIGBERG: Mr. Cronin,

1           there was a deadline set in the Order of Notice  
2           for petitions for intervention. Are you aware  
3           of that?

4                     MR. CRONIN: Yes, I am.

5                     CHAIRMAN HONIGBERG: Are you aware  
6           that the statute says that petitions need to be  
7           filed "at least three days before the hearing"  
8           on the merits, and that there's a rule of the  
9           Public Utilities Commission that says the same  
10          thing?

11                    MR. CRONIN: Yes. But, given that  
12          I -- I don't have any representation in this  
13          Settlement, that's -- I think that that should  
14          be -- that my petition should be granted.

15                    CHAIRMAN HONIGBERG: The petition is  
16          untimely under any standard, any standard under  
17          state law or Commission practice and rules.  
18          The petition is denied.

19                    If you want to offer public comment  
20          during the public comment section of this  
21          hearing that is going to commence shortly, you  
22          can do so. I think I probably -- I expect it's  
23          going to be very similar to what you put in  
24          your intervention petition, but that will be up



1 to you.

2 So, are there any other preliminary  
3 matters we need to deal with?

4 *[No verbal response.]*

5 CHAIRMAN HONIGBERG: All right.  
6 We're going to -- I think there's another  
7 public commenter. I was told that the Society  
8 for the Protection of New Hampshire Forests is  
9 here. Is there any -- are there any other  
10 members of the public who wish to offer public  
11 comment in this docket?

12 *[No verbal response.]*

13 CHAIRMAN HONIGBERG: All right.  
14 We're going to allow brief public comment  
15 before we get started with witnesses or other  
16 matters. So, why don't you identify yourself  
17 and then proceed.

18 MS. BOEPPLE: Thank you very much.  
19 Thank you. My name is Elizabeth Boepple. I'm with  
20 BCM Environmental & Land Law, here on behalf of the  
21 Society for the Protection of New Hampshire's  
22 Forests. And we just would like to make a very  
23 brief public comment, as follows:

24 The Forest Society's concerns and

1 interests --

2 CHAIRMAN HONIGBERG: If you're going  
3 to read, you're going to need to read slowly so  
4 the stenographer can get what you're saying.  
5 And, if you have something you're reading from,  
6 when you're done, if you could give it to the  
7 stenographer. That way both of you will be  
8 sure he's got it right.

9 MS. BOEPPLE: I have copies. So, The  
10 Forest Society's concerns and interests in this  
11 docket have been expressed in its filings  
12 seeking intervenor status. Without belaboring  
13 those points but as a reminder, The Forest  
14 Society sought and obtained intervenor status  
15 in the underlying Northern Pass Transmission  
16 Petition to the Site Evaluation Committee, SEC  
17 Docket Number 2015-06, and before this  
18 Commission in PUC Docket Numbers DE 15-460 and  
19 DE 15-464 because it holds significant property  
20 in fee and property rights in multiple towns  
21 along the proposed transmission line corridor.  
22 Due to those property rights, The Forest  
23 Society is particularly keen to ensure that  
24 neither now or in the future, this Commission

1 is adjudicating or resolving any property  
2 rights by including an explicit statement to  
3 that effect in its Final Decision if it grants  
4 Northern Pass's Petition to Commence Business  
5 as a Public Utility.

6 Additionally, The Forest Society  
7 requests a requirement that regardless of  
8 public utility status, at no time now or in the  
9 future may Northern Pass or any of its  
10 affiliates avail itself of the eminent domain  
11 process regardless of whether the law changes.  
12 Inclusion of this prohibition in this  
13 Commission's Decision will ensure protection  
14 for The Forest Society's property rights.

15 And, finally, The Forest Society also  
16 requests this Commission affirmatively find  
17 that any public benefit does not violate any  
18 rules governing affiliate transactions. This  
19 request is a necessary safeguard particularly  
20 in light of Northern Pass's recently filed  
21 Petition for Approval of Power Purchase  
22 Agreement; preventing Northern Pass from  
23 bootstrapping between dockets, given the  
24 underlying project, is paramount to The Forest

1 Society's ability to protect its property  
2 rights and property interests.

3 Thank you very much for your time.

4 CHAIRMAN HONIGBERG: Mr. Cronin, do  
5 you want to offer any public comment?

6 MR. CRONIN: Not right now.

7 CHAIRMAN HONIGBERG: This is your  
8 chance. If you want to do it, now is the time.

9 MR. CRONIN: Okay. I have nothing to  
10 say right now.

11 CHAIRMAN HONIGBERG: Okay. Is there  
12 any other member of the public who wishes to  
13 speak?

14 *[No verbal response.]*

15 CHAIRMAN HONIGBERG: All right.  
16 Seeing none, I see that there's a panel of  
17 witnesses already in the witness box. Is there  
18 anything else that needs to happen, before  
19 Mr. Patnaude swears them in?

20 Mr. Getz.

21 MR. GETZ: Yes, Mr. Chairman. We  
22 would mark for identification certain exhibits.

23 CHAIRMAN HONIGBERG: All right. Why  
24 don't we do that.

1 MR. GETZ: And we've already talked  
2 to the Clerk about this, and we'd propose to  
3 mark for identification as "Exhibit 1" the  
4 entire Petition that was filed in this  
5 proceeding, and which was dated October 16,  
6 2015. We would propose to mark for  
7 identification as "Exhibit 2" the Settlement  
8 Agreement that's dated May 20, 2016, and I  
9 believe was filed on June 10.

10 We would also note, with respect to  
11 the Settlement Agreement, we submitted on  
12 July 15 a corrected Page 9. There was a word  
13 missing on that Page 9 of the Settlement  
14 Agreement. If I could point that out, that's  
15 at two lines above the reference to "Part IV.  
16 Miscellaneous Provisions". The line said  
17 "continue to hold New Hampshire retail electric  
18 customers", and we inserted the word  
19 "harmless", "from paying New Hampshire's  
20 regionally allocated share of the costs." So,  
21 that's what the correction is, is adding the  
22 word "harmless".

23 And we also would seek to mark for  
24 identification as "Exhibit 3" two data

1 requests. And these data requests were from  
2 the Office of Consumer Advocate. You should  
3 have copies before you. It's OCA 1-006 and  
4 1-007.

5 And those would be all of the  
6 exhibits.

7 CHAIRMAN HONIGBERG: Do the Parties  
8 anticipate references to Exhibit 1, because it  
9 occurs to us that neither of us actually has  
10 Exhibit 1 with us down here?

11 MR. GETZ: All I would be doing, Mr.  
12 Chairman, is pointing my witnesses to the  
13 exhibit, in terms of their direct examination,  
14 but not inquiring about anything within the  
15 exhibit.

16 CHAIRMAN HONIGBERG: Mr. Kreis?

17 MR. KREIS: I have no questions  
18 related to Exhibit 1.

19 CHAIRMAN HONIGBERG: Ms. Amidon?

20 MS. AMIDON: And nor do I.

21 CHAIRMAN HONIGBERG: All right. If  
22 something comes up as we're going and we need  
23 to take a break and go get Exhibit 1, we can do  
24 that. But, so, for now, we're going to proceed

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 without having Exhibit 1 directly in front of  
2 us.

3 Anything else we need to do before we  
4 swear the witnesses in?

5 MS. AMIDON: I believe nothing else  
6 needs to be done at this point.

7 CHAIRMAN HONIGBERG: All right. Mr.  
8 Patnaude.

9 (Whereupon **Jerry P. Fortier,**  
10 **Michael J. Ausere,**  
11 **Thomas C. Frantz,** and  
12 **Randall S. Knepper** were duly  
13 sworn by the Court Reporter.)

14 **JERRY P. FORTIER, SWORN**

15 **MICHAEL J. AUSERE, SWORN**

16 **THOMAS C. FRANTZ, SWORN**

17 **RANDALL S. KNEPPER, SWORN**

18 **DIRECT EXAMINATION**

19 BY MR. GETZ:

20 Q. Okay. I'll start on my -- on the left of the  
21 panel with Mr. Fortier. Mr. Fortier, please  
22 state your name and place of employment for the  
23 record.

24 A. (Fortier) My name is Jerry Fortier. And my

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 place of employment is 56 Prospect Street, in  
2 Hartford, Connecticut.

3 Q. Please state your current title.

4 A. (Fortier) I'm a Director in the Transmission  
5 Group at Eversource.

6 Q. Do you have before you Attachment J to the  
7 Petition in this proceeding?

8 A. (Fortier) I do.

9 Q. Was this testimony prepared by you or under  
10 your supervision?

11 A. (Fortier) Yes.

12 Q. Do you have any corrections or additions to  
13 make to that testimony for purposes of this  
14 proceeding?

15 A. (Fortier) No.

16 Q. Is that testimony true and correct to your  
17 belief and knowledge?

18 A. (Fortier) Yes.

19 Q. Are you also familiar with the Settlement  
20 Agreement that has been marked for  
21 identification as "Exhibit 2"?

22 A. (Fortier) Yes, I am.

23 Q. Does that Agreement accurately reflect your  
24 understanding of the settlement between



[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 Northern Pass Transmission and Staff?

2 A. (Fortier) It does.

3 Q. Is it your opinion that the Agreement is just  
4 and reasonable under the circumstances?

5 A. (Fortier) Yes.

6 Q. Okay. Thank you. I'll turn to Mr. Ausere.  
7 Again, please state your name and place of  
8 employment for the record.

9 A. (Ausere) My name is Mike Ausere. And my  
10 business address is 107 Selden Street, Berlin,  
11 Connecticut.

12 Q. And please state your current title.

13 A. (Ausere) I'm Vice President of Energy Planning  
14 and Economics.

15 Q. And do you have before you Attachment I to the  
16 Petition in this proceeding?

17 A. (Ausere) I do.

18 Q. Was that testimony prepared by you or under  
19 your supervision?

20 A. (Ausere) Yes.

21 Q. Do you have any corrections or additions to  
22 make to that testimony?

23 A. (Ausere) No.

24 Q. Is that testimony true and correct to your

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 belief and knowledge?

2 A. (Ausere) Yes.

3 Q. Are you familiar with the Settlement Agreement  
4 that has been marked for identification as  
5 "Exhibit 2"?

6 A. (Ausere) Yes.

7 Q. Does that Agreement accurately reflect your  
8 understanding of the settlement between  
9 Northern Pass and Staff?

10 A. (Ausere) It does.

11 Q. Is it your opinion that the Agreement is just  
12 and reasonable under the circumstances?

13 A. (Ausere) I do.

14 MR. GETZ: Thank you.

15 CHAIRMAN HONIGBERG: Ms. Amidon.

16 MS. AMIDON: Thank you.

17 BY MS. AMIDON:

18 Q. Mr. Frantz, would you please state your name  
19 and your position here at the Commission for  
20 the record.

21 A. (Frantz) Thomas Frantz, Director of Electric  
22 Division.

23 Q. And you've testified many times before this  
24 Commission, correct?

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 A. (Frantz) Correct.

2 Q. Did you participate in the Settlement Agreement  
3 that is marked as "Exhibit 2" in this docket?

4 A. (Frantz) Yes, I did.

5 Q. And, so, you're familiar with its terms and are  
6 prepared to discuss it?

7 A. (Frantz) Yes.

8 Q. Thank you. Mr. Knepper, would you please  
9 identify your position here at the Commission  
10 for the record.

11 A. (Knepper) I'm the Director of Safety here at  
12 the PUC.

13 Q. And your first name?

14 A. (Knepper) Randy --

15 Q. Thank you.

16 A. (Knepper) -- Knepper.

17 Q. Thank you. And did you participate in the  
18 Settlement discussions that led to the  
19 Agreement that is now identified as  
20 "Exhibit 2"?

21 A. (Knepper) Yes.

22 Q. And it reflects everything that you recall you  
23 wanted in the Agreement, is that correct?

24 A. (Knepper) Yes.

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 MS. AMIDON: Okay. Thank you.

2 CHAIRMAN HONIGBERG: Mr. Getz, do  
3 have any further questions for your witnesses?

4 MR. GETZ: I do not.

5 CHAIRMAN HONIGBERG: Ms. Amidon.

6 MS. AMIDON: Okay. Thank you. I  
7 wasn't sure.

8 BY MS. AMIDON:

9 Q. So, Mr. Knepper, I wanted to talk with you  
10 about certain provisions in the Agreement.

11 MS. AMIDON: And, then, what I  
12 prepared to do, Mr. Chairman, is then ask Mr.  
13 Frantz, who has responsibility to explain other  
14 provisions in the Agreement. So, we'll bounce  
15 around a little bit, but I hope to keep this  
16 clear.

17 BY MS. AMIDON:

18 Q. Mr. Knepper, would you please look at Page 6 of  
19 Exhibit 2, Paragraph D, "Contact Information".  
20 Let me know when you're there.

21 A. (Knepper) I'm there.

22 Q. Would you please explain the purpose of this  
23 provision as it relates to the regulation of  
24 Northern Pass Transmission, LLC.

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 A. (Knepper) Well, I would say the purpose for  
2 contact information is, unlike the distribution  
3 providers, electric service providers that we  
4 have more constant contact with, I imagine this  
5 will be less frequent. And, so, I think, to  
6 enhance and facilitate communication between  
7 the companies, trying to keep up with contacts  
8 that may change over time, people move, people  
9 retire, people's responsibilities change, all  
10 those things, we want to be able to kind of  
11 keep up with. And, so, we kind of wanted to  
12 memorialize that in Section D.

13 Q. And could you explain some situations where  
14 having this contact information would be of  
15 help to the Safety Division?

16 A. (Knepper) Certainly. Just this past March, for  
17 instance, the transmission line, electric  
18 transmission line right over the border in  
19 Tyngsboro, Massachusetts, there was an  
20 incendiary device placed on one of the  
21 transmission lines. And, so, we had to reach  
22 out to not only the distribution operators, but  
23 we wanted to reach out to the transmission  
24 operators. And having this kind of information

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 available would facilitate that. When you're  
2 reaching out, you're making -- there's contacts  
3 made with the FBI, the Governor's Office,  
4 Homeland Security, our Commissioners. And, so,  
5 that's not the time to go running down and  
6 looking for who has responsibility. So,  
7 there's an example of where it would come in  
8 handy.

9 And we actually had a little difficulty  
10 with National Grid, with theirs, their contact  
11 information. They weren't able to get back to  
12 us very quickly. So, I think, by letting the  
13 Company know what our expectations are, and  
14 letting NPT know, this does that.

15 Q. Would this also help you understand who is in  
16 the right-of-way, for example, if a contractor  
17 is doing work in the right-of-way, would this  
18 help you understand which company --

19 A. (Knepper) Yes.

20 Q. -- hired that contractor?

21 A. (Knepper) Yes. That's another example.

22 Customer concerns come in through our Consumer  
23 Affairs Division sometimes, and they have  
24 questions on who's working in right-of-ways.

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 And these right-of-ways are getting more and  
2 more congested, especially in the southern  
3 portion of the state. And, so, you'll have  
4 multiple companies, sometimes you have multiple  
5 contractors that work for the same company,  
6 they're working on behalf of one that day, the  
7 next, you know, six months later they're  
8 working on behalf of someone else.

9 And, so, again, having this contact  
10 information I think will help facilitate and  
11 answer those questions, and we can make the  
12 appropriate response that we need to.

13 Q. And, Mr. Knepper, is this something that you  
14 require of the distribution utilities as well?

15 A. (Knepper) Yes. With our distribution  
16 utilities, we ask for it more frequent than  
17 this. We've asked for it semi -- twice a year  
18 here. I think a year's too long, too late to  
19 go. We get it monthly from some of our  
20 distribution operators. So, it's kind of a --  
21 it's a good compromise in between.

22 Q. Thank you. And when do you expect you would  
23 receive your first contact list from Northern  
24 Pass?

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 A. (Knepper) To me, we want to have that  
2 information before they start construction,  
3 since construction is listed as one of the  
4 related issues within there. So, I would say  
5 that would be the kick-off.

6 Q. Thank you. Now, if we move to the next  
7 section, Section E, on Page 7, "Technical  
8 Training Requirements", would you explain the  
9 purpose of this section from Staff's viewpoint?

10 A. (Knepper) So, our Staff here is very limited in  
11 terms of technical capabilities. And we don't  
12 have a lot of experience with underground DC  
13 electric lines. There are no underground DC  
14 electric lines in this state. We don't have a  
15 lot of familiarity with AC-to-DC converter  
16 stations. And, so, we thought it were prudent  
17 if we could get some and make sure that we can  
18 get training on some of those things, so we can  
19 do inspections, if we need to, on those type of  
20 things. And, being in state government, we  
21 can't always do -- keep up with the training.

22 And, so, we put this provision in there,  
23 for Northern Pass to provide, as needed, to  
24 help us with some of that ongoing training. It



[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 doesn't have to be provided by Northern Pass  
2 themselves. It could be an industry course  
3 that might be in another state, it could be in  
4 California or wherever they have something.  
5 And, then, we put some caveats in there, so  
6 it's not an unlimited amount of what we're  
7 looking for.

8 I do want to put out that it's ongoing  
9 training. So, it's not just a one-time thing.  
10 We want to make sure our staff here is, as  
11 people retire or they're taking a change of  
12 jobs or something, that we can keep up with it  
13 and keep our skills up. So, we would like that  
14 to -- to me, the key word is "ongoing"  
15 training.

16 Q. Thank you. Moving ahead to Paragraph F, on  
17 Page 7, please explain the purpose of this  
18 provision.

19 A. (Knepper) Well, I think, like any construction  
20 project, if it comes to fruition, things can  
21 change from what they propose. I think there's  
22 a lot of detail that's been provided in public  
23 information, in terms of sessions and SEC  
24 documentation. But we're looking to get

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 as-builts, if this gets ever built, so we can  
2 incorporate this line in with the other  
3 inventory we have of transmission facilities  
4 and distribution facilities that we keep in the  
5 state. So, this is to facilitate that. Almost  
6 everybody is keeping track of this  
7 electronically, you can see as they file  
8 things are electronically, and that's the  
9 purpose.

10 Q. So, the GPS coordinates will help you pinpoint  
11 where the structures are?

12 A. (Knepper) Yes. When you geocode things, it  
13 makes it very easy to transfer them from one  
14 system to another.

15 Q. Thank you. Finally, explain for the record the  
16 purpose of Section G, "Electronic Access to  
17 Operations Manuals and Procedures", and what  
18 the expectation is in that regard.

19 A. (Knepper) So, this is another common thing that  
20 we have with many of the entities that we deal  
21 with, is, in order to facilitate clear  
22 understandings of procedures they use in doing  
23 their business, in terms of maintenance and  
24 emergency plans, we find it's easier to just

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 have access to those electronically. Some  
2 companies give us -- set up a drive that we  
3 have access to, we type a password in, or they  
4 can send it to us on a thumb drive we can do  
5 it, or whatever meets their company's  
6 standards.

7 But we're not looking to get into seeing  
8 the Company's e-mails, we're not looking into  
9 Company memos. We're just looking for the  
10 maintenance manuals and operation manuals and  
11 emergency manuals that would affect the way we  
12 review things.

13 Q. And, again, this is typical of what you require  
14 of the distribution utilities, correct?

15 A. (Knepper) Yes. We have this provision into  
16 many of the settlement agreements we've done  
17 with others.

18 Q. Thank you. And, Mr. Fortier, and then Mr.  
19 Ausere, do you agree with Mr. Knepper's  
20 description of the Settlement Agreement?

21 A. (Fortier) I do.

22 A. (Ausere) I do as well.

23 Q. Thank you. Mr. Frantz, I would like to turn to  
24 you now and move -- go to Exhibit 2, Page 4.

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 A. (Frantz) I'm there.

2 Q. Okay. Now, if you look at the second  
3 paragraph, would you please explain what the  
4 purpose of the second paragraph is in this  
5 Agreement.

6 A. (Frantz) We wanted to make sure that this  
7 Settlement Agreement, that, if the Commission  
8 approves, would grant public utility status to  
9 NPT, only takes effect upon such time as all  
10 other permits and filings that are required are  
11 approved. So, that's what this section does.  
12 Can't commence business as a public utility  
13 until that happens.

14 Q. So, should the Commission approve the  
15 Settlement Agreement that's before it today, it  
16 would still be conditioned upon the procurement  
17 by NPT of all the other necessary permits and  
18 licenses, is that right?

19 A. (Frantz) Correct.

20 Q. Thank you. Would you briefly address the  
21 benefits of Section B, which begins on Page 4,  
22 which is the "Scope of Regulation".

23 A. (Frantz) Clarity is much better than vagueness  
24 when it comes to what is the scope and what

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 isn't the scope concerning a public utility.  
2 So, what we tried to do in this section is  
3 actually define and be explicit about which  
4 statutes and which rules apply to NPT.

5 Q. And having the agreement of the Company  
6 obviously enhances the clarity of the  
7 regulation?

8 A. (Frantz) Right. I think we've all been a part  
9 of disagreements in the past where a utility  
10 thought about -- thought about a settlement  
11 agreement in one way, maybe disagreed with what  
12 the terms and conditions were, and we ended  
13 back up here. We don't want to end back in the  
14 hearing room discussing and arguing over what  
15 applies or what does not apply.

16 Q. If --

17 A. (Frantz) Randy, do you have any additional  
18 comments on that?

19 A. (Knepper) Yes. I agree. I'm a big fan of  
20 letting people know what's in and what's out.  
21 And clarity is always better than trying to  
22 figure out five years down the road what you  
23 thought someone meant.

24 Q. Well, let's say the Commission does a

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 rulemaking, one of its favorite activities, and  
2 amends the Cyber Security Plan requirements, is  
3 it -- would it be expected that those, as long  
4 as it falls under the subject matter where the  
5 settlement agreement prescribes regulation,  
6 that NPT would comply with any changes to the  
7 cyber security requirements? I'm just using  
8 that as an example. Either one of you or both  
9 of you can comment on that.

10 A. (Knepper) Yes. That would be my expectation.  
11 So that they have an understanding that, if  
12 Section 306.10 gets renumbered and it's 306.11,  
13 that still applies to them. But we don't want  
14 to have something that's not -- that it's not  
15 been in the rule yet or even thought about in  
16 the rule be applicable to them now. So, we  
17 listed out all of those that are as we would  
18 hold them today.

19 And, so, to me, if the Commission changes  
20 the rules or tweaks a rule here and there, I  
21 would think that that would be still applicable  
22 to them, but not a new section or not a rule  
23 that's not even, you know, contemplated or  
24 proposed at all.

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 A. (Frantz) And, if I may jump in? A lot of these  
2 make sense when you think about what our role  
3 as regulators is. And we have a duty to stay  
4 informed, a lot of this is filing requirements  
5 for financial records and reports, accident  
6 reports, how they're going to operate and how  
7 many crews they have, in case of emergencies.  
8 After all, this, if the project ever gets  
9 approved and meets all its requirements and  
10 becomes operational, this is a very large  
11 facility across a large swath of the State of  
12 New Hampshire. And these are very important  
13 parts that we want to be informed about and  
14 stay abreast of.

15 Q. And another -- well, the last item on that is  
16 the "Quarterly Report of Equipment Theft and  
17 Sabotage". And I imagine that, given the size  
18 of this project, that this is an important  
19 report to receive on an quarterly basis from  
20 any utility?

21 A. (Frantz) Unfortunately, we receive too many  
22 sometimes from some of our utilities concerning  
23 that, that aspect of their operations.

24 Q. But, again, these are regulations that are on

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 the books that, well, and there's -- some  
2 statutes are referenced, there's nothing new  
3 here outside of the Commission's current  
4 authority that's being proposed to regulate  
5 NPT?

6 A. (Frantz) No.

7 Q. Okay. If we could move to Page 6, Mr. Frantz,  
8 would you please comment on the "Public  
9 Interest Programs" paragraph, and please  
10 explain that section to us.

11 A. (Frantz) I'd be happy to. This, obviously,  
12 wasn't part of their Petition. It came about  
13 through discussions and negotiations. There's  
14 a number of requirements and statutory  
15 guidelines for public utility status. Our view  
16 was that it needed -- this Petition needed  
17 more, in fact, to be granted public utility  
18 status. The key policy goal of the State of  
19 New Hampshire is increased energy efficiency in  
20 the state. We thought it was a very reasonable  
21 request that a public utility that operates a  
22 project potentially of this nature actually  
23 help enhance the state's policy goals  
24 concerning energy efficiency.

{DE 15-459} {07-20-16}



[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 Q. And, if I understand, I mean, clearly, this  
2 section provides that the final say on the  
3 disposition of any money would be the  
4 Commission's decision, is that correct?

5 A. (Frantz) Correct. It's totally up to the  
6 Commission. The Company can make a  
7 recommendation, and that would be considered by  
8 the Commission, but the final authority and  
9 decision is the Commission's.

10 Q. Mr. Frantz, you're aware that NPT has said that  
11 they plan to fund this section through the  
12 ForwardNH Fund. Do you have any comment on  
13 that?

14 A. (Frantz) My interest is that it gets funded. I  
15 really don't have an opinion on how the Company  
16 funds it, as long as they make their \$2 million  
17 per year for ten years on a timely basis.

18 Q. Thank you. And, as it states in the first line  
19 of Section C, the payments "will commence upon  
20 operation of the project", correct?

21 A. (Frantz) Correct.

22 Q. I'd like to turn now, Mr. Frantz, to Page 8,  
23 III, "Rate Treatment". But I'd like to first  
24 call your attention to what's been marked for

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 identification as "Exhibit 3". That would be  
2 the two-page data requests, OCA 1-006, on Page  
3 1, and OCA 1-006, on the second page -- 007 on  
4 the second page.

5 A. (Frantz) Yes.

6 Q. Okay. You have it? Because I just want the  
7 Commission to be aware of that, because that's  
8 referenced in the first paragraph of this  
9 provision. So, could you please inform the  
10 Commission about the rate treatment that is  
11 going to be offered New Hampshire customers, in  
12 the event that there is an ISO designation of a  
13 portion of or all of NPT as a project to be  
14 supported by regional allocation of costs?

15 A. (Frantz) At this point, there are no costs  
16 expected to be in the -- as part of Regional  
17 Network Service. I don't believe it's in the  
18 plans from ISO, and we don't anticipate that.  
19 However, we discussed and agreed with the  
20 Company that, should that move forward, and it  
21 would have a lot of steps to get to the point  
22 where it's considered a "reliability project",  
23 for the AC portion to Deerfield from Franklin,  
24 these costs potentially then would be eligible

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 for Regional Network Service and considered in  
2 the ISO tariff.

3 Q. So, while NPT has committed not to seek  
4 recovery of that portion through as a  
5 reliability upgrade, it cannot prohibit any  
6 other party from requesting that the portion  
7 from Franklin to Deerfield be designated as a  
8 "reliability upgrade", is that --

9 A. (Frantz) Or the ISO could actually make  
10 potentially changes in the network that would  
11 perhaps make this project a reliability  
12 project.

13 Q. And please explain how, in the event that it  
14 were to be designated as a "reliability  
15 upgrade", what would be the costs incurred by  
16 the New Hampshire ratepayers?

17 A. (Frantz) There was a data request that looked  
18 at those costs. I believe, in the first year,  
19 under the estimates, it's about \$130 million of  
20 potential reliability costs that could be  
21 considered for cost allocation in accordance  
22 with the tariff. New Hampshire would receive  
23 its 9 percent allocation, based on today's cost  
24 allocation. So, New Hampshire potentially

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1           could see 9 percent of \$132 million, or around  
2           \$10.7 million, as a total cost. And the annual  
3           cost of that would then be less, because that  
4           would be based on the revenue requirements of  
5           that number.

6   Q.   And --

7   A.   (Frantz) And, then, there's a depreciation  
8           schedule. So, if it occurred five years from  
9           now, that number would be lower.

10   Q.   And these are -- the responses that are Exhibit  
11           3 are the source of that information, is that  
12           right?

13   A.   (Frantz) Yes. And there was actually, I  
14           believe, a depreciation schedule concerning  
15           those numbers.

16   Q.   Thank you. And the Company, though, has made a  
17           commitment to keep PUC Staff and the OCA  
18           informed of any action to move that portion of  
19           the line from Deerfield to Franklin into  
20           reliability upgrade regional cost allocation,  
21           is that right?

22   A.   (Frantz) That is correct. They have made that  
23           commitment. And we have a Wholesale Group  
24           within the Electric Division that will also be

1 keeping an eye on that over time.

2 Q. Thank you. Still in that same section, but on  
3 Page 9, would you explain the rate treatment  
4 for New Hampshire customers, if the ISO  
5 designates a portion of the line as a "FERC  
6 Order 1000 project"?

7 A. (Frantz) Yes. FERC Order Number 1000 has to do  
8 with the final rule on transmission planning  
9 and cost allocation by transmission owning and  
10 operating public utilities --

11 *[Court reporter interruption.]*

12 **BY THE WITNESS:**

13 A. (Frantz) FERC Order 1000, which is the final  
14 rule on transmission planning and cost  
15 allocation by a transmission owning and  
16 operating public utilities. Has to do with  
17 public projects, such as renewable energy  
18 projects. And the FERC directed regional  
19 transmission organizations to incorporate them  
20 into their planning processes. It did not  
21 order that they should be necessarily put into  
22 rates or chosen, but into the actual process in  
23 their ten year plan.

24 So, these are costs that would not now and

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 are not expected to be included in the  
2 transmission rates. But this is such a  
3 significant cost, Staff thought that we want to  
4 make sure that, even if that probability is  
5 low, after all, even a low probability and a  
6 very high cost ends up being fairly expensive  
7 to customers, so we wanted to ensure that, if  
8 some other entity proposed, and at some point  
9 allowed, that the ISO allowed and FERC approved  
10 the public costs associated with this project  
11 to be included in rates, New Hampshire  
12 customers would be protected against picking up  
13 those costs. That's what this section does.  
14 And, in my opinion, it's probably the most  
15 important thing we have actually in the  
16 Settlement Agreement.

17 BY MS. AMIDON:

18 Q. And do you have -- what is your basis for that  
19 last statement?

20 A. (Frantz) Because that could easily be an  
21 allocation of a billion dollars.

22 Q. Thank you.

23 A. (Frantz) Now, New Hampshire would not be --

24 Q. Right.

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 A. (Frantz) -- subject to all that. Under the  
2 current formula, it's 30 percent to perhaps the  
3 state that is seeking those public benefits,  
4 and 70 percent allocated then among the rest of  
5 the states, based on load. But, what we're  
6 talking about is something that would be down  
7 the road, and we're just trying to ensure  
8 against it.

9 Q. And the Settlement Agreement applies not just  
10 to FERC Order 1000, but any other regional  
11 cost-sharing mechanism, correct?

12 A. (Frantz) Yes.

13 Q. The "hold harmless" provision?

14 A. (Frantz) Yes.

15 Q. Okay. Thank you. And, Mr. Fortier and Mr.  
16 Ausere, do you agree with Mr. Frantz's  
17 testimony?

18 A. (Fortier) I do.

19 A. (Ausere) I do as well.

20 Q. Okay. Thank you. So, Mr. Frantz and Mr.  
21 Knepper, would you each please briefly  
22 summarize why you believe that the Settlement  
23 Agreement is in the public good?

24 A. (Knepper) Well, for me, what it does is it

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 gives the terms and conditions that can be  
2 specified taking the project, and giving it  
3 some, I don't know, I'd say some meat to the  
4 framework as to how you can get this to be in  
5 the public good.

6 And I think it does all the things that  
7 the Commission typically looks at. It  
8 addresses the safety concerns. I think it  
9 addresses some reliability concerns. And I  
10 think it addresses some of the cost concerns.  
11 It's turned some potential liabilities into  
12 assurances that they won't be future costs.

13 And, I think, when it turns to just plain  
14 how you deal with the Company, in terms of  
15 contact information and building a  
16 relationship, I think it hits all those things.

17 Q. Thank you. And Mr. Frantz?

18 A. (Frantz) I agree. As I said, I think the  
19 protections and reductions in risks to New  
20 Hampshire customers is key in this, but there  
21 are a lot of other provisions. I think the  
22 ability of the Company to fund potential energy  
23 efficiency or other types of projects for ten  
24 years is a benefit to the State of New



[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 Hampshire. I think that being explicit about  
2 the reporting requirements and those areas that  
3 Mr. Knepper discussed are also key provisions  
4 of this.

5 And, for those reasons, as well as the  
6 important point that this does not become  
7 effective until all the approvals are  
8 finalized, makes me comfortable with supporting  
9 the Settlement Agreement.

10 And I'd like to also say that this was a  
11 docket that, as far as Staff, was a tremendous  
12 effort among all the Staff at the Commission to  
13 actually really look at this case in kind of a  
14 different light than previous cases.

15 MS. AMIDON: Thank you. I have no  
16 more questions.

17 CHAIRMAN HONIGBERG: Let's go off the  
18 record for just one second.

19 *[Brief off-the-record discussion*  
20 *ensued.]*

21 CHAIRMAN HONIGBERG: All right. Back  
22 on the record.

23 Mr. Kreis, do you have questions for  
24 the panel?

1 MR. KREIS: Yes, I do, Mr. Chairman.  
2 Thank you. Hopefully, not too many.

3 **CROSS-EXAMINATION**

4 BY MR. KREIS:

5 Q. I think I'd like to start with Mr. Frantz.  
6 Mr. Frantz, the Office of Consumer Advocate is  
7 not a signatory to the Settlement Agreement  
8 we're talking about here today, correct?

9 A. (Frantz) Correct.

10 Q. And would you agree with me that that is  
11 because the OCA did not participate in the  
12 discussions that led to the signing of the  
13 Settlement Agreement, correct?

14 A. (Frantz) I would say that that's correct. The  
15 OCA did participate in a earlier technical  
16 session, as I recall, or two.

17 Q. And did you invite the OCA to participate in  
18 the conversations that led to the development  
19 of this Settlement Agreement?

20 A. (Frantz) Well, I'll probably refer to my  
21 attorney on this, but I believe, and I may have  
22 this wrong, that the Office of Consumer  
23 Advocate said "Staff, go ahead and negotiate,  
24 and let us know how it goes." That was my

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 understanding.

2 Q. What aspects of utility regulation under New  
3 Hampshire law is Northern Pass Transmission  
4 exempt from as a result of the Petition as  
5 conditioned by the Settlement Agreement,  
6 assuming approval by the Commission?

7 A. (Frantz) Could you repeat the question please?

8 Q. Yes. The Settlement Agreement includes a set  
9 of specific Commission statutes and rules that  
10 Northern Pass has explicitly agreed it is  
11 subject to. I want to make sure we have a  
12 clear understanding of what aspects of New  
13 Hampshire law Northern Pass Transmission would  
14 not be subject to, if we -- if the Commission  
15 approves the Settlement Agreement?

16 CHAIRMAN HONIGBERG: Ms. Amidon.

17 MS. AMIDON: Mr. Chairman, I'm going  
18 to have to object, because Mr. Frantz is not  
19 prepared to discuss everything that's not  
20 included. I think it's fair to say that, as a  
21 transmission utility, what NPT would not be  
22 doing is providing electric service to retail  
23 customers.

24 CHAIRMAN HONIGBERG: Okay. I take

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 that as an objection. Mr. Kreis?

2 MR. KREIS: The Settlement Agreement  
3 discusses the extent to which Northern Pass  
4 Transmission would be subject to Commission  
5 regulation. And I'm just trying to make sure  
6 it's clear how far the Settlement Agreement  
7 goes and where it stops.

8 CHAIRMAN HONIGBERG: Yes. I  
9 understand that. I think I agree with the  
10 desire to get information like that. I do  
11 think, as worded, it did seem to call for a  
12 fairly legal answer from a nonlawyer,  
13 "considering the statutes and regulations that  
14 are specified, what statute and regulations  
15 aren't specified?" Maybe approaching this more  
16 generally might get both of us some information  
17 we'd be interested in hearing.

18 MR. KREIS: Okay. I'll give that a  
19 try.

20 BY MR. KREIS:

21 Q. The Commission would not be able to set the  
22 rates for Northern Pass Transmission, as a  
23 transmission project, if the Petition here is  
24 granted, true?

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 A. (Frantz) The rates would not be under the  
2 jurisdiction of the PUC.

3 Q. I think that's all I have to ask about this. I  
4 want to talk a little bit about the Clean  
5 Energy Fund that the Settlement Agreement  
6 adopts. The Commission would have, according  
7 to the Settlement Agreement, unfettered  
8 discretion about how to spend the money, true?

9 A. (Frantz) Correct.

10 Q. Is there any precedent for the Commission  
11 receiving funds in that fashion?

12 A. (Frantz) I don't know if there's precedent. I  
13 do know that there's a pending docket before  
14 the Commission on an Energy Efficiency Resource  
15 Standard, and one aspect of that was the  
16 potential, as addressed in the Energy  
17 Efficiency Resource Standard, and certainly by  
18 Staff's testimony, about getting outside  
19 funding. And, after all, it lowers costs and  
20 rates to all customers of the state. And I  
21 thought this was as good a place as any to  
22 start down that road.

23 Q. But the Settlement Agreement doesn't require  
24 that this money be deposited into the Energy

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 Efficiency Fund?

2 A. (Frantz) No. It just allows the Commission  
3 discretion about that.

4 Q. The Commission could spend the money on  
5 something completely unrelated to energy or  
6 energy efficiency, couldn't it?

7 A. (Frantz) I think the intent of the Parties is  
8 that it's for clean energy renewables, but  
9 possibly.

10 Q. But the Settlement provides that the Commission  
11 has unfettered discretion about how to spend  
12 the money?

13 A. (Frantz) Correct.

14 MS. AMIDON: I object. Because I  
15 think Mr. Frantz has answered this question,  
16 and the section speaks for itself, and --

17 CHAIRMAN HONIGBERG: Sustained. I  
18 could have gone with "argumentative" as well.

19 MS. AMIDON: Thank you.

20 BY MR. KREIS:

21 Q. I want to make sure that I understand the  
22 extent to which Northern Pass Transmission can  
23 and cannot ever be included in the transmission  
24 rates that New Hampshire ratepayers would pay

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 pursuant to this Agreement. And I think I  
2 understand it, but I just want to make sure  
3 I've really got this right.

4 So, under the Settlement Agreement, again,  
5 my questions are to Mr. Frantz, and I guess,  
6 after Mr. Frantz answers, I'd be interested in  
7 hearing what the Company's witnesses have to  
8 say about this, under what circumstances would  
9 it ever be possible for Northern Pass  
10 Transmission to take its costs and impose them,  
11 either directly or indirectly, on New Hampshire  
12 ratepayers? Assuming the Settlement Agreement  
13 is approved.

14 A. (Frantz) Yes. Assuming the Settlement  
15 Agreement is approved, the only costs, in my  
16 opinion, are the associated costs with the AC  
17 portion of the line, from the substation --  
18 converter station at Franklin to Deerfield.  
19 Assuming that all the approvals are necessary  
20 in the ISO planning/reliability committees and  
21 approved for FERC tariff inclusion by the  
22 Federal Energy Regulatory Commission.

23 Q. So, and in your opinion -- well, I guess, true  
24 to my promise, I guess I would like to give the

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 Eversource witnesses a chance to answer that  
2 question.

3 A. (Ausere) Sure. So, I agree with Mr. Frantz.  
4 It's a good synopsis of my understanding as  
5 well. But, to recap how I look at it, is the  
6 Company, under the Settlement Agreement, is  
7 committing, really in no circumstance, for the  
8 direct current portion of the project, which is  
9 the vast majority of the cost of the project,  
10 approximately \$1.5 billion, under no  
11 circumstance would that be allocated to New  
12 Hampshire ratepayers.

13 Now, for the AC portion of the line, which  
14 is a price, as Mr. Frantz said, around \$130  
15 million in the first year of the project, if  
16 that -- there is a chance that that portion of  
17 the portion could be identified by ISO New  
18 England as a reliability solution. And, in  
19 that scenario, what we commit to in the  
20 Settlement Agreement is to notify the  
21 Commission timely, and to work together to  
22 minimize, to the extent it can be, the impact  
23 to New Hampshire ratepayers. And the only  
24 thing I would add to that is that ISO-New



[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 England plans ten years out into the future.

2 And, right now, this portion of the project is  
3 not on that, is not on that plan.

4 Q. So, just to make sure I understand, you see no  
5 circumstances under which the DC portion of the  
6 project, which is the bulk of the project,  
7 would ever end up in regional transmission  
8 rates?

9 A. (Ausere) We're committing in this Settlement  
10 Agreement that in no circumstance would the DC  
11 portion of this project be charged to New  
12 Hampshire ratepayers.

13 Q. But there is some possibility of the DC portion  
14 getting into regional transmission rates?

15 CHAIRMAN HONIGBERG: You want to try  
16 that again.

17 MR. KREIS: I'm sorry.

18 BY MR. KREIS:

19 Q. There is some possibility of the AC, the  
20 alternating current portion of the project  
21 getting --

22 A. (Ausere) Oh. Now I understand.

23 Q. -- getting into regional transmission rates?

24 A. (Ausere) Yes. There is that possibility.

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 Q. And I want to understand how Order 1000 plays  
2 into all of this. In what circumstances could  
3 Order 1000 result in either Eversource or some  
4 other party, including the ISO, seeking to get  
5 the Northern Pass Transmission project into  
6 regional transmission rates for any reason?

7 A. (Fortier) Again, under Order 1000, we have  
8 absolutely no intentions of placing the AC  
9 portion under rates. Again, as Mr. Ausere has  
10 noted, the only reason the AC portion would be  
11 placed into rates or would even be in the  
12 situation is if it was the lowest cost  
13 alternative to New Hampshire customers, and as  
14 the project is being put forth in the ISO  
15 process for reliability improvements.

16 Q. So, in the event that some determination got  
17 made that Northern Pass Transmission is an  
18 Order 1000 project for public interest reasons,  
19 what would happen pursuant to this Settlement  
20 Agreement?

21 A. (Ausere) We would hold New Hampshire harmless  
22 from the effect of that.

23 Q. Is there any concern that that could somehow be  
24 deemed to be inconsistent with federal law or

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 are you worried that some party could intervene  
2 or ask the FERC to override that kind of an  
3 agreement?

4 A. (Fortier) No.

5 Q. What's Mr. Frantz's answer to that question?

6 A. (Frantz) There's always concerns about such  
7 things. I can't ensure or protect that nobody  
8 would ever take that type of legal action. I  
9 can only point to the Settlement Agreement that  
10 says that they intend and will hold New  
11 Hampshire customers harmless, based on an Order  
12 1000 finding that the costs are eligible to be  
13 recovered in transmission rates.

14 Q. I guess this is a question for the entire  
15 panel. Does the panel have an opinion about  
16 the request of the Society for Protection of  
17 New Hampshire Forests made with respect to an  
18 explicit statement that the Commission is not  
19 adjudicating any property rights here?

20 MR. GETZ: Well, Mr. Chairman, I  
21 would say that's really a legal question. And  
22 I'd be happy to answer any of these questions,  
23 if Mr. -- on behalf of the Company, if Mr.  
24 Kreis is going to ask with respect to the three

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 issues raised by Ms. Boepple. But I don't  
2 think they're really questions for our  
3 witnesses.

4 CHAIRMAN HONIGBERG: Mr. Kreis? I'll  
5 take that as an objection. Mr. Kreis?

6 MR. KREIS: If the -- I withdraw the  
7 question. I won't ask any questions about  
8 those proposed conditions.

9 BY MR. KREIS:

10 Q. I guess my last questions are for Mr. Frantz.  
11 By virtue of this Settlement Agreement, is  
12 Staff indicating that it supports the  
13 construction of the Northern Pass Transmission  
14 project.

15 A. (Frantz) No. No. There are other dockets  
16 before the Commission that Staff is working on,  
17 including the lease docket. This is solely in  
18 regard to the petition that was filed in this  
19 proceeding.

20 Q. And, assuming Commission approval of this  
21 Settlement Agreement, is Staff recommending  
22 that the Commission grant the Northern Pass  
23 Transmission request for public utility status?

24 A. (Frantz) We are -- can you repeat that one

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 again, Mr. Kreis?

2 Q. Well, I'm just trying to get to the ultimate  
3 question in the case. Which is, should  
4 Northern Pass Transmission be granted status as  
5 a public utility pursuant to New Hampshire law?  
6 And I notice that there's nothing in the  
7 Settlement Agreement that actually makes that  
8 recommendation affirmatively. And I want to  
9 clarify whether that is, in fact, the  
10 recommendation that the Staff is making to the  
11 Commission?

12 A. (Frantz) Yes.

13 MR. KREIS: Thank you. I think  
14 that's all the questions I have, Mr. Chairman.

15 CHAIRMAN HONIGBERG: Commissioner  
16 Bailey.

17 BY CMSR. BAILEY:

18 Q. Is Northern Pass Transmission, LLC, organized  
19 under the laws of the State of New Hampshire,  
20 do you know? Maybe the counsel could answer  
21 that question.

22 A. (Ausere) The answer is "yes".

23 Q. Okay. Thank you. In the event the Commission  
24 did not authorize Northern Pass to be a public

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 utility, what would the repercussions be?

2 MR. GETZ: Commissioner, Mr.

3 Chairman, I'm taking that as -- as a legal  
4 matter or as a, you know, --

5 CMSR. BAILEY: No. Like what would  
6 happen because -- I guess maybe it is, it is a  
7 legal matter, because could you build it  
8 anyway?

9 MR. GETZ: There's corresponding  
10 and --

11 *[Court reporter interruption.]*

12 MR. GETZ: -- corresponding and  
13 intertwined approvals that are needed. Without  
14 approval from this Commission to commence  
15 business as a public utility, the Company  
16 couldn't commence business as a public utility.  
17 It could get --

18 CHAIRMAN HONIGBERG: Why don't we --  
19 why don't we put this aside. Let's focus on  
20 what the witnesses can answer. And, maybe at  
21 the end, and as part of however you want to sum  
22 up, you can talk about what the ramifications  
23 would be if the Agreement were not approved and  
24 status were not granted on the conditions as

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 set forth in the Agreement.

2 CMSR. BAILEY: Okay. I apologize for  
3 the question.

4 BY CMSR. BAILEY:

5 Q. Mr. Frantz and Mr. Knepper, I take your  
6 testimony to be that there are benefits in  
7 granting this organization public utility  
8 status to New Hampshire ratepayers, some  
9 benefits? Is that your testimony?

10 A. (Frantz) Yes.

11 Q. Are there -- can you think of any harms in our  
12 granting this company public utility status,  
13 assuming that all the other bodies that have to  
14 make decisions about this project make, you  
15 know, grant the appropriate licenses and  
16 requests that are pending before them? So, I'm  
17 not asking you to think about things that the  
18 Site Evaluation Committee has to consider.  
19 But, if it was just in a box, would there be  
20 any harm, if all the other permissions were  
21 granted? Have you thought of any negatives?

22 A. (Frantz) Well, I think that, when we looked at  
23 the history of public utility licenses in the  
24 State of New Hampshire, that look at,

{DE 15-459} {07-20-16}

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 basically, the financial, technical, and  
2 managerial expertise of the companies and the  
3 history of those that were granted, I think  
4 we've improved upon that in this proceeding.

5 I don't think there's a question that they  
6 have the financial, managerial, and technical  
7 capability to be a public utility in the state.  
8 We looked at it and said "yes, I think those  
9 are necessary, but not sufficient conditions",  
10 in our opinion on this, and, therefore, we  
11 improved upon that.

12 I don't see any negatives. But I think we  
13 were focusing on what we can do to enhance it,  
14 and not necessarily looking at every  
15 contingency and said "this is possibly a  
16 negative of granting this".

17 Q. Okay.

18 A. (Frantz) I don't know if Mr. Knepper has an  
19 opinion on that.

20 A. (Knepper) I think it's more the opposite. I  
21 think it adds more, when you're a public  
22 utility, you're under more regulation, you have  
23 more transparency, there's more information and  
24 reporting that's required. And, so, I think



[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 gives a better -- gives us a better viewpoint  
2 to Staff, as well as the public itself, of that  
3 utility, versus than not.

4 A. (Frantz) And, Commissioner Bailey, we only  
5 looked at this in the narrow context of this  
6 proceeding and the requirements of public  
7 utility status and license. We didn't look at  
8 it in any other way. We didn't look at the  
9 other dockets we have open as a commission on  
10 NPT, the leases, the water crossings, we didn't  
11 look at the SEC material. We looked at it  
12 based on this public utility petition.

13 Q. And you've concluded that they have the  
14 financial, managerial, and technical  
15 capabilities to operate a public utility and be  
16 a public utility, and that, with the conditions  
17 that they have agreed to, there will be public  
18 benefit?

19 A. (Frantz) Yes.

20 A. (Knepper) Yes.

21 Q. Okay. I was trying to -- I thought I  
22 understood the Order 1000 process. And, so, I  
23 want to ask a few questions about what could  
24 happen under that scenario without this

1 Agreement.

2 So, if -- say two other states in New  
3 England decided that they wanted a public  
4 project and they needed transmission for that,  
5 and ISO allowed that to happen. They would  
6 allocate 30 percent of the costs to those two  
7 states that asked for the public project?

8 A. (Frantz) That's my understanding that, unlike  
9 the traditional RNS allocation, 30 percent goes  
10 to that state that -- or entity that's making  
11 or benefiting directly, and then the remaining  
12 allocations, the 70 percent among the others.

13 Q. The 70 percent goes to the others?

14 A. (Frantz) The other states.

15 Q. The other states. So, if there were two states  
16 in New England that were going to benefit from  
17 this public policy, they would get 30 percent  
18 of the costs, and the remaining four would get  
19 70 percent allocated?

20 A. (Frantz) Oh, I think the remaining -- then, the  
21 70 percent is allocated as it traditionally  
22 was.

23 Q. Oh, okay. Among the states that are also  
24 getting the benefits?

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 A. (Frantz) Yes.

2 Q. Okay. That's what I wanted to know. Thank  
3 you. So, if it were a billion dollar project,  
4 and 30 percent -- or, 70 percent were allocated  
5 among the six states, we would get 9 percent of  
6 70 percent --

7 A. (Frantz) Yes.

8 Q. -- of the billion dollars?

9 A. (Frantz) Yes. So, if the -- the first \$300  
10 million would go to those states that actually  
11 benefited, and then the 70 percent would go  
12 to -- based on -- the remaining 70 percent of  
13 the billion, so, \$700 million then would be  
14 allocated traditionally using the load  
15 methodology of all six states.

16 Q. And, today, if it happened today, we would be  
17 allocated 9 percent of that \$700 million?

18 A. (Frantz) Correct.

19 Q. And that's the amount that is avoided by this  
20 Settlement Agreement?

21 A. (Frantz) That's what we tried to protect  
22 against, Commissioner, in this Settlement  
23 Agreement.

24 Q. Okay. And, so, to the Company witnesses, is

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 that, I don't know, \$80 million or something  
2 like that?

3 A. (Ausere) Based on that example?

4 Q. Yes.

5 A. (Ausere) A little bit -- roughly \$70 million.

6 Q. Seventy million. Okay. Where does that -- is  
7 that \$70 million something that you just don't  
8 ever recover?

9 A. (Fortier) That's the commitment that's --

10 *[Court reporter interruption.]*

11 **BY THE WITNESS:**

12 A. (Fortier) That is the commitment that's in the  
13 Agreement.

14 CMSR. BAILEY: Okay. I think that's  
15 all I have. Thank you.

16 BY CHAIRMAN HONIGBERG:

17 Q. Mr. Frantz, I'm going to work a little bit  
18 backwards here, I think you made a reference to  
19 the other PUC dockets just a moment ago, but  
20 earlier you had only mentioned the "lease  
21 docket" as other dockets that are here at the  
22 PUC. I think you made a reference to the  
23 "crossings dockets" as well, is that right?

24 A. (Frantz) Correct.

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 Q. And is it your testimony and your position that  
2 those other dockets have within them issues  
3 related to possible benefits and burdens on the  
4 State of New Hampshire and its citizens?

5 A. (Frantz) Yes.

6 Q. I would like either the panel or counsel to  
7 address The Society's requested, I'll call them  
8 "conditions", although I'm not quite sure  
9 that's what they are, but the things that The  
10 Society, in its public comments, said that any  
11 order should include. So, I guess when we  
12 return for any redirect, I'll ask counsel to  
13 consider whether they need to ask their  
14 witnesses questions or whether they just want  
15 to do it orally as part of the closing.

16 I want to follow up on where Mr. Kreis  
17 started, with respect to the specificity of the  
18 statutes and rules that are set forth in the  
19 Agreement. I guess this is a question for Mr.  
20 Frantz in the first instance. What is the  
21 nature of the statutes and regulations that are  
22 included? I understand some of them are  
23 safety-related, many of them are. What are  
24 some of those others about? And what, in terms

1 of categories, are not covered then by these  
2 statutes and regulations that are specified in  
3 the Agreement?

4 A. (Frantz) When we turn to Page 5 of the  
5 Settlement Agreement, we actually put in some  
6 detail about which ones these are. So, some  
7 are self-evident about the annual assessment  
8 under RSA 363-A. We wanted to make it clear  
9 that NPT, if granted and operational as a  
10 public utility in the State of New Hampshire,  
11 will make that assessment. And I think that's  
12 important going forward. We've had some issues  
13 with certain utilities in the past perhaps not  
14 making their payments.

15 Others have to do with affiliate  
16 transactions and the rules under Puc 2100. And  
17 some were general requirements. For example,  
18 if we look at "NPT shall be subject to RSA  
19 374:1", that has to do with service; "374:2-a"  
20 has to do with herbicide treatments along  
21 right-of-ways; there's general PUC powers under  
22 "3". There's a possibility for parties to make  
23 complaints to the PUC. So, we tried to cover  
24 all the, I think, important and basic aspects

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 that this Commission handles with a public  
2 utility that applied to this one.

3 Q. Well, with respect to RSA 374:1, what's in  
4 Section -- Subsection 6? What's in Subsections  
5 20 to 29? I mean, what are the things that  
6 aren't --

7 A. (Frantz) Okay. Well, 20 to 29 is not  
8 applicable.

9 Q. Because it is about what?

10 A. (Frantz) It's about railroads, --

11 Q. Okay.

12 A. (Frantz) -- if I remember.

13 Q. That's the kind of thing I want --

14 A. (Frantz) Or even telecom. So, that's why those  
15 areas are missing, when you look at 20 to 21  
16 under RSA 374.

17 Q. So, in your view, the sections that are not  
18 listed are not listed because they're not  
19 relevant to the type of service that NPT is  
20 proposing to provide?

21 A. (Frantz) Correct. For example, 374:22-g is  
22 "service territory served by certain telephone  
23 utilities".

24 Q. And, in your view, does that describe the other

{DE 15-459} {07-20-16}

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 parts of the statutes and rules that are not  
2 listed in this Agreement? It's kind of --

3 A. (Frantz) I know.

4 Q. It's a big category. I mean, I understand  
5 that. But they're not in here because they're  
6 not relevant to the types of things that  
7 they're proposing to do?

8 A. (Frantz) Correct.

9 Q. And, Mr. Knepper, it looks like you agree with  
10 that?

11 A. (Knepper) Yes. That was our attempt to call  
12 out the things that are applicable to this  
13 project.

14 Q. When one of the counsel was asking you about,  
15 if these statutes or rules change, we don't  
16 control what the Legislature does, so these  
17 statutes could change, not just in terms of  
18 their numbering, but they could actually change  
19 what they say, what the requirements are. Is  
20 the expectation that the statute, as it is then  
21 in effect, will apply to this project, or are  
22 we locking in today's set of laws and  
23 regulations to this situation? And that may be  
24 a question that counsel will want to address as



[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 well. But what was the intent of those who  
2 were negotiating? That it be -- that it change  
3 as the statutes and rules change?

4 A. (Frantz) I think, if it's applicable under what  
5 these statutes are, and there were some change  
6 to that actual statute, they would be subject  
7 to it. For example, on the herbicide  
8 treatment, if the state changed the  
9 requirements under right-of-way herbicide use,  
10 I think it's clear, to at least me, that NPT  
11 would also be then required to follow the  
12 existing or changed statute.

13 Q. Is that the Company's view as well?

14 A. (Fortier) Yes, I would agree with that. If  
15 there are general changes as described by  
16 Mr. Frantz, the Company would agree.

17 Q. Mr. Frantz, on that, this is almost a  
18 tangential question, but, when you were -- you  
19 made a reference to the item at the top of Page  
20 6, the "Quarterly Report of Equipment Theft,  
21 Sabotage and Breaches of Security". The  
22 transcript isn't going to pick up either the  
23 tone of your voice or the body language that  
24 was associated with what you said. Can you

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 clarify perhaps your comment, which I didn't  
2 write down, but I believe you used the words  
3 "too many"?

4 A. (Frantz) Yes. We get those reports now. And  
5 it's probably correlated with the price of  
6 copper. But, when the price of copper is high,  
7 it seems we get more reports of thefts from  
8 substations in areas. And, in my opinion, you  
9 know, we need to see that decrease and we've  
10 had too many. So, I think this is an important  
11 area. It's a very large project. That  
12 substation and the buildings and everything  
13 associated with the HVDC conversion could  
14 potentially be a very high target risk for  
15 people. So, we want to know about those  
16 things. And we get those reports now from our  
17 electric companies, and we expect to get the  
18 same reports from NPT.

19 Q. And you don't have a concern that the existing  
20 utilities are providing you with more reports  
21 than they should on these?

22 A. (Frantz) No. I absolutely am not.

23 Q. I just want to get from one of you from the  
24 group, what portion of the costs are associated

[WITNESS PANEL: Fortier~Ausere~Frantz~Knepper]

1 with the AC section, from Franklin to  
2 Deerfield, so we understand what percentage is  
3 it? Fifteen percent? Twenty percent? What is  
4 roughly the percentage?

5 A. (Ausere) It's 0.1 billion out of a \$1.6 billion  
6 project. So, what percentage would that -- I'm  
7 not very good at math in my head.

8 Q. I think Mr. --

9 A. (Frantz) It's under 1 percent.

10 A. (Ausere) Yes, it's under 1 percent.

11 Q. Under 1 percent.

12 CHAIRMAN HONIGBERG: All right. I  
13 think that's all the questions that I had.  
14 I'll let Ms. Amidon go first, if she has any  
15 further questions for her witnesses on  
16 redirect?

17 MS. AMIDON: I have none. Thank you.

18 CHAIRMAN HONIGBERG: Mr. Getz?

19 MR. GETZ: No questions, Mr.

20 Chairman.

21 CHAIRMAN HONIGBERG: All right. I  
22 think, if there's nothing else for these  
23 witnesses, you can either stay where you are,  
24 you can return to your seats.

1           Is there any objection to striking ID  
2           on Exhibits 1, 2, and 3?

3           MR. GETZ: No, sir.

4           MS. AMIDON: None.

5           CHAIRMAN HONIGBERG: Mr. Kreis?

6           MR. KREIS: Oh, no objection.

7           CHAIRMAN HONIGBERG: All right. So,  
8           we'll strike the ID on the exhibits. They are  
9           all now full exhibits.

10          Is there anything we need to do  
11          before the Parties sum up?

12                           *[No verbal response.]*

13          CHAIRMAN HONIGBERG: Didn't think so.  
14          Mr. Kreis, would you like to go first?

15          MR. KREIS: I'd be delighted. Thank  
16          you, Mr. Chairman.

17          The Office of Consumer Advocate takes  
18          no position on whether the Commission should  
19          approve the Settlement Agreement or not. And  
20          I'd like to explain why, and I'd like to be as  
21          earnest as I can. I literally don't know what  
22          advice to give to the Commission on behalf of  
23          residential utility customers with respect to  
24          this.

1 I've looked at the way the Commission  
2 has typically treated requests for permission  
3 to be or operate or commence business as a  
4 public utility under RSA 362:2. And, as the  
5 Chairman mentioned or suggested, that the  
6 Commission typically evaluates the managerial,  
7 technical, and financial expertise of the  
8 applicant. And, to the best of my knowledge,  
9 having a fairly long history with Eversource,  
10 there's no doubt that this Applicant has the  
11 requisite managerial, technical, and financial  
12 capability.

13 As I initially approached this  
14 docket, I'm mindful of the fact, as I know the  
15 Commission is, that the financial regulation of  
16 transmission projects is something that the  
17 Federal Energy Regulatory Commission  
18 undertakes, and transmission rates are  
19 promulgated through the regional transmission  
20 organization.

21 And, so, as an initial matter, I  
22 concluded that the financial implications of  
23 the Northern Pass Transmission project is  
24 really something to be taken up at the ISO or

1 with the FERC. And I think I made that clear  
2 to the Parties that that was our approach to  
3 this particular issue.

4 Then, what happened is the Applicant  
5 and the Staff went ahead and negotiated some  
6 additional conditions, and we heard Mr. Frantz  
7 testify about why the Staff did that. And I  
8 think that puts all of us in a interesting and  
9 maybe difficult position. Because it's really  
10 hard to know how far to go with benefits like  
11 that that Northern Pass Transmission throws  
12 down onto the table.

13 You know, the Commission is aware  
14 that it also has pending a Power Purchase  
15 Agreement that Eversource has proposed to enter  
16 into with Hydro-Quebec, which, of course, is  
17 the participant funder of the Northern Pass  
18 Transmission project. And, so, what we're  
19 seeing here is the sort of piecemeal offering  
20 of various benefits to the state. And I don't  
21 mean to suggest that those benefits are not  
22 something for the PUC to take seriously or to  
23 consider. I just don't know at what point  
24 Northern Pass or its affiliates have offered

1 enough gifts to the state to warrant my Office  
2 or, ultimately, the Commission saying that this  
3 project should go forward, or even if that is  
4 an appropriate question here.

5 So, it's a muddle. And I'm also a  
6 little concerned about the public interest fund  
7 that the Settlement Agreement calls for,  
8 because it's a little hard to know what happens  
9 to that or how to consider that, whether it's  
10 big enough, whether it's too big.

11 I share Mr. Frantz's enthusiasm for  
12 seeing a significant financial contribution  
13 like that end up in the funds that our state  
14 uses to implement what I hope will be the  
15 Energy Efficiency Resource Standard that the  
16 Commission approves in Docket DE 15-137.

17 But I'm a little worried that that  
18 becomes somewhat like a scholarship award that  
19 you get from the Rotary Club, if you're a high  
20 school student, that your college then just  
21 deducts from your financial aid award, and the  
22 net result to the public is no additional money  
23 actually spent on energy efficiency. So, it's  
24 very hard for me to evaluate the question of

1           whether this Settlement Agreement is something  
2           the Commission should approve.

3                         It was an easier question if it was  
4           just "does this company have managerial,  
5           technical, and financial expertise sufficient  
6           to give them authority to operate as a public  
7           utility?", given that they're willing to pay  
8           their assessment, they're willing to make their  
9           books and records available, and they're  
10          willing to do all of the other sort of "good  
11          citizen" things that the Commission expects  
12          under the applicable law public utilities to  
13          do.

14                        So, my affect here is deliberately  
15          flat. I really have no recommendation to the  
16          Commission. My Office does not have a position  
17          on whether Northern Pass should go forward as a  
18          project. And I consign this to the good  
19          judgment of the PUC.

20                        CHAIRMAN HONIGBERG: Let me ask you  
21          something, Mr. Kreis. You alluded at what one  
22          point in that, and again at the end, to not  
23          looking to answer the question right now  
24          "should Northern Pass be built?" That is a



1 question being answered in a different place,  
2 by a different entity, in one way, that's the  
3 SEC. And also, there are a number of other  
4 agencies looking at aspects of the project,  
5 and, ultimately -- not "ultimately", but, in  
6 addition, docket here that Mr. Frantz  
7 described in his testimony and we're aware of,  
8 we can take administrative notice of.

9 This approval, if it were granted in  
10 accordance with the terms of the Agreement, is  
11 conditioned on all of those things happening in  
12 the Company's favor. Does that -- shouldn't  
13 that weigh in favor of approving this,  
14 understanding that it won't happen unless all  
15 these other things break right for the Company?

16 MR. KREIS: I think my answer to that  
17 question is "yes", if I'm understanding your  
18 question correctly. Given that, really, this  
19 is a funny legal situation in which there are a  
20 lot of moving parts, at the end of the day  
21 there are a lot of hoops through which Northern  
22 Pass Transmission has to jump. And, so, at the  
23 end of the day, the Staff of the Commission I  
24 think is just saying, you know, "here's a

1 ticket you can punch, contingent on all the  
2 other tickets getting punched along the way."  
3 I think that's a plausible way for the  
4 Commission to look at this.

5 And, if there weren't actual sort of  
6 gifts thrown down on the table here, I would be  
7 much less hesitant about adopting the  
8 Settlement Agreement. But I'm just concerned  
9 about these -- I'm concerned about the sort of  
10 piecemeal process of offering various benefits  
11 in various forums to the people of the state,  
12 and at what point the acceptance of those  
13 benefits becomes a sort of a tacet agreement  
14 that the project should go forward. And that's  
15 more of a problem for my Office than it is for  
16 you, is really what I'm trying to say.

17 CHAIRMAN HONIGBERG: I understand  
18 that. Do you want to say anything about The  
19 Society's three requested things, and whether  
20 the Agreement does or doesn't already deal with  
21 one or more of them, and whether you feel that  
22 that's something we should or maybe can put in  
23 an order approving such an agreement?

24 MR. KREIS: Well, I guess I would

1           argue and suggest to the Commission that, under  
2           applicable law, Northern Pass Transmission has  
3           no legal authority to exercise eminent domain.  
4           I don't think the Commission has the authority  
5           to say, even if that statutory prohibition is  
6           repealed, "Northern Pass Transmission can never  
7           do that." I just think that would be *ultra*  
8           *vires*. And, so, I think existing law takes  
9           care of that question about as far as we might  
10          possibly expect the Commission to take care of  
11          that.

12                         With regard to the request for an  
13          explicit statement that the Commission, if it  
14          approves the Settlement Agreement, is not  
15          adjudicating any property rights, I think  
16          that's a reasonable request. And I would  
17          encourage the Commission to make that clear in  
18          its order, just as a way of, I think, putting  
19          the public at ease about what is and what isn't  
20          being decided here. I'd be curious to know  
21          what the Company and the Staff think about  
22          that.

23                         And I also think it's appropriate for  
24          the Commission to indicate that it expects

1 vigilant compliance with affiliate transaction  
2 rules out of Northern Pass and Eversource and  
3 all of their affiliates. But that would go  
4 without saying anyway.

5 CHAIRMAN HONIGBERG: Thank you,  
6 Mr. Kreis. Ms. Amidon.

7 MS. AMIDON: Thank you. I just  
8 wanted to say that Mr. Frantz correctly  
9 characterized the OCA's statement in a  
10 technical session where they indicated that  
11 they were inclined to support the Petition, and  
12 they would likely go along with anything that  
13 Staff negotiated. So, as to whether the OCA  
14 elected not to participate at that point, that  
15 was the interpretation that was given to that  
16 statement.

17 And, so, I'm a little surprised at  
18 the complaint about these "gifts" that are  
19 being offered. Believe me, there was no offer  
20 of any gifts. These were benefits that the  
21 Staff felt they needed to obtain under RSA  
22 374:26, which states: "The commission shall  
23 grant such permission whenever it shall, after  
24 due hearing, find that such engaging in

1 business, construction or exercise of right,  
2 privilege or franchise would be for the public  
3 good, and not otherwise". We looked at those  
4 words "and not otherwise". We understood they  
5 met the public interest finding with the  
6 managerial, technical, and financial ability to  
7 operate a public, but we were looking for the  
8 public good.

9 And we believe that the public good  
10 that we obtained through this Settlement  
11 Agreement are significant. We have clarity as  
12 to the regulation. We have commitments to work  
13 with the Safety Division Staff regarding  
14 necessary reporting, inspections, training, and  
15 contacts and other matters. And we have an  
16 energy efficiency commitment or a commitment to  
17 fund an energy -- a Clean Energy Fund to be  
18 determined by the Commission. And I'm sure the  
19 Commission would not use that for any other  
20 purpose than what's stated in the Settlement  
21 Agreement.

22 And, finally, as explained by  
23 Mr. Frantz, the provision on the rate treatment  
24 would potentially hold New Hampshire ratepayers

1 harmless against a sizable regional allocation  
2 of costs should the ISO designate a portion or  
3 all of NPT as a FERC 1000 or other  
4 cost-allocated entity.

5 We believe that the Settlement  
6 Agreement is in the public interest and  
7 satisfies the requirement that it be in the  
8 public good for the benefits obtained through  
9 the Settlement Agreement, and would recommend  
10 the Commission approve it.

11 As to the requests of Society for the  
12 Protection of New Hampshire Forests, property  
13 rights were not a subject matter of this  
14 docket. This is a docket to determine whether  
15 or not NPT should be a public utility at the  
16 outset. And I believe that the Commission  
17 would not want to make any decisions -- make  
18 any statement about something that they had not  
19 considered in this docket.

20 The same, I do agree with Attorney  
21 Kreis on the eminent domain issue. Current law  
22 is current law. If it's changed in the future,  
23 the law has to be followed. So, I don't  
24 understand that that would be appropriate

1           either.

2                       And, finally, I heard their third  
3           request is "find that any public benefit does  
4           not violate affiliate transaction rules". I  
5           find that to be kind of a bizarre request, and  
6           I don't understand how the affiliate  
7           transaction rules are implicated by this  
8           Agreement.

9                       So, we would say that none of these  
10          issues have to be addressed in this proceeding.  
11          Whether they should be addressed in another  
12          proceeding, you probably would get a different  
13          answer.

14                      CHAIRMAN HONIGBERG: But just on the  
15          last one, the affiliate transaction, setting  
16          aside the specific way it was worded, I think I  
17          heard Mr. Kreis interpret it as a request that  
18          we insist that the affiliate transaction rules  
19          be scrupulously followed. I mean, I see on  
20          Page 5 of the Agreement a specific reference to  
21          the affiliate transaction rules of the  
22          Commission and a reference to "RSA 366".

23                      MS. AMIDON: Right. But that's in  
24          the normal course of a utility doing business

1 here in the state.

2 CHAIRMAN HONIGBERG: Okay.

3 MS. AMIDON: And, finally, I just  
4 wanted to say, I did do some research on this.  
5 There is a 1996 Supreme Court decision, *Appeal*  
6 *of Public Service Company of New Hampshire*, and  
7 it had to do with whether the -- with the  
8 Commission's statutory authority under RSA  
9 374:26, which is the authority to grant a  
10 franchise. And the court in that -- in this  
11 order specifically said, they quoted another  
12 decision, "the PUC was established to provide  
13 comprehensive provision for the establishment  
14 and control of public utilities in the state",  
15 and that's quoted from *Appeal of Granite State*  
16 *Electric*. It goes on to say "It has broad  
17 discretionary authority to determine the public  
18 good under RSA 374:26."

19 What Staff has done here is to  
20 provide you with documentation of the public  
21 good that we see as a necessary finding to that  
22 statute. Thank you.

23 CHAIRMAN HONIGBERG: Thank you, Ms.  
24 Amidon. Mr. Getz.



1 MR. GETZ: Thank you, Mr. Chairman.

2 A few things, if I could just follow up.

3 First, I would agree with just about  
4 everything Ms. Amidon said, including reference  
5 to the characterizations made by Mr. Kreis  
6 about "gifts" and "benefits" and "throwing  
7 things down on the table". Reasonable minds  
8 can differ about many things, and including the  
9 appropriate interpretation of 374:26.

10 The Settlement Agreement represents a  
11 compromise and a negotiated settlement to move  
12 this Petition forward, to get approval to  
13 commence business as a utility in the State of  
14 New Hampshire. And we think, as everybody has  
15 said, it's clear that the Company has the  
16 financial, managerial, and technical capability  
17 to commence business as a public utility.

18 With respect to the three issues  
19 raised by The Society, all three of them I  
20 think are extraneous to this proceeding. And  
21 to ask that they be -- affirmative findings be  
22 made about them, I guess you could, but, with  
23 respect to an affirmative finding that "there's  
24 no violation of the affiliate contract rules",

1 I'm not sure what the basis for suggesting that  
2 there is a problem.

3 But, at the same time, I take your  
4 point that, in the Agreement, the Company has  
5 agreed to abide by all affiliate transaction  
6 statutes and rules.

7 With respect to "eminent domain",  
8 there's nothing in this proceeding, and the  
9 Company has no intention of seeking eminent  
10 domain. And, as Mr. Kreis makes clear, the  
11 statute is clear that that right does not exist  
12 for this project.

13 And, with respect to clarifying that  
14 "no property rights are affected by this  
15 proceeding", I haven't seen anything that would  
16 suggest that you had any intention or that we  
17 were asking that any property rights be  
18 affected. So, it's hard to even understand why  
19 the request would be made.

20 So, I think, in summary, we would  
21 just ask you to approve the Settlement  
22 Agreement as filed.

23 CHAIRMAN HONIGBERG: All right.  
24 Thank you all. If there's nothing else, we'll

1 take this matter under advisement and issue an  
2 orders as quickly as we can. We are adjourned.

3 ***(Whereupon the hearing was***  
4 ***adjourned at 3:06 p.m.)***

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