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December 28, 2016

VIA FEDERAL EXPRESS and
EMAIL TO Pamela.monroe@sec.nh.gov
New Hampshire Site Evaluation Committee
Pamela G. Monroe, Administrator
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: Northern Pass Transmission LLC and Public Service Company of New
Hampshire dba Eversource Energy for a Certificate of Site and Facility
SEC Docket No. 2015-06

Good Afternoon Ms. Monroe:

Enclosed please find for filing the original Pre-Filed Testimony of the City of Berlin
Mayor Paul Grenier.

Please let me know if you have any questions. Many thanks for the collective time and
attention to this detail.

Very truly yours,
DONAHUE, TUCKER & CIANDELLA, PLLC



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Enclosure

cc: Client (via email)
Distribution List, Docket No. 2015-06 (via email)

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THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE SITE EVALUATION COMMITTEE
DOCKET NO. 2015-06

**JOINT APPLICATION OF NORTHERN PASS TRANSMISSION, LLC AND PUBLIC
SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY
FOR A CERTIFICATE OF SITE AND FACILITY**

PRE-FILED TESTIMONY OF
MAYOR PAUL GRENIER
ON BEHALF OF
THE CITY OF BERLIN

December 28, 2016

1 **Q. Please state your name, business address, and affiliation.**

2 A. My name is Paul Grenier. I am the mayor of the City of Berlin, New Hampshire.
3 The business address for the City of Berlin is 168 Main Street, Berlin, NH 03570. I am
4 testifying on behalf of the Intervenor the City of Berlin, NH (“the City”).

5 **Q. What are your professional qualifications to appear in this proceeding?**

6 A. I have been the Mayor of the City since 2010. Prior to that time, I was a
7 Councilor on the City Council for 16 years. I am also the Vice-Chair of the Coös County
8 Commissioners, and have been a Commissioner since 2002. I was born and raised in the City.
9 My long-standing service in the City and Coös County make me knowledgeable as to the
10 economic conditions of the City and the impact that the Northern Pass Project (“Project”) will
11 have on the City of Berlin’s energy infrastructure and economy.

12 **Q. Have you previously testified before the New Hampshire Public Utilities**
13 **Commission (“the Commission”)?**

14 A. Yes, I testified verbally at the PUC hearing regarding the Burgess
15 Biopower/PSNH Power Purchase Agreement in Docket DE 10-195.

16 **Q. What specific documents have you reviewed in preparation for your**
17 **testimony?**

18 A. I reviewed Northern Pass Transmission, LLC (“NPT”) and Public Service
19 Company of New Hampshire d/b/a Eversource Energy’s (“PSNH”) Responses to the City of
20 Berlin’s First Set of Data Requests and Interrogatories and NPT and PSNH’s Responses to
21 Counsel for the Public’s First Set of Data Requests and Interrogatories, as well documents
22 produced by NPT in those responses, specifically: “Coos Loop Upgrade (North Country
23 Reliability Project)” prepared by Jerry Fortier of PSNH, which starts at Bates Stamp NPT_DIS

031446; “Coos loop” prepared by an unidentified individual at PSNH, which starts at Bates Stamp NPT_DIS 031452; “Northern Loop Transmission Constraints and Opportunities” prepared by an unidentified source, which starts at Bates Stamp NPT_DIS 031518, “Coos County Jobs Creation Association,” which bears Bate Stamp NPT_DIS 009248.

I also reviewed the Department of Employment Security’s “Community Profile” on the City (available at <http://www.nhes.nh.gov/elmi/products/cp/profiles-htm/berlin.htm>), the Department of Employment Security’s “2016 New Hampshire Local Area Unemployment Statistics” (available at <http://www.nhes.nh.gov/elmi/statistics/documents/laus-current.pdf>), and the “Completed Public Tax Rates” for 2016 prepared by the New Hampshire Department of Revenue Administration (available at <http://revenue.nh.gov/mun-prop/municipal/documents/16-final-rates.pdf>).

Q. What is the purpose of your testimony?

A. My testimony is intended to highlight certain issues for the Commission with regard to the Project as the Project relates to the City, specifically certain improvements to the Coös Loop, the Forward NH Fund, and the North Country Jobs Creation Fund (“NCJCF”).

Q. Does the City support the Project?

A. Yes. While the City takes no position with regard to the current proposed route of the Project, and the ancillary issues related to the proposed route, the City supports the Project provided that NPT and PSNH make promised upgrades to the Coös Loop and to the Berlin Substation and provided that Coös County and the City are beneficiaries of the promised economic benefits related to associated property taxes and the Forward NH Fund and the NCJCF.

I. Improvements to the Coös Loop

Q. What improvements have NPT represented will be made to the Coös Loop that underlies the City's support of the Project?

A. NPT has represented that, as part of the Project, it will upgrade approximately 30.1 miles of the 115 kV Coös Loop that is co-located along with the Project, 12.1 miles of which will be located along line O154 and 18 miles of which is located along line D142. As part of this upgrade NPT has represented that it will replace and thermally upgrade portions of the Coös Loop with larger conductor to 795 ACSR.

PSNH also represented that it will replace and make similar thermal upgrades to other portions of the Coös Loop that do not run parallel with NPT, with approximately .5 miles being rebuilt along line O154 to the Paris Substation and 1.2 miles being rebuilt along line Q195 to the Moore substation, with an additional 15 miles of upgrades to 140C capability. PSNH further represented that it will install a static VAR compensator ("SVC") at the Berlin Substation.

Q. What limitations are experienced by the electric generation facilities located in the City?

A. The generation facilities located in the City, including but not limited to, the Burgess Biomass Plant, Jericho Wind, and four hydro-electric facilities, supply power to the regional electricity grid through the Coös Loop. Currently, those facilities' ability to produce electricity and sell that power is constrained by thermal, voltage, and stability constraints associated with the Coös Loop. Specifically, the Eastern, Northern and Western portions of the Coös Loop utilize smaller conductors than the Southern portion. Consequently, during times when the Southern portion of the Coös Loop is not in operation, all power from the above-mentioned generators are forced through the smaller capacity conductors along the Eastern,

1 Northern, and Western portions of the Coös Loop, which can cause those sections to overload
2 and result in a forced shut-down of the generators. Thermal, voltage, and stability constraints
3 can also cause forced shut-downs of those facilities and can limit those facilities generating
4 capabilities during periods of low load, i.e. during spring months when there is high generation
5 hydro-electric and wind facilities but low load, resulting in an influx of power being carried
6 throughout the Coös Loop.

7 **Q. How are the proposed upgrades to the Coös Loop anticipated to mitigate**
8 **these limitations?**

9 A. The City has requested but PSNH has not yet agreed to make similar thermal
10 upgrades to the remaining Eastern portion of the Coös Loop. All upgrades to the Coös Loop,
11 with the installation of the SVC at the Berlin Substation, are anticipated to cure thermal and
12 voltage constraints on the Coös Loop by allowing for greater voltage control at the generators
13 and by allowing the entirety of the Coös Loop to have larger conductors to handle higher loads.
14 The removal of these thermal and voltage constraints is anticipated to allow for a greater
15 production of electricity and reduce forced shut-downs for generation facilities located in the
16 City connected to the Coös Loop, thereby allowing generation facilities to produce and sell more
17 electricity.

18 **Q. What benefits will the City experience as a result of the removal of these**
19 **limitations to the Coös Loop?**

20 A. Generating facilities that will be able to produce and sell more electricity will be
21 able to make more revenues, which, all things being equal, will increase the taxable value for
22 those facilities. The increase in assessment will either result in greater tax revenues for the City
23 and/or reduced tax rates in the City, both of which will be beneficial to the City and its residents.

1 The reduction of tax rates will have the added benefit of attracting businesses and individuals to
2 the City and will lead to a corresponding investment in the City.

3 **Q. What concerns does the City have with regard to the represented**
4 **improvements to the Coös Loop?**

5 A. The proposed improvements to the Coös Loop are anticipated to remove thermal
6 and voltage restrictions that are experienced by existing generation. It remains unclear, however,
7 as to whether these improvements will mitigate thermal and voltage restrictions in the event of
8 the introduction of new generation along the Coös Loop. This is particularly concerning in light
9 of the proposed expansion of the Granite Reliable Wind Farm in Dixville Notch and Millsfield,
10 which will insert more power into the Coös Loop. The City is in favor of the Project so long as
11 the proposed improvements will be capable of accommodating expanded or new generation
12 facilities along the Coös Loop without the shut-downs presently experienced by generators in the
13 City due to overloading on the Coös Loop. The City respectfully requests that the Commission
14 make these improvements conditions of approval, with said improvements to be in place before
15 the Project is operational.

16 *II. Forward NH Fund and North Country Jobs Creation Fund*

17 **Q. What is the City's position with regard to the Forward NH Fund and North**
18 **Country Jobs Creation Fund ("NCJCF")?**

19 A. NPT has represented that the Forward NH Fund will be established with a focus
20 on the North Country. The City's position is that, as a condition of approval, the Commission
21 should require that the advisory board managing the Forward NH Fund adopt guidelines
22 emphasizing the benefit and need for the disbursement of monies to projects located within Coös
23 County and the City, specifically.

1 The NCJCF is governed by an independent board that is already active and functioning in
2 the North County based on NPT's contributions. The City's position is that the Commission
3 should require NPT to continue to emphasize the disbursement of the NCJCF monies to business
4 opportunities and initiatives in Coös County, with a majority of the fund being spent specifically
5 in Coös County.

6 By placing these requirements on NPT with regard to the Forward NH Fund and the
7 NCJCF, this Commission will be ensuring that the Forward NH Fund and the NCJCF will be
8 applied in a manner to maximize economic benefits in the areas set to experience the greatest
9 impact of the Project. The North Country's economy has struggled as a result of the closure of
10 many of the areas paper mills and the departure of industries from the North Country. The City
11 has been dramatically impacted as a result of these economic changes. The City's population is
12 one of the oldest in the State, with a median age of 44.1 years (compared to the State median of
13 42.8 years). Additionally, the property values in the City are some of the lowest in the State,
14 resulting in the second highest tax rate (\$39.19 per thousand) in the State (only Claremont's tax
15 rate was higher for 2016). These indicators demonstrate that the City's economic conditions are
16 not attracting a young workforce and that there is not a high demand for property in the City.
17 Additionally, of the data available, the City has one of the highest unemployment rates in the
18 State; and of the municipalities for which statistics were gathered only Pelham and Plaistow had
19 higher rates.

20 To emerge from this economic downturn, the City has had to reinvent itself to attract new
21 businesses and industry to the benefit of the entire North County. While the City has made
22 strides, further investment and economic development needs to occur to bring the City and the
23 North Country to the economic stability it enjoyed in the past. Indeed, in 2008, the New

1 Hampshire Legislature acknowledged the need for added investment and incentive to invest in
2 Coös County when it passed RSA 77-E:3-c, titled the “Coos County Job Creation Tax Credit.”
3 This tax credit gives employers a tax credit toward the State’s Business Enterprise Tax for
4 employing individuals in Coös County. The Forward NH Fund and NCJCF provide a beneficial
5 opportunity to foster and facilitate the City’s economic development and further the Legislature’s
6 policies and initiative, to the benefit of the entire North County.

7 The City, therefore, expects and anticipates that the City and businesses within Coös
8 County and the City will be the recipient of monies from the Forward NH Fund and the NCJCF.
9 In investing the Forward NH Fund and NCJCF’s monies in Coös County and the City, NPT
10 would be prudently investing these monies in the areas where the benefit can be maximized and
11 lead to significant economic betterment in the State of New Hampshire. Furthermore, by
12 promoting growth and business development in the areas directly served by the Coös Loop, these
13 businesses would expand their use of electricity, thus reducing the amount of power that will
14 flow down-system along the Coös Loop (since more power would be used by ratepayers along
15 the Loop) and minimizing the negative impact of transmission bottlenecks down-system from the
16 Coös Loop. For that reason, the City’s position is that this Commission, in executing its
17 statutory obligation to further the public good, shall require NPT to administer the Forward NH
18 Fund and the NCJCF in such a way as to strongly emphasize and prioritize disbursement of
19 funds to projects within Coös County and the City.

20 *III. Taxation Benefits*

21 **Q. What taxation benefits does the City anticipate will result for the City’s**
22 **residents as a result of the Project?**

1 A. The City anticipates that the Project will reduce the City's overall county tax
2 burden. A municipality's share of county taxes is assessed in an amount proportional to the
3 municipality's tax base when compared to the county's total tax base. Therefore, if a
4 municipality's tax base represents 10% of the total county tax base, that municipality will be
5 taxed by the county for 10% of the county's total appropriations.

6 The Project will reduce the City's county tax responsibility because the Project will result
7 in the construction and installation of nearly \$335.63 million in taxable infrastructure in Coös
8 County, not including the repairs to the Coös Loop. Coös County's total tax base will, therefore,
9 increase, while the City's tax base will not increase at the same, dramatic rate. Consequently, the
10 City's proportionate tax responsibility will decrease, and will lower the county tax rate that will
11 be applied to the tax assessments on the property located in the City, thereby lessening tax
12 burdens and making the City more economically attractive to businesses and individuals.

13 **Q. What concerns does the City have with regard to the tax assessment of the**
14 **Project?**

15 A. The above-referenced taxation benefits will only be meaningfully experienced if
16 the Project is taxed at its full and fair market value. The City is concerned with regard to various
17 efforts and representations made by NPT and PSNH whereby NPT and PSNH have sought
18 assurances and/or agreements from situs municipalities that municipalities will only tax the
19 Project at "net book value." Under NPT and PSNH's proposed "net book value" tax proposal,
20 host municipalities would assess the Project at the Project's un-trended original costs,
21 depreciated using book depreciation premised upon a forty-year life, with the assessed value to
22 have a floor of 20% of un-trended original costs.

1 As was recently stated by the Board of Tax and Land Appeals in the case of Public
2 Service Company of New Hampshire v. Town of Andover, et. al, BTLA Docket No. 26246-
3 11PT et. seq., net book value is not a reliable indicator of value of electric assets, including
4 electric transmission assets, and results in an opinion of value that is unreasonably low. If
5 permitted, PSNH and NPT's proposal would drastically limit the re-distribution of county tax
6 burdens within Coös County, which will not allow meaningful tax savings to the City of Berlin
7 and its residents or to those host municipalities.

8 The City's position is that NPT and PSNH should be required to agree, as a condition of
9 approval by the Commission, to a taxation methodology premised upon reproduction cost new,
10 less depreciation on the basis of the assets' actual physical life rather than on a more arbitrary
11 and shorter "book depreciation life." In doing so, the Project will be assessed at its true and fair
12 market value resulting in the full and fair taxation of the Project by the host municipalities and
13 the State of New Hampshire, and allowing the corresponding tax benefits to be experienced by
14 the City.

15 **Q. Would the City support the Project in the absence of the improvements to**
16 **the Coös Loop, the Forward NH Fund, or the North Country Jobs Association?**

17 A. The City's position is that the improvements to the Coös Loop, the Forward NH
18 Fund, and the North Country Jobs Association are each critical components of the Project that
19 serve the public interest. Absent these components, the project may still yield benefit to the rate
20 payers. If the three aforementioned components are not part of the Project the City would take no
21 position in support of or against the Project.

22 **Q. Does this conclude your testimony at this time?**

23 A. Yes.