

THE STATE OF NEW HAMPSHIRE  
SITE EVALUATION COMMITTEE

DOCKET NO. 2015-06

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

SUPPLEMENTAL  
PRE-FILED DIRECT TESTIMONY OF WILL ABBOTT

ON BEHALF OF THE SOCIETY FOR THE PROTECTION OF  
NEW HAMPSHIRE FORESTS

MARCH 24, 2017

1           **Q:     Please state your name and business address.**

2           A.     Will Abbott, 54 Portsmouth Street, Concord, New Hampshire 03301.

3           **Q:     What is the name of your organization?**

4           A.     Society for the Protection of New Hampshire Forests ("Forest Society").

5           **Q:     What is your current position at The Protection of New Hampshire Forests?**

6           A:     Vice President for Policy and Reservation Stewardship.

7           **Q:     What is the purpose of your supplemental testimony?**

8           A.     The purpose of my supplemental testimony is to present recently discovered  
9 information about the Transmission Services Agreement (TSA) filed by the Applicants as part of  
10 their Application (Vol XIV, App. 16) and to dispute the Applicants' statements that full burial  
11 would cost an additional \$1 billion.

12           **Q:     What information regarding Hydro Quebec's (HQ) intentions to pay for the**  
13 **cost of constructing the proposed Northern Pass has the Forest Society recently learned,**  
14 **and what has the Forest Society done in response?**

15           A:     It had come to our attention from recent press reports and from re-reading the  
16 TSA that the financial arrangement between Northern Pass Transmission, LLC (NPT) and HQ  
17 articulated in the TSA appeared to be deficient for two separate reasons. See, e.g., Attachment 1.  
18 First, the TSA itself has an end date (referred to formally as the "Approval Deadline") of  
19 February 14, 2017. The TSA appeared to terminate unless the two parties to the TSA mutually  
20 agreed in writing to extend this date. The Forest Society is not aware of any document filed with  
21 the Federal Energy Regulatory Commission (FERC) indicating that NPT and HQ have agreed in  
22 writing to extend the deadline.

23           In a letter dated March 14, 2017, the Forest Society formally asked U.S. Senator Jeanne

1 Shaheen to ask FERC the following: (1) explain the status of the TSA between NPT and HQ;  
2 and (2) advise whether the parties have filed a written agreement to extend the Approval  
3 Deadline in the TSA. Attachment 2. After the Forest Society sent the letter to Senator Shaheen,  
4 NPT and HQ released a document that appears to extend the TSA to December 31, 2020.  
5 Attachment 3. The apparent extension anticipates changes to the TSA that may require FERC  
6 approval. Three days after the Forest Society's letter to Senator Shaheen, NPT responded to the  
7 Forest Society's letter by writing to Senator Shaheen insisting that it "is completely unnecessary"  
8 for her to ask FERC about the Forest Society's questions. Attachment 4.

9 **Q: What is the second deficiency in the TSA?**

10 A: The TSA submitted by the Applicants application is not for the project that the  
11 Applicants are asking the SEC to approve.

12 **Q: What are the differences between the project proposed in the Application to**  
13 **the SEC and the project described in the TSA?**

14 A. One is the fact that the TSA, as amended in 2013 and approved by FERC in early  
15 2014, is presented as part of the SEC Application to substantiate the claim that the Applicants  
16 have the financial capacity to build and maintain the project. Yet the TSA is for an earlier  
17 iteration of the project, one which was 187 linear miles, which included only 8 linear miles of  
18 burial, which is projected to cost \$1.4 billion and which will ship 1200 MW of electricity. The  
19 application to SEC is for a 192 mile project that costs \$1.66 billion and that will ship up to 1090  
20 MW of electricity, and includes 60 miles of burial. Based on the public record to date, there is  
21 no evidence that HQ has agreed to the project as proposed to the SEC.

22 **Q: What is your understanding of who would pay for the costs of constructing**  
23 **the proposed project?**

1           A:     I understand the TSA to provide NPT an annual payment over the contract period  
2     that would accomplish three things. First, it would require HQ to reimburse NPT for the  
3     construction costs of the project. Second, it would require HQ to reimburse NPT for all  
4     operating costs of the line over the 40-year contract period, including taxes (local, state and  
5     federal), principal and interest for all borrowings to finance the equity share of the project  
6     invested by NPT and any rent due the titleholder of existing rights of way used to site the  
7     transmission facility. And third, the TSA provides for HQ to provide NPT annually a return on  
8     equity payment determined to be at a rate of 12.56% (in year one) of the equity interest NPT  
9     would hold in the project (50% of the total project cost).

10          **Q:     Given that the TSA does not reflect the project as proposed and that it**  
11     **remains unknown who would pay for the costs of construction, what is your opinion as to**  
12     **whether the Applicants have demonstrated “adequate financial capacity to construct and**  
13     **operate the project?”**

14          A:     It would appear that the Applicants have failed to demonstrate that they have in  
15     hand the financial capacity to construct and operate the project for which they are asking the  
16     SEC to issue a certificate.

17          **Q:     Does the Applicants’ estimate of an additional \$1 billion cost to completely**  
18     **bury the Northern Pass seem accurate to you?**

19          A:     From data that the Applicants have provided to potentially impacted  
20     municipalities as to the year one value of the infrastructure they propose to build, it appears that  
21     the actual cost of burial per mile of the HVDC line through Sugar Hill is approximately \$9.4  
22     million. HVDC burial costs per mile in other communities where the line is buried are  
23     approximately \$9.4 million. Attachment 5 (letter to Sugar Hill). It is not clear what the

1 Applicants are including in the projected value of the line in Sugar Hill, where the proposed  
2 project would be buried, and each of the other impacted towns. What is clear is that the  
3 Applicants' own data suggests there is a significant disconnect between the alleged \$1 billion in  
4 additional cost and the values claimed for the installed infrastructure in each of the 31  
5 municipalities.

6 **Q: In your opinion, is full burial practicable?**

7 A: Yes. For the same reason it is practicable in New York, Vermont, Maine and for  
8 60 miles in New Hampshire.

ATTACHMENT 1 to Supplemental Pre-filed Direct  
Testimony of Will Abbott Submitted on Behalf of  
the Society for the Protection of New Hampshire Forests

Montréal, March 9, 2017

Press Release

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## Northern Pass line: Hydro-Québec has no intention to abandon the project

With a view to openness and transparency, we contacted the journalist Jean-Nicholas Blanchet yesterday to explain once again Hydro-Québec's participation in the Northern Pass line project. Mr. Blanchet's conclusions from our conversation remain erroneous. Hydro-Québec has absolutely no intention to abandon the project.

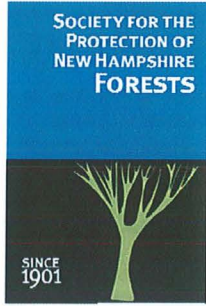
Hydro-Québec wishes to reiterate the position we shared with numerous Québec media on Wednesday:

- Hydro-Québec will not pay for the line in the U.S.
- Hydro-Québec will make sure this project is profitable for Quebecers.

We firmly believe in the strength of our alliance with our American partner, Eversource. We intend to submit this project to the request for proposals the state of Massachusetts will be issuing soon. This project will benefit both Québec and the New England states.

Year to year, Hydro-Québec seizes business opportunities on export markets, which form a large part of its profits, for the benefit of Quebecers as a whole.

ATTACHMENT 2 to Supplemental Pre-filed Direct  
Testimony of Will Abbott Submitted on Behalf of  
the Society for the Protection of New Hampshire Forests



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Concord, NH 03301

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www.forestsociety.org

March 14, 2017

The Honorable Jeanne Shaheen  
United States Senate  
506 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Shaheen:

Over the past ten days it has become apparent that the Transmission Services Agreement (TSA) between Hydro Quebec (HQ) and Northern Pass Transmission (NPT) has expired, without any replacement agreement. We are writing to ask for your assistance in coordinating an inquiry by the New Hampshire Congressional delegation to the Federal Energy

Regulatory Commission (FERC) asking FERC to explain the status of the TSA between HQ and NPT.


The TSA is the financial cornerstone for Northern Pass. It sets forth the financial agreements between the parties to build the Northern Pass project. Originally approved by FERC in February of 2011, and amended by FERC in 2014, the document as approved in 2014 expired on February 14, 2017. As of today, there is no record that HQ and NPT have agreed on a new TSA, or that they have submitted any new TSA proposal to FERC for its review.

One reason this is an important issue is that New Hampshire's Site Evaluation Committee is about to initiate an adjudicatory hearing, at which enormous amounts of time and money will be expended by the applicant, more than 145 interveners, seven members of the SEC Subcommittee (and the SEC staff), and the Counsel for the Public and its hired experts. NPT has repeatedly argued that New Hampshire ratepayers are not paying for the construction costs of their project. They repeatedly cite the TSA as the basis for their claim that Hydro Quebec is paying for the construction of the transmission line. The SEC and interveners in the upcoming adjudicatory hearing cannot fully address the economic issues of impact --- or whether the project is in the public interest --- without the information provided by the TSA affirming that there is in fact a legally binding agreement between the two parties to this project.

In addition, the US Department of Energy is engaged in the process of preparing a Final Environmental Impact Statement on the Northern Pass project. This EIS will inform permitting decisions that must be made by the Department of Energy (the Presidential Permit), the US Forest Service (a special use permit to cross the White Mountain National Forest) and the US Army Corps of Engineers (a wetlands permit required by Section 404 of the Clean Water Act).

We appreciate your past insistence that the federal engagement on the Northern Pass project be fully transparent. We are writing to ask that you and the New Hampshire delegation seek clarification from FERC as to the status of the expired TSA, and what, if any, replacement may be required to assure New Hampshire and federal stakeholders that there is, in fact, a legally binding agreement between the parties to proceed and what the terms of the agreement actually are.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Abbott", with a stylized flourish at the end.

Will Abbott  
Vice President for Policy & Reservation Stewardship

CC: The Honorable Margaret Wood Hassan  
The Honorable Carol Shea-Porter  
The Honorable Ann McLane Kuster





January 26, 2017

Northern Pass Transmission, LLC.  
P.O. Box 330  
780 North Commercial Street  
Manchester, NH 03105-0330

Richard Cacchione  
Chairman of the Board and President  
Hydro Renewable Energy Inc.  
75 Boulevard René-Lévesque O., 18<sup>th</sup> Floor  
Montréal (Québec) Canada H2Z 1A4

**Re: Agreement to extend the Approval Deadline**

Dear Mr. Cacchione,

Reference is made to the Transmission Service Agreement dated as of October 4, 2010 and executed by and between Northern Pass Transmission LLC ("**NPT**") and H.Q. Hydro Renewable Energy, Inc. (now known as Hydro Renewable Energy Inc.) ("**HRE**"), as amended on December 11, 2013 (the "**TSA**").<sup>1</sup>

NPT and HRE mutually agree to extend the Approval Deadline from February 14, 2017 to December 31, 2020, for all purposes under the TSA. Notwithstanding the foregoing, prior to the Approval Deadline, NPT and HRE shall file amendments to the TSA with FERC reflecting the terms and conditions of the Amended and Restated TSA for purposes of the Massachusetts RFP, or shall make a second amendment to the TSA to reflect changes to the Approval Deadline and other mutually agreed upon changes.

For greater certainty, NPT and HRE agree that the definition of the term Approval Deadline shall remain in effect except as expressly modified herein. All other terms and conditions of the TSA shall remain in effect.

NPT shall make any appropriate regulatory filings that NPT determines, in its sole discretion, are required in connection with this letter agreement.


Please indicate HRE's agreement to and acceptance of this letter agreement by having the appropriate duly authorized representative of HRE countersign both originals of this letter agreement and returning one original to me.

This letter agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission (e.g., a "PDF" or "TIFF" file) with the same effect as if all the Parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

Thank you in advance for your care and attention to this matter.

Sincerely,

**NORTHERN PASS TRANSMISSION LLC**

  
Leon J. Olivier  
President, duly authorized

<sup>1</sup> Unless otherwise defined herein, capitalized terms used in this letter shall have the same meanings ascribed to them in the TSA.

Agreed to and accepted by  
**HYDRO RENEWABLE ENERGY INC.**



Richard Cacchione  
Its Chairman of the Board and President, duly authorized

\*\*\*\*\*

The undersigned Hydro-Québec Production acknowledges having read this agreement and agrees to be bound by the terms hereof.

**HYDRO-QUÉBEC PRODUCTION**



Richard Cacchione  
Its President, duly authorized

cc:



**Leon J. Olivier**  
Executive Vice President  
Enterprise Energy Strategy &  
Business Development

March 17, 2017

The Honorable Jeanne Shaheen  
United States Senate  
506 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Shaheen:

It has come to my attention that you are in receipt of a letter dated March 14, 2017 from Mr. Will Abbott of the Society for Protection of New Hampshire's Forests ("SPNHF") falsely alleging that the Transmission Services Agreement ("TSA") between Northern Pass Transmission, LLC ("NPT") and H.Q. Hydro Renewable Energy, Inc. ("HQ") has expired. In his letter, Mr. Abbot asks that you coordinate "an inquiry by the New Hampshire Congressional delegation to the Federal Energy Regulatory Commission (FERC) asking FERC to explain the status of the TSA between HQ and NPT." As described below, such an inquiry is completely unnecessary, as the FERC approved TSA remains in full force and effect.

The term of the TSA, which specifies the respective rights and obligations of the parties, including terms for recovery of costs, began on the original execution date of October 4, 2010 and continues 40 years from the time the Northern Pass transmission line begins commercial operation, unless it is earlier terminated. SPNHF wrongly claims that the TSA expired on February 14, 2017 ("Approval Deadline"). However, as expressly provided in the TSA, that date could be extended by mutual agreement of the parties. The Approval Deadline was, in fact, extended earlier this year by written agreement between NPT and HQ. Accordingly, the extension of the Approval Deadline was fully consistent with the terms and conditions of the already approved TSA.

NPT's ability to finance, construct and operate the proposed Northern Pass project is currently under review by the New Hampshire Site Evaluation Committee. The TSA was part of the Application submitted in October of 2015 and the testimony of NPT officers has not only addressed the TSA's cost recovery provisions but has unequivocally stated that New Hampshire customers will not bear any costs associated with construction of the Northern Pass transmission line. The evidence to be presented during the final adjudicative hearings, set to begin in early April, will bear this out.



Page 2


The Honorable Jeanne Shaheen

March 17, 2017

As you are aware, recognizing the large and growing demand for clean energy in the region, several New England states have recently been seeking long-term contracts for clean energy resources. The next significant opportunity will occur this spring when Massachusetts will seek proposals for large quantities of clean energy that can be delivered to customers in the Commonwealth. Through this solicitation process, successful projects will receive contracts with Massachusetts utilities. If the Northern Pass project is selected in the MA RFP, the TSA will be modified and/or complemented by one or more other agreements at that time. In any event, under no circumstances would any such agreements impose cost obligations on New Hampshire customers.

I hope that this explanation fully addresses any questions that you may have concerning SPNHF's erroneous claims. If you wish to discuss this matter further, please feel free to contact me or Bill Quinlan at any time.

Sincerely,



Leon J. Olivier  
President - Northern Pass Transmission, LLC

cc. Mr. William J. Quinlan  
Ms. Donna Gamache  
Mr. Todd Lavin

February 24, 2017

REGISTERED MAIL

Board of Selectmen  
Town of Sugar Hill  
P.O. Box 574  
Sugar Hill, NH 03586

Dear Selectmen,

In an effort to keep you informed of the latest developments in the Northern Pass permitting process, I have attached our recent project newsletter. Last year saw significant progress for Northern Pass in both the state and federal permitting processes. In 2017, we expect to see final decisions from the U.S. Department of Energy and the NH State Site Evaluation Committee.

Northern Pass will provide a number of benefits to New Hampshire communities, including lowering electricity rates for businesses and residents alike; adding clean hydropower to help diversify our energy supply; local jobs during construction; and substantial tax revenue to host communities.

Attached you will find our most recent estimated taxable investment for Sugar Hill\*. Key information includes:

Estimated first year taxable investment by Northern Pass: **\$16 million**  
Estimated first year municipal and local school tax payment: **\$291,479**

As with similar infrastructure projects, the taxable life of the project is expected to extend well beyond twenty years, but it is difficult to accurately estimate taxable investment beyond that timeframe. Please see the attached illustration of property tax payments in Sugar Hill over the next 20 years. It should also be noted that tax rates are determined by the town and change annually. Because of this, actual tax payments may vary from the estimates provided.

As with other communities along the proposed route, Northern Pass is willing to offer a tax agreement to your town to provide further certainty regarding tax payments and avoid potential tax abatements in the future. In addition, the project will work together with Sugar Hill and other host communities to reach agreement on avoiding and minimizing construction related impacts and inconveniences that may be a concern of local residents and business owners.

Thank you for taking the time to consider this information, and please feel free to contact us at 1-800-286-7305 if you have further questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerry Fortier".

Jerry Fortier  
Project Director - Transmission

\*Actual tax payments and tax savings in Sugar Hill would depend upon the actual cost of the project, fair market value of all property in your community, and your local spending decisions, over time, and may be substantially different from the scenario modeled here. Please refer to NH SEC Docket No. 2015-06, Joint Application for Certificate of Site and Facility, Appendix 44 for a detailed discussion and simulations of property tax payments by community using a range of assumptions about the cost of the project and local tax and spending conditions over time.

Attachments:   1. Sugar Hill depreciation schedule  
                  2. January Newsletter

## Sugar Hill

### Illustration of Northern Pass Transmission Local Property Tax Payments Over First 20 Years of Operation

The illustrative example below is based on the current cost estimate of NPT for your community, an annual depreciation rate of 2.5 percent, and a range for growth in the tax rate in the community. It is simulated over 20 years, and defines local tax payments to include municipal plus local education. County and utility education property taxes are estimated separately. The cost estimates do not include costs for land or rebuilding existing infrastructure. **The first year estimated tax payment below is based on one simulation within a range of outcomes.**

Actual local tax payments will depend upon the actual final cost of the project in each community and its fair market value, municipal and education spending, other sources of revenue, and the relevant total tax base for any given tax year and **may differ from the scenario modeled here.**

Year	Illustrative Value of NPT	Illustrative NPT Local Property Tax Payments Range
2019	\$16,035,855	\$291,479
2020	\$15,634,958	\$287,034 - \$289,876
2021	\$15,234,062	\$282,471 - \$288,092
2022	\$14,833,166	\$277,788 - \$286,121
2023	\$14,432,269	\$272,983 - \$283,956
2024	\$14,031,373	\$268,054 - \$281,590
2025	\$13,630,477	\$262,999 - \$279,015
2026	\$13,229,580	\$257,817 - \$276,225
2027	\$12,828,684	\$252,504 - \$273,212
2028	\$12,427,787	\$247,060 - \$269,967
2029	\$12,026,891	\$241,481 - \$266,484
2030	\$11,625,995	\$235,766 - \$262,753
2031	\$11,225,098	\$229,912 - \$258,766
2032	\$10,824,202	\$223,918 - \$254,515
2033	\$10,423,306	\$217,781 - \$249,990
2034	\$10,022,409	\$211,499 - \$245,183
2035	\$9,621,513	\$205,069 - \$240,083
2036	\$9,220,616	\$198,490 - \$234,681
2037	\$8,819,720	\$191,759 - \$228,967
2038	\$8,418,824	\$184,873 - \$222,931
<b>Total</b>		<b>\$4,840,738 - \$5,283,887</b>
<b>Average</b>		<b>\$242,037 - \$264,194</b>

For more information please refer to NH SEC Docket No. 2015-06, Joint Application for Certificate of Site and Facility, Appendix 44 for a detailed discussion and simulations of property tax payments by community using a range of assumptions about the cost of the project and local tax and spending conditions over time.



# LOOKING AHEAD TO 2017

The coming year will bring two major decisions regarding the Northern Pass project. The New Hampshire Site Evaluation Committee (SEC) will hold adjudicative hearings in the spring and is expected to make a final decision on the project in mid to late summer. The U.S. Department of Energy (DOE) is expected to release its final Environmental Impact Statement (EIS) this year, as well. With these major milestones ahead, the project will continue discussions with landowners, residents and businesses along the route to keep them aware of developments as the permitting process moves towards completion.

## SEC HEARINGS TO BEGIN IN APRIL

Adjudicative hearings are the last step in the SEC approval process. During these formal legal hearings, which are similar to those you might find in a court of law, information will be presented by Northern Pass and project experts to the SEC, including data on benefits, construction procedures, environmental impact and other aspects of the project. Witnesses for the Counsel for the Public and interveners will also provide testimony at this stage.

At the conclusion of the adjudicative hearings, the SEC will decide whether to grant the project a Certificate of Site and Facility, taking into consideration the testimony received and comments from the public.

## FINAL EIS EXPECTED FROM DOE

The DOE is expected to issue its final Environmental Impact Statement (EIS) on Northern Pass sometime in 2017. The final EIS is based on information in the draft EIS issued in July 2015 and feedback the agency received on the draft as supplemented in November 2015.

The final EIS is a public document that reflects extensive analysis and research conducted by the DOE, and includes a detailed summary of possible environmental impacts of the project along the proposed route and an analysis of a number of alternative routes. This analysis is required prior to issuing the Presidential Permit that will allow the transmission of electricity across the U.S.- Canadian border.

## A GROWING NEED

Gordon van Welie, the head of the regional grid operating system, ISO New England, recently highlighted the changing nature of our electric grid. Because of the retirement of older power plants, the region's growing reliance on natural gas for generating electricity, and the lack of pipeline capacity to get natural gas to generators during cold winter days, van Welie warns of "the unavoidable conclusion" that New England needs more energy infrastructure to ensure a reliable system.

"Until large transmission lines are built to reach hydro and wind resources, and unless additional fuel infrastructure is added to



**New Hampshire Site Evaluation Committee members and interveners tour the proposed Northern Pass route in March 2016.**

meet the ever-increasing demand for natural gas to heat homes and businesses and to generate the power that lights those homes and businesses, we see a future with challenges that may require the ISO to employ suboptimal solutions," van Welie said. Those "suboptimal solutions" include higher prices for consumers and an increase in carbon emissions.

High electricity costs are another issue elected officials seek to tackle in 2017. Incoming New Hampshire Governor Chris Sununu urged policymakers to look at all energy solutions, including adding new sources of power.

"Whatever we do we're focusing on, how is this going to drop rates for consumers, for individuals, for businesses? That has to be our primary focus, and then we'll have tangible results," Sununu said, according to the *Portsmouth Herald*. "This is an all-the-above whether we're talking about the Northern Pass, bringing in more natural gas, a better renewable energy portfolio for the state, it's all about efficiency."

Northern Pass sees 2017 as an opportunity to take an important step forward in the region's efforts to lower costs, ensure reliability and move toward a cleaner energy future.



**FOR MORE INFORMATION, CONTACT:**  
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[WWW.NORTHERNPASS.US](http://WWW.NORTHERNPASS.US)