

**STATE OF 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**

**PREFILED SUPPLEMENTAL TESTIMONY OF
THOMAS E. KAVET & NICOLAS O. ROCKLER**

**ON BEHALF OF
COUNSEL FOR THE PUBLIC**

April 17, 2017

Q. Please state your name, position and your employer.

A. My name is Thomas E. Kavet. I am an economic and public policy consultant and President of Kavet, Rockier & Associates, LLC (“Kavet Rockler”).

My name is Nicolas O. Rockler. I am an economic consultant and Chief Executive Officer at Kavet Rockler.

Q. Have you previously testified in this docket?

A. Yes.

Q. What is the purpose of your supplemental testimony?

A. Our supplemental testimony consists primarily of minor corrections and clarifications to prior testimony and includes reference to new feedback from Plymouth town businesses we received from the Town Planner after we filed our original testimony. This feedback is attached as Exhibit A.

Q. Please provide the corrections and clarifications to your original testimony.

A. The corrections are described below.

Correction of Prior Testimony of Kavet and Rockler at Rockler Page 5, Line 11

Potential Impact from the Forward New Hampshire Plan

Q. Did LEI analyze the economic impact from proposed expenditures by the Forward New Hampshire Plan?

A. LEI did not fully analyze the economic impacts of this plan, nor was it mentioned by name in their report. In their economic impact analysis, they included \$115.3M in direct REMI model inputs over an 11 year period from 2020 to 2030. Total expenditures for this plan are \$210.5M over a 20 year period. Thus, LEI did not analyze or include in their report beneficial impacts totaling \$95.2M associated with this plan. We included all Forward New Hampshire Plan spending in our analysis.

Correction of Prior Testimony of Kavet and Rockler at Rockler Page 3, Line 6

Review of Applicants' Local Economic Impact Analysis

Q. Please summarize your review of the Applicants' economic impact analysis.

A. In general, the Applicants' economic impact analysis by LEI was well performed, but it contained some model specification errors that resulted in LEI overstating employment impacts during construction by approximately 20%. However, LEI did not include in its model likely estimated property tax payment impacts, and LEI did not fully include estimated expenditures from the proposed Forward New Hampshire Plan. We included these in our model and thus for some Project components our employment and other economic impacts were higher than the Applicants.

Correction to Prior Testimony of Kavet and Rockler at Rockler Page 9, Line 28 and additional reference to recently received Plymouth business feedback

Q. What will be the economic impact to businesses in Plymouth?

A. In a "best case" construction period of about 70 days, which would include road closures and a total loss of parking spaces, a 30% reduction in business during this period could lead to direct income reductions of \$1.2 million and the loss of more than 50 direct jobs. Secondary impacts could result in more than 80 lost jobs. In a "worst-case" construction period of about 100 days, which would include lane closures and the loss of parking but no road closures, a 30% reduction in business could lead to direct income reductions of nearly \$1.8 million and the loss of 80 jobs. If the construction period extends to 130 days and business activity drops by 50%, economic losses could exceed \$3.8 million in personal income and more than 175 direct jobs. Secondary effects would amplify those losses, causing total one-year local job losses of between about 120 to 250 jobs and income losses between \$4.5 to \$9.6 million. The possible closure of some downtown businesses could tarnish what is now a thriving downtown tourist destination, and adversely affect future tourism visitation. While these jobs would eventually return, the economic hardship on the affected business owners could be more lasting. Written

feedback received from local businesses polled by the Plymouth Town Planning Office in recent months is attached as Exhibit A. It underscores business concerns regarding potential commercial disruption and illustrates potentially more extensive business losses, extending beyond retail and tourism-related businesses.

Correction to Prior Testimony of Kavet and Rockler at Rockler Page 11, Revised Tables

Aggregate Model Impacts: Selected Project Components for New Hampshire (Annual Averages - Number of Jobs)					
Employment	----- Project Phase and Selected Years -----				
	Initial	Near-Term	Mid-Term	Late-Term	Long-Term
	<i>Primarily Construction</i>	<i>Operational Period</i>	<i>Operational Period</i>	<i>Operational Period</i>	<i>Operational Period</i>
Impact Element	2016-2020	2020-2030	2030-2040	2040-2050	2050-2060
Construction & Development	1,050	-53	-2	13	14
Electricity Market Effects	40	131	-192	-183	-198
Operations & Maintenance	2	13	8	6	4
Property Tax Effects	66	249	122	64	27
Forward NH Plan	147	170	87	0	0
Tourism Effects	-80	-189	-214	-260	-320
Construction Disruptions	-17	0	0	0	0
TOTAL	1,208	321	-191	-360	-473

Aggregate Model Impacts: Selected Project Components for New Hampshire (Annual Averages - Millions of 2016 Dollars)					
Gross State Product					
Impact Element	----- Project Phase and Selected Years -----				
	Initial	Near-Term	Mid-Term	Late-Term	Long-Term
	<i>Primarily</i>	<i>Operational</i>	<i>Operational</i>	<i>Operational</i>	<i>Operational</i>
	<i>Construction</i>	<i>Period</i>	<i>Period</i>	<i>Period</i>	<i>Period</i>
	2016-2020	2020-2030	2030-2040	2040-2050	2050-2060
Construction & Development	\$85	-\$5	\$0	\$2	\$2
Electricity Market Effects	\$4	\$10	-\$30	-\$40	-\$54
Operations & Maintenance	\$0	\$2	\$2	\$2	\$2
Property Tax Effects	\$5	\$19	\$10	\$6	\$3
Forward NH Plan	\$8	\$10	\$5	\$0	\$0
Tourism Effects	-\$5	-\$14	-\$18	-\$24	-\$33
Construction Disruptions	-\$1	\$0	\$0	\$0	\$0
TOTAL	\$96	\$22	-\$31	-\$54	-\$80

EXHIBITS

- A. Written feedback received from local businesses polled by the Plymouth Town Planning Office
- B. Revised KRA Economic Impact Report