STATE OF NEW HAMPSHIRE

SITE EVALUATION COMMITTEE

June 9, 2017 - 1:36 p.m. DAY 14
49 Donovan Street Afternoon Session ONLY
Concord, New Hampshire {REDACTED - for public use}

{Electronically filed with SEC 06-21-17}

IN RE: SEC DOCKET NO. 2015-06
NORTHERN PASS TRANSMISSION -
EVERSOURCE; Joint Application of
Northern Pass Transmission LLC and
Public Service of New Hampshire d/b/a
Eversource Energy for a
Certificate of Site and Facility
(Hearing on the Merits)

PRESENT FOR SUBCOMMITTEE/SITE EVALUATION COMMITTEE:

Chmn. Martin Honigberg Public Utilities Comm.
               (Presiding Officer)

Dir. Craig Wright, Designee Dept. of Enrivon.Serv.
Christoper Way, Designee Dept. of Resources &
                       Economic Development
William Oldenburg, Designee Dept. of
                       Transportation
Patricia Weathersby Public Member
Rachel Whitaker Alternate Public Member

ALSO PRESENT FOR THE SEC:

Michael J. Iacopino, Esq. Counsel for SEC
               (Brennan, Caron, Lenehan & Iacopino)

Pamela G. Monroe, SEC Administrator

(No Appearances Taken)

COURT REPORTER: Cynthia Foster, LCR No. 14
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CONFIDENTIAL SESSION under separate cover containing Pages 37 – 84 and 121 – 131
P R O C E E D I N G S

(Hearing resumed at 1:36 p.m.)

PRESIDING OFFICER HONIGBERG: We're going to resume with others from the Municipal Group. Who else has questions? Ms. Pacik? Ms. Pacik, is the plan that you're going to do public questioning and then have a confidential section?

MS. PACIK: Correct.

PRESIDING OFFICER HONIGBERG: So after your confidential section, Mr. Anderson will circle back to let you complete your questioning, okay? Ms. Pacik, you may proceed.

MS. PACIK: Thank you.

CROSS-EXAMINATION

BY MS. PACIK:

Q Good afternoon, Ms. Frayer. My name is Danielle Pacik. I represent the City of Concord, and I am also the spokesperson for Municipal Group 3-South.

First I just want to cover a quick questions about your background. You work at London Economics International?

A Yes.
Q: I just want to confirm. That's in Boston, Massachusetts?
A: We are headquartered in Boston.
Q: And do you have another office in Canada?
A: We have an office in Toronto, we have an office in Taiwan, and we have affiliate offices, small offices in some other locales.
Q: Okay. It's an energy consulting firm?
A: Yes. We like to say a little bit more broadly, an economic consulting firm specializing in infrastructure.
Q: I assume you've heard of the London School of Economics?
A: I have.
Q: And that's in London, England?
A: Yes, that's correct.
Q: And just to be clear for the Committee, your firm doesn't have any association with that school?
A: No association.
Q: Okay. And your firm is not located in London?
A: Our headquarters are currently in Boston, Massachusetts.
Q: You don't have any offices in London?
A We don't currently have offices in London. We have an affiliate that we work with who is headquartered in London.

Q And you're aware that you actually have trademark registration for London Economics?

A I believe so, but that would probably be the area of business administration that my partner takes care of and not myself.

Q Okay. But at the time that was obtained, there was no association with London, right?

A London Economics was founded in London in the UK with the reforms of the UK power pool in the early 1990s. We were, our founders were advisors to the government then in the first experiment to deregulate power markets.

Q Can you turn to Exhibit 206, please? Joint Muni 206?

I don't want to belabor this point, but when you applied for your trademarks office application, you actually were denied in the first instance because the mark was if -- if you could increase on that? Geographically misdescriptive because there was no relationship with London. And if you turn down a few pages,
please? The response in that to the denial was that you explained that the reason you wanted London Economics was because it's suggestive of the Applicant's economic financial strategic professional advisory services than London is often seen as a sophisticated city that draws people from all over the world with its rich history and proximity to such world-renowned universities as Oxford and Cambridge. The mention of London suggests high levels of intellectual achievement, and by using London as part of the mark, the Applicant subtly suggests to consumers that its services will meet the needs of its sophisticated business clients around the world.

So that wasn't because you had offices in London, was it?

MR. NEEDLEMAN: I'm going to object.

Relevancy.

PRESIDING OFFICER HONIGBERG: I think you've done a good job of establishing how impressive the company's name is. Is there a question associated with that?

MS. PACIK: The question is, I'm trying to
figure out, I'm just confirming that it's not in London.

PRESIDING OFFICER HONIGBERG: I think we got that.

MS. PACIK: Thank you.

PRESIDING OFFICER HONIGBERG: I think she's confirmed that. Is there another point to be made that's associated with this?

MS. PACIK: Well, yes, because she just told me that the reason they chose London Economics was because of their strong relationship in London and according to the application --

PRESIDING OFFICER HONIGBERG: That was not what her testimony was. Is there ultimately a point that's relevant to this proceeding about the history of the company?

MS. PACIK: I just wanted to clarify that it's not associated with London, and that was the point.

PRESIDING OFFICER HONIGBERG: Done.

MS. PACIK: Thank you.

BY MS. PACIK:

Q Ms. Frayer, turning to your Prefiled Testimony
which is marked as Applicant's Exhibit 28, I want to look at Attachment A to your testimony.

A Can you give me a title for what Attachment A would be?

Q Certainly. We'll put it up for you, too. It's your Sample of Relevant Project Experience.

A Thank you.

Q What we've done is, just so you know, we've marked it as Joint Muni 202, and the reason it's marked as a separate exhibit is because next to the different items we've identified them with labels, we've numbered them starting at number 1, and I just want to go through a few of them. I had some questions about them. If you could start with item number 6, and we'll scroll down so you can see it and follow along.

Number 6 is work that you did that you identified was done in 2015 and the location said Maine, United States, and it was for a private client. And you stated that you did work for a New England transmission and distribution utility to prepare a 2-day workshop for company executives detailing the current state of New England markets.
Was that work done for Eversource?
A No.

Q Was that work done in any relationship, did that work have any relation to the Northern Pass Project?
A No.

Q Turning to Item number 9, this states in 2014, you did work in the United States for a private client, and you were doing a quantitative analysis for proposed crosshedging strategies for a merchant transmission project that would be bringing energy from Canada.

Was that work done for Eversource?
A No.

Q Was it related in any way to the Northern Pass Project?
A No.

Q Can you turn to number 13?

Number 13 says that you did work in 2014 for a private client in New England, and you evaluated the economic benefits of two suggestions to relieve long-term congestion in the metropolitan area.

Was that done for Eversource?
A: Eversource was one of the clients, and because this project became public in nature at some point, I can say that. Otherwise, I would have to tell you I couldn't. But our work on this was presented at an ISO New England meeting publicly so.

Q: Was it related to the Northern Pass Project?
A: No.

Q: Okay. What about number 14? This says you did work for transmission developer in New England which you identify as a private client. And you talk about doing a ten-year energy market price outlook for the New England wholesale power market, among other things. And the next sentence you talk about doing work looking at employment, economic activity and tax revenues in New England. Was this done for Eversource?
A: I believe so.

Q: Was this for the Northern Pass Project?
A: I would have to go back and check. We've worked with Eversource on a number of various strategic and commercial matters so I'm not sure if this one would, but I suspect it might because of the date.
Okay. Is there a reason why you didn't disclose that this was work done for the Northern Pass Project?

Usually, these blurbs in my corporate CV are prepared at the time of an engagement, and if that engagement isn't clearly going to release our work product into the public domain, it is our requirement under our engagement letters with all of our clients to keep their name and project information confidential until such time that it becomes public, and in some instances, many instances, I don't actually go back and change it even after some time it becomes public.

Okay. Because this was submitted as an attachment to your Prefiled Testimony in this case. So your engagement at that point had become public, correct?

Yes. But I don't necessarily go back and change all the blurbs where I might have worked on this Project in a different capacity. So my CV gets updated with new assignments, but we don't go back and just because we've labeled something with a private client go back and say a-ha, we
can actually claim we've worked with X, Y and Z so. We like to keep our clients' commercial matters private to the extent they require it as well.

Q Could you turn to item number 18?

This talks about work you did in 2013. Actually, just hold on one second.

Going back to 18. My apologies. That talks about work you did in northeast United States also for a private client in 2013 looking at a cost/benefit analysis of a proposed transmission line with a potential to change existing market arrangements.

Was that done for the Northern Pass Project?

A No.

Q And what about number 19? It was work you did in Canada for a private client looking at the economics of a proposed transmission project? Was that done for Northern Pass Project?

A I don't believe so.

Q What about 20? Which is also a Project in New England where you did a comprehensive review of the NESCOE gas electric phase.
Was this done for the Northern Pass Project?

A No.

Q Can you turn to item 26, please? This is work that you did in 2011 for what you've identified as Public Service of New Hampshire and that one you did identify that it was for PSNH, and it was work that you did on the issue of eminent domain, but the next one, and I'm a little confused about this one, which is 2011 it talks about work that you disclose is for the Northern Pass Project, but you write that it's for a private client. Is there a reason why you didn't disclose to the Site Evaluation Committee that this is work being done for Eversource?

A No specific reason. An oversight. But as you pointed out, the Site Evaluation Committee or anybody reading this CV should be able to connect the dots.

Q Well, were you paid by PSNH or Eversource or were you paid by a different entity for the work that you did in this case?

A I don't recall a specific check, but it would have been, if not PSNH, then Eversource or at
that time probably Northeast Utility Services.

Q Okay. Can you turn to Joint Muni 210?

I'll identify for you, and if you need, I
can go if the first page of this exhibit, but
this is an attachment similar to the relevant
Project experience that we just saw that you
submitted for your Prefiled Testimony in this
case. This is one that you presented to the
Louisiana Public Service Commission in 2016, and
this identifies work that you did in 2015 for
New England for a private client, and it talks
about work that you did to look at the Clean
Energy RFP. And what you did was you addressed
whether or not your client was likely or how
they would range in terms of success for the
Clean Energy RFP. Was this work that you did
for Eversource in the Northern Pass Project?

A This work product is under confidentiality, and
it involves parties that are parties to this
case. So I can't name parties.

Q Well, I think as an expert in this case, where
you're testifying, it would be appropriate for
us to know whether or not you did this analysis
for this Project and whether or not it was
likely to be successful for the Clean Energy RFP.

MR. NEEDLEMAN: I'm going to object. Sounds like a legal argument.

PRESIDING OFFICER HONIGBERG: Well, it seems like if this was done for Northern Pass, we should know about it, and if it wasn't, perhaps we don't need to know about who it was for. You want to know that, right, Ms. Pacik?

MS. PACIK: Correct.

PRESIDING OFFICER HONIGBERG: I think you asked it in a broader way, but was this, the work that's described on the screen right now, 2015, was that for Northern Pass?

A No.

PRESIDING OFFICER HONIGBERG: Was it related to Northern Pass in any way?

A It looked at the Clean Energy RFP and a number of potential projects, but the client was not Northern Pass.

PRESIDING OFFICER HONIGBERG: Was it for a competitor of Northern Pass on a potential Project?

A It was for a project that some might view to be
a competitor. I want to be careful because if I start giving away too much information, my actual, I'll be in the violation of my confidentiality agreement for this work.

PRESIDING OFFICER HONIGBERG: Were you working for another entity planning on bidding on the same RFP that Northern Pass might be involved in bidding on?

A It was another entity that was looking to bid in the Clean Energy RFP.

PRESIDING OFFICER HONIGBERG: Ms. Pacik, you may continue.

BY MS. PACIK:

Q Just as a followup question, there are a number of different projects that were looking to bid into this RFP, and the question is were you analyzing it in terms of the success of Northern Pass's potential to be successful in this RFP?

A The analysis was in no way focused on Northern Pass. It was looking at all, as described here, all potential projects that can qualify.

Q Did you provide an opinion as to the likelihood of Northern Pass being successful in the Clean Energy RFP?
A No.

Q You were asked earlier by Attorney Pappas about whether or not you've analyzed the Massachusetts RFP that Eversource is now looking at bidding into, and you stated that you have not done any work for that. Is that correct?

A I have not prepared anything in writing for the Massachusetts RFP at this time.

Q And I don't think that was what Attorney Pappas asked you. I think it was broader than just if you had done anything in writing. He had asked whether you had done an analysis of the Massachusetts RFP for Northern Pass Project, and my recollection is you said no.

A I have not done analysis for the Northern Pass Project submission to the Massachusetts RFP at this time.

Q So you haven't done anything in writing. Have you done analysis that did not involve writing?

A I have definitely talked to my client about the Massachusetts RFP.

Q Have you provided an opinion as to the likelihood of success in the Massachusetts RFP for Northern Pass Project?
A No, I have not provided such an opinion.

Q I'd like to turn to what we've marked as Joint Muni 203. This is a report that was prepared by Charles River Associates in December of 2010. Are you familiar with this report?

A Yes, I have read it in the past. I haven't reviewed it recently, but I have read it in the past.

Q Okay, and Charles River Associates is also out of Boston?

A I believe so. They are a consulting firm. I don't know where their headquarters are officially, but they do have offices in Boston.

Q And they're another economic consulting firm?

A Sure. Yes.

Q And this report, you're aware, was submitted to the Department of Energy as part of the application for a Presidential Permit. Is that correct?

A Well, I'm not, I don't recall if that was the use of the report, but I will accept it subject to check.

Q Okay. It was prepared for, as you can see right on the title of this document, it was prepared
for Northern Pass Transmission, right?

A  I see that. Yes.

Q  Okay. Now, we had just talked about work that
    you did in 2011 for Northern Pass which was on
    your relevant experience list, right?

A  I had done work for PSNH where I had come to
    speak before a Senate Committee, yes.

Q  Okay. And I think there was another item, and
    we can turn back to it, which stated that you
    did additional work for Northern Pass, and that
    it was an error that you didn't include it in
    terms of identifying that it was for Eversource,
    and that was -- let me just find it. Number 27.

    So this was work that you did in terms of
    presenting material on the electricity market
    impacts and the benefits of Northern Pass and
    that's under item 27 of Attachment A. So that
    was work that you were doing in 2011 for
    Eversource for the Northern Pass Project, right?

A  Yes, and specifically it was some work related
    to some OpEd pieces and discussions on a New
    Hampshire Public Radio program about electricity
    markets here in New England and projects like
    Northern Pass.
Q  And the work that you did in 2011, that's part
of the construction cost of this Project, isn't
it?
A  I don't know where the client would have
allocated those potential costs.
Q  When you did your analysis on the jobs to be
created in this case, you received spreadsheets.
Did you ever look to see, look to see where that
work was allocated?
A  Actually, I didn't, but good point. It will be
interesting to go back and take a look.
Q  Okay. So would it be fair to say in 2011 you
were doing work for Northern Pass Transmission,
and in 2011 time frame, Charles River Associates
was also doing work for Northern Pass
Transmission, correct?
A  I think based on the dates of that report and
the dates of my CV, that's correct.
Q  And are you aware whether the work for Charles
River that they were doing was coming out or
being included in the cost of construction of
this Project?
A  I'm not aware.
Q  But you would agree that Eversource was working
at least in 2011 with two different economic
consulting firms for this Project?

A  On the basis of the work I did or the basis of
the Charles River report or the date of that
report that you put up, I agree that they had
hired us consultants to provide them with some
analysis.

Q  Okay. And as part of your work for the
application, you also performed an analysis of
the jobs that would be created from this
Project, right?

A  For the SEC Application, correct.

Q  Are you familiar with Dr. Lisa Shapiro?

A  Yes, I am.

Q  And Dr. Shapiro is also an economist?

A  That's my understanding.

Q  Are you aware that in 2010 and 2011 she actually
evaluated the jobs that would be created for the
Project as proposed at that time?

A  Yes. I recall reviewing something that Dr.
Shapiro, sorry. I mispronounce her name all the
time. Dr. Shapiro had put together.

Q  Yes. My apologies, yes. Dr. Shapiro.

So if you could turn to Exhibit 204. We'll
put it up. This is the report, and we'll zoom out a little bit so you can see it, but this is what we've marked as Joint Muni 204, and it's the report prepared by Dr. Shapiro in October 2010, and it's Preliminary Economic and Fiscal Impacts of the Proposed Northern Pass Transmission Project, and if you keep going to the next exhibit, which is marked as 205, this was the Proposed Northern Pass Transmission Economic Impact Update which estimated New Hampshire jobs during the three-year construction phase in April 2011.

Now, the work that Dr. Shapiro did, is that part of the cost of construction of this Project?

A I am not aware.

Q So you never looked at the spreadsheet to see whether her work was included?

A I didn't look at the details of the various vendors listed. I focused on the raw numbers.

Q Dr. Shapiro did not ultimately submit a report on jobs for the Site Evaluation Committee, did she?

A Not to my knowledge.
Q  And, instead, Eversource hired you to do that work?
A  Yes.
Q  So it would be fair to say Eversource has paid two different economists to analyze the jobs to be created?
A  I guess so, based on what we know from 2010 through today.
Q  Okay. Now, turning to your report which was marked as Exhibit 1 by the Applicants, and it's Appendix 43, I want to talk for a bit about your October 16th, 2015, report.

There's just a couple items that I want to go through with you on the report. The first one is, actually, if you go to Figure 40 first. I'm showing you what is Figure 40, and it's a chart that you created about "Direct jobs by Northern Pass Transmission during the planning and construction phase in New England," and this is, this report talks about or this section of your report talks about direct jobs. Direct jobs are the jobs that are actually anticipated to be needed for the construction of the Project; is that right?
A  That's correct.
Q  And so I wanted to just ask you a bit about this, because for the direct jobs, you have numbers of the jobs, but I'm trying to figure out what employment sectors those direct jobs might be. And so if you turn to Figure 44 which is a little bit further in your report, this is a chart that shows by employment sector where people are going to be hired for the indirect jobs, and 44 is for New Hampshire, and 45 is for New England, and no where in the report could I find a similar chart that would show by employment sector the direct jobs that would be created in New Hampshire and in New England. Did I miss something?
A  It is not in our report, but it is in our workpapers that we provided with the original report. You could actually go directly to our workpapers and look at the direct job inputs because we specify the sector, we call it policy variable, but the sectors that we are affecting change in our REMI modeling.
Q  When you say workpapers, you're talking about the spreadsheet that's confidential and that was
provided in discovery, right?

A  Yes. It was provided in discovery. To what extent it's confidential or not confidential, I don't recall, but, subject to check, I'll assume it's still confidential.

Q  So those workpapers were never provided to the Site Evaluation Committee. Are you aware of that?

A  Those workpapers, I'm not aware of what happens formality-wise with all the discovery so I am not aware of it, but I understand that everybody who signed a Confidentiality Agreement had access to those workpapers if they were confidential, and if they were public then everybody in the case would have had access to those workpapers.

Q  Well, they were confidential so the general public and the Site Evaluation Committee has not yet received this. It wasn't submitted as part of your report. Is there a reason why you didn't include that in your report?

A  I don't recall at this time.

Q  Now, looking at this chart itself, I had a question. Indirect jobs, I understand, is
different than a direct job, and yesterday when you were talking to Attorney Pappas, you explained that direct jobs drive the indirect jobs which then drives induced jobs. Basically, indirect jobs are created by businesses which provide goods and services essential to the construction or operations of the Project. Is that right?

A Yes.

Q And so I'm just going to give you a really simplistic example, but by way of example, if Northern Pass needs to buy concrete for its foundations, for its towers, this could create indirect jobs because of the needs by the concrete plant; is that right?

A Yes.

Q So now in terms of Figures 44 and 45, you talk about the different employment sectors for indirect jobs, and so going up to Figure 44, you talk about 24 percent would be administrative and support services; 17, professional scientific, technical services; and then under others, you have 29 percent and there's an asterisk. Now, that's over 25 percent or a
quarter of the indirect jobs, right, in the "Others" category?

A Yes.

Q And there's an asterisk, but no where in your report could I see where those other jobs were identified in terms of what other employment sectors would be included. Did I miss something?

A No, you didn't. I don't know where the asterisk went. It's not in my version either. So perhaps it was just a typographical error to have an asterisk there. The purposes of the "Others" is it's a lot of very small other sectors aggregated together. So there wasn't enough room in the pie chart to have so many slices and so much text.

Q So we don't know what 29 percent of the indirect jobs will be in terms of employment sectors based on your report?

A Based on the report, no. Again, I think in the workpapers, you could go into the lowest common denominator of detail that's provided in the REMI model itself.

Q And that's the workpapers which we've already
discussed were not submitted to the Site Evaluation Committee?

A  Because -- I guess so. Yes. Same workpapers.

Q  Okay.

A  I can't speak to why or why not they were not submitted.

Q  Same question for Figure 45. It talks about the indirect jobs that you estimate would be created during construction for New England, and the "Others" is actually 33 percent, and, again, that's not identified in this report in terms of what the employment sectors for 33 percent of those jobs would be?

A  Yes. It's not identified. It's a composite of many different industries.

Q  Now, I want to talk for a moment about the jobs created during the operation of this Project. If you could turn to page 69 of the report. Just one moment while we get it on the screen, please.

This is the intro to your Local Economic Benefits section of your report from October of 2015, and what we did was we highlighted one sentence in there which talks about jobs created
during operations, and I'm just going to read it out loud and you can let me know if I read it correctly, but it says, "NPT will also employ personnel (and services) based in New Hampshire once the project begins operations in order to operate and maintain the transmission infrastructure." Is that right?

A Yes.

Q And when you say, "NPT will also employ personnel (and services)," employ personnel, that's talking about direct jobs?

A Yes.

Q So now I think lower on that page, you state and this is also highlighted in yellow, you talk -- can you go up a little bit?

First you talk about that NPT will create an average of 6,820 jobs per annum across all of New England in the first 11 years of commercial operations, and then the next sentence says, "From this total, New Hampshire will see on average 1,148 new jobs per year."

A I see that.

Q Okay. And that time frame is from 2019 to 2029, right?
A  Yes.

Q  And that number, 1,148, that includes direct jobs, indirect jobs and induced jobs, right?

A  Correct.

Q  And when you do your REMI model, that number, it doesn't take into account or assume everything's full-time job. It includes part-time jobs and full-time jobs, right?

A  And seasonal jobs. It's using a definition of employment that's consistent with a BLS.

Q  Okay. But when we see 1,148 jobs, we don't know whether that means somebody's going to be working 50 hours that year and that's a job or 2080 hours which would be a full-time job, right?

A  There is no way to distinguish that. Again, the model, the REMI model is consistent with US statistics agency's definitions because it uses their data to create the forecast so there isn't a distinction in the model between those categories.

Q  Okay. And just going back to what we talked about a moment ago in terms of your response to one of Attorney Pappas's questions, you had
indicated that the direct jobs result in indirect jobs, right? You had said direct jobs drives indirect jobs which drives induced jobs. Is that right?

A I don't remember exactly what I said, but I agree with you that direct jobs, there's a relationship between direct jobs and indirect jobs. And direct jobs, as you and I described earlier, are created in industries that are impacted by the construction work.

Q Okay.

A The spending that takes place in the construction work.

Q So let's turn to Figure 49?

A If I could just clarify though because I think here we're talking about the operations period so -- do you want me to clarify? Sorry.

Q Well, I thought you just answered my question.

A That's for the construction period, but for the operations period it's a little bit different.

Q What's different?

A Well, there's no construction going on in the operations period so the direct jobs are related only to the direct jobs for operations and
maintenance. And then the indirect jobs, induced jobs are a function of other, the indirect jobs are a function of the other spending that is being done by the Project but not direct jobs. For example, the New Hampshire Forward plan, the property taxes, et cetera, and then the induced jobs are a function of electricity cost savings.

Q Thank you for that clarification.

A Okay. Thank you.

Q Now, I want to talk about 49 because this talks about the number of jobs in New Hampshire created by Northern Pass Transmission during the first 11 years of operation, and when you look at the chart, the graphs that you have, underneath it there's the legend which says direct jobs are in blue, indirect jobs are in maroon, and induced jobs are in green, and when I look at that, I don't see any blue on the chart. Was that right?

A Because of the scale. If you look at the table below the direct jobs, we estimated our rounding to around two jobs per year.

Q Okay. So two direct jobs per year is what you
estimate will be created by this project during operations, and that's not actually completely accurate because in 2025 and 2029 you have one job. Is that right? One direct job?

A So there's some, I would call it noise in the rounding and estimation of this number so yes, and we wanted to present everything to whole numbers to make it easier to understand.

Q And going back to what we discussed earlier, this could include part-time, seasonal or full-time; we don't know, right?

A That's correct.

Q And you don't have any sort of chart or explanation in this report which indicates what employment sectors those two or one jobs will be, do you?

A No, but I think there's text describing it. Those are the two jobs related to labor spending on O&M on the Project which would inevitably be in the context of this REMI PI plus model the Utilities sector.

Q And I didn't see that in your report. Can you show me where in your report that is?

A If you go to page 115, Figure 73. I know it's
buried in an Appendix, but it is the back of
detail to some of the assumptions.

Q  Okay.
A  If you go to Figure 73 again?
Q  If you can just hold up, we'll put it on the
screen so everybody can follow along.
A  Yes.  115.  Great.  If you focus on the
Operations Period, bottom part of the table, and
you go to the first line item, Labor, and then
it says Industry Employment, Industries
Affected, Utilities.

Q  But by saying Utilities, that doesn't
necessarily mean it's going to be all linemen
that those two jobs involve, does it?  It could
be administrative and support staff?
A  It could.  We don't have that level of
breakdown.  This is a 70 sector model version of
the economy.  So we don't break it down to that
level of detail.

Q  And, again, we don't know if it's part-time or
full-time jobs, do we?
A  No.  That's not specified in the model.
Q  I'd like to go into confidential session now.

PRESIDING OFFICER HONIGBERG:  All right.
We'll do that. We'll ask the people who would not sign confidentiality agreements to leave and for the speaker to be turned off in the public area.

After Ms. Pacik is done with her section, we'll circle back to Mr. Anderson to do his. Ms. Pacik, how long do you think you have?

MS. PACIK: It's somewhat hard to estimate but probably 15 minutes to 20 minutes.

PRESIDING OFFICER HONIGBERG: Mr. Anderson, how much more do you think you have?

MR. ANDERSON: Approximately 30 minutes.

PRESIDING OFFICER HONIGBERG: So it sounds like a total of 45 minutes or so. Probably when we get to the end of that, we'll take a break.

(Discussion off the record)

(Pages 37 through 84 of the transcript are contained under separate cover designated as "Confidential and Proprietary.")
PRESIDING OFFICER HONIGBERG: Mr. Reimers, you may proceed.

CROSS-EXAMINATION

BY MR. REIMERS:

Q Good afternoon, Ms. Frayer. My name is Jason Reimers. I represent the Society for the Protection of New Hampshire Forests.

A Good afternoon.

Q Were you here when Mr. Quinlan testified?

A I was not here in person, no.

Q At one point, he referred to you as Dr. Frayer. You don't have a Ph.D., do you?

A No, I do not.

Q So he misspoke when he called you Dr. Frayer?

A Yes. I will thank him for those kind accolades, but no, I only have a graduate degree in economics.

Q Economics and international affairs?

A The graduate degree is only in economics. The undergraduate degree is in economics and international affairs, I think, and math and whatever.

Q And you received that from Boston University?

A Yes.
Q And then you worked as an investor banker in New York City?

A Yes.

Q And for how long did you work as an investment banker?

A I believe less than two years.

Q Okay.

A Yes. Actually, a little over a year.

Q In your time at LEI, out of all the testimony you've given in regard to various projects, only once have you testified in opposition to a project, is that correct?

A I have recently -- well, no. In what context do you mean project? A transmission project or generally infrastructure projects?

Q I believe infrastructure projects.

A There have been other occasions where our testimony suggested that there wasn't an economically oriented need for infrastructure so not just once. There have been other times where we have been representing clients who have asked us a very specific question about economics of infrastructure where our conclusion suggested there may have not necessarily been a
Q That doesn't sound to me like working for a client in opposition. That sounds to me like you're describing possibly a utility asking you whether this particular project is a good idea.

A In this instance, I was actually thinking of us working for a regulator.

Q Dawn, could you turn on the hard wire?

   I want to understand what LEI was hired by the Northern Pass to do. As stated in your 2015 report, so this is an excerpt.

   LEI was hired to analyze the potential economic benefits in terms of the wholesale electricity market impacts and environmental effects as well as the impact on the local economy in New Hampshire and other states in New England.

   Did I read that correctly?

A I believe so, although I don't have it in front of me, but --

Q Is it on the screen in front of you?

A Not yet. It's getting there. But that sounds, subject to check, my words.

Q When it gets to your screen, take a look at it.
A Yes. That is my report.

Q Then in your March 2017 Supplemental Testimony, you state that LEI was hired to provide an expert analysis of the economic and environmental impacts of the Project using simulation-based modeling. Is that correct?

A Yes.

Q And those two statements describe the scope of LEI's work, don't they?

A Yes. In different words, but the same thing.

Q You would agree that LEI holds itself out as an objective consultant, wouldn't you?

A I would.

Q And you did your initial economic and environmental analysis in October 2015, right?

A Yes. That's the date of that report.

Q You didn't do any modeling prior to 2015, did you?

A We did modeling but not for the SEC.

Q When did you do that modeling?

A I believe we did some modeling in 2014 looking at a variety of different investment opportunities for Eversource.

Q LEI was paid for providing the 2015 and 2017
reports and testimonies, right?

A  Yes.

Q  Now, in 2011, in May 2011, you testified before the New Hampshire Senate Judiciary Committee on behalf of the Northern Pass, correct?

A  Yes.

Q  And your testimony was in opposition to House Bill 648 which took away the use of eminent domain for non-Reliability Projects such as the Northern Pass, correct?

A  Yes. That was the setting.

Q  When you testified you thought that it would be a good idea to use the power of eminent domain to build the Northern Pass, correct?

A  I don't recall speaking about eminent domain. My purpose there was to, I would say, educate the Committee and other stakeholders about the New England wholesale power markets and the general prospects for investment and the need for investment. That was really the scope of my testimony. I wasn't there to make assertions about the policies like eminent domain per se.

Q  You were there to support the Northern Pass though, weren't you?
Yes. In supporting Northern Pass being able to provide information and educate about prospects of the New England power market.

Prospects, specifically the Northern Pass, correct?

I think my testimony actually was primarily more general in nature. What our wholesale market's looking like, I think where have we been in the past with respect to wholesale markets, where are we today, where are we going. It was more of a market overview and analysis. I don't recall exactly slide by slide, but -- or actually, I didn't even have slides. I think there were some talking points, but that was the general sense.

Okay. I want to ask you about Attachment A to your Prefiled Testimony that Attorney Pacik asked you about earlier. This is Joint Muni Exhibit 202 that includes the numbers in the margin.

Go ahead. Sorry. I was going to say I see it, yes.

Beginning on page APP0613 and going on to the next page, there's a 2011 entry listing PSNH as
the client. You talked about that earlier, didn't you?

A Yes.

Q And it says Julia testified in front of the New Hampshire Senate Committee, correct?

A Yes.

Q Is this a reference to the Senate Judiciary Committee testimony that I just asked you?

A I believe so. That's the only time I have testified in front of New Hampshire legislation.

Q And the next entry on chart is also from 2011 and is for the private client that actually was PSNH, correct?

A Yes. PSNH or maybe an affiliate. I don't remember exactly who the contracting client was.

Q I was going to have you read this paragraph out loud, but given your cold, could you just take 30 seconds and read it?

A Yes.

Q This entry lists four activities. First, LEI prepared presentation materials for consumers, correct?

A Yes.

Q Was this for a mailer?
A: I don't know how it was used or at least I don't recall. I'm not sure.

Q: The second activity was you helped the client write an OpEd. Is that correct?

A: Yes. That's correct.

Q: The third was that you testified before the Senate Committee, correct?

A: Yes.

Q: And is this reference to testifying on behalf of the client a duplicative reference to the same testimony that's in the prior entry?

A: I believe so.

Q: And, fourth, you appeared on the exchange to advocate for the Northern Pass, correct?

A: Yes.

Q: And these activities are public relations work, aren't they?

A: I don't know how the client would see them. The way I would see it is we're talking about the New England market, and we're talking about a Project in the New England market. Even on the New Hampshire Public Radio program, I think although it was set up as like a pro/con, I felt my role was to provide fact-based information
generally about the New England market where the
prospects are for supply/demand in the future,
the need for new investment.

Q For all of these activities those, you were
helping Northern Pass send messages to consumers
and policy makers, weren't you?

A I was providing fact-based information that they
could then use with stakeholders.

Q Okay. In 2011, the proposed Northern Pass was
an all-overhead Project, wasn't it?

A I don't recall, but, subject to check, if that
was the case, I will agree.

Q And it was your opinion in 2011 that the
Northern Pass should be built, correct?

A In 2011, my opinion was the market needed new
investment, and that Northern Pass could fill
that need.

Q You formed that opinion that the Northern Pass
could fill that need in 2011 which was years
before you performed your objective analysis in
2015, correct?

A Yes. Or the other way I would say it is the
analysis and the information we were preparing
in 2011 was very different than the information
that is presented in my analysis for the SEC. I didn't do at that time a detailed market simulation to look at market impacts or a local economic study. It was a different scope of much higher, 10,000-foot perspective about wholesale power markets.

Q But still advocated the ultimate conclusion that the Northern Pass should be built, correct?

A Again, I want to refresh my memory on the specific documents. It's been six years. I don't know if I would find anywhere in my documents that specific set of words: I am advocating for Northern Pass to be built.

Q This is, I'm showing you what's been marked as SPNHF 18. This is the OpED that you wrote, correct?

A Yes.

Q And the OpEd was published in the Union Leader on May 24th, 2011, correct?

A It is. Yes.

Q And that would have been a few days after you testified?

A I think so. You probably recall the dates better than I.
Q  Right around that same time, wasn't it?
A  I think so. Yes.
Q  And it is called "Julia Frayer: Why New Hampshire should be open to the Northern Pass project," correct?
A  Yes.
Q  And in that attachment or the Joint Muni 202 exhibit that you read, it's stated that LEI staff assisted the unnamed client in preparing the OpEd. Is that right? Want me to go back to it?
A  No. I remember that blurb. Yes.
Q  So if LEI staff assisted the client, who else wrote the OpEd?
A  I don't recall. I would say that I probably wrote out the outline of the OpEd, bullet points and all details. Some of my staff may have then formed it into cohesive English, and there might have been some more editorial of the English, and finally my review since my name is on it.
Q  Who from the client also wrote the OpEd?
A  The client would have been Eversource/PSNH staff. There was a group there. I don't know who would have been reviewing and giving me
editorials. I sent it out for editorial comment to a large group.

Q But you don't identify anyone else in the OpEd who helped prepare it, do you?

A No, I do not.

Q So this was presented as being authored by an independent objective consultant only?

A I think actually if you go, scroll down, I could disclose or I thought I disclosed that I was working for them.

Q You do. It says that you were retained by the Northern Pass.

A Okay. So. For that, for full disclosure, I put my independent views, but I also made it known to those reading that I've been paid by Northern Pass or Eversource. Or Northeast Utilities.

Q Your OpEd also ran in the Keene Sentinel. Are you aware of that?

A I am not sure who picked it up. No.

Q I'm showing you what has been marked as SPNHF 177. The first document is your editorial in the Keene Sentinel, and the second document of that exhibit shows what appears to be your editorial running in the Coos County Democrat.
newspaper. Scrolling down to it. Do you see that?

A Yes. I see that portion right now.

Q You mentioned that with the OpEd you were careful to note that you worked for Northern Pass and that you were being paid, but in this opinion piece, I can give you a moment to look through it, it's continued on to the next page, I don't see anywhere where it's stated that you were retained by Northern Pass.

A I can't control how editors decide to publish these. I see that it states who I am and who London Economics is, but it doesn't state that we have been retained by Northern Pass.

Q In the OpEd you state, "Unfortunately, while there has been concern expressed about the project's route and its aesthetics, there has been very little attention paid to the specific benefits the project will deliver."

At the end of the OpEd, you state, "The cost-benefit proposition is very compelling, confirming the need for this Project from the New Hampshire consumers' and policy makers' perspective."
Do you see that?

A Yes.

Q When you stated that the Project was needed, you weren't saying that the Northern Pass at that point was a Reliability Project, were you?

A No. I believe needed was in air quotes, and then followed by five reasons as I said I would lay out to explain that term, if you will. Or my opinion.

Q So that need is in air quotes?

A I believe so.

Q What do you mean by that?

A Well, it's in air quotes because need is going to be perceived from the perspective of a particular stakeholder. An engineer when talking about need will look at it from a reliability perspective. When you talk to a policy maker, he may view need from the perspective of achieving policies. When you talk to an economist, they probably will grimace a little bit and say well, it should be based on the economics, whether I want it or not, rather than whether I need it or not. So there's different definitions that could be applied...
You said it's not a Reliability Project. The Northern Pass is a business venture for Eversource and Northern Pass, correct?

Yes. I think earlier today perhaps one of the other attorneys suggested it was a merchant project, and I had agreed with him that that could be a classification that could apply.

And you would agree that if it could also be classified or described as a business venture?

Yes. I guess so. Depends on what you mean, but it is an opportunity for Northern Pass and for Eversource.

You state in the OpEd that concerns have been expressed about the Project's route. You were not hired to compare the benefits and impacts of alternate routes, were you?

No.

And you did not evaluate the economic benefits and impacts of burying the entire line, did you?

No.

And if the line were buried, it is possible that more jobs would be created than with the proposed route, isn't it?
A My understanding is that there would definitely be a higher cost, capital investment cost, for burying, for the hypothetical you lay out burying the entire line which could mean additional construction jobs, but it may have ramifications as well on the overall economics of the project.

Q Right, but I simply asked about jobs. So it's possible that burying the entire route would result in more jobs.

A If the project moves forward, under the condition of burying more or all of the transmission line, if both of those and we move to construction, I would agree. I'm just questioning about the relationship or the implication of burying the Project, what that creates as consequences for the project.

Q In your OpEd you also mention that concerns have been expressed about the Project's aesthetics. You were not hired to evaluate the aesthetics impact, were you?

A No, I was not, but at that Senate hearing there was a lot of, I heard a lot of concerns from stakeholders about those. That's what I'm
referring to in the sentence.

Q And you were not retained to evaluate the Project's effect on tourism, were you?

A No, I was not.

Q The word tourism is not in your 2015 report, is it?

A No, because at that time, I don't think at the Senate hearing I personally heard any discussions about tourism industry effects.

Q I'm showing you Exhibit B of CFP Exhibit 148 which is Kavet & Rockler's Supplemental Report dated April 17th, 2017. Do you see that?

A Yes.

Q And on page 28 there's a section in the KRA report regarding, it's called Review of Applicants' Tourism Impact Analysis. Do you see that?

A Yes. I see that Section 5.

Q KRA is responding to Mitch Nichols, correct?

A That's what it appears to be, yes.

Q The KRA doesn't mention you or LEI in this section, do they?

A I don't know. I don't recall spending a long time reading this.
Q Do you want me to scroll through it or would you accept my representation that LEI or you is not mentioned in this 12-page section?

A I would accept that.

Q This is your Rebuttal Report, Applicant's Exhibit 102, in which you criticize KRA's conclusions regarding the effects on tourism.

A Yes.

Q You begin on page, actually --

A Well, I believe I discuss all of KRA's analysis in this rebuttal.

Q And on this page, on page 46 you have a paragraph which is this paragraph regarding tourism. Do you see that?

A Yes. I do.

Q And it says or you write, "In addition to the fact that KRA's tourism impacts are not based on the tourism sector directly, there is no foundation for assuming that the effects would not diminish with time. As new generations of tourists will come back to New Hampshire, they will not have the same non-pecuniary concerns about the transmission infrastructure as it becomes an established element in the"
landscape."

Do you see that?

A Yes, I do.

Q Since KRA did not critique you or LEI, and since you are not a tourism expert, isn't your critique of KRA simply piling on?

A No. I don't agree. KRA incorporated the tourism effect analysis into its own REMI modeling, and as I am the witness responsible for the REMI modeling, I felt it incumbent on me to think about whether it is appropriate, it has been appropriately considered by KRA. I worked with Mr. Nichols who is the expert at Eversource retained to talk to this to form my rebuttal.

So the connection there is that the KRA's analysis of tourism isn't just simply a description of tourism. They actually have incorporated it into their aggregate long-term effects.

Q And using REMI?

A That's correct.

Q And it's the REMI nexus that brought you into the tourism dispute?

A You could say that.
Q So your statement, "As new generations of tourists will come to New Hampshire, they will not have the same non-pecuniary concerns about the transmission infrastructure as it becomes an established element of the landscape," is that a result of a REMI, of running REMI?

A That is linked to the sentence before where I specifically say my concern is that KRA in running REMI made an assumption that the effects would not diminish with time, and I needed to explain that in more laymen's terms and that's the purpose of the second sentence you just read.

Q So that sentence that I just read about new generations of tourists, that's your statement?

A That is my statement to explain in laymen terms the concerns I have in KRA's analysis in REMI about the tourism impact. So their specific assumption about the trend they incorporate because they do this long-term aggregate impact analysis.

Q You would agree that if the Northern Pass is built, these new generations of tourists will encounter a New Hampshire landscape that is
different than the current New Hampshire landscape, wouldn't you?

A  I would agree.

Q  And these new generations of tourists that will come to New Hampshire could be a smaller number of tourists than the current generation, couldn't they?

A  Due to Northern Pass or simply --

Q  Yes. Due to Northern Pass.

A  I believe that Mr. Nichols has concluded the opposite so I've relied on his Rebuttal Report as such, too.

Q  You relied on his Rebuttal Report as a portion of the foundation for this paragraph?

A  As a portion for how I then went on to treat the next page, if you will, of this by alternative calculations of potential aggregate impacts.

Q  So if the Northern Pass is built, would you expect the next generations of tourists to come to New Hampshire because of the Northern Pass?

A  I don't think so.

Q  Okay. Because it would be ridiculous to suggest, for example, that 9 percent of tourists visiting New Hampshire come to New Hampshire for
the purpose of seeing power lines, wouldn't it?

A  Well, I don't think I state that anywhere.

Q  I'm just saying, for instance. Wouldn't it be ridiculous to say that 9 percent of tourists coming to New Hampshire come here to see the power lines?

A  I would, I personally would agree, but then again, perhaps the new generation is interested in different things than what we're interested in.

Q  So personally you would agree.

So this is Mr. Nichols' report, and we're looking at page 26. His report is Appendix 1, I'm sorry. Appellant's Exhibit 1, Appendix 45. And do you see in this table that a destination attribute, visible power lines in the area, that Mr. Nichols concluded that for 9 percent of the people that come to New Hampshire seeing visible power lines in the area is an essential or very important benefit?

MR. NEEDLEMAN: I'm going to object. That's Mr. Reimers' interpretation of what Mr. Nichols said. I don't think that's Mr. Nichols' interpretation.
MR. REIMERS: I'll lay more foundation. Is that all right, Mr. Chair?

PRESIDING OFFICER HONIGBERG: Sure.

BY MR. REIMERS:

Q Do you see I have highlighted what drives visitors to choose New Hampshire?

A I see that statement.

Q And tell me if I'm reading this right. "Respondents were also asked to rate destination attributes related to their choosing to visit a New Hampshire destination." Do you see that?

A Yes.

Q And the next sentence references Table 6-3. And was it 6-3 that I was pointing you toward a minute ago?

A Yes. I believe Table 6-3 is a summary of, without reading the full report, just this portion, I believe it's a summary of a survey.

Q Performed by who?

A I don't know. I haven't read the rest of it.

Q The rest of the report or Mr. Nichols' report?

A I haven't read the rest of the pages, and I don't recall. So I'd need to read before and after just to make sure I understood all the
context.

Q Would you agree that Mr. Nichols concludes that Visible power lines in areas is an essential or very important benefit for a large number or for 9 percent of potential visitors?

A I think Mr. Nichols is showing what the results of the survey were, and I would say that 9 percent of whatever survey sample had selected this attribute.

Q And a few minutes ago, you testified that your personal opinion would be that it would be ridiculous to think that 9 percent of visitors either come here or would come to see power lines, isn't that right?

A I believe, and I apologize if the word choice was a little messed up, but I said personally, I wouldn't consider that as a reason to visit a place, visibility of power lines. But I also said others, I think I followed and said others might have a very different opinion. And I think the whole point is this is a survey of, I would assume, more than just one or two individuals. So I recognize others might have a very different view on what they would like to
I distinctly recall you saying that in your personal, not in these, you said, regarded your personal opinion and you agreed that my proposition was ridiculous.

That I wouldn't be wanting to personally visit a place because of power lines. I have other criteria that I would use for myself.

So you would agree with Mr. Nichols that 9 percent of potential tourists would visit New Hampshire to see power lines?

I would say that Mr. Nichols has the expertise, and I would look to him to give me conclusions from his analysis and studies.

Around the time that you testified at the legislature and wrote the OpEd, you also appeared on "The Exchange." Correct?

Yes.

And in response to a question from Attorney Pacik, you characterized the subject of the program to be the New England Energy Market and Projects such as the Northern Pass. Do you recall that?

I don't recall that discussion, but I'll take
it, I assume it must have happened with Mr. Pappas?

Q No. I'm sorry. Danielle Pacik, Concord's attorney, about an hour ago.

A Yes. Ms. Pacik. Yes. Sorry. I didn't hear correctly. My cold is getting to my ears now, too.

Q Just to clarify, you don't recall characterizing the subject of The Exchange program to be the New England Energy Market and Projects such as the Northern Pass?

A If I said that, that's what I said.

Q Okay. I'm showing you SPNHF 175 which is a website printout discussing the program, and if you look, read the description here, isn't it clear that the program's sole topic was the Northern Pass?

A Well, the topic was trying to enumerate the disagreement on the amount of energy that we brought in, how badly the energy is needed, and the economics of the Project. So it's covering a variety of issues, some of them are more about what's needed for New England, maybe in air quotes again, and what kind of products will be
delivered on the Project.

Q So is the title of the program, "Northern Pass: Separating Truth from Fiction," a little misleading?

A No. I think that was the name of the TV show. It was getting a lot of press at the time. Sorry. Radio show. That was a hot topic at the time.

Q So the website here shows that you were one of the two main guests, correct?

A Yes. It was Christophe and myself.

Q Other guests were Peter Powell and Brian Underwood?

A I see that here. Yes.

Q And Mr. Underwood did appraisal work for the Northern Pass, correct?

A I'm not familiar with it, but I'll take it, subject to check.

Q Assume that Mr. Underwood worked for the Northern Pass. If that's the case, you and Mr. Underwood were the only guests on the program that were paid consultants, correct?

A Well, Mr. Christophe is a professional lawyer as part of Conservation Law Foundation.
Q: Right. He was a staff attorney there, correct?
A: I understand that to be the case, yes.
Q: He wasn't an expert hired by CLF to push a position, was he?
A: He was working as part of CLF, and I believe CLF and he himself had positions on the Project. That was the whole point to have the two of us banter, if you will, and debate the topic. So he had a specific position and I did as well.
Q: And my point was that you and Mr. Underwood, though, the two people advocating for the Project, were the two people on the show who were paid consultants.

MR. NEEDLEMAN: Mr. Chair, I'm going to object. I don't think it's been established that Mr. Underwood was working for the Project at this point. He certainly worked for the Project.

MR. REIMERS: I'll get back to this in confidential.

PRESIDING OFFICER HONIGBERG: Okay.

BY MR. REIMERS:
Q: LEI was paid for your lobbying and public relations work in 2011, testifying at the
legislature, preparing materials for consumers, assisting the Northern Pass with the OpEd, and appearing on The Exchange, correct?

A  Yes, I was paid for various analyses and presentations thereof.

Q  In 2014, you provided testimony for the New England Power Pool in a FERC, Federal Energy Regulatory Committee, proceeding involving NEPOOL and ISO New England in which you were a witness for NEPOOL, correct?

A  Yes.

Q  And NEPOOL was your client?

A  The client was NEPOOL, but it went through NEPOOL's counsel.

Q  That case involved competing proposals, one from NEPOOL and one from ISO New England, to revise ISO New England's transmission markets and services tariff, is that correct?

A  Yes. Specifically with respect to performance incentives. And that's performance incentives in the Capacity Market.

Q  And although FERC did not adopt wholesale either NEPOOL's or ISO New England's proposals, FERC decided that we will largely adopt ISO New
England's proposal, correct?

A    That's correct.

Q    In that docket, prior to the order, ISO New England filed a motion for leave to answer out of time an answer of ISO New England, Inc. Is that correct?

A    I see that document, yes.

Q    And ISO New England's answer included attached testimony from a principal of the Brattle Group, Robert S. Mudge, do you recall?

A    I don't recall, but I see the words on this paper so I will accept that. He did file testimony.

Q    And this motion and answer was filed by the Vice President, General Counsel and Corporate Secretary of NEPOOL and the Senior Regulatory Counsel of NEPOOL?

A    Yes. I see that.

Q    And on page 4, ISO New England explained that while the ISO generally is hesitant to submit additional testimony in this third round of pleadings, this testimony is essential to ensure a complete and accurate record in this proceeding. Correct?
I see that statement. Yes.

You have read this answer of ISO New England and the Brattle Group's attached testimony, haven't you?

I don't recall it in detail. What was the date of it again?

It's 2014.

I probably did, but I don't recall at all the content of this.

In this answer, ISO states that your calculations are based upon inconsistent assumptions, apparent conceptual misunderstandings of how Pay for Performance works and errors in various formulas. As a result, Ms. Frayer's illustrations mislead instead of inform.

This is what ISO said, correct?

That is what ISO says in this, yes. I don't agree with them, but --

I'm not asking if you agree, and I understand that you don't.

ISO further stated that your analysis rests on inappropriate assumptions, didn't it?

That's what it says here in this pleading from
ISO.

Q  And ISO thought that one of your inappropriate assumptions created a misleading impression, is that correct?

A  That's what you highlighted. I haven't, again, I haven't read all these.

Q  Take the time to read it if you'd like.

A  How long is this document? I think it's 68 pages.

Q  We're not going through 68 pages. I promise.

A  But that's the problem. Going through piecemeal excerpts does not give me enough information to refresh my memory. I would need to read 68 pages, and then I can actually converse with you intelligently in response to these allegations.

Q  My questions only have to do with what ISO New England asserted.

PRESIDING OFFICER HONIGBERG: Mr. Reimers, I have a question for you.

MR. REIMERS: Sure.

PRESIDING OFFICER HONIGBERG: Can you scroll to the bottom of this document and show me who filed this document again?

MR. REIMERS: Sure.
PRESIDING OFFICER HONIGBERG: Because I thought this document was filed by NEPOOL. Am I wrong about that?

MR. REIMERS: No. It's filed by ISO.

PRESIDING OFFICER HONIGBERG: I think you had said NEPOOL earlier.

MR. REIMERS: I apologize if I did.

PRESIDING OFFICER HONIGBERG: How about control end.

MR. REIMERS: There we go. ISO New England.

PRESIDING OFFICER HONIGBERG: Okay. And Mr. Hepper is the General Counsel to the ISO. Okay. So this document was filed by the ISO and not by NEPOOL.

MR. REIMERS: Correct. Ms. Frayer was a witness for NEPOOL.

PRESIDING OFFICER HONIGBERG: Right, and earlier you had said "filed by NEPOOL" and that's how that stuck in my head.

MR. REIMERS: I apologize.

PRESIDING OFFICER HONIGBERG: All right.

MR. REIMERS: Filed by ISO.

BY MR. REIMERS:
Further on that page, ISO thought that your testimony appears unaware of a certain fundamental relationship which results in assumptions that are logically inconsistent and contributes to the puzzling results. Did I read that -- well, did I characterize what ISO asserted?

I believe that is what ISO had written, yes, on that page.

And on the next page, ISO asserted, did it not, once again, that these inconsistent assumptions render the illustrative payment calculations provided in the Frayer testimony, Figures 12 and 13, uninformative if not outright misleading?

I see that sentence on the page.

On the next page, ISO New England asserted that your calculations significantly misrepresent the magnitude of the resources' net FCM revenue, correct?

That's what they write.

And FCM is Forward Capacity Market?

That is the acronym.

And Mr. Mudge of the Brattle Group was characterized by ISO New England as finding that
your cost impact assessment is not supported by
the evidence. Is that what they stated?

A  That's what Mr. Mudge supposedly states.

Q  And finally on that page, ISO New England
asserted that your evidence is completely
disjointed from NEPOOL assertions that Pay for
Performance would undermine the ability of new
entry to secure financing.

Did I read that correctly?

A  That's what it seems to say on that sentence.

Q  And in its order that we looked at before,
looking at that answer, FERC substantially
adopted ISO New England's position, correct?

A  I believe it said that it had adopted ISO New
England's proposal for the performance
incentive. With some changes.

Q  With some changes. I agree. But FERC did not
adopt your client NEPOOL's proposal
substantially?

A  FERC did not adopt my client's proposal, no.

MR. REIMERS: I will have these marked as
the FERC Order will be SPNHF 189 and the ISO New
England Motion Answer will be SPNHF 188.

(The documents, as described, were
herewith marked as **SPNHF Exhibit 189**

and **SPNHF Exhibit 190**, respectively, for identification.)

MR. REIMER: I have no further questions in nonconfidential. Thank you.

PRESIDING OFFICER HONIGBERG: Let's go off the record for a second.

(Discussion off the record)

PRESIDING OFFICER HONIGBERG: We're going into confidential session so people who need to leave can leave, and we won't be coming back into public session today.

Mr. Reimers, you may proceed

(Pages 121 through 131 of the transcript are contained under separate cover designated as "Confidential & Proprietary.").
PRESIDING OFFICER HONIGBERG: Next week we are meeting on Tuesday, Wednesday and Friday for hearings, and on Thursday morning we will be taking Public Comment. There's going to be a notice going out on that Monday.

Anything else we need to do before we break for the day? All right. Thank you all. We are adjourned.

(Whereupon Day 14 Afternoon Session adjourned at 4:54 p.m.)
CERTIFICATE

I, Cynthia Foster, Registered Professional Reporter and Licensed Court Reporter, duly authorized to practice Shorthand Court Reporting in the State of New Hampshire, hereby certify that the foregoing pages are a true and accurate transcription of my stenographic notes of the hearing for use in the matter indicated on the title sheet, as to which a transcript was duly ordered;

I further certify that I am neither attorney nor counsel for, nor related to or employed by any of the parties to the action in which this transcript was produced, and further that I am not a relative or employee of any attorney or counsel employed in this case, nor am I financially interested in this action.

Dated at West Lebanon, New Hampshire, this 12th day of June, 2017.

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Cynthia Foster, LCR