STATE OF NEW HAMPSHIRE
SITE EVALUATION

October 11, 2017 - 9:06 a.m.  DAY 45
49 Donovan Street      MORNING Session ONLY
Concord, New Hampshire

{Electronically filed with SEC on 10-25-17}

IN RE:  SEC 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.
(Hearing on the merits)

PRESENT FOR SUBCOMMITTEE/SITE EVALUATION COMMITTEE:
Chrmn. Martin P. Honigberg  Public Utilities Comm.
(Presiding as Presiding Officer)

Dir. Craig Wright, Designee Dept. of Environ. Serv.
Christopher Way, Designee Dept. of Resources &
Economic Development
William Oldenburg, Designee Dept. of Transportation
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ALSO PRESENT FOR THE SEC:
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(No Appearances Taken)

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                 NICOLAS ROCKLER

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PROCEEDINGS

CHAIRMAN HONIGBERG: Good morning, everyone. We're here for Day 45. I understand that Mr. Raff has no questions for the panel. So, Mr. Needleman, you're up.

MR. NEEDLEMAN: Thank you.

CROSS-EXAMINATION

BY MR. NEEDLEMAN:

Q. Mr. Kavet and Mr. Rockler, good morning. We've met before. My name's Barry Needleman. I represent the Applicant here. I'm not really sure who will be the right person to answer most of my questions, so I'll let the two of you decide that. I would just remind you to please wait until I'm done asking the question before you answer so we can get a clean transcript.

I want to start off by talking about your analysis of market impact. I'm going to make frequent reference to your supplemental report, which is CFP Exhibit 148.

MR. NEEDLEMAN: So I will ask Dawn to call up Page 42 of that report, please.
BY MR. NEEDLEMAN:

Q. A couple of points that you make here with respect to these electricity market benefits on Page 42. You say, "They boost disposable income for households and reallocate consumer expenditures away from electricity purchases and towards goods and services that generally have higher local content"; is that right?

A. (Kavet) That's correct.

Q. Lower costs for businesses, which in turn add to corporate income?

A. (Kavet) Yes.

Q. And if sustained over time, they encourage greater business growth by making regional businesses more competitive.

A. (Kavet) Yes.

Q. Now, you also say on Page 42 that these benefits are included in your economic model in much the same way that LEI included them in its original analysis, with similar beneficial effects; is that right?

A. (Kavet) That's correct.

Q. But you go on to say, "However, we assume a supply response to the introduction of
lower-priced power that will likely displace existing power generation"; right?

A. (Kavet) That's correct.

Q. So in that respect you're different from LEI because they assumed plant retirements in their base case; whereas, you are assuming that plants will retire because of the introduction of Northern Pass; correct?

A. (Kavet) It's really more a question of how it gets entered into the REMI model. So there were no entries into the REMI model that LEI did that had any kind of retirements, even though in their price analysis they were assuming, and it wasn't explicit, but I, as you suggest, assumed that there were some retirement to that. But when you put a price effect into the REMI model, the REMI model doesn't know why that's happening. It doesn't know that you're importing power from outside or if the local producers are becoming more efficient. So it's a question of what you tell the REMI model is happening. And if you don't tell it power's coming in from outside and that could affect and
displace some power that's generated locally, then the model wouldn't know that and wouldn't take it into account. So it's more of a REMI --- what gets entered into the REMI model that's different.

Q. Okay. I can come back to this in a second. But it's clear, though, that you didn't use LEI's numbers here for purposes of your analysis. You actually used Brattle's numbers; right?

A. (Kavet) That's right. It was a method that was similar.

Q. Right. And I think that was what you referred to as Brattle Scenario 2 for the electricity market impacts; right?

A. (Kavet) Well, we used all -- I mean, we presented a range of Brattle scenarios, and we chose one for purposes of example, which was kind of a middle of the road one, which was No. 2.

Q. Right. And I think you said at the tech session that you didn't presume Scenario 2 as a likely outcome; you just picked it because it was a midpoint. Right?
A. (Kavet) It was a reasonable midpoint among the ones that Brattle had presented. That's right.

Q. And in fact, in their report, and we don't need to go to it unless you'd like to, but in Exhibit 144, Page 45, Brattle said the same thing. They said, "In spite of all of the above, we do not believe it is reasonable to assign specific numeric probabilities to any of our four scenarios." So you and Brattle agree on this; right?

A. (Kavet) Yes. We got this information from Brattle, so that's what we -- we took that as a given.

Q. Okay. And this Scenario 2 analysis is what you include in your aggregated analysis of New Hampshire economic impacts on Tables 24 and 25; correct?

A. (Kavet) Yes.

Q. And so it's Scenario 2, really, that assumes that as a consequence of Northern Pass coming online, 500 megawatts will be displaced; right?

A. (Kavet) All of the scenarios that we analyzed
had that assumption.

Q. Right. Including Scenario 2.

A. (Kavet) That's right.

Q. And conversely, it also has to assume that if NPT did not come online or simply wasn't built, that those 500 megawatts would not be displaced.

A. (Kavet) That's correct.

Q. Okay. So I want to look for a minute at these four scenarios. So let's go to Table 24 of your report. This shows your aggregated analysis for economic impacts out to 2060; correct?

A. (Kavet) No, that was actually one of the three pages that was replaced with CFP 014276. That's the number at the bottom of the page of three replacement pages that in the last session we introduced. So there are minor differences, none of the electricity market effect page. But just so you have the latest one up, that should be the page you -- it's Exhibit 148A, I think.

Q. Okay. Fair point. And I'm not sure I can get to it quickly. I'm also not sure, for
purposes of the questions I have, that it will matter. But if it does, you tell me.

A. (Kavet) Okay.

MR. NEEDLEMAN: So, Dawn, this is Page 76 of their report. Can we go back to Page 75 for a minute?

BY MR. NEEDLEMAN:

Q. So in that third paragraph of Page 75 -- I think it's the third paragraph -- yeah, you say, "The below table illustrates the enormous beneficial employment impacts of the initial project construction expenditures, followed by Forward NH Plan spending and sizable property tax payments"; correct?

A. (Kavet) That's correct.

Q. So that "below table" you're referring to are the tables we just looked at, the substituted versions.

A. (Kavet) That's correct.

Q. And in those tables -- and again, let's go back to them. And if the numbers are not correct, you'll tell me. For the period 2020 to 2030, you had 131 jobs created.

A. (Kavet) For the electricity market effects,
yes.

Q. Right. And then beginning in 2030 you have a net loss in employment; correct?

A. (Kavet) That's correct.

Q. And you model those negative effects on employment beginning in that time period because of these assumed plant closures; correct?

A. (Kavet) No, that's only one part of it. There's a supply response that's in the REMI model as well. If you look at LEI's analysis in their Figure 14 on Page 56 of their rebuttal report, they have a larger negative number over that same period than we do; they have a minus 252. So part of that's a big part of what's happening in the REMI model with the supply response, not necessarily the loss of the output locally.

A. (Rockler) And our retirements don't start until 2022. They don't start in 2030 and beyond. They actually -- the retirements begin in 2022.

Q. But going back to what we talked about a moment ago in the base case, your point, or
the Scenario 2 assumes that, but for the
construction of Northern Pass, these plant
closures wouldn't happen; correct?

A. (Kavet) It's more how it's entered into the
REMI model. That's what this is about.
We're saying there are plant closures that
the REMI model doesn't know is happening in
association with the price reductions that
cause the benefit. So you're having that
much less power being generated locally. And
even that's not plant closures. We're saying
half of those are mothballed, so they retain
most of their employment, and half are
closed.

Q. But again, I think we're confusing how you
put it into the REMI model with the
underlying assumption. And the underlying
assumption in Scenario 2, as we talked about
a moment ago, is that if Northern Pass comes
online, because of that, 500 megawatts
somewhere will be displaced.

A. (Kavet) A thousand, yeah.

Q. I think you said for Scenario 2 it was 500.

A. (Kavet) Five hundred are mothballed and 500
are closed --

Q. Okay.

A. (Kavet) -- in Scenario 2 and all the scenarios.

Q. And you actually say on Page 75 of your report, in the middle of the fourth paragraph, "The displaced regional electric generation supply response also persists indefinitely."

A. (Kavet) That's correct.

A. (Rockler) Yeah.

Q. So this is a combination of the plant closures and what you're calling the "supply response."

A. (Kavet) That's right.

Q. Okay. So I want to pull up Applicant's Exhibit 300. And I'll actually ask that it be put side by side with Table 11 from your report.

Table 11 in your report is your explanation of the supposed electric generating facilities that according to ISO are "at risk" plants; is that correct?

A. (Kavet) This was a list that Brattle provided
us of plants that they felt were most
vulnerable to closure from displaced energy
that would be coming from imports.

Q. And Applicant's Exhibit 300 is that same
list. And what we're looking at here is what
the age of those plants would be in 2060 if
they remained online. Do you see that?

A. (Kavet) Okay. Yes.

Q. And so under Scenario 2, because you assume
that Northern Pass causes the closure or the
mothballing of plants, you can't say which
specific plants will be closed or mothballed,
but it's reasonable to conclude that it would
be some of the "at risk" plants that you've
identified; correct?

A. (Kavet) Well, that's right. But understand
that in the REMI model, the assumption when
you go out that long is that there will be
new plants built. So in the baseline,
they're not only assuming there's a churning
of capital stock, but there will be new
plants built. So this could be displacing
new plants built, existing plants that are
there now. Now, the assumption is the older
the plant or the less efficient it is or whatever, those would be going first. But we can't guess what those are. But the REMI model otherwise will assume you're going to keep building new plants. And that won't happen when you're bringing the power in from outside. The power's produced in Canada, and there's employment in Canada associated with the production of that power and that won't be produced in New England, and so you have to tell the model that; it doesn't know that otherwise.

Q. Understood. But again, for purposes of Scenario 2, because you were assuming Northern Pass would cause plants to close, and you acknowledged earlier that without Northern Pass the plants would stay open, the assumption is that all these "at risk" plants would stay open.

A. (Kavet) No, it's not -- we're not saying all those plants would stay open. We're saying initially some of those plants would be staying open, but also some plants wouldn't get built that REMI otherwise would be
assuming would happen, or expanded or whatever, as a result of having lower-priced power coming in from outside that has no employment associated with the generation of that power.

A. (Rockler) And the baseline forecast from REMI implicitly includes historical rates of retirement and historical rates of replacement.

Q. So when you show negative employment numbers on Table 24 in the electricity market, you are ascribing those negative employment numbers to Northern Pass as a consequence of the supply displacement and the plant displacement.

A. (Kavet) It's the REMI model --

A. (Rockler) It's combined.

(Court Reporter interrupts.)

A. (Kavet) Sorry.


A. (Kavet) Yes.

A. (Rockler) Yes.

A. (Kavet) And I would say that LEI, as I said,
and with that same period of time, they shift it back one year as a minus 252 for employment. We have a minus 192. So we have less, actually, with the way it ended up being modeled than they do for that same period. It's the same -- but yes, it's the model saying the same thing.

Q. Got it. So let's go to Page 76 of your report and look again at Tables 24 and 25. So while we're calling those up, it's correct that you modeled the aggregated economic impacts of the Project out to 2060; correct?

A. (Kavet) We used that -- yes, we modeled it out to 2060 as a -- to show an example of the sort of thing that might happen with various assumptions.

Q. In fact, it's not just electricity market impacts, but you looked at tourism impacts and other economic impacts --

A. (Kavet) That's right.

Q. -- after 2060; is that correct?

A. (Kavet) Yes.

Q. Now, I take it that you're familiar with the
New England Clean Power Link Project?

A. (Kavet) We are.

Q. In fact, Mr. Whitley, the other day when he was asking you about your background, asked whether you had worked on any other linear and transmission line projects, and you didn't mention this project. That was an oversight, wasn't it?

A. (Kavet) It was. Nick mentioned right afterwards, he said, "Yeah, that's a linear power line, even if it's undergrounded."

Yeah.

Q. So this is the Vermont TDI Project, right, the one that's partly underwater in Lake Champlain and then partly underground through state roads in Vermont?

A. (Kavet) Yes.

Q. And this project is also a 1090-megawatt transmission line; right?

A. (Kavet) That's right.

Q. And it's roughly 98 miles underwater and about 58 miles underground; right?

A. (Kavet) That's right. Roughly, yeah.

Q. And if it were constructed, it would also
import Canadian hydropower into the New England electric market; right?

A. (Kavet) That's right.

Q. And it also had a bid into the Massachusetts RFP; correct?

A. (Kavet) That's correct.

Q. And that project also went through a siting proceeding in Vermont; right?

A. (Kavet) That's correct.

Q. And you provided expert testimony in that siting proceeding; is that correct?

A. (Kavet) Yes.

Q. And one of the topics you testified on was regional and state economic benefits during construction and operation, and electricity market benefits; right?

A. (Kavet) Yes.

A. (Rockler) Right.

Q. So I want to call up Page 12 of that testimony. This is Applicant's 301. Is that your testimony?

A. (Kavet) Yes.

Q. So I'm looking at 301, Page 12. And it's that first response that we want to
highlight. And in this response you say, "We aggregated economic impacts associated with the Project into two relevant time periods: A construction phase between 2016 and 2018 and an initial 10-year operational period between 2019 and 2028." And then you say, "Although not presented in this analysis, economic impacts beyond 2028 are more uncertain, but likely to continue to be positive and of comparable magnitude, for an indefinite period of time." Do you see that?

A. (Kavet) Yes.

Q. So in that case you were testifying on behalf of the Project; correct?

A. (Kavet) Yes.

Q. And your opinion was that predicting economic impacts beyond 10 years was uncertain; correct?

A. (Kavet) Yes.

Q. But in this case, where you have an assessment of economic impacts beyond 10 years in essentially identical circumstances, you're comfortable predicting those impacts out beyond 10 years; correct?
A. (Kavet) I think the term we used was "more uncertain."

Q. More uncertain. Right. But there you didn't do it, and here you're comfortable doing it out 40 years; right?

A. (Kavet) Yes.

Q. And in that case, you said that ongoing positive impacts were likely, but here you say the opposite; you say ongoing negative impacts are likely.

A. (Kavet) Yeah.

Q. Right? And so in that case, we're talking about the same amount of power, the same time period, going to the same New England power market. So why don't plant displacements in that identical situation cause the same negative effect there that you're claiming plant displacements would cause here?

A. (Kavet) At a state level, there were virtually no Vermont facilities that were vulnerable to displacement. The state had already lost Vermont Yankee, and there was very little production instate that would be affected by that. The main thing, though, is
it's underground and underwater. So the biggest negative effects come from potential tourism, negative tourism impacts. And there were none because the facility was underground and underwater.

Q. All right. Let's unpack that a little bit because I don't think you answered my question.

A. (Kavet) I'm sorry.

Q. So let's start with why it doesn't cause displacements. We're not talking about Vermont displacements or New Hampshire displacements. We are talking about regional electricity market displacements. And if I call up your Table 11, it's going to show me regional power plants throughout all of New England, isn't it?

A. (Kavet) It is.

Q. So is it your testimony here that when Scenario 2 is being applied, it only applied to plant displacements in New Hampshire and no place else?

A. (Kavet) No. The model was regional, but the impacts were focused on New Hampshire. And
the impacts in the other case were focused on Vermont.

Q. But again, from a regional standpoint, the displacements occur across the region; correct?

A. (Kavet) From a regional standpoint, they would.

Q. Sure. So in that case, you didn't account for any regional displacements, and you found a long-term positive benefit. But in this case, again, virtually the same kind of line, just in a different physical location, you do the opposite; correct?

A. (Kavet) No. They're different circumstances, and it was only reported for the initial ten-year period, which are positive in our numbers, positive in LEI's numbers and positive in this case. If we went out further, you would have had a supply response in the region, but not necessarily the state, that's negative, just like it is in our numbers, just like it is in LEI's numbers, and just as it would have been in that case.

Q. Of course that's not what you said; right?
You said "likely to continue to be positive and of comparable magnitude for an indefinite period of time."

A. (Kavet) That's because there are other impacts, like property tax payments and the like that extend for a longer period of time, that are larger than the supply responses that you would get from this.

Q. On Page 75 of your report --

MR. NEEDLEMAN: Let's call that up.

BY MR. NEEDLEMAN:

Q. At the bottom you say, "The below illustration is not meant to be a forecast of likely impacts, but shows how the interaction of various elements in the economy that may be affected by the Project could respond over various time horizons"; correct?

A. (Kavet) That's correct.

Q. So, to be clear, you're not representing that these impacts are expected or even likely to occur if NPT is built; right? You're just saying that if these impacts happen, this is what they might look like.
A. (Kavet) There are assumptions that underlie every set of projections. And so if you change the assumptions, you'll get different outputs. But it was, you know, when we talked through that in the whole report leading up to this. But if you take sort of midpoints of a lot of things that we looked at, this is the order-of-magnitude economic impacts you'd be getting.

Q. So is this a "Yes" to my question? I saw Mr. Rockler nodding "Yes." Are you saying "Yes"?

A. (Kavet) Could you repeat the question?

Q. Sure. So, to be clear, you're not representing that these impacts are expected or even likely to occur if NPT is built. You're just saying if these impacts happen, it's what they might look like; correct?

A. (Kavet) Given the assumptions that underlie each one, yes, this is the projected impact that you would get from it, consistent with those assumptions, yes.

Q. And likewise, if you apply the same simple approach here that you applied in TDI, then
it would also be likely that the positive
impacts would continue indefinitely; right?

A. (Kavet) No, that's not true, because you
would not have continuing benefits that
exceed the negative impacts. You don't have
a tourism impact that's negative in TDI, so
you don't over -- you can't overcome that.
And you have property tax benefits that
extend for a longer period of time because of
the way those were negotiated with local
entities. And so you would have a negative
electricity market effect, but it would be
unlikely to be larger than the positive
effects that you'd get. So you would have
positive effects in that case longer term and
you would not in this case.

Q. One other question. When you did the
Electricity Market Impact Assessment for TDI,
am I correct that you did not assume any
plant closures as a consequence of TDI coming
online?

A. (Kavet) None in Vermont.

Q. Did you assume any plant closures anywhere in

New England?
A. (Kavet) No.

Q. I want to turn to property values.

MR. NEEDLEMAN: So let's pull up, again, Exhibit 148, Page 57.

BY MR. NEEDLEMAN:

Q. And I'll ask you to take a look at the yellow highlighting, and I want to ask you some questions about that. I'm not going to read all that, but just take a minute to look at it and refresh your recollection.

(Witness reviews document.)

Q. This is a general summary, as I understand it, of how you went about assessing property value impacts in Northern Pass; correct?

(Witness reviews document.)

Q. There was a pending question.

A. (Kavet) Yes.

Q. Let me know when you're ready.

A. (Kavet) Yes.

Q. Okay. So in this paragraph, you acknowledge that there are no market for views, but then you assume there still might be an effect.

And what you essentially say is that you're setting out to, quote, estimate this effect.
And you do it by, quote, saying we can estimate hypothetical loss, parentheses, or gain, close parentheses, using fixed percentage changes that can be scaled to a particular value, close quote; right?

A. (Rockler) That's right.

Q. Okay. And on Page 57, you said that you can do this using, quote, standard techniques, close quote; right? Third line from the top.

(Witness reviews document.)

A. (Rockler) Yeah, standard impact estimation techniques.

Q. Right. So, simply stated, you looked at the T.J. Boyle viewshed maps. You figured out on a town-by-town basis what percentage of a town had visibility. You figured out the total property value in town, and then you applied a 1 percent discount to the portion of the property that had visibility. Do I have that basically correct?

A. (Kavet) No, it was different depending on how far away it was from the line. So Boyle presented information that gave us distance from the proposed line where it was visible.
Q. So how far out did you go applying a 1 percent discount?
A. (Kavet) We didn't apply the same 1 percent. It's a smaller and smaller number the farther away from the line you got.
Q. Okay. So you started at 1 percent. And as you worked yourself away, you reduced that 1 percent.
A. (Kavet) No. The distance to effect is done using --
A. (Rockler) Boyle's data allowed you to distinguish six different degrees of visibility; that is, they have immediate foreground and several categories more that describe it as you get -- the visibility is reduced, and it is largely a function of distance.
Q. All right. So let's take away the blanket 1 percent statement and just say that, based on the degree of visibility as you work yourself away from the line, you applied some discount to the Project.
A. (Rockler) That's correct.
Q. Okay. Fair enough. So this exercise that
you went through here that we just talked
about, that's a standard technique for doing
this type of evaluation?

A. (Kavet) Yeah, it's pretty much what the
Department of Energy did, similar kind of
thing, you know, a distance measure.

Q. And have you ever worked with a visual impact
assessor to conduct an exercise like this
before?

A. (Rockler) No, but it would be a good way to
do it.

Q. Have you ever used this kind of approach in
any other case?

A. (Rockler) No, I don't think we've been
concerned with visibility as a function of
distance or value before.

Q. And you said that you thought the Department
of Energy used that approach here. I'm not
sure that's correct, but we don't have to
argue about that.

Aside from that, are you aware of any
other entity using this approach anywhere?

A. (Rockler) I don't think so.

Q. Are you aware of any authoritative study
A. (Kavet) Well, the distance to impact relationship is used in many, many cases. What's different is using GIS data to try to segment where there's a view and where there isn't. That's not widespread.

Q. Not widespread. I guess what I'm hearing you say is you can't think of any other examples; is that right?

A. (Kavet) I can't.

A. (Rockler) No.

Q. So, back to what you did here. You estimated this impact on property values based on proximity to the line out to 10 miles; is that right?

A. (Kavet) And whether it's in the viewshed.

Q. And in the viewshed. So when you did this assessment, did you determine the extent or nature of visibility at any of these locations?

A. (Kavet) Well, that's what the viewshed analysis does. So you have data on, you know, how much of a town's area is in a viewshed. We did not do it property by
Q. Well, let me ask it a different way. So if there was an area of purple on the map that represents hypothetical visibility, and that area of purple was a mile from the line, you applied some discount to the land within that area of purple.

A. (Rockler) Yes.

A. (Kavet) That's right.

Q. And the discount was premised on the distance from the line.

A. (Kavet) That's correct. It starts out high and get infinitesimally smaller.

Q. So with respect to that area of purple, that hypothetical area of purple one mile from the line, did you factor in anything like the number of structures that would be visible on the pieces of property?

A. (Kavet) No.

Q. Did you factor in whether it would just be conductors that were visible?

A. (Kavet) No. We had no way to know that level of detail.

A. (Rockler) Right. And we are not the ones who
determined the level of visibility. That was
a question that was answered by Boyle
directly.

Q. I understand that. But you were the ones
that determined property value impact based
on the level of visibility.

A. (Kavet) That's correct?

A. (Rockler) Right.

Q. When you did this assessment, did you factor
in seasonality at all?

A. (Kavet) No.

Q. So you treated a piece of property that might
be a mile from the line and could see 20
structures the same as a piece of property
that was a mile from the line and could see
the top 3 feet of one structure.

A. (Kavet) That's correct.

A. (Rockler) That's what the Boyle data
represented. Yes, that's correct.

Q. Okay. And you assumed a property five miles
from the line that might see a single
structure would have a different impact than
a property 8 miles from the line.

A. (Kavet) The farther away you get from it, the
smaller it is. And obviously by that distance, you're down to almost nothing.

A. (Rockler) Yeah, our reduction in value is limited to within 300 feet.

A. (Kavet) Well, no, it goes out all the way -- sorry.

Q. Sounds like you disagree about something.

A. (Rockler) It is a very small fraction of the land area in the furthest regions that does get reduced for visibility reasons.

Q. When you say "furthest regions," what do you mean?

A. (Rockler) I mean the ones that are called "far distant" in the Boyle data base.

Q. Is that 5 to 10 miles?

A. (Kavet) Yes, 5 to 10 miles is far distant.

A. (Rockler) Yeah.

Q. So out beyond 5 miles, you're saying you applied a discount to the properties that had theoretical visibility, but you didn't apply a large discount?

A. (Kavet) Well, it's smaller the farther you go. So our Table 17 shows the distribution of those, you know, value losses by
proximity.

Q. And so a residence 3 miles from the line you obviously apply a higher discount than one 5 miles --

A. (Kavet) Yeah. Again, it's very small when you get out there.

Q. So the Committee visited White Park recently. Were you aware of that in the last site tour?

A. (Kavet) I was not.

Q. And I wasn't there, but my understanding is they stood on top of a hill at the edge of the park where there was some theoretical visibility of the lines about 3 miles distant. Were you aware of that?

A. (Kavet) I was not, no.

Q. And right across the street from that point were a row of residential homes. I take you're not aware of that?

A. (Kavet) No, I'm not.

Q. So in your model, and it wasn't crystal clear to me looking at the visibility maps, but it seemed like those homes would have the same visibility as White Park. So in your model, they would experience a decrease in property
value because they could potentially see the line from there.

A. (Kavet) Yeah, I'm not sure that I would be saying every single property that is in that distance is going to experience the same blanket reduction. We would be saying some properties in that with that kind of distant view, it's going to be very small, could be impacted. And it's not necessarily every single one gets the same reduction. This is an estimate, a statistical estimate. It's not a bottom-up visit to each property, appraise each property, is the view important, is it not. It's saying there's a potential for that, and it would be different property by property.

Q. Everything you just said, though, is not something that you included in your report and accounted for on a property-by-property basis; right?

A. (Kavet) We didn't do a property-by-property. It's a statistical approach.

Q. Right. So again, even though you're offering this to us now, in reality what you said
statistically is if a property is 3 miles away and has a hypothetical view, then you are applying a discount.

A. (Kavet) There would be some very small discount applied. That's correct.

Q. And like the other sections of your report, you're not offering that the opinions here will actually happen. That's just what you said. You're saying statistically, if they were to happen, this is what it might look like; right?

A. (Kavet) What we think is a reasonable approach to an aggregate estimate. That's right.

Q. But again, the answer to my question is "Yes"; right?

A. (Kavet) Could you repeat it again? I'm sorry.

Q. Sure. Like the other parts of your report, you're not offering the opinion that these effects will actually happen; right? You're simply saying, if they were to happen, in your opinion this is what the effects might look like. I see Mr. Rockler --
A. (Rockler) I would say yes.

Q. Let's move on. I want to talk about local economic impacts in your assessment there.

So let's look at Exhibit 146. And on Page 3, Line 5, you say, "In general, the Applicant's 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 percent"; right?

A. (Rockler) Yes.

Q. And then we revisited this the other day, and I think you corrected that error and now said that the number is 18 percent.

A. (Rockler) That's correct.

Q. And I think what you told Ms. Pacik is that number consists of two categories, labor spending and materials; right?

A. (Rockler) The 18 percent number?

Q. Yeah.

A. (Rockler) It is derived from estimated employment, the estimated number of jobs, the implicit estimation of the material
expenditures that the model creates, plus LEI's additional compensation -- LEI's additional compensation paid to higher-paid labor than otherwise would be the case within the model. So, LEI and Eversource have said that the pay scales will be drastically higher on this project than would be the case as represented in the REMI model. So there's an additional set of compensation added to that, yes. It's not insignificant.

Q. So it sounds like we agree. Sounds like that was a longer way of saying --

A. (Rockler) Well, that's three parts: Labor, materials and compensation.

Q. Okay. And I was thinking about labor and compensation together. But that's fair enough.

A. (Rockler) No, they're actually added separately.

Q. Okay. So I want to go through those. You referred the other day to Table 3 of your report when you were having this discussion with Ms. Pacik. And as you just did here, and I think as you did the other day, you
criticized Ms. Frayer for using labor rates
that you thought were far too high. I think
you said the standard rates were something
like six to seven times lower than what she
used, something like that. Remember that?
A. (Rockler) I did not criticize Ms. Frayer for
the use of those numbers. She said that
those were the numbers that were supplied to
her.
Q. And you said they were unrealistic.
A. (Rockler) I think there's something
unrealistic about professional, legal, other
employees, construction workers getting
salaries that gets you into $600 and $700 an
hour, yes.
Q. And were you aware of the fact that when Mr.
Pappas was questioning Ms. Frayer, he put
your Table 3 in front of her and specifically
asked about these issues?
A. (Rockler) I think I was there for that, yes.
Q. So I want to go back to that, because based
on what you said the other day, it sounds to
me like there's a disconnect here. So I want
to put up --
MR. NEEDLEMAN: What's our exhibit number, Dawn? Okay. It's a transcript. I'm sorry.

BY MR. NEEDLEMAN:

Q. This is the transcript, Day 13, Morning Session, Page 78. And at the bottom of Page 78, on Lines 22 through 24, Ms. Frayer begins by explaining that Eversource provided her with the compensation rates; right?

A. (Rockler) That's what it says, yes.

Q. And then on the top of 79 she continues to explain that these rates were fully loaded, which means they included things like benefits and so forth; correct?

A. (Rockler) Amongst other things, yes.

Q. Right. And then also on Page 79, on Line 12, Mr. Pappas then put your Table 3 in front of Ms. Frayer to ask her questions about it; correct?

A. (Rockler) Yes.

Q. And at Page 80, on Line 4, Mr. Pappas asked Ms. Frayer about double-counting, using the REMI model related to overhead and things like that; correct?
A. (Rockler) Correct.

Q. And Ms. Frayer confirmed on Lines 8 through 13 that she was aware of this issue and used REMI in a way to avoid double-counting; right?

A. (Rockler) Yes.

Q. And then on Line 17 she explained this labor compensation issue, which seems to be a point of contention, in more depth.

   And I want to look at Page 81, Lines 1 through 15. So, Ms. Frayer addressed the exact issue that Ms. Pacik was asking you about the other day, the allegedly overly high compensation rates. And here Ms. Frayer explicitly distinguished standard compensation rates from what she said was actual spending on services; right?

A. (Rockler) Yes.

Q. And on Lines 14 and 15, she actually said REMI is flexible and can account for the approach that she used; right?

A. (Rockler) It is not explicitly clear in her input files that were used with REMI exactly what elements were entered to make changes to
compensate for this high level of compensation.

Q. Well -- I'm sorry.

A. (Rockler) It's just not clear in her files where those are.

Q. And of course, if anything was unclear to you, you could have asked data requests or technical session requests for her to clarify that; right?

A. (Rockler) We could have.

Q. Okay. So let's go on to Page 81. Mr. Pappas kept pressing her on this issue, asking if a number represented one job, which I think is what you were suggesting the other day in your chart, that it represented one job. And after some back and forth, she again clarified at Line 16 through 23 and said it doesn't represent a single job; it's a composite. Right? That was her testimony?

A. (Rockler) She entered data in full-time equivalents. That's the composite job. That's however many hours a year they're worth.

Q. And then when you go over to Page 83, Lines 1
through 3, she explained that didn't
distinguish between single individual jobs
and composite jobs. And she also said REMI
doesn't require that.

A. (Rockler) Yes, and actually that's wrong.
REMI is exclusively done on a jobs basis.

Q. Okay. So it --
A. (Rockler) It has no ability to turn jobs into
full-time equivalents. You have to do that
outside the model.

Q. So it sounds like the two of disagree on this
aspect of using the model.

A. (Rockler) I'd say that's certainly true.

Q. All right. And then finally on Lines 8
through 18, she makes clear that the numbers
are compensation rates and actual spending,
and the two work together in REMI to compute
economic activity and employment impacts.
That's her testimony; right?

A. (Rockler) That's correct.

Q. So when you say that Ms. Frayer used
unrealistically high labor rates, it's at
least clear from her testimony that she
doesn't agree with that; right? She thinks
the rates were perfectly appropriate for this case; right?

A. (Rockler) Yes.

Q. And I want you to assume that she's right.

A. (Rockler) Okay.

Q. I want you to assume that in fact the rates she used are correct. Then your assertion that economic activity is overstated because of these overly high rates is wrong.

A. (Rockler) In the compensation rates, she adds an increment to the total amount of expenditures to the Project. She adds a surplus compensation figure to the total, and those are based on her, what I will now assume to be the correct rates.

Q. Let's go back to --

A. (Rockler) But they are an increment that are supposed to represent the higher rates of pay to be received on this project.

Q. Let's go back to my question. I want you to assume Ms. Frayer is right. If she's correct, then your assertion that economic activity is overstated because of these overly high rates is wrong.
A. (Kavet) Well, that's kind of a ridiculous hypothetical. If she's -- if we assume that she's right, then, yes, we're wrong.

A. (Rockler) Then we're wrong.

Q. Okay.

A. (Kavet) The answer is "Yes" to that hypothetical.

Q. Right. Thank you.

Ms. Pacik at one point also asked you about Ms. Frayer's explanation of what was in the category for logging jobs. You remember that discussion?

A. (Rockler) Correct.

Q. The implication seemed to be that Ms. Frayer was overstating economic activity in that category. And then Ms. Pacik asked you to explain Ms. Frayer's pie charts. You remember that?

A. (Rockler) I think that's correct. Yes.

Q. It seemed odd to me that she was asking you to explain what Ms. Frayer meant when in fact Ms. Frayer explained that exact point to Ms. Pacik during her testimony. So I want to call that up and ask you some questions about
that.

This is Day 16, Morning transcript,
Pages 58 and 59. And Ms. Frayer -- Ms. Pacik
asked Ms. Frayer about this issue and about
what went into that logging job category.
And you said you were here that day, so do
you recall that discussion?

A. (Rockler) I was here for one of Ms. Frayer's
sessions, and I don't recall -- I don't
remember whether it was -- was Day 16 her
first day?

Q. Probably the second day. So it sounds like
you might not have been here.

A. (Rockler) I might not have been here.

Q. So as we go through this, I'm going to ask
you to take a moment to just read this so
it's clear to you.

On Lines 12 to 18, Ms. Frayer explained
that the jobs related to logging also
included other activity and that the input
files that she provided to you had
significant spending related to this other
activity. Do you see that?

A. (Rockler) Yeah, I see that.
Q. And on the top of Page 59, she talked about what went into this category. It was things like truck drivers, road construction, access road construction and site preparation for installation presumably of structures and things like that; correct?

A. (Rockler) That's what it says.

Q. And finally on Line 7 through 17, she explained that it could have been broken down further into other categories, but the effects would have been di minimus; right?

A. (Rockler) I don't know whether they would have an effect or not. If I can --

Q. Sure.

A. (Rockler) The figures that we saw presented in both the workbook from LEI and the data entry sheets for the REMI model did not have any disaggregation on site-related activity at all. It had logging as an activity. If there were other component parts that were behind that, we didn't see them.

Q. But you --

A. (Rockler) So it's possible that they were used to derive the calculations that
ultimately appeared in the workbook we used. That's possible. I don't know how large those component parts are in their estimation or what was included or not. If there were truck drivers, if there were equipment operators, if there were things that are beyond the normal purview of logging and removal of log products, I didn't see it.

Q. But it's clear to you, as you sit here today, and in fact it would have been clear to you when this transcript became available, that that category did include a lot of other types of jobs; correct?

A. (Rockler) They didn't appear in terms of the data entry. So the only entry that appeared was logging. And there was an hourly rate for logging labor, and that was used to derive an estimate of full-time-equivalent logging employees.

Q. Back to my question.

A. (Rockler) Okay.

Q. It's clear now that that category contained all of those entries; correct?

A. (Rockler) I will take your word for it. I
haven't seen any evidence that that's the case.

Q. Well, and if you had any questions about the high number of jobs in that category or the high number of spending associated with that category, the way Ms. Pacik did, you could have asked about that during discovery or at tech sessions; right?

A. (Rockler) If it had --

Q. And you didn't.

A. (Rockler) Right.

Q. Okay. So I want to move on now to material expenditures. That's another component of this 18 percent. And I think you discuss material expenditures on Page 146 of your report. And I think you also said that you used the data provided by Applicants and LEI generally; is that right?

A. (Rockler) That's correct.

Q. And on Pages 1 and 2 of your supplemental report -- why don't we call that up so we can see it. Bottom of 1, top of 2, beginning with -- you say, "Although we have checked all data for reasonableness against industry
standards, the Project is unique in some respects and does not lend itself to formulaic comparison. Where we have modified economic model inputs, it has generally been associated with model specification corrections rather than source data overrides"; right?

A. (Rockler) That's right.

Q. So, simply stated, I think what you're saying is that you didn't change the input data, but in certain instances you adjusted the approach to how REMI uses the inputs?

A. (Rockler) I think that's a good summary, yeah.

Q. Okay. And you would -- for example, my understanding is you adjusted the year in the REMI inputs to account for a delay in construction; right?

A. (Rockler) Yeah.

Q. And I think you also adjusted for inflation when you inputted data; is that right?

A. (Rockler) Actually, we entered the data that was provided by LEI in their data in nominal dollar terms.
Q. Were there any other adjustments you made?
A. (Rockler) Well, within the model itself, we turned off the option that has the model estimate material requirements because we know what they are.
Q. We talked about that. Other than that?
A. (Rockler) Right. I zeroed out one negative number, I think, that was negative compensation value that didn't seem to make any sense.
Q. So I want to go to Page 14 now of your report and zero in on your criticisms.
In the last paragraph, you said that LEI shows material purchases in New Hampshire of $134 million, but that LEI's REMI input files show $35.7 million; right?
A. (Rockler) Correct.
Q. And I think you therefore expressed concern that there was some omission that had occurred because of this $98 million difference; right?
A. (Rockler) Yup. That's correct.
Q. And then on the top of Page 14, I think in the second paragraph, another concern that
you have is that you say, "...because LEI allowed REMI to utilize its own default material purchases, a significant additional set of expenditures were included in the LEI analysis that are both erroneous and irrelevant to transmission line construction"; right?

A. (Rockler) That's correct.

Q. All right. So this is, I guess, the so-called "intermediate materials purchase issue"; right?

A. (Rockler) Okay.

Q. I mean --

A. (Rockler) That's what we would call it, sure.

Q. Okay. And my understanding is that this is a product of REMI; whereas, I think you said before, when you input labor spending, REMI automatically assumes some level of material spending connected to the labor spending; right?

A. (Rockler) Unless you turn the option to do that off.

Q. Right. And so if the material spending is overstated here, then it's going to overstate
the economic benefits at the back end.
That's what you're saying; right?

A. (Rockler) Yes.

Q. Okay. And you fault LEI for not discounting
those economic benefits at the back end
because you think they allowed these
intrinsic REMI material purchases to run
through the process.

A. (Rockler) Yes, that's correct.

Q. And I think you said a moment ago, you
corrected for this issue. And I think you
explained it on Page 41 by saying you
nullified -- you used policy variables to,
quote, "nullify" these intermediate
purchases; right?

A. (Rockler) That's correct.

Q. So I want to call up Applicant's 303. So
this is a screenshot of the LEI workbook
showing materials spending. It's what was
provided to you during discovery. Do you
recognize it?

A. (Rockler) I would recognize it more easily if
I knew the title of the workbook.

Q. Yeah, I don't think we have that handy. But
I will represent to you it was the document provided in discovery.

A. (Rockler) Could be. Their original workbook had about 15 different worksheets within it, and not all of them are immediately -- I don't recall them all immediately. So I'll look at it and see.

Q. All right. Well, certainly I think as we work through the numbers it should become more familiar to you. In fact, why don't we do that.

The highlighted row in yellow at the bottom is the original materials spending; right. This is the data that you used as an input, subject to some of those adjustments we talked about; right?

(Witness reviews document.)

A. (Rockler) Doesn't look like I used that material spending input at all. That total, that's the $134 million total. But it was never specified what it was. And I only entered the identifiable expenditures on Redimix Concrete and those products as materials, as New Hampshire purchases. The
other 134, it was never specified what those were.

Q. Okay. So let's come back to that.

The green line on this sheet is the revised materials spending. Do you see that?

A. (Rockler) I see it, yeah.

Q. And the total on that line is $35.7 million; right?

A. (Rockler) Right.

Q. And my recollection is that during the tech sessions or data requests, nobody ever asked about that green line in those revised material spending. Is that your recollection?

A. (Rockler) It's possible, yeah.

Q. And then you see the gray box at the bottom?

A. (Rockler) Yes, I do see that.

Q. Which says "for value-added correction of materials spending for New Hampshire," and it provides a list of specifications.

A. (Rockler) Right.

Q. We looked at this the other day when Ms. Pacik was questioning you. And in her rebuttal, which was Exhibit 102, at Pages 54
and 55, Ms. Frayer pointed to this and explained that this is the process she went through in this gray box. Do you recall that?

Q. (Rockler) I do, yeah.

A. (Rockler) Again, in her workbook and input files, it wasn't clear what the derivation of those numbers were; that is, they were the $34 million that I saw for Redimix Concrete. Those did appear in her input file.

Q. And again, to the extent that anything at all was unclear, you could have asked for clarification; right?

A. (Rockler) Yeah, there's a possibility I had not gone through it at that point to ask a sensible question until I actually was doing the analysis of both their results and our results.

Q. But now, as we sit here today, again I'll ask
you: I guess it is surprising to you that that $35.7 million number is the number she used? Sounds to me like you didn't realize that.

A. (Rockler) Might have been what she put in for materials explicitly. But she allowed hundreds of millions of other intermediate purchases to occur and appear in her results.

Q. Well, we'll come to that in a minute. But let's go back to that $98 million that you thought was lost a few minutes ago.

So if we take the $134 million of material expenditures that we talked about a minute ago, and we subtract the 35.7 here, that's $98 million; right?

A. (Rockler) Okay. That's right.

Q. So, in fact, understanding now what Ms. Frayer did, the $98 million wasn't missing; right? It was properly adjusted for. It just was adjusted for on the front end.

A. (Rockler) No. It isn't as simple as doing an adjustment on the total value added in the state of New Hampshire.

Q. But again, it sounds to me like this is just
a disagreement between you and Ms. Frayer as to how to use the model, because she did
explain this quite clearly in Exhibit 120 at Page 54; right? You just don't agree with
her explanation.
A. (Rockler) It isn't the proper way to handle
material impact estimation. I'll just assert
that.

MR. NEEDLEMAN: Dawn, can we
call up the next exhibit?

BY MR. NEEDLEMAN:
Q. So this is your inputs for material
expenditure. And I wanted to ask you a
question about this. If you need to see the
whole page, just say so. But my question is
about the bottom line.
A. (Rockler) Yes.

Q. Okay. So reading across that bottom line,
what are the material expenditures inputs?
What's that first number? Is that

2.267 million?

A. (Rockler) No, because it's nominal, and it's
in units terms. So that's 2,267.

Q. All right. So then the second number is
73,000?

A. (Rockler) Correct.

Q. And the third number is 52,000?

A. (Rockler) Looks like, yes, 5 million.

5,290,827.

MR. NEEDLEMAN: So let's take this down for a minute, and I want to go back to the materials spreadsheet. And let's call up the original materials spending.

BY MR. NEEDLEMAN:

Q. Where in your REMI workbook would we see the numbers that you plugged in for original material spending?

A. (Rockler) You will see them in the REMI workbook under Concrete Product Expenditures, Redimix and Concrete Product expenditures.

Q. So in other words, you're saying -- my understanding was that you used the materials expenditure numbers that were provided to you by LEI.

A. (Rockler) The ones that were identifiable, yes.

Q. Okay. And is there a place that you can point me to that tells me what the material
expenditure numbers that you used were?
Because my understanding was that you used
the original material spending on this
spreadsheet. I understood that was your
inputs.

A. (Rockler) When you look at the REMI workbook,
what you see is a list of those policy
variables. So it would be an expenditure
number for materials, and you'll see some
values there. What you don't know is whether
or not that was run or not, or whether that
was used or not. It's just a list of
possible entries. And that was the problem
we had with a number of LEI's workbooks, is
not all the lines that appeared in the REMI
workbook were used. There were some values
that had been entered for testing or for
analysis and then left in the workbook. So
in that case where you showed the earlier
line that shows KRA material inputs, that may
have been one of the blocks of data that came
from -- that I just took in from her workbook
originally. I started with her input
workbook, and to that I added our own block
of estimates that we used. So if you want to see where our stuff is, you can look in the REMI input workbook under our inputs that were used.

Q. Right. And my understanding is that the inputs that you used were the ones that were provided in this spreadsheet. But it seems to me you're saying no, you didn't use those inputs.

A. (Rockler) In that spreadsheet? I don't see that -- yeah, that's not our spreadsheet. That's one of -- that's an LEI spreadsheet.

Q. Right. And again, that's my confusion, because my understanding was you used the numbers LEI provided to you. I thought that's what you said originally.

A. (Rockler) That's correct, except for the materials inputs.

Q. So you used all the numbers they provided to you, except for the numbers on this spreadsheet.

A. (Rockler) I used the figure of 34 million something for the -- yeah, for the Redimix Concrete expenditures.
Q. You used a figure of 34 million for material expenditures?

A. (Rockler) Right.

MR. NEEDLEMAN: So let's go back for a minute, Dawn, to that KRA spread sheet.

BY MR. NEEDLEMAN:

A. So these are the expenditures on your spread sheet. And if you used a number of 34 million, why is it that the numbers at the bottom don't seem to add up to anything close to that?

MR. PAPPAS: Do you need to see the entire page?

BY MR. NEEDLEMAN:

Q. Yeah, if you want to see the whole page, we can put it up.

A. (Rockler) No, I think I can... that's actually a little bit better. There we go. Okay. That looks like the Redimix Concrete expenditures, yes.

Q. Right. But my question is: If you used the number of 34 million, why are those numbers so much lower than 34 million?
(Witness reviews document.)

A. (Rockler) Well, I'm not sure why. I would have to go back to the original workbooks and see what was extracted and copied from them. It's different. I agree with you.

Q. And that --

A. (Rockler) But I don't know from where that comes, offhand.

Q. So let's talk about this for a minute. These are the KRA inputs for material expenditures that went into your run of the REMI model; correct?

A. (Rockler) That's correct.

Q. So wherever those numbers came from, those are the numbers you put in; right?

A. (Rockler) I think so, yes.

Q. Okay. So those numbers that you put in on the bottom there are nowhere close to the 34 million.

A. (Rockler) No, I agree with you.

Q. So if you put in numbers that are nowhere close to the 34 million in expenditures, and then you run it through the model, it will produce an economic output of some number;
right?

A. (Rockler) Whatever you put in, you get something out. Right.

Q. And if you put in material expenditure numbers that are lower than what the actual material expenditure numbers are, you will get an economic output that is lower than what the actual economic output is going to be; correct?

A. (Rockler) I agree with you.

Q. And from what we can see here, it appears that you have put in numbers that do not represent, even as you understand the material expenditures, to be the right number; correct?

A. (Rockler) Based on this line, I would agree with you. But I really would want to see my own workbook inputs.

Q. And as a consequence of that, whatever number you came up with for economic expenditures would be lower than what the real number is; correct?

A. (Rockler) If the total going in is lower, yes.
Q. So I want to go back to that 18 percent number. And we talked about how it's made up of a number of categories, and we've addressed all those categories now. So when you said on Page 3, Line 5, in general, Applicant's economic impact analysis was well performed, et cetera, et cetera, but it was off by some percentage, you lowered that to 18 percent. The number's now going to come down from 18 percent, it appears, because you got these material expenditures number wrong; right?

A. (Rockler) I have to check the numbers. I'm not sure if it's going to change or not.

Q. Well, it sounds to me like you just said that the economic output will go down. So, assuming it's going to change, we don't know how it's going to change as we sit here; right?

A. (Rockler) If the number going in goes down, we know it's going to be lower, yes.

Q. And we also don't know if Ms. Frayer is correct about the labor number she used, and you're not correct, we also don't know how
that would affect your 20 percent number --
or your 18 percent number; right?

A. (Rockler) The estimation of jobs that were
used with the high compensation rates as I
saw them, and as they deviate from what the
REMI model expects, the labor inputs in the
model are actually lower than what I would
have expected. And so it isn't that I have
reduced the values through some means to
reduce them; the economic impact, employment
impact going in, even as LEI estimates it, is
low.

Q. One more time going back to my question, and
setting aside for a moment what we think is
the math error we just uncovered, and
focusing on the disagreement between you and
Ms. Frayer about the labor rates, as we
discussed before, if she's right and you're
not right about this issue, then that
percentage error that you identified also
decreases; correct?

A. (Rockler) I'll go with that, yeah.

MR. NEEDLEMAN: I'm going to
go into a new topic. You want me to keep
going?

CHAIRMAN HONIGBERG: How long do you think the topic is?

MR. NEEDLEMAN: Hour.

CHAIRMAN HONIGBERG: All right. Let's take a 10-minute break.

MR. NEEDLEMAN: Okay.

(Recess was taken at 10:11 a.m. and the hearing resumed at 10:28 a.m.)

CHAIRMAN HONIGBERG: Mr. Needleman, you may continue.

MR. NEEDLEMAN: Thank you.

BY MR. NEEDLEMAN:

Q. Just quickly, I wanted to take you back to Page 58, Table 16 for a moment. You recall that I asked you earlier with respect to property value impacts, whether you had applied this 1 percent equally across all properties, and you said no, you applied it at a diminishing basis as you went out from distance. I recall now that you did that as part of the second component of your analysis with respect to the New Zealand study. But
in this first component of your analysis on Table 16, it shows you actually did apply that 1 percent equally all the way out to the far distant properties; right?

A. (Kavet) We did that to demonstrate what it would be if that was a flat rate. But the analysis that we used in calculating impacts is Table 17 which follows that, and you'll see it diminishes significantly as you go out in distance.

Q. And an appreciable portion of those impacts as illustrated on Table 14 are occurring at the greater distance; right?

A. (Kavet) You said Table 14?

Q. Sorry. Table 16.

A. (Kavet) No. If you look at Table 17, you have 96,000 out of 14-, 15 million.

Q. No, I'm looking at Table 16.

A. (Kavet) Yeah. If you just do a flat 1 percent --

Q. Right.

A. (Kavet) -- it's pretty even through the far distant. From about near mid-ground to far distant is pretty constant, yeah.
Q. And my question was, but only 80,000 in the immediate foreground; right?

A. (Kavet) That's correct, at a 1 percent basis, yeah.

Q. So I want to turn now to tourism. And on Page 146 of your prefilled testimony, Page 8, Line 13, you said that your --

A. (Kavet) I'm sorry. Page number?

Q. Page 8, Line 13. You said that your analysis was of, quote, "limited relevant data and local expert opinion"; right?

(Witness reviews document.)

A. (Kavet) Yes.

Q. And then, based on this limited relevant data and local expert opinion, you created some potential tourism impact ranges; right?

A. (Kavet) Yes.

Q. And so I want to look at these two components. With respect to limited relevant data, if we look at Page 64 of your report, you talk about your relevant literature review. And you cite three reports there: A 2009 Scotland study, the Anza-Borrego State Park study and the Delaware Water Gap study;
right?

A. (Kavet) Right.

Q. So when you refer to limited relevant data in your prefilled testimony in the literature review, this is what you're referring to; right?

A. (Kavet) Not just that. We're also referring to the fact that there is limited data on tourism activity at a level of detail that would make it easy to analyze impacts in New Hampshire. So we only have data for broad tourism regions --

Q. Understood.

A. (Kavet) -- not down at a detailed level. So there's is a whole lot of data that might go into that. That's one piece of that.

Q. And we'll come back to that in a minute.

With respect to what you call "local expert opinion," you said on Page 65 that it's based on conversations with New Hampshire tourism experts; right?

A. (Kavet) That's correct.

Q. And in the footnote you refer to Alice DeSouza and Mark Okrant.
A. (Kavet) Yes.

Q. So when you refer to local experts in your testimony, these are the two individuals you're referring to; right?

A. (Kavet) Primarily, yes. We spoke with other people as well, but those are the two that we relied on most.

Q. When you say you spoke with other people, you didn't provide any information in your report about that, did you?

A. (Kavet) Well, there was contact with people at the public -- the sessions that Counsel for the Public scheduled. We had meetings with people in state government. But these were the two that we felt were knowledgeable and were willing to offer an opinion one way or another.

Q. And you used the phrase "local expert opinion" --

A. (Kavet) Yeah.

Q. -- so these would be the local experts; right?

A. (Kavet) That's right.

Q. So I want to talk first about the three
studies. So let's go to Exhibit 148 at Page 64.

So the first study is the 2009 Scotland study. I think you said that the study estimated annual potential tourism visitation losses from a proposed high-voltage transmission line could range from 3.2 percent to 14.6 percent; right?

A. (Kavet) That's right.

Q. And this study is referenced in Footnote 57 of your report; right?

A. (Kavet) Yes.

Q. And this study was actually the report of public inquiry issued for a proposed 400 kV transmission line in Scotland; right?

A. (Kavet) I believe so.

Q. And the public inquiry is the Scottish government's review of the proposed project; right?

A. (Kavet) I believe so.

Q. And did you review the report in its entirety?

A. (Kavet) Yes.

Q. And did you review the administrative record
for the project?

A. (Kavet) I don't recall.

Q. I want to call up the report, first of all. And let's look at Page 16-22. And I've highlighted two sections.

So in the first section above that table it says that the alternatives illustrated in the table below demonstrate how the outcome varies depending on the assumption made. Do you see that?

A. (Kavet) Yes.

Q. And right underneath that, after it looks at those varied outcomes, it says, "Therefore, we find we do not have the evidential basis to quantify the potential adverse impact of the proposed 400 kV overhead line on tourism along the proposed line"; right?

A. (Kavet) Yes.

Q. So, even though you said in your report that losses could range from 3.2 percent to 14.6 percent, the Scottish government said they don't have enough evidence to actually quantify that; right?

A. (Kavet) That's correct.
Now let's look at Exhibit 306. This is the Summary of Conclusion and Recommendation. And I want to go to Page 8. And when you look at the first highlighting, it says, "We find that the evidence regarding the likely impact of the proposed transmission line on tourism in the area is unsatisfactory"; correct?

(Kavet) Yes. I think that's because it's prospective. You're doing a survey and asking people what might happen rather than any measurement of what actually has happened, which is typical.

In fact, they speak to that in the other yellow highlighting. They say the Applicant's attempt -- I'm not going to read it all. You can read it for yourself. But the last point is what I want to direct your attention to. "Consequently, we conclude that we do not have the evidence to quantify the potential impact of the proposal on tourism along the line"; right?

(Kavet) Yes.

So this report actually offers no support for
the proposition that high-voltage
transmission lines have an adverse impact on
tourism; right?

A. (Kavet) No. I think that survey information
is the only information that's available.
It's not conclusive. It would be better if
you had data that actually showed some metric
and you knew what would have happened in the
absence of it and then you put it in and you
measured a decline in tourism or less
tourism. It simply means that, just based on
the survey, they weren't willing to draw a
conclusion and say we have enough evidence to
have a specific number. It's a range of
estimates. And survey-based data is not as
good as other types of data. But it's all
there is.

Q. Isn't this really the Scottish government
saying, based on the totality of the record
presented to them, the potential impact of
the proposal on tourism of the line can't be
quantified?

A. (Kavet) No. It means the data aren't good
even enough to come up with any meaningful
conclusion that they believe for purposes of
their review.

Q. Okay. Let's go to Exhibit 148, Page 64. The
second report that you rely on is the
Anza-Borrego study. And I think, yeah, in
the middle you say, "A recent study on the
economic impact of a high-voltage
transmission line in the Anza-Borrego State
Park in California estimated negative tourism
visitation effects of between 5 and
15 percent due to the presence of a proposed
high-voltage transmission line; right?

A. (Kavet) That's right.

Q. And that was Footnote 58 of your report;
right?

A. (Kavet) Right.

Q. Let's look at Applicant's 307. This is
Anza-Borrego study. I assume you reviewed
this?

A. (Kavet) Yes.

Q. And the study was commissioned, down at
bottom of the page, by the Anza-Borrego
Foundation, the Tubb Canyon Desert
Conservancy and the Desert Protective
Council; correct?

A. (Kavet) Yes.

Q. And if we go to Page 3 of the study --

MR. NEEDLEMAN: And Dawn, I'll ask you to highlight it.

BY MR. NEEDLEMAN:

Q. It says the California Energy Commission, et cetera, is in the process of assessing various options for a transmission line. One of the options is Alternative 5, which proposes this 500 kV line in the Anzo-Borrego Desert State Park. Generally correct?

A. (Kavet) Yes.

Q. And on Page 10 and 11, the study uses hypothetical impact scenarios of 5, 10 and 15 percent to, quote, "demonstrate the magnitude of the potential economic losses"; right?

A. (Kavet) Right.

Q. And on Table 2, on Page 11, it says, quote, "The table shows these estimates along with the expected reduction in economic impacts associated with various levels of reduced visitation"; right?
A. (Kavet) That's right.

Q. So these are purely a range of estimates or hypothetical scenarios; right?

A. (Kavet) Yes.

Q. There isn't anyplace in this study that pointed to actual tourism impacts as a consequence of a transmission line being built; right?

A. (Kavet) Yeah, because it's virtually impossible to measure.

Q. Right. So the study doesn't say anywhere, for example, that it's reasonable to conclude that these impacts will occur or anything like that; right?

A. (Kavet) Survey-based data is all you have.

So that's when I say that the relevant data that's available is not something that's exhaustive. That's what you have is survey-based data.

Q. Did the State of California rely on this study or accept it?

A. (Kavet) I don't know.

Q. Did any regulatory body rely on it or accept it?
A. (Kavet) I don't know.

Q. All right. Let's look at the third study you relied on, which is Exhibit 148, Page 64. This is the Delaware Water Gap National Recreation Area; right?

A. (Kavet) Yes.

Q. And you see Page 64, an analysis of a proposed high-voltage transmission line affecting the Delaware Water Gap National Recreation Area in Pennsylvania and New Jersey calculated reductions in tourism visitation and spending to be 5 percent; right?

A. (Kavet) Yes.

Q. And this study is referenced in Footnote 59 of your report; right?

A. (Kavet) That's right.

Q. Did you review the final environmental impact statement that was issued for this area.

A. (Kavet) No, I didn't.

Q. All right.

MR. NEEDLEMAN: Let's pull that up. It's Applicant's 308. And I want to go to Page 573.
A. (Kavet) Do you have the date on that?

Q. I think we might.

MR. NEEDLEMAN: Do we have the date on that?

BY MR. NEEDLEMAN:

Q. I'm not sure I have it handy, but I can get it easily enough. Let's go to Page 573. This is the final EIS for this project.

A. (Kavet) Yeah, okay.

Q. So that first line says that there is uncertainty as to how visitors would respond to the introduction of this line in the existing area; right?

A. (Kavet) Yes.

Q. And then it goes on to offer conclusions, which I want you to take a second to look at. (Witness reviews document.)

A. (Kavet) Okay.

Q. So, again, this is sort of in the same category as the other two reports we looked at; right?

A. (Kavet) Yes.

Q. No solid conclusion.

A. (Kavet) Well, there's no way to measure who
doesn't come to a tourist location once something happens. Unless it's an enormous effect, you're not going to see it as being measurable. And it's very hard to have a baseline and say, well, in the absence of this, how many people would have come. So it's typically survey-based work that says, you know, what do you think you would do. And that's not always what people do. But that's pretty much the only data that exists, and it's why we preface this by saying there's not a lot of hard data to base conclusive estimates on.

Q. And this line was actually constructed; right?

A. (Kavet) It was what?

Q. This line was --

A. (Kavet) Yes.

Q. -- actually constructed; right?

A. (Kavet) Yes, it was.

Q. So let's go to this next category you relied on, which is local experts. I want to look at Exhibit 148, Page 65. And I think we already talked about you relying on the
opinions of Mr. Okrant and Ms. DeSouza; right?

A. (Kavet) Yes.

Q. And on Page 65, you say that these experts estimated that tourism visitation and spending could be reduced by at least 3 to 10 percent, possibly as much as 15 percent due to the presence of the proposed project; right?

A. (Kavet) That's right.

Q. And I think you told me at the tech session that you met with these two individuals separately to discuss the Project; right?

A. (Kavet) Yes, and had telephone conversations and, you know, some ongoing contact.

Q. You met with Mr. Okrant on July 26, 2016. Does that sound right?

A. (Kavet) That sounds about right.

Q. Okay. And you provided Mr. Okrant with the Applicant's tourism assessment and associated materials; right?

A. (Kavet) That's correct.

Q. And I want to pull up Exhibit 309. This is Mr. Okrant's e-mail back to you; is that
right?

(Witness reviews document.)

A. (Kavet) Looks like one of them.

Q. And he offered comments on Mr. Nichols' tourism assessment; right?

A. (Kavet) Okay. Initial comments on it, yeah.

Q. And if we go -- I think there's another page. Right. So his last bullet point says, "In conclusion, the research is generally sound; however, were I in his shoes"-- and I assume he's referring to Mr. Nichols -- "I would want quantitative support for the statements about the transmission line's limited impact on visitor behaviors"; right?

A. (Kavet) Yes.

Q. Did you ever give him that quantitative support?

A. (Kavet) No.

Q. And despite his concern, do you know if he ever located that quantitative support?

A. (Kavet) I don't know what he did in the interim.

Q. Despite his concern about wanting quantitative support, he never offered any to
you; right?

A. (Kavet) Oh, yes, he did. That's what his
statement about, you know, estimated impacts
being in the 3 percent, 5 percent, 15 percent
range. He felt those were possible. And we
reviewed the statement that we had in our
report with him prior to issuing the report.

Q. So your testimony is that his quantitative
support were those estimated impact ranges.

A. (Kavet) I think it's his opinion. I don't
know if he did any quantitative work to
arrive at that.

Q. Let's try it again. He said that, of Mr.
Nichols, he would like to see quantitative
support with respect to the impact of visitor
behavior. And I asked you if he provided you
with any of the kind of quantitative support
that he said he would have been interested in
seeing from Mr. Nichols. And my
understanding is that you're saying, yes, he
did; he gave me those impact numbers of 3 to
15 percent.

A. (Kavet) He gave us impact numbers. That's
right.
Q. So that's his quantitative support.
A. (Kavet) That's the quantitative support he provided to us. What he was saying is he was -- in this e-mail, he would have liked to see quantitative support for Mr. Nichols' analysis.
Q. And he didn't give you any analysis or anything else in writing in support of these estimates; right?
A. (Kavet) Everything he gave us in writing you would have seen.
Q. Which I believe I did. And I didn't see anything else to support that. So am I correct that that was it?
A. (Kavet) There would have been communication about what we were saying and his affirmation of that. I don't know if that's --
Q. So as you sit here today, do you remember him providing any analysis at all that supported those estimated impact ranges?
A. (Kavet) Well, yes, he provide those estimated impact ranges. He did not provide some 10-page report on how he got to that or why he thought that, but he confirmed that he
thought those were reasonable.

Q. Right. And that was it.

A. (Kavet) That's correct.

Q. Okay. And when you met with Ms. DeSouza, she
didn't provide an assessment in writing to
you either; is that right?

A. (Kavet) That's correct. It was the same sort
of process. We had a discussion, long
meeting and discussion and follow-up. And
then we asked her if, consistent with what
she had told us, the statement in the report
was accurate, and she affirmed that.

Q. You took notes of your conversations with
her, based on the discovery. But I didn't
see any e-mails from her like I did from Mr.
Okrant. Does that sound right?

A. (Kavet) That's possible.

Q. And the notes discuss the importance of
tourism in the North Country; various,
specific tourist destinations, importance of
scenic views and things like that. Does that
sound familiar?

A. (Kavet) Yes.

Q. Now, you told me at the tech session that, to
the best of your knowledge, you didn't know
whether either of these individuals have
experience assessing impacts of tourism from
high-voltage transmission lines; right?

A. (Kavet) That's right. Specifically with
high-voltage transmission lines, yes.

Q. And you told me at the tech session that it's
your understanding that neither have
experience assessing the quantitative effects
of infrastructure projects on tourism; right?

A. (Kavet) Well, they certainly worked with
organizations that would have been assessing
those effects. So I imagine there's
familiarity with that. I mean, they both
headed up entities that were -- for whom
tourism was a central purpose of their
organization. So they would certainly be
capable of opining and assessing things that
could affect tourism.

Q. Are you aware of a single infrastructure
project that either of them assessed in
relation to tourism impacts?

A. (Kavet) I'm not.

Q. I think you also told me at the tech session
that the ranges on Page 65 of your report
that you attribute to them are simply their
estimates; correct?
A. (Kavet) That's correct.
Q. And you also told me that, to the best of
your knowledge, you didn't know whether they
relied on any quantitative information for
those estimated impacts.
A. (Kavet) That's correct.
Q. And they didn't provide you with any data
supporting these estimates aside from what
we've discussed.
A. (Kavet) That's correct.
Q. In fact, at the tech session you told me that
you didn't ask for any additional data beyond
what they provided; correct?
A. (Kavet) That's right.
Q. So, other than the conversations you had with
these individuals, you have no other
information to rely on in support of these
estimates; right?
A. (Kavet) That's correct.
Q. So I want to -- now that we've established
how you got to your opinion that there may be
impacts, I want to talk about the calculated impacts or your methodology. And I want to look at Page 48 -- Page 65 of Exhibit 148. And at the bottom you say, "Based on these analyses and expert local opinion, we have constructed several alternative possible impact ranges based on estimates of current direct tourism spending and the degree to which transmission line visibility may affect each region"; right?

A. (Kavet) Right.

Q. And then on Page 66, I think you explained that you first started by estimating tourism spending using Plymouth State University's Tourism Satellite Accounts; right?

A. (Kavet) Yes.

Q. And then --

A. (Kavet) We didn't estimate that. We just used their data; right.

Q. Correct. Then you used viewshed analyses done by T.J. Boyle to calculate the percentage of land that would have visibility of the Project; right?

A. (Kavet) That's right.
Q. So, a somewhat similar approach to what you did with the property value analysis; right?
A. (Kavet) Yeah, similar.
Q. And you used this viewshed analysis data as the area of potential impact for tourism in New Hampshire; right?
A. (Kavet) That's right.
Q. And then as you explained on Page 66, you calculated losses in each of the seven tourism regions by applying estimated impacts of 3, 5, 10 and 15 percent; right?
A. (Kavet) That's right.
Q. So am I correct that you haven't used this type of methodology anywhere else to assess tourism impact?
A. (Kavet) No, not with the GIS viewshed --
Q. So that would be, yes, I'm correct. You've never used this methodology.
A. (Kavet) Well, we used aspects of the methodology, but not using GIS data.
Q. So it's the first time this methodology has actually been used anywhere, as far as you know.
A. (Kavet) Yes.
Q. And you told me at the tech session that you didn't do any assessment to determine whether areas of supposed impact, which I think are areas of visibility, actually have tourism destinations or tourism-related businesses in those areas; right?

A. (Kavet) That's right. We didn't do bottom up and say this is a really special place and here's where I chose, and it's going to be 10 times more impacteful than another area that has visibility that somebody hardly ever goes to. So it's a way to narrow the impact based on visibility, but it's not something that, you know, people are walking around picking every single site and saying one's going to be a very, very concentrated impact and one a lesser impact.

Q. So let's call up Applicant's Exhibit 310. You indicated in your report that you used these viewshed analyses in order to make these kinds of determinations; right?

A. (Kavet) That's right. Well, yes, to make an estimate.

Q. To make an estimate.
A. (Kavet) Hmm-hmm.

Q. And on this map, I think --

MR. NEEDLEMAN: Dawn, if we can pull up that highlighted yellow box for a minute just so people understand it. I think folks are pretty familiar with this at this point.

BY MR. NEEDLEMAN:

Q. This is one of the delta maps. It shows existing visibility of the line and then shows projected visibility of the new line. You're familiar with that; right?

A. (Kavet) Is that from the Applicant or Counsel for the Public?

Q. This one is DeWan, Applicant.

A. (Kavet) Okay.

Q. So you're familiar with these kinds of maps?

These are generally what you used.

A. (Kavet) Yeah, from T.J. Boyle.

Q. So let's go back to the map for a minute. So those areas in orange on this map are the areas of existing visibility. Did you do any analysis to determine whether any of the areas within the viewshed
are tourist destinations? I think you said you didn't.

A. (Kavet) Not individual. We didn't do this at a micro level. This is at a much more macro level. So we weren't going site by site and trying to determine each one.

Q. And you made no effort to distinguish between areas that have existing visibility of a line versus areas that will have new visibility of the line.

A. (Kavet) That's right. It's total visibility.

Q. And you told me at the tech session that you didn't do any analysis to determine whether these tourist areas within the 10-mile viewshed actually do have a view; right?

A. (Kavet) Oh, no. They show up as having a view because they're in the viewshed area. But it's just not specific to individual locations, yeah.

Q. But you understand that a lot of these maps are hypothetical visibility; they're computer-generated visibility assessments.

A. (Kavet) They're the best guess anybody has as to, you know, where that might be. Are they
perfect? No. But there are a lot of things less perfect than those in the whole scheme of this.

Q. Right. And you told me at the tech session that your analysis assumes there's an impact even if there's not actual visibility of the Project; right?

A. (Kavet) That's right. It's an aggregate estimate. It's a way of saying, look, it's not a hundred percent of the area, it's some smaller percentage of that.

Q. And your range of estimated impacts was 3 to 15 percent; right?

A. (Kavet) Within -- yeah, that's right. So you narrow the initial total tourism visitation spending area to the areas that -- you reduce that to the areas that have visibility. And about 1.5 percent of the affected areas have visibility, so you're narrowing it dramatically. Even though tourists may drive throughout this and experience many, many different locations in which there would be visibility. So they don't just go to one spot and stay there. But it's a way to -- I
think of a very conservative approach. It ends up being, you know, the total impact is all of fifteen hundredths of one percent of total spending. This is not saying we're taking 5 percent of all the spending that happens in this area. You reduce it to a very small area, and then you apply that percentage.

Q. And for purposes of this aggregated analysis, you used a 9 percent impact figure, which was the mid-range of 3 to 15 percent; right?

A. (Kavet) Yeah, but we presented all of them as well. But yes, for one that's just the midpoint for the final tables, that was a 9 percent impact.

Q. So if an important tourism destination in New Hampshire was 8 miles from the line and had just a little bit of visibility of the Project, you assumed a 9 percent impact?

A. (Kavet) Well, it's an aggregate approach. It's not a bottom-up approach. So we're not assuming one thing for each one of these. We're saying in total --

Q. So the answer to my question is "Yes."
A. (Kavet) Yes.

Q. For example, you assumed that the Balsams would experience a 9 percent loss, even though Mr. Otten testified that he thought there would be no loss; right?

A. (Kavet) Well, it's not going to be the whole Balsams. It's going to be a small percentage based on the land area that has visibility. So I understand you can't -- and I don't know exactly what the viewshed map looks like there. But I don't think you can see it from everywhere at the Balsams.

Q. Suffice it to say your analysis disagrees with Mr. Otten's testimony; right?

A. (Kavet) I haven't read Mr. Otten's testimony, so I don't know.

Q. And you assumed these impacts would continue; correct?

A. (Kavet) Yes, the impact would continue. It's a change to the visual environment that persists.

Q. And am I correct that you haven't cited a single source in any of your material that shows actual impacts on tourism as a result
of a high-voltage transmission line being constructed?

A. (Kavet) Yeah. They don't exist.

Q. And if you had found such information, of course you would have provided it; right?

A. (Kavet) Yes.

Q. So to the best of your knowledge, it doesn't exist.

A. (Kavet) Yes.

Q. So, on Page 28 of your report, again Exhibit 148, under B, this talks about -- and I'm looking at the first paragraph. So Mr. Nichols offered the view that in his 20 years of working in the tourism industry, he never experienced any of his clients talking about concerns with respect to transmission lines; right?

A. (Kavet) Yes, he did.

Q. And he was fairly emphatic in that view, and you disagreed with him. And I think -- well, you explain here that you disagree with him because you say it's sort of a self-fulfilling prophecy; nobody would locate transmission lines in these areas of high
scenic value; right?

A. (Kavet) Well, what we're saying is we talked
to people in New Hampshire with specific
experience and deep knowledge of the tourism
industry, and they had a different opinion.
So they relied on that for a New
Hampshire-based analysis. But are there a
lot of transmission lines that go through
scenic areas? No.

Q. What is not considered in this logic,
however, is the absence of discussion
regarding the development of high-voltage
transmission lines in areas of high scenic
value. It's not because they would not
impact tourism visitation, but because such
areas would never consider allowing this type
of development.

A. (Kavet) That's right.

Q. That's what you said in your report.

A. (Kavet) That's correct.

Q. And in fact, I think you discussed this issue
a little bit with Mr. Reimers the other day
when he pointed you to Mr. Nichols' reference
to Estes Park in Colorado, where I gathered
you lived for a time.

A. (Kavet) I didn't live there. But my family had property, yeah.

Q. And I think -- well, I'm not going to talk about Estes Park, but I want to bring up Exhibit 311.

MR. NEEDLEMAN: Let's blow that up a little bit.

Q. Have you ever seen a map like this before?

A. (Kavet) Not that exact one, but I've seen maps like that before.

Q. Okay. This is the EIA map of transmission lines in the United States with a voltage of 345 kV or higher. And I'll represent to you that it actually doesn't include any 115 or 230 lines. You think it's fair to say that if we included 115 and 230 lines, the map would be more cluttered?

A. (Kavet) I would guess so.

Q. Looking at this map, is it your testimony that none of these transmission lines are located in scenic tourist destinations?

A. (Kavet) None of them? I can't say that.

Q. So it's certainly possible that some of them
or a lot of them could be located in those areas, which would disagree with the statement that you made in your report; right?

A. (Kavet) It's possible.

Q. Let's look at -- well, hang on.

So, Mr. Reimers, when he was talking to you about Estes Park, I think you said that with regard to Estes Park, none of the lines go through scenic areas in that area.

A. (Kavet) They don't go through the park. There are a lot of scenic areas all over the place, and there are lines that pop up in scenic areas that aren't national parks. But they don't go through Rocky Mountain National Park.

MR. NEEDLEMAN: So, Dawn, can you put up Exhibit 312, please?

Q. Do you recognize that?

A. (Kavet) I don't.

Q. That's the Delaware Water Gap National Recreation Area, which was actually one of the three studies that you referenced in your report which we talked about a few minutes
A. (Kavet) Okay.

Q. And I'll represent to you that this was taken from a place called Blair Mill Brook Road, which is in the rec area, and it's looking further into the rec area; right?

A. (Kavet) Yeah.

Q. So this is a scenic tourist destination; right?

A. (Kavet) Yeah.

Q. And that is an example of a new 500 kv line running right through that resource; correct?

A. (Kavet) Right.

Q. So in this case, the scenic tourist destination did allow that to happen; right?

A. (Kavet) That's right. And we sited that report as one we looked at.

Q. But you had not actually seen the line before; right?

A. (Kavet) No, hadn't actually seen the line.

MR. NEEDLEMAN: Dawn, let's go to the next page.

BY MR. NEEDLEMAN:

Q. So this is Diablo Lake along the North
Cascade Scenic Byway in Washington State. This was taken from a place called Diablo Lake Vista Point. Do you recognize it?

A. (Kavet) I don't.

Q. And would you disagree that this is a scenic tourist destination?

A. (Kavet) It certainly appears to be a scenic destination.

Q. And there are transmission lines and transmission infrastructure right at the end of the lake in the center of that photo; right?

A. (Kavet) That's right.

MR. NEEDLEMAN: Let's go to the next one, Dawn.

BY MR. NEEDLEMAN:

Q. Do you know where that one is?

A. (Kavet) I do not.

Q. That is the Seward Highway south of Anchorage and north of Girdwood, Alaska. Have you been there before?

A. (Kavet) No, I haven't.

Q. I want to pull up an article that describes this highway. Take a moment to look at that.
(Witness reviews document.)

A. (Kavet) Okay. Who's writing it?

Q. Looks like someone named Derek Ray.

A. (Kavet) Is this one person's, Derek Ray's, opinion of what's beautiful and what isn't?

Q. Sounds like it.

A. (Kavet) Okay.

Q. Did you have a chance to look at all that?

MR. IACOPINO: What's the name of the publication?

MR. NEEDLEMAN: Looks like the San Diego Reader.

BY MR. NEEDLEMAN:

Q. Did you have a chance to read the highlighting in yellow?

A. (Kavet) I did.

Q. Let me go to the next page then.

(Witness reviews document.)

Q. Have you had a chance to read that?

A. (Kavet) Yes.

Q. So, based on the picture you saw and this description, would you agree that this is certainly a scenic tourist destination with a transmission line running through it?
A. (Kavet) Yes, sounds like it.

Q. Let's go to the next photo. This is Merrymeeting Bay in Maine. It's taken from Browns Point Road at the mouth of the Abagadasset River. And I'll try to spell that later.

And I'll represent to you that the taller structures on the right are actually the MPRP project which we've heard so much about.

A. (Kavet) Okay.

Q. This location is a designated resource under Maine law. Fair to say that there are transmission lines in proximity right in view of that scenic resource?

A. (Kavet) It appears so.

Q. Let's go to the next one. This is Sandy Point Beach on Cousins Island in Casco Bay, Maine. That's a 345 kv line connecting to Wyman Station, which is not the MPRP Project. This is also a designated scenic resource under Maine law.

Same question: Fair to say there are transmission lines running through that
1 scenic resource?

2 A. (Kavet) Yes.

3 Q. Next one. This is Sonoma Wine Country, Barns Road, near Santa Rosa, California. I won't belabor the point, but fair to say it's another scenic area with transmission lines running through it?

4 A. (Kavet) Yes.

5 Q. And one other. This is Scottsdale Desert Foothill Scenic Drive in Scottsdale, Arizona. It's a designated scenic drive. Again, fair to say there are high-voltage transmission lines running through this area?

6 A. (Kavet) Yes.

7 Q. So, based on everything I just showed you, and that EIA map we looked at before, would you agree with me that there are probably a lot of other similar locations like this?

8 A. (Kavet) Are there any scenic locations that have high-voltage transmission lines running through them now? Yes.

9 Q. So, despite your criticism of Mr. Nichols on Page 28, in fact, transmission lines are allowed in high scenic areas; isn't that
correct?

A. (Kavet) Allowed? Yes. They're often --

Q. Using your word.

A. (Kavet) My word "allowed"? I don't see where I say "allowed."

Q. I think you said, "Such areas would never allow such lines."

(Witness reviews document.)

A. (Kavet) Yes, there are many areas that would not consider allowing that type of development.

Q. Let's move on to another topic. I want to look at Exhibit 148, Page 70. This relates to your opinions about construction impacts of the Project. And you say on Page 70, during the construction phase, both above-ground and underground construction activities could have significant disruptive impacts on tourism; is that correct?

A. (Kavet) That's correct.

Q. And you state that these would be localized traffic-related issues that are shorter-lived; right?

A. (Kavet) That's right.
Q. And they include traffic delays from road and trail closures or detours, traffic and business disruptions from underground construction on highway rights-of-way that pass through affected towns and downtown areas I think is what you said; right?

A. (Kavet) That’s correct.

Q. So I want to focus on this underground section a little bit because it has received so much attention in these proceedings. Your view is that 52 miles of underground from Bethlehem to Bridgewater in state roads could experience, as you say, significant disruptive effects on tourism; right?

A. (Kavet) In some areas, yes.

Q. I think when we were talking earlier today, you mentioned to me that as part of the work you did on the TDI Project, the New England Clean Power Link, that part of your analysis included the assessment of tourism impacts; right?

A. (Kavet) That’s correct.

Q. And I think you would probably agree with me
that Vermont is a state where tourism is important to the economy?

A. (Kavet) Yes, it is.

Q. And we discussed the similarities earlier between that project and NPT. What I want to do is I want to focus on the underground section. So I'm going to call up Applicant's 313. This is the overview of the underground section of that TDI project. I assume that looks familiar to you?

(Witness reviews document.)

A. (Kavet) Yes.

Q. And that box that Dawn blew up is a summary of that underground section that shows 56.8 miles of underground; right?

A. (Kavet) Okay.

Q. And I think that when you back out town roads and a little bit of distance along the railroad corridor, there are 43.5 miles in state roads. Sound right?

A. (Kavet) Sounds about right, yeah.

Q. So let's go to Applicant's 301. Do you recognize this document?

A. (Kavet) Yes.
Q. This is your prefilled testimony in that matter; right?
A. (Kavet) Yes.

MR. NEEDLEMAN: And Dawn,

let's go to Page 17 of that testimony, and I think I want to focus on the bottom. We're going to have to carry over to the next page, but let's just start there.

BY MR. NEEDLEMAN:

Q. You said in your testimony in this case, "The primary negative externalities considered in this economic analysis were possible traffic delays and potential negative impacts on local businesses that could be affected by traffic issues during underground construction work"; right?
A. (Kavet) Yes.

Q. And then you go on to say, "These were not considered large enough to include as model inputs, based on TDI-NE's other testimony in this case indicating that such negative externalities would be minimal and temporary, with local business access maintained during construction periods and minor detours"
planned where necessary to keep traffic flowing."

A. (Kavet) That's correct.

Q. Are you aware that Northern Pass is committed to maintaining local business access during construction periods?

A. (Kavet) I could not imagine greater difference in what we experienced --

Q. That wasn't my question.

A. (Kavet) -- on the TDI route and the current route.

Q. Okay. So --

A. (Kavet) You say that you have made an effort to coordinate and minimize impacts with towns. When we visited with some of these towns, select boards alike, they were not unanimous in that opinion. So I don't know that I share that.

Q. Well, let's go back to my question. My question was: Are you aware that Northern Pass is committed to local business access during the construction period?

A. (Kavet) To maximizing or just local businesses?
Q. To maintaining local business access during construction periods. Were you aware of that?
A. (Kavet) Yes.
Q. And are you also aware that Northern Pass plans minor detours?
A. (Kavet) Yes.
Q. I want to call up Exhibit 314. This is the prefiled testimony of someone named Allen Wironen on behalf of that project as well. My understanding is that Mr. Wironen was the traffic witness; is that right?
A. (Kavet) I don't know.
Q. Okay. Well, let's look at his testimony on Page 9. Have you ever seen this testimony before?
A. (Kavet) I don't recall.
Q. So you said in your testimony that you were relying on the testimony of other TDI witnesses with respect to managing construction impacts. Was he not someone you were relying on, or do you just not remember?
A. (Kavet) We were relying on direct contact with municipalities, for the most part.
Q. All right. Well, let's look at what this other witness had to say about this issue on Page 9. He said that work along the proposed route will involve lane closures, lane restrictions, road closures and other potential traffic inconveniences. "As indicated above, TDI-New England will ensure each residence and business along the route will have access during the construction. Work along narrow municipal roads may require the roads be restricted to one lane and closed to all but local traffic."

A. (Kavet) Yes.

Q. "In Alburgh, Benson and Ludlow, properties will be reachable following alternative routes or detours." That's what he said; right?

A. (Kavet) Yes.

Q. So, in both New England Clean Power Link and NPT, each project plans to build segments of roughly comparable length in state roads; right?

A. (Kavet) Yes.

Q. And both are located in states where tourism
1 is important; right?
2 A. (Kavet) Yes.
3 Q. And you considered traffic delays and effects
4 on businesses in both; correct?
5 A. (Kavet) That's correct.
6 Q. And in New England Clean Power Link, you
7 thought these impacts were so negligible,
8 they didn't even merit assessment; correct?
9 A. (Kavet) Correct.
10 Q. And in NPT, your opinion is that construction
11 activities could have a significant
12 disruptive effect on tourism; right?
13 A. (Kavet) Yes, in certain locales.
14 Q. So we seem to have a situation here where,
15 when you worked for the developer, you found
16 no issue, but in a virtually identical set of
17 circumstances, where you're not working for
18 the developer, you reach a very different
19 conclusion; right?
20 A. (Kavet) There are two different developers
21 here, and they seem to have approached this
22 issue in very different ways. So when they
23 ran into a municipality where there's a
24 problem and they couldn't -- businesses were
saying this is really going to be problematic for us, they changed the route. They moved the route to a rail line in one location. And they would work with each town to develop alternative routes, methods, approaches to minimizing impacts, such that local businesses and the towns were all comfortable with that along the route. That's not what I've experienced with this particular project.

Q. Let's move on to the next topic. You've done economic impact analyses for a number of Vermont wind projects; is that correct?

A. (Kavet) That's correct.

Q. And you addressed potential impacts to tourism as part of those assessments; is that right?

A. (Kavet) That's right.

Q. And I think there were three projects, at least that I'm aware of, that you worked on: Sheffield, Kingdom Wind and Deerfield Wind. Sound right?

A. (Kavet) Yes.

Q. And in all three projects, like with New
England Clean Power Link, you were working for the project developer; is that right?

A. (Kavet) That's correct.

Q. I want to pull up Applicant’s 315. Do you recognize this document?

A. (Kavet) Yes.

Q. This was actually just you at that point.

Mr. Rockler, I guess, wasn't working with you at the time.

A. (Kavet) No, he was, but we don't always do every project together.

Q. Okay. Fair enough. This is your assessment of the Sheffield Wind Project in Vermont; is that right?

A. (Kavet) Yes.

Q. And I want to turn to Page 17. And let's blow up the statement you have there.

You say, "There have been no empirical studies that measure regional tourism expenditures before and after a wind farm development with valid control regions. Without such data, it is impossible to assign and quantify a meaningful adjustment metric for tourism expenditures." Is that what you
1     said?
2     A. Yes.
3     MR. NEEDLEMAN: And let's pull
4     up Applicant's 316.
5     BY MR. NEEDLEMAN:
6     Q. This was a 2008 study you did of the
7     Deerfield Wind Project; right?
8     A. (Kavet) Yes.
9     Q. And I guess you were both on this one.
10    MR. NEEDLEMAN: Let's go to
11    Page 30 of that and go to the yellow
12    highlighting.
13    BY MR. NEEDLEMAN:
14    Q. And I won't read it again because I think the
15    statement you make here is identical to the
16    statement that you made in the earlier
17    project; is that right?
18    A. (Kavet) That's right.
19    MR. NEEDLEMAN: Then let's
20    pull up Applicant's Exhibit 317.
21    BY MR. NEEDLEMAN:
22    Q. Does that seem familiar?
23    A. (Kavet) Yes.
24    Q. So this was the Kingdom Wind Project now in
2010; right?

A. (Kavet) Kingdom Community Wind Project. Yes.

MR. NEEDLEMAN: And let's go to Page 8 of that report. Go to the yellow highlighting.

BY MR. NEEDLEMAN:

Q. And again I won't read it, but I think it's identical to those prior two statements from 2006 and 2008; is that right?

A. (Kavet) Yes.

Q. Okay. So, on three separate occasions when you were representing wind developers, you said it was impossible. Not just very difficult, but you literally used the word "impossible" to assign and quantify a meaningful adjustment metric for tourism expenditures without empirical data; right?

A. (Kavet) Yes.

Q. When Mr. Reimers was questioning you, you acknowledged that there are no after-the-fact studies measuring tourism impacts in relation to transmission lines; right?

A. (Kavet) That's right.

Q. In fact, there is no empirical data.
So if you had no empirical studies that measure regional tourism expenditures before and after a transmission line development with valid control measures, how is it that in this case you can make those sort of estimates, where in these three cases it was impossible?

A. (Kavet) Yeah, I think there are differences between wind turbines and transmission lines, and there are studies that show that as well. But there's no doubt that there are not strong data that are available with which to do that. And there are none that can show you a before and after effect. That's not something that would perhaps even be possible to measure, except perhaps through some survey sort of approach. But it does point to the difficulty of having source data with which you can conclusively make an estimate.

Q. Let's be clear, because this is a very important issue. My question has absolutely nothing to do with the difference between a transmission line and a wind project. I'm focusing purely on methodology. And your
methodology says here, "without empirical
data it is impossible to draw conclusions."
So I want to understand now, in this case,
where you also don't have empirical data, why
it would not also be impossible to draw
conclusions?

MR. PAPPAS: Objection. I
think he's misstating what is stated on the
exhibits shown. Doesn't use the words "draw
conclusions."

MR. NEEDLEMAN: I'll restate
the question.

BY MR. NEEDLEMAN:

Q. Focusing purely on methodology, in these
three cases you said, "without such data, it
is impossible to assign and quantify a
meaningful adjustment metric for tourism
expenditures." Why is it impossible to do
that without empirical data there, but
suddenly it's possible to do it here without
empirical data?

A. (Kavet) I think it's difficult but not
impossible.

Q. What's difficult? There or here?
A. (Kavet) In both cases.

Q. So you are changing the testimony now that you offered three times in those other cases?

A. (Kavet) That's right.

Q. Okay. So let me go back to a question that Ms. Menard asked you a while ago. It was about industry bias.

So if an objective observer looks at the opinions you offered in TDI regarding energy market impacts and tourism and compares it to what you're saying here, and then they consider the discussion we just had about wind projects, do you think that it might be fair for them to conclude that there may be some industry bias associated with the opinions you're offering?

A. (Kavet) No.

Q. You think it's reasonable for someone who's looking at the positions that you're offering here to conclude that maybe you're not being consistent from case to case?

A. (Kavet) No.

Q. Nothing further.

CHAIRMAN HONIGBERG: All
right. I think that concludes testimony from everyone on that side of this table. So we have members of the Committee. Anybody want to step up and go first?

Off the record.

(Discussion off the record)

CHAIRMAN HONIGBERG: Mr. Oldenburg.

QUESTIONS BY SUBCOMMITTEE MEMBERS AND SEC COUNSEL:

BY MR. OLDENBURG:

Q. Good morning.

A. (Kavet) Good morning.

Q. Just a few questions, clarification questions. I started with your testimony and then go to your report, so it sort of jumps back and forth on topics.

But in your testimony on Page 3, you state that LEI overstated the construction job creation by 20 percent -- or 18 percent now, I guess it is.

A. (Kavet) Yeah.

Q. So, instead of 1365 or 67 jobs, there's only going to be 1,050 New Hampshire jobs.

A. (Kavet) Eleven twenty is the --
Q. Okay. Thank you.
A. (Kavet) Yeah.

Q. And then under the gross state product during construction, you state that LEI estimated New Hampshire's GSP would increase by $102 million a year. But you believe it would only increase by $84 million per year; correct?
A. (Kavet) That's also slightly changed --

Q. Little bit different?
A. (Kavet) -- it's now 90, yeah.

Q. Okay. And then on Page 4, you talk about the Brattle Group did four scenarios to develop the potential impact in New Hampshire retail electricity prices for the Project; correct?
A. (Kavet) That's right.

Q. And then you state that the Project could result in $17 million per year reduction in New Hampshire electricity prices, and that would also result in an increase in New Hampshire's GSP by $33 million per year.
A. (Kavet) That's right.

Q. And then you go on and state LEI didn't estimate the property tax payments of NPT.
So that payment would increase New Hampshire's GSP by 19 million per year; correct?

A. (Kavet) That's right. Now, again, they did -- in their rebuttal analysis, they did include it. So this was written before we saw that.

Q. So that $19 million increase, was that included in your $84 million total from Page 3, where you said it would increase the GSP by $84 million --

A. (Kavet) The GSP was just for the construction-- --

Q. So they were separate --

A. (Kavet) -- related impacts.

(Court Reporter interrupts.)

Q. So they were separate.

A. (Kavet) That's right.

Q. And then you state that LEI failed to include the benefits of the Forward NH Plan and its estimated 150 jobs created and about $15 million per year in annual net economic output; correct?

A. (Kavet) Yeah. It turns out they didn't fully
include it in. Again, in their rebuttal, they separated that out, and they did include it for the first 20 years. It goes a little bit further. But that is a part of their analysis now. But yeah, with the original analysis, it wasn't clear that that had been included.

Q. Okay. So the difference in numbers aside, to summarize, there's at least 1,000 jobs created; there's $84 million plus or minus a year increase in GSP --

A. (Kavet) Yes.

Q. -- there's a potential reduction in electricity prices --

A. (Kavet) Right.

Q. -- of $30 million a year; there's another 150 jobs created and economic gain due to the Forward NH Plan. So that really doesn't sound too bad. So what am I missing? This isn't a negative, is it?

A. (Kavet) No, there are lots of positives to this.

Q. Right.

A. (Kavet) I think it's really important to
understand. This is a -- there are a lot of positives to it, and there's some negatives, too.

Q. Okay. So let me go to your report. That was sort of the economics side.

So under your report on Page 28, which is the section on tourism, so this is sort of a discussion on the tourism impacts analysis.

A. (Kavet) Yeah.

Q. And this sort of goes into a discussion that Mr. Needleman just had with you, so I won't belabor this too much. But you printed a quote from the Sedona Chamber of Commerce and Tourism Bureau in your report that states, "The presence of a large high-voltage transmission line in Sedona could obviously have a negative tourism impact." So why is that? I mean, I think --

A. (Kavet) I don't know if you've been to Sedona, but it's red rock country in Arizona, northern Arizona. Beautiful landscapes. Lots and lots of tourism. And Mr. Nichols said that he did consulting work for Sedona, and so we contacted the head of the chamber
of commerce to see if in fact they concurred
that, yeah, this is sort of the conversation
they had, that you could build a transmission
line through here. And her response was, "We
would never consider doing that because of
its potential impact on tourism." So that
was all just saying in an area where scenic
amenity values are high, you know, it's more
damaging than if it's out in the middle of
nowhere where nobody sees it or tourists
aren't attracted by scenic vistas and things
like that.

Q. So I've never been to Sedona, but I went
there recently using Google.

A. (Kavet) Yeah.

Q. First picture. So that's a picture of what I
would say is considered West Sedona --
upper --

A. (Kavet) Yeah, okay. So that's south on --

Q. And in the upper --

(Court Reporter interrupts.)

A. (Kavet) South on 89A, West Sedona.

Q. So there's a circle that I circled in the
upper left. That's a power substation.
A. (Kavet) Okay.

Q. And there's a line leading straight down the page, sort of a cut. In New Hampshire you'd see it really easy because of the trees. But that's a transmission line that comes out of that substation. And there's actually a transmission line that goes into that part of Sedona. And it's interesting that where it is, it's not in the residential area. It's actually in the recreational area, all those lines around it. And you'll sort of see it on the left side, all those labels end in the word "trail." They're all recreational trails. In fact, sort of the second one down closest to the margin is called Power Line Plunge Trail.

So I'm a little confused about the statement that they wouldn't allow this; yet, here's an example of it. But I think I get where they're coming from with this, is if you, which I did, took a trip down through Sedona, if you go street view down through there, they have no distribution lines. Virtually every home in Sedona has buried
distribution utilities. There's not a pole. There's no lines. Everything's underground. So I could see where they could make that statement that folks in Sedona aren't used to seeing poles and lines because everything's virtually buried in Sedona. Do you know --

A. (Kavet) I don't think it's all buried. There are plenty of smaller distribution lines around. But you obviously have to get power in and out to any community. It's a question of how and where you do that. And I don't think that power line -- I'm not, you know, positive what that looks like from the ground. You don't have nearly the vegetative cover, obviously, that you get in a place like New Hampshire there, so you don't screen anything. But I don't think that line is anywhere near the size or magnitude of what's being proposed here. And I don't know how visible it is relative to the -- you know, most of the -- I mean, there's sort of these clusters of these red rock formations that end up being the big tourism draws. You know, so certainly placement of lines or
putting things underground are ways to minimize impacts. And yeah, that's -- so I think they would do that with care in a place where you had a lot of tourism.

Q. And I would accept by the looks of it, from what I could see, it didn't look like it was a 345 line. But it was a transmission line substation intermixed right in a recreational area, so --

A. (Kavet) Right. The right-of-way doesn't -- again, it's hard to tell on this, but it doesn't look anywhere near the size that it might be if it were a really large line. And I'm not saying there's not power lines in any area that's scenic. You do have to get power in and out for people. It's something we all use. It's just how you do that. And if they're scenic value, you're not as apt to put something in there. It's why they don't go right through state parks, even though it might be cheaper to do that. And, you know, occasionally they are on a road here or there that goes to a big power plant or a big facility. And I don't know how long that's
been in existence. I don't know when it went in. It might have gone in long before there were any homes in that area. So, you know, it's not a black and white sort of thing.

But the notion that, "Oh, I've done consulting in Sedona and, you know, they would think a power line like the one we're talking about in New Hampshire would be fine" was contradicted by the head of the chamber of commerce. And by the way, she had to check with the Arizona Public Service Company, who's a board member of her chamber, before she issued that letter. And so it wasn't like she was not cognizant of the need for electricity and the fact that we all need it and use it. And it's critical and important, but it's how you do it and balancing tourism and business needs there with the need for power.

Q. So Mr. Needleman brought up the statement about -- I can't remember the exact wording -- but would never consider allowing that in the area. There was another statement that you had made, that the premise
of the lack of academic studies on the transmission line was, you know, quote, "due to common-sense avoidance of obvious negative effects in the siting of such projects in scenic tourism-sensitive areas," end of quote. So I just bring up --

MR. OLDENBURG: If you could bring up the other picture?

BY MR. OLDENBURG:

Q. I don't want to belabor this because Mr. Needleman sort of did this for me.

A. (Kavet) Sure.

Q. But I went to the trouble of printing these out, so --

A. (Kavet) Okay. We'll look at them.

Q. That is -- I'll just testify that that is a power substation, and that whole complex is related to power. And you'll notice that the road sort of at the bottom of the page is labeled "Niagara Scenic Parkway."

A. (Kavet) Yeah.

Q. And if you look at the next picture, you'll see in the center of this picture a blue box which represents where that substation is.
A. (Kavet) Yeah.

Q. And I don't know if you know the area, but that's Niagara Falls --

A. (Kavet) Yeah.

Q. -- one of the Seven Wonders of the World, honeymoon mecca of --

A. Right.

Q. -- and tourism mecca.

A. (Kavet) Right.

Q. So they didn't seem to take that same common-sense approach that power and transmission lines and everything else is something you would avoid in a tourism-sensitive area.

A. (Kavet) Yeah. Again, I don't know what the timing was or when that was, you know, established. And you do have to balance all these things. You know, you probably could have had a dam with turbines and had that be a big hydro facility instead of Niagara Falls, too, if you didn't care at all about tourism. But you know --

Q. As soon as you mentioned it, then Robert Moses Power Project is at Niagara Falls --
A. (Kavet) Yeah.

Q. -- just off the page, where they use the --

A. (Kavet) Yeah.

(Court Reporter interrupts.)

CHAIRMAN HONIGBERG: Mr. Kavet, please. I know it's comfortable to feel like you're having a conversation with Mr. Oldenburg, but please wait. And Mr. Oldenburg, if you could try to focus your questions so that Mr. Kavet doesn't have to wait quite so long, we might get through this.

WITNESS KAVET: My apologies.

BY MR. OLDENBURG:

Q. So they use the falls to generate power. So there's a lot of transmission lines around the falls; correct? So I won't belabor that anymore.

So could the case be made that the lack of studies on the topic is just the reality? I think you sort of stated that every community needs power and that the power is delivered by transmission lines, so that we as a society live with the fact that we need
transmission lines in our community.

A. (Kavet) Yeah, and how can we balance this in areas that are especially tourist-sensitive? How can we site them? The capacity to have underground lines didn't always exist in the same way. And when it's worth that cost to underground something because there's some other resource that has value that's comparable to that cost.

Q. We'll move on to your study Element No. 2 on Page 29, which was your review of New Hampshire tourism industry. And Mr. Nichols' report pertained to or used the PSU Institute of New Hampshire studies data; correct?

A. (Kavet) Yes.

Q. And basically what you found wrong with that was there was some basic math and labeling errors. But in your conclusion, you generally concurred with the use of the PUC -- or PSU data; right?

A. (Kavet) Yeah, it's sort of the best data around. Although, they have not been under contract with the state in recent years, so it hasn't gotten same attention it used to.
Q. Do you know who collects the data for the university?
A. As I understand it, they derive it from a number of different sources, both survey and then tax revenue data from rents or rooms and meals.

Q. Okay. Is it reasonable to assume that students working towards a degree with limited real-life experience are developing these reports and working with the data?
A. Yeah, under the supervision of professors who understand statistics and methods. But yeah, it's not like, you know -- I think they're reasonably accurate. But I think there are a lot of things -- sometimes these stats are collected for promotional purposes. So an entity that wants more funding will say, show us why this sector is really important, and they'll run models and things like that and do estimates that show, you know, the importance of a particular sector. So you have to be aware of that. But I think it's the only data that exists.

Q. So I think you testified -- or it was in your
prefiled testimony that you spoke with the
faculty at the institute and looked --

A.  (Kavet) Well, we spoke with Mark Holmgren,
who used to run the Institute for New
Hampshire studies. And then Daniel Lee is
the professor who's doing the number
crunching around this right now, or he was
when we contacted them. I don't know if he's
still...

Q. Did you vet or check any data?

A.  (Kavet) Yeah. We even found some errors in
one of their tables, and they changed the
table. I don't remember exactly, but there
was a whole year of data. I think they put
2012 data where 2014 was supposed to be, and
they hadn't noticed. Nobody else had told
them about it. So Dr. Lee quickly made the
correction. And, you know, I think we're
satisfied that we had reasonably good data
from them. But yeah, we check it to the
extent we can. But it's not like
methodologically you can determine every
angle on it.

There's a big conversion that goes from

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county-level tax data that is converted into
the New Hampshire tourism regions which don't
align with counties, but they are
town-defined. And they have, you know, some
sharing approach that does that conversion.
And they wouldn't release to us that set of
data, for example. We requested that. So we
had to trust that they had done that properly
and all that sort of thing, but...

Q. Okay. With regards to the underground route
from Bethlehem to Bridgewater, there was an
assumption I think that Mr. Nichols made, and
I don't think it was refuted in your report
that I saw on your side, that the
underground -- the aspects of the underground
transmission line would have no tourism
effect after it was complete; right?
A. (Kavet) Well, we assumed they'd be
short-lived. But, you know, we were trying
to be -- they should be short-lived if, you
know, measures are taken to minimize impacts.
They could be, if things are really botched,
they could be more long-lasting. But yes,
for the most part, you would expect those
delays to be of short duration. Hopefully, any loss in business could be absorbed by the businesses there, and if some did go out of business, that there would be others that would take their place at some point in the future when the Project was completed. So, yes, they would be relatively short-lived.

Q. So you didn't break out or review separation between the overhead section and the underground section with the economic impacts or the tourism impacts?

A. Well, the tourism impacts are view-limited. So we're reducing the impact area as to, you know, the percentage of land that has a view in the tourism area. So we did map all the towns to the tourism regions of the state, and so that is used to calculate the percentage of impact. But the areas that are underground that don't have a view of anything are not impacted, except through the construction disruption which is temporary, but not a long-term tourism impact. I mean, having it underground completely mitigates the negative long-term tourism impacts.
Q. I think when we questioned Mr. Nichols, or when everybody questioned Mr. Nichols, it was sort of the assumption that there would be no loss in tourism in the underground route because of I think what you just said was the county and the regional effect; they'll just go to somewhere else. The tourists will still come to New Hampshire. But instead of going on 116, they'll go on 302 where there's no construction. So the tourism impact is nullified.

A. (Kavet) Yeah, we don't agree with that. That's a separate issue. So there will be some people that that is true of. There will also be some that have shorter visits or spend less or don't come at all to the state as a whole. And our impacts are reflective of that. We're not trying to say just what would happen, you know, in -- there are much more concentrated impacts. So, Plymouth, for example, may have much higher impacts than the state as a whole. But there are also impacts in areas aside from Plymouth, and we didn't estimate every single town that might
have those. So when we talk about the aggregate economic impacts, we're saying what's the loss to the state of people that either have shorter visits or visit where they don't spend as much. You know, you don't have the opportunity to spend money in every nearby location that you might in a place like Plymouth that has, you know, many shops and stores and things like that.

So I don't think that holds water, that everybody will just go somewhere else in New Hampshire and it won't have any impact whatsoever. Could be very small, but we did estimate an impact that was statewide.

Q. Okay. Moving on to the Study Element 3, the listening tour feedback. I mean, it basically criticized Mr. Nichols' approach because he had few attendees and didn't take good notes. But you stated that you held several listening sessions as well; correct?

A. (Kavet) Well, Counsel for the Public organized six sessions that we attended.

Q. That you attended. Did you see much -- I didn't see much information in your report
stating that, you know, Mr. Nichols' outcome
was wrong or he had errors in his results.

So what information did you get from
your listening sessions that Mr. Nichols
didn't?

A. (Kavet) I think we just got a lot more
negative feedback. And it could have been
that people who were motivated to come to
these things are more oppositional than
supportive. So I'm not saying this is a
random sample of people that -- you know, of
opinion.

But there were some very specific
things, too. For example, he said the base
on the listening sessions, that there would
be a lot more access to ATV and snowmobile
trails on the right-of-way. And first of
all, right-of-way access is controlled by the
landowner. And unless that's a utility, they
may be no more apt to allow snowmobile or ATV
access after the Project is done than they
are currently. And I think we have a picture
in our report of, you know, one of the
crossings where there's a sign that says no
ATVs and no snowmobiles. And a fair amount of the route is owned by private landowners.

But in Colebrook, when we were talking to people that were -- one of them belonged to an ATV club and another a snowmobile club. They said we don't want to ride under the lines. It's great if there's access to get us to a trail. But they like being in beautiful areas to ride. They don't -- you know, they like the trails that are through the woods, not under a power line. So it's not like the power lines are going to be some big draw. If you want to drive under power lines and you live in New Jersey or Pennsylvania or Massachusetts, or anywhere you're coming from, you have plenty of opportunity to do that in your own back yard.

So, you know, hikers might not like the motorized vehicles, but the scenic aspect of the region is attracting motorized tourism, motorsport tourism, as well as hikers and canoers and fishing and all that.

Q. Moving on to Study Element 5, which is the custom survey of potential visitors. Mr.
Nichols used a web-based survey of, I think, 456 paid respondents; correct?

A. (Kavet) Yes.

Q. You really didn't take exception to the small sample size that I could find. Is that an appropriate sample size for a project this size over such a large region?

A. (Kavet) I couldn't tell what the distribution was. It's always better to have a bigger sample than smaller. But the main problem we saw with it was the quality of the sample, not necessarily the size. You know, the things that you can extract from it, if we knew the number of responses by categories, we might be able to tease out reliability data based on that. But it's more that the questions that were asked were not really -- didn't really seem to be designed, despite the purpose of the study, to elicit responses that would help you understand what a high-voltage transmission line's impact might be. So the only question that was asked had to do with visible power lines in certain areas. And that sort of seems to even more,
you know, make it seem like, well, yeah, in
certain areas there might be a power line,
but not in the places I would value or, you
know... so it was an odd construction of a
sentence.

And then the panel, when you're paying
people and it's an online survey, that's very
different than, say, a visitor survey that's
taken at a point in New Hampshire, where you
have a visitor that you know is a tourist and
then you're asking them a question. You know
they have the money to come visit the state
because they're there doing it. And the
information they would give you is much more
valuable than information you get from
somebody sitting at home on their computer
who has the time and inclination to volunteer
to do that kind of response work. So, you
know, that's a concern.

But even -- and you got some
counterintuitive responses, too, like having
people saying -- you know, more than
9 percent of the respondents said that it was
a destination attribute to have visible power
lines, and others said traffic congestion was
a destination attribute. I know Mr. Nichols
has defended this in some way, but to me that
means -- to me that says the question wasn't
asked very well or wasn't controlled very
well, and it draws into question the whole
basis of that survey.

But I do note that there were 4.7
percent of all responses that said that power
lines would be a critical barrier to
visitation, and 10.3 percent said it would
either be a critical or very important
barrier to visitation. And that's not a huge
number, but, you know, that's within the
range of what we're saying, you know, might
be a negative impact associated with this.

And I also note that this is a survey
based -- he's basing his opinions on a
survey. So we're being criticized for not
using empirical data that shows what actually
happened, but neither is he, because no such
data exists. So he's taking a survey and
saying, see, nobody cares. He's not taking
some study that says, see, we built this here
and it didn't happen. And the two areas
where he tried to do that were, to me,
meaningless.

Q. I think it was Labor Day weekend, about a
month ago, that local news estimated 650,000
tourists were going to come to New Hampshire.
And it just seems like could have set up
something at the Hooksett rest area and done
better. There's actually a transmission line
right above the Hooksett rest area that --

A. (Rockler) So you'd have something to point
to.

Q. But it just seems like a low response.

Would you, doing a survey like that,
typically use paid respondents?

A. (Kavet) It's better -- as I said, if you can
use people that are actually in the state,
that's optimal. And the more, the better.
And to the extent you're paying people, you
just have to do more in the way of quality
control. And it's not apparent for me that
that was done. When somebody can respond to
questions like that in such a
counterintuitive way, it tells me that either
they're not paying that much attention,
they're just clicking stuff and getting it
done, or the question wasn't asked in a way
that would allow people to understand what
was being asked. So, you know, I think there
are real problems with that.

Q. On Page 39 of your report, this is the
section of the survey results under the
Greatest Strengths. You make some comparison
of the responses received and the
respondents' annual income. You state that
in Mr. Nichols' survey, 32 percent of the
respondents made less than $40,000 per year,
while in Mr. Nichols' 2002 to 2003 study, the
survey response is only 8 percent made under
$40,000 per year. Are you trying to draw
some assumption that people who make less
money value the view less?

A. (Kavet) No. You know, this is a really
interesting point. Because the point with
this was simply saying, you know, in this
2002–2003 survey, he wanted to find people
with a means to travel to the state and, as
he put it, "spend impressively." So he was
saying those are the kind of tourists we really like, so let's survey them and see what matters to them.

In all of these metrics that we use, we're looking at dollar flows. So if somebody rents a room for $1,000 a night, you know, or $500 a night and spends $500 on a meal at a fancy restaurant, that shows up in a tourism stat as being a $1,000 expenditure. But it's one person enjoying the scenic, you know, beauty of the state. If somebody else has an ATV and they buy $10 worth of gas and they go drive through the beautiful woods, they may appreciate it every bit as much or more than that other person, but we're going to see one as $1,000 flow and the other as a $10 flow. And that $1,000 flow has, you know, 100 times the weight as the other.

And same with property valuation loss. You know, if you have a big mansion, well, you're going to have property valuation decline in an expensive area. Potentially you have more property valuation decline. So we'd say, oh, the impact's going to be
greater there. But you could have a trailer park with low-value homes where it has the same -- you know, there's the same loss of scenic resource, but there's no expression of that in a flow of money. And so it doesn't register in our statistics the same way. And I think that's something you have to qualitatively consider because all these metrics are dollar-based.

Now, all this says is that if you're getting really low-income respondents in your survey pool, you might be getting people who are doing just the survey because they need the money, but they're not necessarily people who would travel very far to the state or spend very much. And so the main thing are they really -- are you really getting opinions from people who are likely to go to the state, or are they just checking that box?

Q. Okay. I think I'm done with tourism.

Economic impacts. So I think you went over this a little bit, but I just wanted to clarify one thing. On Page 40 of your
report, under Section 6, the economic impacts of the construction and development, you state there's two major problems with the LEI findings, and the first one is the extremely high compensation rate; correct?

A. (Rockler) That's correct.

Q. So when the gentlemen from the IBEW testified earlier supporting the Project, they stated that they would be using the much higher Boston pay rates to draw linemen to the Project, not the typical New Hampshire rates.

A. (Rockler) Right.

Q. Did you know that?

A. (Rockler) Yeah.

Q. Okay. And another person, I think his name was Allen Bouthillier, he's the owner of a construction company, excavating company, gravel pits up north. And he testified supporting the Project. He stated that the Northern Pass would have to pay a premium basically to get the number of local workers, trucks, equipment, et cetera, to work on the Project and keep them available for the Project for the two-year construction period.
Do you know that?

A. (Rockler) I didn't know that specifically, no.

Q. Okay. But that sounds to be reasonable. I mean, they --

A. (Rockler) Reasonable, yeah.

Q. Doesn't it sound like using the higher compensation rate was warranted?

A. (Rockler) We're not talking about the difference between what the Bureau of Labor Statistics says the Boston metropolitan area labor rate is and the New Hampshire one. We're talking about a number which is eight times that. That's what I'm talking about. I'm talking about a scale of difference which is really huge as the compensation rate and what's being added back into the model to estimate what the jobs impact are. So that's the difference. It's the application of what may -- you know, I don't know what the Eversource original data that were used to establish those compensation rates, but there seems to me confusion as to what the statistical or economic accounting concept of
compensation is and what they use in an estimating guide or something that would tell them what the cost of a construction job is per full-time-equivalent worker. If you take an entire project value, labor, materials, overhead, everything else, and divide by the number of workers, that can be one basis for estimating cost. Now, if you take that cost per worker and want to apply it somewhere else with a cost estimating guide for the full cost, that's one to do it. But now you're not talking about labor rates that are $60 and $70 an hour as wages and $120 fully loaded with Social Security and Medicare and other required contributions plus pensions. So you get up into the $120 an hour. That's very different when you divide a whole project through by that number, $120 an hour versus $800 an hour.

MR. WAY: Question.

CHAIRMAN HONIGBERG: Mr. Way.

BY MR. WAY:

Q. In terms of your initial input, and you have choices whether you can enter that higher
value or the lower value, or the value that encompasses a lot of the other things that you mentioned, does REMI -- how customizable is REMI to allow you to put in union fees, Medicare, whatever, at that initial input?

A. (Rockler) It is possible to do that without any great difficulty. And it actually is done using the same mechanism that LEI did, but with different data. So if you know the number of employees and the incremental increase in wages, say the differential between New Hampshire and Boston for electrical workers -- well, REMI doesn't know electrical workers from anyone else, by the way -- but you could calculate what the aggregate increase in the pay would be. You can enter that in separately, and it doesn't then affect any other part of the impact estimation apart from that larger income effect that comes from higher wages. So it's flexible that way, yes.

Q. Follow-up. And so in lieu of that, if you just put in a flat number, the switch that allows you, is it the estimator at that
point?

A. (Rockler) Yeah.

Q. And you said that's a switch that either can
be turned on or off?

A. (Rockler) It has to be turned off, basically,
yeah.

Q. Okay. So when you say it has to be turned
off, that's the default when you're entering
in the data?

A. (Rockler) The default is you take the known
or estimated employment, direct employment
for the Project, and you let the Project
estimate everything else, which means
materials, overhead, profit, full project
value. So it just does it based on labor
numbers, jobs. And it's not -- they're based
on data that the federal government used to
collect on how much labor and materials were
required for different types of construction.

Q. And as you're doing your analysis, does it
prompt you --

A. (Rockler) No.

Q. -- on and off or --

A. (Rockler) Well, there's a little notation in
the screen where you enter this, that if you want to add -- if you put in employment and you have some kind of sales number, you shouldn't allow both to operate simultaneously; you need to turn this materials estimator part off, the intermediate materials. Similarly, it says if you have known material inputs, then you shouldn't allow the model to estimate them and your own inputs at the same time if you have an exhaustive list of material inputs.

Q. All right. Thank you.

BY MR. OLDENBURG (CONT'D):

Q. Great. I won't -- I understand the whole concept of the difference in the compensation rates and inputs in the REMI model and all that. I'm not going to belabor that because I don't understand the higher aspects of the math.

A. (Rockler) I'm perfectly willing to help try to clarify that as best I can.

Q. I don't think you could help me with that.

I want to go into another section. And I know you just went back and forth with Mr.
Needleman on the View category on Page 57,
Estimating Income Effects of Changing
Property Values. In that section you have
the six classifications of the View category
ranging from "immediate" to "far distant."
And I understand those were determined by
someone else. You're using that data from --

A. (Kavet) T.J. Boyle, yeah.

Q. -- T.J. Boyle.

You drew a lot of conclusions from the
impact a project would have on the view, but
you didn't come up with definitive locations
where immediate or the foreground impacts
would apply, did you?

A. (Kavet) No. We didn't do this bottom up.

We're looking at sort of aggregate estimates
and trying to, you know, screen out places
that wouldn't be affected, you know. So it
was -- think of it as sort of a macro kind of
analysis. We weren't going project by
project and trying to identify each parcel.

Q. So in your conclusion, when you said if only
120 properties within the Project viewshed
experienced the loss in value of $125,000
each, as speculated in Chalmers' statement about potential view lot, property value diminution, there would be about a $15 million impact; correct?

A. (Kavet) That's correct.

Q. So the $125,000 value loss that you stated was Mr. Chalmers' statement, that was from a New Hampshire Public Radio interview; correct?

A. (Kavet) That's correct. And we quote from that on Page 59.

Q. So was he talking hypothetically or factually about that number?

A. (Kavet) Well, he said if you basically have a view lot and your view is down the valley and you string transmission lines across that valley right in the middle of the viewshed and that becomes kind of the dominant feature of the view, "I can easily imagine your $200,000 second home might only be a $75,000 second home or a $100,000 second home," something like that.

So what we're saying is, if you, you know -- how many of those sort of homes might
it take -- if that was the only impact -- and
I can certainly imagine a few of those. And
we heard from people that had a few of those,
some more expensive and some less expensive,
who felt there was that kind of potential
impact to them. It would only take 120 of
those $200,000 ones that he speculated about
to add up to this. It's not like there's
thousands and thousands of them. So it's
just an order-of-magnitude comparison. We're
not saying there are.

Q. So the 120 number was just an assumed number.
You didn't calculate that, review it. You
just said --

A. (Kavet) Yeah.

Q. -- if there were 120 properties --

(Court Reporter interrupts.)

A. (Kavet) That's right. It's saying that it's
not a huge number of the kinds of properties
that he said could experience that kind of --
he could imagine that kind of loss in
property value. It's not thousands and
thousands that it would take to get to a $15
million loss. Could be 120. Even half that
is not an insignificant loss. So it could be a relatively small number of properties and still have a meaningful impact, especially for those property owners.

Q. On Page 62 of your report, you discuss the impacts to restaurant sales. The amount could be about $500,000 per year; correct?

A. (Kavet) Yeah. You see the logic going down that -- that's difficult to estimate.

Q. So you base that number on the number of restaurants within the viewshed; correct?

A. No. This is tax data from the State on meals tax, and then Plymouth State University estimates how much of the meals tax is attributable to tourists and how much to local residents. And we're not saying that local residents don't care about a view either, or a view disruption. But we're starting with the total dollar number of that. And non-tourists for the whole state were about 44 percent of that. And so we said 8/10 of 1 percent of those expenditures, if they're distributed evenly throughout the entire area where there is a view, could be
impacted. So, again, it's sort of an
order-of-magnitude number. It's saying it's
not zero. There's likely to be some
commercial impacts, the same way there are
residential impacts. But it's very difficult
to estimate that. And it's not like, you
know, restaurant by restaurant, we saw this
one and we think their sales are going to go
down by this amount or something. It's just
saying even a small change or a small loss as
a percentage can add up to a number that's
not necessarily trivial.

BY MR. WAY (CONT'D):

Q. Question, if I could. How is Plymouth State
carving out tourist from the resident in
terms of the meal tax?

A. (Rockler) The Tourist Satellite Accounts,
those are data that are collected by the U.S.
Bureau of Economic Analysis.

A. (Kavet) They're modifying those data.

A. (Rockler) Yeah, they start with national in
four broad regions. I think it's four broad
regions. May be just national data that says
tourism is not really a defined industry as
much as it is an amalgamation of restaurants, entertainment areas, hotels, accommodations of various types. So it's really a composite. So the Bureau of Economic Analysis says, well, we need to assign this tourism money to different industries. So if you have $150 million worth of tourist expenditures, we've got to put $30 million into restaurants, $40 million into hotels, $30 million into entertainment; a way of getting an activity into an industry is essentially what they do. And in the course of that, they try to break up business expenditures for travel versus tourist expenditures for travel, because they are different markets and they rely on different parts of the economy. Business travel does not always coincide with the level of tourist travel.

So, in any event, that's where the distinction originally starts, and then Plymouth State makes an adjustment to those for New Hampshire. And I'm not sure exactly what the magnitude of those adjustments are.
Q. And I just wonder, has that been validated in the real world in New Hampshire?

A. (Kavet) This is what's hard to do. When you say "validated" in the real world, that would involve like a massive survey to ask everybody who's spending money, "Are you a tourist or not?" That's the only way you could validate it. And even the definition of what a tourist is varies among different entities that may be collecting information or processing this. So the Plymouth State data varies pretty significantly by region if you looked at the share that are tourists. And that seems to kind of comport generally with tourism shares of the general economy in those regions. But they wouldn't divulge how they did that. We couldn't get their actual estimating process. That wasn't transparent. But it looked like they were reasonable results. So, areas that you don't expect a lot of tourism in had fairly high shares of non-tourism allocations for meals tax; that would be tourists and areas that were heavily tourism-related had fairly high shares. So
it seemed reasonable. But I don't think
there's any way you can validate it. A very
large survey would be the best way to
validate it.

A. (Rockler) As an aside, I've done surveys
involving tourism and business expenditures
of people traveling through airports and
cruise ports. And I guess the argument -- or
the point to be made is that in very specific
circumstances, those broad satellite account
data on the composition of expenditures, they
don't line up very well with cruise
passengers. Cruise passengers have a
different spending pattern than the general
tourist. And obviously they're not a
business traveler generally. But even for
tourism travelers in the survey work I've
done, it's a good thing to do survey work
when you have kind of a unique market because
tourism among cruise passengers, their dollar
expenditures are very different in
composition than the general tourists. Now,
I wouldn't draw anything about New Hampshire
tourism from that because I don't think we're
talking about that narrowly-defined market.
We have a tourism and recreation set of
activities in New Hampshire that's quite a
bit broader than just embarking on a ship and
coming back.

Q. Because I think part of the challenge for us
is that there's going to be a suggested
impact to tourism-related industries,
probably more to eatery-type establishments,
and whether that's based on an assumption
that is an actual reflection of New Hampshire
and not just national data point.

A. (Rockler) Throughout this, what we tried to
do is show, to make it clear to you what
amount is at risk. So in terms of telling
you what the amount of tourism travel
expenditures are in restaurants, we start
with what we know restaurants are collecting
in terms of taxes and what that means in
terms of total expenditures. How that gets
carved up, we have to -- we don't have to,
but we use the satellite accounts to divide
that up because that's actually based on real
hard information, at least at a national
level. There may be variations in New Hampshire, but we tried to at least describe to you how much is at risk and how we derived it.

A. (Kavet) And they're very substantial variations. So with a state that has a lot of tourism like New Hampshire, we're saying the non-tourist share of taxable restaurant expenditures is 44 percent, which is another way of saying the tourist-related share would be 56 percent. But that ranges when you look at the county distribution that Plymouth State University does. Sullivan County, it's only 11 percent that's tourist-related, and Carroll County is 78 percent. So that's, you know, a pretty dramatic variation. And I don't know whether the national one -- it's probably more like 17 percent or something like that that's tourist-related. But it's much lower than New Hampshire would be.

A. (Rockler) Right.

A. (Kavet) So they're kind of -- it conforms with what you might expect. And there's significant variations by county, which is
the only place that we could track it. And then they map the county to tourist regions and presumably are applying that same logic to do that.

Q. Thank you.

BY MR. OLDENBURG (CONT'D):

Q. So, going back to the restaurant impacts. Are you only looking at -- for this reduction, are you looking at only restaurants that would have a new view of the line, or are you looking at sort of orange versus purple on the map? Are you also looking at a reduction of those restaurants that have an existing view of the existing line, and would there be a reduction because of the Northern Pass line being added?

A. (Kavet) Yeah, again, we're not doing it bottom up with each restaurant. We're saying of the whole area. So the whole area will be getting some change to the view, some as a brand new view, some as an existing view that might be different -- will certainly be different. And so it's being applied to anything that's within the viewshed as a way
to reduce that. Understand that it's a very small percentage, so it's not like we're saying, you know, 50 percent. It's like one and a half percent or so as it works out to the affected area. And then we're applying any loss to just that one and a half percent, so that's why it ends up being a very small number. In terms of the total tourism impacts that we estimated, it's a fifteen one-hundredths of one percent difference. That's where you're not going to see -- that's not going to be like an earthquake in New Hampshire tourism, but it adds up to real money. And, you know, so it's not, like, trivial either because it's a very big industry, and it's growing fairly well. There's real growth in that sector, and there's likely to be for some years.

Q. So I was just trying to put the logic to it. So, you know, last year, or maybe a little bit earlier, on the Heights in Concord here, right opposite the Steeplegate Mall, almost underneath the transmission line, there's a new Chipotle Restaurant; right?
A. (Kavet) Yeah.

Q. And across the street is Applebee's --

A. (Kavet) Yeah.

Q. -- and down the road there's the 99 Restaurant. All of these are within sight of the power lines. And I'm thinking: Is somebody not going to go to those restaurants because of the --

A. (Kavet) Not in an urban setting, yeah. Again, if you have a phenomenal amount of resources and time, you would go establishment by establishment and rule out some and count in some more. You know, this is not that kind of analysis. It's a macro-level analysis.

Q. Okay. On Page 67, and it's that Table 18 again. I think Mr. Needleman asked you some questions about it, the potential tourism impact on direct spending.

A. (Kavet) Right.

Q. It seems your overall, basic assumption was that if Northern Pass Transmission Line is in the region, it's going to affect all tourism. It's going to have an effect on tourism.
A. (Kavet) It could have an effect on tourism.

Q. In the table, there's zero visibility in the Monadnock region, but you show visibility in the Seacoast region.

A. (Kavet) Yeah, it's the way they do the town mappings. It's within a 10-mile, you know, viewshed. So there's some teeny, little piece of a town that's in that region. If you look at the tourism map which is on Page 66, you know, you can see it's not following county lines. And just the way it cuts around, there's maybe a town or two -- I could call it up. But it's very small, but it's not zero.

Q. Yeah, I know. Seacoast to Monadnock, I just questioned how they even were even close, but --

A. (Kavet) Well, Monadnock doesn't have anything. But that's the only one that's absolute zero.

Q. Yeah. All right. In your supplemental testimony on Page 2, you discuss the impacts of the construction on downtown Plymouth. And you reviewed the impacts the construction
would have in several different periods. So, a 70-day period, a 100-day period and sort of your worst case was a 130-day construction period; correct? And you came up with some economic loss of business plus jobs that would be --

A. (Kavet) That's correct.

Q. In 2005, the Department of Transportation started a project to reconstruct the bridge over the Pemi River in Plymouth. They converted the intersection at the end of the bridge to a roundabout, and they rebuilt a portion of Main Street and almost the entire length of 175 from the bridge to the interstate. The construction lasted four years; started April of '05 and was completed in September of '08. Were you aware of that?

A. (Kavet) No.

Q. So you have no idea what the losses were to the downtown businesses for that construction.

A. (Kavet) I don't.

Q. Would you assume that that type of construction and the Northern Pass
construction are sort of equivalent in impacts?

A. (Kavet) I'd have to know more about the other to really know the details.

Q. Okay. But if you go to downtown Plymouth today, it doesn't appear that there was a lot of residual, long-term impacts from that construction.

A. (Kavet) Downtown?

Q. Downtown Plymouth. If you go to downtown Plymouth, there doesn't appear to be a long-term, residual impact from that highway construction project. So would you think that if there was an impact by Northern Pass to downtown, there would be that rebound?

A. (Kavet) There certainly could be. We don't have the effects lasting more than a very short period of time during the one year of construction, you know, in the model output that we have. But it could.

You know, we had a meeting in Plymouth that was mostly attended by business people. And some of them had gone through prior construction projects that they felt might be
comparable, and they were quite concerned about the potential loss. And I know some have written letters or -- you know, you've heard from some of those people. So it seems like there's a fairly high level of concern from the people who might be directly affected.

Q. So the numbers that you developed for your 70-day, the 100-day and 130-day construction periods, were those just assumptions you made based upon the loss of business relating to jobs? Did you just make assumptions to come up with those numbers?

A. (Kavet) Well, you have to make assumptions in arriving at any number. But what we did was we calculated the period of time that it might, because obviously that's the period of disruption, and then assigned different potential losses that could occur from that, and then had data on exactly how many businesses and how many employees there were in the industries we thought would be most affected, which were tourist-related industries, lodging, meals and rooms and the
like.

We've since received information from a lot of people outside of tourist industries that also felt like they'd be affected: Insurance companies, dentists, people that we hadn't counted on loss in those businesses. And so we applied a business percentage loss to that and then entered that into the model to see both direct effects and secondary effects, just like all the other modeling that's done with this. It's not a huge number in terms of the whole, you know, scope of things, but it's huge for that town. And it's even larger for those individuals and those individual businesses that are affected.

MR. OLDENBURG: All right.

Thank you. That's all the questions I have.

CHAIRMAN HONIGBERG: All right. We'll break for lunch and be back by 1:30 p.m.

(Lunch recess taken at 12:18 p.m. This concludes the Day 45 Morning Session.

The hearing continues under separate
cover in the transcript noted as Day 45
Afternoon Session.)
CERTIFICATE

I, Susan J. Robidas, a Licensed Shorthand Court Reporter and Notary Public of the State of New Hampshire, do hereby certify that the foregoing is a true and accurate transcript of my stenographic notes of these proceedings taken at the place and on the date hereinbefore set forth, to the best of my skill and ability under the conditions present at the time.

I further certify that I am neither attorney or counsel for, nor related to or employed by any of the parties to the action; 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.

_______________________________
Susan J. Robidas, LCR/RPR
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October 11, 2017

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