STATE OF NEW HAMPSHIRE

SITE EVALUATION COMMITTEE

January 31, 2018 - 1:15 p.m.    DELIBERATIONS
49 Donovan Street
Concord, New Hampshire

DELIBERATIONS
DAY 2
Afternoon Session ONLY

{Electronically filed with SEC 02-05-18}

IN RE:    SEC DOCKET NO. 2015-06
Joint Application of Northern
Pass Transmission LLC and
Public Service of New
Hampshire d/b/a Eversource
Energy for a Certificate
of Site and Facility
(Deliberations)

PRESENT FOR SUBCOMMITTEE/SITE EVALUATION COMMITTEE:

Chmn. Martin Honigberg    Public Utilities Comm.
(Presiding Officer)
Dir. Craig Wright, Designee Dept. of Environ. Serv.
Christoper Way, Designee   Dept. of Business &
William Oldenburg, Designee Economic Affairs
Patricia Weathersby        Dept. of Transportation
Rachel Dandeneau          Public Member
Alternate Public Member

ALSO PRESENT FOR THE SEC:

Michael J. Iacopino, Esq.  Counsel for SEC
Iryna Dore, Esq.
(Brennan, Caron, Lenehan & Iacopino)
Pamela G. Monroe, SEC Administrator

(No Appearances Taken)

COURT REPORTER:    Cynthia Foster, LCR No. 14
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P R O C E E D I N G S

(Hearing resumed at 1:15 p.m.)

PRESIDING OFFICER HONIGBERG: We're going to resume. We're going to continue to talk about property values. We've talked about a lot about Dr. Chalmers' work and the criticisms of it. We haven't really touched on his opinion about property values along the underground portion. My memory that his opinion is there will be no effect. Ms. Weathersby?

MS. WEATHERSBY: I don't think I have a whole lot to add. I think you're correct in that Mr. Chalmers indicated that because there was no visibility of the Project along the underground portions of the route, most of those regions, then it wouldn't have an effect on their property.

Conversely, we heard testimony that with this high voltage transmission line in someone's front yard that that may scare some buyers off, there may be some stigma with those properties. We heard some testimony concerning that just the presence of the line even though you couldn't see it would have some effect on property
values.

PRESIDING OFFICER HONIGBERG: Any other thoughts on property values people want to offer?

MS. WEATHERSBY: I just thought of another area that may have been overlooked in Dr. Chalmers' analysis and that was I don't think he analyzed at all the properties near substations, transition stations, converter stations; that he focused primarily on structures and the conductors and not properties, say, like the Bilodeaus or some of the other, Mr. Thompson, some of the ones that had views of the larger infrastructure.

I think another point that we probably should discuss was the property value guarantee, the price guarantee that was offered by Northern Pass. Is this a good time to do that?

PRESIDING OFFICER HONIGBERG: You mean the proposed agreements with the towns regarding property taxes?

MS. WEATHERSBY: No. There was a, if someone could show that they suffered a loss that they would --
PRESIDING OFFICER HONIGBERG: I described that generally.

MS. WEATHERSBY: You did already. That's fine.

PRESIDING OFFICER HONIGBERG: Did I get it right? I think I did.

MS. WEATHERSBY: I think you did. I'm sorry. I had forgotten.

PRESIDING OFFICER HONIGBERG: Any other thoughts on property values?

Let me pick up property taxes again. I made a brief reference to them earlier. Lisa Shapiro testified for the Applicant regarding property taxes. We've seen from her and from the Applicant repeatedly in questioning representatives of the towns how Northern Pass if it were to be built would stack up as a property taxpayer in each of the towns. It would be a significant property taxpayer in many places. It would be especially large in the places like Franklin where there would be the converter station in place.

The Applicant also has proposed to each of the towns a property tax guarantee program under
which if the municipality agrees to a particular way of appraising a property, then the company will guarantee a certain level for, I think it's two years. That was discussed with a number of municipalities, not loved, not really discussed. There are a handful of places where I think that is of some interest, and I think if the Project were to go forward, my guess is there would be a lot more places that would be interested in it. There's not much else to say about property taxes.

We didn't hear -- we heard allusions and beliefs that property values will go down. We heard limited testimony from Easton, I believe from Ms. Pastoriza, of people who are already seeking abatements, but we didn't see much other than a couple oral statements about that and opinions that it will happen. In the towns and near the line if it's built people will be seeking abatements saying that the value of their property has gone down.

We heard some testimony and acknowledgment from, I've forgotten from who now from the Applicant, that view is a component of value.
There's a lot of people who know that to be true from the property assessment backgrounds that there's no separate view tax, but a property with a view may be worth more than a property of a similarly situated property that doesn't have a view.

That's my memory of the property tax issues. It may be Mr. Sansoucy. I think there were others who alluded to it as well.

Commissioner Bailey?

COMMISSIONER BAILEY: I think the evidence on the value of property taxes is mixed. In some respects, the revenue from property tax if it's used to invest in the community would improve the economy. I lost my train of thought. Sorry. But there were -- no, I'll have to leave it at that for right now.

PRESIDING OFFICER HONIGBERG: Others? All right. Mr. Way, you want to pick up another element of the economics issue?

MR. WAY: Sure. We have orderly development, 301.09. We have a few more things that we have to talk about.

We've addressed land use in the region.
Economy of the region. Maybe another point this afternoon we can also, hoping to get to the effect of the proposed facility on tourism, recreation. Also, too, with orderly development I think we're going to try to address decommissioning later today if we get to that.

Next thing we're going to be looking at is employment in the region which includes an assessment of, one, the number and types of full-time equivalent local jobs expected to be created, preserved or otherwise affected by the construction of the proposed facility including direct construction, employment and indirect employment induced by facility-related wages and expenditures.

Two, the number and types of full-time equivalent jobs expected to be created, preserved or otherwise affected by the operation of the proposed facility including direct employment by the Applicant and indirect employment induced by facility-related wages and expenditures.

So let's discuss the position of the parties.
Applicant asserted that construction and operation of the Project will have a positive impact on employment in the region. In support, the Applicant filed the testimony, original and updated, of its expert, Julia Frayer, from London Economics and a report titled Cost Benefit and Local Economic Impact Analysis of the Proposed Northern Pass Transmission Project dated October 16th, 2015. I think that was Appendix 43, but we can get that if people would like that.

Much of the basis for Ms. Frayer's opinion was economic modeling with an output of job creation. While conducting her modeling, Ms. Frayer assumed that the Project will be constructed over a 40-month period from 2016 -- which the dates obviously are changed now -- to April 2019. That's not correct. From April 2019. She further assumed that the operation phase of the Project will start in May 2019 and will continue for at least 40 years.

To determine the number of employees needed for construction, Ms. Frayer used the PI+ model. I think it's probably pronounced "PI plus"
model." Maybe I'll call it that. Developed by Regional Economic Models, Inc., known as REMI, to analyze potential local economic benefits of the Project in terms the employment and gross domestic product impacts to New Hampshire and other states in New England. PI+ model uses jobs input as provided by the US Bureau of Economic Analysis and US Bureau of Labor Statistics.

It should be noted that the US Bureau of Economic Analysis Employment Series for states and local areas comprises estimates of the number of jobs, full-time, plus part-time, by place of work. Full-time and part-time jobs are counted at equal weight. Ms. Frayer divided the estimated labor spending by fully loaded wage rates that were provided by the Applicant to her.

Ms. Frayer estimated that the Applicant will spend approximately 1.1 billion on labor and materials, sort of an overview here, 658 million in New England and 465 million outside New England. Approximately 616 million will be spent on labor. As to New Hampshire, Ms. Frayer
estimated the Applicant will spend approximately 400 million on labor and materials in New Hampshire.

Ms. Frayer testified that the model assumed that construction costs will be spent on construction of nonresidential buildings as opposed to transmission line. She opined, however, that this classification of the input did not alter the ultimate result of calculation of the amount that was estimated, construction costs remain the same.

Based on her modeling, Ms. Frayer concluded that the Applicant will create the following jobs in New England during planning and construction of the Project.

I thought, and maybe this would be Counsel for the Public, I think you had one of the London Economics tables. 292. Is that something we might be able to get up? It might be helpful for people just to take a look at it as opposed to me just reading off numbers.

COMMISSIONER BAILEY: Mr. Way, do you know if that's the updated report or the original October 2015 report? Oh, actually, she didn't
update the employment.

MR. WAY: That's correct.

COMMISSIONER BAILEY: So that's the October 2015.

MR. WAY: So this would be the October 2015 report.

Sorry. I will slow down.

COURT REPORTER: Thank you.

MR. WAY: You're welcome.

ADMINISTRATOR MONROE: Do you know which table number, Mr. Way?

MR. WAY: I had Counsel for the Public Exhibit 292. Is it figure 40 which would also be in her testimony? We can go either way.

COMMISSIONER BAILEY: So I have this as Applicant Exhibit 1 Appendix 43, page 71. And I think Counsel for the Public copied that page or maybe just the table. Just the table.

MR. WAY: Exactly. These are the direct jobs that are being offered during the planning and construction phase starting 2015 which we had talked about during the hearing, 52, with in 2017, 2018, obviously some shifts there. But you can see obviously there's going to be a
peak, however it works, of about 1249 jobs.

The average that you see on the far right for New Hampshire is about 582 jobs over a three-year span that's predicted. Over the lifetime of the Project you're going to see about 1006 jobs on average from construction. And I think as we go through this, however we discuss, I think there's pretty much agreement that construction is going to create a fair amount of direct jobs. And however we go through this, I think that's the positive news and the benefit from this Project that there will be a positive impact from the jobs.

Fully loaded wage rates include health, pension and other benefits. Ms. Frayer asserts that her company cross-checked the base salary provided by the Applicant and other sources and independently determined that the base salary provided by the Applicant was comparable.

Ms. Frayer further clarified the construction jobs that were estimated as being created in 2016 were included and estimated jobs of 2017 and so forth.

She further confirmed that based on the
information provided by the Applicant only a little over half the workers for direct jobs will be from New Hampshire.

Ms. Frayer further claimed that indirect jobs that will be created in the state of New Hampshire during construction will be created in the state of New Hampshire during construction of the Project. Those are the jobs that typically rise to meet the needs of the Project through goods and services created in the following sectors. About 24 percent will be in the administrative services sector, 17 percent in the professional sector, 10 percent -- that's professional and technical sector, I should say. Ten percent in agricultural and forestry support services and then it goes downwards from there.

Ms. Frayer concluded that within New Hampshire during the operational phase of the Project there will be an estimated 137 indirect jobs with an average created per year and 1010 induced jobs on average created per year. Induced jobs, as we've been told, are those jobs that may not be directly connected to the Project, but just by the nature of economic
development they're spurred on to support.

Ms. Frayer further testified that most of the estimated induced jobs in New England will not be created if the Applicant does not qualify for and clear the Forward Capacity Auction or does not qualify and clear 1000 megawatts. This is back to the discussion that we had earlier that the Forward Capacity Market could have an impact. Well, I think we see this is where if there's anything, it will be an impact.

In addition, although Ms. Frayer disagreed that will happen, she testified that the number of induced jobs may be reduced as a result of closure of some generating facilities that may be created as a result of increased consumer spending which is driven by retail electricity cost savings and economic development funding caused by qualifying out of the Forward Capacity Auction. Once again, it goes back to the discussion that we had earlier.

Estimated employment. During the operation of the Project, Ms. Frayer used projected annual operation and maintenance expenses and funding data that was provided by the Applicant. Ms.
Frayer estimated during the first 11 years of
operation of the Project there will be an
increase by about 1,148 total jobs per year on
average in New Hampshire. Some of those jobs
will also be created by the savings in the
retail market that spur on new job creation.

Jobs created by spending feed into other
intermediary industries. The report does not
identify in which sectors -- strike that.
Strike that.

Ms. Frayer also acknowledged that local
employment benefits will decline from 2024 and
onward. She further asserted that the negative
employment effects from 2027 to 2029 will be due
to a decline in disposable income which will be
cause by the change in electricity costs which
is electricity market benefits will dissipate by
then.

She opined, however, that the employment
loss is not a reduction in direct jobs. Rather,
it's a reduction in induced labor effects and
cause by the fact that households are scaling
back and spending less on consumer expenditures.

Ms. Frayer also confirmed that the number
of estimated jobs will be lower considering the
decrease to wholesale electric market benefits
addressed in her updated report. Ms. Frayer
updated her calculation and estimate of New
Hampshire specific economic benefits including
jobs to address decrease in wholesale electric
market benefits as they relate to New Hampshire
estimated economic benefits.

The Applicant's witness, Mr. Quinlan,
further asserted that the Applicant is committed
to the New Hampshire First approach that will
ensure that new jobs created by the Project will
be made available to New Hampshire workers
first. According to Mr. Quinlan, the Applicant
has already developed and implemented the New
Hampshire Energy Jobs Partnership Training
Program which will provide job opportunities and
careers for New Hampshire residents.

Mr. Quinlan confirmed that IBEW Local Union
490 and 104 entered into the Project Labor
Agreement with the Applicant's contractor, PAR
Electric. Mr. Bowes, who testified later,
confirmed that under the PLA, the priority will
be given to New Hampshire based union workers.
He confirmed, however, that the agreement defines New Hampshire based union workers as union members who primarily reside in New Hampshire, and, secondly, union members who reside outside of New Hampshire but who are members of a New Hampshire union.

Mr. Quinlan testified that the Applicant conducted a number of job fairs in the North Country that were very useful. Gathered a lot of potential contractors from a number of industries who demonstrated their willingness and desire to work with the Applicant on construction of the Project.

As I recall, I think they've had a couple more since that point. Just recently actually.

Mr. Quinlan further asserted that the Applicant has already established a 7.5 million North Country Jobs Creation Fund. North Country Jobs Creation Fund will provide funding to projects designed to facilitate job creation in New Hampshire's North Country.

The Coos County Job Creation Association oversees the fund. It is represented by a Board of Directors composed of local businessmen. One
of whom testified before us, Mr. Bouthillier, Allen Bouthillier.

Mr. Quinlan testified that the Applicant has already funded $200,000 to the fund to be spent on economic development and job creation opportunities in the region.

Mr. Quinlan acknowledged that the grants from the fund had been distributed to a number of benefits in the North Country for their expansion and agreed with later conclusions that distributions probably could add a little bit, need a little bit more rigor. Something we can talk about.

One thing I don't have in my notes, and it was an oversight we can talk about as well is the Forward NH Fund. That's a similar fund that was created. I think it was 200,000 for 20 years, and I can go back to my notes.

COMMISSIONER BAILEY: 200 million.

MR. WAY: I'm sorry. 200 million over 20 years.

COMMISSIONER BAILEY: Ten million a year roughly.

MR. WAY: So that's another one we can talk
about. Mr. Otten testified, and we'll get to that in a moment, as one of the recipients of that fund.

Some of the sampling of the parties that were involved in this discussion as I mentioned Mr. Leslie Otten on behalf of Dixville Capital, Balsams Report Holdings, opined that the Project will benefit local employment by creating approximately 2600 jobs during construction. He testified the Project will assist state of New Hampshire with attracting young workforce to the North Country. As I mentioned, he was a recipient of Forward NH.

Mr. Joseph Casey and Mr. Tiler Eaton on behalf of IBEW asserted that the Project will have positive impact on employment in the region. Specifically, Mr. Casey and Mr. Eaton asserted that the IBEW Local Unions 409 and 104 entered into the Project Labor Agreement with the Applicant's contractor, PAR Electric. Under the PLA, PAR Electric agreed to use out-of-state workers only if local sources of labor, both unionized and not unionized, are exhausted.

Now, according to Mr. Casey IBEW Local
Union 490 will be responsible for all inside electric construction and maintenance work, including the work related to the construction of the Franklin converter station. According to Mr. Eaton, Local Union 104 will be responsible for outside electric construction and maintenance work including the hauling equipment and materials with heavy equipment, conducting site preparation work, constructing foundations, and anchors, setting poles and towers, stringing, splicing, sagging and dead ending wires and cables, and installing overhead and underground wires and cables. I think it's important to know what each is going to be doing.

Mr. Casey and Mr. Eaton further opined that because the Project will create a high demand for local labor force required for its construction it would allow for expansion of currently existing IBEW Local Unions 490 and 104 joint apprenticeship training programs and will allow for the training of hundreds of workers who would like to become electricians. Mr. Eaton also opined that the construction of
the Project will have significant positive employment on local employment where it will allow workers to remain in New Hampshire and work for an extended period of time in their native communities.

From City of Berlin, City of Franklin, Mr. Paul Grenier on behalf of City of Berlin opined that the Project will have positive impact on local employment if the Applicant is ordered to comply with its commitment to the North Country Jobs Creation Fund. To ensure, however, that resources distributed from this fund benefit the City and local economy, the City requested the Subcommittee to condition the Certificate and order the Applicant to continue to emphasize the distribution of the North Country Jobs Creation Fund monies to business opportunities and initiatives in Coos County, with a majority of the fund being spent specifically in Coos County. I think the Applicant is pushing back on that saying that it needs a broader application.

Ms. Elizabeth Dragon on behalf of the City of Franklin, and I should remind everyone that I
believe she is now with the City of Keene, also
opined that the Project will create new jobs,
will have a positive effect on the local economy
by attracting new workers in the area. Ms.
Dragon asserted these benefits in turn will
assist the City with rebuilding the local
economy and providing better services to its
residents. So definitely some supportive
positions there.

Counsel for the Public. Counsel for the
Public's experts, Dr. Rockler and Mr. Kavet,
opine that during construction the Project will
create 1050 jobs in New Hampshire, an additional
2200 jobs in the other New England states.
Rockler and Kavet further opined that if the
Forward NH Fund and the Northern Job Creation
Fund are maintained and administered by
independent economic development professionals
following best practices for rural development
it is possible to create 150 jobs in New
Hampshire per year on average over the 20-year
program life which would result in about 15
million per year in additional economic output
while the programs are operational. Something
we probably should talk about.

Dr. Rockler and Mr. Kavet further opined, however, that the Project will have a particularly adverse effect on employment and economy in Plymouth. Rockler and Kavet stated that the construction of the Project in Plymouth will entail road closures, including Main Street, loss of parking spaces and loss of business.

They estimated the following impact on employment and economy in Plymouth associated with construction of the project. First, 70 days of construction, which has road closures and total loss of parking, although I think the extent of road closures is up for debate. A 30 percent reduction in business leading to direct income reductions of 1.2 million and the loss of more than 50 direct jobs and more than 80 jobs as a secondary impact.

Secondly, 100 days of construction, a 30 percent reduction in business leading to direct income reductions of 1.8 million and the loss of 80 direct jobs and more than 130 during construction.
Secondary effects may amplify these losses causing total one-year local job losses between 120 to 250 jobs, and income losses between 4.5 to 9.6 million.

Grafton County Commissioners. Linda Lauer on behalf of Grafton Commission opined that the project will not have a positive effect on employment in New Hampshire where it will create only temporary jobs and does not guarantee that they will be provided for local residents and administration of the various funds, and it is not guaranteed it will be provided to local residents. This was a common theme among a lot of the Intervenors.

Bethlehem Board of Selectmen claimed that the Applicant's portrayal of jobs and sustainable income is not a documented fact nor has a case been made that any positive impacts will result for Bethlehem from this Project.

Kate Hartnett on behalf of the town of Deerfield acknowledged that construction of the Project will cause creation of additional jobs in the area. She opined, however, that any such jobs will be temporary and most likely would be
filled by out-of-state residents.

Bear with me one moment. Got here and I realized that my printer didn't work on all of my pages.

Joint Municipal parties. They said the Site Evaluation rules make it clear the only types and number of jobs to be considered when assessing the impacts of employment in the region from construction activities are full-time equivalent local jobs, FTEs, and that information must be presented regarding the number and types of those jobs. They maintain that despite this requirement, most of the focus during trial related to the estimated number of jobs without regards to whether they were full-time equivalent or the types of other types of those jobs.

In terms of the estimated number of jobs to be created in New Hampshire during construction, there is no information in the record regarding how many full-time equivalent jobs will be created. Also noteworthy that the estimated total number of jobs are presented as annual totals, and, therefore, a person hired to work
during all four years of the proposed construction schedule would be included in the totals for each year.

Some of the individual Intervenors. Robert Cote and Bruce Adami, I hope I'm saying the last name correctly, opined that the Project is not the only potential source of employment in the region because locally based suppliers to the removal market can provide significant employment opportunities.

We also heard from Thomas and Madelyn Foulkes that argued that the Applicant's experts overstated the Project's impact on employment.

SPNHF focused on impacts as well. One of the things they maintained is the party raised the issue, the SPNHF party raised the issue of impacts to tourism that could result in employment losses and maybe we'll be talking about that, but it's also addressed earlier.

Further, when the Applicant addressed the concerns of construction impacts to the economy and employment, such as to businesses, Applicants insisted these -- strike that. Strike that last piece.
One thing that did come up as well is that the concern that Applicant has delayed outreach to impact to businesses, and the impact to these businesses would, of course, reverberate through the local business community. I think there's been a lot of back and forth about how much outreach there has been to the businesses.

I think as we go forward, some of the issues we can talk about is temporary versus permanent, value of those jobs, the credibility of the calculations, gain of jobs versus loss of jobs, some of the other estimates.

I think, if I could start it off, for my piece I found Ms. Frayer's modeling process to be credible. I don't think there's a lot of dispute that you're going to have a huge construction project and it's going to have a large impact on employment. And regardless of the fact that it's temporary, as you heard from the IBEW, that's the type of jobs they work with. Construction jobs always have a temporary aspect. So the report -- and one job oftentimes spurs another. So I'm not as concerned about the temporary aspects.
The ongoing operation of this Project, the direct ongoing operation I think is minimal. I think everybody agrees with that. There's not going to be a lot of jobs that are created to operate this new Project and Julia Frayer testified to that. Certainly there will be direct jobs that will be created.

One question, and I think, Mr. Oldenburg, you addressed this a while back is how will businesses respond. In other words, do businesses respond by adding new employment and creating those direct, indirect jobs to support or do they just sort of suck it up and just power on with what they've got. I think it's somewhere in between.

And so back to Commissioner Bailey's discussion of the market, I think this is somewhat similar. There's going be to a benefit. I think we can talk a little about the modeling, and I think there were some questions, particularly raised by Kavet and Rockler in terms of some of the wage rates, higher wage rates that are entered into the modeling, but I think it's pretty clear that there will be a
benefit.

One thing we might want to talk about, too, is the Forward NH Fund and the Jobs Creation Fund, although in my mind whatever we come up with, and maybe I'll look over at counsel here as well, they're separate entities. They are, they're not part of the project. They're separate business structures. And so we really don't have a lot of, there's limited amount of jurisdiction we have to impact how they do their business. Would you agree with that?

MR. IACOPINO: Yes.

MR. WAY: So I think, I know when I look at those entities, the one thing that was very clear to me, and I'm sorry if I'm monopolizing the time here, but I'll be just a couple more moments. One thing was very clear for me is those two organizations would really benefit by some rigor, little more transparency, define process of how they're going to be distributing funds, and I think that's true for both of them.

The Job Creation Fund, I think, was notable to me in that there was no economic development
participation or guidance in the local area although as I kind of pointed out maybe in too much of a snarky way they're right across the street. And I understand how things work like that, but I think it would benefit that fund to work with like Coos Economic Development Corporation and maybe this is something where they can work together.

Same thing with the Forward NH Fund. I think it would benefit from more rigor and process. As I recall there was a lot of discussion with Mr. Otten up here whether it was a loan or what. If you had the process in place, that wouldn't be a discussion because you'd have it. So and I don't know during this process if we have the ability to offer nonbinding suggestions, and, Chairman, maybe I'll, I don't know if you, from your history if there's nonbinding suggestions or recommendation that we would make we could include them in the certificate? Mr. Iacopino is shaking his head.

PRESIDING OFFICER HONIGBERG: I'll defer to Mr. Iacopino on this.

MR. IACOPINO: Yes, you can include those
types of conditions in your certificate.

MR. WAY: That's one thing I would suggest to the group is that we make some sort of statement on that. Let me open it up.

PRESIDING OFFICER HONIGBERG: Mr. Oldenburg.

MR. OLDENBURG: Thank you, Mr. Chairman.

I agree, I think, in your assessment that it's sort of like Commissioner Bailey's explanation of the Capacity Market. If it's a dollar to the positive, it's a good thing. So if it's one job to the positive, it's a good thing. So the induced versus direct, I mean, that whole discussion made sense to me through the whole explanation, and even though I questioned whether or not someone would hire an employee or just do the extra work, a different topic is that's money in the pocket.

The other discussion I think we had was, and I didn't see anywhere in the rule that it talks about instate versus out of state. So a lot of the contractors on here are specialty contractors that may, because of their expertise, come from out of state. HDD
drilling, some of the other specialty workers that we may not have in New Hampshire so they come from out of state. But they are going to induce those jobs, and they're going to stay somewhere in a hotel. They're going to eat somewhere. They don't have a home to stay in. So there's that aspect of the induced employment, I would think.

I guess my only question would be, and I didn't hear anything about it, was I didn't hear a direct number of relations. So if there's an impact to a business that's along the route, and their business goes down, say, 20 percent when the construction is in front of them, is there a loss of employment from that. Do they lay somebody off because they don't need waitstaff or a cook or someone to clean the rooms or something. I don't know so -- and how is that entered into it.

MR. WAY: You know, and I think that is a very legitimate discussion to have. We have, on the plus side, we have this number of jobs that are created, but there is a reality and I may be a broken record when I go back to the Plymouth
impacts, but those businesses have said that they anticipate that they're going to have some challenges with regards to their business operations that may manifest itself in job losses. Now, Kavet and Rockler, I think they estimated about 50 at one point, and I think that's what I counted, too, when I looked at the estimates is that were provided by Plymouth. You have others in other parts of the state. I know the Polly's Pancake Parlor, which isn't quite on the route, but at least suggests that they may have some impact, and they don't have a huge margin, and they anticipate that they could have some challenges as well. I think that is a reality. You are going to have some.

MR. OLDENBURG: And I know the business, you know, through the, I can never remember what it's called, the business reimbursement mitigation program or whatever, the business could be made whole by the Applicant, but that employee who's laid off or doesn't work for a day, a week, a month, I don't know what happens to them. I don't know if it's just tough luck or they go grab a shovel and get hired by the
contractor. I'm not sure.

MR. WAY: That's a good point, the claims process for businesses. You know, the one thing I would say is however we move forward with that, it's got to be clear, it's got to be easy, and it's got to be something that businesses are willing to take advantage of and apply for. The Applicant has suggested that they're certainly willing to work with the businesses.

You know, and the other thing, too, is -- I'm going to put on the other hat -- is that there's, there has been a lot of outreach, I think, out there, and sometimes it hasn't been well received, and I think it's easy sometimes to slam the Applicant, but there is a little bit of a two-way street. But that outreach with businesses is going to be ongoing. It's not going to stop. And for the life of the Project.

MR. OLDENBURG: But your impression all in all is the positives are going to outweigh the negatives in your thought? There's going to be more jobs created than lost.

MR. WAY: I think there will be more jobs created, but in no way does that negate the jobs
that will be lost, but I certainly think jobs, at least temporary jobs, will be created. The indirect jobs and induced jobs, that's what modeling gets you. There is no guarantee here. The modeling from REMI seems sound, we can quibble about the back and forth, but I think overall it's seems fairly sound, you know, and the direct jobs, I think, are very predictable.

PRESIDING OFFICER HONIGBERG: Mr. Wright?

DIR. WRIGHT: Mr. Way, I was just kind of curious when you bring up this ability for businesses to get reimbursed from the company for potential loss of business, do we have a sense as to how long it would take a business to recover those costs from the company? I don't recall if that was discussed at any point.

MR. WAY: I think it was. I'd have to go back to the transcript.

DIR. WRIGHT: I'm only raising that because I'm just curious because if it's a relatively short turn-around time is there a possibility that if a business knows it's going to recover those costs rather than lay off an employee for, you know, a 12-week period of time when
construction is going on, would they be willing
to keep that person on. I know there's no way
to guarantee that, but I'm just wondering if
that's a possibility to cover some of these
negatives.

MR. WAY: Well, I think so. I think also,
too, what scares a business is being able to
identify the bench case, the benchmark, and so
you started at this and now you're at another
level, and how are you going to work that
through the claims process. So I think we might
want to take a little bit more in-depth look at
that, but I think that's certainly something of
value.

PRESIDING OFFICER HONIGBERG: Ms.
Weathersby?

MS. WEATHERSBY: Thank you. I think you
answered my main question which concerned is
there actually going to be a net gain in jobs,
but to probe it a little bit because during your
summary which was excellent and during the
course of these hearings, I heard a lot of ways
in which jobs will be created. I heard a lot of
ways jobs could be lost. Created by, obviously,
the construction of the Project, consumer spending because of the electricity savings, all of these, the economic funds that are being created. Then on the other side things like plant closures, the dissipation of those energy savings, construction impacts through Plymouth, Franconia, those towns along the, particularly along the underground portion.

So I didn't know, has anyone taken sort of the best guess of the various categories and kind of added and subtracted and confirmed that there will actually be a benefit over the long-term?

MR. WAY: Well, I don't think anybody got together and worked that out. So no. I don't think there's any confirmation of it. I think also, too, to keep in mind, you know, you talk about like plants shutting down. Well, the other benefit, supposedly, the other benefit that would likely come from this is that as manufacturers realize savings from their retail prices or their retail costs, that they then take those savings and they're going to do something with it. And the ideal is that if
you're a manufacturer and you're getting lower energy costs that you're then translating into employment.

That's not "crazy talk." I mean that's one of the top things that manufacturers say would motivate them to hire more employees. That's one of the top things. So that is something that hopefully is going to be more of a spinoff. I think that's difficult to really get a handle on and Ms. Frayer was upfront about that even though I pressed her on it knowing that there's not a lot of answers.

Kavet and Rockler probably did the most of an estimate for what they expect to be the job losses. Job losses would come during the underground construction portion. Keep in mind that there's still the concern that you're going to have losses from, and we're going to get into this, you're going to have losses potentially from tourism, and if there's no impact to tourism, well, there's no losses. If there's an impact to tourism, there are losses. It's one or the other.

So, you know, you have the underground
portion. At what point do temporary impacts become permanent impacts. For example, when we talk about, well, let's talk about 116. The Gale Motel, the bed and breakfast that's on there. If you're a hotel, if you go to a hotel and there's construction, all right, at one point, and then you go back and there's still construction, do you go back. So there's a potential loss of business that they're worried about.

And I think that's real for some. Temporary can become long-term for some businesses. We have to keep that in mind when we're look at some of these hot button places along the underground route. And those are the ones that are most susceptible. You know, when you're looking at Franconia, and you're blocking off, you're blocking off the roadway that could take you to Garnet Hill.

Now, indulge me in a personal story right now. One of the places that my family likes to visit, and this is just between us here and not to tell anyone else, I like Acadia National Park, and I like to go there a lot. And this
year we went there and they were doing a utility project in the main roadway. And I did go the opposite route, and I did find places that I liked better or different, and I didn't go to that route throughout the whole time.

And I think that's one of the concerns that a lot of our tourism establishments are worried about is that when you're forcing different routes in different areas, do you reclaim some of that business back to you. Or have you lost it all together. Somewhere in between. But I think that's a concern.

PRESIDING OFFICER HONIGBERG: Ms. Dandeneau?

MS. DANDEANEAU: I want to add to this discussion in that we're talking about jobs that feel really concrete to me so if somebody gets hired or fired or let go and, you know, full-time equivalent, but maybe something that's a little less concrete to me but I think is something we should consider as part of this discussion is we heard from folks like Rod McAllaster and John and Cindy Amy, I believe, and Bruce Ahern, all of which are farmers and
all of which impressed concern about loss of moneys during the construction season related to normal farming stuff like haying. Like you make hay when the sunshine, it's a phrase we all know, but it's also completely accurate. And if Bruce Ahern can't get to his hay fields when the weather is right to harvest and cure his hay and subsequently get it into his barns for storage, that could represent a significant loss of money to him. And John and Cindy Amy, I think, said similar things about their hay fields being quite a ways away from their farm and they were concerned about access to them, and I think we heard from Rod McAllaster more so about delivery of grain or milk pickups, but I believe he also talked about having access to fields that were away from his farm. So even those are not a "job," should we also be considering those situations as part of this conversation.

MR. WAY: Well, any time you're talking about job impacts in the negative, you're always talking about the potential for jobs so yes, because if I start losing profits that's going to translate in a few different areas, one of
which could be jobs.

Now, in Mr. McAllaster's case I know there was a lot of talk about the claims and the potential to make him whole. The only thing I would suggest is buying milk and making him whole that way may not complement his business model with his customers and so they're going to have a challenge because a lot of times as they go through this Project they're going to find that they're dealing with businesses very much one-on-one, they all have very different conditions. I can't imagine, frankly, how they're going to do it, you know, in some areas in Plymouth where they have businesses with a lot of different schedules and a lot of different conditions. That's going to be a challenge.

MS. DANDENEAU: Do we have a copy of their claims process? Or the reclamation process?

MR. WAY: You do, and I think I have it written down somewhere.

MS. DANDENEAU: Was it a letter?

MR. WAY: It was in Mr. Quinlan's first day, as I recall.
MS. DANDENEAU: The reason I'm asking, I guess, is exactly what you just spoke to, Mr. Way, about the variability of the businesses that they might be receiving these claims from and making sure that their process is going to allow for this host of different business types to reclaim funds appropriately. I'm thinking about, again, like Bruce Ahern talked about if he can't get hay into his barns, if he can't harvest his hay and then get his hay into his barns that doesn't have just an impact on his hay but his entire feeding schedule for his herds over the course of a year or more. And that's a very different scenario than somebody who can maybe more concretely say I lost "X" amount of money over the 12-week time period when construction was going by my business.

PRESIDING OFFICER HONIGBERG: A number of people are looking for it so let's just stop for a moment and go off the record and let somebody find it.

(Discussion off the record)

MS. GAGNON: It's Applicant's Exhibit 6, and it's the Attachment M.
PRESIDING OFFICER HONIGBERG: Applicant's Exhibit 6, Attachment M. Thank you, Dawn.

(Subcommittee reviews document)

MR. WAY: Now, as I look at this, and this is my impression that I had before, this is a pretty user friendly form. I think the trick, as I said earlier, is to make sure you have that outreach so that businesses know what the benchmark is and how they're actually going to go through this process, and there was a cover letter I think that was with it as well.

Sandie, do you have that cover letter?

MS. MERRIGAN: Yes.

MR. WAY: I don't know if you can do it side-by-side.

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

(Discussion off the record)

PRESIDING OFFICER HONIGBERG: In reviewing this, on its face it appears to be directed at physical damage, and I just don't remember as I sit here, did the company testify that this would be the process for someone who suffered a business loss as well? Does someone remember
MR. WAY: My understanding it was going to be business loss as well.

PRESIDING OFFICER HONIGBERG: Are we doing that because you think you remember that or --

MR. WAY: Yes. We do need to check. Day 12. What page are you on, Michael?

MR. IACOPINO: Page 132.

(Subcommittee examining transcript)

PRESIDING OFFICER HONIGBERG: So I think that we've confirmed that from testimony on Day 12, the Construction Panel, Mr. Bowes and Mr. Johnson, and then also confirmed in the Applicant's post-hearing memo that this is the process as well for business losses.

MR. WAY: And once again, I would just stress that you can have the simplest process in the world, but if you don't have the outreach and you're not communicating and not giving some samples, it won't get used.

MS. DANDENAU: I have a comment about the outreach, and I don't know if this is a good time to bring it up. Maybe there isn't a good time to bring it up. But at some point along
the way, and it was sometime, I believe, in July
so I don't remember exactly what we were talking
about, but we were given Applicant's Exhibit 164
which is labeled as "Businesses Along the
Underground Route," and it's a table basically
with listed business names and their contact
information and the date that they had a letter
mailed to them. But the contact information is
incorrect. So the addresses are wrong, they
don't fit with the business name, and just for
one example on the first page, they have the
business name Rod and Donna McAllaster, and they
have their mailing address as Main Street in
Bethlehem, New Hampshire.

So I would only point that out because it
concerns me that perhaps the outreach hasn't,
even if it's been happening, maybe it hasn't
been getting to the people that it's been
intended for. And I don't know if that's
something that's been noticed and remedied but
that is a concern.

PRESIDING OFFICER HONIGBERG: Well, I think
the McAllaster address mistake was flagged on
the day that Mr. McAllaster himself testified.
I believe he was asked by the Applicant, didn't you get our letter, and then there was a communication, I think, that happened off line, and then someone put on the record that wrong address was used.

MS. DANDENEAU: Okay.

COMMISSIONER BAILEY: I think they showed him the letter, and he said it wasn't addressed to the right address.

MS. DANDENEAU: But this is a 15-page document.

COMMISSIONER BAILEY: Do you know of other mistakes in the document?

MS. DANDENEAU: So I at the time did a check on several of the pages just googling the business names and some of which I was familiar with in Plymouth that the addresses are incorrect.

MS. WEATHERSBY: It's strange, too, because when Mr. McAllaster was here it got sent to him on his street but a different house number so it wasn't even the Bethlehem address so they may or may not be using that table because he was sent something at a different address than what was
represented there, but it still wasn't his actual mailing address.

Can I go back just a second to this claims process? Because I agree with the Chair that this is very definitely set up for more of a damage incident, you know, time of incident, a.m. or p.m. Be precise, you know, and we will reimburse your insurance deductible.

It is not set up for someone who over a course of a 12-week construction period has a ten percent business loss and how they document that. And so if there's going to be claims process, a different process or a more thorough process definitely needs to be developed in my opinion.

PRESIDING OFFICER HONIGBERG: I would be willing to bet that if we granted a Certificate and put in a condition or insisted on an improved and beefed-up claims process for business losses that would be a fairly easy thing to develop. But as Mr. Way pointed out, without appropriate outreach and education, it won't get used.

MR. OLDENBURG: Can I just add?
PRESIDING OFFICER HONIGBERG: Sure. Mr. Oldenburg.

MR. OLDENBURG: I don't want to beat a dead horse, but if you go to some of the examples that we gave or we talked about like Mr. McAllaster and his milk, it's not just Mr. McAllaster who loses the milk, and they volunteered to pay for his milk. If he couldn't get his truck through, they were going to buy his milk. But I would tend to think he may have a contract with the person that he's supplying the milk to and they're going to have a contract with a store. So if he doesn't supply the milk, they don't get it bottled. They don't get it on the market so there's a, it's a cascade effect, and I don't know, I don't want to --

PRESIDING OFFICER HONIGBERG: Well, we don't know that. We don't know any of those facts. Mr. McAllaster didn't testify to that. We don't have any information about that downstream endpoint for that milk.

MR. OLDENBURG: Correct. And I don't know how you would calculate a three-week or a four-week loss. How do you know it's, hey, is
it a good year, bad year? I don't know how you even do that.

PRESIDING OFFICER HONIGBERG: Commissioner Bailey.

COMMISSIONER BAILEY: I haven't weighed in on my impressions on the employment so I would like to do that.

I'd like to say that I was very persuaded by Joe Casey and Tiler Eaton about the impacts in jobs for the members of the IBEW who live in New Hampshire and who would have the opportunity during the construction phase to work where they live which is really important to them and very, a very rare opportunity.

I think that Mr. Casey testified that there would be an opportunity probably for 104 members to work on the construction, the outside construction, and Mr. Eaton -- no. Sorry. Mr. Casey was inside. Let me verify that with my notes.

We probably ought to check the transcript. But Mr. Eaton was talking about, I wrote down, about outside jobs. And, oh, maybe the 104 is the Local 104, the number associated with their
union. So he described jobs performed by that, by the Local 104 union and that they are the members that do outside construction work. And Mr. Casey described work, the work of inside electricians and that 95 percent of the Local 490, 95 percent of the membership of the Local 490 live in New Hampshire. That's about 290 members, and they anticipated 145 to 150 local member jobs would work on the Project at some point.

So I think that during construction that's significant for that group of New Hampshire residents.

That being said, I want to talk a little bit about some of the numbers that were thrown out at us with respect to how many jobs would be actually created, not just for the IBEW members but overall. And in figure 40 that we had pulled up on the screen earlier which is in Applicant's Exhibit 1 Appendix 43 on page 71. That's what I'm looking at. It lists the number of jobs during construction by year, and I think, Mr. Way, you said that the construction, according to the Applicant, construction would
generate 2000 -- was it 447 jobs? Or something like that?

MR. WAY: Total. I think that's correct. Total.

COMMISSIONER BAILEY: Total jobs, right. And I have to wonder if, and I think you raised this point, if some of the union members are working for two years, that's really one job. I think. I mean, maybe, could you explain to me how jobs get counted in Economic Development?

MR. WAY: It is my understanding in any one given year. So if I work this year and then I work next year, over the life of the Project that's two jobs.

COMMISSIONER BAILEY: Okay. And that's a legitimate way to count it.

MR. WAY: That's a legitimate way of counting it. That's how I understand the REMI model would count it.

COMMISSIONER BAILEY: Yes. That's how the REMI model would count it. Yes.

MR. WAY: You know, one of the issues that we haven't really talked about is it doesn't really parse it out into full-time and
part-time, seasonal, I think the number, seasonal may be in the induced jobs, but that's how the modeling works as well is it, as I think Ms. Frayer says, the job's a concept. It's not full-time or part-time. And so you can get both of them blended in there. My suspicion is we're talking, certainly for construction we're talking about full-time.

COMMISSIONER BAILEY: When you calculate the unemployment rate or when the State calculates the unemployment rate though, if I have the same job for 20 years, I guess each year it's counted as one job, and that's what they're saying.

MR. WAY: That would be my understanding. I'm not that skilled in the unemployment rate calculation, but, yeah, it's not what most people think of. It's not cumulative.

DIR. WRIGHT: Chris, is it kind of like a concept of a job year?

MR. WAY: Yes.

DIR. WRIGHT: It's a job year. I think that's the way I would think of it.

COMMISSIONER BAILEY: All right. So I
agree with Mr. Oldenburg that the number of jobs
during the operation of the Project would seem
to be positive and maybe that's the end of the
discussion, but I just want to put on the record
that I think that the number of jobs that the
REMI model predicts are overinflated, and this
is why.

LEI estimated the savings in New Hampshire
originally from the Energy and Capacity Market
would be about $80 million a year, and they put
that number of savings into the REMI model and
the REMI model said that that would generate
$162 million a year in economic development
during the first 11 years of operations so that
would grow the state GDP by that much and that
1100 jobs per year would be created as a result.
After -- and that's, that's the information on
the record as it stands today about the number
of jobs.

But Ms. Frayer updated her testimony on the
savings and the capacity and energy market and
it came up with $62 million based on the change
in the demand curve, and then I asked her to put
it in present value terms, and she put it in
present value terms, and it was 42 million, the total savings for the energy and capacity market.

So I think if you put $42 million into the REMI model or even $62 million, the number of jobs and the impact on the state GDP would be different. And I went back and reviewed the testimony, and Ms. Frayer testified on Day 13 in the morning that 25 percent reduction in wholesale electricity market savings would correspond to a similar size decrease in economic benefits, both in the state GDP and the number of jobs. So if you take 80 million as the input to the REMI model and it gets reduced to 42 million, the impact on the economy is still positive and the number jobs created is still positive, but it's a lot lower now.

Now, if you take $8 million just from the energy market because there may not be any savings in the Capacity Market, that's only one tenth of the $80 million that was the input into the REMI model.

So the jobs during operation, I don't think, without Capacity Market savings, I don't
think are going to be very significant at all.

MR. WAY: You know, as I look at this Project, I look at the value of the construction jobs. That's where I see a lot of the value. You know, as you talked to Mr. Bowes and Mr. Johnson, they know how many people they need. They know how many people they'll hire. So the rest, I think there's a lot of variables that will create the indirect and induced jobs. There's a lot of variables there. But for me, the value if we're looking at it from a jobs benefit is on the temporary jobs, and like I said, I couldn't say it stronger, is that the value of a temporary job to a construction worker, electrical worker, has a lot of value. So I look at a temporary job on the same par for this type of Project that I might look at for other projects, but that's where I see a lot of the value.

COMMISSIONER BAILEY: So what you're saying is the impact on the economy would only be limited to that during the construction period?

MR. WAY: No. I'm saying the greatest job creation, most sure job creation will happen
during the construction period. The rest of it is modeling. I'm sure that there will be indirect jobs that will occur, but as you said, part of it's going to be dependent on a few other things.

COMMISSIONER BAILEY: I'm pretty sure that Ms. Frayer testified that 90 percent of the GDP during the operations phase was based on the wholesale electricity market savings.

MR. WAY: That's why that earlier discussion does matter.

COMMISSIONER BAILEY: Right. So if the savings have gone from 80 million to 8 million, that's a big different in the number of jobs during operations.

MR. WAY: That's why as we were talking about with the markets it isn't enough that you just show a benefit because it's going to spill off into other areas; notably, employment. And that's beyond construction. After construction, it's going to depend on how well you're doing in the market.

PRESIDING OFFICER HONIGBERG: Other thoughts on this topic? Other things people
want to offer up? Why don't we take a
ten-minute break.

(Recess taken 2:35 - 2:50 p.m.)

PRESIDING OFFICER HONIGBERG: We're going
to move to a new topic within the economics
subcategory. Tourism. Mr. Way.

MR. WAY: Correct. New topic. Once again,
I steer you to Site 301.09, orderly development.
And where we're charged in (b), looking at the
economy of the region including an assessment
of, numeral 5, the effect of the proposed
facility on tourism and recreation. That's what
we're going to do.

First, position of the parties. The
Applicant asserted that the Project will have no
adverse impact on tourism and recreation in the
region. In support of this position the
Applicant submitted a Prefiled Testimony, both
Original and Supplemental, and a report titled
Northern Pass Transmission and New Hampshire's
Tourism Industry, authored Mr. Mitch Nichols of
Nichols Tourism Group.

We might want to pull that up. That was
Appendix 45 under their Prefiled Testimony, and
that might be something that, Dawn, if you get a chance, because I expect we'll go back to it.

Mr. Nichols bases his opinions on, one, discussion and dialogue with industry participants on the factors influencing visitation and demand to the state. Secondly, research conducted by Plymouth State University. Visitor surveys and his experience, he concluded, and visitor surveys, and his experience. He concluded that tourism will not be impacted by construction and resulting traffic delays as well.

So I see several elements that we're going to have to talk about today. The background research that he utilized, data research, and also his interactions with Plymouth State University. The listening sessions that he conducted. Surveys and case studies. Now, all of that's discussed in his report as well so you might want to look at that.

Just for the record, Mr. Nichols defined tourists as someone who travels more than 30 or 50 miles or stays overnight. He noted that there's no quantitative research on impacts of
power lines on the tourism.

It is worth noting that Mr. Nichols was previously hired by the state of New Hampshire on a branding and image related project, and he issued a report back in 2002. Interestingly, he found the feature of greatest importance is the scenery and natural beauty.

Now, Mr. Nichols did meet with some industry representatives. He also opined that meeting with representatives from other top tourism destinations would not have made his analysis more complete because he already had a fairly, a very strong understanding of the sort of diversity of perspectives and the rationale behind them.

Mr. Nichols also acknowledged that DRED did not take any position on the Project, and by DRED, I mean the Department of Resources and Economic Development at the time.

He acknowledged that he did not have direct communications with anyone from the New Hampshire Division of Parks & Recreation because he felt he already understood the concerns from the outdoor recreation segments.
Mr. Nichols confirmed that he did not use as a direct resource concerns that were raised by members from groups such as Trout Unlimited, Lakes Region Planning Commission, and Friends of the Pemi, Livermore Falls Group.

Mr. Nichols also did not look at surveys conducted by the Lakes Region Planning Commission.

Mr. Nichols referenced data from Plymouth State University for his study. He discussed how he arrived at the choice for using PSU. It was because the Office of Tourism recommended it as the best group for detailed and historical visitation data. Mr. Nichols agreed that a summary of the state's tourism industry was based primarily on the research from PSU. He also confirmed, however, that he did not ask PSU if they considered the presence of power lines in their research.

After reviewing the data provided by PSU Institute for New Hampshire Studies, Mr. Nichols concluded that the tourism industry supports approximately 10 percent of the jobs in the state of New Hampshire, Merrimack Valley being
the largest attraction. Plymouth State University's data, however, did not address the effect of transmission lines on tourism, once again.

Mr. Nichols' report included a table and a graph depicting traveler spending, food and beverage. Considering concentration of business, Mr. Nichols found that Merrimack Valley that will be located primarily outside the Project area is the area with the largest percentage of visitors in New Hampshire.

Percentage of tourist jobs in the region was not analyzed but instead assumed and focused on a close correlation between the dollar spent and visitation.

Mr. Nichols did not analyze the secondary home market or the rental market because he assumed that buyers and renters operate in a similar fashion to that of visitors. Mr. Nichols was not certain how many tourists visit New Hampshire or the area in the vicinity of the Project. He did not know how many of those visitors would actually see the towers.

Now, he did acknowledge that he did not
study and analyze the impact of construction on the Project, including traffic closures and delay on tourism in general, and on visitors of such places as Pawtuckaway Park, Deerfield Fair, downtown Plymouth and the New Hampshire Marathon specifically.

He stated that a key factor of the tourism industry is, quote, "ease of destination access," unquote, primarily through vehicular transport.

He also testified that significant impairment to access and longer travel times could possibly impact a decision as to whether or not to visit a particular destination.

Mr. Nichols agreed during the hearing that a two-year construction process will play into the overall experience, and if the lodging and restaurants along the underground group go out of business it will affect the region.

He admitted that traffic may act as a barrier to decision to visit a particular tourism destination. He opined however that choice of travel destination does not depend solely upon traffic. That it has to be
understood in the context of all these other more powerful impactful reasons to visit New Hampshire, and that traffic delays and transmission lines are today a reality for travelers.

Although Mr. Nichols acknowledged that he did not analyze the importance of clean air or factor this in his analysis, he stated, however, that in his 20 years' experience clean air has not been expressed as a factor or variable needing to be quantified.

In his research of similar written studies, Mr. Nichols testified that he did not find an example of a study which found a correlation that transmission lines directly influence demand of tourism destinations. Therefore, while conducting his analysis, he relied on his experience. During the hearing Mr. Nichols acknowledged that there are studies that have found impact on tourism from transmission lines. He testified that he was not dismissing their conclusions but did not see a foundation to support their premises with clear examples and demonstrated impacts.
Let's talk about listening tours.

Mr. Nichols conducted listening sessions in several parts of the state in conjunction with the Applicant. Participants for listening tours were selected by the Applicant in concert with the New Hampshire Travel Council. Four hour-and-a-half listening sessions were held in December of 2013. For most industries, there was only one representative at the sessions. Mr. Nichols admitted that nobody from the Appalachian Club or the U.S. Forest Services participated in the listening tour.

Now, Mr. Nichols did admit that he had hoped for a larger attendance at the listening sessions. He testified, however, that even if the turnout had been better would not have helped him to identify new issues or concerns.

Mr. Nichols admitted that the fact that the sessions were being led by the Applicant could have discouraged participation. He also testified that during listening sessions the participants were asked four or five broad questions and none of the notes documenting the participants' responses were retained by Mr.
Nichols. However, Mr. Nichols stated that respondents provided a broad range of concerns including concerns about New Hampshire losing its image as a beautiful state and tourism attraction power.

He opined, however, that they did not have a specific foundation or empirical support for such concerns. Even though the respondents were considered to have truly held beliefs, Mr. Nichols stated that he was trying to understand what was the basis of or foundation for these beliefs.

Mr. Nichols did not speak directly to any other business owners that potentially will be impacted by the Project and acknowledged that he did not present any information about the Project during the listening sessions, including the fact that the Project will not be a Reliability Project.

Mr. Nichols did a review of similar projects as well.

So another element was review of a couple transmission line projects within the region, and then comparing the number of businesses and
employees before and after the phase, before and after the Project was completed. In this analysis, and I think we're talking about the Phase II Project that he looked at, the actual performance of tourism-related businesses as measured by the number of businesses and employees was considered.

As I mentioned, there were two projects, one was the Phase II line in New Hampshire. That was originally built by Northeast Hydro and is now owned by National Grid, and the Maine Power Reliability Program. To evaluate impacts from development of these transmission lines, historic tourism-related employment data was secured from the US Bureau of Labor Statistics, same group in the last discussion that we talked about supplying jobs information.

The BLS is an independent national statistical agency that collects, processes, analyzes, and disseminates statistical data to the public, congress, federal agencies, state and local governments, businesses, et cetera. BLS also serves as a statistical resource to the Department of Labor.
Mr. Nichols presented that the number of tourism-related establishments in counties where a new New Hampshire Phase II transmission line was developed, Grafton, Merrimack and Hillsborough, grew at an average rate of 4.5 percent between 1986 and 1990. This expansion continued at a 2.8 percent rate during 1991 through '95 for an overall rate of growth of 3.7 percent for the 10-year period. By comparison the six other New Hampshire counties in which no transmission line development occurred actually grew at lower average rates for both time periods.

As I recall, I think he didn't include Rockingham in that analysis, but that's something for discussion.

Mr. Nichols said that he did not do a definite analysis in Maine on a region by region basis but spent about a day driving, reviewing reports and state publications, looking at spending estimates and studying the Maine areas. Mr. Nichols concluded at the end of the five years' construction that Maine had record visitation with the fastest growing region
visitation expanding more than 17 percent in 2015. He acknowledged that he did not evaluate their methodologies and did not verify that the office knows how to accurately count and estimate visitation volumes or spending, and he didn't review their backup data.

There were other concerns addressed as well, particularly on the value of the studies given that both the Maine program and the Phase II were built entirely within an existing right-of-way as compared to the Project. It was also discussed that Phase II's project structure are lower than the Project's towers and are shielded by the crown of the tree line.

He looked at more national projects as well. He did opine that the lack of the impact on tourism in Estes Park which is in Colorado and North Cascades by transmission line is indicative of the fact that transmission lines are part of the fabric of travel today, and other factors influence a decision to visit tourism destinations. He acknowledged, however, that the travel, that the towers and transmission lines are not located in the park.
but are part of the arrival experience outside the Rocky Mountain National Park. There was quite a bit of discussion on that topic.

Electronic surveys. Mr. Nichols did employ electronic surveys, and we can pull that up later if everybody so desires. A web-based survey was conducted in September of 2014 of 465 respondents to understand the attitudes and the influences of potential visitors to New Hampshire. He asserted that prospective visitor surveys indicated that attributes of visitors destinations influenced their choice, and the presence of power lines is very low on the overall scale of importance of these variables.

As a result, Mr. Nichols opined that while it is conceivable that the presence of power lines may be a factor in travel decisions for a very small number of New Hampshire visitors, on the overall scale of importance the mix of destination attributes that influence visitor's choices of destinations, the positive attributes of a destination far outweigh any speculative adverse effects from transmission lines.

He concluded that construction and
operation of the Project will not affect regional travel demands and will not have a measurable effect on New Hampshire's tourism industry. Did not recall an instance in his 20 years of tourism planning when any concern was raised about the presence of transmission lines and the possible effect on visitor demand.

One concern registered, I think, in Committee questions was that only two survey questions referenced power lines, did not reference transmission lines, and did not mention that some of the tower structures will be as tall as 140 feet through scenic areas. The survey did not study whether the presence of the project would influence that decision.

Now, Mr. Nichols concluded from the survey that the presence or absence of transmission line does not drive visitors' fundamental decision to choose New Hampshire, and I think we sort of said that above as well.

Analysis of potential impact on particular or specific tourist destination, businesses or communities was not conducted. Mr. Nichols asserted that individual businesses could face a
difficult reality where the substitution effect could come into play and visitors may choose a different service like a different restaurant, overnight accommodations, retail outfits which we talked about earlier.

On a net basis, regionally, however, there will be no change.

Some have brought up that other than three sentences, Mr. Nichols' report did not contain analysis or information on a region by region basis. He explained that he took a broad analysis of the collective input from different regions into account when drawing his conclusions. He also acknowledged that while reaching his decisions he did not review other experts' determinations as to the Project's effect on aesthetics and historic sites.

Other parties. Businesses and organizations with economic interest, Mr. Otten weighed in on this issue on behalf the Dixville Capital and Balsams Report Holdings. He asserted that since 2015, the general population expressed significant interest in commitment in redevelopment of the Balsams Resort. He
asserted that it's not unusual for various energy infrastructure to be within a view of tourist attractions without affecting their appeal to the tourists.

Based on his experience, Mr. Otten opined that the Project will not have adverse effect on tourism in the region and on redevelopment operation of the Balsams Resort.

Rachel, you're going to kick me if I say his name wrong. Mr. Allen Bouthillier on behalf of the Coos County Business and Employers Group opined that the Project will have a positive impact on tourism where additional trails for snowmobiling and ATV activities will be created within the Project's right-of-way.

For the Counsel for the Public, we once again visit Dr. Rockler and Mr. Kavet who opined that the Applicant's assessment of the Project's impact on tourism was not reasonable or credible. Dr. Rockler and Mr. Kavet agreed that it is difficult to quantify potential impacts on tourism. They did state, however, that there is ample evidence that scenic beauty and a pristine wilderness experience is a primary destination.
attribute affecting tourist visitation in New Hampshire.

They further opined that using a midpoint between an estimated three percent and 15 percent impact on tourism and a phased and direct tourism spending reduction over time of 9 percent scaled to access the tourism dollars in the area within the viewshed, construction and operation of the Project will result in direct spending losses of approximately 10 million per year. They mentioned in current dollars. And total economic impacts including secondary effects of average annual losses of more than 13 million gross state product and the loss of approximately 190 jobs over the 11-year period starting in 2020.

In addition, Counsel for the Public's witness, Mr. Zysk and Mr. Taylor, asserted that construction of the project will increase noise level and will deter tourism from that aspect.

Grafton County Commissioners, Linda Lauer on behalf of the Grafton County Commissioners, opined that the Project will have negative impact on tourism. Specifically, she argues
that construction of the Project will cause traffic delays and constraints that will impact desirability of local travel destination. This will significantly disrupt businesses in her opinion, included but not limited to tourism and commuters for two years and also impact scenic qualities in the rural character of the popular tourism destinations.

Ms. Laleme on behalf the Bethlehem Board of Selectmen asserted that construction of the Project will have adverse effects on tourism, and, as a result, town of Bethlehem's economy. Ms. Laleme asserted that the Applicant seeks to construct one of the structures associated with the Project at the entrance to the town on Route 302.

She also argued that the tourism industry report filed by the Applicant was inadequate where it did not specifically address the effect of the Project on tourism of the town of Bethlehem and did not address such tourism activities as hiking, kayaking, walking, trailing, and biking.

One of the things she also asserted that
the speed limit in the area where Transition Station #5 will be constructed is 40 miles per hour as opposed to 50 miles per hour as alleged by the Applicant. Therefore, she argued that the Project and associated structures will have an adverse effect on tourism in the town of Bethlehem where Transition Station #5 will be observed by the visitors longer than the alleged 14 seconds.

She also mentioned that there will be some adverse effects on tourism in the area because it will be visible from Baker Pond.

Cheryl Jensen opined that construction of the Project along 302 will cause its closure and will have adverse effects on tourism in the town.

The Historic Preservation Intervenor Group maintained that the unreasonably adverse aesthetic impacts would persist for the life of the Project, thereby disrupting the tourism economy and the orderly development of the North Country for decades to come.

I'm not going to list all of them here because I saw similar themes, and we can get to
them, but Society for Protection of New Hampshire Forests had quite a bit to say. As a sampling, they maintain that Applicant's only witness for tourism, Mr. Nichols, did not meet the Applicant's burden. He looked at the state as a whole and did not evaluate whether the proposed Project would impact specific tourism attractions. Maintained that he did not consider traffic when he formed his opinions about the potential impacts would have on tourism. This is especially problematic because the construction season coincides with the tourism season, and they maintain that Mr. Nichols was not aware of the meanings of "historic resource" or "historic site" according to the SEC rules.

Mr. Nichols omitted categories of business in his study that are important to New Hampshire economy and employment, including tourism. Specifically, his analysis completely excluded the following types of businesses: travel agencies, fishing, hunting, trapping, theater, racing and amusement parks.

Mr. Thompson on behalf of Clarksville-
Stewartstown argued that tourism and related local businesses will be adversely affected by the Project because the Project will destroy character of the region by altering the views, aesthetics, quietness and beauty of the region and in general in Coleman State Park, Lake Francis State Park, Connecticut State Forest and Bear Rock sites specifically.

Mr. John Petrofsky opined that the Project will have adverse effect on North Country's tourism. Specifically, he asserted that statistics demonstrate that tourism-related activities and related sectors of economy have grown approximately 6 percent annually for the last few years. He further asserted that the North Country Chambers of Commerce survey demonstrated that visitors are attracted to the North Country for the Public because of its scenic view, wilderness and remoteness.

He thought that the Project will be visible and will affect aesthetic qualities, diminishing attractiveness of the following: of tourism destinations and scenic roads and byways.

Mr. Powell, Peter Powell, on behalf of the
Abutting Property Group of Intervenors Dalton to Bethlehem believes that by impacting aesthetics and scenic qualities, believed that by impacting aesthetics and scenic qualities of popular tourist destination the Project will have negative impact on tourism and businesses that demand on it.

Deerfield Abutters. Ms. Bradbury asserted the town of Deerfield attracts tourists who enjoy its rural settings and outdoor activities. She opined that the Project will alter the Town's rural character and beautiful views and will destroy its appeal as tourist destination.

Finally, we had North Country Scenic Byways Council, Mr. Martland, who opined that the Project will have adverse effect on tourism as well. Asserted that tourism is a major industry in the North Country because of the rural character of the region and the wilderness of its back country and Scenic Byways.

He argued that the Project will diminish the views from popular tourist destinations and scenic and other roads making these destinations in the region less attractive to tourists.
So that's a lot of information. I apologize. But I think, I don't know if you want to pull that study up. We've got a few things we could talk about.

COMMISSIONER BAILEY: Are you talking about the survey?

MR. WAY: No.

COMMISSIONER BAILEY: Appendix 45?

MR. WAY: General report. We have the background research that was done, interactions with Plymouth State University, the listening sessions, surveys, electronic surveys that were done, some of the case studies, and I guess I would throw just general outreach on there as well.

That's sort of my, I don't know if anybody wants to weigh in at this point or they want me to start, keep on talking.

PRESIDING OFFICER HONIGBERG: Do you have opinions or views you want to share to which we can react or --

MR. WAY: Of all that I heard through this process, this testimony just didn't resonate with me. I saw it as flawed, and I saw it
flawed in quite a few areas and didn't find Mr. Nichols to be as credible to me as he might. You know, I look at this, when I look at this report, Section 1, introduction, tourism is 1 to 3, I think it was, it's okay. It's a general introduction. It gives you a good insight into New Hampshire. Comes from Plymouth State, a lot of it. Plymouth State is well regarded. He's correct there. I think Mark Okrant is still in charge of the tourism group. Where this started falling down for me, I put a lot of stock in listening sessions, and I fully appreciate that they're hard to do. I've done them before, and, you know, you're expecting to get a lot of people and you get like next to nothing and that's hard. But in this case, I did not find that the listening sessions were credible enough to use them, and I think the Committee as much said that the last time. When you have two or three people in the room, that doesn't strike me as a valid listening session. You know, and then I see the lack of interaction, you know, with the state agency,
and I appreciate it if the state agency says that they're not taking a position, although part of me wonders why that taking a position and giving information are two different things. Maybe the state agency sent them that way, but I didn't get the sense that there was a lot of interaction there, particularly when we were talking about Parks. I don't think they're even aware of the listening sessions.

The electronic survey I didn't think was well-worded. I thought, you're going to get a lot of skewed results. As a matter of fact, I think it even suggested that some people liked the idea of the transmission lines. I'd have to go back to the transcript, but it just had some things that seemed more to be artifacts.

The case studies that were offered, Phase II, Maine Reliability, there's a lot of variables there. And it isn't an apples to apples to say well, you know, in this period of time, look, tourism has increased. It doesn't take into account the fact that states are always working to increase their marketing, and we're in a period of time where business was
growing, period. So I didn't have a real good feeling there.

I didn't get the feeling he knew New Hampshire. I didn't get the feeling he reached out, and the bottom line I think is if someone came to me right now and I, you know, maybe I can be convinced, but if someone said will this have an impact on tourism, you know, I suspect that it's not going to have the impact that a lot of people say it's going to have. I really believe that. I don't think, I think there's a lot of emotion, but that's just my feeling. You know, you need to have something to back that up.

For example, I think Mr. Petrofsky, one thing I strongly disagreed with him on is that he was saying that, I think it was second home purchases would suffer throughout the state, and I think the Applicant questioned him on that, you mean just within the area. No. The state. I think because they would look at that, it would be so far influencing that it would affect those sales. I don't agree with that. I don't think so.
So I don't think this is going to have the impact that they say or that some would say, but it is going to have an impact for some. I just don't know exactly where. I'm going to leave it there because "convince me."

PRESIDING OFFICER HONIGBERG: Commissioner Bailey?

COMMISSIONER BAILEY: Thank you. Thank you for saying that. I agree with almost everything you said. I find it interesting because we haven't been able to talk about this, but of all the witnesses, Mr. Nichols was the least credible in my mind. And not credible almost at all.

I think you highlighted most of the reasons why I think that. He didn't know New Hampshire. His survey was completely superficial. In fact, I have, I've pulled it up in front of me. It's Joint Muni 227.

And the question was asked, this is, you know, the question about the impact on tourism of power lines, and it was, "In addition to specific activities available in a destination, travelers often consider a range of other
factors in making their fundamental decision regarding the destination to visit. Again, if you were to consider traveling to various destinations in New Hampshire, how important are the following attributes regarding whether or not to visit these places. Please check one for each destination attribute."

And surprise, surprise, nobody checked that they wanted to come to New Hampshire to see power lines. So, you know, I don't know how you can conclude from that question that power lines aren't going to have an impact on tourism. Certainly nobody is going to come to look at them or I don't think.

I agree with what you said about I don't think that it will have the impact on tourism that people are most worried about. It's a very emotional topic. But I don't know what the impact will be from this testimony. I really don't know.

PRESIDING OFFICER HONIGBERG: Mr. Wright?

DIR. WRIGHT: I think I would tend to agree with everything you both have already stated so I'll try not to repeat it, but a couple of
things that did really resonate with me, and then that Chris did mention this but was the listening sessions. I just didn't find them to be hardly worth anything. I mean, I understand that you don't want a million people at a listening session, but to have four sessions with 2 or 3 people just, I don't know what that accomplishes in my mind to make a statement that people expect to hit traffic and transmission lines, I don't think that's what people expect when they go to northern New Hampshire. Maybe in Concord they expect to hit traffic, but once they get above Concord, I don't think they expect to hit traffic.

One of the other things was Mr. Nichols on a couple times during his testimony tried to compare what was going on in northern New Hampshire with Estes Park, and I view Estes Park pretty much very much different from my opinion. There are certainly power lines visible, but they're when you get to Estes Park. They're not when you're inside the National Forest. You don't see the lines from inside the forest.

And I asked Mr. Nichols that directly and
he agreed with me that you don't see the lines when you're inside the National Park. So to me to say that that's an equivalent to what we're talking about here did not resonate with me.

PRESIDING OFFICER HONIGBERG: Mr. Way?

MR. WAY: You know, the other thing, too, is we didn't really get into the impacts of construction as much on tourism for the underground route. And, you know, if I had to say where could the impacts most likely be, you know, I almost think that that's, that is a place where the impacts could be felt.

Once again, as I've said, when temporary impacts span over a period of time, that can become permanent impacts. And depending on the type of business that you have, you know, I thought it was sort of dismissed, the wait times that people might have to endure to get to their location.

So, for example, I think there was even a suggestion that visitors might wait three hours, you know, might tolerate three hours, you know, to get to their destination. I'm not tolerating three hours, you know, depending upon where I'm
going. You know, and I don't think a lot of customers will.

So when you're looking at bed and breakfasts, when you're looking at hotels, when you're looking at those that are going to be most impacted by tourist trade that collect room and emails, theater, I think that's where you can see some of the tourism impacts.

Don't doubt for a moment that in some areas, though, that it could leave people with a bad taste. Once again, I don't have the information to say one way or the other whether that would cause them to not come back or diminish their experience.

PRESIDING OFFICER HONIGBERG: I think on that, on the effects on construction, I think what we have on that is opinions. We have a lot of people with opinions on that, but no one has done any kind of rigorous analysis or attempted to demonstrate for or against what the long-term or even intermediate term effects would be in areas where there's construction. We had a lot of people with opinions and speculation about what would happen, and they may be right, but
they also may not be right. But from Mr. Nichols' perspective, my memory is that there's nothing from him on that topic at all to account for the possibility that there will be effects.

And I think some of his work, I think, may have been done before some of the segments were proposed for burial so he may have been looking at an older iteration. I may be wrong about that. But I think if planned properly and with the kind of outreach that you were talking about earlier, Mr. Way, construction disruption can be dealt with.

Construction is unpleasant to have near you, around you, in front of you but can be dealt with if it's planned and organized. I just don't see from Mr. Nichols or any other source from the Applicant any analysis of what might happen. On the other side, the opposition who don't have the burden of proof, it was opinions, speculation about what would happen.

Mr. Oldenburg?

MR. OLDENBURG: I guess I have sort of the same opinion on the construction aspect. When you go through a construction zone, if you get
hit, you know, if you're going through the underground section and you get delayed, you know, 15 minutes or something like that, and you're up there for leaf peeping, one, are you going to remember that next year if you go up leaf peeping? And two, is it, are you, I would tend to think that I would assume the construction is done. You know. Construction doesn't last forever.

So you know, I'm not sure, you know, some of the argument's been made is oh, I went up to this, I went up and I stayed at this hotel and there was construction. I'm never going back there again. And I'm not sold on that theory. You know, because construction ends. And just because you hit it one year, if you remember that you hit it, is that going to stop you from going back again.

You know, if you were going up daily and hit it, that may affect you. But I think we're talking about a very transient industry where it's, you know, you hit it one year or one month and you might not hit it again.

MR. WAY: If I could. Yeah, I think the
absence of empirical data and surveys, I mean, I think there was a little bit of a missed opportunity here. The surveys and listening sessions. Because that could have closed the deal on tourism as far as I'm concerned if they were done in the appropriate manner.

I also think, and I think this goes back to some of the other topics that we talked about, you talk to the communities. You find out about the tourism destinations, the routes. I didn't get the sense from Mr. Nichols and even from Ms. Frazier that there was awareness that we're talking about the bike events like on 116 or the hiking trails, the things that were important. I didn't get that sense.

And so I think there was some missed opportunities maybe to close this deal but it meant that you had to interact more with community groups, those groups that are charged with tourism-type activities, some of which are in this room. I'll leave it there.

PRESIDING OFFICER HONIGBERG: Ms. Weathersby.

MS. WEATHERSBY: Sure. I'll chime in. I
think that I pretty much agree with everything that's been said. I think a real opportunity was missed to study the impacts of construction of the line on tourism. Everyone knew that that could be a concern, and that was not analyzed. And I think that the analysis that was done concerning impacts of tourism of the Project in New Hampshire were rather weak and for the reasons that have just been mentioned.

And I have also just jotted down a couple others. I think that, and maybe you said this, Mr. Way, that when he compared the Phase II line and the Maine Reliability Project and basically said that oh, there hasn't been any impact on those regions because there's still been economic growth, I think that he failed to go deeper than that and explain how has the growth been in the state as a whole, what particular, I think in Maine in particular they had special tourism marketing campaigns to try to bring people to those areas. So you know, let's account for those and see if there really still was no effect.

I think that he really missed an
opportunity with, he didn't do visitor surveys, polling people who came to New Hampshire, were staying at hotels, visited the rest areas. There weren't those sorts of opportunities. He didn't take advantage of those sorts of opportunities.

I too felt like he didn't really fully understand and appreciate New Hampshire and why people come to New Hampshire; particularly, the northern regions. I know he did the survey that showed that 40 percent or thereabouts of people come to New Hampshire to visit family and friends, and I don't doubt that. But then there's a lot of people who come for other reasons. To go all the way up to the north, some of them may be visiting family and friends but most of them are coming for recreation or sightseeing, I would guess, and that sort of wasn't accounted for that the variations in the regions, you know, maybe shopping. Sure, I may go to Merrimack outlets or something or even North Conway, but that's a different sort of tourist than may stay at the Mountain View Grand. So there wasn't sort of that analysis.
I also think he missed an opportunity as you mentioned to talk with affected groups, municipalities. The AMC, the Pemi Friends, Trout Unlimited. People who have made comments and been tried to be active in this process. Listening to their concerns, trying to understand them, trying to get a better sense of the area.

We talked about snowmobiling, and we had, he was, this is going to be great draw for snowmobilers and it's not going to interfere, but he missed the whole thing about a lot of these areas are going to be gates and bars. So I just felt like it didn't go deep enough.

And the questionnaire I think was useless. I think that the questions were confusing. They were poorly worded. The people who were taking it were incentivized to do as many as possible. I just found that not at all helpful. I think I'll stop there.

PRESIDING OFFICER HONIGBERG: Mr. Oldenburg?

MR. OLDENBURG: One thing I would add is the sample size as well was pretty small. Only
400 people. I think one of the comments I had with him is if you went to the rest area in Hooksett on a weekend you'd get more than 400 people and asked them why are you here, what are you doing, what your views would be, and it would have been a more representative sample. So I would agree.

MR. WAY: I didn't have as much a problem with the sample size. I think as Ms. Weathersby said, it was more the questioning itself. And then I think there's a failure to recognize that as you go deeper in the demographics that make up our tourism industry, it isn't just as simple as saying 40 percent want to do this or 40 percent want to do that. We have different levels of marketing that target different age groups. And they all have different motivations and they want to go to different places and they have different incomes, and so it's a complex, it's a complex process where you're really trying to decide what do people want to see and then how do you design your marketing around them, and that's it. A lot of it is marketing. How are you marketing to get those people here.
So yes, I think, and the reticence to use the intercept surveys, and I'm not sure if it was Mr. DeWan or Mr. Nichols or both, you know, as you said, Mr. Oldenburg, interviewing people right in their place of usage provides a lot of valuable information. Now, some would say well, I kind of know what they're going to say at that point. But good survey taking and design can tease out pieces that are valuable, that you can work with, and it's hard, and it is a pain, but I think a lot of times you have to do things like that.

PRESIDING OFFICER HONIGBERG: Anything else to say on this topic? Let's go off the record.

(Discussion off the record)

PRESIDING OFFICER HONIGBERG: All right. We are done with this topic. Let's take a five-minute break.

(Recess taken at 3:43 - 3:58 p.m.)

PRESIDING OFFICER HONIGBERG: We're going to resume talking about the provisions in Site 301.15 relative to the finding of undue interference with orderly development of the region. We've talked about most of the
subelements there. One we haven't talked about in this context is financial assurances for the proposed decommissioning plan of the facility or the provisions of the financial assurances for the decommissioning. Mr. Way. Can you take this?

MR. WAY: I'll give it a shot. Financial assurance for decommissioning. We're looking at 301.15 which addresses the provisions of financial assurance for the proposed decommissioning plan for the proposed facility in reference to criteria relative to a finding of undue interference.

I should note that decommissioning comes up in a couple different places. You'll see it in 301.08(d)(2)(b). You also see it under public health and safety as well. So we're probably killing a couple birds with one stone here. I don't know.

So particularly, and I look at 301.08(d)(2), the Applicant is required to file with the subcommittee a decommissioning plan that will include, one, a provision of financial assurance in the form of an irrevocable standby
letter of credit, performance bond, surety bond, or unconditional payment guarantee executed by a parent company of the facility owner maintaining at all times an investment grade credit rating.

On February 26th, 2016, the Applicant did request the subcommittee to waive the NH Code Administrative rules at 301.08(d)(2)(b) I just referenced. The Applicant argued that the rules should be waived because the TSA, Transmission Service Agreement, provides sufficient financial assurances of decommissioning in this docket.

The Applicant's request was denied by the order dated June 23rd, 2016. While addressing the Applicant's request to waive, the Subcommittee found that the Transmission Service Agreement offered as an alternative by the Applicant fails to satisfy the requirements of the decommissioning plan, and the Applicant has not demonstrated that the requirement is onerous or inapplicable under the circumstances of the Project.

Let's look at the positions of the parties here. First from the Applicant. The Applicant filed a decommissioning plan, an opinion of
probable cost, prepared under direction of John Murphy. Mr. Murphy opined that decommissioning of the Project, including the Franklin terminal and associated appurtenances, will cost approximately $99,935,719.

Mr. Murphy further opined that this amount includes the estimated value of salvage materials in the amount of approximately $3 million. Mr. Ausere in his Prefiled Testimony addressed the financial assurances for decommissioning of the Project. Mr. Ausere testified that Section 9.3 of the Transmission Service Agreement addresses the financial assurances for decommissioning of the Project.

Let me know if anybody wants to see that TSA.

Specifically, he claimed that the Applicant will collect the costs of decommissioning over the last 60 months of commercial operation of the Project. Now, six months before the beginning of the decommissioning payment period, the Applicant will provide a decommissioning plan including an estimate of decommissioning costs and a description of the scope and
frequency of progress reports for monitoring
decommissioning. That will be provided to the
management committee that will be set up in
accordance with the TSA.

Mr. Ausere further asserted that Hydro
Renewable Energy, Inc., will be obligated to pay
for decommissioning costs as part of the
FERC-approved formula rate. All decommissioning
payments made from Hydro Renewable will be
deposited into an external fund created on terms
and conditions that will be established by the
management committee to ensure that fund will be
used solely for decommissioning activities.

According to Mr. Ausere, if the actual
decommissioning costs will exceed the amount in
the fund, the Applicant will collect from Hydro
Renewable Energy costs on a monthly basis until
the decommissioning plan is completed. He
testified that the decommissioning costs will be
collected even if there's a disagreement as to
the amount that should be collected.

And then Mr. Ausere argued that the TSA's
requirements are superior to a standby letter of
credit and surety bond because they are not
capped at a fixed amount and do not have a term limit. The Applicant will have to pay more than one million annually to maintain a standby letter of credit or surety bond in the amount required for decommissioning of the Project.

Mr. Ausere admitted that the Transmission Service Agreement applied only to the first 40 years of operation. He believes that the decommissioning fund will be funded by the end of this term. He also opined that terms of the decommissioning fund will be negotiated with a third party if the Applicant decides not to extend the TSA.

He testified that in the case of default by the Applicant, prior to the funding of the decommissioning fund, there will be no funds available for the decommissioning, and no party will legally be obligated to pay for it. I believe what he was saying, that's a possibility.

He concluded, however, that it is highly unlikely that it will take place because it can happen only if, one, the inservice date of the Project is delayed to five years because of the
Applicant's lack of following good practice; or two, the Project is out of service for longer than five years and that outage is due to the Applicant's failure to follow good utility practice.

He asserted that the Applicant will agree to condition the Certificate upon requiring Eversource to guarantee through some form of assurance from Eversource that funds required for the decommissioning are provided in case of the Applicant's default to funding on the decommissioning fund under the TSA.

Mr. Ausere further testified that issuing a parental company guarantee by Eversource for decommissioning funds for the Project will constitute an additional unnecessary cost for Eversource.

It is noted that Mr. Bowes testified that he was not aware of any other utility projects using the same type of guarantee of decommissioning costs as proposed by the Applicant. He concluded, however, that requiring any forms of financial assurance of decommissioning in addition to the provision of
the Transmission Service Agreement would be redundant and unnecessarily increase the Project costs.

I have not had the opportunity to summarize all the Intervenors as we just brought this up today as a topic point. How would you like to proceed in that instance?

PRESIDING OFFICER HONIGBERG: Commissioner Bailey?

COMMISSIONER BAILEY: I also have not reviewed everybody else's position on this topic, but I do have notes of the day that we talked about the Transmission Service Agreement, and it seemed to me that there was a hundred million dollar risk that or that the risk was about, it was worth a hundred million dollars; that maybe if, as you said, NPT terminated early nobody would be responsible for the decommissioning charges, and the Applicant in its brief recommends a condition that I believe if it's worded well enough will satisfy the concern, and that is number 34, where they say "further ordered that the Certificate is conditioned upon NPT's parent entity, Eversource
Energy, executing a payment guarantee for Project decommissioning in the amount of a hundred million dollars to apply in the event of a default by NPT subsequent to the commencement of construction under the current Transmission Service Agreement or successor, evidence of which shall be delivered to the SEC Administrator prior to the commencement of construction."

I think it was Counsel for the Public's recommendation that we require a hundred million dollar standby letter of credit, and I don't know legally whether the wording in this condition is the same as a standby letter of credit, but I think that we could work with that condition since they've agreed to pledge a hundred million dollars to make sure that it is properly decommissioned if it doesn't get to the end of the 40 years. So I think I can live with that.

MR. WAY: That was my impression as well. You know, as I recall from reading of all the briefs, I think other discussions, well, I mean, first off, there was concern about having the
guarantees in place in the event that there was default. There was also concerns about having a foreign entity in the mix and recovery in the event of disagreement. I think some of the commitments that we talked about goes a long way to solving that issue. One issue that has come up is, that came up repeatedly is that I think it's six months before the decommissioning is to occur that there has to be agreement on the plan that will be created. So a plan isn't created now. I don't know if you can create a plan now, but a plan is going to be created more at the end of the Project, and then it could be implemented.

MS. WEATHERSBY: If I could just weigh in on the financing portion of it all. I think it's important to note that under most circumstances HRE will be required to pay the decommissioning costs and HRE's obligations have been guaranteed by Hydro-Quebec, its parent company, who we talked about the other day is very financially capable to satisfy the terms of that guarantee.

But in the unlikely or more remote event
that Northern Pass Transmission would be required to pay those costs, I think it is important and I think it's a great gesture that Eversource has agreed to guarantee Northern Pass's obligations for decommissioning.

PRESIDING OFFICER HONIGBERG: Anyone else want to add anything on this?

MR. WAY: One other thing.

PRESIDING OFFICER HONIGBERG: Mr. Way?

MR. WAY: I don't know if they did this, but also, too, there's a jobs component to decommissioning, and I don't know if they did that, honestly don't know if they did that, included that in their modeling.

PRESIDING OFFICER HONIGBERG: It's 40 years out.

MR. WAY: But I'm just saying there's still, I mean, we're looking at benefits over the 40 years. Just saying.

PRESIDING OFFICER HONIGBERG: Commissioner Bailey?

COMMISSIONER BAILEY: I think that we're going to talk about the decommissioning plan and whether it's adequate under another section, and
I, I'm not sure that my memory is the same as yours about there was no plan. I think there was no plan originally, and I can't remember where that was left off. I haven't gotten to my analysis of that part of the record yet.

MR. WAY: I think it's six months before the beginning of the decommissioning payment period, the Applicant will provide a decommissioning plan, including an estimate of decommissioning costs and descriptions of the scope and frequency of progress reports for monitoring decommissioning.

COMMISSIONER BAILEY: I know, and I think that there was some criticism about that isn't a plan. And so I think we might have made them file a plan. But I might be getting mixed up with a different case.

MR. WAY: You're right, though --

MR. IACOPINO: There's a decommissioning plan filed.

MS. WEATHERSBY: There is a plan filed. That was the one that Mr. Murphy, NGO Environmental, prepared. It's Exhibit 33. Applicant's Exhibit 33. Seems to address
different sections of the Project, new structures, components, Franklin terminal, makes various assumptions that may or may not hold true. But there is a plan that's laid out. Whether it's adequate or not, we can talk about probably in the other sections. And then the financing piece kicks in to get the plan six months ahead of time before it's starting to be decommissioned.

PRESIDING OFFICER HONIGBERG: I think that Counsel for the Public has suggested some additional layering on the putting forward of the hundred million dollars to have every ten years an updated estimate of costs and confirmation that the money is in place. I mean, I think there's enough information and enough commitments here to work with that on the financial assurances regarding decommissioning. That's my view on this. Others? Seeing nothing.

We've pretty much reached the endpoint of what we were planning on doing today. We did it a little bit earlier than I think we expected. Our plan for tomorrow is to start an hour
later. We're going to start at ten o'clock tomorrow morning. That will give us a chance to get ahead of the paperwork again and have discussions about some issues we haven't yet touched on, and there are still a lot of issues to discuss.

Is there anything, any other business we need to transact right now, Ms. Monroe or Mr. Iacopino?

It's page 169 from Counsel for the Public's brief, the condition I was just alluding to.

All right. Thank you.

With that, we'll adjourn for the afternoon and come back here at 10:00 tomorrow morning.

(Hearing recessed at 4:16 p.m.)
CERTIFICATE

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

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

Dated at West Lebanon, New Hampshire, this 3rd day of February, 2018.

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Cynthia Foster, LCR