

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE SITE EVALUATION COMMITTEE
DOCKET NO. 2015-06

SUPPLEMENTAL PRE-FILED DIRECT TESTIMONY
OF
WILLIAM J. QUINLAN

IN SUPPORT OF THE
APPLICATION OF NORTHERN PASS TRANSMISSION LLC
AND PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY
FOR A CERTIFICATE OF SITE AND FACILITY TO CONSTRUCT A NEW HIGH
VOLTAGE TRANSMISSION LINE AND RELATED FACILITIES IN NEW
HAMPSHIRE

March 24, 2017

1 **Qualifications and Purpose of Testimony**

2 **Q. Please state your name, title, and business address.**

3 A. My name is William J. Quinlan and I am the President and Chief Operating
4 Officer at Public Service Company of New Hampshire d/b/a Eversource Energy (“PSNH”). My
5 business address is 780 North Commercial St, Manchester, New Hampshire 03101.

6 **Q. What is the purpose of your supplemental testimony?**

7 A. The purpose of my supplemental testimony is to provide an update on the
8 Northern Pass Transmission Project (“Northern Pass” or the “Project”) as proposed by Northern
9 Pass Transmission LLC (“NPT”) and what has transpired since filing my original pre-filed
10 testimony and that of James A. Muntz¹ both dated October 16, 2015. I provide a further
11 explanation of the benefits associated with the Forward New Hampshire Plan (“Forward NH
12 Plan” or the “Plan”), including the Project’s projected energy cost savings and the structure of
13 the Forward NH Fund. I also provide an update on the Project’s outreach to host municipalities.
14 Finally, I provide an update on the outcome of the Tri-State Clean Energy RFP and explain the
15 Project’s current plans to submit a proposal in the upcoming Massachusetts Clean Energy RFP.

16 **Forward NH Plan**

17 **Q. Please provide an overview of progress that has been made with respect to**
18 **the Forward NH Plan.**

19 A. As originally announced in August 2015, the Forward NH Plan (“Plan”) was
20 developed to address two of the leading concerns expressed about the Project as previously
21 proposed, namely, that an overhead line through the White Mountains and surrounding areas was
22 incompatible with the importance of the region to New Hampshire residents and that the Project
23 had not clearly articulated the benefits that would flow to New Hampshire. First, the Plan
24 included a redesign of the Project to go underground in and around the White Mountain National
25 Forest to avoid and minimize potential impacts to this area. In addition to this design
26 enhancement, the Forward NH Plan included certain economic and environmental benefits
27 specific to the State of New Hampshire. Those benefits included energy cost savings, job
28 creation, new tax revenues to host communities, increases in the state GDP, increased access for

¹ The Testimony of James A. Muntz was jointly adopted by Kenneth Bowes and me on September 15, 2016 following Mr. Muntz’ departure from the company.

1 small renewables in the North Country to the New England electric markets through the Coos
2 Loop upgrade, and significant reductions in carbon emissions.

3 Since filing its Application for Certificate of Site and Facility (“Application”), NPT has
4 performed an updated analysis of the substantial economic benefits that the Project will provide
5 to the state of New Hampshire. NPT has advanced the creation and governance structure of the
6 Forward NH Fund and has provided advance funding in a few limited instances where time
7 sensitive funding opportunities were aligned with the Fund’s objectives. Further, the \$7.5
8 million North Country Jobs Creation Fund has already distributed grant funds and will be
9 allocating additional funds in the near future. NPT is actively pursuing opportunities to fulfill its
10 commitment to make 5,000 acres in the North Country available for mixed uses. Finally, PSNH
11 has entered into a power purchase agreement (“PPA”) with Hydro-Québec to ensure that PSNH
12 customers will receive their fair share of low cost, clean hydroelectric power.

13 **Q. Please describe the updated assessment of saving and benefits conducted by**
14 **London Economics, Inc.**

15 A. In response to an SEC Order dated October 28, 2016, Northern Pass authorized
16 London Economics, Inc. to perform a recalculation of the projected benefits of the project based
17 on current market conditions. This analysis is reflected in the February 15, 2017 report titled
18 “Update of the Electricity Market Impacts Associated with the Proposed Northern Pass
19 Transmission Project” and the supporting testimony of Julia Frayer (“Updated Analysis”). This
20 updated analysis indicates that NPT will provide \$62 million in annual savings to New
21 Hampshire businesses and residential customers due to energy and capacity market price
22 suppression from the injection of low cost hydropower into the New England transmission
23 system.

24 While, NPT acknowledges the projected savings reflected in the Updated Analysis are
25 somewhat reduced from what was reflected in the October 16, 2015 Report, the projected
26 savings from NPT remain significant for the State and the region. Fluctuations in the results of
27 such an analysis are to be expected in an environment where market conditions and rules evolve
28 and change over time. Nonetheless, the Updated Analysis confirms the conclusions in the
29 October 16, 2015 Report that Northern Pass will create substantial wholesale electricity market
30 benefits in the form of lower electricity costs, benefiting consumers in New Hampshire and

1 across New England. In addition, the Updated Analysis confirms that Northern Pass will produce
2 significant reductions in carbon emissions across New England.

3 **Q. What is the basis for NPT's confidence in these projected savings?**

4 A. NPT has a high degree of confidence in the ability of the Project to produce the
5 substantial savings identified in the LEI Analyses for several reasons, including our own
6 experience building and operating transmission projects and Hydro-Quebec's long history of
7 providing power into to New England, including through the Phase II line that has been
8 operating in New Hampshire for decades. NPT and Hydro-Quebec have each invested
9 substantial time, resources and money into development of the Northern Pass project,
10 representative of the confidence of both parties that the Project will produce significant savings
11 for New Hampshire and the New England region.

12 **Q. Please describe the structure developed for the Forward NH Fund.**

13 A. The Forward New Hampshire Fund ("Forward NH Fund") has filed Articles of
14 Agreement with the New Hampshire Secretary of State and has received a Certificate of
15 Existence, copies of which are attached as Attachments A and B. Accordingly, the Forward NH
16 Fund will be governed by New Hampshire law as a non-profit corporation, subject to oversight
17 by the New Hampshire Attorney General's Office, Charitable Trust Division. In addition, the
18 Forward NH Fund is preparing to file a Form 1023 application with the Internal Revenue Service
19 seeking tax exempt status. Like all corporations, the Forward NH Fund will be subject to
20 governance by corporate bylaws that will be adopted by its Board of Directors at its initial
21 organizational meeting. It is anticipated that the initial bylaws will be in substantially the form
22 attached as Attachment C. Pursuant to those bylaws, the Forward NH Fund will be administered
23 as a standalone 501(c)(3) organization, fully independent of Eversource and NPT. The Fund will
24 operate through a qualified Chief Executive Officer reporting to what is expected to be a nine-
25 member Board of Directors. A search for qualified individuals to serve on the initial Board of
26 Directors will begin shortly and will coincide with the IRS review of the Form 1023 application.
27 At the conclusion of the search, expected by mid-year, the incorporators will be instructed to
28 identify the full initial Board of Directors. Once the initial Board of Directors is in place, it will
29 adopt bylaws and develop guidelines to carry out the purpose of the Forward NH Fund, as set
30 forth in the Articles. Subsequently, the Forward NH Fund will consider proposals or requests
31 for funding from New Hampshire residents, businesses, municipalities, communities, and non-

1 profit groups. Advisory Boards of subject matter experts within each of the Fund’s priority
2 funding areas of economic development, community betterment, clean energy innovation and
3 tourism, as well as North Country development will review each such proposal and make
4 funding recommendations to the Board of Directors. The Board of Directors will make final
5 decisions regarding the allocation of funding. Moreover, the Forward NH Fund will work to re-
6 invest a portion of the \$200 million commitment to further its objectives and ensure the ability of
7 the Fund to provide benefits to the state of New Hampshire for decades to come.

8 **Q. Please describe the advance funding that has already been provided through**
9 **the Forward NH Plan.**

10 A. As part of the Forward NH Plan, Northern Pass has already allocated
11 approximately \$5.5 million to time sensitive projects consistent with the Fund’s priority funding
12 areas including certain investments in the North Country. The most significant of these
13 commitments is loan funding to the Balsams Resort to facilitate its redevelopment. In addition,
14 NPT has agreed to allocate to the New Hampshire Public Utilities Commission the right to make
15 funding allocation decisions concerning \$20 million of the Fund over a ten (10) year period.
16 This commitment was made as part of a Settlement Agreement with PUC Staff in Docket No.
17 DE 15-459, discussed further below.

18 **Q. Please describe the advance loan funding provided to the Balsams Resort.**

19 A. In early 2016, advance loan funding was made available through the Forward NH
20 Plan to the Balsams in the amount of \$2 million to assist with ongoing development activities.
21 Earlier this week, the Balsams announced the advancement of its application to the New
22 Hampshire Business Finance Authority (“BFA”) made possible by a further commitment
23 through the Forward NH Plan to provide an additional \$3 million in loan funds to support
24 remaining development activities that will help the Balsams move toward financial close and the
25 start of construction. This combined investment of \$5 million in the Balsams will help foster
26 economic development, grow the tourism industry, and bring direct and indirect jobs to New
27 Hampshire’s North Country. We are pleased to make this further investment in the Balsams
28 because we recognize that the Balsams’ rebirth will be transformational for the North Country.
29 In short, this opportunity exemplifies the substantial benefits the Forward NH Plan will bring to
30 New Hampshire.

31

1 **Q. Have there been any updates to the North Country Jobs Creation Fund?**

2 A. Northern Pass has already provided \$200,000 to the North Country Jobs Creation
3 Fund (“NCJCF”) in advance seed money, and the NCJCF has funded several early action grants,
4 to six businesses providing a broad range of products and services. One such example is the
5 Dancing Bear at River’s Edge in Colebrook, NH which received \$22,500 in matching funds to be
6 used for exterior siding improvements to make the facility more appealing to tourists. A letter
7 from the recipient of these funds describing in detail the impact that the NCJCF grant had on his
8 business is attached as Attachment D. The NCJCF expects to make further funding allocations
9 in the near future.

10 **Q. Has NPT taken any steps to fulfill its commitment to make land available for**
11 **mixed use?**

12 A. Yes, NPT has been actively engaged in discussions with several parties regarding
13 potential uses for its North Country land holdings, in addition to commitments it has already
14 made to the Department of Environmental Services as part of its formal mitigation plan. Such
15 potential opportunities include a variety of business and recreational uses that have the potential
16 to advance tourism, as well as economic and community development. One such opportunity
17 that is being actively explored is a concept for a multi-recreational facility involving North
18 Country business owners and a major U.S. manufacturer. While these opportunities remain
19 under discussion and negotiation, NPT is fully committed to identify appropriate opportunities to
20 make its North Country land holdings available for mixed uses.

21 **Q. Please describe the Power Purchase Agreement (“PPA”) between Eversource**
22 **NH and Hydro Québec and its current status.**

23 A. On June 28, 2016, Eversource and Hydro-Québec reached a significant agreement
24 that ensures Eversource customers in New Hampshire will receive a substantial supply of clean
25 energy from the Northern Pass hydroelectric transmission project. The PPA has been submitted
26 to the New Hampshire Public Utility Commission for review and approval. The PPA is expected
27 to deliver additional benefits that will increase the total estimated energy cost savings for New
28 Hampshire customers.

29 The PPA will: (1) ensure that New Hampshire receives no less than its regional load ratio
30 share of the energy delivered over NPT during on-peak hours when energy and reliability
31 benefits are highest to PSNH’s customers; (2) create a stable pricing formula that reduces

1 volatility; and (3) ensure that all environmental attributes associated with the energy delivered
2 under the PPA would be transferred to PSNH for the benefit of its customers. In broad terms,
3 under the PPA, PSNH will receive a substantial supply (approximately 400,000 MWh/Year) of
4 firm, on-peak energy from renewable resources equal to approximately 20 MW and estimated to
5 provide approximately \$100 million in savings to PSNH customers over its term. Additionally,
6 PSNH will receive all of the environmental attributes associated with the Hydro-Quebec
7 renewable resources for the delivered energy over time, such attributes could provide up to \$300
8 million in benefits to New Hampshire customers over the term of the PPA.

9 **Public Utility Status**

10 **Q. Please describe NPT's status as a public utility in the State of New**
11 **Hampshire.**

12 A. Concurrent with its Application to the Site Evaluation Committee, NPT petitioned
13 the New Hampshire Public Utilities Commission for permission to commence business as a
14 public utility in the State of New Hampshire. On October 14, 2016, the PUC approved NPT's
15 Petition and granted NPT the requested authority to act as a public utility.

16 **Q. What benefits are associated with NPT being authorized to conduct business**
17 **in the State of New Hampshire as a public utility?**

18 A. As a public utility, NPT will be subject periodic reporting requirements and PUC
19 oversight over safety and operational matters. In addition, as noted above, as part of the
20 Settlement Agreement with PUC Staff in Docket No. DE 15-459, as part of its Forward New
21 Hampshire Plan, NPT committed to allocate \$20 million over a ten-year period to fund clean
22 energy and energy efficiency in the State. Specifically, upon the initial operation of the Northern
23 Pass Project, NPT will contribute \$2 million per year for the first ten years of operation to
24 support programs that advance clean energy innovation, community betterment, and economic
25 development in New Hampshire, including the "Core" energy efficiency programs operated
26 under the Commission's authority. Final allocation of the funds to specific initiatives shall be
27 determined by the Commission.

28

Outreach

1
2 **Q. Please describe NPT's outreach efforts to host municipalities since filing the**
3 **Application.**

4 A. NPT has continued its outreach to the host municipalities along the 192-mile
5 transmission route. Project representatives have engaged in and been available to participate in
6 meetings with municipal representatives to provide information on project design and benefits
7 and address municipal concerns. In December 2016, letters were sent to the twelve affected
8 towns providing advance notice of our design submittals to the New Hampshire Department of
9 Transportation.² Since then, NPT has provided information to host communities on estimated
10 tax revenues that these communities will receive once the project goes into service. Most
11 recently, NPT has reached out to host communities to offer to have discussions about stipulations
12 that could be presented to the SEC on a range of issues including, for example, construction
13 impacts, hours of construction, access roads, laydown areas, and any other issues of local
14 concern. Representative samples of the recent correspondence to host communities regarding
15 the DOT submittals, tax revenues and inviting discussions about construction impacts are
16 attached as Attachments E, F and G.

17 **Q. Please describe what stipulations and/or agreements NPT has been able to**
18 **make with host municipalities.**

19 A. The Applicants have reached out to each host municipality along the route to
20 discuss construction of the project, tax revenues and any other issues of importance to the towns.
21 The City of Franklin recently authorized its City Manager to develop a construction
22 Memorandum of Understanding ("MOU") with NPT. NPT anticipates that this MOU will be
23 finalized in the near future. Discussions with other municipalities regarding potential
24 construction MOUs are also underway. A template which includes standard terms for such an
25 MOU is attached as Attachment H. The Applicants respectfully request that the Committee
26 include the terms of any such MOU that may be subsequently finalized, as conditions in any
27 Certificate of Site and Facility issued by the Committee. The Applicants remain committed to
28 working with each municipality to alleviate concerns over project impacts and resolve as many
29 issues as is possible throughout siting and construction.

² Clarksville, Stewartstown, Plymouth, Pittsburg, Bethlehem, Sugar Hill, Franconia, Easton, Woodstock, Thornton, Campton, and Bridgewater

1 **Q. During the course of this proceeding, parties have claimed that because one**
2 **of the Applicants, PSNH, has engaged in property tax litigation in the past with certain**
3 **New Hampshire towns, the property tax benefits being asserted by NPT in the 31 host**
4 **Towns may not be accurate. Please explain.**

5 A. PSNH is a public utility that has a duty to serve its customers by furnishing and
6 maintaining adequate, efficient, just, and reasonable services to promote the health and safety of
7 the public. As part of this obligation, PSNH maintains a policy that it should not overpay
8 property taxes in excess of the amount that is reasonably due to each municipality. As all
9 property taxes paid by PSNH are recouped from customers through rates, PSNH strives to pay
10 only those costs that are reasonably due.

11 **Q. What assurance does NPT offer to host communities that it will not seek tax**
12 **abatements?**

13 A. NPT has made a pledge not to seek to abate tax assessments that are consistent
14 with the straight line depreciation method commonly used for valuation of utility assets. This
15 pledge is attached as Attachment I and NPT would be willing to have that pledge, as drafted,
16 become a Certificate condition. The estimated tax revenues that NPT has provided to host
17 communities are based on this methodology and, therefore, represent a conservative and
18 reasonable approximation of the tax revenues that will inure to host communities once the
19 project is built. Regardless of whether circumstances arise in the future which warrant an
20 abatement, NPT represents a substantial source of new revenue to most host communities. NPT
21 has provided current information to host communities regarding the anticipated tax revenues that
22 will be generated by NPT once the project is placed into service and have offered to engage in
23 discussions regarding tax revenues, if desired by any host community. See Attachment F.

24 **Q. What steps are being taken to work with business owners along the route to**
25 **address concerns about construction impacts?**

26 A. NPT has begun outreach to approximately 244 business owners in 12 towns along
27 the underground portion of the route to ensure coordination with businesses throughout
28 construction. A representative sample of the recent correspondence from NPT to these business
29 owners is attached as Attachment J. We expect to expand this effort to include business owners
30 along the overhead portions of the line in the near future. Our commitment to all business
31 owners includes ensuring continuous access to their places of business during construction,

1 timely communication, a 24 hour call-in number and on-line feedback, in person meetings, as
2 needed, consideration of community events and other local activities as well as working with
3 local chambers and other groups to promote continued commerce throughout construction. The
4 project is consulting with Louis Karno, a firm that was instrumental in designing and
5 implementing the business outreach program for Concord's Main Street construction project, and
6 is in the process of finalizing a detailed business coordination plan to help facilitate
7 communication and coordination with businesses along the route and to ensure that our
8 commitments to businesses are met during the construction period.

9 NPT has also worked with business owners along the route, as requested, to answer
10 questions and address concerns. One recent example is illustrated by the attached
11 correspondence submitted to the SEC by Yizchok Rudich of the Presidential Mountain Resort,
12 developer of a hotel project in Bethlehem, NH. As indicated in the letter, NPT has been working
13 collaboratively with the developer in an effort to address its development needs as they relate to
14 the proposed Northern Pass Project. See Attachment K attached.

15 **Q. What steps are being taken to work with property owners along the route to**
16 **address concerns about property values?**

17 A. Based on the report titled, High Voltage Transmission Lines and New Hampshire
18 Real Estate Markets: A Research Report, by James Chalmers of Chalmers & Associates, NPT
19 has developed a Guarantee Program ("Program") designed to ensure that owners of those
20 properties Mr. Chalmers identified as most likely to see property value impacts do not incur an
21 economic loss in the event of a sale within 5 years after construction begins. The Program
22 includes eligibility criteria aligned with Mr. Chalmers findings, an opt out provision exercisable
23 by owners of eligible property, a right of first refusal requirement and the process by which an
24 owner of eligible property may seek payment for diminution in property value. See the Program
25 Overview provided as Attachment L.

26 **Q. How will NPT handle any potential claims of property damage allegedly**
27 **caused during the construction of the Project?**

28 A. In the event a property owner believes that construction activities associated with
29 Northern Pass have resulted in property damage, a property owner may initiate a claim by
30 following the claims process reflected in Attachment M. This information will be made readily

1 available on the Project’s website. Inquiries about the process can also be made by contacting
2 our 24 hour call in number.

3 **Competitive Solicitations**

4 **Q. Please explain the results of the Tri-State Clean Energy RFP that were**
5 **discussed in the original pre-filed testimony of James A. Muntz dated October 16, 2015.**

6 A. NPT submitted a proposal to the Tri-State Clean Energy RFP on January 28,
7 2016, which sought to select proposals for up to 2,750 gigawatt hours (GWhs) of clean energy
8 consisting of wind, solar, and hydroelectric power. On October 25, 2016, the selection
9 committee selected clean energy projects that represent approximately 460 megawatts (MWs) of
10 wind and solar energy for the New England market. The selected projects represented only a
11 fraction of the potential quantity that could have been procured; moreover, no transmission
12 projects were selected. As discussed at prior public hearings and through responses to the
13 Applicants’ data requests, the Project has successfully continued to navigate the permitting
14 process before the New Hampshire and federal regulatory agencies. The Tri-State Clean Energy
15 RFP represented one of a number of potential opportunities for the Project to deliver benefits to
16 the State of New Hampshire and the region as a whole.

17 **Q. What other opportunities are there for NPT in the marketplace?**

18 A. NPT has the ability to deliver 1090 MW of clean hydro power into the New
19 England market. This can be accomplished by selling into the market, through power purchase
20 agreements or through requests for proposals. On August 8, 2016, Governor Charlie Baker
21 signed into law Bill H.B. 4568, Chapter 188 of the Acts of 2016, an Act to Promote Energy
22 Diversity (“Act”). The new law requires Massachusetts to solicit long-term contracts—lasting
23 15 or 20 years—to procure 1,600 megawatts of offshore wind power and another 1,200
24 megawatts of hydropower or other renewable resources, such as land-based wind or solar. The
25 legislation clearly contemplates large scale hydro portfolios like those offered by Hydro-
26 Quebec.

27 **Q. Is NPT seeking to submit a proposal or bid in response to any other**
28 **competitive solicitation?**

29 A. Yes. NPT and its partner, HQ, anticipate submitting a bid in response to the
30 Massachusetts solicitation (“MA RFP”) mandated by the Act. On February 2, 2017, a draft RFP
31 was issued seeking bids for 9,450,000 megawatt-hours (“MWh”) of clean energy, which is

1 consistent with the statute. The final Massachusetts RFP is anticipated to be issued on or about
2 March 31, 2017. NPT expects to submit a responsive proposal by the due date of July 27, 2017.
3 According to the information currently available, selections will be made by late January 2018.

4 **Q. If NPT's proposal is successful in the MA RFP, how will that affect the**
5 **benefits to New Hampshire?**

6 A. New Hampshire benefits will not be adversely affected by NPT's success in the
7 MA RFP. A substantial portion of those benefits are based on the wholesale market suppression
8 effect of injecting 1090MW of power into the New England market. These benefits will occur as
9 long as power flows over NPT onto the New England grid. The benefits associated with the PPA
10 would also not be affected by NPT's success in the MA RFP.

11 **Q. If NPT's proposal is not successful in the MA RFP, will the project go**
12 **forward?**

13 A. Our development of NPT is not predicated on the outcome of any one solicitation.
14 As I have previously stated, given the large and growing demand for clean energy across the
15 region, we believe there will be a number of opportunities for a project like Northern Pass to
16 successfully secure contractual commitments for delivery of low cost, clean hydropower. The
17 MA RFP is one of those opportunities. Regardless of the outcome of the MA RFP, the
18 Applicants intend to move forward with the development of Northern Pass.

19 **Transmission Service Agreement**

20 **Q. What is the status of the Transmission Service Agreement between NPT and**
21 **Hydro-Quebec?**

22 A. The TSA, which specified the respective rights and obligations of the parties,
23 including terms for cost recovery and decommissioning, remains in full force and effect. The
24 term of the TSA began on the original execution date of October 4, 2010, and continues 40 years
25 from the time the Northern Pass transmission line begins commercial operation, unless it is
26 earlier terminated. No such termination has occurred.

27 **Q. Will there be changes to the TSA that impact New Hampshire customers if**
28 **NPT is selected as a winning bidder in the MA RFP?**

29 A. If the Northern Pass project is selected in the MA RFP, the TSA will be modified
30 and/or complemented by one or more other agreements at that time. In any event, under no

1 circumstances would any such agreements impose cost obligations on New Hampshire
2 customers.

3 **Q. Does this conclude your testimony?**

4 **A. Yes, it does.**