

## 1 STATE OF NEW HAMPSHIRE

## 2 PUBLIC UTILITIES COMMISSION

3  
4 **March 22, 2012** - 1:41 p.m.  
Concord, New Hampshire

5 NHPUC APR10'12 PM 3:40

6  
7 RE: **DG 11-290**  
8 **NORTHERN UTILITIES, INC.:**  
9 **Integrated Resource Plan.**  
10 **(Prehearing conference)**11  
12 **PRESENT:** Chairman Amy L. Ignatius, Presiding  
13 Commissioner Robert R. Scott  
14 Commissioner Michael D. Harrington

15 Sandy Deno, Clerk

16  
17 **APPEARANCES:** **Reptg. Northern Utilities, Inc.:**  
18 Gary Epler, Esq.  
19 John Gulliver, Esq. (Pierce Atwood)20  
21 **Reptg. PUC Staff:**  
22 Marcia A. B. Thunberg, Esq.  
23 George McCluskey, Electric Division  
24 Robert Wyatt, Gas & Water Division  
Stephen Frink, Asst. Dir./Gas & Water Div.25  
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**P R O C E E D I N G**

1  
2 CHAIRMAN IGNATIUS: I would like to open  
3 the hearing in Docket DG 11-290, which is Northern  
4 Utilities, Inc.'s Integrated Resource Plan. On  
5 December 30, 2011, Northern Utilities filed an Integrated  
6 Resource Plan with the Commission for its Maine and New  
7 Hampshire Divisions. Covers the period 2011 and '12  
8 through 2015 and '16. And, it provides details of  
9 Northern's resource planning process based on its current  
10 forecast of requirements and present market conditions.  
11 Because Northern operates a single gas supply portfolio  
12 extending over parts of Maine and New Hampshire, the IRP  
13 process is subject to the jurisdiction of both the Maine  
14 and the New Hampshire Commissions.

15 So, with that, let's take appearances  
16 please.

17 MR. EPLER: Good afternoon, Chairman  
18 Ignatius, Commissioners. My name is Gary Epler. I'm  
19 Chief Regulatory Counsel for Unitil Service Corp.,  
20 appearing on behalf of Northern Utilities. And, Northern  
21 has quite a crew here with us this afternoon. I thought I  
22 would just, for the benefit of the new Commissioners,  
23 introduce them.

24 First, to my right, is John Gulliver.

1 He's an attorney with the firm of Pierce Atwood. Pierce  
2 Atwood is our counsel in Maine. And, as the Commission  
3 may be aware, there's a parallel proceeding, IRP  
4 proceeding in Maine. So, he comes with that knowledge,  
5 bringing that here. And, next to my right is Rob Furino,  
6 who is the Director of Energy Contracts for Unitil. In  
7 back of me, immediately in back of me is George Simmons,  
8 he's the Manager of Regulatory Services for Unitil. And,  
9 then, the two people to his right are both with Concentric  
10 Energy Advisors, consultants to Unitil; Jim Simpson,  
11 Senior Vice President, and Melissa Bartos, Assistant Vice  
12 President. And, then, in the last row is Tom Palma,  
13 again, immediately in back of me, he's the Manager of  
14 Distributed Energy Resources for Unitil; George Gantz,  
15 Senior Vice President, Unitil Corporation; and Ann Harkin,  
16 Senior Energy Trader; and, Fran Wells, Manager of Gas  
17 Supply, both for Unitil.

18 Thank you very much.

19 CHAIRMAN IGNATIUS: Thank you. Is  
20 anyone left back at the office?

21 MR. EPLER: A few people on the phones,  
22 but...

23 CHAIRMAN IGNATIUS: Ms. Thunberg.

24 MS. THUNBERG: Good afternoon, Chairman

1 Ignatius, Commissioners Scott and Howard -- Harrington.  
2 Marcia Thunberg, on behalf of the Staff. Excuse me. My  
3 apology to Commissioner Harrington.

4 CMSR. HARRINGTON: That's all right. I  
5 was called "Harrison" yesterday.

6 MS. THUNBERG: Yes. I know, and I was  
7 thinking of that. I don't want to add "Howard".

8 CMSR. HARRINGTON: And, that makes me  
9 the Three Stooges, I guess.

10 (Laughter.)

11 MS. THUNBERG: I'm here representing  
12 Staff, and, in particular, George McCluskey, to my left,  
13 and Bob Wyatt, also to my left. And, in the back of the  
14 room, Steve Frink, from the Gas Division. Thank you very  
15 much.

16 CHAIRMAN IGNATIUS: Thank you. Welcome.  
17 You can see we're getting a little punchy here. We've  
18 been making up for all our lost time on hearings by  
19 scheduling as fast as we can.

20 We have the filing from the Company.  
21 And, I have not seen the OCA notice from them. Does  
22 anyone know if the OCA has decided to participate?

23 MS. THUNBERG: Yes. OCA has been in  
24 contact with members of Staff. Due to their limited

1 numbers, they are, I think, just monitoring, but not  
2 actively participating in this docket.

3 CHAIRMAN IGNATIUS: All right. Well, we  
4 should make certain that they continue to receive copies  
5 of materials, and they may get more involved as they go  
6 forward.

7 So, what we would like to do is get a  
8 sense of the issues that the Company anticipates, any  
9 matters that you anticipate needing our involvement with,  
10 or just an overview of where you think the docket will  
11 take us, and then hear from Staff as well. If there are  
12 any procedural matters we should know about and can work  
13 on, please raise those. And, I assume that part of what  
14 you'll be working on later is development of a procedural  
15 schedule. So, at whatever point, notify us of that.

16 Mr. Epler, do you want to give a summary  
17 of the docket and any issues you anticipate being  
18 particularly complex or needing Commissioner involvement?

19 MR. EPLER: Well, as the Chairman  
20 indicated, the Company filed -- made its filing on  
21 December 30th. This was -- the scope of the docket was  
22 laid out in the Settlement Agreement in the previous IRP  
23 docket, and the Company has attempted to fulfill the  
24 requirements of that filing.

1           IRP dockets are some -- have sometimes  
2       been a little bit fluid in terms of scope of issues. So,  
3       I don't think that the Company has a hard-and-fast sense  
4       of all the issues that may be discussed. But, certainly,  
5       those that were outlined in the last settlement are those  
6       that we intend to spend time on.

7           I'll note that we have begun discovery  
8       in the case. The Staff has issued its first set of  
9       discovery questions, approximately 60 questions. And, we  
10      have responded, I think, as of today, I believe to all of  
11      them. There might be a few stragglers involved.

12          As I mentioned earlier, there is the  
13      parallel docket in Maine. And, so, sometimes there is a  
14      little bit of crossover, in terms of issues; issues that  
15      are raised there, may become issues here, and issues that  
16      are raised here, may become issues in Maine. So, again,  
17      it's hard to put a firm finger on the entire scope of the  
18      case.

19          But, certainly, the Company, as  
20      indicated by our attendance here, we're very much looking  
21      forward to participating with the Staff, available to  
22      answer their questions. If there are particular issues  
23      that the Commission would like to be briefed on, we're  
24      available and we'll certainly attend to that.

1                   CHAIRMAN IGNATIUS: All right. Thank  
2 you. Maybe we'll hear from Ms. Thunberg, and then there  
3 may be questions from the Commissioners on where we're  
4 going.

5                   MS. THUNBERG: Thank you. As noted in  
6 the Order of Notice, Northern's IRP is being reviewed both  
7 in Maine and New Hampshire. And, as Attorney Epler has  
8 noted, Northern has responded to Maine's discovery. If  
9 Northern has responded to New Hampshire's discovery in  
10 total today, then I guess we'll find out at the tech  
11 session. But, just to emphasize, that both Maine and New  
12 Hampshire have gotten a good start in discovery, haven't  
13 waited for a procedural schedule. And, the Company is  
14 already responsive to the discovery. So, that's a good  
15 start on this.

16                   As far as guidelines: Staff is looking  
17 back to the seminal order, 19,546, where the Commission  
18 laid out criteria for integrated resource plans; that is  
19 completeness, comprehensiveness, integration, feasibility,  
20 and adequacy of the planning process. So, that's the  
21 broad umbrella of guidance that we are going to be  
22 reviewing the IRP under.

23                   Also, as Attorney Epler noted, in the  
24 last IRP docket, which was DG 06-098, there were very

1 specific criteria that the present IRP should meet. There  
2 were also some guidelines, as far as the conduct of the  
3 proceeding. One of them was that Maine and New Hampshire  
4 Staff would try to work together in the interest of  
5 economy and efficiency. And, Staff has already had one  
6 meeting with Maine, to try to simplify issues, so that we  
7 can simplify discovery.

8 In the prior IRP, there was a  
9 recommendation that the Commission complete its initial  
10 review in nine months. And, we will strive, in the tech  
11 session following this, to develop a procedural schedule  
12 that meets or attempts to meet that deadline, so we don't  
13 have a protracted review.

14 The last IRP order set out very specific  
15 standards for demand forecasts, the resource balance, the  
16 planning standards, and supply-side resource assessments,  
17 demand-side resource assessment, *etcetera*. And, we will  
18 be -- Staff will be looking at the elements of the IRP to  
19 make sure it's complied with those sections.

20 Initially, we know that we will be  
21 diving more into the issue of the integration of  
22 supply-side and demand-side, because this is the IRP that  
23 Northern will be -- is expected to fully develop that  
24 area. So, it's, I guess, a first instance for them. So,

1 Staff has already noted that there are some issues that  
2 Staff wants to discuss with the Company about how they did  
3 it. But, other than that, we don't, at this point, see  
4 any major problems, may come up through our thorough,  
5 continued discovery, but none at this point.

6 So, again, Staff will have an opinion to  
7 the Commission or recommendation to the Commission, and we  
8 will put that formally in a procedural schedule, and it  
9 will probably take the form of testimony. So, thank you  
10 very much.

11 CHAIRMAN IGNATIUS: Thank you. Are  
12 there questions? Commissioner Harrington.

13 CMSR. HARRINGTON: Maybe just a comment.  
14 I haven't read through this document as yet. But, you  
15 know, one of the things that's going to be affecting New  
16 England, and it has been already, is, because of the  
17 historic low price of natural gas and the high price of  
18 oil, there's been the -- much more of our electricity is  
19 coming, a higher and higher percentage, is from natural  
20 gas. And, over this period, if there were to be electric  
21 generation plants built, it would more than likely be  
22 natural gas plants, which would even put more of a  
23 competition for the existing gas out there. And,  
24 hopefully, that's being accommodated here, this

1 possibility of this. And, you know, we add into that, if,  
2 and this may be more Bob's thing, from his former job, but  
3 some of the EPA rules and low usage could cause some oil  
4 plants to shut down. Which, again, if they're going to be  
5 repowered or replaced, it would be with natural gas. So,  
6 you may have more competition through the -- using gas in  
7 electric production than we have seen in the past. So,  
8 it's something that needs to be considered.

9 CHAIRMAN IGNATIUS: Thank you  
10 Commissioner Scott.

11 CMSR. SCOTT: Yes. Thank you. I'll  
12 pick up on that. So, and again, I've only just scanned  
13 this, so, if it's in there, that's terrific. I was also  
14 interested in, I'll preface this by saying my guess is the  
15 impact is relatively minor, but, when you look at demand  
16 growth, I was interested if there are analyses being  
17 looked at for displacement, meaning, home heating oil  
18 prices, as they go up, I assume there would be some  
19 demand, to those who can, would prefer to go on gas, a  
20 residual fuel for C&I customers. Potentially, even as  
21 gasoline prices go up, more demand for natural gas for  
22 vehicles, that type of thing. So, I was curious to see  
23 some sort of look at that. Again, maybe it's in there.  
24 If it is, that's terrific.

1                   Similarly, as Commissioner Harrington  
2 mentioned, some of this would require a crystal ball. So,  
3 I don't expect you to have all the answers. But increases  
4 in environmental regulations, for example, the sulfur  
5 content of different oils is coming on. There's a new  
6 National Ambient Air Quality Standard for sulfur dioxide,  
7 which is going to drive some of the larger facilities in  
8 the region to try to look for alternative fuels, where  
9 available. Those are the type of things I was hoping to  
10 get some feel for.

11                   And, finally, and maybe this is a  
12 question for the Chair, I don't know. Given this is a  
13 joint docket with Maine and New Hampshire, is there a  
14 mechanism where we can see each others' comments, since  
15 it's the same document we're looking at?

16                   CHAIRMAN IGNATIUS: Any responses to  
17 those?

18                   MR. McCLUSKEY: Commissioners, with  
19 regard to Mr. Harrington's comment about the increasing  
20 demand on the generation side for natural gas, that is not  
21 really addressed in the IRP. The primary focus of the  
22 integrated resource plan is having sufficient resources to  
23 meet the current and future demand for retail customers of  
24 Northern. Clearly, any growth in the demand for natural

1 gas on the power side will have, one would think, an  
2 impact on prices, if demand throughout the country does  
3 not respond. So, there will be some impact that way.  
4 But, directly, no. That issue, the ISO-New England issue  
5 that's being studied is not addressed in the IRP directly,  
6 explicitly.

7 CMSR. HARRINGTON: And just, maybe to be  
8 clear, what I was kind of alluding to is the fact that  
9 there's going to be more competition for getting the gas  
10 supply. So, as far as that would -- may make it -- would  
11 there be times that maybe you simply get outbid by a power  
12 plant and make it more difficult to get the supply,  
13 because there's only a limited amount of delivery methods  
14 for gas? That's, I guess, what I was looking at. Or,  
15 maybe that's not an issue. That was what I was concerned  
16 about there.

17 MR. McCLUSKEY: Sure. As I said, there  
18 will be a price effect. I am not anticipating, certainly,  
19 with the growth in supplies from shale resources, that  
20 there would be a limit in the quantity of gas available.  
21 So, it will not be outbid, in the sense there will be no  
22 gas available. But, certainly, there could be price  
23 effects from any growth in the use of natural gas.

24 Now, with regard to the environmental

1 benefits of natural gas versus oil: Natural gas is,  
2 obviously, competing with fuel oil. That's a major fuel  
3 source for New Hampshire. And, that is actually addressed  
4 in the "load forecast" section of the IRP, which is  
5 developed by Northern's consultants at Concentric that are  
6 here today. There's an element of that forecast, it's  
7 called the "marketing adjustment", which essentially  
8 responds to low price, environmentally sound resource, and  
9 there's another factor, which escapes me at the moment.  
10 But the kind of issue that you raised is addressed, if not  
11 explicitly, it's in there, and that will be developed more  
12 as we review the IRP. There will be certainly a lot of  
13 discovery devoted to that component of the load forecast.

14 CHAIRMAN IGNATIUS: On the relationship  
15 between the Maine and the New Hampshire proceedings, and  
16 how much each of the states coordinate during discovery, I  
17 think you've addressed that a bit, maybe a little bit  
18 more, you can explain a little more on how that works.  
19 And, then, when it moves to the hearings process and  
20 ultimate ordering period, where the states may have some  
21 different issues that arise during the hearings, I know  
22 we've been through this somewhat before. Can you describe  
23 what you -- how you think that would play out.

24 MR. EPLER: Well, we have an informal

1 process. Where the Company has established a  
2 password-protected website, where we are posting all the  
3 filings from both states, and including discovery, and  
4 then giving access to parties in the case. We've done  
5 that, actually, in a number of cases. We most recently  
6 did it in the rate cases, because both states were  
7 interested in seeing the progress of the rate proceedings  
8 in each other's state. So, we've done that. And, that  
9 has worked fairly successfully, to give parties ready  
10 access to all the filings in one location.

11 That we -- we don't post the  
12 confidential material. Confidential material would go  
13 through the normal process of filing confidentially with  
14 appropriate motions and protective orders and so on, you  
15 know, within the states.

16 There are also, as counsel for Staff  
17 mentioned, there are, again, informal dialogues between  
18 the Staffs of the State and the Office of Public Advocate,  
19 in Maine. And, then, there are joint meetings. We will  
20 hope to have joint technical sessions, and so on, so  
21 parties can share information.

22 My understanding is that, in the past,  
23 there have been joint Commission proceedings. But I don't  
24 think that that has happened recently. At least not since

1 Unitil acquired Northern Utilities.

2 CHAIRMAN IGNATIUS: It seems to me I  
3 recall, although they weren't joint hearings, there was a  
4 period where a copy of the Maine order came to the New  
5 Hampshire Commission to evaluate, and probably vice versa,  
6 before either order became final in the home states. Is  
7 there -- or, did one state sort of approve it, subject to  
8 the second state? And, we just don't want to get in a  
9 loop where we can't until Maine does, and Maine can't  
10 until New Hampshire does, and nobody can get to their  
11 final order.

12 MR. EPLER: Yes. I think we're -- the  
13 Company and the other parties are sensitive to that issue.  
14 So, we do try to coordinate that. And, for example, in  
15 the acquisition, there was, as we were getting closer and  
16 closer to settlement, each side wanted to make sure that  
17 we weren't giving one side something different than the  
18 other side. So, there is that kind of coordination. And,  
19 I think we'll definitely endeavor to make sure that that  
20 is very clear and transparent to the Commissions in both  
21 states, so that issues don't get pressed on to one state  
22 or another state.

23 CHAIRMAN IGNATIUS: Good. Anything  
24 further from the parties?

1 MR. FURINO: Excuse me, I could make a  
2 comment, if I have the opportunity.

3 CHAIRMAN IGNATIUS: Please.

4 MR. FURINO: Commissioner Harrington, in  
5 response to your observation about competition coming from  
6 the power gen. sector? The Company, as Mr. McCluskey  
7 states, the filing does not directly reflect any analyses  
8 with regard to that. But I would just make the comment  
9 that Northern Utilities, as a local distribution company,  
10 is planning, in a long-term basis, to reliably meet its  
11 requirements. And, as such, it plans to provide for firm  
12 transportation for its needed supplies into the future.  
13 That contrasts with the current state of the market on the  
14 electric side, whereby electric power generators are  
15 relying on interruptible transportation or other available  
16 pipeline capacity. And, so, at this point, while there  
17 may be competition for supply, the LDAC will be the party  
18 that's in place with the ability to deliver and access  
19 that supply.

20 CMSR. HARRINGTON: I would just comment  
21 that that's correct, but there are some companies -- some  
22 generating facilities in New Hampshire that have firm  
23 supply. And, that there's been a revisitation on that  
24 through the ISO New England process, where there be more

1 companies, more generating facilities looking at firm  
2 supply. It's just something, a trend that may or may not  
3 occur, but it's possible.

4 MR. FURINO: Yes. Yep. The Company  
5 agrees, and has been aware of the ongoing dialogue between  
6 ISO-New England and the Northeast Gas Association on this  
7 subject.

8 CMSR. HARRINGTON: Thank you.

9 CHAIRMAN IGNATIUS: All right. Well, if  
10 there's nothing further?

11 (No verbal response)

12 CHAIRMAN IGNATIUS: Then, I guess we  
13 await a recommendation for a procedural schedule. And,  
14 appreciate your time today. We'll stand adjourned.

15 **(Whereupon the prehearing conference**  
16 **ended at 2:02 p.m., and the parties**  
17 **conducted a technical session**  
18 **thereafter.)**

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