

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

July 11, 2013 - 10:48 a.m.
Concord, New Hampshire

NHPUC JUL15'13 PM 4:19

RE: DE 13-172
UNITIL ENERGY SYSTEMS, INC.:
*Annual Stranded Cost Recovery and
External Delivery Charge Reconciliation
and Rate Filing.*

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott
Commissioner Michael D. Harrington

Clare Howard-Pike, Clerk

APPEARANCES: Reptg. Unitil Energy Systems, Inc.:
Gary Epler, Esq.

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Grant Siwinski, Electric Division

Court Reporter: Steven E. Patnaude, LCR No. 52

ORIGINAL

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

I N D E X

PAGE NO.

**WITNESS PANEL: TODD M. BOHAN
 LINDA S. McNAMARA**

Direct examination by Mr. Epler	7
Cross-examination by Ms. Amidon	10
Interrogatories by Cmsr. Harrington	16
Interrogatories by Cmsr. Scott	19
Interrogatories by Chairman Ignatius	21, 30

* * *

CLOSING STATEMENTS BY:

PAGE NO.

Ms. Amidon	32
Mr. Epler	32

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	UES Annual Reconciliation and Rate Filing, including the Petition, tariff pages, and the testimony and exhibits of Todd M. Bohan and Linda S. McNamara (06-13-13)	6
2	Response to PUC Staff Information Request, Set 1, Request No. Staff 1-1 (07-08-13)	6
3	RECORD REQUEST (Citation to whatever order, settlement agreement, etc., which set up the structure for recovery of legal costs on these transmission expenses)	31
4	RECORD REQUEST (Citation to the waiver of LCIRP requirements for Unitil)	31

P R O C E E D I N G

1
2 CHAIRMAN IGNATIUS: Okay. Good morning.
3 I'd like to begin the hearing in Docket DE 13-173, which
4 is Unitil Energy Systems' annual reconciliation and rate
5 filing regarding its Stranded Cost Charge and its External
6 Delivery Charge.

7 MS. AMIDON: Madam Chairman, it's
8 13-172.

9 CHAIRMAN IGNATIUS: What did I say?

10 MS. AMIDON: "173". I apologize for
11 interrupting you.

12 CHAIRMAN IGNATIUS: No, thank you.
13 Yesterday, I said something was "voted unanimously 9-1".

14 (Laughter.)

15 MR. PATNAUDE: And, there's only nine
16 members.

17 (Laughter.)

18 CHAIRMAN IGNATIUS: I hate to say it,
19 and it was a discussion of financial capability.

20 (Laughter.)

21 CHAIRMAN IGNATIUS: Okay. So, on
22 June 14, 2013, Unitil made its filing laying out the
23 proposed increases of 1.9 percent for customers in the
24 Residential class, the same for customers in General

1 Service, and a 2.6 percent increase for customers in the
2 Large General Service class, if the changes proposed were
3 enacted. The request is for effect August 1st, 2013.
4 And, by order of notice dated June 27th, we issued notice
5 of a hearing for this morning.

6 Let's begin with appearances please.

7 MR. EPLER: Good morning, Chairman and
8 Commissioners. My name is Gary Epler appearing on behalf
9 of Unitil Energy Systems, Inc.

10 CHAIRMAN IGNATIUS: Good morning.

11 MS. AMIDON: Good morning. Suzanne
12 Amidon, for Commission Staff. With me today is Grant
13 Siwinski, an analyst in the Electric Division.

14 CHAIRMAN IGNATIUS: Good morning. I
15 understand you have two witnesses. And, is there anything
16 to take up before they begin?

17 MR. EPLER: Yes, Chairman Ignatius. If
18 we could, the Company has two exhibits. The first is the
19 original filing that's in the blue binder. That consists
20 of the Petition, the proposed tariffs, and the testimony
21 and exhibits of the witnesses, prefiled testimony and
22 exhibits, would like that marked as Exhibit Number 1, --

23 CHAIRMAN IGNATIUS: So marked.

24 MR. EPLER: -- premarked.

[WITNESS PANEL: Bohan~McNamara]

1 (The document, as described, was
2 herewith marked as **Exhibit 1** for
3 identification.)

4 MR. EPLER: And, the second, I placed in
5 front of you on the Bench, there was a data request that
6 the Staff and the Company agreed is helpful to the review
7 of this matter. And, so, I propose that that be marked as
8 -- premarked as "Exhibit Number 2".

9 CHAIRMAN IGNATIUS: Any opposition to
10 that?

11 MS. AMIDON: No.

12 CHAIRMAN IGNATIUS: We'll mark that for
13 identification as "Exhibit 2". Thank you.

14 (The document, as described, was
15 herewith marked as **Exhibit 2** for
16 identification.)

17 CHAIRMAN IGNATIUS: If there's nothing
18 else, you may proceed.

19 (Whereupon **Todd M. Bohan** and **Linda S.**
20 **McNamara** were duly sworn by the Court
21 Reporter.)

22 **TODD M. BOHAN, SWORN**

23 **LINDA S. McNAMARA, SWORN**

24 **DIRECT EXAMINATION**

{DE 13-172} {07-11-13}

1 BY MR. EPLER:

2 Q. Okay. Mr. Bohan, please state your full name and by
3 whom you're employed and position.

4 A. (Bohan) Todd M. Bohan. And, I'm employed as a Senior
5 Energy Analyst with Unitil Service Corporation, in
6 Hampton, New Hampshire.

7 Q. Okay. And, Ms. McNamara, the same question to you.

8 A. (McNamara) My name is Linda S. McNamara. I'm a Senior
9 Regulatory Analyst for Unitil Service Corp., in
10 Hampton, New Hampshire.

11 Q. Okay. Thank you. Mr. Bohan, can you turn to what's
12 been marked as "Exhibit Number 1", and turn to the
13 tabs --

14 MR. EPLER: And, madam Chair, just due
15 to a slight administrative error, the tabs are not labeled
16 correctly. They are labeled "TBM", and they should be
17 "TMB". But everything else is labeled correctly.

18 CHAIRMAN IGNATIUS: That's fine.

19 MR. EPLER: Apologize for that error.

20 BY MR. EPLER:

21 Q. And, turning to those tabs, Exhibit TMB-1 and the
22 schedules that follow, were these prepared by you or
23 under your direction?

24 A. (Bohan) Yes, they were.

[WITNESS PANEL: Bohan~McNamara]

1 Q. And, do you have any changes or corrections at this
2 time?

3 A. (Bohan) I do not.

4 Q. Okay. And, if asked the same questions that appear in
5 your prefiled direct testimony, would your answers be
6 the same?

7 A. (Bohan) Yes, they would.

8 Q. Thank you. And, can you also turn to what's been
9 premarked as "Exhibit Number 2", which is the Company's
10 response to Data Request Staff 1-1. And, was this
11 prepared by you?

12 A. (Bohan) Yes, it was.

13 Q. And, do you have any changes or corrections to this?

14 A. (Bohan) I do not.

15 Q. And, do you adopt this as your response?

16 A. (Bohan) I do.

17 Q. Mr. Bohan, just one last question. The Company has
18 been submitting these annual Stranded Cost Recovery and
19 External Delivery Charge reconciliation and rate
20 filings for a number of years. And, the portion that
21 you're responsible for, was that prepared in accordance
22 to the precedent that's been established and the same
23 procedures that's been established in these dockets as
24 in the past?

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 A. (Bohan) Yes, it was.

2 Q. Okay. Thank you. Ms. McNamara, good morning. Could
3 you please turn to the tabs in Exhibit Number 1 that
4 are marked "Exhibit LSM-1" and the schedules that
5 follow, Schedule LSM-1 through Schedule LSM-4. And,
6 were these prepared by you or under your direction?

7 A. (McNamara) They were.

8 Q. And, do you have any changes or corrections?

9 A. (McNamara) No.

10 Q. And, turning to your testimony that's in Exhibit LSM-1,
11 if you were asked the same questions, would your
12 answers be the same today?

13 A. (McNamara) They would.

14 Q. And, again, referencing the number of annual filings,
15 similar annual filings that have been made, were the
16 procedures and calculations that you employed in
17 submitting your filing, were they the same, using the
18 same procedures as been approved in the past?

19 A. (McNamara) Yes.

20 MR. EPLER: Okay. Thank you. Thank
21 you, Chairman. I have no further questions.

22 CHAIRMAN IGNATIUS: All right.

23 Ms. Amidon.

24 MS. AMIDON: Thank you. Good morning.

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 WITNESS BOHAN: Good morning.

2 WITNESS McNAMARA: Good morning.

3 **CROSS-EXAMINATION**

4 BY MS. AMIDON:

5 Q. I want to turn to Exhibit 2 and just ask for a further
6 clarification on a couple of the variances that are
7 described there. And, I believe this question would be
8 for you, Mr. Bohan, regarding the "Regional
9 Transmission and Operating Entities" variance. The
10 answer there explains that the variance of
11 approximately \$2.6 million is driven by an increase in
12 the Regional Network Service rate. Could you describe
13 if this is just a general forecast increase in the rate
14 or is there any particular projects that are
15 responsible for this increase?

16 A. (Bohan) This is just a general increase in the RNS
17 rate. And, one of the things that we've noticed over
18 the last few years, there has been upward pressure on
19 that rate. If you go back to maybe in like 2005, 2006,
20 the RNS rate, you know, that we're talking about now
21 for June 1st is over \$86, back then it was, you know, a
22 fraction of that. And, that rate has continued to
23 increase, and there's been significant pressure on that
24 over the last seven, eight years. And, once again,

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 this year we're seeing another upward shift in that
2 rate, from \$75, up to a little over \$86. That's just
3 been the general trend. I don't have specific
4 transmission projects to attribute that to, but the
5 overall transmission revenue requirement has been
6 increasing over time, and that's leading to the higher
7 RNS rate that we're charged at Unitil.

8 Q. Thank you. Do you see this trend continuing? In other
9 words, do you see continuing increases in these
10 regional costs?

11 A. (Bohan) I think, for the near future, yes, that's going
12 to be the case.

13 Q. Okay. Thank you. Regarding the second category, which
14 is "Load Estimation and Reporting System Costs", is
15 this related to a disgorgement from -- what has been
16 called by other people as a "disgorgement" from
17 Constellation ordered by FERC?

18 A. (Bohan) That is correct.

19 Q. Okay.

20 A. (Bohan) So, the FERC issued -- the FERC required
21 refunds, and the New England region received a refund
22 of approximately \$20 million. ISO-New England went
23 through a calculation, and the share that was then sent
24 back to Unitil Energy Systems was \$197,000. We just

{DE 13-172} {07-11-13}

1 happened to put that refund in this category, and
2 that's why you're seeing this show up here and seeing
3 that variance.

4 Q. And, this is one-time refund?

5 A. (Bohan) That is correct.

6 Q. Okay. Thank you. Now, regarding "Legal Charges", I
7 was -- I wanted to get a further explanation, I don't
8 know if you're -- which of you can answer this, but
9 there is an estimate for some increased costs, legal
10 work associated with the Concord Steam Corporation
11 interconnection. Could you just elaborate on that for
12 me please.

13 A. (Bohan) Yes. I'll give a general description of my
14 understanding. And, if we need to, we can try and get
15 a further explanation. The interconnection agreement
16 with Concord Steam, the wheeling agreement with Concord
17 Steam has come to an end, and I think they're on -- we
18 have an interim arrangement with them. So, we're in
19 the process of or at least discussing things with
20 Concord Steam as to what they want to do moving
21 forward. So, we anticipate additional legal work later
22 this year associated with making that happen, and also
23 other work that may -- other legal work that might be
24 included with the review for, you know, system upgrades

[WITNESS PANEL: Bohan~McNamara]

1 and things that we would need to do in order to make
2 that happen.

3 Q. So, you said some agreement with Concord Steam has come
4 to an end?

5 A. (Bohan) The wheeling agreement I believe has come to an
6 end.

7 Q. So, this would be work in connection with renewing that
8 agreement?

9 A. (Bohan) Yes, or a different agreement.

10 Q. A different agreement. And, is this contingent at all
11 upon their relocation of their plant? If you don't
12 know, that's fine. It's really --

13 A. (Bohan) I don't know the answer to that.

14 Q. That's fine. I mean, I just -- I wanted to ask the
15 question. I don't think it relates to the estimate of
16 legal costs, but I was -- I just wanted to see if you
17 knew. Thank you.

18 A. (Bohan) Uh-huh.

19 Q. Now, the "EDC Cost Adjustment", the Company has
20 provided a docket number, but I think it would be
21 helpful for the record and for the Commissioners if you
22 could explain, either you, Mr. Bohan, or Ms. McNamara,
23 explain what the underlying issue was in that docket,
24 so that the Commission can understand why this cost is

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 being passed onto customers.

2 A. (Bohan) Is it okay if I defer to Ms. McNamara on this
3 question?

4 A. (McNamara) Well, I don't know if I'll be able to get
5 too much into -- deep into the issue, but --

6 Q. I just want a brief explanation.

7 A. (McNamara) Oh, okay.

8 Q. I don't think you need to tread in deep. I just want
9 to know -- I just want to --

10 A. (Bohan) Just refresh.

11 A. (McNamara) Okay.

12 Q. Right.

13 A. (McNamara) And, we're talking in reference with DE
14 11-105, for example, on Schedule TMB-2, Page 4 of 4.

15 CHAIRMAN IGNATIUS: Do you have a Bates
16 number?

17 WITNESS McNAMARA: That's Bates stamp
18 Page 60.

19 CHAIRMAN IGNATIUS: Thank you.

20 **CONTINUED BY THE WITNESS:**

21 A. (McNamara) There is a similar column for the Stranded
22 Cost Charge calculation, but we'll just use this as an
23 example. The second to last column, Column (n), "EDC
24 Cost Adjustment per DE 11-105", and the total for that

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 is just a little over -- well, almost \$74,000 for this
2 year. We had a customer with, and, again, excuse me,
3 because I wasn't in the ins on that particular docket,
4 but there was essentially a meter error, and the
5 customer was being overcharged for a number of years.
6 And, in DE 11-105, a settlement was agreed to that
7 allowed for UES to recover portions of that from the
8 customers that would have paid it had there not been
9 the billing error.

10 And, so, I actually could reference you
11 to another schedule, which will show you, it's under
12 Schedule LSM-2, which is Bates stamped Page 17 -- oh,
13 I'm sorry, I have you on the wrong one. Bates stamped
14 Page 24. And, this schedule, for the External Delivery
15 Charge, details out, beginning in June 2012, the month
16 which the Company was allowed to begin recovering or
17 reconciling the billing adjustment of "\$137,969.91",
18 with interest. And, it shows, in Column (b), the
19 "\$73,995", which was included in the schedule we just
20 referenced for this period.

21 Next year, assuming interest rates don't
22 change, we'll be including another \$73,000, which would
23 fully reconcile this portion, the EDC portion.

24 BY MS. AMIDON:

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 Q. Is there another portion?

2 A. (McNamara) There is the stranded cost portion, which I
3 believe was Page 17. And, there is also, as in our
4 prior default service docket, we included a portion
5 related to default service in the G1 default service
6 rates. And, then, there were other pieces that the
7 Company was not allowed to have recovery of.

8 Q. Okay. So, if we look at your Bates stamp Page 17,
9 which is LSM-1, Page 6 of 6, in this SCRC, the proposed
10 rate, you're proposing to recover \$55,500 through that?

11 A. (McNamara) Correct.

12 MS. AMIDON: Okay. Thank you. And,
13 that explanation was very helpful. Thank you. I have no
14 further questions.

15 CHAIRMAN IGNATIUS: Thank you. That was
16 the River Woods at Exeter dispute, is that --

17 WITNESS McNAMARA: Yes, it was.

18 CHAIRMAN IGNATIUS: Questions from the
19 Bench? Commissioner Harrington.

20 CMSR. HARRINGTON: Just a little, a
21 couple of short ones.

22 BY CMSR. HARRINGTON:

23 Q. On Page 48 of Exhibit 1, and who's ever the most
24 appropriate, just feel free to answer, I had a couple

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 of quick questions there. On the Table 1, at the top
2 of the page, --

3 A. (Bohan) Uh-huh.

4 Q. -- you go down, and there's -- I understand the first
5 couple there, and the "Hydro-Quebec Support Payments",
6 you've explained in the text that they vary from year
7 to year, depending on the amount of maintenance and so
8 forth. And, apparently, there was just a substantial
9 increase in those this year as compared to last?

10 A. (Bohan) Yes, that's correct.

11 Q. And, is that -- would it be expected this was an
12 abnormally high year, and it would go back more closer
13 to the 50,000 than 190 next year, or is this a
14 continuing trend upward?

15 A. (Bohan) That is correct. We expect that, at least at
16 the moment, we expect that to revert to what it's been,
17 not to be at that -- persist at that higher level.

18 Q. Okay. And, the "True-up estimate", I'm trying to
19 figure out what exactly does that encompass on Line 5?

20 A. (Bohan) Because the billing is actually done based on
21 an estimate, and the actual cost isn't calculated fully
22 until two months after the fact. So, once that true-up
23 is -- or, once the actual costs are determined, we have
24 to do a true-up, in order to have our payments align

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 with what the actual costs were. And, that's why, in
2 this case, the ultimate true-up here was just under
3 \$200,000.

4 Q. And, that's the reason that, for the "2013 to 2014",
5 it's zero, because the true-up simply hasn't been done
6 yet?

7 A. (Bohan) Well, correct. And, also, that assumes that,
8 at the moment, we're assuming that our expectation of
9 costs are equal to what actual will be. In reality,
10 next year, they will come in, they'll be either higher
11 or lower, and the true-up will be positive or negative.

12 Q. Whatever it is.

13 A. (Bohan) Yes.

14 Q. Okay. Good. One other question, starting on Line 7
15 there, you explain how the efforts by UPC to mitigate
16 stranded costs associated with Hydro-Quebec, and it
17 involves selling transmission rights through Central
18 Vermont Power Service Corporation. Do you have any
19 figures on the amount? I mean, how much is actually
20 saved by doing that and having them, you know, sell the
21 transmission rights on the short-term market?

22 A. (Bohan) Yes. If we could turn to, it's one of the last
23 -- I think it's the last page of my exhibits. It's
24 Bates stamp Page 66. And, I'll reference probably the

1 last set of lines there, towards the bottom, the
2 "July 2013 - July 2014" section. If you look at Line
3 2, you'll see a category there "Resale of Transmission
4 Rights and Capacity Credits", and you'll see these
5 negative numbers all the way across, and the total is,
6 you know, just under \$270,000.

7 Q. Yes. I had looked at this, and I thought that's what
8 it meant, but I wasn't sure. So, basically, the cost,
9 if we go across to the "Total", the cost would have
10 been 465,000 and some change. But, because of these
11 resale, it's only 195,000 and some change?

12 A. (Bohan) That is correct.

13 CMSR. HARRINGTON: Okay. So, I got it
14 right. Thank you. That's all the questions I had.

15 CHAIRMAN IGNATIUS: Commissioner Scott.

16 CMSR. SCOTT: Thank you. I had a couple
17 easy questions, which dovetail exactly with Commissioner
18 Harrington's question.

19 BY CMSR. SCOTT:

20 Q. I was curious, on Page 66, I was just curious how you
21 -- what went into your estimate for -- obviously, I
22 understand an estimate is just that, and you don't know
23 for sure, but I was curious what factors go into that?

24 A. (Bohan) Typically, what I would do at this point in

[WITNESS PANEL: Bohan~McNamara]

1 time, unless I have other knowledge of what's going to
2 happen in the future, I would look at a historical
3 period of this, typically, the last year, and see what
4 the average has been, and use that as a proxy for the
5 fore coming -- the forecast period.

6 Q. Sounds reasonable.

7 A. (Bohan) Yes.

8 Q. And, similarly, you obviously have estimates for the
9 SCC and EDC costs also. Is it a similar methodology
10 or --

11 A. (Bohan) Very similar, yes. Generally, I would use -- I
12 would look at what's happened historically. Obviously,
13 if I have any particular knowledge of things that are
14 going to be happening in the future, we'd incorporate
15 that into the estimated forecast.

16 Q. And, earlier you had mentioned that the network service
17 rates are "trending up". Do you factor that in or do
18 you just --

19 A. (Bohan) That has been --

20 Q. It doesn't factor too much in --

21 A. (Bohan) That has been factored in.

22 Q. Okay.

23 A. (Bohan) Yes. Because we get information from the --
24 that's provided by ISO-New England, right around late

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 May/early June, that tells us what that rate's going to
2 be.

3 CMSR. SCOTT: Thank you. That's all I
4 have.

5 CHAIRMAN IGNATIUS: Thank you. I have a
6 couple of other questions.

7 BY CHAIRMAN IGNATIUS:

8 Q. On the funds from Constellation being included this
9 time, I guess we're looking at Exhibit 2, the very top
10 of the second page, am I reading this right that, if
11 those monies had not been -- if those monies had not
12 been brought in in this period, would the increase
13 required have actually been far higher?

14 A. (Bohan) Could I intervene here and --

15 Q. Please.

16 A. (Bohan) If we come back over to the -- if we come back
17 over to the table on the previous page to the response,
18 Line 7 -- excuse me, Line Number 5, we have a figure of
19 "14,791 negative". Had that refund not been included,
20 that number would have been "183,040 positive". Okay?
21 It would have been very close to what our current
22 estimate is. The difference only -- the variance would
23 have been only \$2,900. So, it's that refund that's
24 essentially masking any costs from the current period.

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 Q. I think I'm still not following the flow of money.

2 A. (Bohan) Okay.

3 Q. I'm wondering, you had this influx of funds that all
4 came in at once, because of the Settlement.

5 A. (Bohan) Right.

6 Q. And, it happened to be fairly close to the amount of
7 expense you were anticipating for this period?

8 A. (Bohan) Correct.

9 Q. So, where I'm getting lost is, well, how does a revenue
10 influx offset an expense?

11 A. (Bohan) Well, because we have to give this money back
12 to customers. So, what we're doing here is, by putting
13 it in this category, we're saying that, instead of
14 recovering all these costs, we're displacing it with
15 the disgorged funds, and, therefore, the rate that
16 we're going to charge customers is ultimately going to
17 be slightly -- very slightly lower than what it would
18 be had this refund not been included with the filing.

19 Q. And, why is it only "slightly lower", if the bulk of
20 the estimated cost is now matched by the credit, the
21 refund amount that you received?

22 A. (Bohan) Because the rate is not just -- we're not
23 setting a rate just for this particular category. The
24 refund is only \$197,000 on a transmission budget that's

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 24 million. So, we're talking, you know, a very, very,
2 very small fraction of the total budget that's
3 determining the rate.

4 Could we -- I think Ms. McNamara has a
5 schedule that we could look at that might help.

6 Q. That would be great. Thank you.

7 A. (McNamara) So, the refund was included originally on
8 Bates stamp Page 59, which was summarized in that data
9 response.

10 Q. All right.

11 A. (McNamara) And, that's a table that has all of the
12 current period EDC costs. The total for the period
13 ending July 2013 is \$22 million. The \$22 million, and
14 I apologize, it's a little bit of page-turning here,
15 will show up on -- in the reconciliation of costs and
16 revenues, which is shown on Page 19.

17 Q. Okay.

18 A. (McNamara) So, these pages here are just a simple
19 reconciliation. They're essentially a summary of all
20 the costs and revenue. So, on Page 19, the bottom
21 section, Column (b), "Total Costs", shows that same
22 total, the 22 million, of which the refund was
23 included. And, if we can just turn to the page right
24 before that, Page 18, -- and before we do that, I'm

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 sorry, on Page 19, you can see that the reconciliation
2 balance shows a \$430,000 undercollection estimated for
3 July 31st, 2013 balance. That's in Column (i), at the
4 very, very bottom of the page. That \$430,000 is shown
5 on Page 18 for inclusion in the rate calculation. So,
6 the 430,000 would have been, you know, 600,000,
7 approximately, had we not received that refund.

8 Q. All right. That helps. Also, following on Exhibit 2,
9 the discussion of legal charges, and I know it's also
10 in the testimony, is there a Commission order that
11 provided for recovery of legal charges year by year?
12 And, if you don't know, and Mr. Epler can help me with
13 that, that would be fine. I mean, in the normal
14 course, legal expenses would be part of what is just
15 absorbed from rate case to rate case. And, it wouldn't
16 be adjusted each year, based on specific charges, it
17 would only be when you come back in for a rate case and
18 you look at the test year's expenses. So, there may be
19 a provision that we've been part of, but I just don't
20 remember, that would allow for adjusting of legal
21 charges annually.

22 A. (Bohan) I'll defer to Mr. Epler.

23 MR. EPLER: Yes. I don't believe I can
24 cite you to a particular order, but I believe that legal

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 charges associated with the -- with the External Delivery
2 Charges and so on are part of this reconciliation.

3 CHAIRMAN IGNATIUS: All right. Maybe
4 you can submit something, --

5 MR. EPLER: Okay.

6 CHAIRMAN IGNATIUS: -- it could even be
7 just a quick letter into the file, we'll reserve an
8 exhibit number, that just lays out where that comes from.
9 And, I apologize, I should know, I've probably looked at
10 these numerous times and never really thought about it.

11 MR. EPLER: I think it was part of the
12 restructuring, when the -- the legal charges that are in
13 base rates relate to distribution service. And, so, this
14 all has to do with transmission service. And, so, any
15 legal charges associated with transmission service were
16 disaggregated and put -- and are then recovered through
17 the EDC and through this reconciliation. That's the
18 basis. Whether I can find the specific order, I'm not
19 quite sure. I will definitely check.

20 CHAIRMAN IGNATIUS: All right. And,
21 perhaps the Staff is able to help sort that out. Thank
22 you.

23 WITNESS McNAMARA: And, I'm sure it was
24 part of a rate case, and I want to say '01-'02 timeframe,

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 was probably about when the restructuring was going on.

2 WITNESS BOHAN: It's DE 01-247 is the
3 case, and I think we need to look at that.

4 WITNESS McNAMARA: Okay. It's
5 definitely a line item in the Company's tariff. So, it
6 shouldn't be too difficult to backtrack from that.

7 CHAIRMAN IGNATIUS: All right. Mr.
8 Bohan, if they ever make a quiz show to name docket
9 numbers, you're going to be a star.

10 (Laughter.)

11 CHAIRMAN IGNATIUS: Thank you. Why
12 don't you just double-check and submit something that
13 confirms that citation.

14 MR. EPLER: Okay. We'll do that.

15 CHAIRMAN IGNATIUS: Thanks. One last
16 question.

17 BY CHAIRMAN IGNATIUS:

18 Q. As you know, our statutes require, when there are rate
19 changes for electric companies, that they be identified
20 as whether they're consistent with the least cost plan
21 most recently on file with the Commission. Do you know
22 if the rate proposal here is consistent?

23 MR. EPLER: I do not believe we have a
24 recent least cost plan on file.

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 CHAIRMAN IGNATIUS: Well, you've had
2 waivers of -- have you had a waiver of the file entirely
3 or only portions of the filing?

4 MR. EPLER: We've had waivers -- we've
5 had waivers of portions, and much of what is required in
6 the statute is provided by, and I would say all of what's
7 required in the statute, is provided in the docket we
8 recently had, the annual docket, where we provide our
9 distribution investment plans, I'm just -- I can't recall
10 the docket number, I'm not Todd Bohan.

11 (Laughter.)

12 MR. EPLER: Where the Company presented
13 Kevin Sprague, engineering witness, and he went through
14 the plans of the Company. So, the substance is provided
15 to the Commission on a yearly basis as a result of the
16 filings coming from the last rate case. And, the Company
17 doesn't own any transmission and doesn't own any
18 generation. So, the other portions of the least cost
19 filing statute don't pertain to it. So, it really covers
20 just our distribution investments, and those are -- that
21 material, if you recall, was provided in detail in that
22 docket, both for the past year and for the coming year.

23 CHAIRMAN IGNATIUS: All right. Thank
24 you. Anything further?

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 (Chairman Ignatius conferring with
2 Commissioner Harrington.)

3 CMSR. HARRINGTON: Just trying to clean
4 up this least cost planning issue, because it is a
5 statutory issue. And, if I understand what you were
6 saying, Mr. Epler, the planning portion is provided when
7 you go about your annual distribution rate submittals?

8 MR. EPLER: Yes.

9 CMSR. HARRINGTON: And, though, this,
10 what we see today, does involve effect on retail rates,
11 it's really nothing that you can plan for, because most of
12 these costs are costs that are imposed on you through
13 prior commitments and settlements, the stranded costs, the
14 transmission costs are submitted -- given you by ISO or
15 Hydro-Quebec provided from previous agreements. So, this,
16 would it be safe to say, this complies with your planning,
17 because there's no planning that needs to be done to be
18 associated with this? These are things that you just --
19 costs that you just get, there's really nothing you can do
20 about it?

21 MR. EPLER: Yes. These are
22 pass-throughs. The stranded cost element is a little
23 different, but that was subject to full review and
24 resolution before the Commission. And, so, that's just a

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 holdover of the Hydro-Quebec piece, it's just a holdover
2 until that entitlement contract ends in 2020 --

3 WITNESS BOHAN: October 2020.

4 MR. EPLER: So, that is, we're basically
5 flowing through what was decided by the Commission in the
6 earlier dockets, the earlier restructuring dockets. So,
7 that is correct. There's no active planning, because the
8 Company doesn't own any transmission, as defined in the
9 statute.

10 CMSR. HARRINGTON: Your only planning is
11 to pay the bills that are submitted?

12 MR. EPLER: Right.

13 CMSR. HARRINGTON: Okay.

14 MR. EPLER: Right. And, the
15 distribution portion, as I indicated, the distribution
16 portion is reviewed in the submittals that are a result of
17 the rate case DE 10-055, or 155, I'm not sure of the
18 precise docket number, but we've made that filing now I
19 think three years. And, so, all the distribution planning
20 is provided there.

21 CMSR. HARRINGTON: All right. Thank
22 you. That helps.

23 CHAIRMAN IGNATIUS: Let me ask if, just
24 one more way to kind of tie this up, if, Mr. Epler, if you

{DE 13-172} {07-11-13}

[WITNESS PANEL: Bohan~McNamara]

1 could submit just an identification of the waiver of least
2 cost plan requirement that was given to the Company, and
3 just to put those pieces together.

4 BY CHAIRMAN IGNATIUS:

5 Q. One other question I had for, I think, Mr. Bohan, and
6 that's on the Hydro-Quebec costs that are included. I
7 just want to be certain that those costs, as Mr. Epler
8 said, are historic costs, and they don't have any
9 relationship to discussions of Hydro-Quebec and the
10 Northern Pass Project that's been considered by people?

11 A. (Bohan) That is correct.

12 CHAIRMAN IGNATIUS: Thank you. Anything
13 further?

14 (No verbal response)

15 CHAIRMAN IGNATIUS: Any redirect?

16 MR. EPLER: No thank you.

17 CHAIRMAN IGNATIUS: Thank you. Then,
18 you're excused, but why don't you stay where you are.

19 Any objection to -- actually, let's mark
20 for -- reserve two exhibit numbers, 3 and 4. "3" is the
21 question that I have now forgotten that you were going to
22 follow up on, Mr. Epler.

23 MS. AMIDON: I believe it was regarding
24 the ability to include the legal costs in this reconciling

{DE 13-172} {07-11-13}

1 docket.

2 CHAIRMAN IGNATIUS: Thank you. So, the
3 citation to whatever order, settlement agreement, whatever
4 it might have been that set up that structure for recovery
5 of legal costs on these transmission expenses. And, then
6 -- that would be number "3". And, number "4" would be
7 just the citation to the waiver of the LCIRP requirements
8 for Unitil.

9 **(Exhibit 3 and Exhibit 4 reserved.)**

10 MS. AMIDON: And, madam Chairman, did
11 you want to put a timeframe on that for the Company to
12 respond?

13 CHAIRMAN IGNATIUS: And, I know you want
14 an order by -- for effect August 1st, so sooner than
15 later. But you tell me whether you think the end of this
16 week or sometime early next week?

17 MR. EPLER: Oh. Certainly, the end of
18 this week.

19 CHAIRMAN IGNATIUS: All right. Thank
20 you.

21 MR. EPLER: Thank you.

22 CHAIRMAN IGNATIUS: All right. Any
23 objection to striking the identification of the exhibits?

24 (No verbal response)

1 CHAIRMAN IGNATIUS: Seeing none, we'll
2 do that. And, unless there's anything further, let's have
3 closings. Ms. Amidon.

4 MS. AMIDON: Thank you. I wanted to,
5 first of all, just thank the Company. This is one of
6 those filings that has a very short turnaround. And, the
7 Staff reviewed the filing and found the filing to be, you
8 know, very complete and very accurately done, so that was
9 very much appreciated, in addition to the prompt
10 turnaround on responses to our data requests. So, I just
11 wanted to acknowledge that cooperation and help that the
12 Company exhibited in getting those to us.

13 Having said that, we have reviewed the
14 filing. And, the Staff has determined that the
15 calculations have been -- followed the appropriate
16 methodology and are consistent with the calculations in
17 prior years. And, we would recommend the Company approve
18 -- I mean, the Commission approve the filing, recognizing
19 that another filing will be made next year, and that any
20 variances will be reconciled in that filing. Thank you.

21 CHAIRMAN IGNATIUS: Thank you.
22 Mr. Epler.

23 MR. EPLER: Thank you, Chairman
24 Ignatius. I would just point the Commission to the relief

1 that's requested in the Company's Petition that's part of
2 the Company's Exhibit 1.

3 CHAIRMAN IGNATIUS: All right. Thank
4 you. We will take all of this under advisement. And, we
5 are adjourned.

6 **(Whereupon the hearing was adjourned at**
7 **11:27 a.m.)**

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24