STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

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

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
# Index

<table>
<thead>
<tr>
<th>WITNESS PANEL:</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>TODD M. BOHAN</td>
<td></td>
</tr>
<tr>
<td>LINDA S. McNAMARA</td>
<td></td>
</tr>
</tbody>
</table>

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

* * * *

<table>
<thead>
<tr>
<th>CLOSING STATEMENTS BY:</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. Amidon</td>
<td>32</td>
</tr>
<tr>
<td>Mr. Epler</td>
<td>32</td>
</tr>
</tbody>
</table>

{DE 13-172}  {07-11-13}
<table>
<thead>
<tr>
<th>EXHIBIT NO.</th>
<th>DESCRIPTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>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)</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>Response to PUC Staff Information Request, Set 1, Request No. Staff 1-1 (07-08-13)</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>RECORD REQUEST (Citation to whatever order, settlement agreement, etc., which set up the structure for recovery of legal costs on these transmission expenses)</td>
<td>31</td>
</tr>
<tr>
<td>4</td>
<td>RECORD REQUEST (Citation to the waiver of LCIRP requirements for Unitil)</td>
<td>31</td>
</tr>
</tbody>
</table>
CHAIRMAN IGNATIUS: Okay. Good morning. I'd like to begin the hearing in Docket DE 13-173, which is Unitil Energy Systems' annual reconciliation and rate filing regarding its Stranded Cost Charge and its External Delivery Charge.

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

CHAIRMAN IGNATIUS: What did I say?

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

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

(Laughter.)

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

(Laughter.)

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

(Laughter.)

CHAIRMAN IGNATIUS: Okay. So, on June 14, 2013, Unitil made its filing laying out the proposed increases of 1.9 percent for customers in the Residential class, the same for customers in General
Service, and a 2.6 percent increase for customers in the Large General Service class, if the changes proposed were enacted. The request is for effect August 1st, 2013. And, by order of notice dated June 27th, we issued notice of a hearing for this morning.

Let's begin with appearances please.

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

CHAIRMAN IGNATIUS: Good morning.

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

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

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

CHAIRMAN IGNATIUS: So marked.

MR. EPLER: -- premarked.

{DE 13-172}  {07-11-13}
(The document, as described, was herewith marked as \textbf{Exhibit 1} for identification.)

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

CHAIRMAN IGNATIUS: Any opposition to that?

MS. AMIDON: No.

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

(The document, as described, was herewith marked as \textbf{Exhibit 2} for identification.)

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

(Whereupon \textit{Todd M. Bohan} and \textit{Linda S. McNamara} were duly sworn by the Court Reporter.)

\textbf{TODD M. BOHAN, SWORN}

\textbf{LINDA S. McNAMARA, SWORN}

\textbf{DIRECT EXAMINATION}

(DE 13-172) (07-11-13)
BY MR. EPLER:

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

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

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

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

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

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

CHAIRMAN IGNATIUS: That's fine.

MR. EPLER: Apologize for that error.

BY MR. EPLER:

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

A. (Bohan) Yes, they were.
Q. And, do you have any changes or corrections at this time?

A. (Bohan) I do not.

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

A. (Bohan) Yes, they would.

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

A. (Bohan) Yes, it was.

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

A. (Bohan) I do not.

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

A. (Bohan) I do.

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

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

A. (McNamara) They were.

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

A. (McNamara) No.

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

A. (McNamara) They would.

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

A. (McNamara) Yes.

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

CHAIRMAN IGNATIUS: All right.

Ms. Amidon.

MS. AMIDON: Thank you. Good morning.
WITNESS BOHAN: Good morning.

WITNESS McNAMARA: Good morning.

CROSS-EXAMINATION

BY MS. AMIDON:

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

A. (Bohan) This is just a general increase in the RNS rate. And, one of the things that we've noticed over the last few years, there has been upward pressure on that rate. If you go back to maybe in like 2005, 2006, the RNS rate, you know, that we're talking about now for June 1st is over $86, back then it was, you know, a fraction of that. And, that rate has continued to increase, and there's been significant pressure on that over the last seven, eight years. And, once again,
this year we're seeing another upward shift in that rate, from $75, up to a little over $86. That's just been the general trend. I don't have specific transmission projects to attribute that to, but the overall transmission revenue requirement has been increasing over time, and that's leading to the higher RNS rate that we're charged at Unitil.

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

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

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

A. (Bohan) That is correct.

Q. Okay.

A. (Bohan) So, the FERC issued -- the FERC required refunds, and the New England region received a refund of approximately $20 million. ISO-New England went through a calculation, and the share that was then sent back to Unitil Energy Systems was $197,000. We just
happened to put that refund in this category, and
that's why you're seeing this show up here and seeing
that variance.

Q. And, this is one-time refund?

A. (Bohan) That is correct.

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

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

Q. So, you said some agreement with Concord Steam has come
to an end?
A. (Bohan) The wheeling agreement I believe has come to an
end.

Q. So, this would be work in connection with renewing that
agreement?
A. (Bohan) Yes, or a different agreement.

Q. A different agreement. And, is this contingent at all
upon their relocation of their plant? If you don't
know, that's fine. It's really --
A. (Bohan) I don't know the answer to that.

Q. That's fine. I mean, I just -- I wanted to ask the
question. I don't think it relates to the estimate of
legal costs, but I was -- I just wanted to see if you
knew. Thank you.
A. (Bohan) Uh-huh.

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

{DE 13-172}  {07-11-13}
being passed onto customers.

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

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

Q. I just want a brief explanation.

A. (McNamara) Oh, okay.

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

A. (Bohan) Just refresh.

A. (McNamara) Okay.

Q. Right.

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

CHAIRMAN IGNATIUS: Do you have a Bates number?

WITNESS McNAMARA: That's Bates stamp Page 60.

CHAIRMAN IGNATIUS: Thank you.

CONTINUED BY THE WITNESS:

A. (McNamara) There is a similar column for the Stranded Cost Charge calculation, but we'll just use this as an example. The second to last column, Column (n), "EDC Cost Adjustment per DE 11-105", and the total for that...
is just a little over -- well, almost $74,000 for this year. We had a customer with, and, again, excuse me, because I wasn't in the ins on that particular docket, but there was essentially a meter error, and the customer was being overcharged for a number of years. And, in DE 11-105, a settlement was agreed to that allowed for UES to recover portions of that from the customers that would have paid it had there not been the billing error.

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

Next year, assuming interest rates don't change, we'll be including another $73,000, which would fully reconcile this portion, the EDC portion.
Q.  Is there another portion?
A.  (McNamara) There is the stranded cost portion, which I believe was Page 17. And, there is also, as in our prior default service docket, we included a portion related to default service in the G1 default service rates. And, then, there were other pieces that the Company was not allowed to have recovery of.

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

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

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

WITNESS McNAMARA: Yes, it was.


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

BY CMSR. HARRINGTON:

Q. On Page 48 of Exhibit 1, and who's ever the most appropriate, just feel free to answer, I had a couple
of quick questions there. On the Table 1, at the top of the page, --

A. (Bohan) Uh-huh.

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

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

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

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

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

A. (Bohan) Because the billing is actually done based on an estimate, and the actual cost isn't calculated fully until two months after the fact. So, once that true-up is -- or, once the actual costs are determined, we have to do a true-up, in order to have our payments align
with what the actual costs were. And, that's why, in this case, the ultimate true-up here was just under $200,000.

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

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

Q. Whatever it is.

A. (Bohan) Yes.

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

A. (Bohan) Yes. If we could turn to, it's one of the last -- I think it's the last page of my exhibits. It's Bates stamp Page 66. And, I'll reference probably the
last set of lines there, towards the bottom, the
"July 2013 - July 2014" section. If you look at Line
2, you'll see a category there "Resale of Transmission
Rights and Capacity Credits", and you'll see these
negative numbers all the way across, and the total is,
you know, just under $270,000.

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

A. (Bohan) That is correct.

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

CHAIRMAN IGNATIUS: Commissioner Scott.

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

BY CMSR. SCOTT:

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

A. (Bohan) Typically, what I would do at this point in
time, unless I have other knowledge of what's going to happen in the future, I would look at a historical period of this, typically, the last year, and see what the average has been, and use that as a proxy for the foregoing -- the forecast period.

Q. Sounds reasonable.

A. (Bohan) Yes.

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

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

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

A. (Bohan) That has been --

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

A. (Bohan) That has been factored in.

Q. Okay.

A. (Bohan) Yes. Because we get information from the -- that's provided by ISO-New England, right around late
May/early June, that tells us what that rate's going to be.

CMRS. SCOTT: Thank you. That's all I have.

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

BY CHAIRMAN IGNATIUS:

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

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

Q. Please.

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

{DE 13-172}  {07-11-13}
Q. I think I'm still not following the flow of money.
A. (Bohan) Okay.
Q. I'm wondering, you had this influx of funds that all came in at once, because of the Settlement.
A. (Bohan) Right.
Q. And, it happened to be fairly close to the amount of expense you were anticipating for this period?
A. (Bohan) Correct.
Q. So, where I'm getting lost is, well, how does a revenue influx offset an expense?
A. (Bohan) Well, because we have to give this money back to customers. So, what we're doing here is, by putting it in this category, we're saying that, instead of recovering all these costs, we're displacing it with the disgorged funds, and, therefore, the rate that we're going to charge customers is ultimately going to be slightly -- very slightly lower than what it would be had this refund not been included with the filing.
Q. And, why is it only "slightly lower", if the bulk of the estimated cost is now matched by the credit, the refund amount that you received?
A. (Bohan) Because the rate is not just -- we're not setting a rate just for this particular category. The refund is only $197,000 on a transmission budget that's...
24 million. So, we're talking, you know, a very, very, very small fraction of the total budget that's determining the rate.

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

Q. That would be great. Thank you.

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

Q. All right.

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

Q. Okay.

A. (McNamara) So, these pages here are just a simple reconciliation. They're essentially a summary of all the costs and revenue. So, on Page 19, the bottom section, Column (b), "Total Costs", shows that same total, the 22 million, of which the refund was included. And, if we can just turn to the page right before that, Page 18, -- and before we do that, I'm
sorry, on Page 19, you can see that the reconciliation balance shows a $430,000 undercollection estimated for July 31st, 2013 balance. That's in Column (i), at the very, very bottom of the page. That $430,000 is shown on Page 18 for inclusion in the rate calculation. So, the 430,000 would have been, you know, 600,000, approximately, had we not received that refund.

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

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

MR. EPLER: Yes. I don't believe I can cite you to a particular order, but I believe that legal
charges associated with the -- with the External Delivery Charges and so on are part of this reconciliation.

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

MR. EPLER: Okay.

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

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

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

WITNESS McNAMARA: And, I'm sure it was part of a rate case, and I want to say '01-'02 timeframe,
was probably about when the restructuring was going on.

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

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

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

(Laughter.)

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

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

CHAIRMAN IGNATIUS: Thanks. One last question.

BY CHAIRMAN IGNATIUS:

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

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

(DE 13-172) (07-11-13)
CHAIRMAN IGNATIUS: Well, you've had waivers of -- have you had a waiver of the file entirely or only portions of the filing?

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

(Laughter.)

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

CHAIRMAN IGNATIUS: All right. Thank you. Anything further?
CMSR. HARRINGTON: Just trying to clean up this least cost planning issue, because it is a statutorial issue. And, if I understand what you were saying, Mr. Epler, the planning portion is provided when you go about your annual distribution rate submittals?

MR. EPLER: Yes.

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

MR. EPLER: Yes. These are pass-throughs. The stranded cost element is a little different, but that was subject to full review and resolution before the Commission. And, so, that's just a
holdover of the Hydro-Quebec piece, it's just a holdover until that entitlement contract ends in 2020 --


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

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

    MR. EPLER: Right.

    CMSR. HARRINGTON: Okay.

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

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

    CHAIRMAN IGNATIUS: Let me ask if, just one more way to kind of tie this up, if, Mr. Epler, if you
could submit just an identification of the waiver of least
cost plan requirement that was given to the Company, and
just to put those pieces together.

BY CHAIRMAN IGNATIUS:

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

A. (Bohan) That is correct.

CHAIRMAN IGNATIUS: Thank you. Anything
further?

(No verbal response)

CHAIRMAN IGNATIUS: Any redirect?

MR. EPLER: No thank you.

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

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

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

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

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

(Exhibit 3 and Exhibit 4 reserved.)

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

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

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

CHAIRMAN IGNATIUS: All right. Thank you.

MR. EPLER: Thank you.

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

(No verbal response)
CHAIRMAN IGNATIUS: Seeing none, we'll do that. And, unless there's anything further, let's have closings. Ms. Amidon.

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

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

CHAIRMAN IGNATIUS: Thank you.

Mr. Epler.

MR. EPLER: Thank you, Chairman Ignatius. I would just point the Commission to the relief
that's requested in the Company's Petition that's part of the Company's Exhibit 1.

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

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