

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

**UNITIL ENERGY SYSTEMS INC
2013 Least Cost Integrated Resource Plan**

Docket No. DE 13-195

SETTLEMENT AGREEMENT

This Settlement Agreement concerning Least Cost Integrated Resource Planning (“Settlement Agreement”) is entered into this 19th day of March 2014, by and between Unitil Energy Systems (“UES,” or “the Company”) and the Staff of the New Hampshire Public Utilities Commission (“Staff”) (together, “the Settling Parties”), and is intended to resolve all outstanding issues in the above-captioned docket.

I. INTRODUCTION AND PROCEDURAL HISTORY

1.1. On July 16, 2013, UES filed its 2013 Least Cost Integrated Resource Plan (LCIRP) in accordance with RSA 378.38. The filing requested a waiver pursuant to RSA 378:38-a authorizing the Commission to waive the requirement to file a LCRIP filed by an electric utility pursuant to RSA 378:38 except for plans related to transmission and distribution.

1.2. The filing stated that the UES franchise territory is comprised of two electric distribution systems—the UES-Capital system and the UES Seacoast system. Unitil Service Corp, a service company for UES, performs various and ongoing planning activities to assess the short-term and long-term requirements and capabilities of UES’s electric distribution

system. Those activities include distribution system planning to evaluate primary distribution circuits and substations, electric system planning to evaluate UES's sub-transmission facilities and system supply points, joint system planning to evaluate the external delivery system which provides UES access to regional transmission and generation resources, and participation in statewide and regional transmission planning efforts. UES's LCIRP filing contains an overview of UES's planning procedures along with related appendices, including UES's distribution planning and design guidelines, separate evaluations of UES's Capital distribution system planning and UES's Seacoast distribution system planning, load history and ten-year design forecasts for both the Capital and Seacoast regions, separate reliability studies for the Capital and Seacoast regions, and UES's demand side management report.

1.3. By letter dated July 18, 2013, the OCA notified the Commission that it would be participating in this proceeding on behalf of residential ratepayers consistent with RSA 363:28. There were no other interveners in the docket.

1.4 On July 19, 2013, the Commission issued a Secretarial Letter granting the Company's request for waiver of the filing requirements of the LCIRP statute, except for its plans related to transmission and distribution.

1.5. On August 7, 2013, the Commission issued an Order of Notice requiring that a Prehearing Conference be held before the Commission on September 20, 2013 to be immediately followed by a Technical Session. Following the prehearing conference the Settling Parties met in a technical session and agreed upon a Procedural Schedule which was approved by secretarial letter dated September 27, 2013.

1.6. On October 10, 2013, the OCA submitted a letter requesting changes to the service list and on November 27, Staff requested a change in the procedural schedule which was granted by a December 3, 2013 secretarial letter.

1.7 The Staff and the OCA issued written discovery requests to the Company, and a second Technical Session to review the Company's responses, as well as other aspects of the filing, was held on December 4, 2013.

1.8. On March 14, 2014 Staff, the OCA and the Company met to discuss proposed settlement of the matters in dispute related to UES's LCIRP filing.

II. TERMS OF SETTLEMENT

2.1 UES and Staff agree that UES's LCIRP filing meets the requirements of RSA 378:38 and that the Commission should find that the LCIRP is adequate pursuant to RSA 378:39. The Settling Parties are generally aware that there is legislation pending before the New Hampshire General Court which, if approved, would amend the LCIRP statute. Accordingly, the Settling Parties will defer to the Commission regarding the timing of UES's next LCIRP filing.

2.2. Assuming no change to the LCIRP statute, the Settling Parties agree that the next LCIRP filing shall, in addition to the information provided in UES's 2013 LCIRP, provide the following information:

- a. A revised description of the methodology of how it conducts distribution planning;
- b. A narrative description of how UES integrates least cost objectives into its planning process, and a business process model (graphic) that identifies: (i) the UES personnel and departments responsible for each stage of distribution planning; (ii) the

inputs involved in each stage; (iii) the outputs produced; and (iv) a detailed annotated calendar that matches the achieved milestones of the planning process; and

c. An updated assessment of demand-side energy management programs, including conservation, efficiency improvement, and load management programs.

III. GENERAL PROVISIONS

3.1. This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and any of the Settling Parties is unable to agree with the changes, conditions or findings, this Settlement Agreement shall be deemed to be withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.

3.2. Under this Settlement Agreement, the Settling Parties agree to this joint submission to the Commission, which represents a compromise and liquidation of all issues in this proceeding.

3.3. The Settling Parties agree that the Commission's acceptance of this Settlement Agreement does not constitute continuing approval of, or precedent for, any particular issue in this proceeding. Acceptance of this Settlement Agreement by the Commission shall not be deemed to constrain the Commission's exercise of its authority to promulgate future orders, regulations or rules that resolve similar matters affecting other parties in a different fashion.

3.4. The resolution of any specific issue in this Settlement Agreement does not indicate the Settling Parties' agreement to such resolution for purposes of any future proceedings.

3.5. The rights conferred and the obligations imposed on the Settling Parties by this Settlement Agreement shall be binding on or inure to the benefit of any successors in interest or assignees as if such successor or assignee was itself a signatory party. The Settling Parties agree to cooperate in advocating that this Settlement Agreement be approved by the Commission in its entirety and without modification.


3.6. This Settlement Agreement is the product of confidential settlement negotiations. The content of these negotiations, including any documents prepared during such negotiations for the purpose of reaching a settlement, shall be privileged and all offers of settlement shall be without prejudice to the position of any party presenting such offer.

3.7. This Settlement Agreement may be executed in multiple counterparts, which together shall constitute one agreement.

IV. CONCLUSION

The Settling Parties affirm that the proposed Settlement Agreement is reasonable, and consistent with the public interest and the requirements of RSA 378.38

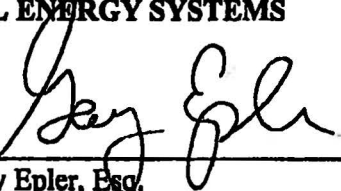
**STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

By: 

Suzanne Amidon, Esq.
Staff Attorney

Date: 3/20/2014

UNITIL ENERGY SYSTEMS

By: 

Gary Epler, Esq.
Unitil Energy Systems, Inc.

Date: 3/19/2014