

1 STATE OF NEW HAMPSHIRE

2 PUBLIC UTILITIES COMMISSION

3
4 **July 23, 2014** - 10:08 a.m.
Concord, New Hampshire

5 NHPUC AUG04'14 PM 3:54

6
7 RE: DE 14-170
UNITIL ENERGY SYSTEMS, INC.:
8 *Annual Stranded Cost Recovery and*
External Delivery Charge Reconciliation
9 *and Rate Filing.*10
11 **PRESENT:** Commissioner Martin P. Honigberg, Presiding
Commissioner Robert R. Scott12
13 Sandy Deno, Clerk14
15 **APPEARANCES:** Reptg. Unitil Energy Systems, Inc.:
Gary Epler, Esq.16
17 **Reptg. Residential Ratepayers:**
Susan Chamberlin, Esq., Consumer Advocate
18 Stephen Eckberg
Office of Consumer Advocate19
20 **Reptg. PUC Staff:**
Suzanne G. Amidon, Esq.
21 Grant Siwinski, Electric Division22
23 Court Reporter: Steven E. Patnaude, LCR No. 5224
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:	
LINDA S. McNAMARA	
TODD M. BOHAN	
Direct examination by Mr. Epler	6
Cross-examination by Ms. Chamberlin	15
Cross-examination by Ms. Amidon	24
Interrogatories by Cmsr. Scott	34
Interrogatories by Cmsr. Honigberg	39
Redirect examination by Mr. Epler	40
* * *	
ARGUMENTS REGARDING UNITIL'S REQUEST OF THE DISPLACED DISTRIBUTION REVENUE BY:	
Mr. Epler	45, 49
Ms. Chamberlin	46
Ms. Amidon	48
QUESTIONS BY CMSR. HONIGBERG	46, 48, 50
* * *	
CLOSING STATEMENTS BY:	
Ms. Chamberlin	51
Ms. Amidon	52
Mr. Epler	52

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	Unitil Energy Systems, Inc. Annual Reconciliation and Rate Filing, consisting of the cover letter, the Petition and Certificate of Service, proposed tariffs, and the Testimony of Linda S. McNamara, including schedules, and the Testimony of Todd M. Bohan, including schedules (06-17-14)	5
2	Document entitled "OCA 1-5 Attachment 1", depicting UES Net Metering Accounts Displaced Distribution Revenue Calculation (16 pages)	6
3	RESERVED (Revisions to Schedule LSM-2, Calculation of the External Delivery Charge, or other revisions as may be needed after review)	13

P R O C E E D I N G

1
2 CMSR. HONIGBERG: As you can see, the
3 Chair is not here today. So, you're stuck with us. We
4 are here this morning in Docket Number DE 14-170, Unitil
5 Energy Systems, Inc.'s Annual Reconciliation and Rate
6 Filing. I believe all we have is the filing itself, plus
7 the intervention by the OCA. We do have the order that
8 set this hearing. That order was issued on July 1st
9 setting a hearing for today. I'm not going to go through
10 what it says in the order of notice, because it's long.
11 But it tells us to be here. And, I think we'll hear from
12 the panel of witnesses that Unitil has set up.

13 But, before we do that, why don't we
14 take appearances, and then talk about how we're going to
15 proceed.

16 MR. EPLER: Thank you. Good morning.
17 Gary Epler, appearing on behalf of Unitil Energy Systems,
18 Inc. Thank you.

19 MS. CHAMBERLIN: Susan Chamberlin,
20 Consumer Advocate, for the residential ratepayers. And,
21 with me today is Stephen Eckberg.

22 MS. AMIDON: Suzanne Amidon, for
23 Commission Staff. To my left is Grant Siwinski, an
24 Analyst in the Electric Division.

1 CMSR. HONIGBERG: Am I correct that
2 there are no other intervenors?

3 MS. AMIDON: That's correct, to my
4 knowledge.

5 CMSR. HONIGBERG: All right. How do we
6 think we are proceeding this morning?

7 MR. EPLER: Commissioner, if you agree,
8 we -- the Company has a panel of two witnesses that we'd
9 like to present. And, we have two documents that we would
10 ask to have premarked as exhibits. The first would be the
11 filing itself, in the blue binder, that consists of the
12 cover letter, the Petition, proposed tariffs, and
13 testimony and exhibits of the two witnesses.

14 CMSR. HONIGBERG: All right. We'll mark
15 that for identification as "Exhibit 1".

16 (The document, as described, was
17 herewith marked as **Exhibit 1** for
18 identification.)

19 MR. EPLER: And, the second is a
20 document that we will explain in our direct testimony that
21 we placed before you with a lot of very small numbers.
22 It's basically a replacement exhibit providing updated
23 calculations.

24 CMSR. HONIGBERG: We'll mark that, and

[WITNESS PANEL: McNamara~Bohan]

1 it's actually been marked in handwriting on ours as
2 "Exhibit 2", and we'll more officially mark that for
3 identification as "Exhibit 2".

4 (The document, as described, was
5 herewith marked as **Exhibit 2** for
6 identification.)

7 CMSR. HONIGBERG: Are we expecting any
8 other witnesses from any of the other parties?

9 MS. CHAMBERLIN: No.

10 MS. AMIDON: No.

11 CMSR. HONIGBERG: All right. Is there
12 anything else we need to do before those witnesses start?

13 MR. EPLER: No. I don't think so.

14 CMSR. HONIGBERG: All right. Then, why
15 don't we go ahead, Mr. Patnaude. Thank you.

16 (Whereupon **Linda S. McNamara** and
17 **Todd M. Bohan** were duly sworn by the
18 Court Reporter.)

19 **LINDA S. McNAMARA, SWORN**

20 **TODD M. BOHAN, SWORN**

21 **DIRECT EXAMINATION**

22 BY MR. EPLER:

23 Q. Okay. Starting with the witness closest to me, could
24 you please state your name and the position you hold

{DE 14-170} {07-23-14}

1 with the Company.

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

5 Q. And, the next witness, same questions.

6 A. (McNamara) My name is Linda S. McNamara. I'm a Senior
7 Regulatory Analyst with Unutil Service Corp., in
8 Hampton, New Hampshire.

9 Q. And, Mr. Bohan, could you please turn to the document
10 that's been premarked as "Exhibit Number 1". And, turn
11 to the tabs in that document labeled "Exhibit TMB-1",
12 and then the following schedules, "Schedule TMB-1"
13 through "TMB-6". Were these prepared by you or under
14 your direction?

15 A. (Bohan) Yes, they were.

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

17 A. (Bohan) I have one correction. And, if we could turn
18 to Bates stamp Page 075.

19 Q. So, is that in your schedules?

20 A. (Bohan) That is going to be in Schedule TMB-4. And, it
21 will be Page 2 of 2 -- I'm sorry, Schedule TMB-5,
22 Page 1 of 1, Bates stamp Page 075. And, as we look at
23 this schedule, there are three major sections. The
24 bottom section is identified as "August 2014 to

[WITNESS PANEL: McNamara~Bohan]

1 July 2015". And, as you look across the columns, the
2 months, the estimated months read "August 2013" to
3 "July 2014". That should read "August 2014" to
4 "July 2015".

5 Q. So, that was just a mislabeling of the column headers,
6 not a calculation error?

7 A. (Bohan) That's correct. All the data is correct. It
8 was just a labeling that I noticed this morning
9 reviewing my testimony.

10 Q. Okay. So, you said that was your only correction?

11 A. (Bohan) That's my only correction.

12 Q. Now, do you have any updates to your testimony?

13 A. (Bohan) Yes. If we could turn to Bates stamp
14 Page 068, --

15 Q. And, what tab is that in please?

16 A. (Bohan) Yes. Hold on. TMB-2, Page 4 of 4. And, there
17 are a number of columns here. I'm looking at Column
18 (m) that reads "Lost Distribution Revenue". And, for
19 the month of August, August 2014, there is an estimated
20 amount of "18,724". The updated amount would be
21 "\$17,337".

22 CMSR. SCOTT: Could you say that figure
23 one more time please.

24 WITNESS BOHAN: That updated amount

{DE 14-170} {07-23-14}

1 would be "\$17,337".

2 BY MR. EPLER:

3 Q. So, you need to correct the row for "August-14"
4 estimate and also the "Total"?

5 A. (Bohan) That's correct.

6 Q. And, is there any other place in your either exhibits
7 or testimony where this needs to be updated?

8 A. (Bohan) There is. I'd like to turn to Bates stamp Page
9 060, which is in my testimony. It's actually Page 14
10 of my testimony. Give everybody a minute to get there.
11 So, on the very first line, on Bates stamp Page 060, it
12 reads "to net metering generation on the Company's
13 system is \$18,724." That figure should change to
14 "\$17,337". And, for consistency sake, if we come down
15 to Line 17, we state that "Net Metering Generation for
16 calendar year 2013 of approximately \$19,000", that
17 should be closer to "\$17,000".

18 And, maybe to clarify here, we footnoted
19 in my testimony that we would likely be updating this
20 as part of this proceeding. And, then, in discovery
21 from the OCA, we responded to OCA 1-5 and provided this
22 update, with a detailed schedule as well. And, that's
23 the schedule that Mr. Epler has referred to here.

24 Q. And, would that be the schedule that's marked as

[WITNESS PANEL: McNamara~Bohan]

1 "Exhibit 2"?

2 A. (Bohan) That is correct.

3 Q. And, does that replace anything that's in your
4 testimony or is that just a backup to show the
5 calculation?

6 A. (Bohan) It would replace, I believe, if we go to
7 Schedule TMB-6, Bates stamp Page 079, the updated
8 Exhibit 2 that you have there would replace essentially
9 Pages 3 -- 3 on in that schedule.

10 WITNESS BOHAN: And, if we could, could
11 the witnesses have a copy of that, if we have an extra one
12 hanging around? If not, we have to go back to our data
13 requests, just to have a copy of it.

14 (Atty. Epler handing document to
15 Witness Bohan.)

16 WITNESS BOHAN: Thank you.

17 BY MR. EPLER:

18 Q. Okay. So, if I understand correctly, the 16 pages of
19 Exhibit 2 are replacing, in terms of reference for the
20 backup to the new calculation, are replacing Bates
21 stamp 079 through 090?

22 A. (Bohan) Correct.

23 Q. Okay. Thank you. Do you have any other changes or
24 corrections to your testimony?

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 A. (Bohan) I do not.

2 Q. Okay. And, do you adopt the testimony and schedules as
3 your testimony in this proceeding, as revised?

4 A. (Bohan) Yes, I do.

5 Q. Okay. Thank you.

6 CMSR. SCOTT: Excuse me. Before we move
7 on from Exhibit 2, is there -- can we get a brief
8 explanation of the differences?

9 WITNESS BOHAN: Sure. I was wondering
10 if I should offer that then or wait. In response, as we
11 mentioned in the testimony and then responded in
12 discovery, the rationale for providing this update was
13 that the analyst that prepared this realized that there
14 were instances in which these net metering customers would
15 not have been taking generation at certain hours. So that
16 the original schedules in my testimony reflected a little
17 bit higher displaced energy. When he revisited that,
18 that's why we have the update, which shows less displaced
19 energy and less lost distribution revenue.

20 CMSR. SCOTT: Thank you.

21 BY MR. EPLER:

22 Q. Okay. Ms. McNamara, could you please turn to premarked
23 "Exhibit Number 1", and then the tabs there marked
24 "Exhibit LSM-1", and the "Schedules LSM-1" through

[WITNESS PANEL: McNamara~Bohan]

1 "LSM-4". And, were these prepared by you or under your
2 direction?

3 A. (McNamara) Yes.

4 Q. Do you have any changes or corrections?

5 A. (McNamara) I haven't prepared any changes. However, in
6 light of the conversation we just had, the change in
7 that cost would slightly impact what is presented on
8 Schedule LSM-2, which is the calculation of the
9 External Delivery Charge. There is no impact to the
10 rate. The change in the cost of approximately 13 or
11 \$1,400 had no impact on the rate itself, which is shown
12 as \$0.01854 per kilowatt-hour.

13 However, it would impact Lines 2, which
14 are the total costs, that line would be lowered by the
15 change in the -- the change in the costs by \$1,387.

16 And, then, Line 3, which is the estimated interest for
17 the period, would be slightly impacted as well.

18 Q. Just so that the Commission's records are clear, would
19 we be able to provide a revised sheet and get it to the
20 Commission this afternoon --

21 A. (McNamara) Definitely.

22 Q. -- for this?

23 MR. EPLER: Okay. If it's acceptable to
24 the Commission, if we could reserve "Exhibit Number 3" for

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 that revised sheet?

2 CMSR. HONIGBERG: Any objection to that?

3 MS. CHAMBERLIN: No.

4 MS. AMIDON: No.

5 CMSR. HONIGBERG: Then, that's what
6 we'll do. Thank you.

7 **(Exhibit 3 reserved)**

8 MR. EPLER: Okay. And, we will endeavor
9 to get that emailed this afternoon.

10 WITNESS McNAMARA: I just want to add,
11 too, though, however, that that -- this sheet, which is on
12 Bates stamp Page 019, is very similar to the tariff page
13 that we calculate, which is provided in both clean
14 versions under the Proposed Tariffs" tab. And, I don't
15 believe those pages get Bates stamped, because they're
16 tariffs. But they -- if you turn to the tab that says
17 "Proposed Tariffs", I think it's the last page in there,
18 "Twelfth Revised Page 67", is the "Calculation of the
19 External Delivery Charge". And, you can see the
20 appearance of that, the format of that, is very similar to
21 the page that was presented in Schedule LSM-2.

22 MR. EPLER: Okay.

23 WITNESS McNAMARA: So, that page would
24 be equally modified, as well as a page that is showing the

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 redlined tariffs, which is provided in Schedule LSM-3,
2 Bates stamp Page 028. They would all have -- they're
3 essentially all showing the same information. Therefore,
4 they would all be impacted the same.

5 MR. EPLER: Commissioners, if it is
6 acceptable, we will look through the filing and see if
7 there's any other changes, and we'll include that on
8 what's been reserved as "Exhibit 3", and to make sure
9 everything is consistent, barring any other changes that
10 occur, you know, during the hearing. So, --

11 CMSR. HONIGBERG: That makes sense.

12 MR. EPLER: Okay.

13 CMSR. HONIGBERG: Thank you.

14 BY MR. EPLER:

15 Q. And, with that, Ms. McNamara, any other changes or
16 revisions?

17 A. (McNamara) No.

18 Q. Okay. And, do you adopt the testimony and the
19 schedules as your testimony in this proceeding?

20 A. (McNamara) I do.

21 MR. EPLER: Thank you, Commissioners.

22 The witnesses are available for cross-examination.

23 CMSR. HONIGBERG: Ms. Chamberlin.

24 MS. CHAMBERLIN: Thank you.

{DE 14-170} {07-23-14}

CROSS-EXAMINATION

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

BY MS. CHAMBERLIN:

Q. On the lost distribution revenue calculation, Mr. Bohan, your testimony is that you look at the customer-owned net metering projects, you are looking at C&I and residential customer projects together, is that correct?

A. (Bohan) Correct.

Q. And, under your current rate design, residential customers have a kilowatt-hour Delivery Charge, is that correct?

A. (Bohan) That is correct.

Q. So, there is a variable aspect to the Delivery Charge for residential customers, based on use?

A. (Bohan) Correct.

Q. And, that does not apply to C&I customers, correct?

A. (Bohan) That is correct.

Q. And, they have a flat or a set Demand Charge that is intended to collect all of their distribution revenues?

A. (Bohan) That is correct.

Q. So, is it your testimony that C&I net metering projects do not result in lost distribution revenue, because there is no kilowatt-hour charge for C&I customers for distribution revenue?

[WITNESS PANEL: McNamara~Bohan]

1 A. (Bohan) Well, the calculation would follow. That's the
2 case, yes.

3 Q. So, when you propose to collect this lost revenue
4 amount, it goes to all customers through the EDC?

5 A. (Bohan) Correct.

6 Q. And, is there a difference between how the EDC is
7 applied to residential customers as compared to C&I
8 customers?

9 A. (McNamara) No.

10 Q. That was "no"?

11 A. (McNamara) No.

12 A. (Bohan) It's a uniform charge.

13 Q. It's a uniform charge. Okay. Would you agree with me
14 that a residential customer, who does not have a net
15 metering project, will pay a small increase in their
16 rate due to the EDC?

17 A. (Bohan) I would agree with that.

18 Q. Okay. Looking at renewable energy credits, Unitil
19 received net metering credits for 2013 of 49 RECs for
20 Class I, is that correct?

21 A. (Bohan) That's correct. Let me just turn to some --

22 Q. And, -- Yes, I forget which data request it is.

23 A. (Bohan) Yes.

24 MS. AMIDON: It's Staff 1-20.

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 BY MS. CHAMBERLIN:

2 Q. And, 706 RECs for Class II, is that correct?

3 MS. AMIDON: I think I gave you the
4 wrong one. Sorry.

5 WITNESS BOHAN: I know it's in here.

6 MS. CHAMBERLIN: Staff 19.

7 WITNESS BOHAN: There we go. There it
8 is. Yes.

9 BY MS. CHAMBERLIN:

10 Q. And, until customers receive a benefit from those RECs
11 by paying less money for alternative compliance
12 payments, is that correct?

13 A. (Bohan) That is correct.

14 Q. And, that benefit, how does that benefit flow to the
15 different customer classes?

16 A. (Bohan) Well, that benefit --

17 Q. Or, just how does that benefit get -- what pocket of
18 money does that benefit flow into?

19 A. (Bohan) Well, it would result in a lower RPS charge
20 than otherwise would be the case. I'll defer to
21 Witness McNamara for details on that. But it's a
22 uniform charge. So, it's going to be assessed based on
23 consumption, so that benefit would ideally benefit
24 large consumers more than smaller consumers. But all

1 customers would benefit.

2 Q. All right. Now, if you -- so, if you compare those
3 two, the RECs are created by the net metering projects,
4 and that benefit goes to large consumers. And, the
5 lost revenue arguably is generated by both residential
6 and C&I, and yet paid for by residential customers? Is
7 that a reasonable comparison of those two?

8 A. (Bohan) Yes.

9 Q. And, if you did a direct dollar analysis, the RECs from
10 the net metering are about \$40,000? We did the
11 calculation and came up with 41,525?

12 A. (Bohan) Okay. Could I just have have a second to --

13 Q. Sure. It's based on an ACP payment of \$55.

14 A. (Bohan) That makes sense.

15 Q. Okay.

16 A. (Bohan) Yes.

17 Q. And, if you were to subtract one from the other, 40
18 minus 18, you get about \$22,000. So, if you offset
19 those directly, there's a \$22,000 benefit from the net
20 metering projects.

21 A. (Bohan) Okay. Agreed.

22 Q. Okay. All right. I believe this is Ms. McNamara's
23 testimony, regarding the PUC and OCA assessment
24 calculations. Can you walk me through how you are

[WITNESS PANEL: McNamara~Bohan]

1 applying the new statutory rules on the assessment?

2 A. (McNamara) The filing doesn't reflect any of the
3 changes.

4 Q. Oh. Okay.

5 A. (McNamara) Yes. I believe, I'm not sure if you had an
6 opportunity to review Staff 1-15?

7 Q. I reviewed it.

8 A. (McNamara) Okay.

9 Q. But why don't you refresh my recollection.

10 A. (McNamara) Okay. We have not yet received the latest
11 assessment, which I believe should be coming in, I
12 believe, in the first week of August. So, the way that
13 we've created the estimates in the past has been to
14 always use the prior year. That's the best data we
15 have to base the upcoming year on.

16 So, in response to Staff 1-15, I
17 essentially say that, and state that, primarily, the
18 estimate was based on Fiscal Year 2014 bill, allocated
19 to the non-distribution portion, which is recovered
20 through the EDC, which is based on EDC and Default
21 Service revenues for the prior year. And, that portion
22 is then recovered through the External Delivery Charge.

23 Q. Okay. And, the new law requires that a certain -- let
24 me find it. Just hold on. I do have it here. Here it

{DE 14-170} {07-23-14}

1 is. There is a section that imputes the costs of the
2 competitive electric suppliers to the utility to be
3 collected. Is there a different methodology that
4 applies to that amount?

5 A. (McNamara) As far as this filing goes, again, without
6 having any understanding of what those levels are,
7 again, just kept it very simple, and based it on just
8 the prior year. That basis was from the Company's
9 settlement in the last rate case, which allowed for the
10 recovery of the portion related to External Delivery
11 Charge and Default Service to be recovered through
12 Default -- I'm sorry, through External Delivery Charge.
13 To the extent that this change has an impact on what is
14 recovered and what is allowed to be recovered, of
15 course, the Company will be looking at that when we
16 receive the bill, whatever -- my understanding is that
17 the same methodology would be used, that, again, we'd
18 be looking at this 2000 and -- I'm not sure of the
19 year, I'm sorry, without having it in front of me, 2013
20 or '14, to base the 2014 revenues, would be used to
21 allocate between non-distribution and base or
22 distribution.

23 Q. So, if a true-up is required, you'll make an additional
24 filing? Is that a fair expectation?

1 A. (McNamara) Well, whatever would be -- whatever actually
2 the Company receives for the bill would obviously be
3 reflected in the model, and therefore reconciled next
4 year.

5 Q. All right.

6 A. (McNamara) Yes.

7 Q. That's what I was going for.

8 A. (McNamara) Okay.

9 Q. I was just trying to figure out how you were going to
10 implement the new law and when we would see any change.
11 So, you're saying that it would be reconciled in your
12 next filing?

13 A. (McNamara) That would -- that's generally how it would
14 happen. I guess I'm not still 100 percent clear on
15 the -- how much of an impact this is going to have and
16 how it's all going to fall out, without seeing it. But
17 that's, in normal course, what would happen, is we
18 would always base the current estimate based on last
19 year, that's the best we have, and then it would be
20 reconciled to actuals.

21 Q. Okay. Now, turning to OCA 1-1, we noted a significant
22 increase in estimated legal charges for this year, or,
23 for 2013, it went from 5,000 -- or, almost 6,000, to
24 40,000. And, is it correct that the increase was due

[WITNESS PANEL: McNamara~Bohan]

1 to the Concord Steam plant negotiations?

2 A. (Bohan) Generally speaking, yes, that's correct. I
3 just want to check, be careful here to characterize
4 this, that there wasn't an increase in the estimated
5 cost, there was an increase in the actual cost, because
6 that activity never occurred. We expected or we
7 anticipated the work with Concord Steam to happen over
8 the course of the last year. It just hasn't occurred
9 yet. Therefore, we wanted to keep those, that estimate
10 in there, for the coming year, because we still expect
11 that work to be done in the near future.

12 Q. Now, I'm looking at a newspaper article that says
13 "Concord Steam kills plans for long-delayed South End
14 plant." I think you can even see the headline from
15 here. Would you like to --

16 A. (Bohan) I take your word for it.

17 Q. Okay. So, my expectation is that that negotiation is
18 over. Do you disagree with that conclusion?

19 WITNESS BOHAN: I'd like to consult with
20 or defer to my counsel.

21 MR. EPLER: Could we take a moment?

22 CMSR. HONIGBERG: Sure. Let's go off
23 the record.

24 (Atty. Epler conferring with Witness

[WITNESS PANEL: McNamara~Bohan]

1 Bohan.)

2 CMSR. HONIGBERG: We're back on the
3 record. Is it going to be Mr. Epler or Mr. Bohan who is
4 going to be speaking next?

5 WITNESS BOHAN: Mr. Bohan.

6 CMSR. HONIGBERG: Okay.

7 **BY THE WITNESS:**

8 A. (Bohan) So, just to clarify, that may be the case. I
9 haven't seen that article directly. But my
10 understanding is that there is still the possibility
11 for some work in the future with Concord Steam. And,
12 again, I'd like to, you know, to remind the Commission
13 that this is an estimate. And, it's a reconciling
14 mechanism. So, whatever the actual costs are that are
15 incurred, or not incurred, over the course of the next
16 year will be included in the filing, and adjusted
17 accordingly. In the grand -- I understand that we're
18 always mindful of rate impacts. But I do want to just
19 remind everyone, in the context of the amount of the
20 budget for the EDC, this is a smaller amount.

21 BY MS. CHAMBERLIN:

22 Q. So, the overall proposal is for a rate decrease. If
23 the Commission granted everything that you had in your
24 filing, it would be a rate decrease?

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 A. (Bohan) That is correct.

2 Q. And, if the Commission disallowed the lost revenue
3 adjustment and the legal fees, there would be slightly
4 more of a decrease?

5 A. (McNamara) Correct.

6 A. (Bohan) That's correct.

7 MS. CHAMBERLIN: That's correct, okay.

8 Thank you. That's all I have.

9 CMSR. HONIGBERG: Ms. Amidon.

10 MS. AMIDON: Thank you. Good morning.

11 WITNESS BOHAN: Good morning.

12 BY MS. AMIDON:

13 Q. So, I just wanted to follow up a little bit on
14 Ms. Chamberlin's questions regarding the value of the
15 RPS obligation that you were able to meet through the
16 net metered.

17 A. (Bohan) Okay.

18 Q. Now, the net metered renewable generation is allowed to
19 be applied to RPS requirements pursuant to RSA 362-F:6.
20 This is for the Commission, not for you to double
21 check.

22 A. (Bohan) Okay.

23 Q. Section II-a. And, there's a formula in there, if I
24 recall, and the formula allows you to use a certain

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 capacity factor, is that right?

2 A. (Bohan) That is correct.

3 Q. Now, and when you calculated the lost distribution
4 revenue, did you use that same capacity factor in
5 developing the methodology?

6 A. (Bohan) As what the Commission allows? I think it --

7 Q. No. I mean, I wanted to know, when you developed your
8 methodology to calculate an approximate, what you are
9 claiming as the lost distribution revenue, did you use
10 that capacity factor? Twenty percent?

11 A. (Bohan) Let me turn to it.

12 CMSR. HONIGBERG: What's the "it" that
13 you're turning to, and would it help us to turn to it as
14 well?

15 WITNESS BOHAN: That's what I'm trying
16 to figure out.

17 MS. AMIDON: And, if you don't know the
18 answer to that question, that's fair enough.

19 WITNESS BOHAN: Well, I want to --
20 basically, I'd like to try to find where we have this
21 spelled out.

22 CMSR. HONIGBERG: Is it on Page 77? Is
23 it the first page of TMB-6?

24 WITNESS BOHAN: That's where I -- that's

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 where I just landed as well.

2 CMSR. HONIGBERG: Commissioner Scott
3 came up with it first up here.

4 **BY THE WITNESS:**

5 A. (Bohan) So, I think the answer to your question is
6 "yes". It's 20 percent.

7 BY MS. AMIDON:

8 Q. And, that was -- that was not established by the
9 Legislature for purposes of determining the lost
10 distribution revenue. It was established for purposes
11 of determining the REC credit, is that correct?

12 A. (Bohan) I believe that's correct.

13 Q. And, as Ms. Chamberlin pointed out, UES avoided about
14 \$41,525 in costs associated with the RPS requirement?

15 A. (Bohan) That's correct.

16 Q. Okay. And, in developing this methodology, did you
17 look at any other companies or any other proxies to
18 determine lost revenue or did the Company just come up
19 with its own methodology?

20 A. (Bohan) I did not. Actually, I did not complete the
21 analysis, another analyst at the Company did. And,
22 I've adopted that as part of my work here.

23 Q. Okay. So, there was no, like, independent analysis
24 done of that analysis, is that fair to say?

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 A. (Bohan) No, there was not.

2 Q. Okay. And, so, it's based on estimated kilowatt-hours,
3 and not on actual kilowatt-hours, is that fair to say?

4 A. (Bohan) That's correct.

5 Q. So, if you were to place it to reflect actual
6 kilowatt-hours, that would really require the Company
7 to have meters at those various installations to
8 determine each customer's generation, is that fair to
9 say?

10 A. (Bohan) Correct. Yes.

11 Q. And, do you think that is appropriate for the
12 Commission to make requirements on whether or not the
13 Company should have such meters installed at its net
14 metered renewable generation to assure accuracy in
15 the --

16 (Court reporter interruption.)

17 BY MS. AMIDON:

18 Q. Do you think it's reasonable that the Commission make
19 requirements, and I'm going to modify my question
20 slightly, for example, requiring the Company to have
21 meters at customers' net metered renewable generation
22 to determine the actual lost revenue?

23 A. (Bohan) I don't want to say that it's "unreasonable".
24 What I want to say is that a decision to make that

1 requirement should be mindful of the fact that the
2 metering necessary to do that is not free. So, I think
3 we would need to examine what the cost of that is, and
4 then weigh the benefits. If we're looking at \$50,000
5 in metering costs for \$17,000 of lost distribution
6 revenue, I would be hard-pressed to recommend that as a
7 good solution. So -- and, I can't speak off the top of
8 my head as to what the metering costs would be.

9 Q. But do you agree that there is some merit in the
10 Commission considering developing some parameters about
11 how utilities would calculate the lost distribution
12 revenue in order to take advantage of that provision of
13 the law?

14 A. (Bohan) Certainly.

15 Q. And, I believe this is in your testimony, Mr. Bohan,
16 about the rebate, the RGGI rebate. As I understand,
17 the statute now requires that to go back to all
18 customers, instead of just all default service
19 customers, is that right?

20 A. (Bohan) Yes. It may be in my testimony, but I think
21 I'm going to defer to Witness McNamara.

22 Q. Okay. And, Ms. McNamara, if you would please just
23 describe how the Company calculated the estimate of
24 that rebate over the period of time that these rates

[WITNESS PANEL: McNamara~Bohan]

1 would be in effect, if you would please?

2 A. (McNamara) I was -- I'm sorry, I was just trying to
3 find the data response. Okay. Found it. It was in
4 response to Staff 1-5. The Company has included four
5 rebate amounts, and the -- each amount of \$380,000,
6 expecting rebates quarterly, for a total of just over
7 \$1.5 million. And, again, those are estimates. And,
8 the estimate was based on rebates that were received
9 last year, calendar year 2013. Those rebates had been
10 returned to default service customers, as the
11 requirement stated at the time. And, therefore, I
12 reviewed the amount that the Company had received that
13 we returned to default service customers. I attempted
14 to look at FERC Form 1s. I'm not sure how successful I
15 picked out the exact right number for the
16 kilowatt-hours for PSNH, and Unitil, and, you know, the
17 other companies, to make sure that the Company -- that
18 the allocation that Unitil would receive was still
19 appropriate. As I responded to in the data response, I
20 used 11.7 percent as a proxy for calendar year 2013
21 sales to total sales in the state. And, I used the
22 total RGGI refund for the year of \$13 million. And,
23 that resulted in about \$1.5 million being returned to
24 Unitil.

{DE 14-170} {07-23-14}

1 Since the filing was made, the Company
2 has received two refunds, from both the March and June
3 auction, and together those summed to 651,555, which is
4 just a little under the 380,000 for each -- for each of
5 the two that had been expected. So, --

6 Q. But, as you complained earlier, this mechanism, too, is
7 reconciling. So, at the next year, when you make your
8 filing, you'll be looking back and determining whether
9 or not the appropriate amount was rebated to customers,
10 is that true?

11 A. (McNamara) Correct. Correct. The intent of including
12 the estimate was that the Company realized that the EDC
13 is only filed once a year. It's filed in June. At
14 that point, we kind of expected that we wouldn't even
15 have a rebate. We may have had maybe the first one.
16 So, it doesn't seem appropriate to have three more
17 expected, that's a lot of money coming in. So, in the
18 order, the Company had agreed to include estimates of
19 the rebates, so that the customers would receive the
20 rebates timely.

21 Q. Yes. And, the reason I'm asking these questions is
22 just to demonstrate to the Commission how the Company
23 is complying with that requirement. The Company makes
24 this filing every year and pretty much using the same

[WITNESS PANEL: McNamara~Bohan]

1 format in the form of testimony, is that fair to say?

2 A. (McNamara) Yes.

3 A. (Bohan) That's correct.

4 Q. One of the things in Ms. McNamara's testimony is, you
5 refer to the rate on a dollar per kilowatt-hour basis.
6 And, while I appreciate that in the calculations that
7 you provide in your exhibits, that is an appropriate
8 methodology, to derive the dollar per kilowatt-hour.
9 Wouldn't you agree that a customer or a reader would be
10 more understanding if you depicted the rates in your
11 testimony at cents per kilowatt-hour? I mean,
12 certainly, anybody who is reading this filing would be
13 paying rates in cents per kilowatt-hour.

14 A. (McNamara) I agree. And, I'm trying right now to think
15 about what my PSNH bill looks like and how the rates
16 are presented in that. It probably would be easier to
17 read, in terms of cents.

18 Q. And, in terms of the public looking at this filing,
19 they understand they pay rates in cents per
20 kilowatt-hour. So, it would be easier to understand if
21 it was written that way.

22 A. (McNamara) Uh-huh.

23 Q. Is that fair to say? Is that something the Company
24 could do in the future?

[WITNESS PANEL: McNamara~Bohan]

1 A. (McNamara) Oh, definitely. And, you're referring
2 simply to the testimony portion?

3 Q. Correct. Because I certainly understand, in your
4 exhibits, you have to derive the rate on the dollars
5 per megawatt-hour [kilowatt-hour?].

6 A. (Bohan) May I ask a clarifying question? Is this just
7 for this filing or is this the general preference for
8 the Commission kind of going forward?

9 Q. It's a preference of Staff. I defer to the Commission
10 as to what they would require.

11 A. (Bohan) Well, the reason that I ask is, in a couple of
12 months we'll be back here with a Default Service
13 filing. And, typically, there is similar analysis --

14 CMSR. HONIGBERG: Rather than continue
15 this discussion during the Q&A of a witness on the stand,
16 perhaps it would be better for counsel, for Staff and
17 counsel for the Company, and perhaps the OCA, to discuss
18 the format of filings and how things are characterized
19 within the testimony.

20 MS. AMIDON: Certainly, we can do that.

21 BY MS. AMIDON:

22 Q. In addition, though, in this filing, there was a little
23 conundrum at the outset, because Mr. Bohan's testimony,
24 you say that "the EDC is increasing", yet

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 Ms. McNamara's testimony says "the rate is decreasing".
2 And, as I understand it, that's due to a credit from
3 NU, is that correct?

4 A. (Bohan) That is correct.

5 Q. And, again, I just think it would be helpful to explain
6 that type of variable in the testimony, rather than
7 have it hidden in an exhibit. Finally, I wanted to ask
8 about the costs associated with Docket 11-105. Is this
9 the RiverWoods filing?

10 A. (McNamara) Yes, it is.

11 Q. When do those costs end?

12 A. (McNamara) July 2015.

13 Q. So, next year we will not see these costs in this
14 filing, is that correct?

15 A. (McNamara) Correct.

16 Q. Now, I forget, but does the Company also recover some
17 of those costs through the Default Service filing as
18 well?

19 A. (McNamara) It does.

20 Q. Okay. And, will those end at the same time?

21 A. (McNamara) I believe it does. No, I'm sorry. Because
22 the Default Service filing schedule is not an August to
23 July time period, I want to say that it mostly would be
24 November 2015. I can't say that with 100 percent

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 certainty. But rates become effective June 1 and
2 December 1. Therefore, it would be a May date that
3 they would end or a November date.

4 MS. AMIDON: Okay. Thank you. Thank
5 you. We're all set.

6 CMSR. HONIGBERG: Commissioner Scott.

7 CMSR. SCOTT: Thank you. Good morning.

8 WITNESS BOHAN: Good morning.

9 CMSR. SCOTT: A few questions.

10 BY CMSR. SCOTT:

11 Q. I want to get back to the net metering loss
12 calculation. And, I guess I'll start with, I had
13 already questioned you on Exhibit 2, but I just want to
14 clarify. So, you said the difference between the
15 original Exhibit 1, starting on Bates 079, and
16 Exhibit 2, was a differential of an estimate of what --
17 of what? Say it one more time.

18 A. (Bohan) Of displaced -- the original estimate of
19 displaced kilowatt-hours was slightly higher than what
20 actually would have been the case. And, if you -- if
21 we turn to, this is "Exhibit 3", I believe, that we
22 handed in, or is it "Exhibit 2"?

23 WITNESS McNAMARA: Would be "2".

24 CMSR. SCOTT: Be "2".

{DE 14-170} {07-23-14}

1 WITNESS BOHAN: "Exhibit 2"?

2 **BY THE WITNESS:**

3 A. (Bohan) Exhibit 2, Page 7 of 16. Bear with me. That I
4 think it's Page 7 and 8 show that these are essentially
5 kilowatt-hours that were -- that would not have been
6 displaced. They generated -- there was more generation
7 than that customer would have consumed. So, it's not
8 right to say that we lost revenue for some of these
9 additional kilowatt-hours that the customer wouldn't
10 have consumed had they not been generated.

11 BY CMSR. SCOTT:

12 Q. All right. So, that makes sense to me. So that part
13 of that calculation is not even what they're
14 generating. It's what they would have been getting for
15 service from you as an estimate, is that correct?

16 A. (Bohan) Correct. Correct.

17 Q. Okay. And, is that based on historical usage for that,
18 for those people? Some average? Some --

19 A. (Bohan) I believe that's based on 2013 usage.

20 Q. For that type of customer?

21 A. (Bohan) Yes.

22 Q. Okay. And, on the other side, as far as for the
23 generation, so, where I got a little bit confused in
24 your discussion with Attorney Amidon is, what I see in

[WITNESS PANEL: McNamara~Bohan]

1 this is you're using the PVWatts Model?

2 A. (Bohan) Correct.

3 Q. Correct? So, I don't know that much about it, but that
4 looks like to me it's using real data, real solar dater
5 -- data, excuse me. But what I think I heard, the
6 suggestion was is you used a 20 percent effectiveness
7 factor for PV?

8 A. (Bohan) Yes.

9 Q. So, how do those two jibe? If you have the real --
10 surrogate real data, why would you use --

11 A. (Bohan) So, what we're doing, what this model is doing
12 is taking -- there is this PVWatts Model. And, it
13 shows a calculation of I think it's 1,522
14 kilowatt-hours per year. And, then, that is parsed out
15 per month over the course of a year. And, I think it's
16 shown on the top sheet, on the top line. So, for
17 example, if I go to TMB-6, Page 6 of 14, which is Bates
18 stamp Page 082, the PVWatts data across the top is that
19 annual amount parsed out per month. Okay?

20 Then, what we've done is taken, for each
21 of these units, going down the vertical axis for each
22 of these net metered units, we have the annual usage
23 on the right-hand side. And, then, we take a ratio of
24 what that PVWatts data is to parse that out per month.

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 So, for example, for that second unit, you see that the
2 total usage for 2013 was 2,588 kilowatt-hours.

3 Q. Okay. Now, I'm lost. You're on --

4 A. (Bohan) Okay. So, if we're on -- we're on Bates stamp
5 Page 082.

6 CMSR. HONIGBERG: It's in the filing.

7 **BY THE WITNESS:**

8 A. (Bohan) Schedule TMB-6, Page 6 of 14.

9 BY CMSR. SCOTT:

10 Q. All right.

11 A. (Bohan) At the very top of that page, the bold data is
12 the PVWatts data. And, then, down the right-hand side,
13 you see "Total for 2013". That's total kilowatt-hours
14 for those, those units, for each of these units, for
15 2013. Then, that data is parsed out across the year.
16 So, that "160" is essentially the percentage share of,
17 if you took 94 divided by 1,522, that's going to give
18 you a percent. If you take that percent, multiply it
19 by 2,588, you get "160". So, that's what this table is
20 doing. It's taking that data, the annual usage, and
21 then it's parsing it out per month, for all these, you
22 know, 100 or so units that we've shown.

23 Q. Okay. And -- all right, that's helpful. So, that
24 PVWatts data is using the, obviously, the Concord

{DE 14-170} {07-23-14}

1 Airport is the surrogate?

2 A. (Bohan) That's correct.

3 Q. And, what I was trying to get at is, and maybe you just
4 don't have this data, but the 20 percent effectiveness
5 for a PV panel for New Hampshire, I know there was a
6 legislative component of that, but why wouldn't we use
7 real data or a surrogate real data?

8 A. (Bohan) Yes. I don't have a good answer for that.

9 Q. All right. Then, I will move on. You talked a little
10 bit about the RGGI estimate, this is more of a
11 statement than a question. I just want to make sure
12 the Company -- it sounds like you made a fairly good
13 estimate, based on the two rebates you've received so
14 far this year. I just want to point out that the RGGI
15 regional cap is a declining cap. So, in theory, that
16 would imply that the price would continue to decline,
17 to some extent, moving forward. So, I only say that
18 because, to the extent of looking backwards, it's not
19 always necessarily going to be the right -- totally
20 indicative, it's a metric, certainly, for you to use.

21 My other question was, this is -- my
22 understanding is that RSA 368:41 [378:41?], which is
23 the requirement for least cost energy planning and
24 conformity of plans. My understanding is that's in

[WITNESS PANEL: McNamara~Bohan]

1 effect until August 15th, when House Bill 1540 becomes
2 effective, if I understand correctly. That being said,
3 you want this filing ideally by 1 August to be
4 approved. So, I'll ask the question. Do you feel this
5 filing comports with the Least Cost -- your latest
6 filed Least Cost Integrated Resource Plan?

7 A. (Bohan) Yes, I do.

8 CMSR. SCOTT: Thank you. Wanted to get
9 that on the record.

10 WITNESS BOHAN: Uh-huh.

11 CMSR. SCOTT: So, I think that's all I
12 have.

13 CMSR. HONIGBERG: I think most of my
14 questions are going to be for the lawyers, but I do have a
15 question for one of you.

16 BY CMSR. HONIGBERG:

17 Q. The distribution -- displaced distribution revenue, the
18 change of -- or, the number to be changed to around
19 \$17,000, that is a tiny fraction of the estimated total
20 costs that we're talking about here, correct?

21 A. (Bohan) That is correct.

22 Q. If we were to take the \$17,000 out, would the charge --
23 would the rate change in your filing, do you think?

24 A. (McNamara) It definitely would. I have done the

{DE 14-170} {07-23-14}

[WITNESS PANEL: McNamara~Bohan]

1 calculations on both of the amounts, the \$40,000 of
2 legal, as well as the -- I used the 18,000, because the
3 current rate, the 0.01854 proposed rate, is based on
4 the 18,000 amount. It would have an impact of \$0.00002
5 per kilowatt-hour, which, on a residential 670
6 kilowatt-hour bill, would be one cent.

7 CMSR. HONIGBERG: Okay. Thank you. I
8 think that's the only question I have for you. Mr. Epler,
9 do you have any other questions for these witnesses?

10 MR. EPLER: I did want to clarify a
11 couple of things. So, if I could?

12 CMSR. HONIGBERG: Sure.

13 **REDIRECT EXAMINATION**

14 BY MR. EPLER:

15 Q. Mr. Bohan, just to review a discussion that you had
16 with Attorney Chamberlin, to make sure I understood,
17 the C&I customers, because their distribution charges
18 are recovered through a flat charge, they are -- they
19 are not responsible for lost revenue if they net meter,
20 is that -- is that correct?

21 A. (Bohan) Correct.

22 Q. Okay. And, therefore, by -- so, the residential -- the
23 residential customers who have net metering, they would
24 be responsible for the entirety of the lost revenues,

[WITNESS PANEL: McNamara~Bohan]

1 is that correct?

2 WITNESS BOHAN: Could I have a moment
3 first?

4 MR. EPLER: Sure.

5 (Witness Bohan conferring with Witness
6 McNamara.)

7 WITNESS BOHAN: Okay. Go ahead. Sorry.
8 My apologies.

9 BY MR. EPLER:

10 Q. So, it's the residential customers who net meter who
11 are creating the lost revenues?

12 A. (Bohan) Yes.

13 Q. Okay. And, so, the proposal to recover the lost
14 revenues through the EDC spreads those costs through to
15 all customers, is that correct?

16 A. (Bohan) Correct.

17 Q. Okay. There was also a question, I believe, by
18 Attorney Amidon, asked if this calculation is similar
19 to the calculation of the lost revenues due to net
20 metering, if that was similar to anything else that you
21 were aware of. Do you know whether or not that this
22 analysis is similar to the calculation performed for
23 UES's affiliate, Fitchburg Gas & Electric Light
24 Company?

{DE 14-170} {07-23-14}

1 A. (Bohan) I do not know.

2 MR. EPLER: I think the only other point
3 I had to clarify, Commissioners, there were a couple of
4 points during the cross-examination by the Staff and the
5 OCA where they referred to specific data requests. And, I
6 don't know if I have -- if I caught all of them. But, for
7 clarification of the record, the Company would be happy to
8 submit these into the record. It's really at your
9 pleasure, whether you want us to do that or not, if it
10 would help the record?

11 CMSR. HONIGBERG: Well, as I was
12 listening to the questioning, I was wondering whether the
13 lawyers asking those questions felt they wanted to give us
14 the data requests and responses, because, as you all know,
15 we don't have them. I gathered, from the last round of
16 questions that Ms. Amidon asked, she doesn't feel that's
17 necessary, because she just wanted to explain, through the
18 question and answer, the process that the Company was
19 following.

20 I don't know if the parties feel like it
21 would be helpful to us to include those in the record.
22 So, I'm going to leave that you guys, whether you feel you
23 want to give us the data responses, if you feel they would
24 be significant to us in helping us decide what to do here.

[WITNESS PANEL: McNamara~Bohan]

1 MS. CHAMBERLIN: If I may, I did not
2 think they were necessary. My questions intended to cover
3 the little bit of information in the data request, and
4 then the detail would be the testimony from the witnesses.
5 So, I just -- I didn't introduce them, because I didn't
6 think they were helpful. I don't object to them being
7 introduced, but it wasn't my plan to introduce them.

8 CMSR. HONIGBERG: Ms. Amidon?

9 MS. AMIDON: I concur with Attorney
10 Chamberlin.

11 CMSR. HONIGBERG: So, unless you feel
12 the need to produce them, Mr. Epler, I think we're
13 covered.

14 MR. EPLER: Okay. I was just making the
15 offer, that we had no objection either way on this.

16 CMSR. HONIGBERG: Do you have any other
17 questions for the witnesses?

18 MR. EPLER: No, I don't.

19 CMSR. HONIGBERG: All right. I think
20 the witnesses are excused then. Thank you. There are no
21 other witnesses, correct?

22 MS. AMIDON: Correct.

23 CMSR. HONIGBERG: Is there any objection
24 to striking the identification from the exhibits,

{DE 14-170} {07-23-14}

1 understanding that we've got an Exhibit 3 going to come
2 sometime this afternoon?

3 MR. EPLER: No objection.

4 CMSR. HONIGBERG: Seeing no objection,
5 we'll do that. I think, before you sum up or close or
6 however you want to characterize it, I want to hear from
7 the lawyers about the legal framework under which Unutil
8 is requesting the displaced distribution revenue here. I
9 see the citations in Unutil's filing. I infer from the
10 questions from the OCA and Staff that they believe that
11 there's other statutes and other requirements that may be
12 relevant to the amount of money that should be recovered
13 here. But I don't think we've really been presented with
14 legal argument about what the right is here, and
15 whether -- whether it's a right, whether it's offset in
16 some way by some other calculations that may need to be
17 done.

18 So, I'm wondering whether the lawyers
19 want to address that right now, whether they want to
20 submit something in writing. So, why don't we have a
21 brief conversation about that, rather than a legal
22 argument, unless you guys want to do legal arguments.
23 And, so, Mr. Epler, you want to take a crack at this one
24 first for me please?

1 MR. EPLER: Sure, Commissioners. I'd be
2 happy to do that. Our submission of the calculation and
3 the request to include the recovery of lost revenues is
4 totally -- it is tied to the Commission's rules, Puc
5 903.02(o), which provides that -- the actual subsection is
6 provided in the testimony of Mr. Bohan, at Bates stamp
7 060. And, so, we believe that that gives the -- that that
8 indicates the Commission's intent to offer a distribution
9 utility the opportunity to propose a calculation as to --
10 to recover those amounts in an appropriate proceeding,
11 after notice and hearing. And, so, we have submitted this
12 proposal in accordance with that rule. And, that's what
13 we are relying on.

14 Based on our calculations and our
15 understanding of the other factors that are included in
16 rates, this is an appropriate calculation. We don't feel
17 that it's offset by any other recovery. There's no
18 so-called "double recovery". We're not counting something
19 twice. And, we think that the calculation we made is
20 appropriate and a modest calculation.

21 We also understand this is the first
22 time that this has been presented to the Commission. And,
23 so, we're offering it for your consideration. I don't
24 want to argue against our position here. But, certainly,

1 if the Commission and the parties felt that they wanted to
2 take a longer time to consider this issue, the Company
3 would understand, particularly given that it has a fairly
4 minimal impact overall on the filing.

5 CMSR. HONIGBERG: And, it wouldn't be
6 lost, necessarily, because after the deeper dive were done
7 into this, it could come up the next time we get to do
8 this, correct?

9 MR. EPLER: Certainly, we could do that.
10 If the Commission would allow us, since we filed for this
11 period, if we were to go through the process and come to
12 an agreement on a process, if we could include this period
13 of time. In other words, not lose this, the period we're
14 seeking recovery for now.

15 CMSR. HONIGBERG: Understood. Let me
16 hear from the other lawyers. Ms. Chamberlin.

17 MS. CHAMBERLIN: Because this is a case
18 of first impression, it raises many public policy
19 questions about who benefits and who pays. And, we have
20 the State policy of renewable energy credits, and then we
21 have the State policy of net metering projects, but
22 exactly how those get implemented and who bears those
23 costs is a detailed question. And, it depends on the
24 company's rate design, and it depends on the ratio of

1 residential customers versus C&I customers, and solar
2 panel versus wind. I mean, there are many, many factors
3 involved in determining lost revenue, if there is any.

4 And, I, because this could set precedent
5 for other utilities, and because it does have a
6 significant impact, even though the number right now is
7 small, it's expected to grow. And, while this proposal
8 was included in the order of notice, but it was kind of
9 buried on Page 3. I mean, I expect that there are lots of
10 entities that are interested in this particular
11 calculation that have not weighed in here.

12 So, my recommendation is to open
13 another -- either open a generic docket with all utilities
14 or open another docket with just Unitil's calculation, to
15 determine if this is appropriate for Unitil. I expect
16 PSNH will be in a different posture, because of its
17 vertically integrated and its, you know, mixture, it's
18 unique. But I expect that Unitil and Liberty will have
19 very similar numbers and situations involved, and that
20 they may be able to be looked at at the same time.

21 But, however it's done, I don't believe
22 the utility in this proceeding has met its burden of
23 showing that this calculation is a just and reasonable
24 reflection of the costs and benefits involved.

1 CMSR. HONIGBERG: If we were to go in
2 that direction, would you object to them being able to
3 recover this amount for this period down the line, holding
4 an understanding that it may -- it may turn out to be
5 fully justified, and lose the opportunity to recover it?

6 MS. CHAMBERLIN: I would not object to a
7 2013 calculation. It may be a very different number by
8 the time we're finished. But, you know, we could hold a
9 place for that.

10 CMSR. HONIGBERG: Okay. Ms. Amidon?
11 Just on this topic. We're not doing the whole thing yet,
12 just on this topic.

13 MS. AMIDON: I understand. Well, you
14 know, I looked at the statute RSA 362-A:9, VII. And, the
15 second sentence in that section said, regarding
16 distribution revenues, is as follows: "The method of
17 performing the calculation and applying the results, as
18 well as a reconciliation mechanism to collect or credit
19 any such net effects with appropriate carrying charges and
20 credits applied, shall be determined by the commission."
21 As Attorney Chamberlin pointed out, this section is not
22 just applicable to Unitil, it's applicable to PSNH and
23 Liberty Utilities as well. And, there is a cost to
24 ratepayers, the non-participants. You know, the

1 participants being the net metered customers, who get the
2 benefit of being paid for their production, and the
3 non-participants being the distribution customers, who may
4 or may not participate in the net metered benefits. But
5 the net effect is that there is a shifting of costs to
6 non-participants. And, I do believe that it's important
7 that the Commission, and to emphasize what Attorney
8 Chamberlin said, develop uniform methods of calculation,
9 regarding how the companies can claim these net effects on
10 distribution revenues.

11 As the Company indicated, first of all,
12 they already corrected its filing from its initial filing.
13 And, then, the witness here today said that he had not
14 conducted an independent review of that study upon which
15 he relied to calculate the 17,337. And, so, I do agree
16 again with Ms. Chamberlin that I don't believe that the
17 resulting effects on ratepayers is just and reasonable.

18 As to the Company coming back at a later
19 time to claim lost distribution revenues for the period of
20 time in question in this filing, I don't have a problem
21 with the concept, but I am concerned that any manner of
22 that calculation isn't done in accordance with the
23 methodology approved by the Commission.

24 MR. EPLER: If I could, I'll make this

1 easy. We'll agree to withdraw this portion of the filing,
2 the net metering, the request for recovery of the -- of
3 this amount.

4 CMSR. HONIGBERG: I have to look at it
5 every time, too, to make sure I get the words in the right
6 order.

7 MR. EPLER: And, further, with that
8 motion to withdraw that portion of the filing, if it's --
9 without prejudice to the Company's ability to request
10 recovery for the period that's covered by the filing.

11 CMSR. HONIGBERG: Am I correct that
12 there would be no objection to that from the other side of
13 the room?

14 MS. CHAMBERLIN: Correct.

15 MS. AMIDON: That is correct.

16 CMSR. HONIGBERG: Thank you. All right.
17 So with that -- off the record.

18 (Brief off-the-record discussion
19 ensued.)

20 CMSR. HONIGBERG: Okay. We're back on
21 the record. Mr. Epler would like to clarify something or
22 add something.

23 MR. EPLER: Yes. Commissioners, as was
24 just pointed out off the record, we have reserved Exhibit

1 3 for a particular calculation. The Company will look at
2 those pages and determine whether there needs to be an
3 update. And, we'll provide the Commission with an
4 appropriate update. And, we would request to continue to
5 reserve Exhibit 3 for that process.

6 CMSR. HONIGBERG: Yes. I think you're
7 going to need it. Because the motion that you just made
8 does change the numbers on those, on some of those
9 documents. And, Exhibit 3 would be one of them.

10 MR. EPLER: Okay. I'm not sure if we
11 could get all that in by this afternoon, because it may be
12 a different calculation. But we will get that in as
13 quickly as possible.

14 CMSR. HONIGBERG: Understood. All
15 right. With that, are we ready to sum up?

16 (No verbal response)

17 CMSR. HONIGBERG: Seems like we are.
18 Ms. Chamberlin.

19 MS. CHAMBERLIN: Sure. Setting aside
20 the lost revenue calculation, I believe the Company has
21 not met its burden on the request for legal fees. There's
22 simply no evidence that that -- that that's an active case
23 that's going on. Even though it gets reconciled down the
24 line, it's essentially ratepayers providing a loan to the

1 Company. And, I would submit that it's the -- the Company
2 should bear that risk and collect it after the costs have
3 actually been imposed, or with the greater certainty that
4 there are actually going to be that level of costs. And,
5 that's the approximately \$40,000.

6 And, that's the -- that's the only
7 additional recommendation I have.

8 CMSR. HONIGBERG: Ms. Amidon.

9 MS. AMIDON: Thank you. Staff does not
10 take any position on the legal fees.

11 Staff has reviewed the filing, and we
12 have determined that the Company has appropriately
13 calculated the stranded costs and the external delivery
14 reconciliation charges. And, we have no objection to the
15 filing on that basis, provided that the Commission accept
16 the motion of the Company to withdraw its claim for lost
17 distribution revenues.

18 CMSR. HONIGBERG: I think we've accepted
19 that motion.

20 MS. AMIDON: Thank you.

21 CMSR. HONIGBERG: Or, granted it, I
22 guess is probably the better word. Mr. Epler.

23 MR. EPLER: Yes. The only issue I'll
24 address is the legal fees. As indicated by the testimony

1 of Mr. Bohan, it's -- we understand it's still an active
2 matter, and that the anticipated fees are a reasonable
3 estimate of what is to be incurred. And that, as Mr.
4 Bohan indicated, it is a reconciling amount, and the
5 amount is quite small. So, we would request that that
6 continue to be allowed in the proposed recovery.

7 CMSR. HONIGBERG: All right. If there's
8 nothing else, I thank you all. And, we will take this
9 under advisement. Thank you.

10 **(Whereupon the hearing was adjourned at**
11 **11:21 a.m.)**