BEFORE THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

EVERSOURCE ENERGY - PETITION FOR APPROVAL OF GAS INFRASTRUCTURE CONTRACT WITH ALGONQUIN GAS TRANSMISSION, LLC	: : : :	DOCKET NO. DE 16-241

ALGONQUIN GAS TRANSMISSION, LLC
REPLY BRIEF ON PHASE I LEGAL ISSUES

Algonquin Gas Transmission, LLC ("Algonquin") hereby submits its Phase I Reply Brief in connection with the above-referenced proceeding.

BACKGROUND

On February 18, 2016, Public Service Company of New Hampshire d/b/a Eversource Energy ("Eversource") filed a petition ("Petition") with the New Hampshire Public Utilities Commission ("NH PUC" or the "Commission") for approval of a 20-year contract between Eversource and Algonquin for natural gas capacity on Algonquin's Access Northeast Project (the "Access Northeast Contract"); an Electric Reliability Service Program ("ERSP") to set parameters for the release of capacity and liquefied natural gas ("LNG") to electric generators; and a Long-Term Gas Transportation and Storage Contract tariff ("LGTSC") for Eversource rates on all retail electric customers served by Eversource, to provide for recovery of costs associated with the Access Northeast Contract. Consistent with the March 24, 2016 Order of Notice[1] in the above-referenced proceeding, Algonquin timely filed a Phase I Initial Brief urging the Commission to hold that the Petition is consistent with New Hampshire law.[2] Eversource and several intervenors also filed Phase I Initial Briefs.

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[1] Order of Notice (Mar. 24, 2016) (available at: http://www.puc.state.nh.us/Regulatory/Docketbk/2016/16-241/ORDERS/16-241_2016-03-24_OON.PDF), ("Order of Notice").

[2] Algonquin Gas Transmission, LLC, Brief on Phase I Legal Issues (Apr. 27, 2016) ("Algonquin Phase I Initial Brief").

For all of the reasons stated in its Phase I Initial Brief, Algonquin urges the Commission to hold that: Eversource has corporate authority to enter into the Access Northeast Contract;[3] the Access Northeast Contract, development of the ERSP, and assessment of the LGTSC are consistent with the Restructuring Principles of RSA Chapter 374-F and other applicable laws;[4] and the LGTSC assessment would be permitted as just, reasonable and in the public interest.[5] Algonquin also joins in and supports Eversource's position that the Access Northeast Contract "fits squarely within the general obligation of [electric distribution companies ("EDCs")] in New Hampshire to ensure that they are capable of providing safe and reliable service at just and reasonable rates"[6] and that Eversource's entry into the Access Northeast Contract is consistent with the goals of the resource planning statutes at RSA 378:37 and 38.[7] As Algonquin set forth these positions at length in its Phase I Initial Brief, it will not do so again here, but will simply respond to specific areas of disagreement (as to facts or law) with positions advanced by other parties.

As the Commission reviews the briefs in this proceeding, Algonquin urges it to be mindful of the economic incentives of the participants in this proceeding. As the Commission knows well, traditional vertically integrated utilities recover their generation costs (including pipeline reservation and commodity charges for delivering supply to natural gas-fired generation facilities) from captive ratepayers through regulated rates. In contrast, generators in restructured states only recover their generation costs to the extent that they receive sufficient revenue

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[3] Algonquin Phase I Initial Brief, at 4-8. *See also*, Coalition to Lower Energy Costs, Brief on the Legality of Eversource's Proposal (Apr. 28, 2016) ("CLEC Phase I Initial Brief"), at 6-10; Eversource, Initial Legal Memorandum (Apr. 28, 2016) ("Eversource Phase I Initial Brief"), at 9-12.

[4] Algonquin Phase I Initial Brief, at 8-16. *See also*, Eversource Phase I Initial Brief, at 12-24.

[5] Algonquin Phase I Initial Brief, at 17-19.

[6] Eversource Phase I Initial Brief, at 7.

[7] *Id.* at 8-9.

through competitive wholesale markets. Given that generation units are subject to economic dispatch, *i.e.*, units with lower marginal cost are dispatched first; natural gas-fired generators may not be dispatched if there is sufficient generation with lower marginal cost to meet load requirements at any time. Accordingly, natural gas-fired generators in competitive markets may not have the economic incentives to pay for long term, year-round firm interstate pipeline capacity when they will not be dispatched for periods during any year. To the extent that they can run, however, it is in the economic interest of those generators (and the LNG providers who serve them) to maintain the status quo of high electric prices. In addition, generation whose fuel costs are not tied to natural gas prices stand to substantially benefit from higher electric prices, particularly base load nuclear generation. New Hampshire's electric consumers would be better served by a solution that delivers natural gas to the region's electric power generators, ameliorating the high and volatile electric prices caused by constrained supply of natural gas.

ARGUMENT

I. ACCESS NORTHEAST'S LNG CAPABILITIES WILL ALLOW IT TO PROVIDE SERVICE TO NATURAL GAS-FIRED ELECTRIC POWER GENERATORS AT PEAK DEMAND TIMES THROUGHOUT THE WINTER AND SUMMER.

While the benefits of the Access Northeast Project will be discussed in more detail in Phase II of this proceeding, we are compelled to discuss project specifics here to clarify a misapprehension of fact by the Coalition to Lower Energy Costs ("CLEC"). In its initial brief, CLEC asserts that:

> Eversource alleges that liquefaction will occur during shoulder months, meaning at the maximum withdrawal rate, the LNG facility could provide 16 days' worth of supply during each of winter and summer beginning in 2021. Thus, the ANE Project would provide 900,000 MMBtu/d of transportation and storage deliverability for at most 16 winter days beginning in 2021 and 500,000

> MMBtu/d of year-round transportation after 2020, with the high and volatile energy costs of winter being a prime concern of the Commission.[8]

As Eversource described in its Petition, the Access Northeast Project includes 500,000 MMBtu/day of natural gas pipeline capacity with receipt points at upstream pipeline interconnects and 400,000 MMBtu/day of pipeline capacity with access to a market area domestic LNG storage facility.[9] As the proposed LNG facility would have a storage capacity of 6,400,000 MMBtu, CLEC is correct that it would take sixteen days to empty the LNG storage facility at the maximum withdrawal rate, but this figure is misleading and does not accurately depict the market and operational realities, nor the benefits provided by the Access Northeast Project.

The Access Northeast solution is not expected to empty the LNG storage facility at maximum withdrawal rates, but rather to provide natural gas supply at periods of peak electric generation demand coincident with peak natural gas demand experienced by local distribution companies ("LDCs"). Such periods are measured in hours rather than days. The electric power generators to be served by withdrawals from the LNG storage facility through the ERSP typically operate for up to sixteen hours per day (potentially at different output levels during this period) and reduce operations or shut down during the remaining hours of each typical day. Throughout the day there are individual hours that may require generation supported by LNG, for example, the hours directly following sunset in the winter. As such, even though these electric power units require natural gas supply on a particular day, they will likely be used for only sixteen or fewer hours of the day. Furthermore, even if these electric power units operated for the full sixteen hours

[8] CLEC Phase I Initial Brief, at 3.

[9] Petition, at 5.

per day, they would not necessarily require withdrawals from LNG storage during all of the hours that they operate, *i.e.*, they would be able to use some of the 500,000 MMBtu/day of natural gas pipeline capacity to meet their demand. Consequently, withdrawal capability associated with the LNG storage would exist for use on other days and CLEC's sixteen-day estimate is not an accurate representation of the LNG storage capability on Access Northeast.

II. ALGONQUIN FILED A TARIFF MODIFICATION CONSISTENT WITH FEDERAL ENERGY REGULATORY COMMISSION ("FERC") PROCEDURES

As Algonquin noted in its Phase I Initial Brief,[10] the capacity release procedures related to the Access Northeast Project are regulated under the federal Natural Gas Act ("NGA").[11] While issues subject to FERC's jurisdiction will be decided by FERC, Algonquin addresses selected NGA issues in this Reply Brief to correct mischaracterizations that other parties have entered into the record. For example, the Office of the Consumer Advocate ("OCA") alleges that Algonquin has shown a "reckless disregard for the NGA's provisions…"[12] Similarly, NextEra Energy Resources, LLC ("NEER") alleges that FERC "expressed skepticism about the [Access Northeast Project's] developers' request to allow preferential capacity releases to specific generators, rather than complying with FERC's requirement for a transparent, competitive bid process…"[13] These characterizations are inaccurate and misrepresent the nature of the pending FERC proceedings.

On February 19, 2016, Algonquin proposed a revised section of the General Terms and Conditions ("GT&C") of its FERC Gas Tariff, Sixth Revised Volume No. 1 ("Tariff") for FERC

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[10] Algonquin Phase I Initial Brief, at 15-16.

[11] 15 U.S. Code § 717 *et seq.*

[12] Office of the Consumer Advocate, Phase I Brief ("OCA Phase I Initial Brief"), at 25.

[13] NextEra Energy Resources, LLC, Principal Brief (Apr. 28, 2016) ("NEER Phase I Initial Brief"), at 15.

approval.[14] Through the revisions, Algonquin proposes to exempt from FERC's capacity release bidding rules, certain types of capacity releases of firm transportation by EDCs that are participating in state-regulated electric reliability programs.[15] The proposed tariff modifications are consistent with FERC's ongoing efforts to facilitate coordination of the natural gas and electric industries in light of the increasing reliance on natural gas as a fuel source for electric power generators.[16] The proposed modifications are also analogous to the FERC's current policy of exempting from bidding requirements capacity releases pursuant to state-regulated retail access programs of LDCs and capacity releases to asset managers.[17] As with an LDC-focused retail access program, capacity released pursuant to a state-regulated electric reliability program would be committed to its original purpose, *i.e.*, benefitting retail electric ratepayers that are supporting the initial subscription for such capacity by EDCs through the state-regulated cost-recovery mechanism.

Algonquin had proposed an April 1, 2016 effective date for the modifications to the Tariff.[18] FERC recently held a technical conference to provide for further discussion of Algonquin's proposal.[19] These facts do not support other parties' allegations of either a "reckless disregard" for the NGA by Algonquin or "skepticism" by FERC. Instead, it is evident that Algonquin is following established FERC procedures in advancing a solution to New England's energy constraints, and FERC, in turn, is carefully evaluating this proposal.

[14] Letter from R. Kruse, Vice President, Regulatory Affairs, Algonquin Gas Transmission, LLC to K. Bose, Secretary, FERC re Algonquin Gas Transmission, LLC, Docket No. RP16-____-000 (Feb. 19, 2016) (available at: https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=14150186) ("Tariff Submittal Letter").

[15] *Id.* at 1.

[16] *Id.* at 4 (discussing FERC orders related to natural gas-electric coordination).

[17] *Id.* at 7 (citing 18 C.F.R. § 284.8(h)(1)(ii)).

[18] *Id.*

[19] *See generally*, FERC, Docket No. RP16-618-000, Order Accepting and Suspending Tariff Record and Establishing a Technical Conference (Mar. 31, 2016) (available at: https://elibrary.ferc.gov/idmws/file_list.asp?document_id=14443684).

III. THE CONTEMPLATED CAPACITY RELEASE ARRANGEMENT IS NOT UNDULY RESTRICTIVE NOR DOES IT CONSTITUTE PRICE SUPPRESSION

NEER argued that capacity released by Eversource is only available "to a restricted class of buyers: those electric generators who serve New England and who have physical access to the Algonquin pipeline in Massachusetts, Connecticut, and Rhode Island."[20] NEER further argues that "[t]he purpose of Eversource's proposal is to suppress wholesale rates by preferentially reselling discounted gas capacity to a restricted class of natural gas generators, which impermissibly intrudes on the Federal Energy Regulatory Commission's ("FERC") exclusive jurisdiction over wholesale rates."[21]

Algonquin will first correct a misstatement of fact: the Access Northeast Project has been designed to provide the infrastructure necessary to ensure firm deliverability of natural gas to the electric power generators directly connected to both the Algonquin and Maritimes & Northeast pipelines. Maritimes & Northeast serves generators in New Hampshire and Maine, specifically Newington/PSNH (New Hampshire), Newington Power (New Hampshire), Westbrook Energy (Maine), Casco Bay Power (Maine) and Bucksport (Maine). In fact the Access Northeast Project has been designed to deliver firm natural gas capacity to electric power generators across the system within specific designated aggregation areas, including an aggregation area devoting 80 Mdth/day of firm natural gas capacity specifically to generators located in New Hampshire and Maine.

The subset of generators able to acquire natural gas capacity from Eversource is limited by the physical realities of New England's pipeline infrastructure. While it is true that the Access Northeast Project only provides firm delivery to generators directly connected to the

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[20] NEER Phase I Initial Brief, at 12.

[21] *Id.* at 3.

Algonquin and/or Maritimes & Northeast pipelines, the same would be true of any offer of firm pipeline capacity offered by Algonquin or any other pipeline. Each pipeline can only offer firm, last-mile deliverability to the electric power generators to which it is directly connected. This does not constitute an undue restriction on access, but simply a reflection of physical reality. Over sixty percent of New England's natural gas fired generation capacity is directly connected to the Algonquin or Maritimes & Northeast Pipelines, and such generators are therefore able to acquire natural gas capacity from Eversource should they so choose. Moreover, the Access Northeast Project does not prohibit generators that are not directly connected to the Algonquin or Maritimes & Northeast pipelines from acquiring natural gas capacity from Eversource.

Allegations by NEER and OCA that there is a scheme to artificially suppress prices in the ISO New England ("ISO-NE") market[22] are purely speculative and without basis. Instead, the Access Northeast Contract will allow Eversource to do its part in correcting a gas pipeline infrastructure constraint that results in New Hampshire electric consumers (and others in the region) paying higher electric prices than necessary. As reflected by the price differentials between natural gas commodity prices in New England and other U.S. gas commodity trading hubs during the winter, these pipeline infrastructure constraints manifest in a constrained natural gas commodity market in New England. Given the high percentage of natural gas fired-generation capacity in the New England generation mix, these pipeline constraints have resulted in higher prices for natural gas which in turn have increased the price of electric power in New England.

Although individual generators have competitive market incentives to bid their generation into the wholesale market, they have virtually no operating incentives to invest in

[22] *See, e.g.*, NEER Phase I Initial Brief, at 3; OCA Phase I Initial Brief, at 23.

fixed costs, such as pipeline infrastructure, to address the pipeline constraints. As noted above, electric generators compete and operate under a business model that encourages them to minimize short run marginal operating costs to be able to sell into ISO-NE energy markets. In fact, this focus on bidding based on short run marginal operating costs into energy markets and the lack of incentive to invest in fixed costs are the same reasons that the grid operators (like ISO-NE) proposed, and the FERC approved, the addition of electric capacity markets to address concerns related to reliability, generation adequacy and new entry. The ISO-NE capacity markets, however, are not designed to provide recovery for generators' investment in pipeline infrastructure. As a result, the generators do not have the operating incentives to enter into 20-year firm transportation agreements necessary to address pipeline constraints.

Given that the existing competitive electric market and New England gas pipeline infrastructure are both constrained and the generators do not have the appropriate incentives to remove the constraint, another market participant (*i.e.*, Eversource as an EDC) has decided to address the issue through its participation in the Access Northeast Project. Eversource is acting in its electric customers' economic interests to remove a constraint where, as here, the cost of pipeline capacity is less than the costs it bears as a result of such constraint (*i.e.*, the price difference between a constrained competitive natural gas market and an unconstrained competitive natural gas market and the associated electric market impact). Through participation in the Access Northeast Project, Eversource will assist in removing a burdensome pipeline constraint from the New England natural gas market. The removal of this market constraint is not price suppression but rather it will ensure a liquid and competitive market for the natural gas commodity (this gas commodity market operates separate from pipeline infrastructure but is dependent upon the infrastructure to ensure adequate fuel transportation capacity exists).

Furthermore, it is inaccurate to characterize such removal of the market constraint as subsidization because the benefits to electric users that pay to remove the natural gas pipeline bottleneck (*i.e.*, lower retail electric prices for consumers) exceed the costs. Following NEER and OCA's position to the logical conclusion would preclude any infrastructure development or service innovation that may result in increased reliability and reduced prices for electric customers.

IV. NEW HAMPSHIRE ENERGY STATUTES SHOULD BE READ AS A COHESIVE WHOLE PRIORITIZING REDUCED COST TO CONSUMERS AND SYSTEM RELIABILITY

OCA argues that the relevant statutes "are *in pari materia*, they must be 'read as part of a cohesive whole.'"[23] Similarly, ExGen argues that the relevant statutes must be read harmoniously.[24] Algonquin agrees. All of the relevant statutes must be read in harmony with the overarching public policy goal of the restructuring statute:

> The most compelling reason to restructure the New Hampshire electric utility industry is to reduce costs for all consumers of electricity by harnessing the power of competitive markets. The overall public policy goal of restructuring is to develop a more efficient industry structure and regulatory framework that results in a more productive economy by reducing costs to consumers while maintaining safe and reliable electric service with minimum adverse impacts on the environment.[25]

In the Restructuring Statute, the legislature set forth twin goals: reduced cost to consumers and safe and reliable electric service, to be accomplished with respect for competitive market forces. The Restructuring Statute, along with RSA 374-A, RSA 374:57 and other applicable statutes should all be read with those goals in mind.

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[23] OCA Phase I Initial Brief, at 3 (citing *Williams v. Babcock*, 121 N.H. 185, 190 (1981)).

[24] Exelon Generation Company, LLC; Initial Brief of Exelon Generation Company, LLC Regarding Legality of Eversource Proposal (Apr. 27, 2016) ("ExGen Phase I Initial Brief"), at 11-12.

[25] RSA 374-F:1.

As Eversource noted in its Phase I Initial Brief, the Access Northeast Contract "does not set the price at which the generators acquiring pipeline capacity...must sell their output, or otherwise set the compensation that generators would receive, and it does not require that generators participate in a wholesale energy market."[26] Through the ERSP, the generators will compete to purchase this gas capacity with the generation seeing the highest value for such capacity (and therefore paying the highest price) purchasing such rights. Furthermore, the Access Northeast Contract, ERSP and LGTSC do nothing to disturb consumer choice in the competitive retail electric market. Algonquin reiterates that if the Commission approves Eversource's Petition, the competitive markets created and promoted by the Restructuring Act remain in place.[27] Furthermore, the twin policy goals of reduced cost to consumers and safe and reliable electric service would be fostered.

In contrast, if the Commission does not approve the Petition, New Hampshire will continue to face the unacceptable status quo of high and volatile electric prices. Power generators are currently not served on a firm, reliable basis, nor will they be if the status quo is maintained with respect to firm gas pipeline capacity to end-use generators. New Hampshire needs a solution that will support the construction of pipeline infrastructure that is specifically designed to meet the needs of power generators and ensure that, on peak days, natural gas-fired generators have access to firm natural gas transportation directly to their facilities. Given the three-year planning horizon of generators and the twenty-year planning horizon of pipelines, EDCs are necessary to bridge the gap and support investment in pipeline infrastructure. If the Commission finds that the Access Northeast Contract, ERSP and LGTSC are not legal under New Hampshire law then it will continue the gap where no entity is empowered to or

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[26] Eversource Phase I Initial Brief, at 24.

[27] *See also*, Algonquin Phase I Initial Brief, at 12.

incentivized to provide the solution that New Hampshire consumers need. This cannot be what the legislature intended with its focus on reduced cost to consumers and safe and reliable electric service.

V. THE RELEVANT STATUTES SHOULD NOT BE READ TO INCLUDE RESTRICTIVE LANGUAGE THAT DOES NOT EXIST

ENGIE stated that "[t]he fact that the phrase 'transmission capacity' [in RSA 374:57] is susceptible to more than one interpretation means it is ambiguous text."[28] ENGIE cites legislative history to show that RSA 374:57 was enacted to afford the Commission additional oversight in the aftermath of the bankruptcy of Public Service Company of New Hampshire ("PSNH"), Eversource's successor.[29] Specifically, ENGIE acknowledged that a legislative priority was achieving 'predictable electricity rates that track expected inflation..."[30]

Algonquin agrees that RSA 374:57 provides the Commission with oversight authority to ensure that Eversource (and other EDCs) enter only into long-term contracts that provide predictable rates and otherwise advance consumer interests. Algonquin does not agree, however, with ENGIE's logical leap arguing that because RSA 374:57 was enacted in the wake of the PSNH bankruptcy RSA 374:57 cannot apply to matters beyond the PSNH bankruptcy.[31] Citing *Appeal of Old Dutch Mustard Co., Inc.*, ENGIE argues that RSA 374:57 "should not be expanded to imbue [it] with meaning and subject matter outside the subject matter of the resolution of the bankruptcy of the state's largest electric utility."[32] Algonquin urges the Commission to recognize that the subject matter of RSA 374:57 is Commission oversight of

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[28] *Union Leader Corporation v. New Hampshire Retirement System*, 162 N.H. 673, 677 (2011).

[29] Brief of ENGIE Gas & LNG LLC (Apr. 28, 2016) ("ENGIE Phase I Initial Brief"), at 7-12.

[30] *Id.* at 7, citing N.H.H. Jour. 13 (1990).

[31] *See* ENGIE Phase I Initial Brief, at 9.

[32] *Id.*, citing *Appeal of Old Dutch Mustard Co., Inc.*, 166 N.H. 501 (2014).

prudent contracting (consistent with the public policy goal of low costs to ratepayers), including contracting for natural gas transmission capacity. Had the legislature intended to specifically reference the PSNH bankruptcy, or contracts for electric transmission services, in RSA 374:57 it could have done so. It is not appropriate to "consider what the legislature or [regulators] might have said nor add words that they did not see fit to include."[33] The Commission should therefore not add the words "electric" or "PSNH bankruptcy" to RSA 374:57.[34]

VI. THE COMMISSION HAS HELD RELIABILITY INVESTMENTS TO BE INCLUDABLE IN THE RATE BASE

As correctly noted by NEER:

> Utilities can include in rates only investments that are used and useful to the utility. RSA 378:28 ('The commission shall not include in permanent rates any return on any plant, equipment, or capital improvement which has not first been found by the commission to be prudent, used, and useful.'); RSA 378:27 (allowing temporary rates including reasonable return on property of the utility that is 'used and useful in the public service').[35]

Noting that EDCs "use wires to distribute electricity to [their] customers," NEER argues that "[i]t is difficult to conceive how a natural gas pipeline providing natural gas to independent gas-fired electricity plants, gas marketers, and for use as heat would be deemed to be 'used and useful' to New Hampshire EDC customers within the context of RSA 378:28."[36] Similarly, OCA argues that "the pipeline capacity at issue here has no more of a place in electric distribution rates than lines carrying water or telephony would."[37] NEER and OCA overlook, however, the important reliability and cost benefits provided when natural gas generators have firm access to the fuel they need.

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[33] *Appeal of Old Dutch Mustard Co., Inc.*, 166 N.H. 501, 506 (2014).

[34] Similarly, the Commission should not add the word "ownership" to RSA 374-A:2. *Cf.* ENGIE Phase I Initial Brief, at 15-19.

[35] NEER Phase I Initial Brief, at 33.

[36] *Id.*

[37] OCA Phase I Initial Brief, at 5.

Investment in system reliability through natural gas capacity targeted to electric power generators is prudent, used and useful and is therefore recoverable in rates.[38] As noted by Staff, the "lower electricity prices resulting from a gas-capacity acquisition program" could confer benefits on "all classes of distribution customers, including those taking supply service from competitive suppliers…"[39] Eversource's support of investment in increased pipeline capacity that actually delivers gas to the generators on a firm basis would clearly be devoted to facilitating the availability of natural gas for electric generators, thereby allowing such generators to meet the energy needs of EDC customers in a significantly more reliable and cost-effective manner than they are today. The Commission has routinely held that investments in reliability are recoverable in the rate base.[40] The Commission should likewise acknowledge the Access Northeast Contract as an investment in system reliability, which also lowers costs to consumers, and find that the associated LGTSC assessment is permitted under New Hampshire law.

CONCLUSION

For all of the foregoing reasons, and the reasons stated in its Phase I Initial Brief, Algonquin requests that the Commission recognize that Eversource's proposed entry into the Access Northeast Contract and the implementation of the ERSP and LGTSC are legal under New

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[38] Specific evaluation of whether costs related to the Access Northeast Contract are prudent, used and useful is necessarily a fact-specific evaluation suited to Phase II of this proceeding. *See, e.g.*, *Appeal of Conservation Law Foundation of New England, Inc.*, 127 N.H. 606, 638 (1986) (noting that "prudence judges an investment or expenditure in the light of what due care required at the time an investment or expenditure was planned and made, [and] usefulness judges its value at the time its reflection in the rate base is under consideration.") Algonquin expects to demonstrate to the Commission in Phase II that costs related to the Access Northeast Contract are prudent, used and useful. *See, e.g.*, Petition at 11-12.

[39] Docket No. 15-124, Memorandum from Alexander F. Speidel, Staff Attorney, New Hampshire Public Utilities Commission to George R. McCluskey, Assistant Director, Electric Division, New Hampshire Public Utilities Commission, re Gas Capacity Acquisitions by N.H. Electric Distribution Utilities (July 10, 2015) ("Staff Legal Memorandum"), at 7.

[40] *See, e.g.*, DE 10-055, Unitil Energy Systems, Inc., Petition for Permanent Rate Increase, Order No. 25,124, Order Approving Temporary Rates (Jun. 29, 2010) (available at: http://www.puc.state.nh.us/Regulatory/Orders/2010orders/25124e.pdf) at 7 (allowing temporary recovery of $500,000 for an enhanced tree trimming program and finding Unitil's "plans to expand its tree trimming program reasonable and the proposed adjustment to be warranted.").

Hampshire and federal law, and requests that the Commission proceed to Phase II of this proceeding.

Respectfully submitted,
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Dated: May 12, 2016

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Reply Brief has this day been sent via electronic mail or first class mail to all persons on the service list.

Emilee Mooney Scott

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Dated: May 12, 2016