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STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

June 1, 2016 - 1:06 p.m.  
Concord, New Hampshire

NHPUC JUN20'16 AM 9:36

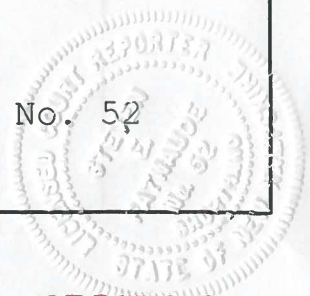
RE: DE 16-384  
UNITIL ENERGY SYSTEMS, INC.:  
Request for Change in Rates.  
(Prehearing conference)

**PRESENT:** Chairman Martin P. Honigberg, Presiding  
Commissioner Robert R. Scott  
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

**APPEARANCES:** Reptg. Unitil Energy Systems, Inc.:  
Gary Epler, Esq.  
  
Reptg. Energy Freedom Coalition  
of America:  
Thad Culley, Esq. (Keyes Fox Wiedman)  
  
Reptg. New Hampshire Sustainable  
Energy Assn.:  
Kate Epsen, Executive Director  
Nathan Phelps (Vote Solar)  
  
Reptg. ReVision Energy:  
Jack Ruderman  
  
Reptg. Acadia Center:  
Mark LeBel, Esq.

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



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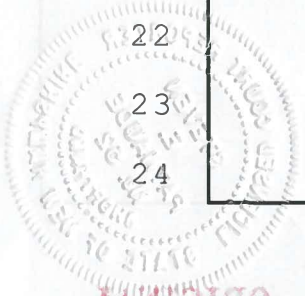
**APPEARANCES: (c o n t i n u e d)**

**Reptg. Residential Ratepayers:**

Nicholas Cicale, Esq.  
Pradip Chattopadhyay, Asst. Cons. Adv.  
James Brennan, Finance Director  
Office of Consumer Advocate

**Reptg. PUC Staff:**

Suzanne G. Amidon, Esq.  
Paul B. Dexter, Esq.  
Leszek Stachow, Asst. Dir./Electric  
Richard Chagnon, Electric Division  
Jay Dudley, Electric Division



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**I N D E X**

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**RE: MOTIONS TO INTERVENTION**

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**RE: CLF REQUEST & DER/NET METERING ISSUE**

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**P R O C E E D I N G**

1  
2 CHAIRMAN HONIGBERG: We're here this  
3 afternoon in Docket DE 16-384, which is Unitil  
4 Energy Systems' rate case. They filed their  
5 Notice of Intent to File Rate Schedules, and  
6 they filed their proposed tariffs, we issued an  
7 order suspending the tariffs for an  
8 investigation. The Company also filed a  
9 request for temporary rates, in the event that  
10 the permanent rates were suspended. And there  
11 is a hearing set on the temporary rate request  
12 for Monday, June 20th.

13 We have some motions to intervene. I  
14 think we have five motions to intervene, and  
15 we've received comments from two other  
16 entities.

17 Before we go any further, let's take  
18 appearances.

19 MR. EPLER: Good afternoon,  
20 Commissioners. My name is Gary Epler, the  
21 Chief Regulatory Counsel for Unitil Service  
22 Corp., appearing on behalf of Unitil Energy  
23 Systems. And, with me today, immediately to my  
24 right, is Mark Collin, Senior Vice President

1 and Chief Financial Officer of Unitil  
2 Corporation; David Chong, who's the Director of  
3 Finance; and the row behind is Kevin Sprague,  
4 Director of Engineering; and then, in this last  
5 row here, going from left to right, is Dan  
6 Nawazelski, he's a Senior Financial Analyst;  
7 Doug Debski, a Senior Regulatory Analyst; and  
8 George Simmons, Manager of Regulatory Affairs.  
9 Thank you.

10 MR. CULLEY: Good afternoon,  
11 Commissioners. My name is Thad Culley, with  
12 the law firm of Keyes, Fox & Wiedman, appearing  
13 on behalf of the Energy Freedom Coalition of  
14 America. Thank you.

15 MS. EPSEN: Good afternoon. Kate  
16 Epsen, of New Hampshire Sustainable Energy  
17 Association. I'm the Executive Director.

18 MR. PHELPS: Good afternoon. I'm  
19 Nathan Phelps, for Vote Solar. And I'm with  
20 Kate.

21 MR. RUDERMAN: Good afternoon. Jack  
22 Ruderman, for ReVision Energy.

23 MR. CICALE: Good afternoon, Chairman  
24 and Commissioners. Nicholas Cicale, here for

1 the Office of Consumer Advocate, on behalf of  
2 residential ratepayers. Here with me is the  
3 Assistant Consumer Advocate, Dr. Pradip  
4 Chattopadhyay, and the Director of Finance, Jim  
5 Brennan.

6 MS. AMIDON: Suzanne Amidon, for  
7 Commission Staff. I'm representing Commission  
8 Staff, along with the colleague to my left,  
9 Paul Dexter of the Legal Department.

10 CHAIRMAN HONIGBERG: All right. Is  
11 anyone here for the Alliance for Solar Choice?

12 *[No verbal response.]*

13 CHAIRMAN HONIGBERG: Is anyone here  
14 for the Acadia Center?

15 *[No verbal response.]*

16 CHAIRMAN HONIGBERG: How about the  
17 Conservation Law Foundation?

18 *[No verbal response.]*

19 CHAIRMAN HONIGBERG: Jordan Institute  
20 and Resilient Buildings Group?

21 *[No verbal response.]*

22 CHAIRMAN HONIGBERG: All right. So,  
23 let's talk about interventions. Mr. Epler,  
24 what's your position on the five motions to

1           intervene or are you planning on putting  
2           something in writing?

3                   MR. EPLER: I could indicate our  
4           position orally. But if you --

5                   CHAIRMAN HONIGBERG: Go for it.

6                   MR. EPLER: Okay. First, the last  
7           one you mentioned, Jordan Institute, I had not  
8           seen a motion.

9                   CHAIRMAN HONIGBERG: They had not  
10          filed a motion, as far as I know. They filed a  
11          comment, as did the CLF.

12                  MR. EPLER: Okay.

13                  CHAIRMAN HONIGBERG: Sorry. Sorry  
14          that was unclear.

15                  MR. EPLER: That's okay.

16                  CHAIRMAN HONIGBERG: The first -- the  
17          five intervention motions that I'm aware of are  
18          the New Hampshire Sustainable Energy  
19          Association, the Acadia Center, the Alliance  
20          for Solar Choice, the Energy Freedom Coalition  
21          for America, and ReVision Energy.

22                  MR. EPLER: Okay. Thank you.

23          We're --

24                  CHAIRMAN HONIGBERG: We're on the

1 same page?

2 MR. EPLER: We're looking at the same  
3 menu.

4 CHAIRMAN HONIGBERG: Excellent.

5 MR. EPLER: As a general matter, the  
6 Company does not oppose the interventions, with  
7 the following conditions. Although, let me  
8 also state, we do think that there are some  
9 deficiencies in the petitions. But we're  
10 willing to overlook those deficiencies, if we  
11 can get the following conditions: Number one,  
12 that the interventions should be limited to the  
13 Company's DER tariff proposal, and not  
14 extraneous matters. Number two, would be that  
15 the parties who have identified themselves as  
16 particularly interested in that proposal work  
17 together cooperatively to consolidate their  
18 intervention, coordinating discovery, perhaps  
19 co-sponsoring witnesses, consolidating, if we  
20 do go to hearing, consolidating  
21 cross-examination, and ultimately briefing. We  
22 think that their interests are aligned in that  
23 respect, and that would help with the  
24 administration of this docket.



1 CHAIRMAN HONIGBERG: All right. Do  
2 any of the intervenors, perspective intervenors  
3 who are here, want to respond to what Mr. Epler  
4 said?

5 *[No verbal response.]*

6 CHAIRMAN HONIGBERG: Anybody? Yes,  
7 sir. You can sit. It's better.

8 MR. CULLEY: Okay.

9 CHAIRMAN HONIGBERG: And just make  
10 sure the microphone is close enough so that it  
11 works.

12 MR. CULLEY: Thank you, Chairman. Is  
13 this volume okay? On behalf of Energy Freedom  
14 Coalition of America, I certainly respect the  
15 recommendation that parties would be able to  
16 work together and avoid duplication. But I  
17 would say, to the extent parties are aligned,  
18 those interests are not going to always be  
19 identical. So, I think it's important, for my  
20 client at least, to preserve the right to have,  
21 you know, independence when it comes to  
22 cross-examination and propounding discovery.

23 CHAIRMAN HONIGBERG: Anyone else?  
24 Ms. Epsen.

1 MS. EPSEN: I would need to consult  
2 with some of the other parties. We're happy to  
3 coordinate, to the extent that we can, but  
4 we're not sure that consolidation would work in  
5 every case.

6 And, on the issue of only addressing  
7 the DDER schedule proposal, there are a couple  
8 other pieces that may be of interest  
9 surrounding customer charges.

10 CHAIRMAN HONIGBERG: Mr. Ruderman.

11 MR. RUDERMAN: Thank you, Mr.  
12 Chairman. On behalf of ReVision Energy, I  
13 would echo the comments about the parties  
14 working together and coordinating when  
15 possible, but I don't know at this point  
16 whether our positions perfectly align, I  
17 suspect they won't perfectly align. So, I  
18 would -- I don't want to call it an objection  
19 to the second condition that Attorney Epler  
20 stated, but I would note that we can make best  
21 efforts, but no guarantees we're all going to  
22 be on exactly the same page on all issues.

23 CHAIRMAN HONIGBERG: Does the OCA or  
24 Staff want to weigh in on the interventions?

1 Mr. Cicale?

2 MR. CICALI: No. The OCA has nothing  
3 to share in that regard.

4 CHAIRMAN HONIGBERG: Ms. Amidon?

5 MS. AMIDON: We take no positions on  
6 the motions to intervene. But Staff just wants  
7 to emphasize that the temporary rate portion of  
8 this case does not involve any consideration of  
9 the tariffs. So, we would expect that any  
10 temporary rate proceeding would not have to  
11 include the involvement of the intervenors.

12 CHAIRMAN HONIGBERG: Do the  
13 intervenors, the perspective intervenors  
14 generally agree with Staff's position? I  
15 assume, Mr. Epler, you probably agree with that  
16 as well, correct?

17 MR. EPLER: Yes. That's correct.

18 CHAIRMAN HONIGBERG: What about the  
19 perspective intervenors?

20 MR. CULLEY: I have not consulted  
21 with my clients. This is Thad Culley for the  
22 Energy Freedom Coalition of America.

23 CHAIRMAN HONIGBERG: Can you think of  
24 anything related to the temporary rate filing

1 that you might be interested in?

2 MR. CULLEY: No. I think at this  
3 time, we wouldn't have an objection to that.

4 CHAIRMAN HONIGBERG: Anyone else back  
5 there?

6 MS. EPSEN: I don't think we would  
7 have an objection to that either.

8 CHAIRMAN HONIGBERG: Mr. Ruderman, I  
9 assume you're in the same place?

10 MR. RUDERMAN: Correct.

11 CHAIRMAN HONIGBERG: All right.  
12 We're not going to rule from the Bench on the  
13 motions to intervene. I think we understand  
14 the Parties' positions. I think, for purposes  
15 of the technical session that's going to follow  
16 this, you should assume you're going to be  
17 participating at some level in developing a  
18 schedule.

19 I think that you should also expect  
20 that there will be some, I'm not sure if the  
21 right word is "limitations", but I think the  
22 nature of the participation, the extent of the  
23 participation is probably going to carry some  
24 limitations along the lines of what Mr. Epler

1 outlined. I think it might well make sense for  
2 the Company and the perspective intervenors to  
3 have a discussion to see if they can reach an  
4 agreement on specifically what issues would be  
5 appropriate. Staff and the OCA may well be  
6 able to assist them in having that discussion.

7 And, then, with respect to  
8 cooperating, consolidating, it is fairly clear  
9 that there are many interests that align. We  
10 would expect the Parties to work together and  
11 not duplicate. To the extent that we need to  
12 consolidate you, we will do that either now or  
13 at some appropriate time in the future. But,  
14 if there's an indication that the Parties are  
15 not cooperating where they should, and  
16 particularly the intervenors are not, we will  
17 deal with it as we have to. But you all  
18 recognize, just to read your intervention  
19 motions, you're all saying -- speaking about  
20 roughly the same things. So, you'll be  
21 expected to work together.

22 And, clearly, to the extent that  
23 someone has a different position than the  
24 others, that's the time to let us know and

1 we'll deal with it. And, in all likelihood, if  
2 your position is different, when you talk to  
3 the Company and you talk to the OCA and you  
4 talk to Staff, they're probably going to agree  
5 with you, if your positions truly are  
6 different. So, you should be able to work  
7 through that as the case progresses.

8 All right. Is there anything else,  
9 yes, with respect to that, before we move onto  
10 another topic?

11 MS. AMIDON: Well, it has to do with  
12 those people who filed motions to intervene,  
13 but are not here today. And that would be  
14 Acadia Center and the Alliance for Solar  
15 Choice.

16 CHAIRMAN HONIGBERG: Uh-huh.

17 MS. AMIDON: Just from my  
18 perspective, they clearly knew that the  
19 prehearing conference was scheduled for today  
20 at 1:00. And, if they're not here, Staff is  
21 inclined to recommend that the Commission deny  
22 those motions to intervene.

23 CHAIRMAN HONIGBERG: We understand  
24 that position. We'll take that under

1 advisement. I think, at the very least,  
2 they're not going to be able to second guess  
3 whatever schedule everybody else agrees to.  
4 But we understand the position you've taken,  
5 Ms. Amidon.

6 Anything else with respect to  
7 interventions?

8 *[No verbal response.]*

9 CHAIRMAN HONIGBERG: Okay. Any other  
10 preliminary matters we need to deal with?

11 MS. AMIDON: No.

12 CHAIRMAN HONIGBERG: Yes, Mr. Epler.

13 MR. EPLER: Yes. Just a question,  
14 Mr. Chairman. The filing by Conservation Law  
15 Foundation appears to be a motion to remove a  
16 portion of the Company's filing. If I could be  
17 advised as to when you anticipate addressing  
18 that? Do you want to address that today or is  
19 that at some later point?

20 CHAIRMAN HONIGBERG: I'm in kind of a  
21 procedural box. I have a motion from someone  
22 who's not a party requesting relief, have not  
23 sought intervenor status. To -- I mean, I'm  
24 just speaking for myself at this point, the

1 other Commissioners can weigh in, if they want.  
2 We haven't taken any kind of vote. Hang on,  
3 Ms. Epsen. They just look like commenters at  
4 this point. And, you know, there's lots of  
5 people who have very helpful comments about how  
6 we should all do our jobs, and that's their  
7 perspective right now.

8 Yes, Ms. Epsen.

9 MS. EPSEN: Thank you. NHSEA made a  
10 similar request in its Motion to Intervene. We  
11 feel that the intent of recent legislation, HB  
12 1116, really sought to address these type of  
13 matters in the Docket 16-576. So, we would  
14 also strongly urge that the DDER schedule be  
15 moved to that docket, respectfully.

16 CHAIRMAN HONIGBERG: I think the  
17 Company, I mean -- all right, to the extent  
18 that you feel you've made that request in a  
19 proper form, I think the Company has got an  
20 opportunity to respond to that. Do you want to  
21 do that here, live, or do you want to do that  
22 in writing, Mr. Epler?

23 MR. EPLER: I could do it live.

24 CHAIRMAN HONIGBERG: Go for it.



1 [Court reporter interruption.]

2 MR. RUDERMAN: Excuse me, Mr.

3 Chairman?

4 CHAIRMAN HONIGBERG: Yes.

5 MR. RUDERMAN: Could I be heard?

6 CHAIRMAN HONIGBERG: Mr. -- who was  
7 that back there? Mr. Ruderman, is that who I  
8 heard?

9 MR. RUDERMAN: Yes.

10 CHAIRMAN HONIGBERG: The thing is,  
11 when it comes through the speakers, it's a  
12 disembodied voice. And, if I don't see the  
13 lips moving, I'm not sure who's talking.

14 Yes, Mr. Ruderman.

15 MR. RUDERMAN: I'll try to nod my  
16 head a lot. I wanted to weigh in also on this  
17 issue. It seems to me that we have two dockets  
18 here that are essentially two sides of the same  
19 coin. And what might be accomplished in one  
20 docket can be completely co-opted in another  
21 docket. It seems to me that we had a clear  
22 message from the Legislature, they want us to  
23 settle this issue of what are the appropriate  
24 compensation rates for net metered electricity.

1 And, so, we have that docket that's going to  
2 open soon.

3 This docket really is evaluating the  
4 same thing. In a macro sense, it is looking at  
5 "How does net metering work? Should we impose  
6 some new fixed charges? Should there be a new  
7 rate structure?" I find it hard to imagine how  
8 we could operate on two parallel tracks, where  
9 the interaction between all of these issues  
10 that are common to both dockets are ignored.

11 And, so, ReVision Energy feels very  
12 strongly that these dockets should either be  
13 combined, or we should stay the DER proceeding  
14 until we've got resolution on the docket that  
15 the Legislature has directed us to open today.

16 CHAIRMAN HONIGBERG: I will say that  
17 the first, the first suggestion you just made,  
18 of consolidating a company's rate case with the  
19 statutorily directed net metering docket, seems  
20 like a really bad idea.

21 MR. RUDERMAN: I was referring to the  
22 DER portion of this.

23 CHAIRMAN HONIGBERG: Yes. It seems  
24 like a very -- it seems like a challenge.

1                   Anyway, yes, Mr. Epler, you want to  
2                   respond.

3                   MR. EPLER: Yes, and several points.  
4                   The first is, looking at the Commission's Order  
5                   of Notice that was issued in DE 16-576, on Page  
6                   2, the bottom of the page, the Commission notes  
7                   that it "opens a docket to develop new  
8                   alternative net metering tariffs, which may  
9                   include other regulatory mechanisms and tariffs  
10                  for customer-generators."

11                  What the Company has proposed in this  
12                  docket is not a net metering tariff. And, in  
13                  fact, under our proposal, the net metering  
14                  tariff currently in place can continue. The  
15                  parties would be paid -- excuse me, customers  
16                  who net meter would be paid in the same manner  
17                  as they are currently paid. And, since the  
18                  Order of Notice says it "may include other  
19                  regulatory mechanisms and tariffs", it's not  
20                  clear that that docket would involve an inquiry  
21                  into the type of proposal that the Company has  
22                  made in this docket.

23                  The next point, in terms of the  
24                  statutory clock, I would note that a rate case

1 is similarly under a statutory deadline. So, I  
2 think it would be a challenge to isolate that  
3 portion of the Company's case and put it on  
4 hold, and then, depending upon what happened in  
5 the other docket, we might have to scramble or  
6 may find it difficult to then get back to the  
7 Company's proposal at some future point in  
8 time.

9 The third point is that the Company's  
10 reading of the statutory provisions regarding a  
11 rate case or a rate case filing is that, once a  
12 company makes a rate case filing, and the  
13 filing has been accepted, just meaning that its  
14 form -- it's in the right form, all the  
15 schedules are there, so on, the Commission  
16 doesn't have the discretion to simply dismiss  
17 it or dismiss a portion of it. At that point,  
18 the Company has certain due process rights.  
19 Admittedly, we've got the burden of proof, but  
20 we do have due process rights in that docket.  
21 And I think the Commission's hands would be  
22 somewhat tied as to whether or not it could  
23 take a portion of our filing and just remove it  
24 from our case.

1                   Having said that, we do understand  
2                   that there is potentially overlap of some  
3                   issues. I think that we can manage that  
4                   without too much duplication. You know, I  
5                   think a lot of the initial steps in a rate case  
6                   are asking discovery, having technical  
7                   sessions, and I think that those will be  
8                   helpful to have here in the context of this  
9                   case, with this company, because we provided  
10                  very detailed information that's unique to the  
11                  Company. So, I think there is a benefit of  
12                  being able to address those issues here in this  
13                  docket.

14                   CHAIRMAN HONIGBERG: What you just  
15                   said, about the nature of your charges being  
16                   "unique to your company", that seems like a  
17                   fairly significant point, because Eversource's  
18                   charges are going to be unique to Eversource,  
19                   and Liberty's charges are going to be unique to  
20                   Liberty. Whereas, on the net metering side of  
21                   things, and the amount paid for the energy,  
22                   there's a directive from the Legislature to do  
23                   that for everyone.

24                   Would you agree with that, Mr. Epler?

1 MR. EPLER: Yes, I would agree.

2 CHAIRMAN HONIGBERG: Does anyone else  
3 who hasn't already spoken on this issue want to  
4 weigh in? Mr. Cicale.

5 MR. CICALE: Now, the OCA did not  
6 iterate anything in writing on this point, but  
7 we took notice of the comment made by CLF. And  
8 it's a difficult situation that the Company is  
9 in, as are the other parties. Now, the  
10 Legislature has set a mandate on net metering,  
11 and so that is kind of an open notice comment  
12 that a proceeding in that regard as to what the  
13 value shall be going forward. The Company has  
14 the opportunity here to showcase a DER rate  
15 design which is helpful to its -- to, you know,  
16 its rate design going forward as the Company  
17 can show as a whole, to make itself whole and  
18 reconcile all costs and rates and charges.  
19 And, you know, being that Eversource isn't in  
20 the door right now with a rate case, they can't  
21 do such. This is a practical way of showing  
22 DER rate design within the context of a rate  
23 case, which may or may not be better than the  
24 individual net metering docket.

1           So, the OCA's concern is to have both  
2           these proceedings on the same track tackling  
3           similar issues, where one company will get to  
4           showcase, in a practical standpoint, this kind  
5           of rate design tailor-fitted to their model,  
6           where the other companies may or may not. Is  
7           that Unitil's fault? Absolutely not. It makes  
8           sense for the Company to come forth with such a  
9           filing.

10           But a lot of these issues will be  
11           duplicated within both dockets. And it may or  
12           may not be harmful to parties who have similar  
13           efforts, similar positions. And, so, the OCA  
14           just cautions the Commission on that note, that  
15           we may end up with two different results on a  
16           similar issue at the conclusion of this docket.

17           CHAIRMAN HONIGBERG: That's two  
18           different points, Mr. Cicale. There was a --  
19           you made a "burden" argument on behalf of  
20           intervenors, and you then also made a "watch  
21           out for inconsistent results" argument. Both  
22           are -- you're intending to make both arguments  
23           there?

24           MR. CICALÉ: I would say both are

1 relevant, Mr. Chairman.

2 CHAIRMAN HONIGBERG: Okay.

3 Ms. Amidon, do you have any position on this?

4 MS. AMIDON: We think that the  
5 Commission has the full argument, and we don't  
6 need to add our voice to it at this point.

7 *(Chairman Honigberg and*  
8 *Commissioner Bailey conferring.)*

9 CHAIRMAN HONIGBERG: Commissioner  
10 Bailey.

11 COMMISSIONER BAILEY: I think I'd  
12 like to hear from the parties, or the people  
13 who are arguing this, about whether you think  
14 Liberty and Eversource could implement a rate  
15 like this without a rate case or whether it  
16 would be single-issue ratemaking? So, if we  
17 get to the end of the net metering docket, and  
18 then they file a DDER rate, would they have to  
19 file it in the context of a rate case?

20 CHAIRMAN HONIGBERG: Mr. Cicale  
21 first, and then in the back.

22 MR. CICALI: Now, that depends on the  
23 Commission's order. And, ultimately, the  
24 companies could reopen a rate case to rectify



1           their rates in that manner based on what the  
2           Commission orders in the net metering docket.  
3           So, a full rate case may not be necessary. It  
4           really depends on what comes out of that  
5           docket, really, to answer your question  
6           generally, Commissioner Bailey, genuinely.

7                         CHAIRMAN HONIGBERG: Other thoughts?

8                         MR. PHELPS: Thank you, Mr. Chairman,  
9           Nathan Phelps, for Vote Solar, who is the  
10          witness for Kate Epsen and NHSEA. So, I would  
11          say that we have really two different things  
12          going on here. First of all, we need to think  
13          about the rate design of the, for instance, the  
14          DDER. And, in that case, I think it would be  
15          up to the Commission as to whether or not there  
16          should be a uniform type of rate, if you will,  
17          for all of the investor owned utilities in New  
18          Hampshire. And that could be done in a joint  
19          proceeding, a uniform proceeding. And, then,  
20          secondly, it would be a matter of inputting the  
21          data into that rate design. So, there very  
22          well could be a uniform proceeding at the end  
23          of, say, the net metering docket that would  
24          require, for instance, compliance filings as a

1 result of the companies.

2 And I will say that, I mean, all of  
3 this is, obviously, intertwined. But,  
4 ultimately, what we're talking about here is  
5 the assumptions that would be used in the DDER,  
6 whether in this case or some type of uniform  
7 case in the future, will be influenced -- will  
8 directly be influenced as a result of the net  
9 metering proceeding. So, for instance, the  
10 assumptions that are used in the Unutil filing  
11 in regards to the DDER almost certainly will  
12 change as a result of the net metering  
13 proceeding.

14 COMMISSIONER BAILEY: Likewise, won't  
15 it also change as a result of the revenue  
16 requirement?

17 MR. PHELPS: Well, yes. But, first,  
18 I would say, in the net metering proceeding, as  
19 an example, you know, the Commission has  
20 required a different cost -- a cost of service  
21 study for each of the utilities. And that  
22 would, for instance, influence how this should  
23 be implemented in the future, without a doubt,  
24 absolutely.

1                   But I will note that the revenue  
2                   requirement overall for the company doesn't  
3                   necessarily need to change. It's just a matter  
4                   of who they're collecting it from.

5                   CHAIRMAN HONIGBERG: All right. I  
6                   don't think you're going to be getting a rule  
7                   from the Bench on this one either. I think you  
8                   should assume that you're setting a schedule  
9                   for all of the rates that the Company has  
10                  proposed tariffs on in this docket as you go  
11                  into your technical session. It's possible  
12                  that something will be carved out or suspended,  
13                  or we'll try and figure out some way to do  
14                  something creative with two different dockets  
15                  that are on two sides of what may or may not be  
16                  the same coin, coins that are related. So,  
17                  like I said, for your technical session, assume  
18                  you're doing everything.

19                  Any other issues that we need to deal  
20                  with before we leave you -- or, before we hear  
21                  from you on your positions on what should  
22                  happen in this case, and then leave you to your  
23                  technical session? So, any other  
24                  preliminaries?

1 MS. AMIDON: No.

2 CHAIRMAN HONIGBERG: All right. Mr.  
3 Epler.

4 MR. EPLER: Thank you, Mr. Chairman.  
5 I do have an opening statement I'd like to  
6 make. Thank you. On April 29th of this year,  
7 Unitil Energy Systems filed with the Commission  
8 its proposal for an increase in permanent rates  
9 of \$6,255,276 for electric service rendered on  
10 and after June 1st, 2016. As stated in the  
11 Report of Proposed Rate Changes, which was  
12 submitted with the Company's filing, this  
13 represents an increase of 3.6 percent over  
14 present rates, or a 12 percent increase over  
15 distribution rates. Unitil is also seeking to  
16 institute temporary rates effective for service  
17 rendered on and after July 1st, 2016, and until  
18 the final order is issued on permanent rates.  
19 The requested temporary rate increase is  
20 \$3,010,561, or 1.6 percent above present rates,  
21 or 6 percent over current distribution rates,  
22 and is proposed to be recovered on a uniform  
23 per kWh basis from all rate classes.

24 Unitil's last base rate case was

1 Docket DE 10-055, and it was filed in  
2 April 2010 and decided by the Commission in  
3 April 2011 with the approval of a comprehensive  
4 Settlement Agreement. Since that time, the  
5 Company's operating expenses and rate base have  
6 significantly grown. From January 1, 2010  
7 through December 31, 2015, Unitil's investment  
8 in rate base has grown by over 20 percent.  
9 Kilowatt-hour sales, however, have been  
10 essentially flat, reflecting in large part  
11 aggressive implementation of conservation  
12 programs by the Company over this period, and  
13 other efforts by customers to use energy more  
14 efficiently and reduce their energy usage.

15 As the Commission is aware, the  
16 Company's last rate case was resolved by a  
17 Settlement Agreement. That Agreement provided  
18 for an initial permanent increase in  
19 distribution revenues, and then included a  
20 series of four additional increases, known as  
21 "Step Increases", that occurred on the date of  
22 the initial increase and annually thereafter.  
23 The Step Increases were to allow capital  
24 recovery of specialized -- of specified plant

1 additions each year and measurable changes in  
2 vegetation management and targeted reliability  
3 spending. Despite flat sales growth, these  
4 multi-step -- multi-year step increases were  
5 the foundation of a long-term rate plan, which  
6 allowed the Company to avoid a rate case for  
7 six years, while also providing for programs  
8 that help achieve important benefits for  
9 customers, including improvements in storm  
10 resiliency and system reliability.

11 In this case, the Company proposes a  
12 new five-year rate plan, with distinct step  
13 adjustments to distribution rates occurring on  
14 May 1 of 2017 and annually thereafter through  
15 May 1, 2021 for increases in the calendar years  
16 2016 through 2020, respectively. Similar to  
17 the previous rate plan under the last  
18 Settlement Agreement, these step increases  
19 would allow for recovery of non-growth related  
20 plant additions. In addition, the Company  
21 faces costs associated with the completion of  
22 certain very large capital projects which are  
23 required so the Company can meet its  
24 obligations to provide safe and reliable

1 service to the public.

2 One such project is the Kingston  
3 Substation, which went into service in April of  
4 2016, and which reflects almost 10 million in  
5 new plant in service. The Kingston Substation  
6 is required because the existing substation  
7 will exceed its base case and extreme peak  
8 rating by this summer.

9 A second large capital project is the  
10 Broken Ground Substation, which will serve  
11 portions of Concord, Chichester and Epsom, in  
12 addition to providing backup to other portions  
13 of the system. This project is necessary to  
14 reduce overload conditions and will also  
15 provide an opportunity to reduce the number of  
16 circuits. It's anticipated to be placed in  
17 service in 2017, at a cost of approximately 12  
18 and a half million.

19 The proposed rate plan includes  
20 customer benefits and protections, including a  
21 limitation on the annual increase in revenues  
22 associated with the annual rate adjustments to  
23 2 percent of total operating revenue; a  
24 balanced 50/50 annual earnings sharing

1 mechanism with customers; and a general rate  
2 case filing stay-out provision through the  
3 term of the rate plan. The Company also  
4 proposes it would continue to file annual  
5 compliance reports, and would continue to  
6 reconcile annual -- actual vegetation  
7 management and reliability enhancement O&M  
8 expenses that directly benefit customers in the  
9 Company's External Delivery Charges as it is  
10 done now.

11 In rate design, the Company proposes  
12 to continue on the path to recover a greater  
13 portion of predominantly fixed costs associated  
14 with the provision of distribution service  
15 through the fixed customer charge component of  
16 rates, consistent with the goal of establishing  
17 cost-based rates. The Company also addresses  
18 the design of distribution rates required to  
19 recover the cost of providing delivery services  
20 to its Distributed Generation class of  
21 customers using -- that use net energy  
22 metering, as we've discussed earlier.

23 The Company is also proposing a new  
24 LED outdoor lighting tariff, and has revised



1 its line extension tariff to incorporate the  
2 recommendations made by the Staff in Docket IR  
3 14-190.

4 Unitil is prepared to work with the  
5 Commission Staff, Consumer Advocate, and all  
6 the other intervenors in technical sessions to  
7 answer any questions they may have about the  
8 filing and develop a procedural schedule for  
9 the remainder of the docket.

10 I'd be happy to answer any of your  
11 questions, or, if you prefer, you may direct  
12 them to the Company officials seated to my  
13 right and behind me. Thank you very much.

14 CHAIRMAN HONIGBERG: Thank you,  
15 Mr. Epler. Mr. Culley.

16 MR. CULLEY: Thank you, Mr. Chairman.  
17 So, on behalf of EFCA and state our general  
18 statement of position very briefly here. In  
19 addition to the DER issues, EFCA generally does  
20 oppose the Company's residential rate design  
21 proposals, in that it would include a  
22 substantial increase in the customer charge,  
23 consolidation of rate tiers, both things that  
24 would weaken the price signal that sends kind

1 of a conservation price signal to customers  
2 that also supports their investment in  
3 distributed energy resources.

4 EFCA also opposes the creation of a  
5 separate class for DG customers, solely on the  
6 basis that they are using generation that they  
7 have arranged -- purchased or arranged for  
8 behind their meter to meet their own needs.  
9 You know, this can constitute discrimination  
10 without adequate cost justification, and would  
11 cut against, I think, longstanding state and  
12 federal policies that intend to encourage  
13 customer private investment in clean on-site  
14 generation.

15 EFCA opposes demand charges as a  
16 general course for residential customers, as  
17 they're not historically used across the  
18 country for that class, and residential  
19 customers tend to be ill-equipped to respond  
20 and understand demand in a 15-minute increment.

21 You know, and, finally, and this is  
22 touching on some of the discussion we had  
23 earlier, EFCA does believe that the DG proposal  
24 is premature, as the Commission has not

1 effectively spoken on what it sees as the  
2 successor policy. And, certainly, in the  
3 statute, consideration of alternate tariffs,  
4 including a time-based tariff, you know, is  
5 mentioned in the statute. So, EFCA would be  
6 concerned that adopting a demand-based  
7 residential DG tariff would predispose and --  
8 predispose that other considerations, and not  
9 leave it as open as the statute would have,  
10 which is also to balance the costs and benefits  
11 of net metering.

12 And TASC continues to evaluate -- I  
13 mean, EFCA continues to evaluate this filing  
14 and may update our position.

15 CHAIRMAN HONIGBERG: Ms. Epsen.

16 MS. EPSSEN: Thank you. So, to echo  
17 an earlier position, I don't want to comment on  
18 the merits or the problems of the DDER tariff  
19 itself, because I'd rather prefer to reiterate  
20 that this effort is inappropriately in this  
21 larger rate case and should be removed to  
22 16-576.

23 And just to quote a couple pieces of  
24 Tom Meissner's testimony for this DDER

1 schedule, and how similarly it compares with HB  
2 1116, at one point he goes to say, this is  
3 Page 0045, Line 3, "Only through transparent  
4 and efficient rate designs will a viable and  
5 sustainable long-term model be developed to  
6 provide sufficient revenue to support the  
7 significant investments needed to modernize the  
8 grid, while also incenting the appropriate  
9 behaviors and assuring fairness and equity  
10 among customers."

11 And, then, on Line 14, Page 0062,  
12 "Second, the Company believes that addressing  
13 the rate design issues associated with net  
14 metering service may lessen the need for net  
15 metering "caps", thereby providing better  
16 long-term clarity to solar providers."

17 We believe this language is extremely  
18 similar to HB 116 [1116?], another reason why  
19 making this appropriately placed into the  
20 Docket 15-576 [16-576?].

21 And, lastly, I think a good example  
22 as to the intent of the Legislature, which we  
23 know isn't always clear, sometimes more so than  
24 others. Recently, the Legislature had a

1 commission on decoupling, and it directed that  
2 decoupling should be addressed in an individual  
3 rate case, and that kind of corroborated an  
4 earlier position of the Commission itself.

5 So, I believe, you know, given that  
6 they considered this issue to close to a year,  
7 they would have clearly stated if they believed  
8 that the issue should be taken up through  
9 individual rate cases, such as within this  
10 docket, and they did not indicate that. They  
11 wanted it done comprehensively in its own  
12 docket.

13 With that, thank you.

14 CHAIRMAN HONIGBERG: Mr. Ruderman.

15 MR. RUDERMAN: Thank you. I would  
16 echo the comments that have been made by EFCA  
17 and by New Hampshire Sustainable Energy  
18 Association. And I would just argue that what  
19 is at the heart of DE 16-576 is the need for a  
20 comprehensive and thorough value-of-solar  
21 determination.

22 And, procedurally, I would, you know,  
23 renew my objection to looking at that in this  
24 particular rate docket, DER charges, before or

1 even concurrent with a comprehensive process in  
2 16-576 to determine the value of solar. It  
3 just --

4 CHAIRMAN HONIGBERG: Okay. I think  
5 we got that.

6 MR. RUDERMAN: Okay. And, secondly,  
7 I would say that the testimony that you have  
8 before you from Unitil really only paints one  
9 side of the picture. They present the  
10 information as, you know, the "prosumers" as  
11 they call them, you know, basically caused the  
12 utility to incur costs. It's costs, costs,  
13 costs, either the utility or other customers.  
14 And I think wholly absent from that analysis is  
15 the benefit of solar, and the different ways in  
16 which solar saves money, either for the utility  
17 or for the utility customers themselves.

18 And, so, whatever the decision is on  
19 the procedure here, I think these issues demand  
20 a very, very focused look at all of the issues  
21 in a 360 degree manner, and not just from a  
22 very narrow utility perspective.

23 CHAIRMAN HONIGBERG: Mr. Cicale.

24 MR. CICALI: As of now, the Office of

1 Consumer Advocate opposes the requested rate of  
2 return on equity for both the temporary and the  
3 permanent rates. The rates requested by the  
4 Company, at least based on their ROE asks, do  
5 not reflect the current market conditions and  
6 are below given the current market conditions.

7 The other issue that the OCA takes  
8 seriously in this Petition is the fixed  
9 customer charge. The Company is asking for  
10 a -- their current customer charge is at  
11 \$10.27. They would like to see it raised to  
12 \$15. That's a 46 percent increase. That's a  
13 substantial increase.

14 Now, related to that, to customer  
15 charges, back in December 2014, Eversource's  
16 subsidiary CL&P sought another substantial  
17 increase in Connecticut on the customer charge  
18 and it was awarded such. That led to  
19 legislative ratemaking.

20 These issues need to be considered  
21 very carefully. And the customer charge, it  
22 may need to be increased, it may not, but, if  
23 it's increased at all, it should be done so  
24 judiciously. And it should not be seen as a

1 replacement for the volumetric charge. It  
2 should be each charge should have -- should be  
3 tied to in an equitable manner, and the Company  
4 should not be permitted to gain more than just  
5 their fixed costs of operations in their  
6 customer charge.

7 The OCA will be looking at this  
8 Petition very carefully as it continues to  
9 review the asks and changes in the Company's  
10 tariff. And we look forward to working with  
11 Staff, the Commission, and the Company on  
12 reaching a favorable result to all. Thank you.

13 CHAIRMAN HONIGBERG: Ms. Amidon.

14 MS. AMIDON: Thank you. As is  
15 customary with a permanent rate case like this,  
16 Staff takes no position on the filing. We  
17 intend to investigate every aspect of this  
18 filing, and hopefully we will be able to  
19 present testimony on the issues that we  
20 determine are important in the Commission's  
21 consideration.

22 I will say, I have prepared a  
23 procedural schedule that the Company has agreed  
24 to, and I can distribute that to the



1 intervenors or the possible intervenors at the  
2 technical session which will follow this  
3 prehearing conference.

4 CHAIRMAN HONIGBERG: Think of them as  
5 "presumed intervenors" at this point.

6 MS. AMIDON: Okie-doke. All right.  
7 And report back to you with that. At the  
8 outset, I think what my concern is, making sure  
9 we have agreement enough to move forward on the  
10 temporary rate schedule.

11 So, thank you for your time.

12 CHAIRMAN HONIGBERG: All right. If  
13 there's nothing else, and there appears to be  
14 nothing else -- oh, I'm sorry. Yes, sir. Who  
15 are you?

16 MR. LeBEL: Oh. Sorry. Apologies.  
17 I was late. I'm Mark LeBel. I'm a staff  
18 attorney for Acadia Center. Ellen Hawes  
19 couldn't make it today.

20 *[Court reporter interruption.]*

21 CHAIRMAN HONIGBERG: Slow down. Just  
22 because you weren't here on time, doesn't mean  
23 you need to do it any faster than you otherwise  
24 would.

1 MR. LeBEL: Hi. My name is Mark  
2 LeBel, L-e-B-e-l. I am a staff attorney for  
3 Acadia Center. Sorry for being late. I'd be  
4 happy to give a brief overview of our position,  
5 and any other -- answer any other questions.

6 CHAIRMAN HONIGBERG: Sure. Why don't  
7 you give us a brief overview of your position.

8 MR. LeBEL: Thank you. So, we share  
9 many of the concerns that other presumed  
10 intervenors on the new rate class for  
11 distributed energy resources. But I'd like to  
12 emphasize our concerns about the increase in  
13 the customer charge, for some of the reasons  
14 shared by the Consumer Advocate, but there's  
15 also issues for how the cost of service study  
16 is done and whether a minimum system method and  
17 moving towards that, that type of cost  
18 allocation is appropriate.

19 CHAIRMAN HONIGBERG: All right. With  
20 that, is there anything else?

21 *[No verbal response.]*

22 CHAIRMAN HONIGBERG: All right.  
23 Seeing no hands or no one jumping up, we will  
24 leave you to your technical session. We look

1 forward to seeing a reasonable schedule put  
2 forward. And we'll see some, if not all, of  
3 you at the temporary rate hearing on June 20th.  
4 Thank you all.

5 *(Whereupon the prehearing*  
6 *conference was adjourned at*  
7 *1:50 p.m. and a technical*  
8 *session was held thereafter.)*