

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

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July 25, 2019 - 1:37 p.m.
Concord, New Hampshire

RE: DE 19-111
UNITIL ENERGY SYSTEMS, INC.:
Annual Stranded Cost Recovery and
External Delivery Charge
Reconciliation and Rates.

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: Reptg. Unitil Energy Systems, Inc.:
Gary Epler, Esq.

Reptg. Residential Ratepayers:
Brian D. Buckley, Esq.
James Brennan, Finance Director
Office of Consumer Advocate

Reptg. PUC Staff:
F. Anne Ross, Esq.
Richard Chagnon, Assistant Director/
Electric Division
Kurt Demmer, Electric Division

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

CERTIFIED
ORIGINAL TRANSCRIPT

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	Annual Stranded Cost Recovery and External Delivery Charge Reconciliation and Rates filing, including proposed tariffs, testimonies and attachments (06-14-19)	<i>premarked</i>
2	Staff Review and Recommendation (07-23-19)	<i>premarked</i>
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P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: We're here in
3 Docket DE 19-111, which is Unitil Energy
4 Systems' Annual Reconciliation and Rate Filing
5 for Stranded Cost Charge and External Delivery
6 Charge.

7 Before we do anything else, let's
8 take appearances.

9 MR. EPLER: Good afternoon, Mr.
10 Chairman, Commissioners. My name is Gary
11 Epler. I'm Chief Regulatory Counsel for
12 Unitil, appearing on behalf of Unitil Energy
13 Systems. Thank you.

14 MR. BUCKLEY: Good afternoon, Mr.
15 Chairman and Commissioners. My name is Brian
16 D. Buckley. I am the Staff attorney with the
17 New Hampshire Office of the Consumer Advocate.
18 To my left is Mr. James Brennan, Director of
19 Finance with that same office. And we're here
20 representing the interests of residential
21 ratepayers.

22 MS. ROSS: Good afternoon, Mr.
23 Chairman and Commissioners. My name is Anne
24 Ross, Staff attorney representing the Staff.

1 And to my left is Kurt Demmer, a Utility
2 Analyst, and to his left is Rich Chagnon,
3 Assistant Director of the Electric Division.

4 CHAIRMAN HONIGBERG: All right. How
5 are with proceeding this afternoon, Mr. Epler?
6 I see we have witnesses already in place.

7 MR. EPLER: Yes, Mr. Chairman. I'm
8 ready to proceed with the -- well, before I
9 proceed, I believe there are going to be two
10 exhibits.

11 The first one is the complete filing
12 of the Company that was made on June 14th,
13 2019. That contains the testimony and exhibits
14 of the four witnesses that you see on the
15 panel.

16 MS. ROSS: And Exhibit 2 is the Staff
17 Recommendation that was filed yesterday, and is
18 supported by the Office of Consumer Advocate,
19 and that should be marked for identification as
20 "Exhibit 2".

21 CHAIRMAN HONIGBERG: Ms. Ross, are
22 there going to be witnesses who will adopt
23 that, and then be subject to questioning?

24 MS. ROSS: Yes. Mr. Demmer will

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 adopt the recommendation as his position in the
2 hearing. And we have offered the Company an
3 opportunity to question him. I don't know yet
4 whether the Company will take us up on that
5 offer.

6 CHAIRMAN HONIGBERG: Okay. Anything
7 else we need to do in the way of preliminaries?

8 *[No verbal response.]*

9 MR. EPLER: NO.

10 CHAIRMAN HONIGBERG: Mr. Patnaude,
11 would you do the honors please.

12 (Whereupon **Linda S. McNamara,**
13 **Lisa S. Glover, Sara M.**
14 **Sankowich, and Douglas J. Debski**
15 were duly sworn by the Court
16 Reporter.)

17 CHAIRMAN HONIGBERG: Mr. Epler.

18 MR. EPLER: Thank you, Mr. Chairman.

19 **LINDA S. McNAMARA, SWORN**

20 **LISA S. GLOVER, SWORN**

21 **SARA M. SANKOWICH, SWORN**

22 **DOUGLAS J. DEBSKI, SWORN**

23 **DIRECT EXAMINATION**

24 BY MR. EPLER:

{DE 19-111} {07-25-19}

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Q I'd like the witness panel to introduce
2 themselves and their position with the Company,
3 starting with the gentleman in the corner.

4 A (Debski) My name is Douglas Debski. And I'm a
5 Senior Regulatory Analyst.

6 A (McNamara) My name is Linda McNamara. I am a
7 Senior Regulatory Analyst.

8 A (Glover) Lisa Glover. I am a Senior Energy
9 Analyst.

10 A (Sankowich) Sara Sankowich. And I'm the System
11 Arborist.

12 Q Thank you. Mr. Debski, turning to you first.
13 Can you turn to what's been premarked as
14 "Exhibit Number 1"?

15 A (Debski) I have that.

16 Q And the pages that are Bates stamped 00095
17 through 00166, did you prepare these materials?

18 A (Debski) Yes, I did.

19 Q And do you have any changes or corrections to
20 that?

21 A (Debski) No, I do not.

22 Q And do you adopt this prefiled testimony and
23 the exhibits therein as your testimony in this
24 proceeding?

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Debski) Yes, I do.

2 Q Thank you. Ms. McNamara, could you please turn
3 to the same exhibit premarked as "Exhibit
4 Number 1", and to Bates Pages 0019 through
5 00060. And were these prepared by you or under
6 your direction?

7 A (McNamara) They were.

8 Q And do you have any changes or corrections?

9 A (McNamara) No.

10 Q And do you adopt these as your testimony and
11 exhibits in this proceeding?

12 A (McNamara) Yes.

13 Q Thank you. Ms. Glover, can you please turn to
14 the exhibit premarked as "number 1", and Pages
15 00 -- I'm sorry, 00061 through 00094. And were
16 these prepared by you or under your direction?

17 A (Glover) Yes, they were.

18 Q And do you have any changes or corrections?

19 A (Glover) No, I don't.

20 Q And do you adopt these as your testimony and
21 exhibits in this proceeding?

22 A (Glover) Yes, I do.

23 Q Thank you very much. And lastly, Ms.

24 Sankowich, can you please turn to the exhibit

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 premarked as "number 1", and Pages 00167
2 through 00173. Were these prepared by you or
3 under your direction?

4 A (Sankowich) Yes.

5 Q And do you have any changes or corrections?

6 A (Sankowich) I do not.

7 Q And do you adopt this as your testimony in this
8 proceeding?

9 A (Sankowich) I do.

10 MR. EPLER: Thank you very much. The
11 witnesses are available for cross-examination.

12 CHAIRMAN HONIGBERG: Mr. Buckley.

13 MR. BUCKLEY: Thank you, Mr.

14 Chairman.

15 **CROSS-EXAMINATION**

16 BY MR. BUCKLEY:

17 Q Ms. McNamara, I think I'm going to begin with
18 you, if that's all right. If you could turn to
19 Bates Page 00030, in what we've labeled as
20 "Exhibit 1".

21 A (McNamara) I'm there.

22 Q So, in Line 2 of Exhibit 30 [Page 00030?], and
23 it's possible I'm looking at an older version
24 of this filing, but it seems to indicate a

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 change to the EDC on "May 1st, 2019". Is that
2 date still accurate?

3 A (McNamara) When this filing was made, the month
4 of May was an estimate. And I believe it's in
5 the Settlement in the Company's last rate case
6 that the VMP reconciliation would occur on May
7 1 of each year. So, in the month of May, which
8 is an estimate in the filing, we've included
9 the \$487,000 that's referenced on the line
10 above in the balance. That would actually
11 happen whenever the EDC got, you know,
12 approved.

13 Q Great. If I could now ask you to change -- to
14 turn to Bates Page 00050 for me please?

15 A (McNamara) I'm there.

16 Q So, this schedule represents the bill impacts
17 of this request on the average residential
18 customer, is that correct?

19 A (McNamara) I'm sorry, are you on Page --

20 Q Bates Page 00050, I believe.

21 A (McNamara) Page 00049 perhaps, for Residential?

22 Q Ah. I believe you are correct.

23 A (McNamara) Okay.

24 Q So, is it correct --

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (McNamara) And yes, you are right. Yes, that
2 is the residential bill. Yes.

3 Q And there is a "0.7 percent" increase
4 attributable to the EDC, and a "0.5 percent"
5 increase attributable to the Stranded Cost
6 Charge. Is that correct?

7 A (McNamara) That is correct.

8 Q Can you briefly summarize for me the main
9 drivers of these increases?

10 A (McNamara) If you refer to my testimony, Bates
11 stamp Page 00024, beginning on Line 6, it
12 discusses the change in the SCC. The increase
13 is primarily due to a change in the prior
14 period balance, as well as a decrease in the
15 forecasted credits that are included in the
16 SCC.

17 And if you refer to Page 27 of my
18 testimony, or Bates stamp Page 00027, the
19 increase is primarily due to an increase in
20 forecasted costs.

21 Q And that increase in forecasted costs, can you
22 be a little bit more specific?

23 A (McNamara) Due to higher transmission costs.

24 Q Thank you. Now, I'm going to turn to Ms.

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Glover. From the middle of the Bates Page
2 00071 to the top of Bates Page 00072, I
3 believe, you discuss the Company's election not
4 to renew the Phase II Support Agreements. Is
5 that correct?

6 A (Glover) That is correct.

7 Q And you mention on Page 72 "reductions in
8 associated administrative costs". Is that
9 correct?

10 A (Glover) On Page 72? I'm not finding that, but
11 I believe I have stated that in the past, yes.

12 Q And can you describe for me what those
13 administrative costs would be, and possibly
14 provide a ballpark of what the savings are,
15 compared to having the contracts?

16 A (Glover) I cannot give you a ballpark figure.
17 But the administrative costs would be internal
18 costs associated with time, pulling together
19 not just reporting, but gathering the costs and
20 doing the filing, predominantly.

21 Q And so, there are those administrative costs.
22 But there's another reason motivating the
23 Company's non-renewal of this contract, is that
24 correct?

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Glover) Well, we don't use the Hydro-Quebec
2 lines in our business currently. So, there's
3 really no need for us to continue to
4 participate in those working groups and
5 negotiating contracts, making payments for
6 something that we're not using.

7 Q And currently, that contract provides a credit
8 to customers, is that correct?

9 A (Glover) Currently, we receive payments
10 associated with capacity from ISO, and also we
11 receive payments because we broker out the --
12 what we are holding on that line. We've seen
13 some decreases in revenue associated with the
14 brokering, that's gone down quite a bit. By
15 about half the megawatts that we typical
16 broker, it's gone down about eight to four.

17 Q And so, is it possible that there is a risk in
18 the future that this contract, if renewed,
19 would become a net cost to customers?

20 A (Glover) That's correct. And my understanding
21 is there's going to be some significant
22 investments in the transmission, which would
23 increase the revenue requirements as well
24 associated with those lines.

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Q Thank you, Ms. Glover.

2 A (Glover) You're welcome.

3 Q Now, moving on to Mr. Debski. Your testimony
4 covers lost revenues associated with net
5 metering, is that correct?

6 A (Debski) Yes, it is.

7 Q Are lost revenues associated with the Company's
8 energy efficiency programs included in here?

9 A (Debski) No, they're not.

10 Q Do you know where those revenues are recovered?
11 It's all right, if you don't.

12 A (Debski) I believe they're recovered through
13 our Energy Efficiency Recovery mechanism.

14 Q And are you aware that the Company is under the
15 obligation to file a decoupling plan in its
16 first rate case after January 1st, 2021, if not
17 before?

18 MR. EPLER: Objection. Calls for a
19 legal conclusion. And I also don't think
20 that's quite an accurate portrayal of what's in
21 the Settlement Agreement.

22 CHAIRMAN HONIGBERG: Mr. Buckley?

23 MR. BUCKLEY: I'll rephrase.

24 BY MR. BUCKLEY:

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Q If the Company were to file for a decoupling
2 mechanism in the future, would it still collect
3 lost revenues from net metering?

4 A (Debski) Well, when we decoupled in
5 Massachusetts, the revenue loss associated with
6 net metering went away, as part of the net
7 metering reconciliation surcharge factor. I
8 think it would be my assumption that something
9 similar would occur in New Hampshire. If we
10 were guaranteed a certain revenue level, we
11 would no longer have to separately calculate
12 and recover the base distribution revenue lost
13 as a result of net metering.

14 Q Thank you, Mr. Debski. Now, moving on to Ms.
15 Sankowich. I had a couple of big takeaways
16 from reviewing the REP/VMP report filed in
17 19-042, I think it is. And I just want to
18 verify with you that my understanding of those
19 takeaways is correct. Is that all right?

20 A (Sankowich) Yes.

21 Q So, the -- I noticed that Company studied the
22 results of the Exacter Program, and saw those
23 results as inclusive and decided to discontinue
24 it. Is that correct?

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Sankowich) Correct.

2 Q I also noticed some discussion of LIDAR, and
3 that the Company having piloted LIDAR in 2018.
4 Is the Company planning to continue to do so in
5 2019?

6 A (Sankowich) We are looking at the possibility
7 of using LIDAR or other technology to replicate
8 what was happening with the Exacter Program,
9 and also provide benefits to vegetation
10 management.

11 Q Does it seem like the preliminary results are
12 that it provides a greater benefit than the
13 Exacter Program?

14 A (Sankowich) I do not know at this time.

15 Q Can you just briefly describe for me the
16 process that the Company undergoes to identify
17 the work that it's planning to do, and then
18 reach out to customers, and actually bring
19 contractors on to do that work, and possibly
20 forecasting on timeline, if possible?

21 A (Sankowich) Sure. Which program would you like
22 me to discuss? They're different, depending on
23 the type of work.

24 Q Specifically, the System Resiliency Program.

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Sankowich) The Storm Resiliency Program?

2 Q Yes.

3 A (Sankowich) So, the process for the Storm
4 Resiliency Program began ten years ago. It was
5 proposed as a ten-year program. So, the
6 initial analysis of the lines that were part of
7 the Storm Resiliency Program was done ten years
8 ago. And then, in each subsequent year, we
9 work our way through the full list of lines
10 that had been identified to have storm
11 resiliency work. And we look at past
12 reliability, tree-related reliability of the
13 circuit. And we look at feasibility of doing
14 the work, based on the current cycle year that
15 it's in. And then we look at actual field
16 conditions and storms that happened recently.
17 And then we choose those circuits to be worked
18 on for the next calendar year. So, all of that
19 planning happens in the September timeframe,
20 you know, with budgeting and all of that, for
21 the following year.

22 Then, beginning in January, we begin the
23 work planning process, which is the most
24 lengthy part of the process, where we actually

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 go out to survey all of the trees that are tall
2 enough to fall into the electric lines and
3 create a problem. And all of the trees that
4 need to be pruned ground-to-sky for the Storm
5 Resiliency Program. And we talk to every
6 single customer and explain the need of why
7 this is happening, request consent to do the
8 work. The customer then either grants the
9 request or thinks about it, and we negotiate
10 it.

11 Eventually, you know, we get 100 percent
12 work planning on the line, whether customers
13 say "yes" or "no" to the work. And that ends
14 in the late July timeframe. And we put the
15 work out to bid in August. Then, we award the
16 bids in September timeframe. And work begins
17 on those circuits, and the actual cutting of
18 trees happens from that timeframe on through
19 till the end of the year.

20 Q And when you gain consent from a customer, is
21 it just a verbal consent or is there a written
22 agreement that you enter into?

23 A (Sankowich) For any tree removals, there is a
24 written agreement. It includes information

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 such as what's happening with the wood, if they
2 need a call beforehand. It's very detailed as
3 to what's going to be happening on the
4 customer's property.

5 Q And is that -- does that agreement specify that
6 the work will occur at a certain time?

7 A (Sankowich) The agreement does not, but
8 verbally we -- most customers ask what time the
9 work is going to be done, and we give them a
10 rough timeframe. And if that is not going to
11 occur, then we notify customers that it's not
12 going to occur in the projected timeframe.

13 Q Uh-huh. So, would you have to go out and, if
14 you notify a customer that the work for some
15 reason was not going to occur on the projected
16 timeframe, what is the process that you follow
17 after that? Do you ask to reaffirm a new
18 agreement with the customer? Or, do you just
19 tell them "well, it may be that we are going to
20 do this work eight months from now, rather than
21 two months from now"?

22 A (Sankowich) It's not typical for us to have a
23 delay like that. But we did have some work
24 carryover from last year into this year. And

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 the process we followed was to put out a call
2 to every single person that lives on the
3 circuit, whether or not they had approved the
4 work to be done, letting them know that work
5 was going to be delayed. And then, we
6 personally knocked on all the doors of the
7 people with the signatures, just to confirm
8 that everything was still set to schedule, you
9 know, to go forward as scheduled.

10 Q And last year, approximately how many people
11 was that?

12 A (Sankowich) I don't know off the top of my
13 head. I'm sorry.

14 Q So, last year, the Company didn't spend the
15 entirety of its allotted Storm Resiliency
16 Program funding. Is that correct?

17 A (Sankowich) That is correct.

18 Q And why was that?

19 A (Sankowich) We had a workforce issue, which
20 began with the removal of one of our tree
21 contractors from the system due to a safety
22 violation. The company had had minor safety
23 violations in the past, and then had one large
24 violation, and had to be removed from the

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 system. And unfortunately, we were not able to
2 recertify this contractor to come back and work
3 safely on our system. So, the time spent
4 trying to recertify them and finding another
5 vendor to do the work delayed the work by a
6 quarter.

7 Q And has the Company taken steps to ensure that
8 there possibly is a broader pool of vendors
9 available to it in future years?

10 A (Sankowich) Yes. That is in the Annual VMP
11 Report. There's a large section that discusses
12 all of the steps that we have taken to ensure a
13 workforce. The first being short-term type
14 steps, which is to get other vendors qualified
15 to work on our system, which we have done.
16 Then, there's longer term strategies, which
17 include some regional and national attention to
18 attract and retain workers in our area.

19 Oh. Another short-term option that we did
20 was looking at our contract strategy, and
21 making sure that vendors that are working on
22 our system get credit for working safely and
23 effectively, and can have a longer term
24 contract without sacrificing any cost on our

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 system.

2 Q And at this point, has the Company contracted
3 with the required number of vendors for 2019?

4 A (Sankowich) For all of our regular Vegetation
5 Management Program work, all of our contracts
6 are out and awarded. And contractors are on
7 schedule or ahead of schedule to finish on
8 time.

9 For the Storm Resiliency Program, we are
10 currently putting it out to bid right now. But
11 our vendor pool is large, and we anticipate a
12 response from the vendors being able to do the
13 work, based on some vendors being ahead of
14 schedule or completing work. So, at this time,
15 we believe we are all right to finish the work.
16 But we have not officially gotten our bids back
17 yet.

18 Q And are there other factors, outside of the
19 number of vendors who you can contract with,
20 that may affect the Company's ability to hit
21 its goals for the Storm Resiliency Program?

22 A (Sankowich) Yes. I mean, safety, if a vendor
23 had a large safety violation, had to be removed
24 from the property, or other unethical type

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 practices, we would -- if any unit would
2 violate our contract, they could be removed.
3 Which we put steps in place to make sure we're
4 taking a look at their safety and working
5 closely with them, so that it hopefully doesn't
6 become a problem.

7 But we also have the potential for a large
8 storm event, which could disrupt the work.
9 That did also occur in 2018, outside of our
10 region. But a lot of the workforce that is in
11 our region left to go assist their utility's
12 other regions to help with storm, which led to
13 an overall lack of workforce in the area that
14 was able to do additional work.

15 Q So, you mention that some large storm events
16 interrupted work that your contractors could
17 have been doing otherwise in 2018. Is there
18 any reason to think that such events would not
19 also possibly occur in 2019?

20 A (Sankowich) We allow for some storm work on our
21 system. We recognize that there will be
22 emergencies that come up throughout the year.
23 So, some of that is factored into being able to
24 get the work plan done.

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 But I cannot predict whether or not there
2 will be a large storm event in the near future.
3 Hopefully not.

4 Q So, you mentioned that the SRP was established
5 via a settlement agreement. And you mentioned
6 a term for the SRP, is that correct?

7 A (Sankowich) That's correct.

8 Q And that term was ten years?

9 A (Sankowich) That is correct.

10 Q And what year are we in right now?

11 A (Sankowich) We are in, let's see, we are in
12 year eight. It began in 2012.

13 Q Does the Company have plans for this program
14 beyond year ten?

15 A (Sankowich) We are currently evaluating that,
16 and looking at the reduction of exposure
17 that -- from tree-related branches that the
18 program has provided, and looking at the
19 regrowth and the tree mortality adjacent to the
20 lines of some of the areas we've already done.
21 So, we are formulating sort of a maintenance
22 type of program for those same areas, so we do
23 not lose the benefit that we got from the Storm
24 Resiliency Program.

{DE 19-111} {07-25-19}

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Q So, is it possible that this program, or
2 something very similar to it, doesn't end on
3 year ten?

4 A (Sankowich) It would be -- it would be a
5 maintenance program. It would be a
6 continuation of the cycle on a maintenance
7 program. It would be difficult to -- it would
8 be difficult to extend the program to other
9 circuits and complete a maintenance program, as
10 well as the other work at the same time.
11 Because they will be different objectives, from
12 a maintenance program that's continuing to
13 review the Storm Resiliency Program results, as
14 opposed to, for the first time, coming through
15 and clearing to those limits.

16 Q So, is there some point at which the budgets
17 for these programs would reach a point of
18 diminishing returns, as far as reliability
19 improvements?

20 A (Sankowich) I cannot say at this time. I
21 haven't done any calculations on that.

22 Q Is there any way that -- how would regulators
23 know where that point is? You mentioned
24 "calculations". Is there something specific

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 that would help inform me, in my capacity
2 representing the residential ratepayers, or the
3 Staff or the Commission, of where that point of
4 diminishing returns is?

5 A (Sankowich) I mean, I haven't exactly laid it
6 out in that capacity at this time. We have
7 mostly just looked at the maintenance that's
8 needed to not lose what's already been gained.
9 So, we had a large investment with the Storm
10 Resiliency Program. Obviously, trees grow, the
11 forest health declines, we have new trees that
12 become hazards. It would be a shame to not do
13 the maintenance work in order to keep the
14 corridor at that same level of resiliency. So
15 that is what we are proposing. We're not --
16 or, what we will be proposing. We're not
17 proposing to do anything additional that would
18 cost -- to gain more reliability benefit. It
19 would just be the cost to maintain it.

20 So, I'm not sure if that helps you. Does
21 that answer the question?

22 MR. BUCKLEY: That's helpful. Thank
23 you, Ms. Sankowich. Nothing further.

24 CHAIRMAN HONIGBERG: Let's go off the

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 record before you start, Ms. Ross.

2 [Brief off-the-record discussion
3 ensued.]

4 CHAIRMAN HONIGBERG: Ms. Ross.

5 MS. ROSS: Thank you. Good
6 afternoon, ladies and gentleman. I have a few
7 questions that overlap a little with the OCA
8 questions. And so, forgive me, I'll try to
9 move through them quickly.

10 I also am going to be asking a couple
11 questions related to the Staff Recommendation.

12 BY MS. ROSS:

13 Q Beginning with Ms. Sankowich, Page 169, Lines
14 19 through 20 of your testimony, you state that
15 14.4 miles of three phase line were given
16 hazard tree removal and ground-to-sky clearing,
17 although Unutil had planned to complete
18 33.5 miles. Is that correct?

19 A (Sankowich) That's correct.

20 Q Okay. And on Page 170, Lines 5 through 9, you
21 indicate that Unutil failed to complete the
22 planned work due to "workforce restrictions in
23 the region", and resulting "low bidder
24 interest". Is that also correct?

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Sankowich) That's correct. Yes. There was
2 low bidder interest due to their own work
3 requirements throughout the region.

4 Q And on Page 171, Lines 8 through 12, you
5 acknowledge that Unitil will continue to
6 experience yearly fluctuations in its storm
7 resiliency work due to "traffic control" and
8 workforce availability. Correct?

9 A (Sankowich) Yes. These are different types of
10 fluctuations. Those are within the budget, you
11 know, we work within the allocated budget, but
12 sometimes some roadways are more heavily
13 traveled, and may need more traffic control or
14 things like that. So, those fluctuate.

15 Q Okay. And I think you already answered this
16 question for the OCA, but you would agree that
17 major storm events may also impact workforce
18 availability and reduce the number of tree
19 trimming miles?

20 A (Sankowich) Yes. Storms may impact workforce
21 availability throughout the region.

22 Q And that's because Unitil workforces could be
23 asked to assist other utilities during a storm,
24 is that correct?

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Sankowich) Not so much Unitil. We have a
2 smaller workforce that has helped out in
3 storms. But usually it's due to neighboring
4 utilities, who also have areas in other states
5 or regions, and they bring their crews
6 out-of-state. And then, they are looking to
7 catch up on work or don't have any extra crews
8 available for us to take from.

9 Q So, they're competing for the crews that you're
10 contracting with?

11 A (Sankowich) No. It's more like they're behind
12 on their work schedule. And that just means
13 that there's, you know, there's no extra
14 workforce available, because they're doing --
15 they're working extra hours, they're working
16 weekends. So, I'm not able to use any of their
17 workforce if something occurs with them.

18 Q Okay. And isn't it also true that the \$220,000
19 that Unitil added to the REP budget from the
20 Exacter Program will require additional
21 specialized tree-trimming crews during 2019?

22 A (Sankowich) Yes. Specialized crews of a
23 different nature. This work will be on the
24 right-of-way, which is completely different

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 equipment than the Storm Resiliency Program.

2 Q So, will those additional crews needed affect
3 the workforce availability for the SRP program?

4 A (Sankowich) It will not.

5 Q Okay. I noted on Page 172, Lines 14 through
6 15, you state that you do not expect any "lag
7 in work implementation or reduced workforce
8 issues affecting the SRP program in 2019."

9 Would you acknowledge that this assumption is
10 based on other assumptions, like no major storm
11 events, no problems with contracting work with
12 crews, etcetera?

13 A (Sankowich) Yes. As stated in the report,
14 there are things outside of our control, which
15 could definitely affect anyone's work plan.
16 But all the indicators as of this point show
17 that, you know, we are on track to complete
18 2019.

19 Q On Page 172, Line 8, you refer to a carryover
20 of 9 miles of line to be completed in 2018 that
21 will need to be done in 2019. Isn't that
22 number actually 19.1 miles of carryover lines,
23 if you refer to your Table 1 on Page 170?

24 A (Sankowich) Oh, yes. The E23X1 circuit was

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 actually backed out at the beginning of 2018.
2 So, we did not receive a price or a bid on
3 that work when we had scheduled it. So that
4 was already planned to be done in 2019. So,
5 it's actually only the 27X -- E27X1 and the
6 E7X1 [E7X2?] that were carryover.

7 Q So, in the first column on scheduled miles, you
8 would be taking that line out and it would
9 become a zero?

10 A (Sankowich) This was as filed in 2018. So, at
11 the beginning of the year, in 2018, we had
12 proposed to do work on the E23X1. After
13 marking trees along all of those circuits, we
14 knew we would not have enough budget to get all
15 of those trees done. So, we made the decision
16 to move the 23X1 out of the 2018 to the 2019
17 circuit, in order to be able to finish the
18 work. And the E27X1 and the E7X1 [E7X2?] were
19 put out to bid and was scheduled to be
20 completed in 2018. Those were the two circuits
21 that did not get completed in 2018 that carried
22 over to the first quarter of 2019.

23 Q So, actually, the column would be a little
24 clearer to the reader that, instead of saying

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 "33.5 miles" projected through 2018, you had
2 "23.4 miles". Did I do the math correctly?
3 Because you would have pulled that out of 2018,
4 that E23X1.

5 A (Sankowich) Yes.

6 Q Okay. Just trying to clarify. If the SRP
7 miles of line were completed in 2018, was there
8 another circuit designated for the 2019 work
9 plan? Or, was it the intent of the Company to
10 do only the 20 or so miles of lines?

11 A (Sankowich) Can you say that again? I'm sorry.

12 Q I think I'm getting to the 23 number that we
13 just discussed. In other words, you pulled out
14 10. So, you would have actually only been
15 trying -- your goal would have been
16 23.something miles of line. And did some other
17 project get bumped as a result of moving that
18 10 miles into 2019?

19 A (Sankowich) Oh, yes. No, we did not -- we did
20 not bump any other project in order to move
21 those in. We were already ahead, because of
22 switching between Capital and Seacoast, we were
23 able to do additional Capital miles in previous
24 years because of under-spending. That's the

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 fluctuation of not knowing exactly how many
2 hazard trees are available, trying to stay
3 within budget. So, we were ahead of schedule
4 in Capital, but still able to stay within
5 budget. And decided to stay in Seacoast for
6 two years in a row because of the carryover, to
7 make sure that we were not adding any
8 additional costs to vendors by traveling all
9 the way up to Concord and have to manage two
10 different areas. So, that allowed us to be
11 able to massage the schedule to fit everything
12 in. So, we did not have to bump anything else
13 out.

14 Q So, can you tell me, that we're now at the
15 end -- almost the end of July of 2019, what
16 tree-trimming work for the SRP program has
17 actually been done to date in 2019?

18 A (Sankowich) We have completed the 2018
19 carryover work for SRP. And we have
20 100 percent work planned, every circuit
21 planned, except for the E11X1. That is still
22 being completed for work planning. That's
23 being finished up in the next couple of weeks.

24 Q So, that extra 9 miles has already been done?

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Sankowich) Correct.

2 Q You testified earlier that you don't
3 contract -- excuse me -- with your -- you don't
4 put your bids out until September, which
5 means that you --

6 A (Sankowich) We don't award bids until
7 September.

8 Q You don't award bids. Which means that you
9 really only have four months to complete the
10 work for a year?

11 A (Sankowich) Correct.

12 Q Have you considered moving that process back,
13 so that you would start earlier in the year?

14 A (Sankowich) Absolutely. The way that this
15 process worked at the beginning, with getting
16 approval to do the SRP program before we
17 actually began, is what set the timelines. And
18 unfortunately, we haven't been able to get
19 ahead of the work planning process.

20 So, in the first few years, when this was
21 a pilot, we would get approval in the May-June
22 timeframe to go forward with the work, and we
23 would begin work planning at that time under a
24 very condensed schedule.

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1 So, once we got the approval to have a
2 ten-year schedule, we began work planning as
3 soon as possible. And so, we've begun work
4 planning in the January timeframe. And we have
5 moved up the schedule to allow to put work out
6 to bid. We have not put work out to bid yet,
7 because of this ongoing, you know, filing. And
8 so, we haven't accelerated at all this year.
9 We're just sort of waiting to see if we should
10 put all of the circuits out to bid or not.

11 Q Turning to your testimony at Page 169,
12 Line 6 [Line 16?], you refer to the "seventh
13 year" of the SRP. Just wanted -- I think I
14 heard you say earlier we were in the eighth
15 rule, but -- eighth year?

16 A (Sankowich) Yes. This says "now through its
17 seventh year". So, we are work planning in the
18 eighth year.

19 Q Okay.

20 A (Sankowich) Seven years have been completed.

21 Q Have the 10.1 miles been done yet this year,
22 the carryover, that circuit X23 -- E23X1?

23 A (Sankowich) Has that been work planned? Is
24 that what you're asking?

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Q Completed?

2 A (Sankowich) That has not been completed. That
3 has been work planned.

4 Q So, that's in the current bid?

5 A (Sankowich) It will be in the current bids,
6 yes. So, we haven't released the bids, but it
7 will be in there. The only thing we're waiting
8 on is there's a scenic road in Hampton Falls.
9 But, assuming everything goes through with the
10 meeting in a few weeks, next week, --

11 *[Court reporter interruption.]*

12 **CONTINUED BY THE WITNESS:**

13 A (Sankowich) -- with the meeting next week, and
14 we'll go forward with that.

15 BY MS. ROSS:

16 Q All right. Then, I think this question may be
17 for Ms. McNamara.

18 As you may recall, the Staff
19 Recommendation in this case is to add the
20 roughly 267,000 back into the credit to
21 customers, rather than using it to support
22 additional tree-trimming work on the SRP. If
23 we were to do that, so that the whole credit to
24 customers was in the 760 something range, could

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 you tell us what the EDC rate would be, if the
2 Commission accepted Staff's recommendation?

3 A (McNamara) Sorry. The total proposed EDC is
4 0.02502 in the filing. If we included an
5 additional credit of \$267,556, that would cause
6 the rate to decrease by about \$0.00023 per
7 kilowatt-hour, which would make the total EDC
8 \$0.02479 per kilowatt-hour.

9 MS. ROSS: Thank you. I don't have
10 any more questions for the witnesses.

11 CHAIRMAN HONIGBERG: Commissioner
12 Bailey.

13 CMSR. BAILEY: Thank you. Good
14 afternoon.

15 BY CMSR. BAILEY:

16 Q Can you look at Bates Page 00033, Ms. McNamara?

17 A (McNamara) I'm there.

18 Q There's an under recovery in Line 1. Right?

19 A (McNamara) Correct.

20 Q And there's interest in Line 3.

21 A (McNamara) Correct.

22 Q And the total cost is a credit. What is the
23 credit on Line 2 from?

24 A (McNamara) The credit is the CRP, which comes

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 from the previous page, but is actually
2 provided in more detail in Ms. Glover's
3 schedules, Bates stamp Page 00082.

4 Q These are numbers on a page. Can you explain
5 with words what they are, or Ms. Glover,
6 whoever can answer the question better? I
7 mean, I see the numbers, I see they add up.
8 What are they about?

9 A (Glover) I can take this. The contract release
10 payments reflect the costs and revenues
11 associated with the Hydro-Quebec Phase I and
12 II. And the credits are primarily associated
13 with the brokering revenue we receive and the
14 capacity payments we receive from ISO-New
15 England.

16 Q Okay. So, back to Ms. McNamara's Page 33,
17 what's the interest from? Is that on the -- I
18 mean, we have an under recovery and we have a
19 credit. So, what's the interest related to?

20 A (McNamara) The difference between -- I
21 apologize again. The difference between the
22 costs and revenues that come in through and the
23 timing of when the credit is given back, the
24 reconciliation is beginning with an under

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 collection. But, over time, the credits are
2 coming in at approximately \$30,000 a month.

3 Q So, the credit is on the under recovery of
4 213,364 on your --

5 A (McNamara) The interest is -- the interest is,
6 in part, --

7 *[Court reporter interruption.]*

8 **CONTINUED BY THE WITNESS:**

9 A (McNamara) -- is, in part, on the
10 under-collection. It's, obviously, slightly
11 offset by the fact that a credit is coming in
12 each month. But, yes, the reason it's a charge
13 is because the period is beginning with an
14 under-collection.

15 BY CMSR. BAILEY:

16 Q And do customers get an offsetting benefit from
17 the credits that are coming in? So, if you're
18 collecting \$30,000 a month, and you repay that
19 to customers next year, do they get interest on
20 that as well?

21 A (McNamara) I'm not sure I'm understanding your
22 question.

23 Q Well, if we go back to Ms. Glover's Page 82,
24 the contract release payments in parentheses

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 are revenue that is being received, is that
2 right?

3 A (McNamara) Correct.

4 Q So, each month you receive a little revenue,
5 and you pay it back the next year?

6 A (McNamara) With this -- this year, beginning in
7 August.

8 Q Right.

9 A (McNamara) Yes.

10 Q Right. But it's the money that you collected
11 last year, or is it the money that's coming in
12 this year, that is estimated to come in this
13 year, so no interest would accrue?

14 A (McNamara) Correct.

15 Q Okay.

16 A (McNamara) It's forecasted revenue.

17 Q Okay. Ms. Glover, on Page 86, can you describe
18 what the "Unmetered Purchased Power" is?

19 A (Glover) Are you referring to Column (h), where
20 there are zero --

21 Q Yes. But there weren't zeros in the other --

22 A (Glover) Oh.

23 Q -- on the previous pages.

24 A (Glover) Let me look here.

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Q They were credits. And I just wanted to know
2 what that was?

3 A (Glover) Aside from what the definitions are
4 provided on Bates Page 00083, I can't
5 specifically say to what those costs are
6 attributed, as far as the balancing between
7 real-time and day-ahead energy. I'm not sure
8 exactly what --

9 Q So, --

10 A (Glover) Okay.

11 Q I didn't see that page. Sorry.

12 A (Glover) That's okay. I didn't know if you
13 were looking for something more.

14 Q Okay. Thank you. All right. Let's look at
15 Bates Page 00075, Table 2. Can you tell me the
16 difference between Row 1 and Row 3?

17 A (Glover) Row 1 being?

18 Q "Eversource Network Integration Transmission".

19 A (Glover) Oh, and Row 3. Row 1 -- hold on. Row
20 1 reflects the revenue requirements that we
21 have a percentage to pay to Eversource for
22 their transmission that we use. And Row 3 is
23 for delivery services, interconnection and
24 distribution delivery services with Eversource.

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Q So, would those be the same as Regional Network
2 Services and Local Network Services in the FERC
3 tariff?

4 A (Glover) I can't say for sure.

5 Q Do you know -- well, tell me how you pay for
6 transmission. Do you pay it through the ISO
7 tariff to the ISO?

8 A (Glover) We pay some costs to ISO and some we
9 pay directly to Eversource directly. They bill
10 us every month.

11 Q In both Row 1 and Row 3, is that true, or --

12 A (Glover) Let me think here. I'm trying to sort
13 it out in my head, because some of the invoices
14 I see and some of them I don't. They would all
15 go to Eversource directly. I can't think that
16 we would pay them to ISO, because the billing
17 contract number is to Eversource.

18 But I can find out. I mean, if you want a
19 definite answer, I can certainly get it for
20 you. I don't see all the invoices. So, I'm
21 not entirely confident in my answer.

22 Q Okay. Then I'll let you take that back.

23 A (Glover) Okay.

24 CHAIRMAN HONIGBERG: So, we're going

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 to make that a record request. Mr. Epler, do
2 you understand the question?

3 MR. EPLER: I believe I do.

4 WITNESS GLOVER: Is the question "are
5 those payments for Lines 1 and 3 to Eversource
6 directly and/or are they to ISO-New England?"
7 Are those the --

8 CMSR. BAILEY: Yes. And what is
9 their relationship, if any, to RNS and LNS?

10 WITNESS GLOVER: Okay.

11 *(Exhibit 3 reserved)*

12 BY CMSR. BAILEY:

13 Q Do you know if you buy RNS and LNS through the
14 ISO tariff?

15 A (Glover) I believe we do.

16 CMSR. BAILEY: Okay. I think
17 Commissioner Giaimo had a follow up. Do you?

18 CMSR. GIAIMO: I do have a quick
19 question.

20 BY CMSR. GIAIMO:

21 Q On Line 75 **[Page 75?]**, Row 3, it's the "Third
22 Party Transmission Providers (Eversource
23 Wholesale Distribution). And if we go to
24 Page 73, I think there's a definition at the

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 bottom, which suggests that it is basically a
2 wheeling charge associated with getting power
3 from the Eversource transmission system to the
4 Unitil distribution system. And so, I'm going
5 to pause and say does that sound correct? Am I
6 reading that properly? And if so, if there's a
7 negative variance on Line 3 -- or, I'm sorry,
8 on the chart on Page 75, does that mean or does
9 that suggest that there will be fewer
10 injections or fewer wheeled energy into your
11 system next year?

12 A (Glover) The variance, the negative variance,
13 is partly due to we had a double -- we had an
14 accrual that was doubled in 2018, which was
15 about \$250,000. So, that's a little bit more
16 than half of what that variance is. And then
17 we had lower projected costs associated with
18 the interconnection and delivery for that line.

19 Q Okay. So, what I heard is you don't think the
20 flows on the system are going to change
21 significantly. There are other reasons that
22 make up -- there are other reasons that justify
23 the 414?

24 A (Glover) A little pencil sharpening, and

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 primarily that accrual, yes.

2 CMSR. GIAIMO: Thank you.

3 BY CMSR. BAILEY:

4 Q Do you know why the Network Integration
5 Transmission Service increased so much?

6 A (Glover) There was an increase in the revenue
7 requirements --

8 *[Court reporter interruption.]*

9 **BY THE WITNESS:**

10 A (Glover) There was an increase in the revenue
11 requirements that we received from Eversource.

12 BY CMSR. BAILEY:

13 Q Do you -- I think you said that you do buy RNS
14 and LNS. Do you know where those costs would
15 be accounted for in this filing?

16 I think I saw a schedule, maybe it was in
17 Ms. McNamara's, where the cost was like
18 \$30 million or something. It was a big number.
19 That was an annual cost. Look on Bates Page
20 00037, Line 2.

21 A (McNamara) Are you referring specifically to
22 "30,092,000"?

23 Q Yes.

24 A (Glover) So, is the question, is that the

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 30 million that's related to RNS or LNS?

2 Q Yes.

3 A (Glover) Sorry, I lost the thread.

4 Q Yes.

5 A (Glover) I would have to confirm that. I know
6 that we -- we get payments from ISO under the
7 Open Access tariff, Schedule 9, for RNS. But
8 those are payments through to UPC. So, I'm not
9 entirely sure if that is associated with RNS or
10 LNS. I would have to go back and look and see
11 what's on the schedule for the payments that we
12 get.

13 Q But that's not a payment, that's --

14 A (Glover) That is --

15 Q -- part of the costs that you're asking --

16 A (Glover) -- part of the costs.

17 Q -- asking to --

18 A (Glover) Would be our payment to them. But I
19 don't know specifically if it's RNS or LNS,
20 just by looking at it offhand.

21 Q Well, that's the biggest factor in this EDC
22 rate of 2.6 cents, and then you remove -- or,
23 you add the credit, and that's how you get to
24 the approximately 2.5 cents.

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1 So, the 30 million is just for
2 transmission, that's all? I mean, that's the
3 detail that you have?

4 A (Glover) So that is the total.

5 Q Are you looking at Bates Page 00040?

6 A (Glover) No.

7 Q That's the supporting schedule. And it shows
8 you the monthly charge. And maybe it would be
9 easier for you to figure it out using the
10 monthly amount that you pay.

11 So, it looks like it's Column (b), which
12 is almost 30 million. And then you add the
13 computed interest, and you get to that total
14 number.

15 A (McNamara) We're actually referring right now,
16 just trying, if you were to look at Bates Page
17 00086, which does provide a lot more detail.

18 If you refer to the number under Column (e), --
19 Q I'm there.

20 A (McNamara) -- you'll see the \$30 million.

21 A (Glover) And so, this goes back to your
22 question originally, "is that \$30 million, is
23 it RNS, LNS?" And it's made up of the Lines 1,
24 2, and 3 on Bates Page 00075.

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Q Right.

2 A (Glover) So, it's Network Transmission Service
3 and Wholesale Distribution Service through
4 Eversource, for which we pay for. And the
5 question goes back to "is that RNS or LNS?"

6 Q Okay.

7 A (Glover) So, that's the question I need to
8 answer for you.

9 Q Okay. Thank you.

10 A (Glover) Yes.

11 Q And while you're at it, --

12 A (Glover) Yes?

13 Q -- can you look up what the FERC approved RNS
14 rate is? I think it's, in the tariff, it's on
15 a kilowatt-year, and convert it to dollars per
16 megawatt-hour when you answer the question?

17 A (Glover) I can. I have that number behind, not
18 with me, but I have it behind this. So, I can
19 definitely get that for you.

20 Q Okay.

21 A (Glover) Yes.

22 CHAIRMAN HONIGBERG: So, that's
23 included in the pending record request?

24 CMSR. BAILEY: I would appreciate

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1 that.

2 WITNESS GLOVER: Sure.

3 CHAIRMAN HONIGBERG: All right.

4 CMSR. BAILEY: Thank you.

5 CHAIRMAN HONIGBERG: Mr. Epler, you
6 got that?

7 MR. EPLER: Yes, I do. Thank you.

8 BY CMSR. BAILEY:

9 Q All right. Let's talk about the increase in
10 legal costs. You know, the past couple of
11 years there were no legal costs included in
12 this filing or very little. And now there --
13 you're going to file a wheeling tariff at FERC,
14 I think I read that?

15 A (McNamara) That is I believe the -- what is
16 anticipated, which is why, in this filing,
17 approximately -- well, not "approximately", for
18 the upcoming period, beginning in
19 August, \$25,000 has been included as a rough
20 estimate of what the Company is expecting to
21 spend on that.

22 Q And I think I saw like an allocation per month
23 of that amount in the estimate?

24 A (McNamara) Yes. The Company just put the full

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 amount in for 12 months and then just divided
2 it by 12.

3 Q Okay. What is the wheeling tariff going to be
4 about?

5 A (McNamara) It's -- well, maybe Mr. Epler would
6 want to speak to that.

7 CHAIRMAN HONIGBERG: Mr. Epler.

8 MR. EPLER: Yes, Mr. Chairman,
9 Commissioner Bailey. We have a customer who
10 has requested wheeling service, and we are in
11 negotiations with that customer. So, it's
12 possible we may not have to file, if we reach a
13 negotiated rate, just with that customer. And
14 then we file that at FERC. So, it kind of
15 depends.

16 CMSR. BAILEY: And if you have to
17 spend \$25,000 in legal fees to get a tariff in
18 place for one customer, why wouldn't that
19 customer pay for that, rather than all other
20 customers?

21 MR. EPLER: Because it's a -- it
22 would be a tariffed rate available for anyone.
23 So, we don't allocate costs, when we file a
24 tariff and go through a regulatory process to

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1 get that tariff approved, that's a business
2 cost that we allocate to customers as a whole.

3 If I spend legal fees in the
4 negotiation with that customer, then I would
5 not look to pass those through. That's
6 specific to that customer. And when I say "I",
7 I mean "the Company", not me personally.

8 CMSR. BAILEY: I know. Thank you.

9 BY CMSR. BAILEY:

10 Q There is also a fee for membership in NAESB.
11 Can somebody tell me what that is?

12 A (McNamara) That is the annual NAESB membership
13 fee, North American Energy Standards Board.

14 Q Okay. And were charges for that included in
15 prior years?

16 A (McNamara) Yes. It's an annual fee.

17 Q Okay. Ms. Sankowich, I think I heard you say
18 that you, in response to a question by Attorney
19 Buckley, that you work with customers who have
20 property with trees that are hazard trees and
21 they need to come down, and you ask them for
22 their permission. And then you said you have
23 "100 percent success rate of cutting those
24 trees down", I think that's what you said. Is

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 that what you said?

2 A (Sankowich) One hundred percent work planned.
3 So, we either keep a record of the customer
4 saying "no, we do not consent to the work" or
5 "yes, we do". So, we talk to 100 percent of
6 the customers that are affected. We do not get
7 100 percent of the trees down. Unfortunately,
8 customers don't always agree with removing a
9 tree that may be hazardous. Which is their
10 choice, if the tree is on their own private
11 property.

12 Q Okay. Thank you for that clarification. And
13 then also in response to Mr. Buckley's question
14 about I think he was getting to the
15 cost/benefit analysis of the SRP, and you
16 haven't analyzed that yet. What kind of
17 analysis would you do or calculations could you
18 perform to determine whether you're still
19 getting your bang for the buck? Or, was your
20 testimony that, once the program is complete,
21 you'll just need to maintain it, and that would
22 be a different revenue requirement?

23 A (Sankowich) Yes. We are looking as to what
24 those types of maintenance requirements would

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 need to be. So, if forest mortality has not
2 increased, we may not have to do many more
3 removals. We would just have to, you know,
4 prune back any overhang that has grown in, in
5 order to maintain the benefit that we have
6 gotten.

7 So, we're looking to see if we continue to
8 see the same reliability benefit at the end of
9 the ten years, and whether or not we need to do
10 an increased amount of hazard tree removals or
11 not. So, it pretty much comes down to looking
12 at tree mortality, and how many trees we think
13 might need to be removed along a section of
14 line that has had previous Storm Resiliency
15 Program work.

16 Q Might that be a maintenance function in the
17 future?

18 A (Sankowich) It could perhaps be a maintenance
19 function. We would like to have to do minimal
20 amount of work in order to maintain the
21 program, which is why we have been using tree
22 growth regulator, in order to keep healthy
23 trees along the corridor.

24 But with invasive pests, such the

1 emerald --

2 [Court reporter interruption.]

3 **CONTINUED BY THE WITNESS:**

4 A (Sankowich) -- invasive pests, such as the
5 emerald ash borer, we may find that there are
6 pockets of mortality where we would be doing
7 more extensive tree work.

8 BY CMSR. BAILEY:

9 Q And would this issue be something that you
10 would consider in a rate case?

11 A (Sankowich) I don't make that determination.

12 Q All right. Okay. Thank you. Do you, and I
13 don't know who to ask this question to, because
14 it's not really addressed in your testimony,
15 but it has to do with transmission costs, does
16 the Company do anything to try to reduce the
17 peak? Because my understanding is that
18 transmission costs are based on an allocation
19 that has to do with peak demand.

20 A (Glover) So, as you may know, we do have a Grid
21 Mod Plan out, as far as peak shaving and
22 reducing our transmission costs. I can speak
23 to, that I'm aware of that. There's a demand
24 response program that Energy Efficiency is

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 putting out. And we've made some public
2 announcements to our customers during hot
3 weather. We have a time-of-use pilot that's I
4 think on hold right now.

5 But, other than that specifically, no
6 other things I can speak to.

7 CMSR. BAILEY: Okay. Thank you.
8 That's all I have.

9 WITNESS GLOVER: I actually do have
10 an answer to your question.

11 CMSR. BAILEY: Oh. Okay.

12 **BY THE WITNESS:**

13 A (Glover) We do -- we are paying for LNS, on
14 Line 1, that is LNS service. And RNS is billed
15 through Line 2, the "Regional Transmission and
16 Operating Entity", that incorporates the RNS
17 rate.

18 CMSR. BAILEY: Okay.

19 **BY THE WITNESS:**

20 A (Glover) And the LNS is served through Line 1.

21 CMSR. BAILEY: Okay.

22 WITNESS GLOVER: I knew I had an
23 answer for you, but I just didn't have it at
24 the top of my head. So, I had to dig for it.

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 CMSR. BAILEY: Thank you.

2 WITNESS GLOVER: If you would like to
3 know the rates, I can still provide those to
4 you.

5 CMSR. BAILEY: Okay.

6 BY CMSR. BAILEY:

7 Q And then, so, what's Line 3?

8 A (Glover) So, Line 3 is typically -- let me just
9 grab my notes here. That is, I believe we pay
10 for -- one sec.

11 I believe that is Interconnection
12 Distribution Service that we pay directly to
13 Eversource. So, that's based on --

14 Q Look on Page 73, at the bottom, that
15 Commissioner Giaimo pointed to before.

16 A (Glover) Page 73. Wheeling power, yes. That
17 we pay through for Eversource, we pay it to
18 Eversource to wheel power through their system.

19 Q From a customer generator in your area or a
20 unit? I'm just trying to understand what it's
21 used for.

22 A (Glover) That I don't specifically know. I
23 don't think it's a specific customer.

24 Q Okay.

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Glover) I believe it's just in general, it's
2 energy that we're wheeling through to serve our
3 customers in general. But I don't think it's a
4 specific customer.

5 Q Oh. You're wheeling it into your distribution?

6 A (Glover) Yes.

7 CMSR. BAILEY: Okay. All right.

8 Thank you.

9 WITNESS GLOVER: Sorry you had to
10 drag that out of me.

11 CMSR. BAILEY: Thank you very much.

12 WITNESS GLOVER: Is the record
13 request still in effect?

14 CMSR. BAILEY: I would love to know
15 what the LNS and RNS rates are, --

16 WITNESS GLOVER: Okay.

17 CMSR. BAILEY: -- on a megawatt-hour
18 -- dollars per megawatt-hour.

19 WITNESS GLOVER: Okay.

20 CMSR. BAILEY: That would be great.

21 Thank you.

22 WITNESS GLOVER: You're welcome.

23 CHAIRMAN HONIGBERG: Commissioner

24 Giaimo.

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 CMSR. GIAIMO: Good afternoon.

2 WITNESS GLOVER: Good afternoon.

3 BY CMSR. GIAIMO:

4 Q I guess I would like to start with the HQ
5 support payments. So, for 20 years, UPC had a
6 1.2 percent share of an HQ line, Phase II. And
7 that represented, what, about 16 megawatts of
8 transfer capability. As of October 2018, there
9 was an option, and the Company opted not to
10 continue?

11 A (Glover) To renew our rights, yes.

12 Q Okay. Do you know if there was another party
13 in line to assume that 1.2 percent interest?

14 A (Glover) I do not know that.

15 Q Okay. Can you, Ms. Glover, elaborate, you said
16 that you -- well, let me try to -- you left me
17 with the impression that the Company, in its
18 analysis as to whether or not it would continue
19 or re-up the contract, determined that there
20 was significant -- there was a need for a
21 significant investment in the line going
22 forward. Did I hear you correctly?

23 A (Glover) I have heard, before I came here
24 today, that there would be some significant

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 investments in the lines that would increase
2 the costs that would come to the rights
3 holders. That we have heard after our decision
4 was made not to renew our rights.

5 Q Okay.

6 A (Glover) Yes. So that was not material to the
7 decision. The decision was made prior to that.

8 Q All right. Thank you for the clarification.
9 Moving to the RGGI rebates. Can you let me
10 know what was the clearing price you used in
11 determining your estimate?

12 A (McNamara) Unfortunately, it was much more
13 simple than that.

14 Q Okay.

15 A (McNamara) It simply looked at the last three
16 RGGI auction amounts received, and did a simple
17 average of what that was.

18 Q So, there is a chance that that was slightly
19 lower than -- or, let me take that back. Do
20 you know, the last three, so that was June,
21 March, and December? Were those the last three
22 that you used?

23 A (McNamara) It was quarter one from 2019, and
24 then quarters three and four from 2018.

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 Because this filing included only actuals
2 through April, and I believe April of 2019 was
3 when we received quarter one auction rebate.

4 Q Okay. Thank you for that. All right. I'm
5 going to ask for comments on Exhibit 2 from the
6 panel, if that's okay.

7 So, the cost of the Exacter Program is
8 \$220,000, does that sound right? Sure. I'm on
9 Page 3.

10 A (Glover) Oh. Thank you.

11 Q Top of Page 3. I'm sorry. Actually, I don't
12 know where the 220 -- I thought that was the
13 cost of the Exacter Program, now I'm not sure
14 if that's right.

15 A (Sankowich) I can find it. Hold on one second.
16 Yes. The Company allocated 220,000 to the
17 Exacter Program in 2018.

18 Q Or stated another way, that's the approximate
19 cost of the program for 2018?

20 A (Sankowich) Correct.

21 Q Okay. And then, three -- the third paragraph,
22 the third full -- the fourth full paragraph on
23 the page that starts "Utilizing its Outage
24 Management System which details customer counts

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 and protective devices, the Company was able to
2 develop potential system reliability impacts
3 from the Exacter Program results."

4 And then, "The 2018 program identified a
5 repair every 3.9 miles, and an average of 568
6 customers impacted by each failure event".

7 "UES estimated 61,313 customers would have been
8 impacted by potential failures at the Exacter
9 identified locations. Utilizing average
10 restoration [rates], UES estimates that those
11 potential outages would have caused 5,267,660
12 customer minutes of interruption".

13 So, I guess my question is, is that worth
14 \$220,000? It sounds like the program is doing
15 a lot of good. And I'm just wondering if
16 that's \$220,000 worth of good? Because it
17 sounds like the Company has determined it
18 doesn't want to go further with the Exacter
19 Program?

20 A (Sankowich) The Company found that the
21 calculations of how much it was avoiding
22 opportunity for failure on the system may not
23 have been as predicted. Because the program
24 was not deployed in our Massachusetts area, and

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 the rates of failure were still similar to the
2 New Hampshire rates. So, even though the
3 Exacter Program was predicted to be avoiding
4 these outages, we feel that it did not
5 actually, in real life, avoid outages as
6 predicted.

7 Q Okay. Thank you. Thanks for the
8 clarification. So, I'm going to move onto the
9 next page, where there's a summary of the VMP
10 results. And then it says "The report
11 highlights the following work completed in
12 2018", and it's numbered 1 through 5.

13 So, number 1 has 100 percent of planned
14 and actual, for the planned circuit pruning;
15 for the mid-cycle pruning, 100 percent planned
16 and actual; for the forest reliability work,
17 100 percent planned and actual; and then for
18 the sub-transmission right-of-way floor
19 clearing, 100 percent planned and 100 percent
20 actual.

21 So, the only area where there wasn't
22 100 percent planned and actual was in the
23 Hazardous Tree Mitigation Program. So, I'm
24 wondering why, of the five, was that the one

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 that didn't -- didn't receive 100 percent?

2 A (Sankowich) The Hazard Tree Mitigation Program
3 works on prioritization of hazard trees up to a
4 budget amount. So, we had quite a number of
5 removals accomplished. There were 2,156 trees
6 removed across the system in New Hampshire.
7 And there are some areas where we did not
8 complete all of the removal, but they were also
9 work planned and occurred in the next year, due
10 to the same issue of having to identify all of
11 the trees beforehand and prioritize them, and
12 then figure out which trees to do first, in
13 order to spend the money in the most
14 reliability return for us.

15 Q Okay. So, this says that a 138.5 miles were
16 planned, 114.4 [111.4?] actual miles occurred.
17 So, the remaining 27 or so miles would be
18 applied in 2019?

19 A (Sankowich) They had already -- yes. Those
20 removals that occurred on those circuits would
21 be done in 2019.

22 Q Okay. Is there any reason for a person like me
23 to look at this and say "hazardous tree
24 mitigation is less of a priority, when compared

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 with planned circuit pruning, mid-cycle
2 pruning, forestry reliability, and
3 sub-transmission right-of-way clearing"?

4 A (Sankowich) No. It's just that it is one of
5 the largest programs and has the most amount of
6 work planning associated with it. The circuit
7 pruning is done to a specification. So, we
8 give the vendors a specification, and we do not
9 have to work plan in advance. So, they can
10 begin at any time. There's more flexibility.
11 The mid-cycle pruning is similar, with a
12 specification. But there's a smaller amount of
13 work. You're only looking at critical portions
14 of three phase for mid-cycle. And the forest
15 reliability work is an even smaller subset of
16 miles. So, the Hazard Tree Mitigation, being a
17 larger amount of miles, is more difficult to
18 manage, and also requires more upfront work.

19 CMSR. GIAIMO: Thank you very much.

20 That's it.

21 BY CHAIRMAN HONIGBERG:

22 Q Does anyone on the panel want to make a -- give
23 a response to Staff's Recommendation, regarding
24 the treatment of the \$267,000?

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Sankowich) Yes. I would like to say that,
2 from a program and a Company perspective, it's
3 significant for us to be able to stay on track
4 on the Storm Resiliency Program. We found that
5 the most effective dollars that we spend on
6 reliability is vegetation management. And we
7 believe that this program has helped to improve
8 our response time and, in turn, make customers
9 happy about storm events.

10 It's very hard to track avoided outages
11 and to prove success, but, because of
12 differences in storms and severity, but
13 customer responses from the Storm Resiliency
14 Program are positive. Customers associate the
15 vegetation management work of the Storm
16 Resiliency Program with their improved
17 reliability.

18 And the most positive thing that customers
19 respond to is shortened duration times of their
20 events. We feel that the impact to ratepayers
21 is small for doing this carryover work. And we
22 think that it would benefit all of the people
23 served to continue to stay on track and finish
24 this program.

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 We had originally proposed to accelerate
2 it. We thought that it was, you know, had such
3 great results. And we had decided to stay with
4 a ten-year program to keep the program on
5 track. So, at this point, that's all we're
6 looking to do is to keep the program on track.

7 Q And I know one of you testified, I think it was
8 you, Ms. McNamara, about what the bill impact
9 was. Can you refresh my memory as to what you
10 said, just refresh?

11 A (McNamara) Sure. The impact of 267,000 on the
12 EDC is \$0.00023 per kilowatt-hour. Which, on a
13 650 kilowatt-hour bill, would be about 15
14 cents.

15 CHAIRMAN HONIGBERG: Thank you.
16 That's the only questions I have.

17 Commissioner Bailey, you have
18 something you want to follow up on?

19 CMSR. BAILEY: Yes.

20 BY CMSR. BAILEY:

21 Q Ms. Sankowich, can you respond to Staff's, I
22 guess it will be testimony, on the bottom of
23 Page 5, where they said that you had asked to
24 have a carryover once before, and it didn't --

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 and they didn't agree, and you didn't
2 accelerate the program, and you're still on
3 track for ten years. And I think that the
4 reason that, I'll probably be corrected, but
5 when I read this, what I was understanding the
6 argument to be is that, if they had agreed to
7 the acceleration, there would have been a big
8 over collection in the REP/VMP and they don't
9 want that to happen. So, can you respond to
10 that?

11 A (Sankowich) Yes. At the bottom of Page 5,
12 we're actually talking about accelerating the
13 program, not an underspend. But had we
14 accelerated the program, we would have looked
15 to bring in additional crews at that time and,
16 you know, would have planned on doing
17 additional work.

18 Since we had agreed to only stay at the
19 ten-year program, we did not plan on doing the
20 additional work. And therefore, when issues
21 occurred, and we did have to bring in
22 additional crews, we were delayed.

23 So, this is not related to an already --
24 an underspend that already occurred. This was

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1 a proposal to shorten the timeframe, which we
2 didn't put into place. So, you know, we
3 shouldn't be held responsible for not
4 completing that plan, because we weren't -- we
5 weren't even planning to do that additional
6 work, because we decided to stay on the ten
7 years.

8 CMSR. BAILEY: Thank you.

9 BY CHAIRMAN HONIGBERG:

10 Q Is another way to put that then, in your view,
11 what starts at the bottom of Page 5 and carries
12 over to 6, really isn't relevant to what we're
13 talking about here?

14 A (Sankowich) Correct. We would have brought in
15 additional crews. We may still have been
16 underspent because of the one vendor. But we
17 wouldn't have been under spent -- it's likely
18 we wouldn't have been underspent the full
19 amount, because we would have already planned
20 on bringing in additional crews to complete the
21 additional work.

22 CHAIRMAN HONIGBERG: Okay. Mr. Epler
23 do you have any follow-up for your witnesses?

24 MR. EPLER: Yes, I do. Sorry.

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REDIRECT EXAMINATION

BY MR. EPLER:

Q First, Ms. McNamara, could you please turn to Bates Pages 0033 and also 0034. And that's Pages 1 and 2 of Schedule LSM-1.

A (McNamara) I'm there.

Q Okay. And so, there was some discussion of the under recovery balance of the Stranded Cost Charge and the interest. Do you recall the discussion of that?

A (McNamara) Yes.

Q Okay. Now, if you turn the page and go to 0034, and if you look at -- and on that page, is it correct that you've got basically data from three years, from three 12-month periods, to be more accurate?

A (McNamara) Correct. These are the three periods that the SCC covers.

Q Okay. And if you look at the Column (c), that indicates revenue that we receive, that we use as an offset to the costs to Hydro-Quebec, is that correct?

A (McNamara) The amounts in Column (c) represent retail customer billings. So, for example, the

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 very last line, under Column (c), "\$136,111",
2 would be the credit that customers have
3 received on their bills. Column (b) is, in
4 fact, the Hydro-Quebec credit that Ms. Glover
5 spoke to.

6 Q "Credit", meaning monies that we receive?

7 A (McNamara) Correct, and then pass back to
8 retail customers.

9 Q Okay. And so, if you look then in Column (b),
10 you can see that the amounts we're estimating
11 for the period August '19 through July --
12 August 2019 through July 2020 are lower than
13 the previous two periods, is that correct?

14 A (McNamara) Correct. Each year it has
15 decreased.

16 Q And that's why you're starting out with an
17 under recovery balance, because, in the period
18 2018 through July 2019, the revenue has
19 decreased?

20 A (McNamara) Last year at this time, I could turn
21 to the number if you wanted it exact, but
22 August 2018 to July 2019, when we had
23 forecasted that number, we had estimated the
24 Hydro-Quebec credits to be somewhere in the

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 700-\$800,000 range, similar to what had
2 happened in the August '17 to July '18 period.
3 As you can see, it didn't come in in the
4 700-800,000 range, it came in at 557,000. And
5 that's what primarily led to the
6 under-collection. Kind of goes backwards in
7 this case, because it's a cost, but it's a
8 credit.

9 Q Okay. Thank you. Ms. Sankowich, in discussing
10 the SRP work -- first of all, if you could turn
11 to what's been marked as "Exhibit 2", the Staff
12 report. And on Page 6, there is discussion in
13 that first full paragraph of the shift of the
14 Exacter expenditures to Enhanced Tree Trimming.
15 Now, is it correct -- is it your understanding
16 that the \$300,000 in the -- that were to be put
17 in the Reliability Enhancement Program, or the
18 REP, could be spent on any number of different
19 programs under the original Settlement
20 Agreement in DE 10-055?

21 A (Sankowich) Yes. That is correct.

22 Q And in past years, we have spent more of that
23 money on Enhanced Tree Trimming and less on
24 other reliability endeavors, is that correct?

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Sankowich) Yes. That is correct.

2 Q Okay. And so, the fact that we are moving
3 monies from the REP Exacter Program to Enhanced
4 Tree Trimming is not unusual, given the history
5 of the total VMP program since the Settlement
6 Agreement in DE 10-055, is that correct?

7 A (Sankowich) That's correct.

8 Q Okay. And is it also correct that there is a
9 difference between the Enhanced Tree Trimming
10 Program under the Reliability Enhancement
11 Program and the SRP?

12 A (Sankowich) That is correct. There is a large
13 difference between them.

14 Q And could you describe what that difference is?

15 A (Sankowich) Yes. The Reliability Improvement
16 Program is designed so that we have money
17 available to do work without affecting the
18 vegetation management schedule. It's designed
19 so that, if a reliability issue occurs, whether
20 it's related to trees or something else, if
21 tree work needs to be done for a
22 reliability-related issue, there is funding
23 available, and it doesn't have to come from the
24 regular Vegetation Management Program, thus

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 knocking something off of its regular schedule.

2 Q So, in other words, you may get a call, a call
3 or request from someone in Engineering saying
4 "We're having some reliability issues on a
5 particular circuit. Can you go and do some
6 spot trimming?" Is that the type of situation
7 you're describing?

8 A (Sankowich) Yes. So, Engineering does their
9 own reliability review. And in their review,
10 they can find areas that need to -- that
11 reliability needs to be improved, and they may
12 suggest vegetation management work as one of
13 the outcomes and direct, you know, me to have
14 vegetation management work done there. And
15 that is separate from our regular schedule of
16 work.

17 Q Okay. And the SRP program, that's a separate
18 program designed for critical three phase
19 sections, is that correct?

20 A (Sankowich) That is correct.

21 Q And is it your understanding, and I think you
22 already testified to this, but just to clarify,
23 it's your understanding that last year the
24 Company requested to essentially collapse the

[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 last two years of the program into one year,
2 and is that -- is that correct?

3 A (Sankowich) That is correct. We proposed that.

4 Q And there were discussions with Staff, and
5 Staff requested that, as opposed to doing that,
6 since the Settlement Agreement was for a
7 ten-year SRP program, that we stick with the
8 ten-year SRP program, and not do that condensed
9 two to one year?

10 A (Sankowich) That is correct.

11 Q Okay. Now, if we follow the recommendation
12 here of Staff that to not allocate \$267,000 of
13 the over-collection to the SRP, you would not
14 be able to complete the SRP program in the
15 agreed upon ten years, is that correct?

16 A (Sankowich) That's correct.

17 Q You talked about the loss of the vendor
18 interfering with the ability of the Company to
19 finish the scheduled SRP work in 2018.
20 Approximately when did that occur?

21 A (Sankowich) That occurred in early February, I
22 believe, in the first quarter.

23 Q Okay.

24 MS. ROSS: Could you indicate what

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 year? February of what year?

2 WITNESS SANKOWICH: Sorry.

3 February 2018. We spent a good deal of time
4 negotiating with the vendor, trying to bring
5 them back onto the system. That occurred
6 through, I believe, May.

7 BY MR. EPLER:

8 Q In understanding the sequence of events that
9 occur when you have -- when you undertake the
10 SRP program. So, my understanding, and again
11 based on what I heard in your testimony today,
12 basically, the first six months you're
13 reviewing the areas of the circuit that you
14 want to do the enhanced trimming on, and also
15 the tree removal on. Either -- then contacting
16 landowners, you're negotiating with the
17 landowners about the tree removal, getting
18 approvals, getting -- if you need any necessary
19 approvals from a particular county or a
20 particular township.

21 And so, having done that at this point of
22 the year, do you lose that, if you are not able
23 to complete the program and have to postpone
24 that to the next year?

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[WITNESSES: McNamara|Glover|Sankowich|Debski]

1 A (Sankowich) We don't completely lose it. But
2 we would add a bit of work to go back and
3 verify that everything is the same, and people
4 have -- still would like those trees removed.

5 Q So, and is it the Company's policy that, if we
6 receive an approval in one year, and that we're
7 not able to complete it, that we do go back and
8 make sure that that approval is still good,
9 before we would complete something the second
10 year?

11 A (Sankowich) Yes. We would send the work
12 planner out to do a courtesy check to make
13 sure.

14 MR. EPLER: That's all I have, Mr.
15 Chairman, Commissioners. Thank you.

16 CHAIRMAN HONIGBERG: All right.
17 We're going to need to take a ten-minute break.
18 So, we're going to go off the record.

19 *[Off-the-record discussion*
20 *ensued.]*

21 CHAIRMAN HONIGBERG: Let's go back on
22 the record.

23 All right. The witnesses can return
24 to their seats. We've decided not to take a

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[WITNESS: Demmer]

1 break. So, why don't you trade places with Mr.
2 Demmer, or actually, you go to your table, and,
3 Mr. Demmer, you can go to the witness box.

4 MS. ROSS: Could I renege on my
5 statement, and say that, because the Company
6 essentially presented cross-examination style
7 testimony with regard to my witness, or
8 rebuttal, or whatever you'd want to call it,
9 that I might take five minutes to go over a
10 couple points with him?

11 CHAIRMAN HONIGBERG: Yes. You may do
12 that.

13 MS. ROSS: Thank you.

14 CHAIRMAN HONIGBERG: We thought that
15 maybe you would want to do that.

16 MS. ROSS: And there's not a lot, but
17 I think just a few things we should add.

18 (Whereupon **Kurt Demmer** was duly
19 sworn by the Court Reporter.)

20 CHAIRMAN HONIGBERG: Ms. Ross.

21 MS. ROSS: Thank you.

22 **KURT DEMMER, SWORN**

23 **DIRECT EXAMINATION**

24 BY MS. ROSS:

[WITNESS: Demmer]

1 Q Mr. Demmer, would you please indicate your name
2 and your position at the Commission?

3 A Yes. Kurt Demmer, Analyst for the Electric
4 Division PUC Staff.

5 Q And the recommendation that was filed yesterday
6 and is marked as "Exhibit 2" in this
7 proceeding, is this your recommendation?

8 A Yes.

9 Q And did you prepare it?

10 A Yes.

11 Q If you were preparing a recommendation today,
12 would there be any changes?

13 A No.

14 Q And would you adopt this recommendation as your
15 testimony here at the hearing?

16 A Yes.

17 Q Thank you. I'm not going to ask you any
18 specifics of what is in the testimony, because
19 I think everyone can read it. But I do want to
20 ask you a couple of things.

21 First of all, does Staff generally support
22 the SRP program?

23 A Yes.

24 Q Does Staff believe that there is any hard data

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[WITNESS: Demmer]

1 that shows that the program actually improves
2 reliability?

3 A No.

4 Q But, nonetheless, Staff is supportive of the
5 Company's efforts?

6 A Yes.

7 Q Would it be fair to state that Staff's only
8 reservation with the Company's proposed
9 addition has to do with the feasibility of
10 actually completing the work in 2019?

11 A That's correct.

12 Q And is it also Staff's position that the
13 Company needs to be more flexible in the way
14 that it designates circuits for inclusion in
15 the program and perhaps, and maybe you can
16 elaborate on that, that might improve their
17 ability to catch up in years when they're
18 having difficulties?

19 A Yes. And an instance right here was the 10.1
20 miles for the E23X1 circuit. That was not --
21 that was going to be too expensive, and the
22 planning came in, after that it was shown to be
23 too expensive. From my experience, having a
24 backup, having some preplanning on some other

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[WITNESS: Demmer]

1 circuits ahead of time, that probably could
2 have been replaced with something else. Having
3 some other circuits as having in your back
4 pocket, so to speak, allows that.

5 Plus the planning process itself, when
6 you're up against, in September, October,
7 November, December, and that's what I gathered
8 from that, it was the same year. So, you had
9 four months to really do the SRP. Those are
10 really tough months. Stormwise, resourcewise,
11 everyone is kicking everything into high gear,
12 sorry for the expression. But everyone is
13 really trying to make their work plans,
14 everyone is trying to squeeze in at the end of
15 the year. So, the resources are very limited.

16 So, what happens is a lot of times is you
17 end up getting storms, you end up getting the
18 items like, for example, down the Cape. But
19 you also get other areas that can't let people
20 go, because they're trying to play catch-up on
21 their work plans. So, that four-month window
22 is really a tough time.

23 Again, I know Sara had said that they're
24 working on that. But that does muddy the water

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[WITNESS: Demmer]

1 a little bit.

2 Q And finally, the Staff has indicated, as I
3 recall, that it would be supportive of
4 additional work in future years, if the Company
5 demonstrates its ability to actually accomplish
6 the 2019 budget without the additional credit,
7 is that correct?

8 A Correct.

9 MS. ROSS: And that's all I had for
10 this witness. Thank you.

11 CHAIRMAN HONIGBERG: Mr. Buckley?

12 MR. BUCKLEY: No questions.

13 CHAIRMAN HONIGBERG: Mr. Epler?

14 MR. EPLER: Yes. Thank you. Good
15 afternoon, Mr. Demmer.

16 **CROSS-EXAMINATION**

17 BY MR. EPLER:

18 Q Could you tell me, what did you review
19 before -- in writing your report?

20 A As far as the work plan?

21 Q What materials you reviewed in writing this?
22 For example, --

23 A I looked at the 2017, 2018 work plans. I went
24 back to 2015.

[WITNESS: Demmer]

1 Q Did you review any of the settlement
2 agreements --

3 A Yes.

4 Q -- in the rate case? Did you review the
5 Settlement Agreement in DE 10-055?

6 A I didn't review that one. I did look at the
7 Order 26,007 and the 25,653, or something along
8 that lines, from 2014.

9 Q Okay. Now, you said, at least my understanding
10 of what you just said in response to several
11 questions from Staff counsel was that your
12 objection to including the \$267,000 into the
13 SRP, and instead flowing that back to
14 customers, was the feasibility of completing
15 the work, is that correct?

16 A That's correct.

17 Q Is it -- do you understand that the EDC and how
18 we account for the money spent on VMP is
19 reconciling?

20 A Yes.

21 Q What would be the harm to allocate those monies
22 this year and see if the Company can spend it?
23 If the Company can't spend it, then the money
24 is not spent, it gets reconciled, and customers

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[WITNESS: Demmer]

1 would see that money next year. If the Company
2 can spend it, then we have accomplished exactly
3 what we said we'd accomplish?

4 A Well, the harm, and I don't know if it -- you
5 say "harm", but it's 267,000 not going back to
6 ratepayers, and having those initiatives
7 with -- in their first year not really being
8 tested.

9 Q Well, you would have -- you wouldn't need to
10 have them tested, because you'd actually have
11 results, wouldn't you?

12 A Yes, year-end results.

13 Q And you would know -- I'm sorry, I didn't mean
14 to --

15 A Normal year-end results. I'm sorry.

16 Q Okay. So that you would be able to see whether
17 or not the Company was able to accomplish what
18 it said it could accomplish. And if it was
19 able to accomplish what it said it would, then
20 customers would actually benefit, because those
21 trees would be removed and there would be some
22 reliability benefit from having accomplished
23 that work. Is that correct?

24 A Yes and no.

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[WITNESS: Demmer]

1 Q What's the "no" part?

2 A Well, it's really not determined whether or not
3 there is going to be a reliability benefit
4 right away, because right now there's no hard
5 data on whether or not that would be a
6 reliability benefit for the additional miles.

7 But besides that, the fact is that the
8 initiatives were based on, in Sara's testimony,
9 was based on making the typical 31, 32 miles of
10 line for SRP. That's what it was in response
11 to, of not getting that done in 2018.

12 So, what the recommendation was is, let's
13 see if those work for 2019 normal miles, which
14 is -- I believe it would be 31, 32.

15 Q Did you look at the history of this program
16 over the previous seven years?

17 A Yes, I did.

18 Q And has the Company been able to complete its
19 SRP program in each of those seven years?

20 A It has for the SRP, and actually went over in
21 one year. But the costs have been varied,
22 obviously, yes.

23 Q Well, you would expect the costs to vary year
24 by year, because of either density, types of

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[WITNESS: Demmer]

1 trees, flagging requirements, so on. So, there
2 will be variability year by year, is that
3 correct?

4 A Uh-huh. That's correct.

5 MR. EPLER: That's all I have. Thank
6 you.

7 CHAIRMAN HONIGBERG: Commissioner
8 Bailey.

9 CMSR. BAILEY: Good afternoon.

10 WITNESS DEMMER: Good afternoon.

11 BY CMSR. BAILEY:

12 Q I thought I heard Ms. Sankowich testify that
13 they have already completed the carryover work?

14 A That is correct.

15 Q So, if that's the case, and they have a history
16 of completing the planned SRP work for each
17 year in the last four months of the year, why
18 do you think that it's not feasible for them to
19 do that? I mean, it sounds like you think it's
20 not feasible for them to do the regular planned
21 work at this point. Is that -- am I
22 misunderstanding something?

23 A Correct.

24 Q I am correct?

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[WITNESS: Demmer]

1 A I believe that's correct.

2 CMSR. BAILEY: Okay. All right.

3 Thanks.

4 CHAIRMAN HONIGBERG: Commissioner

5 Giaimo.

6 CMSR. GIAIMO: No. No questions.

7 BY CHAIRMAN HONIGBERG:

8 Q Mr. Demmer, one of the things you talked about
9 in response to questioning from Ms. Ross, said
10 that you wanted to be more flexible, and have
11 projects queued up to replace things that might
12 not be feasible, once they take a look at them.
13 Do I understand that right?

14 A Correct.

15 Q This is year eight of this program. There
16 can't be that many more projects that they have
17 to do, can there?

18 A Yes. I mean, I would think there would be
19 roughly 60 more -- well, 2020-21, so roughly
20 about 90 more miles.

21 Q But it's getting -- it would be harder and
22 harder for them, as they get nearer the end,
23 there's only so many more things they can pick
24 and choose from, isn't that right?

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[WITNESS: Demmer]

1 A Correct. But, if they had lined these up in
2 reliability for reliability impact, those last
3 few would probably have less reliability impact
4 than the ones they did in the beginning.

5 Q But, and I think from prior years, when we've
6 heard descriptions of this, it's not just the
7 highest impact work, it also relates to other
8 things that are going on in their system, that
9 they may prioritize one year over another. Is
10 that right? Is that your understanding as
11 well?

12 A Yes. A lot of it has to do with what Sara had
13 said, Seacoast versus the Capital system. But,
14 ultimately, you line up your reliability
15 ranking between the two, and then, you can pick
16 and choose. So, you're still left with really
17 the better -- for lack of a better term, better
18 reliability circuits at the end.

19 Q Is it your impression that they're not
20 prioritizing?

21 A Oh, no, I think they are. What I'm trying to
22 get at is the fact that, if a circuit has a
23 high reliability, more than likely you probably
24 don't have the issues that you probably have

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[WITNESS: Demmer]

1 with a poor reliability circuit, because you
2 probably had a lot of tree issues. Because
3 veg. management for Unitil is roughly
4 50 percent of their outages so far, so, 40 to
5 50 percent. So, I would think that that would
6 have more of an impact.

7 CHAIRMAN HONIGBERG: Okay. Thank
8 you. That's all I have.

9 Ms. Ross, do you have any redirect?

10 MS. ROSS: Actually, let me just
11 check.

12 *(Atty. Ross conferring with*
13 *Witness Demmer.)*

14 MS. ROSS: We're all set. Thank you.

15 CHAIRMAN HONIGBERG: All right. Mr.
16 Demmer, you can either stay where you are or
17 return to your seat. It's up to you, because I
18 think it won't be long from here.

19 WITNESS DEMMER: I'll stay here.

20 CHAIRMAN HONIGBERG: There are no
21 other witnesses correct?

22 *[No verbal response.]*

23 CHAIRMAN HONIGBERG: Correct.

24 Without objection, we'll strike ID on

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1 Exhibits 1 and 2. I believe there is still
2 information to be provided as part of the
3 record request, which will be Exhibit 3.

4 If there's nothing else, we will have
5 the parties sum up. Mr. Buckley, why don't you
6 start us off.

7 MR. BUCKLEY: Thank you, Mr.
8 Chairman.

9 The Office of the Consumer Advocate
10 supports the Staff Recommendation to return the
11 entirety of the 2018 over-collection of
12 \$754,813 to ratepayers, rather than allocating
13 267,556 of that sum to the Storm Resiliency
14 Program.

15 While we acknowledge that the Company
16 has taken efforts to ensure adequate vendor
17 interests, we are cognizant of the fact that
18 there are factors outside of the Company's
19 control that have, and are likely to, affect
20 the Company's ability to complete its work
21 within the time allotted.

22 In light of the amount of work the
23 Company has, and its vendors were able to
24 complete last year, we think that the number of

1 SRP miles the Company would plan for without
2 the \$267,556 budget addition is a more
3 reasonable target for the Company and its
4 vendors. Put succinctly, there is no reason
5 for the Company to borrow that money from
6 ratepayers this year, given its performance
7 during the past year, regardless of whether it
8 reconciles or not.

9 Subject to the budgetary revision
10 suggested by Staff, we view the revised rate as
11 just and reasonable and would recommend its
12 approval by the Commission.

13 CHAIRMAN HONIGBERG: Thank you,
14 Mr. Buckley. Ms. Ross.

15 MS. ROSS: Thank you.

16 And Staff appreciates the Company's
17 efforts in putting together the filing, and
18 supports the SRP program. Although, Staff does
19 note that there's no hard data on the
20 effectiveness of the program with regard to
21 reliability.

22 Staff continues to request that the
23 Company include the full amount of the credit,
24 which is \$754,813, back to customers. Really,

1 because Staff views it as a risky endeavor to
2 complete all of that work in 2019, plus the
3 additional work that would be funded by the
4 267, given the factors that the OCA has just
5 repeated, which are, you know, storm events and
6 the lack of available crews for this type of
7 specialized work.

8 We also -- Staff also asks the
9 Company to try to adopt a more flexible
10 approach to planning, so that, in the event it
11 runs into snags on certain projects, it can
12 quickly bring forward other pre-planned and
13 pre-engineered projects to keep moving on its
14 reliability.

15 And with that, we close.

16 CHAIRMAN HONIGBERG: Thank you,
17 Ms. Ross. Mr. Epler.

18 MR. EPLER: Yes. Thank you,
19 Commissioners and Mr. Chairman.

20 I must admit, I'm somewhat perplexed
21 at the position that the Staff and the OCA have
22 taken on this, for a number of reasons.

23 Number one, we're talking
24 about \$267,000, which is, in an overall scheme

1 of things, a really small amount, and that is
2 shown by the calculation that was done by Ms.
3 McNamara, 15 cents on a customer's bill for a
4 customer who is using 650 kilowatt-hours a
5 month. Fifteen cents.

6 Now, there has been some claims that
7 there is no hard data about the result of these
8 programs. And it kind of depends on how you
9 define "hard data". If you look at what the
10 Company has filed over time, since it started
11 its Vegetation Management Program, put into
12 place as a result of the Settlement Agreement
13 in DE 10-055, our SAIDI numbers and our SAIFI
14 numbers, and SAIDI refers to the duration of
15 outages, SAIFI refers to the frequency of
16 outages. Those numbers have steadily declined
17 over time that these programs, and I'm talking
18 about all the programs, the maintenance
19 program, the Hazard Tree Mitigation Program,
20 and the SRP, those numbers have steadily
21 declined over time throughout this period.

22 Customers get a distinct and actual
23 benefit from this. Our outages are less, our
24 tree-related outages as a percentage of our

1 total outages has declined over time. Our
2 response time, in terms of storms, has improved
3 over time.

4 In terms of hard data, of course,
5 it's impossible to say what tree would have
6 fallen or would not have fallen. You can't
7 compare year to year, because storms are
8 different, weather is different. There are
9 many, many factors that are different. But,
10 clearly, the trends over time is that every
11 dollar -- the dollars that we're spending are
12 benefiting our system.

13 Internally, the discussions that we
14 have is that we know, in terms of reliability,
15 the best bang for the buck is to spend it on
16 tree trimming. And that's the position of the
17 Company, we've taken that consistently. We
18 indicate that in every time, over the past,
19 let's see, the REP program was started in 2011,
20 so since every -- every vegetation report that
21 we filed with the Commission since 2011 shows
22 that.

23 So, again, as I started out, I'm
24 really at a loss to understand the opposition

1 to spending this money. And particularly, I
2 disagree very strongly with the statement from
3 the Consumer Advocate that we're borrowing this
4 money from ratepayers. This money has a
5 substantial benefit to ratepayers. And I think
6 that that is a really somewhat perverse way of
7 looking at the dollars.

8 And, in particular, because this
9 program, we report, and this is essential, we
10 made an essential part of the VMP program that
11 we will report every year on what we spent and
12 reconcile it every year, and then it gets
13 reconciled through the EDC. And that was to
14 ensure, when we had our negotiations with Mike
15 Cannata, when he was on the Staff, and then
16 when he was a consultant to the Commission,
17 because he said "I want to make sure that you
18 spend that money, and I want to make sure that
19 customers get the benefit of these programs."
20 So, that's why we do it. And so, you get to
21 see that every year, what we do and exactly
22 what we spent, where we've fallen short or
23 where we've gone over.

24 So, given all that, I think it would

1 be penny wise and pound foolish not to allocate
2 the \$267,000 as the Company has requested.

3 CHAIRMAN HONIGBERG: I have a
4 question, Mr. Epler.

5 You asked Mr. Demmer if he had
6 reviewed the Settlement Agreement from the 2010
7 docket. Is there something in that Settlement
8 or the order approving it that we should be
9 looking at?

10 MR. EPLER: Well, I think what that
11 Settlement Agreement does is it sets out a
12 schedule of ramping up dollars to be spent on
13 the various programs. Because -- and the test
14 year amount of dollars that were spent I
15 believe was between 700 and \$800,000 on
16 vegetation management. And so, there was, to
17 moderate the rate impact on customers, there
18 was a schedule of increased amount dollars to
19 be spent over time. And that was part of the
20 step increases that were agreed to, I think
21 there were three step increases coming out of
22 that Settlement Agreement, and then there was
23 some additional amounts that could be added to
24 tree trimming.

1 So, there was a whole scheme involved
2 in putting this together. And as I just
3 indicated, there was the intent of
4 significantly bumping it up, significant -- I'm
5 sorry, didn't mean to hit the new microphone --
6 significantly increasing the side-to-side box
7 and the overhead kind of box that we trim. We
8 went from 10 feet to 15 feet.

9 I mean, there were -- it was a long
10 negotiation, it was a difficult negotiation.
11 But, I mean, I think that the program has
12 proven itself time and time again.

13 CHAIRMAN HONIGBERG: And is that the
14 source of it being a ten-year program?

15 MR. EPLER: The source of the SRP
16 being a ten-year program is slightly different,
17 because the SRP came after that Settlement
18 Agreement. And it was initially done as a
19 one-year pilot. We came in the following year,
20 asked for it to be extended the full ten years.
21 The Commission did not agree, and instead
22 agreed to extend it for five years, to have a
23 five-year program, and to report in its next
24 rate case. And so, in the -- the next rate

1 case was the 2016 rate case. And in that rate
2 case, it was agreed, as part of the settlement,
3 to extend it for the full ten years.

4 But it was designed and each year it
5 has been implemented as though it was a
6 ten-year program, although we only had approval
7 initially for five years.

8 CHAIRMAN HONIGBERG: Okay. Thank
9 you.

10 All right. With that, we will
11 adjourn the hearing and close the record, with
12 the exception of the pending record request,
13 which will be Exhibit 3, take the matter under
14 advisement, and issue an order as quickly as we
15 can. Thank you all.

16 ***(Whereupon the hearing was***
17 ***adjourned at 3:45 p.m.)***