

1                                 **STATE OF NEW HAMPSHIRE**

2                                 **PUBLIC UTILITIES COMMISSION**

3     **July 23, 2021** - 1:13 p.m.  
4     21 South Fruit Street  
5     Suite 10  
6     Concord, NH

7                                 *[Hearing also conducted via Webex]*

8     RE: **DE 21-121 UNITIL ENERGY SYSTEMS, INC.:**  
9                                 **Annual Reconciliation and Rate Filing.**

10                                 **DE 21-069 UNITIL ENERGY SYSTEMS, INC.:**  
11                                 **Petition for Approval of Rate Recovery**  
12                                 **Mechanism for Property Taxes.**

13                                 **DE 20-183 UNITIL ENERGY SYSTEMS, INC.:**  
14                                 **Reliability Enhancement Program and**  
15                                 **Vegetation Management Program Plan**  
16                                 **for Fiscal Year 2021.**

17     **PRESENT:**     Chairwoman Dianne H. Martin, Presiding  
18                                 Commissioner Daniel C. Goldner

19                                 Doreen Borden, Clerk  
20                                 Corrine Lemay, PUC Hybrid Hearing Host

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

23                                 **Reptg. New Hampshire Dept. of Energy:**  
24                                 Paul B. Dexter, Esq.  
                                  *(Regulatory Support Division)*

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

## I N D E X

PAGE NO.

[RE: DE 21-121, DE 21-069, &amp; DE 20-183]

**NOTE:** All witnesses for the three dockets 12  
 herein were sworn in en masse, consisting  
 of **Linda S. McNamara, Lisa S. Glover,**  
**Christopher J. Goulding** and  
**Sara K. Sankowich.**

[RE: DE 21-121]

**DE 21-121 WITNESSES: LINDA S. McNAMARA  
 LISA S. GLOVER  
 (Added at Page 16) CHRISTOPHER J. GOULDING**

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**DE 21-069 WITNESS: CHRISTOPHER J. GOULDING**

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**[RE: DE 20-183]**

**DE 20-183 WITNESS: SARA K. SANKOWICH**

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\* \* \*

**[RE: DE 21-121, DE 21-069, & DE 20-183]**

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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1 <b>DE 21-121</b>	Annual Reconciliation and Rate Filing	<i>premarked</i>
2 <b>DE 21-121</b>	<b>RECORD REQUEST</b> ( <i>Provide historical EDC stranded cost charges going back 5 years starting with 2016, to include costs, number of customers impacted by lost revenue and average rate</i> )	63, 78
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1 <b>DE 21-069</b>	Testimony of Christopher J. Goulding, with attachment	<i>premarked</i>
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1 <b>DE 20-183</b>	Reliability Program and Vegetation Management Program Plan - Fiscal Year 2021	<i>premarked</i>
2 <b>DE 20-183</b>	Reliability Program and Vegetation Management Program Annual Report - Fiscal Year 2020	<i>premarked</i>

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

1  
2 CHAIRWOMAN MARTIN: We're here this  
3 afternoon in Docket DE 21-121, which is Unitil  
4 Energy Systems' Annual Reconciliation and Rate  
5 Filing for Stranded Costs and External Delivery  
6 Charge for the period beginning August 1, 2021;  
7 and Docket DE 21-069, which is the Petition for  
8 Approval of Rate Recovery Mechanism for Property  
9 Taxes; and Docket 20-183, which is the  
10 Reliability Enhancement Program and Vegetation  
11 Management Program Annual Report for Fiscal Year  
12 2020.

13 Okay. Let's take appearances, starting  
14 with Mr. Epler.

15 MR. EPLER: Yes. Good afternoon,  
16 Chairwoman Martin and Commissioner Goldner. My  
17 name is Gary Epler. I am Senior Regulatory  
18 Counsel for Unitil Services Corp., appearing on  
19 behalf of Unitil Energy Systems, Inc.

20 Thank you.

21 CHAIRWOMAN MARTIN: Thank you, Mr.  
22 Epler. And Mr. Dexter.

23 MR. DEXTER: Good afternoon. Paul  
24 Dexter, Staff Attorney, appearing on behalf of

1 the Department of Energy.

2 CHAIRWOMAN MARTIN: Okay. Thank you.  
3 And I do not see Mr. Kreis. I assume he is not  
4 joining us.

5 All right. For exhibits, I'm going to  
6 break the exhibits down by docket. And I think  
7 that we are going to be slightly challenged today  
8 in running this proceeding, because it has so  
9 many dockets related to it. So, I'm going to ask  
10 that, to the extent you -- if you refer to an  
11 exhibit, you also state the docket that it  
12 pertains to. And I will talk with counsel in a  
13 moment how we're going to manage this proceeding  
14 today.

15 But, first, I have, in Docket DE  
16 21-121, Exhibit 1 prefiled and premarked; in  
17 Docket 21-069, I have Exhibit 1 prefiled and  
18 premarked; and, in Docket 20-183, I have Exhibits  
19 1 and 2 prefiled and premarked.

20 Do I have those correct for each  
21 docket?

22 MR. EPLER: Yes. That is correct,  
23 Chairwoman Martin.

24 CHAIRWOMAN MARTIN: Okay. And I think

1           that highlights some of the issues related to  
2           having three proceedings in one, because we have  
3           multiple exhibits with the same numbering.

4                     Has counsel discussed a preferred  
5           method of handling these? My thought process is  
6           that we would essentially divide it by dockets,  
7           and take the witness panels for each separately,  
8           so that we can have a clear record related to  
9           those. Is that what you were thinking?

10                    MR. EPLER: We can do it whichever way  
11           the Commission prefers. There may be a benefit  
12           of having the panel -- the entire panel seated at  
13           one time, because there may be issues or  
14           questions that come up in the EDC docket, the  
15           21-121, that are addressed in the other two  
16           dockets.

17                    But we can go -- we can proceed however  
18           you prefer.

19                    CHAIRWOMAN MARTIN: Okay. Mr. Dexter,  
20           do you have thoughts?

21                    MR. DEXTER: Well, from a  
22           question-and-answer standpoint, I believe a panel  
23           with all four witnesses would be the most  
24           efficient. From a docket management standpoint,

1 I can understand that the Commission might not  
2 find that to be the most efficient.

3 And, if we go docket-by-docket, I can  
4 do that. And I would suggest that we do 21-121  
5 first, followed by 21-069, which is property  
6 taxes, followed by 20-183, which is vegetation  
7 management. And I'll try to -- try to structure  
8 my questions that way, if you prefer to do the  
9 three dockets that way.

10 CHAIRWOMAN MARTIN: Thank you. That's  
11 what I was thinking, and taking them in that  
12 order.

13 Do you have a suggestion, I guess, on  
14 handling the exhibits, if we try to do the  
15 witnesses all at one time? I mean, if we refer  
16 to the docket and the exhibit, it should  
17 eliminate the issue. But it will result in sort  
18 of a combined record related to all three  
19 dockets.

20 MR. DEXTER: I would propose that we  
21 refer to them by both docket and exhibit number,  
22 because there are three Exhibit 1s.

23 CHAIRWOMAN MARTIN: Mr. Epler.

24 MR. EPLER: Yes. We can do it that



1 way. But, if it would result in a confusing  
2 record, we can certainly start as you indicated,  
3 in that sequential order, starting with 21-121.

4 And then, I suppose, if questions do  
5 come up in the later parts of the hearing, we can  
6 always -- the witnesses will be sworn, and we can  
7 always refer back to them.

8 CHAIRWOMAN MARTIN: Okay. Why don't we  
9 proceed that way. I think it would help the  
10 Clerk in keeping the record, and it would  
11 certainly help the Commission.

12 So, why don't we swear in all the  
13 witnesses at once. Then, we'll proceed with DE  
14 21-121, then DE 21-069, and then DE 20-183. And  
15 that way, if we run out of time, 20-183 is I  
16 think the less pressing matter.

17 MR. EPLER: Okay. That's fine. There  
18 is one other preliminary issue related to Docket  
19 21-121.

20 One of the witnesses, actually, he's  
21 not a witness yet, one of the Company's  
22 employees, Douglas Debski, who filed -- submitted  
23 prefiled testimony in that docket, unfortunately,  
24 is unavailable today. And, given the nature of

1 his testimony, the very technical nature, that we  
2 did not have anyone at the Company who could  
3 really adopt that testimony.

4 So, our proposal -- excuse me. My  
5 apologies. We do not have anyone who can address  
6 that testimony. So, the proposal would be to  
7 have the hearing go forward. We can submit an  
8 affidavit when he returns to the office sometime  
9 next week. And, certainly, if there are  
10 questions related to his testimony, we could take  
11 them as record requests.

12 I would note that it is -- it's very  
13 discrete testimony. It has to do with the  
14 calculations of displaced distribution revenue  
15 that are included in the EDC, the External  
16 Delivery Charge. And it is basically identical  
17 testimony that he's filed for, I believe, the  
18 last four, four or five years, just that the  
19 numbers are always updated. But, I mean, that  
20 might give you a little comfort, but obviously  
21 not to the level of what you require for a  
22 hearing.

23 So, that would be our proposal in how  
24 to proceed with that.

1 CHAIRWOMAN MARTIN: This issue has come  
2 up in the past. And I previously said that  
3 all -- that we have to apply 541-A:33. And, so,  
4 all testimony, to the extent you want it to come  
5 in as testimony and evidence, needs to be made  
6 under oath or affirmation during the hearing.  
7 And that's why we have the "adopting the  
8 testimony" requirement.

9 So, I think it's for you to decide  
10 whether or not simply having the prefilled  
11 testimony as documentary evidence is sufficient,  
12 which, if you need it as -- through evidence, I  
13 think probably is not the case, in order to  
14 support your case.

15 Otherwise, we do have next Wednesday  
16 afternoon, also is on hold as a potential for  
17 this.

18 MR. EPLER: But would it be possible  
19 then --

20 CHAIRWOMAN MARTIN: We could proceed  
21 with this part, and you could make your witness  
22 available on Wednesday. It's just a multiple --

23 MR. EPLER: Okay.

24 CHAIRWOMAN MARTIN: -- would be

1 multiple proceedings.

2 MR. EPLER: We'll proceed in that way,  
3 and make him available next Wednesday.

4 CHAIRWOMAN MARTIN: Okay. So, we'll  
5 notice this for a continuation on Wednesday, just  
6 for that one witness.

7 Mr. Epler, I seem to be losing you for  
8 some reason, in and out.

9 MR. EPLER: I'm sorry. I'll be sure  
10 that I'm close to the microphone.

11 CHAIRWOMAN MARTIN: No. It's actually  
12 your video, I think. Are you seeing him?

13 COMMISSIONER GOLDNER: I do.

14 CHAIRWOMAN MARTIN: Okay. I lost him  
15 for a minute there. He's back.

16 Okay. Any other preliminary issues?

17 *[No verbal response.]*

18 CHAIRWOMAN MARTIN: All right. Seeing  
19 none, why don't we swear in all the witnesses.

20 (Whereupon **Linda S. McNamara,**  
21 **Lisa S. Glover, Christopher J.**  
22 **Goulding,** and **Sara K. Sankowich** were  
23 duly sworn by the Court Reporter.)

24 **[RE: DE 21-121]**

[DE 21-121 WITNESS PANEL: McNamara|Glover]

1 CHAIRWOMAN MARTIN: Okay. Mr. Epler,  
2 why don't we start with your witnesses for docket  
3 21-121, which I have as Ms. McNamara and Ms.  
4 Glover.

5 MR. EPLER: Okay.

6 **LINDA S. McNAMARA, SWORN**

7 **LISA S. GLOVER, SWORN**

8 **DIRECT EXAMINATION**

9 BY MR. EPLER:

10 Q Ms. McNamara, would you please state your  
11 business title for the record please?

12 A (McNamara) Yes. I am a Senior Regulatory Analyst  
13 for Unitil Service Corp.

14 Q And, Ms. McNamara, you have previously testified  
15 before the New Hampshire Public Utilities  
16 Commission?

17 A (McNamara) I have.

18 Q And did you prepare prefiled testimony and  
19 schedules in this docket?

20 A (McNamara) I did.

21 Q And can you please turn to what's been premarked  
22 as "Exhibit Number 1", in Docket DE 21-121?

23 A (McNamara) Yes.

24 Q And could you turn to pages in that exhibit,

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-121 WITNESS PANEL: McNamara|Glover]

1 Pages 2 through 41. Were those prepared by you  
2 or under your direction?

3 A (McNamara) Yes.

4 Q And do you have any changes or corrections?

5 A (McNamara) No.

6 Q And do you adopt that prefiled testimony and  
7 schedules as your testimony in this hearing  
8 today?

9 A (McNamara) Yes.

10 Q Thank you. Ms. Glover, would you please state  
11 your business title with the Company?

12 A (Glover) Good afternoon. My name is Lisa Glover.  
13 I am a Senior Energy Analyst for Unitil Service  
14 Corp.

15 Q And, Ms. Glover, have you previously testified  
16 before the Commission?

17 A (Glover) Yes, I have.

18 Q And could you turn to that same exhibit, Exhibit  
19 Number 1, in Docket DE 21-121, and turn to Pages  
20 42 through 73. And were these prepared by you or  
21 under your direction?

22 A (Glover) Yes, they were.

23 Q And do you have any changes or corrections?

24 A (Glover) I have no changes or corrections.

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-121 WITNESS PANEL: McNamara|Glover]

1 Q And do you adopt these as your testimony in this  
2 proceeding?

3 A (Glover) I do. Yes.

4 MR. EPLER: One moment please.

5 Chairwoman Martin, I've been advised that Company  
6 Witness Christopher Goulding is willing to adopt  
7 Mr. Debski's testimony for purposes of the  
8 hearing, and to try to address any questions as  
9 best as possible. He does have overall, in his  
10 capacity as Director of Rates and Revenue  
11 Requirements, Mr. Debski does report to him.  
12 And, to the extent he is unable to answer any  
13 particular technical question, we could always  
14 take that as a record request. If that's  
15 acceptable?

16 CHAIRWOMAN MARTIN: That is acceptable  
17 with me, so long as he's comfortable that we can  
18 adopt that testimony. That's really your call.

19 MR. EPLER: Okay. We can proceed in  
20 that manner then.

21 CHAIRWOMAN MARTIN: Okay. Thank you.

22 MR. EPLER: And, again, if we need to,  
23 we can always use, as you offered, next  
24 Wednesday, if we need to extend the hearing.

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 CHAIRWOMAN MARTIN: Okay. We will  
2 touch base at the end and see if we do need that  
3 time.

4 MR. EPLER: Thank you.

5 CHAIRWOMAN MARTIN: Go ahead.

6 **CHRISTOPHER J. GOULDING, SWORN**

7 BY MR. EPLER:

8 Q So, Mr. Goulding, can you please state your  
9 business title with the Company?

10 A (Goulding) Yes. My name is Christopher Goulding.  
11 And I'm the Director of Rates and Revenue  
12 Requirements. And, in my role, my responsibility  
13 includes all rate and regulatory filings related  
14 to the UES and Unitil's other subsidiaries.

15 Q Thank you. And can you please turn to what's  
16 been premarked as "Exhibit Number 1" in Docket DE  
17 21-121? And turn to the Pages 74 through 159 in  
18 that. And that's testimony that was previously  
19 prepared and submitted by Mr. Douglas Debski. Do  
20 you adopt those as your testimony in this  
21 proceeding?

22 A (Goulding) Yes, I do.

23 Q And do you have any changes or corrections to  
24 that?

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}



[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 A (Goulding) I do not.

2 MR. EPLER: Thank you. I think, with  
3 that, Chairwoman Martin, the witnesses are  
4 available for cross-examination.

5 CHAIRWOMAN MARTIN: Okay. Thank you.  
6 Mr. Dexter.

7 MR. DEXTER: Thank you. Good  
8 afternoon.

9 **CROSS-EXAMINATION**

10 BY MR. DEXTER:

11 Q I'd like to start by talking about stranded costs  
12 in DE 21-121. And I would like to turn to  
13 Exhibit 1, Bates Page 015 of 159.

14 And, in particular, I would like to  
15 turn to Line 4 -- Line 2. And I see a figure  
16 there, on Line 2, of "\$26,373". My question to  
17 the panel is, is that the basis for the requested  
18 stranded costs that are incorporated into the  
19 rates that are being proposed today?

20 A (McNamara) Yes.

21 Q And I see that, on Line 1, there is a  
22 under-recovery from the prior year, and then, on  
23 Line 3, there is an interest figure. But,  
24 essentially, the meat of the costs shows up Line

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 2. Those are the actual costs, correct?

2 A (McNamara) Actual, in the sense that they are  
3 forecasted.

4 Q Yes. Yes. Thank you. That was actually my next  
5 question. Is it correct that this \$26,373 is for  
6 the twelve-month period July 31st, 2022?

7 A (McNamara) Yes.

8 Q And, so, what's proposed by the Company in this  
9 docket is a forecast of stranded costs, and  
10 that's what's built into the rate that's  
11 developed further down on this page. Is that  
12 right?

13 A (McNamara) Correct.

14 Q Okay. And, in fact, even the  
15 over-/under-recovery has an element of forecast  
16 in it, because we're not quite at August 1st,  
17 2021 yet, correct?

18 A (McNamara) Correct.

19 Q And the same for the interest?

20 A (McNamara) Correct.

21 Q But the over-/under-recovery and the interest  
22 have actuals included in that figure through --  
23 somewhat through 2021, correct?

24 A (McNamara) Through April of 2021.

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 Q Through April. Very good. So, to the right of  
2 that \$26,000 figure, it refers me to "Page 2 of  
3 4", which would be the next page, that would be  
4 Bates Page 016 of 159. Is that right?

5 A (McNamara) That is correct.

6 Q And, if I go down to the bottom of Page 16, --  
7 COMMISSIONER GOLDNER: Excuse me, Mr.  
8 Dexter?

9 BY MR. DEXTER:

10 Q -- I see that figure of "26,373". And I look  
11 above it, and I see that it's basically a flat  
12 estimate of "2,198" per month that's contained on  
13 this page. Is that correct?

14 A (McNamara) Correct.

15 COMMISSIONER GOLDNER: Mr. Dexter, can  
16 you hear me?

17 MR. DEXTER: Yes, I can, Commissioner.

18 COMMISSIONER GOLDNER: I'm sorry. The  
19 version I have starts on Bates 018. So, I'm not  
20 sure what the issue is, but I just need a couple  
21 of minutes to secure a different version of the  
22 testimony, I think. So, if you could just give  
23 me a minute, I'll track it down.

24 MR. DEXTER: Oh, sure. I heard some

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 background noise. I didn't identify it as you  
2 trying to interrupt me. I'll try to leave some  
3 pauses in between questions and answers.

4 COMMISSIONER GOLDNER: No, my  
5 apologies. I'll be back in a second.

6 CHAIRWOMAN MARTIN: Let's take a brief  
7 recess, until 1:35. That's about three minutes.  
8 But that will give Commissioner Goldner a minute  
9 to get organized. Off the record.

10 *(Recess taken at 1:32 p.m. and the*  
11 *hearing resumed at 1:35 p.m.)*

12 CHAIRWOMAN MARTIN: Okay. Let's go  
13 back on the record. Commissioner Goldner.

14 COMMISSIONER GOLDNER: Yes. Thank you,  
15 Mr. Dexter. I think you're on Bates 27, also 15  
16 of 159, correct?

17 CHAIRWOMAN MARTIN: Mr. Dexter, are you  
18 with us? There you are.

19 COMMISSIONER GOLDNER: Do I have that  
20 right, Mr. Dexter? I think you're on Bates 027,  
21 also called "Page 15 of 159"?

22 CHAIRWOMAN MARTIN: I think you're on  
23 mute.

24 MR. DEXTER: Apologies. Yes. My first

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1           questions were on Page 15 of 159, which I believe  
2           are the Bates numbers for the exhibit. So, I  
3           think I'm ignoring the numbers on the bottom of  
4           the middle of the page, and using the numbers on  
5           the lower right-hand corner, because those are  
6           the ones that came in when the exhibits were  
7           filed by the Company.

8                        COMMISSIONER GOLDNER: Okay. Perfect.  
9           I'm oriented now. I was using the number in the  
10          middle at the bottom that small number 027. So,  
11          I'll use the numbers in the lower right.

12                       So, sorry about that. I'm good to go.  
13          Thank you.

14                       CHAIRWOMAN MARTIN: Just to interject  
15          then, for the record and for the Clerk's  
16          reference, the Bates page reference will be to  
17          the number on the bottom right of the page of the  
18          exhibit.

19                       All right. Go ahead.

20                       MR. DEXTER: Yes. And, for purposes of  
21          this docket, I believe there's only one exhibit.  
22          So, yes, we're dealing with 159 pages.

23                       So, shall I proceed?

24                       CHAIRWOMAN MARTIN: Please do.

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 MR. DEXTER: Okay.

2 BY MR. DEXTER:

3 Q I was looking for further detail of the \$26,373,  
4 other than just the monthly breakdown. And, so,  
5 I turned to Bates 63 of 159, which is a schedule  
6 that's sponsored by Ms. Glover. So, I'm going to  
7 turn to that.

8 And, when I got to that schedule, I  
9 just saw the same monthly breakdown. So, I  
10 didn't learn anything about the costs. But I  
11 went forward to Bates 070 of Ms. Glover's  
12 testimony, 70 of 159. And there I found a  
13 schedule with some more detail on the costs. Is  
14 that correct? I believe, Ms. Glover, you're on  
15 mute.

16 CHAIRWOMAN MARTIN: Ms. Glover, you're  
17 on mute.

18 WITNESS GLOVER: Can you not hear me?

19 CHAIRWOMAN MARTIN: We can now. But we  
20 couldn't hear you before.

21 WITNESS GLOVER: Okay. My apologies.  
22 I also have a little bit of a hoarse voice.

23 **BY THE WITNESS:**

24 A (Glover) So, yes. You are correct. And, if you

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 would like to proceed a little bit further, and  
2 go to Page 73 of 159, you will see a little bit  
3 further breakout for what that reflects. And  
4 that --

5 BY MR. DEXTER:

6 Q Okay. So, I was going to get to Page 73 in a  
7 moment.

8 But, on Page 70, is it correct that  
9 the -- basically all the costs that are on this  
10 schedule are entitled "Contract Release  
11 Payments", on Line 1, and they're further defined  
12 as "Hydro-Quebec Support Payments" on Line 4.  
13 That makes up the entirety of the 26,373,  
14 correct?

15 A (Glover) Correct. Although, if you go forward to  
16 that 26,373 in here, or 27,373, whatever that  
17 was. Hold on here. I lost my place here.  
18 Seventy-three.

19 What you'll notice is that  
20 "Hydro-Quebec Support Payments" on Line 1, and  
21 the "Resale of Transmission Rights" on Line 2,  
22 those do go away as of November/December 2020.

23 So, what we're left with with that  
24 26,373 is the Hydro-Quebec Support Payments for

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1 transmission AC facilities, we have two  
2 agreements still in place. And we are still  
3 getting some open access transmission tariff  
4 payments through ISO New England. So, the  
5 difference between those payments that you'll see  
6 in Line 4, and that revenue that we're continuing  
7 to get from ISO New England in Line 5, the  
8 difference between those nets out to that  
9 "26,373" on Line 7, on Page 73 of 159.

10 Q So, what you're saying, I think, is that Line 4,  
11 on Bates 170 [70?] is actually a net figure of  
12 two items. And, if I want to see the components  
13 of that netting, I should go three pages forward?

14 A (Glover) Yes. If you want more, yes, more  
15 detail. Yes.

16 Q Okay. Then, let me do that. So, let me go to  
17 Page 73.

18 A (Glover) You'll see, in the bottom right-hand  
19 corner, you'll see that "26,373" number.

20 Q Okay. And I do see that each month it's broken  
21 down into two components that offset each other.  
22 So, now I would ask you, if you could, because I  
23 wasn't following that prior explanation, if you  
24 could just explain what the Lines 4 and 5 are



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1           that net out on Line 6 at the bottom, that gets  
2           us to the "26,373", which is proposed for  
3           recovery?

4    A       (Glover) Sure. Prior to November/December 2020,  
5           we were under Transmission Support Agreements  
6           with -- through Hydro-Quebec Phase II. Those  
7           were payments that we were making in lines -- it  
8           would have shown up in Line 4 -- I'm sorry, they  
9           would show up in Line 1. Those payments are no  
10          longer being made. We do still have, reflected  
11          in Line 4, Transmission Facility (AC) Agreements.  
12          So, those are the costs that you're seeing in  
13          Line 4 that continue on. We still have two  
14          agreements that we are paying under for  
15          Hydro-Quebec.

16                        Line 5 reflects payments that we're  
17           getting through ISO New England for open access  
18           transmission tariffs. Those are offsetting Line  
19           4. And that net is, you'll see monthly, that  
20           "2,198" projection. And that comes out to that  
21           "26,373".

22    Q       You mentioned a couple of times "Hydro-Quebec AC  
23           Facilities". What does that mean please?

24    A       (Glover) When we had agreements with Hydro-Quebec

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1 to pay for the facilities, the transmission  
2 facilities, there were -- and these go back to  
3 the '80s, I believe. There were a number of  
4 agreements that we signed onto as a member. And  
5 they included Transmission Support Agreements and  
6 what are these AC facilities, which I'm not  
7 entirely sure what they are. They're just not  
8 transmission support, they're AC, different kinds  
9 of facilities to support.

10 So, there's two agreements that are  
11 still outstanding that we apparently are still a  
12 party to, have an obligation to pay to -- pay on.  
13 So, when the other facility -- the other  
14 agreements that we had in place expired in  
15 November 2020, the filing that went in for the  
16 members that were still in there did not include  
17 these AC facilities. So, those agreements are  
18 still outstanding for us.

19 Q Do you expect those AC Facility Agreements will  
20 be expiring in the near future?

21 A (Glover) That is our intent, to take care of  
22 those and not have those continue on. Yes.

23 We are looking into the terms of those  
24 agreements, to see if we can get those agreements

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1 to terminate, consistent with the other  
2 agreements that we were under.

3 Q Okay. Can we go to Bates 71 and 72 of 159 for a  
4 moment? This schedule -- it's "Schedule LSG-4",  
5 there's two pages. There's no title. And, so,  
6 I'd like to -- I'd like to ask you two questions.  
7 First of all, what is this schedule intended to  
8 show? And, secondly, how, if at all, does it  
9 affect the proposed stranded cost rates?

10 A (McNamara) I can answer some of this. I do  
11 apologize, somehow the title of this must have  
12 gotten lost.

13 This schedule is showing the  
14 reconciliation from Unitil Power Corp.'s  
15 standpoint. So, if you were to reference Page 71  
16 of 159, for example, then we can start at the  
17 top. We're looking at "August of 2019". And, in  
18 August of 2019, Unitil Power Corp. incurs costs,  
19 in this case, it was a credit of \$36,000. And  
20 the "Revenue" line is the amount that Unitil  
21 Power Corp. bills to Unitil Service Corp. every  
22 month. And, in this case, in August of 2009  
23 [2019?], for example, it was a credit of \$65,000.  
24 I will note that you will see there's, you know,

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1 a difference between those two amounts. Unitil  
2 Power Corp. bills I believe it's on a two-month  
3 lag, and then there's a true-up associated with  
4 it every two months, so -- or, you know, every  
5 month with the bill. So, it's not a  
6 month-by-month cost equaling revenue situation.

7 CHAIRWOMAN MARTIN: Ms. McNamara, can  
8 you just walk through that again, with the  
9 different entities, so I can make sure I have it  
10 correct?

11 WITNESS McNAMARA: Sure. So, again,  
12 we're looking at Page 71 of 159. And this is a  
13 Unitil Power Corp. reconciliation. And looking  
14 at the top, on Page 1 -- I'm sorry, on Page 1 of  
15 2 of Schedule LSG-4, which is Page 71 of 159. If  
16 we just do, for example, the very first month  
17 which is shown, August of 2019, the total costs  
18 in August of 2019 were a credit to Unitil Power  
19 Corp. of "\$36,529". I didn't note in my earlier  
20 explanation that that amount is actually detailed  
21 in the column below that. If you were to go down  
22 into Lines 5, 6, 7, 8, 9, so on and so forth, and  
23 with even more detail on the following page, you  
24 would find some more details on how that \$36,529

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1 credit was arrived at or billed to Unitil Power  
2 Corp.

3 The Line 2 is the "Revenue" line to  
4 Unitil Power Corp. Unitil Power Corp. bills  
5 Unitil Service Corp. every month, and it's billed  
6 I believe on a two-month lag. So, the amount  
7 that is shown on the "Costs" line, Line 1, and  
8 the amount that's shown on the "Revenue" line,  
9 Line 2, are really different periods. The  
10 "Costs" line is more real-time for the month, and  
11 the "Revenue" line is lagged by two months. And  
12 then, Line 3 would show the reconciliation.

13 So, Unitil Power Corp. bills Unitil  
14 Service Corp., and those costs are a complete  
15 pass-through, everything on this schedule.

16 CHAIRWOMAN MARTIN: Thank you.

17 BY MR. DEXTER:

18 Q So, the second part of my question was, for these  
19 two pages, and, you know, and I don't follow it,  
20 what, if any, impact does the -- do these Unitil  
21 Power costs and revenues have on the proposed  
22 stranded cost rates in this case?

23 A (McNamara) I guess one could say, directly,  
24 nothing. However, everything starts with Unitil

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1 Power Corp. Nothing is going -- so, when you're  
2 looking at these Hydro-Quebec payments, the  
3 \$26,000 credit that we keep referencing for the  
4 upcoming period, those aren't directly to Unitil  
5 Service Corp., those are to Unitil Power Corp.  
6 So, eventually, you would see those on, let me  
7 reference the page, Page 72 of 159, you can turn  
8 to that. And, if you go to the bottom portion of  
9 that right now, you'll see that it only -- as we  
10 had mentioned earlier when we filed this, we had  
11 actual data through April of 2021. But you will  
12 see on Lines -- I believe it's Lines 10, 11, 12,  
13 13, 14, some Hydro-Quebec detail.

14 So, that \$26,000 credit that we're  
15 proposing for the year would eventually show up  
16 here. And then, Unitil Power Corp. would pass it  
17 on to Unitil Service Corp.

18 CHAIRWOMAN MARTIN: Mr. Epler.

19 MR. EPLER: Yes. Madam Chair, it may  
20 help to provide a little bit of a background  
21 explanation, because there's some legacies here  
22 that we're discussing that have a long history  
23 prior to the restructuring of the utility  
24 industry here in the late 1990s, early 2000s,

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1           because you may not be aware of the role that  
2           Unitil Power Corp. played.

3                         And if I can sort of just provide a  
4           very brief explanation here?

5                         CHAIRWOMAN MARTIN: I would just ask  
6           Mr. Dexter if he has any issue with you  
7           interjecting right now? Mr. Dexter?

8                         MR. DEXTER: I just wanted to ask one  
9           final question on this, and then I think  
10          Mr. Epler's explanation would be helpful.

11                        CHAIRWOMAN MARTIN: Okay.

12                        MR. DEXTER: And then, I'm willing to  
13          move on from the \$26,000 figure to the \$38  
14          million figure, which is in the EDC, which I  
15          think is probably what we're here more to talk  
16          about.

17 BY MR. DEXTER:

18 Q       But, if I could, my final question to the panel  
19       was, based on Ms. McNamara's explanation, would  
20       it be fair to say that the bottom of Page 72 that  
21       she referenced are actual figures, and there are  
22       no estimates, and, so, therefore these figures  
23       are estimated as zero going forward for the  
24       period that's at issue here, which is the year

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1 ending 07/31/22? And, so, that's the impact on  
2 the current -- on the proposed rates? In other  
3 words, there were estimates of zero built into  
4 the proposed rates. Is that accurate?

5 A (McNamara) No. The schedule that you're looking  
6 at, Pages 71 and 72 of 159, I will say that the  
7 months of "May", "June", and "July" that are  
8 shown of 2021 probably shouldn't be on there. We  
9 just show actual data. It's not that we don't  
10 forecast the data, because, as you saw on a  
11 previous page, Page 70 of 159, those are  
12 forecasted.

13 I guess we probably, at the time,  
14 thought we'd just cut to the chase and put them  
15 through where the customer would ultimately see  
16 these credits, which is through Unitil Service  
17 Corp. And Page 70 of 159 is showing -- is  
18 showing what would be ultimately billed from  
19 Unitil Power Corp. to Unitil Service Corp., and  
20 then eventually make its way to customers.

21 CHAIRWOMAN MARTIN: Mr. Dexter, you're  
22 on mute.

23 MR. DEXTER: Sorry. That was the last  
24 question I had on stranded costs, I believe. And



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1 I'd be happy to hear Attorney Epler's historical  
2 explanation of Unitil Power and Unitil Service.  
3 Obviously, that's up to you, but I have no  
4 objection to it.

5 CHAIRWOMAN MARTIN: We'll have that.  
6 Thank you.

7 MR. EPLER: Yes. Very quickly.

8 Prior to restructuring, when Unitil was  
9 a vertically integrated entity, it secured all  
10 the energy on behalf of its customers. It did  
11 not -- it did not, however, own generation, as  
12 compared to some of the other utilities within  
13 the state. And it secured that energy through  
14 contracts. And it had a regular process of  
15 issuing RFPs and purchasing those contracts.

16 Unitil Power was the entity that  
17 accomplished that under the holding company  
18 structure of Unitil Corporation. And then, those  
19 contracts would be negotiated, they would secure  
20 the power, and then pass through, without any  
21 markup of the costs of that to customers.

22 When restructuring happened, we  
23 auctioned off those contracts. We had residual  
24 payments that were required. And, over time, all

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1           those contracts, those stranded costs associated  
2           with them watered off, "watered", w-a-t-e-r-e-d.  
3           And the only thing that was left was the payments  
4           to Hydro-Quebec, which have continued, that is  
5           the longest standing contract.

6                         We have been able to sell some of those  
7           rights, and while those payments were in effect,  
8           and we got some revenues to offset the costs.  
9           And that's some of the calculations that we've  
10          been talking about.

11                        And then, finally, those contracts  
12          terminated the end of October of 2020. And we  
13          had some payments due in November, but that was  
14          associated with the provision of service in  
15          October.

16                        So, what is remaining, and this number  
17          2,000 that we've been talking about, is that  
18          there are two separate contracts, one with  
19          National Grid and one with Eversource, that are  
20          continuing. We had anticipated that they would  
21          automatically terminate along with the larger  
22          contract. That, however, is not the case. And  
23          we are in the process of trying to close those  
24          out to eliminate this amount.

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1                   But the estimate that you see, the  
2                   \$2,100 a month, is the estimate of those payments  
3                   going forward, assuming that we're unable to  
4                   terminate those contracts.

5                   CHAIRWOMAN MARTIN: That was very  
6                   helpful. Thank you.

7                   Mr. Dexter.

8                   MR. DEXTER: Thank you.

9 BY MR. DEXTER:

10 Q               So, I'd like to move to the transmission cost  
11               portion of the EDC, and then the non-transmission  
12               cost portion. And for that, I would like to turn  
13               to Bates Page 19 of 159.

14                   And my first question would be for the  
15               general description of the larger figure -- well,  
16               let me back up a little bit. If I go to Line 2,  
17               I see a figure of "\$37,197,382". And am I  
18               correct that that is a net of transmission-only  
19               costs and non-transmission credits?

20 A               (McNamara) Correct.

21 Q               And that's being built into the rate that we see  
22               down on Line 6, which is proposed for approval in  
23               this docket, correct?

24 A               (McNamara) Correct.

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1 Q So, could I get a brief description, and we're  
2 going to go into some more detail on the  
3 non-transmission, but let me start with a brief  
4 description, if you would, of the 37,197,000,  
5 which are transmission costs. Could you provide  
6 just a general overview of what's in those costs?

7 A (McNamara) Those costs are detailed in  
8 Ms. Glover's testimony. I'm trying to find the  
9 correct reference. Beginning on Page 64 of 159,  
10 that page provides a text write-up of every cost  
11 line item that is included in the EDC.

12 Q So, Bates Page 66 of --

13 CHAIRWOMAN MARTIN: Mr. Dexter, could  
14 you repeat what you just said? We missed part of  
15 it.

16 MR. DEXTER: Did you want me to start  
17 my question again, Madam Chair? I didn't hear  
18 you.

19 CHAIRWOMAN MARTIN: Yes, please. We  
20 missed the beginning.

21 MR. DEXTER: Okay.

22 BY MR. DEXTER:

23 Q I'd like to direct the witnesses to Page 66 of  
24 159 and Page 67 of 159, actually, Page 67 of 159.

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1 Does that provide the detail of the \$37 million  
2 in transmission and non-transmission costs that's  
3 built into the proposed rates?

4 A (Glover) Yes. Are we -- we're referencing the  
5 "37,197,382" number? Yes. On the left-hand side  
6 of that page are the transmission costs. (a),  
7 (b), and (c) are the primary transmission costs  
8 that we have.

9 Q Okay. And -- oh, I'm sorry, I didn't mean to cut  
10 you off.

11 A (Glover) I was going to explain what they are, if  
12 you'd like me to, if that's what you're asking?

13 Q Yes. That was actually my question earlier.

14 A (Glover) Okay.

15 Q Yes, I would appreciate that.

16 A (Glover) Column (a) is "Third Party  
17 Transmission", we take Local Network Service from  
18 Eversource. It's Category (a) Network Service,  
19 and those costs are monthly. Category (b) is our  
20 Regional Network Service that we take from ISO  
21 New England, and that relies, for the most part,  
22 on the Regional Network Service, which is the  
23 RNS, Tariff 9, the RNS rate. And that's the rate  
24 that goes up in June of every year. And we see

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1           that rate go up for the past several years, we've  
2           seen that rate increase. And (c) is "Third Party  
3           Transmission", that's wholesale distribution  
4           service that we take from Eversource.

5   Q       Thank you. And the very last line, which leads  
6           to the 37 million, on the right-hand side, says  
7           that this is a total from "August 20 to  
8           July 2021". But that's not correct, isn't it?  
9           This is estimated to end on July '22, correct?

10   A       (Glover) This is -- that should, yes, I don't  
11           think there's anything carried forward. It  
12           would be August 20th -- let me see what the next  
13           page is. Yes, that should say "July-22",  
14           "August 21st ['21?] to July 2022".

15   Q       Because we established at the outset that that's  
16           the period that we're calculating rates for, this  
17           forecasted period?

18   A       (Glover) That's correct. So, you'll see that  
19           those are estimates. Yes, those are estimates.

20   Q       Okay. I see that -- I'm going to get to the  
21           non-transmission, which are the columns on the  
22           right, in a moment. But, on the transmission  
23           columns, there's a figure of \$472,000 for working  
24           capital. And there's a footnote that says the

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1 working capital assumes a 45-day working capital  
2 requirement. Is that right?

3 A (Glover) I'm going to have maybe Linda take that  
4 one.

5 A (McNamara) That is correct. That stems out of  
6 settlement in rate case, DE 10-055.

7 Q Now, my experience with other companies is that  
8 this calculation can also be -- that this working  
9 capital requirement can also be calculated using  
10 a lead-lag study. Are you familiar at all with  
11 lead-lag studies?

12 A (McNamara) With the concept, yes.

13 Q And the concept of a lead-lag study would be  
14 that, instead of assuming a 45-day requirement,  
15 an entity would actually calculate the amount of  
16 time that bills from customers -- that it takes  
17 for customers to pay their bills and compare that  
18 to the period of time from when services are  
19 provided to a company and services are paid for.  
20 Is that essentially the concept?

21 A (McNamara) Yes.

22 Q And has Unitil performed a lead-lag study with  
23 respect to transmission costs in this docket?

24 A (McNamara) No.

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1 Q No.

2 A (McNamara) The 45 days --

3 Q And you --

4 A (McNamara) I'm sorry. The 45 days, as I  
5 mentioned, was a settlement in a rate case.  
6 That's where the amount came from.

7 Q Right. In a rate case from 2010 you mentioned.

8 A (McNamara) Correct.

9 Q Now, there was a rate case in 2016. Was there a  
10 lead-lag study submitted in that case?

11 A (McNamara) No. Not that I'm aware.

12 Q Okay. Well, there's a rate case pending now.  
13 And, as I understand it, there is a lead-lag  
14 study submitted in this pending rate case. It's  
15 Docket DE 21-030. Are you -- do you understand  
16 that to be the case, that there's a lead-lag  
17 study submitted, not for transmission costs, but  
18 for distribution costs in that study?

19 A (McNamara) I'm not that familiar with that  
20 docket.

21 Q Okay. All right. Do you know how many invoices  
22 are represented by these three columns on this  
23 sheet, Columns (a), (b), and (c), for  
24 transmission payments that would need to be



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1 analyzed if the Company were to do a lead-lag  
2 study on transmission costs?

3 A (Glover) Well, I can answer that. Column (a) is  
4 a monthly invoice. So, each month, for Column  
5 (a), would be a single invoice. Column (b), I  
6 think that would probably be one -- eh, we get an  
7 annual -- we get a monthly invoice from ISO New  
8 England that has these charges in them. I'd have  
9 to look and see if we also get biweekly invoices  
10 from them. So, maybe it will show up in there.  
11 I think it's primarily just monthly. The  
12 transmission provider of the wholesale  
13 distribution, that is a single invoice per month.  
14 So, it's not a huge amount per month.

15 Q Yes. It sounds like it would be three to five  
16 invoices per month, or 50 or 60 per year?

17 A (Glover) I would say that sounds -- yes, that  
18 sounds accurate.

19 Q Okay. Would you agree that, going forward, a  
20 lead-lag study would produce a more accurate  
21 assessment of the Company's working capital  
22 requirement versus the assumed 45 days?

23 MR. EPLER: Objection. This is really  
24 beyond the scope of the witness's testimony. And

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1 I would point out that the 45-day period that  
2 we're talking about is the lag period that was  
3 agreed to by Staff in the rate case in DE 10-055,  
4 and that was reflected in the Settlement  
5 Agreement that Staff signed, along with the  
6 Consumer Advocate. And that Settlement Agreement  
7 was approved by the Commission. And we have used  
8 that since then.

9 In the rate case that followed, DE  
10 16-034 or 036, I'm not quite sure of the number,  
11 there was some discussion, but it did not reach a  
12 level of the Settlement Agreement. And the  
13 Settlement Agreement in that docket did not  
14 address this issue. And, so, the Settlement  
15 Agreement from DE 10-055 continues, with respect  
16 to this item, continues to be in effect.

17 Certainly, if Staff of the Department  
18 of Energy would like to see a change, there is a  
19 pending rate case, as Mr. Dexter has pointed out.  
20 And the Company would welcome an opportunity to  
21 discuss this issue in that docket.

22 But, in terms of this docket, we are  
23 under the instructions and filing pursuant to  
24 what was agreed to in 10-055. And the particular

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1 reference is, to the Settlement Agreement, Pages  
2 8 and 9, it's Paragraph 3.3. And it's a  
3 Settlement Agreement -- sorry, I don't have the  
4 final date of that. But it was approved by the  
5 Commission without change. And this filing is  
6 in -- on this item, is in compliance with that  
7 Settlement Agreement.

8 MR. DEXTER: May I respond?

9 CHAIRWOMAN MARTIN: Yes, please.

10 MR. DEXTER: I don't disagree with  
11 anything counsel said. My question was simply,  
12 "In the witness's opinion, had a lead-lag study  
13 been performed for this working capital  
14 requirement, in their opinion, would it be more  
15 accurate than the 45 days?"

16 WITNESS GLOVER: I personally don't  
17 have enough knowledge to answer that question on  
18 the lead-lag.

19 CHAIRWOMAN MARTIN: Okay. Well, given  
20 that answer, we'll let you go. I was going to  
21 let Mr. Epler respond before you did.

22 WITNESS GLOVER: Sorry.

23 CHAIRWOMAN MARTIN: That's okay. Your  
24 counsel hasn't said anything. So, I think we're

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1           okay.

2                       Go ahead, Mr. Dexter.

3                       MR. DEXTER:   So, I'm confused.   The  
4           question went forward, and the answer was that  
5           the witness doesn't know, at least the one  
6           witness, and I didn't hear from any of the other  
7           witnesses.   So, the Company's position is "they  
8           don't know"?   I just want to understand.

9                       CHAIRWOMAN MARTIN:   That's what I  
10          heard.

11                      WITNESS GLOVER:   I stated I,  
12          personally, I do not have enough knowledge on the  
13          lead/lag, because I don't perform it, to answer  
14          the question.

15                      MR. DEXTER:   Okay.   Then, I will move  
16          on.

17 BY MR. DEXTER:

18 Q       I want to move to the right-hand side of the  
19       sheet, to the so-called "non-transmission costs".  
20       And, while I have questions about all of them, I  
21       think I'm going to just move forward a little bit  
22       in the interest of time and try to hit some  
23       highlights.

24                      Could someone on the panel explain

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1 Column (g) to me, what those costs are for?

2 CHAIRWOMAN MARTIN: Mr. Dexter, which  
3 page again?

4 MR. DEXTER: I'm on Page 67 of 159,  
5 which details the proposed non-transmission  
6 costs --

7 CHAIRWOMAN MARTIN: Okay.

8 MR. DEXTER: -- that come into the EDC  
9 rate proposed.

10 **BY THE WITNESS:**

11 A (Glover) Those are costs that we incur. We  
12 utilize a third party to provide load allocation  
13 services for us. So, all our third party  
14 suppliers and our default service load is  
15 allocated out. We use a third party to do that.  
16 That's what those costs are. They also do  
17 testing for us when we have new suppliers come  
18 into our system.

19 BY MR. DEXTER:

20 Q Well, how about Column (j) and (k), "Legal" costs  
21 and "Consulting" costs? Could you explain what  
22 those are for?

23 A (McNamara) If I could just point everyone's  
24 direction to Page 64 of 159. That may be helpful

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1 to anyone who is actually reviewing the  
2 subsequent pages, as it does provide a little bit  
3 more detail. Most of the information on this  
4 page is identical or nearly identical to what's  
5 included in the Company's EDC tariff. However, I  
6 think this actually might provide even a little  
7 bit more detail on what each column includes.

8 That doesn't answer your direct  
9 question. But I wanted to point everyone to that  
10 page.

11 Q I mean, with all respect, I asked what the  
12 consulting costs were, and Page 64 tells me the  
13 consulting costs are consulting costs. So, I  
14 don't really find that explanation very helpful.

15 I just wanted to know if there was  
16 specific consulting costs that were proposed for  
17 recovery here? If there is any more information  
18 that the witnesses could give to the Commission,  
19 I would appreciate it? If they can't, then I  
20 understand.

21 *(Short pause.)*

22 BY MR. DEXTER:

23 Q Okay. Hearing no further answer, I will move to  
24 Columns (n) and (s). And they both mention "net

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1 metering". And I would like to ask what the  
2 different -- what these items are and what the  
3 difference is between these two net metering  
4 charges?

5 A (McNamara) I could answer that one, unless Ms.  
6 Glover would prefer to answer. And I could  
7 answer the previous one as well. I apologize, I  
8 wasn't sure who was going to answer what. So, I  
9 can go ahead and give it a first start, and if  
10 Ms. Glover wants to add to it.

11 And, I'm sorry, were you referencing  
12 "Columns (n)" and "(s)", as in "Sam"?

13 Q Yes. That's correct.

14 A (McNamara) Okay. Column (n) are "Net Metering  
15 Credits" associated completely with alternative  
16 net metering. I don't recall the docket, I think  
17 it was, I do have notes, DE 16-576. And, in that  
18 docket, there was a settlement. And the costs  
19 and the credits associated with alternative net  
20 metering were allowed to be collected. The  
21 Company proposed to collect those through its  
22 EDC.

23 Column (s), which is the "Displaced  
24 Distribution Revenue", which Mr. Debski filed the

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1           prefiled testimony on, is a calculation that is  
2           done every year, that stemmed out of net  
3           metering, again, that was Docket, I have notes,  
4           DE 15-147. And that is a calculation that is  
5           done to estimate lost distribution revenue  
6           associated with having net metering.

7   Q       So, if I understood, Ms. McNamara, Column (n),  
8           where it says "Net Metering Credits", those are  
9           actually costs or are they credits?

10  A       (McNamara) They're credits to net metering  
11           customers, alternative net metering customers.  
12           So, they are costs to all customers.

13                           MR. PATNAUDE: You're on mute.

14  BY MR. DEXTER:

15  Q       Before we move on, I think you started your  
16           answer by saying you wanted to add additional  
17           information about the consulting and legal  
18           question. But, if I'm wrong, that's fine.

19  A       (McNamara) Yes, I did. I'm sorry, I wanted to  
20           answer your question.

21                           So, the legal costs are legal fees that  
22           the Company would incur associated with any kind  
23           of transmission obligation. It wouldn't include  
24           anything that was related to supply. The legal



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1 charges associated with supply for Unutil  
2 Service -- Unutil Energy Systems, which is the  
3 default service, would go through default  
4 service. So, these legal charges would be  
5 completely related to the transmission-related  
6 obligations. So, it would be things like  
7 wheeling, things of that nature.

8 The "Consulting Outside Service"  
9 column, and the "OCA Consultant Expense", would  
10 be related to consultants that are hired, so  
11 nonlegal. A majority of the costs that go  
12 through that typically are related to costs the  
13 Company incurs, that of having the Consumer  
14 Advocate hire consultants. So, I believe the DG.  
15 A (Glover) I'm sorry, if I could jump -- I can jump  
16 in. My computer froze, which is why I didn't  
17 answer. I was completely locked up here. So, my  
18 apologies.

19 The legal charges are for work that's  
20 done on a FERC wheeling tariff. So, the Company  
21 expects to make a filing within the next rate  
22 period. So, those are estimates to be used. It  
23 also covers memberships that we have with NAESB.  
24 And there may be some routine legal costs in

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1           there as well.

2                         And then, the consulting charges are  
3 also associated with the FERC wheeling tariff  
4 filing that we expect to file. And, as Ms.  
5 McNamara indicated, some estimated costs for the  
6 OCA consultant that may use, that we are able to  
7 recover.

8                         CHAIRWOMAN MARTIN: Just one quick  
9 question for clarification.

10                        So, the OCA consulting costs contained  
11 there are just related to transmission?

12                        WITNESS GLOVER: Linda, do you know if  
13 that's just transmission-related, the OCA costs?

14                        WITNESS McNAMARA: I do not believe we  
15 collect any costs from OCA consultants through  
16 any other mechanism. I'm just looking back at  
17 what -- I apologize. I'm having now similar  
18 computer issues.

19                        WITNESS GOULDING: Linda, I can kick  
20 in.

21                        So, those are OCA consultant costs that  
22 were -- as part of dockets, not necessarily --  
23 the only one we actually recover OCA consultant  
24 costs outside of this mechanism would be part of

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1 the rate case. But non-rate cases, where we  
2 incur OCA consultant expenses, like we've  
3 incurred those in the Grid Mod docket, the net  
4 metering docket, for example, these would be  
5 those type of consultant costs of the OCA would  
6 be captured through this mechanism. So, they're  
7 not just transmission-related.

8 CHAIRWOMAN MARTIN: Okay. Thank you.

9 MR. DEXTER: Shall I proceed, Madam  
10 Chair?

11 CHAIRWOMAN MARTIN: Yes, please.

12 BY MR. DEXTER:

13 Q So, understanding that we're going to deal with  
14 the substance of the vegetation management costs  
15 when we get to that docket, for purposes of cost  
16 recovery, I would like the witness to explain  
17 where, in the proposed EDC rates, the vegetation  
18 management costs are shown, and then to indicate  
19 how those vegetation management costs affect the  
20 proposed EDC rate please?

21 A (McNamara) If you could turn to Page 21 of 159,  
22 this schedule shows the "Reconciliation of the  
23 External Delivery Charge Costs and Revenues" for  
24 the current period August 2020 to June -- oh, I'm

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1           sorry, July 2021. At the very bottom, there are  
2           three footnotes. If you look at Footnote (2),  
3           the amount from the VMP/REP reconciliation that  
4           was filed in, apologize, the docket was DE  
5           20-183, Footnote (2) says that the VMP/REP  
6           reconciliation included in the above amount was a  
7           credit of "\$179,614". And, again, that was  
8           Footnote (2). And Footnote (2) on this schedule  
9           is shown in "May of 2021", in the "Beginning  
10          Balance". So, just a few lines above that  
11          footnote.

12   Q       So, just so I understand, this is a running  
13          balance over three years -- over one year of EDC  
14          costs. In other words, this schedule calculates  
15          the over-/under-recovery?

16   A       (McNamara) Correct.

17   Q       And the top part of this page deals with the  
18          transmission piece. That's what we're talking  
19          about, the \$37 million piece earlier. I  
20          understand it's a different time period, but  
21          correct?

22   A       (McNamara) Correct.

23   Q       And the middle piece is the non-transmission?

24   A       (McNamara) Correct.

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1 Q And the bottom is the combined?

2 A (McNamara) Correct.

3 Q And, so, in order to capture the veg. management  
4 costs in the proposed charge, if I understood  
5 your answer, the Company takes the ending balance  
6 of May 21st ['21?], which was "2,123,077", and  
7 instead of simply carrying that over as the  
8 beginning balance for May 2021, you do that, but  
9 then you adjust it for the veg. management and  
10 the property tax numbers that are laid out in  
11 Footnote (2). Is that right?

12 A (McNamara) That is correct.

13 Q Okay. And, so, in order to find its way into the  
14 proposed rate, this ending  
15 over-/under-recovery -- well, I'm sorry, let me  
16 ask you, how does that make its way into the  
17 proposed rate then? I don't follow that. I  
18 understand that you adjusted the over/under  
19 balance. How does that find its way into the  
20 proposed rate that we talked about earlier?

21 A (McNamara) It makes its way into the ending  
22 balance for the period, and the period ends in  
23 July. So, in this case, for the total External  
24 Delivery Charge reconciliation, the estimated

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1 July 2021 ending balance is a credit of  
2 "\$2,269,732". And that number is used, along  
3 with costs and a forecast of interest, to  
4 determine the rate for the upcoming period.

5 Q And can you show me what schedule that -- that  
6 that takes place on, where that 2,269,732 makes  
7 its way into the rate please?

8 A (McNamara) Yes. That is on Page 19 of 159.

9 Q And that's Line 1, I see, is that right?

10 A (McNamara) Correct.

11 Q Okay. Okay. Thank you.

12 CHAIRWOMAN MARTIN: Mr. Dexter, can I  
13 just ask a clarifying question? I apologize for  
14 interrupting your cross-examination.

15 MR. DEXTER: No. No apology necessary.

16 BY CHAIRWOMAN MARTIN:

17 Q You asked about the ending balance in Column (i)  
18 for, I believe, "April-21", and then the  
19 footnote, as I understood, Ms. McNamara, is  
20 reflected in the beginning balance of "May-21",  
21 is that right?

22 A (McNamara) Yes.

23 Q But that's an estimate, so we can't do the math,  
24 or am I just not following?

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1 A (McNamara) So, if you took the April 2021 ending  
2 balance, on Page 21 of Page 159, the April 2021  
3 ending balance is "\$2,123,077". Normally, that  
4 would just carry right over, like as you can see  
5 in the previous months, right over to be the  
6 beginning balance in the following month. In  
7 this case, we took that April ending balance, and  
8 subtracted from it \$179,614, associated with the  
9 VMP/REP reconciliation, and we added to it  
10 \$173,418 associated with the property tax  
11 reconciliation.

12 Q Okay. So, you're combining those two things.

13 A *(Witness McNamara indicating in the positive).*

14 Q And that's how you come up with the May-21  
15 estimate. What is the "(2)" beside it?

16 A (McNamara) That is a footnote reference.

17 CHAIRWOMAN MARTIN: Oh, just  
18 referencing the footnote. Okay. Got it. Thank  
19 you.

20 Thank you, Mr. Dexter.

21 MR. DEXTER: Sure. I think the  
22 remainder of my questions go to the substance of  
23 the vegetation management and the substance of  
24 the property taxes. So, in terms of the

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1 calculation of the EDC and the substance of the  
2 stranded costs, transmission costs, and  
3 non-transmission costs, I believe I'm done with  
4 all those questions. So, I will yield.

5 CHAIRWOMAN MARTIN: Okay. Commissioner  
6 Goldner, do you have questions on this one?

7 COMMISSIONER GOLDNER: I do. But I'd  
8 like to wait till the end, after you go through  
9 all the questions.

10 CHAIRWOMAN MARTIN: I'm going to  
11 suggest that we take a five-minute recess, until  
12 2:35, and return. Off the record.

13 *(Recess taken at 2:31 p.m. and the*  
14 *hearing resumed at 2:40 p.m.)*

15 CHAIRWOMAN MARTIN: All right. Let's  
16 go back on the record.

17 Commissioner Goldner.

18 COMMISSIONER GOLDNER: So, just a  
19 couple of detailed questions.

20 BY COMMISSIONER GOLDNER:

21 Q On Page 66 of 159, for the panel, just give you a  
22 second to get there. In Column (a), there are --  
23 the numbers are generally, you know, in the  
24 neighborhood of half a million or less, except



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1 for "August-20", which is an actual, and  
2 "June-21", which is an estimate. And is there a  
3 reason why those two numbers are so much larger  
4 than the others, again, under Column (a)?

5 A (Glover) I'm going to greatly apologize, because  
6 I'm not sure, is this question for me? We just  
7 had a rainstorm come blowing in, so I can't  
8 really hear that well.

9 Q No worries. I'm on Page 66, Column (a).

10 A (Glover) Sixty-six.

11 Q And anyone who feels comfortable answering the  
12 question. So, yes. Page 66 of 159.

13 A (Glover) Thank you. I had a feeling it might be  
14 for me, so -- but just couldn't quite tell.  
15 Sixty-six.

16 I did not hear the whole question, but  
17 I think I know what the question is. And you're  
18 inquiring about why that, is it Column (a), the  
19 August-20 is so much bigger than September-20?

20 Q And also the June-21 estimate there. Those are  
21 both much larger than the other numbers in the  
22 column.

23 A (Glover) Referencing Page 66 of 159, the  
24 August-20, we'll start with that one, the

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1 August-20 reflects a true-up. So, the rates that  
2 we pay to Eversource for our Local Network  
3 Service is based on a load ratio share to their  
4 revenue requirement. So, they set that revenue  
5 requirement around June of every year. We always  
6 expect to get a true-up a year later. And the  
7 history has been that their revenue requirement  
8 is understated, so we end up with a true-up for  
9 the year. In this case, that's what that true-up  
10 is, August-20, that hit the books. It was, you  
11 know, probably about 2.2 million, because the  
12 average costs that we have is about, as you can  
13 see, about \$333,000 or so.

14 The same thing with that June-2021,  
15 that reflects the true-up. So, when we did this  
16 filing, they were able to give me an estimate of  
17 what that true-up would be. And, so, that's  
18 what's been put in here for the June-2021  
19 estimate. That reflects that true-up.

20 Q Is that an annual true-up or do you do that twice  
21 a year? The reason I'm asking is that it's  
22 natural, I think, to have a true-up once a year,  
23 in which case, we would expect the next true-up  
24 in August of 2021, which would be off this chart

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1 and not included in the request?

2 A (Glover) Yes. It's an annual true-up. I put it  
3 in -- we put it in June-2021. We have since paid  
4 that bill. And, if you would like to know, I can  
5 give you what the actual true-up was that we  
6 paid, which probably hit -- may have hit in -- I  
7 think I paid at the end of June, so it hit in  
8 July.

9 Q Yes. I think of estimates that move to actuals,  
10 that would be important to know. And the second  
11 thing I would say is, then would it be fair to  
12 say we would not expect a true-up in one year's  
13 time, because two true-ups have happened this  
14 year?

15 A (Glover) The true-up from August 20th ['20?],  
16 that is from the prior period. It just didn't  
17 hit the books until August. So, that is from  
18 2019 to 2020, and then this true-up would be from  
19 2020 to 2021.

20 Q Okay. Do you have handy that number from June of  
21 2021?

22 A (Glover) I do. Yes. If you want to give me one  
23 sec., I'm going to pull it up on my computer.

24 Okay. The true-up was, including

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1 interest, about \$1.2 million.

2 Q And, when you say "with interest", are the other  
3 numbers in Column (a) with interest?

4 A (Glover) That would have been the total amount,  
5 yes. I'll go back and look.

6 Q And, just while you're verifying that, so, this  
7 rate case, given that we know that it's -- the  
8 actual number is \$400,000 or so less than the  
9 estimate, would it make sense to true that up for  
10 this, for purposes of this docket?

11 A (Glover) To answer your first question, the  
12 estimate does not include any interest. So, when  
13 they give us the projected estimate, it doesn't  
14 include any interest. It just includes the rate  
15 that we would plug in. So, it would not include  
16 the interest, that estimate.

17 I think, in general, we would have  
18 refiled or changed something if the impact was  
19 great. And, since we estimated -- the estimate  
20 was pretty close to what the actual was, you  
21 know, there wasn't, at the time, a need to change  
22 or update the table or the testimony.

23 Q I understand, you're talking -- we're talking  
24 about 400,000 on 38 million, so I understand,

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1 but --

2 A (Glover) Right. And that number in there would  
3 also include the regular monthly charge as well  
4 for the Local Network Service.

5 Q Okay. So, the June-21 number would be roughly  
6 300,000, plus another 1.2 million. So, it is  
7 fairly close to the 1.6?

8 A (Glover) Yes. The total amount for that month  
9 actually ended up being 1,889,452.

10 Q Okay. So, the number in the column, 1.645  
11 million, the estimate was pretty close to what  
12 the actual was?

13 A (Glover) Yes. Yes.

14 Q Okay. When you said "1.2", it looked like it was  
15 a little farther off. So, thank you.

16 A (Glover) You're welcome.

17 Q If we could go to Page 58 of 159, my question for  
18 anyone on the panel, there's a reference to a  
19 "residential direct load control offerings  
20 focused on reducing summer peak demand." Could  
21 somebody just describe what that actually is,  
22 what that program does?

23 A (Glover) Well, since I put that in my testimony,  
24 I will tell you that that is from an energy

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1 efficiency docket, and so that information was  
2 provided to me from Energy Efficiency. So, I'm  
3 not intimately familiar with the technology  
4 itself that they're offering through their energy  
5 efficiency programs.

6 Q And, if you don't know, that's fine. I'm just  
7 trying to understand what -- do you know anything  
8 about that? It's very interesting that there's  
9 load control offerings being offered to  
10 residential customers. That would be, and I'm a  
11 new commissioner, but it's the first time I've  
12 heard of such a thing to reduce the summer peak  
13 demand. So, I'm -- and I'm curious, in terms of  
14 what specifically is being done there. So, it  
15 sounds like you're not sure on that one?

16 A (Glover) The docket is DE 20-092, where they have  
17 specifically laid out what all those offerings  
18 are.

19 Q Okay. All right. Is there a place I can go, in  
20 this docket, to find the historical stranded and  
21 EDC costs, you know, going back four, five, six,  
22 maybe even longer, in terms of dollars and  
23 percentages? It's hard to orient oneself in the  
24 sea of details without summary tables. So, I'm

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1           just curious where, if that's located in this  
2           docket somewhere, and I just didn't see it?

3       A       (Glover) Our data typically just goes back two  
4           years. So, I think the furthest back you will  
5           see is 2019, perhaps. You have to, every year,  
6           back up a docket, and you'll see the previous  
7           year. So, we don't have it presented going back  
8           several years beyond that.

9                        COMMISSIONER GOLDNER: Okay. So, I'd  
10           like to make a record request then, of the  
11           historical stranded and EDC costs, going back --  
12           five years is fine, in terms of dollars and in  
13           terms of percentage. I just think it's  
14           important, from a Commission perspective, to  
15           understand, in relative terms, how those buckets  
16           are changing over time. So, I'll make that a  
17           request.

18                       CHAIRWOMAN MARTIN: Mr. Epler, did you  
19           get all of the details on that?

20                       MR. EPLER: Yes, I did. My  
21           understanding of the record request is the  
22           Commissioner is looking for a five-year review of  
23           the stranded cost charges that were passed  
24           through the EDC tariff. So, five years, that

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1 would be starting in -- starting in 2016 or 2017,  
2 is there a preference?

3 CHAIRWOMAN MARTIN: Commissioner  
4 Goldner, is that accurate?

5 COMMISSIONER GOLDNER: Yes. 2016 would  
6 be great. Thank you.

7 Okay. I think, for this docket, that's  
8 all I have. I'll just make a comment, to be  
9 forthcoming and give what I sometimes call  
10 "headlights" to Unitil. I think it's good to  
11 have a big picture up front, just a simple table  
12 that kind of shows what the big costs are, a  
13 little bit of history to see how we got to this  
14 place.

15 And, so, I just don't want to surprise  
16 you in future dockets with that same question.  
17 So, just for future dockets, that would be very  
18 helpful.

19 So, thank you. That's all I have,  
20 Chair.

21 CHAIRWOMAN MARTIN: Okay. Thank you.

22 Just want to confirm what I've heard  
23 before, related to the AC facilities contract  
24 expiring in the near future from Ms. Glover. Mr.



[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 Epler, was that the same two contracts that you  
2 were talking about in the historical description  
3 you gave us?

4 MR. EPLER: Yes. That was.

5 CHAIRWOMAN MARTIN: Okay. Thank you.

6 And I'd like to turn back to the  
7 question of the lead-lag period and the studies.  
8 I am aware of your objection, Mr. Epler. But I  
9 think it is helpful for the Commission to  
10 understand what is being included here actually  
11 is reflective of the actual scenario. So, I'm  
12 just wondering whether there is any data as to  
13 whether the 45 days is accurate or not?

14 MR. EPLER: I don't believe, for  
15 purposes of transmission working capital, I don't  
16 believe we have done that study, because we've  
17 relied on the Settlement Agreement.

18 As was discussed, we did do a working  
19 capital -- we did submit a proposed working  
20 capital calculation in the rate case for  
21 distribution costs. And, quite frankly, I'm not  
22 clear as to if there is a relation between the  
23 two, because the revenues and the charges are  
24 billed separately from different entities.

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1           It is -- it is certainly something that  
2           can be explored going forward. But I don't  
3           believe that is something that we've looked at,  
4           again, because we've relied on what was agreed to  
5           in the past.

6           CHAIRWOMAN MARTIN: Okay. I understand  
7           that. I guess I'd just like to hear from any of  
8           the Unitil witnesses whether they have any  
9           information as to the actual lag, as compared to  
10          the 45 days?

11                            *[No verbal response.]*

12          CHAIRWOMAN MARTIN: I will take your  
13          silence as "no".

14                            Okay. Thank you. All right. I think  
15          all my other questions have been answered.  
16          So, --

17          COMMISSIONER GOLDNER: I do have one  
18          more, Chair Martin.

19          CHAIRWOMAN MARTIN: Go ahead.

20          COMMISSIONER GOLDNER: I'm sorry, I  
21          missed this from our original discussion, on  
22          displaced distribution revenue.

23          BY COMMISSIONER GOLDNER:

24          Q        Is there a place I can go just to see, again,

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1           this high-level picture of kind of the annual  
2           customer solar payments, the total number of  
3           customers receiving payments, you know, simple  
4           high-level calculations, net kilowatt-hours times  
5           a high-level rate? Is there a summary table  
6           anywhere that I can reference just to orient  
7           myself?

8   A       (Goulding) Commissioner, this is Chris. There is  
9           not a high level that would show how much kWh  
10          lost sales went into the calculation on an annual  
11          basis, it's only the prior year that's provided  
12          in here. But there is a Q&A, I'm searching for  
13          it now, that identifies how much the lost revenue  
14          has been by year and how it's grown. Hold on one  
15          sec.

16                   I'm searching. All right. It looks  
17          like Bates Page 090, or Page 78 of 159. So, on  
18          that page, it shows, for 2017, the displaced lost  
19          revenues associated with the displaced energy was  
20          "\$187,746"; for 2018, it was "\$218,008"; for  
21          2019, "\$243,087"; and the amount we're at for  
22          2020, it's "\$291,559".

23   Q       Yes. I'm sorry, Mr. Goulding. I was catching up  
24          with you on the page. Are we on -- are you on

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 Page 90 of 159?

2 A (Goulding) No, Bates Page 090, but it's Page 78  
3 of 159.

4 Q Seventy-eight. Okay, just a second please.

5 A (Goulding) And it's on Line 20, 21, and 22.

6 Q Okay. Excellent. You have some history there.  
7 I missed that in my initial read. So, I  
8 appreciate that. So, it has been increasing, in  
9 percentage terms, that's pretty significant, in  
10 dollar terms, maybe not so much. That is very  
11 helpful. So, we do have that piece.

12 Do you have a total number of customers  
13 available? Is there a customer count anywhere?

14 A (Goulding) In one of the attachments, it's all  
15 the -- looks like all the customers' individual  
16 accounts are listed there. And it looks like  
17 there's about, going to the Bates Page, let's  
18 see, Page 112 of 159, and it goes up to Line 911.  
19 So, those are each individual kind of locations.  
20 So, it would be 911. And some of those are  
21 twelve months -- would be twelve months of data,  
22 and some of them going back to the systems that  
23 were installed in 2015 won't be for a full year,  
24 because it takes into account our last rate case

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 and the timing of our last rate case, and what  
2 was included in our test year and excluded from  
3 our test year.

4 And then, also, for the 2020, the more  
5 current ones that were installed, it takes into  
6 account when those were installed, too. But  
7 there's roughly 900 -- over 900 customers  
8 included in this calculation.

9 Q So, it would be fair to say, at a high level,  
10 it's, on average, understanding that there's full  
11 year data and partial year data, it's maybe two  
12 or three hundred dollars per customer per year,  
13 or something like that, would be about right?

14 A (Goulding) Let's see. Actually, I think there  
15 was a summary page, I'm just trying to take a  
16 peek. Downfall of not having it printed out.

17 Beginning on Page, scroll down, scroll  
18 down, it's a giant file, Page 83 of 159 that  
19 starts off. I'll give you a second to get there.

20 Q Getting there.

21 A (Goulding) Let me know when you're there, and I  
22 can kind of describe a little bit what's on this  
23 page.

24 Q I'm there. I'm sorry, I'm there.

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 A (Goulding) Okay. So, on there, what you have is  
2 you have Customer Number 1, the location ID. And  
3 in the column "2020 Displaced Revenue", there's  
4 "\$1.76" associated with that first customer. And  
5 those are the ones I was saying that they were  
6 installed in 2015. So, I believe you're only  
7 getting one or two days of lost revenue  
8 associated with those customers, because the rest  
9 was in our 2000 -- or, our 2016 rate case test  
10 year.

11 But, if you were -- as you scroll down,  
12 you'll see there's some -- some are up to a  
13 thousand dollars a month. It all really depends  
14 on the size of the solar array. The larger the  
15 solar array, the more lost revenue associated  
16 with it.

17 Q Yes. Thank you, Mr. Goulding. I think this is  
18 helpful. I would just encourage you, I won't  
19 make it a record request here, but I would  
20 encourage, in future cases, to provide some  
21 summary level data. It's excellent to have the  
22 detail, too. That certainly is helpful. But,  
23 you know, you could report on the high customer,  
24 you could report on the average, the median, some

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 of these kinds of things, to give the Commission  
2 a flavor for what, you know, what the transition  
3 is.

4 And I guess my last question was --  
5 sorry, I moved my page here. Just a second.

6 CHAIRWOMAN MARTIN: Commissioner, while  
7 you're looking for that, can I just interject?

8 COMMISSIONER GOLDNER: Of course.

9 CHAIRWOMAN MARTIN: I just want to take  
10 the opportunity, based on that comment, to make a  
11 comment that we made in our recent cases with  
12 Eversource, related to the reorganization. And,  
13 in one of those cases, Eversource witness raised  
14 some lack of clarity about information given to  
15 Department of Energy Staff, and how that might  
16 make its way to the Commission or not make its  
17 way.

18 So, just for clarity, what I said  
19 there, and what I'll tell you know is that, if  
20 you want the Commission to have the information  
21 or you think that you need it in order to support  
22 your case, you should submit that as evidence in  
23 the case directly. Because, with the new  
24 reorganization, we do not have access to

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 information given just to Department of Energy  
2 Staff.

3 So, hopefully, that helps clarify, if  
4 there was any question.

5 Go ahead, Commissioner.

6 COMMISSIONER GOLDNER: Yes. Thank you.

7 Just a last question.

8 BY COMMISSIONER GOLDNER:

9 Q And that is, is there, and, Mr. Goulding, you may  
10 have answered this, and I apologize if I missed  
11 it, but is there, pardon me, an average rate  
12 somewhere that we can orient ourselves to? Are  
13 they getting reimbursed at 10 cents a  
14 kilowatt-hour? Or what was the net, the net  
15 rate?

16 A (Goulding) Well, this one is our average  
17 distribution rate. So, back on that page, well,  
18 if you look on Bates -- I keep on going to the  
19 Bates page -- on Page 86 of 159, or any page  
20 around that area, there's a "Distribution dollar  
21 per kWh", it's roughly three and a half cents,  
22 "3.558 cents". And that's our residential  
23 distribution charge.

24 Q Okay. So, that's the amount that the customer



[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 receives in the form of a rebate?

2 A (Goulding) No. This is lost revenue that we're  
3 recovering, because the customer is generating  
4 electricity. So, we're no longer collecting  
5 revenue for that, for that lost kilowatt-hours.  
6 So, normally, we would bill them at three and a  
7 half cents. So, we do the calculation at three  
8 and a half cents.

9 They're compensated at a different  
10 level for what they actually export to the  
11 system. I can't say I'm 100 percent familiar  
12 with all the details of the calculation. But, I  
13 believe, for a residential customer, certain  
14 portions at the residential rate, minus some  
15 nonbypassable charges. And then, once you get to  
16 a net export, it becomes a different rate, where  
17 either the transmission or distribution component  
18 has a discount to it. I just don't recall the  
19 exact calculation.

20 COMMISSIONER GOLDNER: Okay. Thank  
21 you. For this rate case, no problem. I  
22 appreciate the clarification.

23 I think, for future -- future cases, it  
24 would be helpful to provide those sort of

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 high-level -- that high-level picture, you know,  
2 you're talking about lost revenue here, and you  
3 have some netting calculation, it is just good to  
4 know how the pieces fit together.

5 So, for purposes of today, thank you.  
6 But, in the future, perhaps we can -- we can look  
7 at some of those pieces and see how they all fit  
8 together. So, thank you.

9 CHAIRWOMAN MARTIN: Okay. Mr. Epler,  
10 do you have redirect on this one?

11 MR. EPLER: Yes.

12 **REDIRECT EXAMINATION**

13 BY MR. EPLER:

14 Q For the witnesses, turn to Bates Page 67 of 159.  
15 And I guess this to you, Ms. Glover, just a  
16 clarification to make sure it's understood.

17 So, if you refer to the left-hand  
18 column, and the line "Total", that's -- those  
19 years there are incorrect. It should be "Total  
20 August-21 to July-22", is that correct?

21 A (Glover) That's correct.

22 Q Okay. Thank you.

23 CHAIRWOMAN MARTIN: Anything else?

24 MR. EPLER: Yes.

[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 BY MR. EPLER:

2 Q And, just maybe restating the obvious here, the  
3 calculation that you're showing are based on  
4 estimates, is that correct? For the coming  
5 period, is that correct?

6 A (Glover) Yes. We're still talking about that  
7 same table?

8 Q Yes. On Page 67.

9 A (Glover) Yes. They're estimates.

10 Q So, for example, Column (k), "Consulting Outside  
11 Service Charges and OCA Consultant Expenses",  
12 that's an estimate, based on our best  
13 understanding, based on past performance, and  
14 what we understand is coming up in the future, is  
15 that correct?

16 A (Glover) That is correct.

17 Q And, so, if the actuals are less than that, or  
18 possibly if the actuals are more than that, that  
19 would be reflected in the next year's  
20 reconciliation, is that correct?

21 A (Glover) True. Yes.

22 Q So, we only -- this is a running reconciliation,  
23 and we only actually collect our actual costs, as  
24 they are incurred?

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[DE 21-121 WITNESS PANEL: McNamara|Glover|Goulding]

1 A (McNamara) Correct.

2 A (Glover) Yes. I had to work that through my  
3 brain. Yes.

4 Q Okay. Thank you. And we will provide this in  
5 the record request seeking the five years of  
6 stranded costs from 2016 on. But do any of the  
7 witnesses, the Company's witnesses, know whether,  
8 going back to 2016, the only charges would have  
9 been for the Hydro-Quebec Support -- the only  
10 stranded cost charges that we would be seeking  
11 recovery of during that period would have been  
12 for the Hydro-Quebec Support Payments?

13 A (Glover) Yes. What you would see is the charges  
14 and recovery that we saw prior to November,  
15 October 2020, that table will be filled out for  
16 those costs and the revenue that we receive, yes.  
17 So, it would be the capacity that we get from ISO  
18 New England, it will be the brokering that we  
19 were getting from our capacity from Green  
20 Mountain Power, and it would be the charges  
21 associated with those Transmission Support  
22 Agreements.

23 Q Okay. Thank you.

24 A (Glover) Yes.

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1 MR. EPLER: That's all the redirect  
2 that I have, Chairwoman Martin. Thank you.

3 CHAIRWOMAN MARTIN: Okay. Thank you.  
4 Commissioner Goldner, did you want to clarify  
5 your record request?

6 COMMISSIONER GOLDNER: Yes. I  
7 appreciate the history on the Stranded Cost  
8 Charge, and certainly I still would like to look  
9 at it. That's a very -- a good, good story, of  
10 course, because it shows that it's going from a  
11 large number to nearly zero, and eventually zero.

12 But I also wanted to understand the  
13 External Delivery Charge trend over the long term  
14 as well, and breaking that into whatever pieces  
15 are appropriate.

16 CHAIRWOMAN MARTIN: Okay. Mr. Epler,  
17 is that clear?

18 MR. EPLER: Yes.

19 CHAIRWOMAN MARTIN: All right. Thank  
20 you. So, let's wrap up this docket then. In  
21 Docket DE 21-121, without objection, I will admit  
22 the Exhibit 1 as a full exhibit. And hold the  
23 record open for Exhibit 2, which will be -- well,  
24 I'll say "Exhibit 2", in Docket 21-121, which

[DE 21-069 WITNESS: Goulding]

1 will be for the record request regarding the  
2 historical stranded costs and EDC costs.

3 *(Exhibit 2 reserved in Docket DE 21-121*  
4 *for the record request as described.)*

5 CHAIRWOMAN MARTIN: And I would like to  
6 check with counsel. I'm assuming we can do one  
7 closing at the end?

8 MR. EPLER: That would be fine with me.  
9 Thank you.

10 CHAIRWOMAN MARTIN: Mr. Dexter?

11 MR. DEXTER: Yes. I would prefer to do  
12 one closing at the end of the three dockets.

13 **[RE: DE 21-069]**

14 CHAIRWOMAN MARTIN: Okay. Then, why  
15 don't we move onto Docket DE 21-069.

16 Mr. Epler, I believe you have just  
17 Mr. Goulding for this as a witness? I think  
18 you're muted.

19 MR. EPLER: Sorry.

20 CHAIRWOMAN MARTIN: That's okay.

21 MR. EPLER: Yes. Just reminding the  
22 witness, Mr. Goulding, you've been previously  
23 sworn.

24 **CHRISTOPHER J. GOULDING, SWORN**

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-069 WITNESS: Goulding]

**DIRECT EXAMINATION**

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BY MR. EPLER:

Q Can you please turn to what's been premarked as "Exhibit 1" in Docket DE 21-069?

A Okay. I'm there.

Q I'm sorry. I'm trying to recall whether I introduced you or not at the beginning. Perhaps I didn't.

Mr. Goulding, could you please clarify your position with the Company?

A Sure. My name is Christopher Goulding. I'm the Director of Rates and Revenue Requirements for Unitil Service Corp.

Q Thank you. And did you prepare testimony and schedules for this docket, --

A Yes, I did.

Q -- DE 21-069?

A Yes, I did.

Q And do you have -- if you could look at what has been premarked as "Exhibit 1", in DE 21-069. Do you have any changes or corrections to that?

A No, I do not.

Q And do you adopt that as your testimony here today?

[DE 21-069 WITNESS: Goulding]

1 A I do.

2 MR. EPLER: Thank you. The witness is  
3 available for cross-examination.

4 CHAIRWOMAN MARTIN: Okay. Thank you.  
5 Mr. Dexter.

6 MR. DEXTER: Thank you, Chairwoman  
7 Martin.

8 **CROSS-EXAMINATION**

9 BY MR. DEXTER:

10 Q I would like to jump to the last page of Exhibit  
11 1 here. It's Page 8 of 8. There's a chart. And  
12 I understand that the sum total of the chart is  
13 that the Company is requesting to add into the  
14 EDC \$173 -- \$173,418 of property taxes. Is that  
15 correct?

16 A That is correct.

17 Q And I would like the witness to give a very brief  
18 rundown of this chart, how the \$173,000 proposed  
19 for collection was calculated please?

20 A Okay. So, what we had to do was go back and look  
21 what is currently in rates, because our last rate  
22 case was Docket Number 16-384, back with base  
23 rates effective May 1st, 2017, which was a  
24 settlement, and in base rates was "\$6,209,678".



[DE 21-069 WITNESS: Goulding]

1 And, when we look at the backup support there, we  
2 see that "\$1,270,697" was for -- related to state  
3 property taxes, and the rest was related to local  
4 property taxes. Which we then went through the  
5 invoices to break out between local building  
6 property taxes and local utility plant property  
7 taxes. And the local utility plant property tax  
8 amount was "\$4,846,426", with the building being  
9 "\$92,556".

10 But we also had step increases as part  
11 of the last settlement. We had a Step Increase 1  
12 on May 1st, 2017, which was 104 -- included in  
13 that step increase was "\$104,638" of property tax  
14 relief; and Step 2, May 1st, 2018, there was  
15 "\$501,138" of property tax recovery; and Step 3,  
16 May 1st, 2019, there was "\$187,210" of property  
17 tax recovery. And it's not assigned to be  
18 building -- or, state, local building, and local  
19 utility plant. So, what we did was, we looked at  
20 what was in base rates. And, if you look at Line  
21 1, 20 percent of what was in base rates was for  
22 state side, 1 percent for local building, and 78  
23 percent for local utility plant. So, we spread  
24 those increases on May 1st, '17, May 1st, '18,

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-069 WITNESS: Goulding]

1 May 1st, '19, by those same percents.

2 Which brings us to Line Number 6. Line  
3 Number 6 says we have a total of \$7 million --  
4 "\$7,002,664" of recovery in rates for property  
5 taxes, which "\$1,432,967" would be for state  
6 side; and local buildings would be "\$104,375";  
7 and local utility plant would be "\$5,465,322".

8 Next, on Line 7, we looked at what our  
9 2020 property tax expense was, and that's in our  
10 G/L account, off to the right, "408-09-01". We  
11 had a total of "\$7,238,469" of property tax  
12 expense in 2020. And we went through there and  
13 we determined what amounts were for the state,  
14 and then broke it in between local building and  
15 local utility plant.

16 And then, Line 8, that's the difference  
17 between Line 6 and Line 7. So, you'll see in  
18 Line -- in Column (2), our total property taxes  
19 have increased above what's in base rates by  
20 "\$235,805". And the makeup of that is a  
21 "\$62,387" increase in state property taxes, which  
22 we are not seeking recovery here; a decrease in  
23 local building property taxes of "\$25,715"; and  
24 an increase in local utility plant property taxes

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-069 WITNESS: Goulding]

1 of "\$199,133". Of which the sum equals  
2 "\$173,418", and that's the amount that we're  
3 seeking recovery of for the EDC related to the  
4 RSA change.

5 Q Thanks. And the RSA change that you mentioned  
6 related to a formulaic method for valuing utility  
7 property by the various towns, is that right?

8 A That's correct.

9 Q And, if I understand it, that formula is going to  
10 be phased in over a five-year period, is that  
11 right?

12 A Yes.

13 Q And part of that statute provided that the  
14 Commission is required to approve a mechanism for  
15 the increases or the changes in taxes that result  
16 from that formulaic method laid out in the  
17 statute, is that right?

18 A Yes.

19 Q And that's what's proposed here? This is the  
20 mechanism that's proposed here, correct?

21 A This is the mechanism. Or, this is the  
22 calculation that would go in the EDC for  
23 proposing to include it in the External Delivery  
24 Charge, excuse me.

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-069 WITNESS: Goulding]

1 Q Sure. So, I suppose that would be the mechanism,  
2 this is the method for calculating the amount?

3 A Yes.

4 Q And, so, I think it's pretty clear, but just to  
5 make it clear. The Company is not seeking to  
6 reconcile property taxes levied by the state, is  
7 that right? That's what Column (3) is all about?

8 A That's correct. We're not looking to reconcile  
9 state, because that was inconsistent, it was  
10 specifically called out to exclude state.

11 Q And, with respect to Column (4), the Company is  
12 also not seeking to reconcile local property  
13 taxes levied on buildings, is that right?

14 A No. We are -- we, instead of -- to make it  
15 cleaner and simpler, instead of breaking out  
16 local utility plant separately, we propose to  
17 include local building and utility plant  
18 increases together. So, if we look at the "Local  
19 Building", there's actually been a decrease in  
20 property taxes for 2020, compared to the level of  
21 recovery in rates. But there's been an increase  
22 in the utility local property taxes of 199,000.  
23 So, the net of those two numbers is "\$173,418".

24 Q Oh, okay. So, I misunderstood. So, the only

[DE 21-069 WITNESS: Goulding]

1 exclusion then from reconciliation is the taxes  
2 levied by the state, is that right?

3 A Yes.

4 Q Okay.

5 A Yes.

6 Q Can you explain, on Line 7, you have a General  
7 Ledger figure, I believe that's what "G/L" stands  
8 for, of 5,664,000. That's the amount that the  
9 Company booked to 2020, is that right?

10 A That's correct.

11 Q If I were to look behind that number, would I  
12 find stacks and stacks of property tax bills? Or  
13 is that some sort of an estimate or an accrual  
14 that the Company makes, or both?

15 A It's based on -- it's based on actual property  
16 taxes. So, you'll find stacks and stacks of  
17 property tax bills that reconcile out to that  
18 amount.

19 Q If I were to go up into your testimony to I think  
20 it's about Page 2 or 3, let me try that. It's  
21 Page 3 of 8, the first full -- second full  
22 answer, it says that "The first property tax year  
23 of the phase-in period is the tax year beginning  
24 April 1st, 2020." Do I read that right?

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-069 WITNESS: Goulding]

1 A Yes.

2 Q And the schedule we were just looking at is a  
3 reconciliation of your actual property taxes  
4 booked in 2020 to the taxes set forth under the  
5 new valuation method, that's Line 7 and 8, back  
6 on Page 8, correct?

7 A Yes.

8 Q So, it seems to me that these periods are not  
9 exactly aligned. In other words, the  
10 mechanism -- the valuation mechanism didn't take  
11 effect until April 1st, 2020, and yet the  
12 proposed reconciliation and collection includes  
13 all of 2020, which to me means there are January,  
14 February, and March, that don't seem to line up.

15 Can you comment on that, as to whether  
16 or not I am misunderstanding something? Or, what  
17 exactly it is that the Company is seeking to  
18 recover?

19 A No. You have it accurate. It is the 2020  
20 property taxes on an annual basis. When we  
21 looked at the RSA change, there's a section on  
22 72, 8-e, that talks about "Recovery of Taxes by  
23 Electric, Gas, and Water Utility Companies". It  
24 says "Be established in an alternative manner

[DE 21-069 WITNESS: Goulding]

1 acceptable to both the utility and the public  
2 utility commission." So, we prepared it in a way  
3 that it was going to be easy to review. And  
4 that's also why we included buildings in that  
5 calculation also. So, state is separate, and  
6 local buildings and utility plant were all  
7 captured together and reconciled.

8 This way, if there's investigation into  
9 the invoices, they're very easy to tie out, and  
10 it ties out to the G/L, to the General Ledger,  
11 sorry.

12 Q If I understand your answer, there's actually  
13 three months being reconciled here that wasn't  
14 necessarily required under the statute. That's  
15 January, February, and March 2020, correct?

16 A The statute said it was for property taxes -- for  
17 the change in property tax methodology effective  
18 April 1st. So, I guess, when I read it, I read  
19 it as, where it talks about "recovery of taxes",  
20 it says it can be "established in an alternative  
21 manner." So, I'm not sure if it was inconsistent  
22 with how the recovery was supposed to occur, or  
23 just inconsistent with when the property tax  
24 assessment period changed.

{DE 21-121, DE 21-069 & DE 20-183} {07-23-21}

[DE 21-069 WITNESS: Goulding]

1 Q Okay. And, so, going forward next year, we would  
2 expect Line 7 to be calendar year 2021 taxes, is  
3 that right?

4 A Yes.

5 Q And all of those taxes would be reflective of the  
6 new valuation method called for in the statute,  
7 correct?

8 A Yes, they would.

9 Q And Line 6, I guess depending on when the rate  
10 case wraps up, would be the same, probably,  
11 right, because the rate case would still be  
12 pending?

13 A It all -- well, it all depends on how the  
14 permanent rates reconcile back to temporary  
15 rates, and what's embedded there. So, there will  
16 definitely have to be a worksheet that's done as  
17 part of that docket to make sure it's all squared  
18 away, because it's going to get a little bit --  
19 it's not as nice and clean as that.

20 Q Yes. Thank you for reminding me of recoupment.  
21 That's right. Okay.

22 How are abatements handled on Line 20,  
23 to the extent there were any abatements in 2020?

24 A There were no abatements that I'm aware of in



[DE 21-069 WITNESS: Goulding]

1           2020. But they're not included in that line --  
2           they would not be included in that G/L, General  
3           Ledger account.

4   Q       How would abatements be treated under the  
5           proposed mechanism going forward?

6   A       If the property tax abatement is related to a  
7           period that's been reconciled, those abatements  
8           would be -- should be picked up in the  
9           reconciling adjustment through the EDC.

10   Q       And, in the future, what line, if this schedule  
11           stays the same, what line would they show up in  
12           on this schedule?

13   A       We would have to put them on Line 7, or make a  
14           "7a" that has -- I'm not positive what the G/L  
15           account is, but I think there's just a  
16           separate -- a different subaccount that it's  
17           captured under, like it says "408-09-01", the  
18           abatements might be picked up in 408-09-02.

19   Q       And I think I understood your testimony to be  
20           that there were no abatements in 2020, is that  
21           right?

22   A       That's my understanding.

23                   CHAIRWOMAN MARTIN: Can I just ask a  
24           quick clarifying question?

[DE 21-069 WITNESS: Goulding]

1                    *(Atty. Dexter indicating in the*  
2                    *affirmative.)*

3 BY CHAIRWOMAN MARTIN:

4 Q     Mr. Goulding, so, if there are abatements in the  
5       future for any prior period of time, because  
6       abatements don't always get finished within one  
7       year, those will all be reflected in what may be  
8       Line 8 or 7b, or something following 7, so that  
9       we would be able to see that?

10 A    Yes. So, if there was an abatement associated  
11       with a period that we're reconciling, those  
12       abatements would reduce the amount that we would  
13       have to recover from customers.

14 Q    Okay. I mean, so that goes, I guess, to my  
15       underlying assumption then. What if it took a  
16       couple years to get the abatement?

17 A    I'm not sure. And I was thinking that this whole  
18       purpose of this RSA change and the new property  
19       tax valuation was to eliminate the need to have  
20       abatements, because it's a formulaic calculation.

21                   CHAIRWOMAN MARTIN: Okay. Go ahead,  
22       Mr. Dexter.

23                   MR. DEXTER: Shall I continue?

24                   CHAIRWOMAN MARTIN: Yes, you can.

[DE 21-069 WITNESS: Goulding]

1 BY MR. DEXTER:

2 Q Mr. Goulding, my understanding of this statute is  
3 that the formula, the formulaic approach would be  
4 phased in after five years, is that right?

5 A Yes. The RSA says that, or "will terminate with  
6 the property tax year effective April 1st, 2024."  
7 So that would, I guess, terminate March 31st,  
8 2025.

9 Q And is it the Company's expectation that this  
10 recovery mechanism tied to that statute would  
11 also expire around that same timeframe?

12 A I think it would depend on the timing of a rate  
13 case. Because, if it expires on March 31st,  
14 2025, and you're collecting, say, a million and a  
15 half dollars through the External Delivery  
16 Charge, and you don't have a rate case to adjust  
17 for the recovery of that, then the Company would  
18 be impacted by that whole dollar amount. So, I  
19 think that the mechanism would have to go to the  
20 later of -- the later date of the expiration  
21 date, or your next rate case.

22 Q Okay. Well, we have four or five years to look  
23 into that, I guess. I was just curious of your  
24 perspective at this time. So, I appreciate that.

[DE 20-183 WITNESS: Sankowich]

1 A (Witness Goulding nodding in the affirmative).

2 MR. DEXTER: That's all the questions  
3 that I have for this witness.

4 CHAIRWOMAN MARTIN: Okay. Thank you.  
5 Commissioner Goldner?

6 COMMISSIONER GOLDNER: I have no  
7 questions.

8 CHAIRWOMAN MARTIN: Okay. And I -- let  
9 me just double-check. No, I don't have any other  
10 questions for this one either.

11 So, Mr. Epler, do you have any  
12 follow-up questions?

13 MR. EPLER: No, I do not. Thank you.

14 CHAIRWOMAN MARTIN: All right. And we  
15 have no record requests, so this one is fairly  
16 simple. In Docket DE 21-069, we will strike ID  
17 on Exhibit 1 and admit it as a full exhibit.

18 **[RE: DE 20-183]**

19 CHAIRWOMAN MARTIN: All right. Let's  
20 move to Docket 20-183. Mr. Epler.

21 MR. EPLER: Thank you. Good afternoon,  
22 Ms. Sankowich. Appreciate your patience.

23 **SARA K. SANKOWICH, SWORN**

24 **DIRECT EXAMINATION**

[DE 20-183 WITNESS: Sankowich]

1 BY MR. EPLER:

2 Q Can you please describe your position with the  
3 Company?

4 A Absolutely. My name is Sara Sankowich. And I'm  
5 the Director of Sustainability and Shared  
6 Services. And part of that capacity is to  
7 oversee the Forestry Operations Department and  
8 the Vegetation Management Plan.

9 Q And could you just briefly describe some of the  
10 previous positions you've held with the Company?

11 A Absolutely. I have been the Company's System  
12 Arborist and the Manager of Forestry Operations.

13 Q Thank you. And you started with the Company  
14 approximately when?

15 A I started with the Company in 2011.

16 Q And was that subsequent to the Company's  
17 experience with the ice storm?

18 A Yes, it was. I was brought in by the Company to  
19 go over some best practices in the vegetation  
20 management strategy arena, and gave a  
21 presentation. I then followed up with the  
22 Company, was very engaged in the process, and  
23 impressed by the Company's enthusiasm for going  
24 forward with a Vegetation Management Program, and

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[DE 20-183 WITNESS: Sankowich]

1 applied for the position that ended up being  
2 opened for the System Arborist, and came on board  
3 at that point, and implemented the recommendation  
4 that came out of the after-action report from the  
5 ice storm, and built the Vegetation Management  
6 Program as it runs today.

7 Q Okay. So, in summary, you had a direct hand in  
8 developing, planning, and implementing the  
9 Company's Vegetation Management Plan?

10 A That is correct.

11 Q And you continue your oversight functions of that  
12 Plan today, is that correct?

13 A That is correct.

14 Q And you've previously testified before the  
15 Commission, is that correct?

16 A Yes, I have.

17 Q Can you please turn to what has been premarked as  
18 "Exhibits 1" and "2", in Docket DE 20-183?

19 A Yes.

20 Q And were these exhibits prepared by you or under  
21 your direction?

22 A Yes, they were.

23 Q And do you have any changes or corrections to  
24 either exhibit?

[DE 20-183 WITNESS: Sankowich]

1 A So, there were two changes that were filed and  
2 adopted in this exhibit. The first was in  
3 Exhibit 1, on Page 4, the items in red, it would  
4 be Page 4 of 12. And the second is on Page 8 of  
5 12, and that was just one circuit number change  
6 in red on that page.

7 Q Okay. So, you're -- this exhibit reflects those  
8 corrections?

9 A Correct. No additional corrections beyond what  
10 is already reflected.

11 Q Okay. And they're highlighted in red solely to  
12 stand out to indicate the correction?

13 A Correct.

14 Q And, just in a summary, Exhibit 1 is the  
15 description of planned activity for 2021, is that  
16 correct?

17 A That is correct.

18 Q And Exhibit Number 2 is the reconciliation of  
19 what was actually spent in 2020, is that correct?

20 A That is correct.

21 MR. EPLER: That's all the direct I  
22 have for this witness. The witness is available  
23 for cross-examination. Thank you.

24 CHAIRWOMAN MARTIN: Okay. Thank you.

[DE 20-183 WITNESS: Sankowich]

1 Mr. Dexter.

2 MR. DEXTER: Thank you.

3 **CROSS-EXAMINATION**

4 BY MR. DEXTER:

5 Q In the prior -- in this hearing, dealing with a  
6 prior docket, I believe we had established  
7 through Ms. McNamara that the amount proposed for  
8 recovery in this case, related to vegetation  
9 management activities, is a credit of about  
10 \$173,000. Do I have that right?

11 A Yes. That was in the cover letter. Yes. The  
12 cover letter in the filing in April contains that  
13 information. There was a total over-collection  
14 of "179,614".

15 Q 179,614. And, behind that number, there must be  
16 a collection amount and an expense amount,  
17 correct?

18 A Correct.

19 Q And the -- I should say a "cost amount", I guess.  
20 And is it correct that the cost amount that led  
21 to that \$179,000 credit is contained on Page 4 of  
22 9 of Exhibit 2? And it's an amount of  
23 "\$5,515,822", is that right?

24 A That is correct. That is one portion of the



[DE 20-183 WITNESS: Sankowich]

1 total. So, that is the VMP portion of total  
2 expense included.

3 Q Okay. Is there another portion? And, if so, can  
4 you explain what that is?

5 A Yes. There is another portion. If you go to  
6 Page 9 of 9, in Exhibit 2 of DE 20-183, in the  
7 second paragraph, near the end, it says the total  
8 spend for the Reliability Improvement Program is  
9 "\$152,803" for the enhanced trimming associated  
10 with the Reliability Improvement Program. Those  
11 two added together make the grand total of  
12 expense included in that calculation.

13 Q Okay. Thanks. And, so, we're talking roughly  
14 \$5,700,000, it looks like. And the reason we're  
15 not including \$5,700,000 in this case is because  
16 there's already a large portion of this built  
17 into base rates. Is that essentially right?

18 A Correct.

19 Q And, so, the \$179,614 makes the Company whole,  
20 when the base rate and the EDC is added together?

21 A *(Witness Sankowich nodding in the affirmative).*

22 Q I didn't hear an answer.

23 A Oh. Correct. Sorry. Is my mike not working?

24 Q No, I heard that answer. Yes.

[DE 20-183 WITNESS: Sankowich]

1 A Okay. Sorry. It's wireless. I had a worry  
2 there.

3 Q So, with respect to the 5.5 million that's  
4 detailed on Page 4, there's a line called "VM  
5 Staff", the actual amount was \$377,000. Can you  
6 explain what that is please?

7 A Yes. "VM Staff" includes the cost of all of the  
8 supervision and oversight of the Vegetation  
9 Management Program, which includes the portion of  
10 my costs and the supervisor of the Vegetation  
11 Management Program in New Hampshire, their costs.

12 Q So, those are in-house costs, in the sense that  
13 either Unitil Service or Unitil Energy employees,  
14 not contractors, is that right?

15 A Correct.

16 Q And the figures up above, the larger figures, the  
17 "Cycle Prune", the "Hazard Mitigation", and the  
18 "Police", those are vendor costs, is that right?

19 A That's correct. Yes.

20 Q So, the actual trimming and management -- well,  
21 the actual trimming, the cutting down of the  
22 trees, is done by contractors, is that right?

23 A That is correct.

24 Q Okay. There is a footnote on this chart next to

[DE 20-183 WITNESS: Sankowich]

1 "Sub-T". Am I correct that "Sub-T" stands for  
2 "sub-transmission"?

3 A Correct.

4 Q And the footnote indicates that about \$73,000 was  
5 not spent, but it's going to be "carried over to  
6 2021". Can you explain that, what that means?

7 A Yes. That means that a portion of the  
8 sub-transmission work was not completed in 2020,  
9 but it still needs to be done in order to  
10 maintain the system. That work was for herbicide  
11 application, and it was directly related to the  
12 inability to get the contract labor workforce in  
13 to do the work because of COVID restrictions.

14 Q So, does the \$363,000 up above where the footnote  
15 is, does that include the 72,000 or does it not  
16 include the 72,000?

17 A It does not include the 72,000. And Exhibit 1 in  
18 this docket includes the cost in that "Sub-T"  
19 category as a cost in year 2021. This is just a  
20 note saying that that was the only category where  
21 we expected to have spent more, but did not,  
22 because of the inability to get work done.

23 Q And that's by way of explaining maybe the  
24 variance between the planned 528,000 and the

[DE 20-183 WITNESS: Sankowich]

1 363,000, is that what you're saying?

2 A Yes. Yes, a portion of the variance. Yes.

3 Q Yes. And, so, the sum result of this document is  
4 still that the Company will only be recovering  
5 through the EDC the actual costs?

6 A That is correct.

7 Q If we --

8 MR. DEXTER: Whoops. Did I hear  
9 someone? No.

10 BY MR. DEXTER:

11 Q If we jump up to Page 2 of Exhibit 2 please?

12 A Yes.

13 Q The Company includes here a description of the  
14 various elements of their Plan. One of which is  
15 "Hazardous Tree Mitigation", is that right?

16 A Correct.

17 Q And, if I now jump to the end of the Plan, Page  
18 9, there is a description of the "152,803" that  
19 you mentioned earlier, and it's entitled  
20 "Enhanced Tree Trimming", is that right?

21 A Correct.

22 Q And the Enhanced Tree Trimming says that there  
23 were "151 hazard trees removed" as a result of  
24 this aspect. And can you explain to me the

[DE 20-183 WITNESS: Sankowich]

1 difference between "Enhanced Tree Trimming", as  
2 it's laid out on Page 9, and "Hazard Tree  
3 Mitigation", as it's described starting on  
4 Page 2?

5 A Absolutely. I'd be happy to. So, the  
6 difference, really, the biggest factor is it  
7 relates to how the work is scheduled and  
8 programmed throughout the year.

9 So, the first program, the Vegetation  
10 Management Program, is scheduled. And there are  
11 certain drivers that allow work to be planned and  
12 scheduled. The cycle pruning work is done on a  
13 five-year cycle. Hazard Tree Mitigation is  
14 planned to coincide with the cycle pruning work,  
15 as well as address reliability concerns that stem  
16 from tree-related outages. And that is driven by  
17 the Forestry Operations Department, by myself,  
18 doing the reliability analysis and field  
19 recommendations.

20 This last piece, which is the Company's  
21 Reliability Improvement Plan, is not driven by  
22 the Vegetation Management Program or myself.  
23 It's driven through the Engineering Department.  
24 And it specifically is used to address

[DE 20-183 WITNESS: Sankowich]

1 reliability concerns, which would be related to  
2 trees. So, there could be a tree component  
3 related to reliability.

4 But what that allows is the Company to  
5 engage in reliability-related tree activity  
6 without compromising the Vegetation Management  
7 Program Annual Plan. And the benefit of that is  
8 that the reliability issues could occur from a  
9 number of sources, you know, whether animals and  
10 tree, and the reliability mitigation is done to  
11 make sure that there is not another additional  
12 incident that occurs from trees.

13 So, it doesn't have to be just tree  
14 drivers that initiate a review of the system's  
15 reliability. But often trees do drive  
16 performance and reliability issues on circuits,  
17 so that work is then done at a prescriptive  
18 basis. So, the choice could be made to do  
19 sideline tree pruning, or hazard tree removals,  
20 or any other vegetation management activity on  
21 the right-of-way. Last year, hazard tree  
22 identification was considered to be the most  
23 effective for the area that was identified for  
24 having reliability concerns.

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[DE 20-183 WITNESS: Sankowich]

1 CHAIRWOMAN MARTIN: Mr. Dexter, you're  
2 on mute.

3 MR. DEXTER: Sorry.

4 BY MR. DEXTER:

5 Q Do you know if the removal of the 150 or so  
6 trees, 151 hazard trees, did that, in fact,  
7 remove -- improve reliability?

8 A I believe so. But I don't have those charts in  
9 front of me right now. But that was the aim.

10 Q "That was the intent", is that what you said?

11 A Yes.

12 Q I didn't hear what you said.

13 A Yes. I said "that was the aim" or "the intent".

14 MR. DEXTER: "The aim", okay. Okay.  
15 That's all the questions I have.

16 CHAIRWOMAN MARTIN: Okay. Thank you,  
17 Mr. Dexter. Commissioner Goldner, do you have  
18 questions?

19 COMMISSIONER GOLDNER: I do.

20 BY COMMISSIONER GOLDNER:

21 Q Is there a record of system downtime and root  
22 cause, and that would include vegetation  
23 management in there as sort of kind of a Pareto  
24 item? Does that exist somewhere within Unitil?

[DE 20-183 WITNESS: Sankowich]

1 A Yes. Like an interruptions by cause type?

2 Q Yes.

3 A Yes.

4 Q Yes. So, then, I assume you track that over  
5 time, and you look at the effect of your  
6 programs, and if you're improving the situation  
7 or it's getting worst, that exists somewhere?

8 A That is correct.

9 Q Okay. Is that -- is that included in another  
10 docket or are those internal records that you're  
11 referring to?

12 A There are other attachments included with the REP  
13 Plan that was Exhibit -- yes, the November  
14 filing, which was Exhibit 1, included two  
15 attachments, which were a reliability study done  
16 in our Capital Region and a reliability study  
17 done in our Seacoast Region. And, in those  
18 studies, there's information related to  
19 reliability and cause codes, and which types of  
20 outages are causing what interruptions on the  
21 systems.

22 Q And can you share the findings here? Are you  
23 finding that your Vegetation Management Program  
24 is improving reliability or is reliability



[DE 20-183 WITNESS: Sankowich]

1 staying about the same?

2 A Yes. The Vegetation management Program is  
3 improving reliability. Some of the annual charts  
4 are harder to discern a trend line, because it's  
5 related to a factor of number of events that  
6 occur. But the Company's overall frequency and  
7 duration are improving, and that can be seen most  
8 especially in the assessments that the Company  
9 had done related to the Storm Resiliency Program,  
10 which was provided in the discovery request  
11 related to Staff, that one from the  
12 November filing, the Exhibit 1 filing. And that  
13 shows a clear improvement where vegetation  
14 management work was done, and the ability to take  
15 out all the other noise of events that were  
16 unrelated to the work, and measure the change of  
17 reliability before work occurred, and then after  
18 work occurred, using that consultant, was  
19 available to show significant improvement. And  
20 we also implemented a dashboard, where we were  
21 able to look at circuit-by-circuit basis and see  
22 which circuits are showing improvement, which are  
23 underperforming, and which have stayed about the  
24 same.

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[DE 20-183 WITNESS: Sankowich]

1 Q Okay. Thank you. I notice that you're on a  
2 five-year trim cycle. I'm aware of other  
3 utilities that are on a shorter trim cycle. Has  
4 Unitil considered going to a shorter trim cycle  
5 and the impact on reliability?

6 A Yes. We have considered moving to a shorter  
7 cycle. We looked at the benefit of a shorter  
8 cycle, versus the cost of revisiting all those  
9 lines on a shorter window. And we found that  
10 implementing the mid-cycle program, where there's  
11 a review of the critical portions of a circuit in  
12 the three-phase areas in between the five years,  
13 so after three years have passed, reviewing those  
14 circuits, and making sure that anything that  
15 might be a cycle-buster or something that had a  
16 larger amount of growth could be pruned at that  
17 time, and significantly reduce the risk of  
18 reliability-related outages from trees, and that  
19 that would be a more cost-effective approach than  
20 shortening the entire cycle for all lines and all  
21 areas that may not require that.

22 Q Okay. Thank you. I notice that you have a  
23 5-foot side and 10-foot pruning top zones. Do  
24 you know if that is consistent across utilities

[DE 20-183 WITNESS: Sankowich]

1 in New Hampshire? Is that a standard of some  
2 kind? Or is that kind of sort of a  
3 Unitil-specific way of doing it?

4 A That's a great question. There is not a  
5 standard. It was based off of a consultant study  
6 that was done looking at the actual tree species  
7 found in our service territory, the growth rates  
8 expected, and the ability for the Company to  
9 achieve clearance as allowed by customers. So,  
10 you could go on a longer cycle, if there was the  
11 ability to get a larger clearance cycle. But,  
12 being heavily treed in New England, and customer  
13 acceptance, combined with our growth rates, was  
14 where the recommended cycle length and associated  
15 clearances that go with them were recommended for  
16 Unitil-specific. So, those things go  
17 hand-in-hand, and they are specific to our  
18 service territory and our growth study.

19 Q Thank you. I don't know if you've looked at  
20 this, but I think all this information is in the  
21 public domain, but have you looked at Unitil,  
22 versus the other utilities, in terms of the  
23 vegetation management as a percent of revenue?  
24 Or another metric that sort of allows you to see

[DE 20-183 WITNESS: Sankowich]

1 "how do we compare to the other New Hampshire  
2 utilities?", where, you know, ostensibly the  
3 plant growth would be similar? Have you looked  
4 at that? Do you know how you would compare to  
5 other utilities?

6 A Unfortunately, I have not looked at that. Sorry.

7 Q No problem. Thank you. I'm just trying to  
8 understand.

9 I want to turn to Exhibit 1, if we can,  
10 and I noticed a very nice, interesting, and  
11 impressive chart on Page 11 of 12, that talks  
12 about reliability. And I really liked this  
13 chart. It showed the process for accepting and  
14 rejecting projects.

15 And I was just wondering if this, I  
16 know this is not in terms of the Vegetation  
17 Management Program, but I'm wondering if you use  
18 something similar in vegetation management,  
19 because this is, I think, an excellent process  
20 for passing or rejecting projects?

21 A Yes. This is not the exact same process that we  
22 use for vegetation management. But we do use a  
23 reliability-based model that takes a look at  
24 historic customer minutes interrupted, events per

[DE 20-183 WITNESS: Sankowich]

1 mile and customers served, and helps project out  
2 the benefit of doing the vegetation management  
3 work on each one of those areas. It helps us to  
4 prioritize work throughout the year, so that we  
5 make sure we get the most beneficial work done  
6 first.

7 And we have some other prioritization  
8 related to hazard trees, where the hazard trees  
9 occur on the system, and how many customers are  
10 served, related to that, which is different than  
11 this, but speaks to the same point of making sure  
12 that, as we're doing the work, we're prioritizing  
13 the benefit of the work, and thinking about its  
14 location and how many customers are impacted  
15 relative to the cost.

16 Q Thank you. That makes sense.

17 I have a couple of questions on the  
18 Reliability Program, just a question for Unitil.  
19 Is there someone on the call that can answer  
20 those questions or would we have to do that in a  
21 separate request?

22 A Related to the Reliability Enhancement Program,  
23 the REP money?

24 Q That's right. It's on -- yes, the Reliability

[DE 20-183 WITNESS: Sankowich]

1 Enhancement Program. So, it's like Table 15, for  
2 example, on Exhibit 1.

3 A I don't think there is anyone on the call that  
4 can answer that. But we could probably take it  
5 back as a request.

6 COMMISSIONER GOLDNER: Okay. No  
7 problem.

8 A question for the Chair, would it be  
9 better to verbalize those questions or just send  
10 them in a written request?

11 CHAIRWOMAN MARTIN: How many of those  
12 do you have?

13 COMMISSIONER GOLDNER: Well, just a  
14 moment. One question, three parts.

15 CHAIRWOMAN MARTIN: I think it's  
16 probably best just to go ahead and ask it, and  
17 then we can include it as a record request for  
18 this.

19 COMMISSIONER GOLDNER: Okay. It's  
20 related to your SCADA Programs, and these are  
21 programs, as I understand it, that help  
22 communicate wirelessly system downtime,  
23 reliability issues. And it's a technology  
24 enhancement to what a lot of utilities currently

[DE 20-183 WITNESS: Sankowich]

1 have. So, I'm trying to sort out where you are  
2 with your programs, which I know is an open-ended  
3 question. But, you know, is the rollout  
4 completed? What was the total cost? Are you  
5 happy with the performance?

6 I was just trying to understand more  
7 about your program. So, that was my question.

8 CHAIRWOMAN MARTIN: Can you restate  
9 that?

10 COMMISSIONER GOLDNER: I guess the  
11 answer is "yes". Where are you in your SCADA  
12 Program? Is your rollout completed? What is the  
13 total cost of the program?

14 CHAIRWOMAN MARTIN: Mr. Epler, do you  
15 have anything else you need on that?

16 MR. EPLER: One moment. The only thing  
17 I didn't catch, at just the very beginning of  
18 that, the reference was to the "S-C-A-A"?

19 COMMISSIONER GOLDNER: Yes. I'm sorry.  
20 The abbreviation S-C-A-D-A, Samuel Charlie Alpha  
21 Delta --

22 *[Court reporter interruption asking for*  
23 *a restatement of the acronym.]*

24 COMMISSIONER GOLDNER: S-C-A-D-A. And

[DE 20-183 WITNESS: Sankowich]

1 that's all the questions I have.

2 CHAIRWOMAN MARTIN: Mr. Epler, do you  
3 have another question or comment?

4 MR. EPLER: Yes. I do know that we  
5 address that in the pending rate case. I don't  
6 know if you would be satisfied to wait. But  
7 there is testimony from the Director of  
8 Engineering, Kevin Sprague, in that docket, about  
9 the status of those programs.

10 But we can certainly provide you what  
11 you're looking for, total cost to date, and where  
12 we are in rollout, in response to the record  
13 request.

14 COMMISSIONER GOLDNER: Well, I  
15 appreciate the -- I appreciate the offer. Given  
16 that it's in the rate case, and I didn't know  
17 that, I will wait for the rate case. Thank you.

18 CHAIRWOMAN MARTIN: Okay. So, no  
19 record request for that.

20 I just have a couple quick questions.

21 BY CHAIRWOMAN MARTIN:

22 Q Ms. Sankowich, you mentioned the Hazard Tree  
23 Mitigation including, I thought I understood, the  
24 trimming for tree-related outages. And I'm just



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1           wondering, how does that differ from storm  
2           recovery work? Is there overlap between the two  
3           categories?

4    A    Great question. Yes. So, there are two  
5           different types of work. One is the vegetation  
6           management work, and a companion program to that  
7           vegetation management work is the Storm  
8           Resiliency Program work. The vegetation  
9           management work consists of the -- everything in  
10          Table 1 that is on Page 4 of 12 in Exhibit 1.  
11          That includes everything in the "Program Total",  
12          so everything in the "Distribution Total" and  
13          "Program Total": Cycle pruning, hazard tree,  
14          forestry reliability work, mid-cycle work, what  
15          we call our "core work", emergency and customer  
16          work, sub-transmission work, substation work, and  
17          our VM Staff. That's all part of our Vegetation  
18          Management Program.

19                    A companion to that is our Storm  
20                    Resiliency Program. And that also contains  
21                    pruning and hazard tree removal work, but the  
22                    primary goals and objectives of that program are  
23                    different than the Vegetation Management Program.  
24                    It's objective is to do a more intense hazard

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1 tree removal and more clearance of tree  
2 vegetation overhanging the wires, in order to  
3 have an effect on performance in blue sky and  
4 storm days.

5 And, so, the level of risk that is  
6 allowed in those sections of line that are  
7 identified for storm resiliency work is different  
8 than that of regular pruning and hazard tree  
9 removal. A good example is that, when we do  
10 hazard tree removal as part of our regular cycle  
11 pruning, we may remove two or three trees per  
12 mile. When we employ the Hazard Tree Program as  
13 part of our Vegetation Management Program, we may  
14 take down 15 trees per mile. When we -- hazard  
15 trees per mile. When we employ the Storm  
16 Resiliency Program, we take down as much as 100,  
17 120 hazard trees per mile. So, the intensity  
18 level of the program is very different. While  
19 we're still doing tree removal, it's really the  
20 goals and objectives that make it very different.

21 Q Okay. Thank you for that explanation.

22 One other question. The 2020 Annual  
23 Report mentions storm resiliency work targeting  
24 critical sections. How do you define or how do

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1           you determine what "critical sections" are?

2    A       "Critical sections" are defined as the area from  
3           the substation out to the first or second  
4           protection device, depending on the number of  
5           customers served there on out. So, if there's  
6           500 customers or more served at that protection  
7           point, it's still considered "critical". Once  
8           you get below 500 customers, it becomes what we  
9           consider not a critical portion. That  
10          differentiation was based upon a study of typical  
11          numbers of customers served on circuits -- on our  
12          circuits and protection devices.

13                   CHAIRWOMAN MARTIN: Okay. I think  
14                   that's all my questions for this one.

15                   Mr. Epler, did you have any redirect?

16                   MR. EPLER: I did not -- I do not have  
17                   redirect.

18                   But I just did want to note for the  
19                   record that, in the docket, in this docket,  
20                   20-183, we do file reliability reports that cover  
21                   the areas that were discussed by the  
22                   Commissioner. For example, so, the Commission  
23                   may be aware that we have generally two service  
24                   areas, a Capital Service Area and Seacoast

1 Service Area. So, we do separate reliability  
2 studies for each area. And those reliability  
3 studies are filed with the Commission on an  
4 annual basis.

5 So, within those studies, we do show,  
6 by chart and by graph, the number of  
7 interruptions by cause, so that would include  
8 tree limbs, vehicle accidents, equipment failure,  
9 scheduled plan work, animals, such as squirrels,  
10 so on. We also break it down by number of  
11 customer interrupted by cause, the percent of  
12 customer minutes interrupted by cause. And then,  
13 we also show a five-year history for the worst  
14 performing circuits, based on -- based on cause.

15 So, there is a lot of analysis that's  
16 provided. And it is within this docket. So, it  
17 is available to the Commission to review.

18 And, in fact, just today, it was  
19 pointed out to me by Staff counsel for the  
20 Department of Energy, that we had actually  
21 updated -- we had corrected one of the studies,  
22 the Capital Study in discovery, but had not filed  
23 it. So, today, I did file that corrected study  
24 with the Commission. So, both those studies are

1 available for Commission review.

2 And, if, upon review, there are  
3 questions, we would be happy to provide personnel  
4 to respond, either in writing or live, whatever  
5 the preference of the Commission is.

6 CHAIRWOMAN MARTIN: Great. Thank you.  
7 I appreciate that.

8 MR. DEXTER: May I ask a question on  
9 that, Commissioners?

10 CHAIRWOMAN MARTIN: Sure. Go ahead,  
11 Mr. Dexter.

12 MR. DEXTER: So, just so I'm clear,  
13 because I think the witness referenced those  
14 reports, those reports are not part of the record  
15 in this case, in the sense that they're not  
16 exhibits. My Exhibit 1 ends at Page 12, and my  
17 Exhibit 2 ends at Page 9.

18 I just want to confirm that, so that  
19 we're all -- so that we all understand what's an  
20 exhibit and what's not.

21 CHAIRWOMAN MARTIN: That's my  
22 understanding. I was understanding Mr. Epler to  
23 say "it's in this docket", as in "it's filed in  
24 this docket." But the exhibits are specific to

1           what's contained in them.

2                     Mr. Epler, is that correct?

3                     MR. EPLER: Yes. Yes, that is correct.  
4           Those two reliability studies are not exhibits in  
5           this hearing. But they are available for public  
6           inspection and available to the Commission for  
7           inspection.

8                     CHAIRWOMAN MARTIN: Great. Thank you.

9                     MR. DEXTER: Thanks. I appreciate that  
10          clarification.

11                    CHAIRWOMAN MARTIN: Okay. So, with  
12          that clarification, in Docket 20-183, we will  
13          strike ID on Exhibits 1 and 2 and admit them as  
14          full exhibits.

15                    **[RE: DE 21-121, DE 21-069, & DE 20-183]**

16                    CHAIRWOMAN MARTIN: Is there anything  
17          else we need to do before closing on all of the  
18          dockets?

19                             *[No verbal response.]*

20                    CHAIRWOMAN MARTIN: Great. Seeing  
21          nothing. Mr. Dexter, would you start please.

22                    MR. DEXTER: Yes.

23                             I guess I would say very briefly that  
24          it's the position of the Department of Energy

1           that the record in these three cases supports  
2           approval of the rates as proposed and calculated  
3           in the EDC.

4                       I guess our primary area of concern,  
5           with respect to the costs, is the working capital  
6           on the transmission costs and the  
7           other-than-transmission costs, which are included  
8           in the EDC. There are two parts to every  
9           lead-lag study. There is the part that looks at  
10          the revenues, how long it takes the Company to  
11          get paid from its customers, and then there's the  
12          part that looks at how long the Company has to  
13          pay the bills that it gets.

14                      The revenue piece is included in the  
15          rate case. And I believe that revenue piece,  
16          which is based on 2020, will be applicable to all  
17          the Company's revenue, whether it recovers  
18          distribution or transmission or any other costs.  
19          So, I think, when the rate case is over, half of  
20          what's needed in the lead-lag study will be  
21          finished and decided.

22                      It's our recommendation that, going  
23          forward, that the Company perform the expense  
24          side of the lead-lag study, and then we'll have

1 the net lead-lag days, and we can see how that  
2 compares to the 45 days.

3 The reason I bring this up is that it's  
4 extremely important, for two reasons. One, we  
5 recently went through the Granite State  
6 Electric/Liberty Utilities case, and you will see  
7 in the record in that case, and I can point you  
8 to the exhibit number and page number if you'd  
9 like, that the net lag days on transmission costs  
10 was actually negative. It was a negative two  
11 days. And, so, that compares to the 45 days  
12 that's proposed in this case. So, it's  
13 significant.

14 And the other reason it's significant  
15 is because that gets applied to a very large  
16 number. In this case, we're talking \$38 million.

17 So, for those two reasons, we believe  
18 it's appropriate that, going forward, we  
19 understand the Company's position on the past  
20 settlement, and we don't dispute that, but, on a  
21 going forward basis, we believe it's very  
22 important to accurately calculate the working  
23 capital requirement associated with transmission  
24 costs.



1           Having said that, we believe the record  
2           supports approval of the rates proposed,  
3           including the inclusion for the first of the  
4           property taxes and for the veg. management costs,  
5           as it was described as working its way into an  
6           under-recovery/over-recovery balance part way  
7           through that schedule described by Ms. McNamara.

8           And that's all that I have to say  
9           today.

10           CHAIRWOMAN MARTIN: Okay. Thank you,  
11           Mr. Dexter. Mr. Epler.

12           MR. EPLER: Yes. Let me address the  
13           last issue that Staff counsel raised,  
14           specifically about the lead-lag study and the  
15           working capital for transmission costs.

16           As I indicated earlier, when I  
17           objected, this was a matter that was settled in  
18           Docket DE 10-055.

19           And, just pausing, because there's a  
20           jet flying over me right now.

21           And, as the Commission is aware,  
22           settlement agreements involve a give-and-take on  
23           a wide range of issues, and sometimes you may get  
24           approval for one item, and because you've

1           conceded on another item. So, and that's the  
2           benefit of settlement agreements, because you can  
3           get to an end result that's satisfactory to all  
4           the parties.

5                        So, I think, although I understand the  
6           request is to do this on a going-forward basis,  
7           you're taking something out of context that's  
8           already been settled in a settlement agreement.  
9           So, -- which I think would be inappropriate to  
10          just address one item, because there may be other  
11          items that were settled on where the Company  
12          conceded quite a bit in arriving at the  
13          settlement.

14                      So, again, as I indicated, we would  
15          welcome addressing this issue in the rate case.  
16          We think that's the appropriate place to address  
17          it, because it is an item that was raised in a  
18          prior rate case. And, so, if the Department of  
19          Energy wishes to have a look at it, certainly, we  
20          can look at it there, and propose something there  
21          going forward, as opposed to taking it out of  
22          context outside of the rate case.

23                      CHAIRWOMAN MARTIN: Mr. Epler, just,  
24          and I apologize for interrupting, but I want to

1           just ask a question directly related to that.

2                       Is it your position that a settlement  
3 agreement from 2010 would continue to be binding  
4 indefinitely, regardless of the underlying data,  
5 even if it has a significant impact on  
6 ratepayers?

7                       MR. EPLER: Well, yes. Unless it's  
8 shown that rates are unreasonable, the rates that  
9 are approved in a settlement agreement have the  
10 force and effect of law, because the tariffs were  
11 filed reflecting the settlement agreement.

12                      So, unless there is a showing that the  
13 entire rate is unreasonable, it's presumed that  
14 the rate is reasonable on a going-forward basis.

15                      So, that is not to say that any  
16 individual component of a rate may change over  
17 time. We may have, you know, had a program ten  
18 years ago to buy five trucks, and we've already  
19 bought those five trucks.

20                      But, overall, that's kind of what  
21 happens in rate-setting. There are fluctuations  
22 going forward. There's different levels of  
23 customer usage. There are different levels of  
24 expenses. And you maintain the rates that are

1           either approved by hearing order or by settlement  
2           agreement, until the next time they are shown to  
3           be reasonable or unreasonable.

4                        So, that's why I think it's an  
5           appropriate matter to be looked at in a rate  
6           case. Because, if, as Staff counsel has argued,  
7           that it's important to look at the revenue side  
8           for this particular item, then that's where it  
9           should be done, along with all the many other  
10          items.

11                      CHAIRWOMAN MARTIN: I have a follow-up.

12                      So, are you opposed then to, as Mr.  
13          Dexter described, both components of the lead-lag  
14          being done in the rate case? Is that what you're  
15          suggesting? Or just the revenue side?

16                      MR. EPLER: No, I'm not opposed to  
17          looking at this in the rate case at all. I'm  
18          suggesting that that would be the appropriate  
19          place to look at this.

20                      CHAIRWOMAN MARTIN: Both of them?

21                      MR. EPLER: Certainly. Both the lag  
22          and the lead, because that is normally how a  
23          working capital calculation is done, by looking  
24          at the -- at both sides of that equation.

1 CHAIRWOMAN MARTIN: Okay. Thank you.  
2 Go ahead. I apologize for interrupting.

3 MR. EPLER: No, that's quite all right.  
4 So, that's my argument on that  
5 particular subject.

6 As to the rest, I would not burden the  
7 record at this point, and just point the  
8 Commission to the Petitions that we filed, that  
9 specifically seek the relief that we're  
10 requesting.

11 CHAIRWOMAN MARTIN: Okay. Thank you  
12 very much.

13 I think I'd like to hear from Mr.  
14 Dexter on the response. And I see that his hand  
15 is up. Mr. Dexter.

16 MR. DEXTER: I appreciate that, Madam  
17 Chair.

18 I just want to point out that there has  
19 been -- there has been an intervening rate case  
20 since 2010, at least one, and I don't know if  
21 there were more than one. But I know there was  
22 one in 2016, because I worked on it. So, whether  
23 this issue came up in 2016 or not, I don't  
24 recall. I know there was a settlement, whether

1           there was give-and-take on the notion that this  
2           lead-lag thing wouldn't change in 2016, I just  
3           don't recall any of that.

4                         But I just wanted to point out, I don't  
5           want to leave the record as indicating that this  
6           was something agreed to in 2010, and that base  
7           rates haven't been touched since then. Because  
8           there has been a complete rate case in 2016, and  
9           there is one now. So, we will have the  
10          opportunity to address this in the pending rate  
11          case.

12                        CHAIRWOMAN MARTIN: But what about  
13          Mr. Epler's comment about their willingness to  
14          have the entire -- both components you  
15          referenced, the expense and the revenue piece,  
16          looked at in the current rate case?

17                        MR. DEXTER: Well, again, I wasn't here  
18          in 2010. But I did look into this for Liberty  
19          Utilities. My understanding is that all working  
20          capital used to be collected through base rates.  
21          And then, when restructuring happened, the  
22          transmission costs and things like that were  
23          taken out of base rates and put into a clause,  
24          and Unitil calls it the "EDC".

1           And, so, at some point along the way, I  
2 believe it developed to a point where we said  
3 "well, if the costs of transmission are recovered  
4 how the EDC, the working capital ought to go with  
5 it." Okay? And, so, in order to do that, if  
6 you're going to move something out of base rates  
7 into an EDC, then you have to make sure the base  
8 rates are right. And, I'm assuming that's what  
9 happened in 2010. And then, that's when the  
10 split was made for working capital, so that all  
11 the working capital and the transmission costs  
12 are in the EDC, where the transmission costs are.  
13 And, again, for Liberty, that happened, I think,  
14 in the 2016 rate case.

15           So, what you will find in the Company's  
16 distribution rate case is a lead-lag study that  
17 covers the revenues. And, again, that's how much  
18 time the Company waits for its customers to pay  
19 them. That's the revenue lag. That figure is  
20 applicable in any lead-lag study, it doesn't  
21 matter whether you're looking at, on the expense  
22 side, distribution, payroll, or anything else.

23           On the expense side of the study, you  
24 will find, I understand, an analysis of how long

1 the Company takes to pay its bills, whether they  
2 be property taxes, or whether they be payroll, or  
3 whether they be health insurance, or any other of  
4 the various O&M things that are recovered through  
5 distribution rates.

6 I don't believe you will find, in the  
7 Company's base rate case that's pending, an  
8 analysis of the transmission bills, because it  
9 wouldn't make sense. Transmission costs aren't  
10 covered in base rates.

11 So, you know, unless we ask some data  
12 requests, or we do some further investigation, I  
13 don't believe there's going to be an analysis of  
14 those fifty or so invoices that Ms. Glover  
15 referenced for transmission in the rate case.

16 There could be, however, an agreement  
17 in the rate case, I guess, or a discussion in the  
18 rate case, as to whether it's -- whether it's --  
19 actually, I don't even -- I don't even really see  
20 the connection between the rate case. The fact  
21 of the matter is, ten years ago it was decided  
22 that working capital on transmission should be  
23 recovered through this clause. And there was a  
24 45-day formula set.



1 All we're suggesting is that it's time  
2 to revisit that 45-day formula and update it for  
3 accuracy. Now, we understand a lead-lag study  
4 takes time. So, we didn't ask that it be done in  
5 the context of this case, and we said "Let's do  
6 it in the next case."

7 Coincident with that is the fact that  
8 we have a rate case pending, where the revenue  
9 side of this thing will be analyzed, and that  
10 number will be updated for current revenue  
11 payments.

12 So, that's a long way of saying that I  
13 think we can borrow a number from the base rate  
14 case. But, on a going-forward basis, in order  
15 for the transmission -- working capital on  
16 transmission costs to be captured accurately,  
17 rather than estimated based on 45 days, that that  
18 should be analyzed.

19 And, if we want to do it in the rate  
20 case, I have no problem with that. But it's got  
21 to be done, you know, in our view, before the  
22 next EDC.

23 CHAIRWOMAN MARTIN: Okay. Thank you.  
24 Mr. Epler.

1           MR. EPLER: Yes. And the rate case  
2 will be resolved before the next EDC filing,  
3 based on the current schedule, I believe.

4           CHAIRWOMAN MARTIN: And are you  
5 agreeing to do the type of lead-lag study that  
6 would incorporate all of the parts that Mr.  
7 Dexter just raised, including the transmission?

8           MR. EPLER: Well, I haven't said that  
9 we -- certainly, if it is an issue that is raised  
10 in the rate case, it is an issue that we will  
11 address.

12                   And Attorney Dexter referenced the  
13 2016 -- the 2016 rate case. The 2016 rate case  
14 also approved changes to the EDC tariff. The EDC  
15 tariff includes specific language that working  
16 capital -- see if I can find it. It says the  
17 "cash working capital associated with other  
18 flow-through operating expenses" is allowed in  
19 that calculation.

20                   So, the parties to the 2016 rate case  
21 could have raised how we do that calculation.  
22 There was an opportunity to do that. It was not  
23 taken.

24                   There is an opportunity. We have --

1 the tariffs are before the Commission in the  
2 pending rate case. There is an opportunity to  
3 raise anything that's included within the tariffs  
4 that we're seeking approval of. And, if the  
5 Staff either asks discovery, address -- or wants  
6 it addressed in a technical session, seeks to  
7 file testimony on it, we would certainly address  
8 it in any of those means, and to bring it before  
9 the Commission for review.

10 CHAIRWOMAN MARTIN: Okay. Thank you,  
11 Mr. Epler.

12 Commissioner Goldner, did you have any  
13 questions?

14 COMMISSIONER GOLDNER: I do not.

15 CHAIRWOMAN MARTIN: All right. Thank  
16 you, everyone. We actually did a pretty good job  
17 pulling off all three of those in one proceeding.  
18 Thank you all for your efforts in that regard.

19 And we will take all of these matters  
20 under advisement. The hearing is adjourned.  
21 Thank you. Have a good weekend.

22 **(Whereupon the hearing was adjourned**  
23 **at 4:29 p.m.)**

24