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STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

January 28, 2010 - 10:04 a.m.  
Concord, New Hampshire

NHPUC FEB11'10 AM 9:43

RE: DE 09-224  
UNITIL SERVICE CORP.:  
Renewable Energy Source Option.  
(Prehearing conference)

PRESENT: Commissioner Amy L. Ignatius, Presiding

Jody Carmody, Clerk

APPEARANCES: Reptg. Unitil Service Corp.:  
Susan S. Geiger, Esq. (Orr & Reno)  
  
Reptg. Residential Ratepayers:  
Kenneth E. Traum, Asst. Consumer Advocate  
Office of Consumer Advocate  
  
Reptg. PUC Staff:  
Suzanne G. Amidon, Esq.

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

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P R O C E E D I N G

CMSR. IGNATIUS: We will open the record in DE 09-224, Unitil Service Corp., and this is a -- excuse me, Unitil Energy Systems, a Renewable Energy Service Option. On November 12th, 2009, Unitil Energy Systems filed a proposed Renewable Default Energy Service Option pursuant to RSA 374-F:3, Section V(f). The proposal stated that the Company would offer a Renewable Energy Service Option to residential and small business customers and purchase and retire Renewable Energy Certificates.

And, with that, let us take appearances.

MS. GEIGER: Good morning, Commissioner Ignatius. Susan Geiger, from the law firm of Orr & Reno, and I represent Unitil Energy Systems, Inc. And, with me this morning from the Company are Mr. Robert Furino and Ms. Kristen Cody.

CMSR. IGNATIUS: Good morning.

MR. TRAUM: Good morning, Commissioner. Representing the Office of Consumer Advocate, Kenneth Traum. And, I expect Ms. Hatfield to be joining me shortly.

CMSR. IGNATIUS: Thank you.

MS. AMIDON: Good morning, Commissioner.

1 Suzanne Amidon, for Commission Staff, and with me today is  
2 an Analyst in the Electric Division, Al-Azad Iqbal.

3 CMSR. IGNATIUS: And, Mr. Traum,  
4 Ms. Hatfield is at the same place that Commissioner Below  
5 and Chairman Getz are held up in a legislative hearing  
6 that is running longer than anyone expected. So, we will  
7 go ahead, and, since this is a prehearing conference, I  
8 hope that's all right for everyone.

9 I do not have any indication of  
10 intervention requests being filed, nothing in the file.  
11 Is anyone aware of any others?

12 (No verbal response)

13 CMSR. IGNATIUS: Looks like there are  
14 none. Are there any other procedural issues that we  
15 should know about before taking preliminary positions?

16 MS. GEIGER: Commissioner Ignatius, the  
17 only thing I would mention is that the Company was ordered  
18 to file an affidavit of publication indicating that the  
19 order of notice had been published. And, the Company has  
20 done so, and I verified that the Clerk has received it.

21 CMSR. IGNATIUS: Okay. Thank you. All  
22 right. If nothing else, preliminary statements on this  
23 filing and issues that you anticipate?

24 MS. GEIGER: Thank you. Unitil's filing

1 in this case was made on November 12th of last year, which  
2 is the day before the effective date of the statute  
3 pursuant to which the filing has been made. The new  
4 statute requires New Hampshire electric utilities to offer  
5 their customers one or more renewable default energy  
6 source options, and allow the utilities to offer those  
7 customers the option of purchasing the attributes of  
8 electricity generated by renewable resources, which is  
9 what Unitil is proposing to do.

10 Unitil's proposal is to offer its  
11 residential and small business Default Service customers a  
12 program called the "Renewable Source Option". The program  
13 is very similar to a proposal filed by PSNH, which was the  
14 subject of a hearing the Commission held on January 13th.  
15 And, as you may recall, PSNH and Staff reached a partial  
16 settlement on PSNH's Renewable Default Service Program --  
17 excuse me, on PSNH's program.

18 Unitil's program will be very similar.  
19 It will be offered to the residential and small business  
20 customers who receive their service under Unitil's Default  
21 Service Option or service tariff, and who are not enrolled  
22 in any of the low income programs.

23 Like PSNH's program, Unitil's Renewable  
24 Service Option, or RSO, will provide these customers with

1 the ability to support renewable energy resources. For  
2 example, the customers can choose to match either  
3 25 percent, 50 percent, or 100 percent of their actual  
4 electricity consumption with Renewable Energy Credits, or  
5 RECs, that UES would purchase and retire on behalf of the  
6 participating customers. The RECs would be purchased only  
7 from qualified renewable source generation located in or  
8 deliverable to New England. The RECs designated as either  
9 Class I or Class II under the RPS statute would be the  
10 RECs that the Company would purchase for this program, and  
11 would be purchased in proportion to the respective  
12 requirements established in the PUC 2500 rules, the RPS  
13 rules, for a given calendar year. The purchases would be  
14 in addition to or incremental to the Company's RPS  
15 obligations.

16 For this particular RSO Program, there  
17 would not be an enrollment period, there would be no  
18 minimum enrollment period. The customers can enroll in  
19 and drop out of the program during the billing cycle or  
20 commensurate with the billing cycle period. Participating  
21 customers will be billed on a cents per kilowatt-hour  
22 basis. And, this would be reflected in a line item on the  
23 customer's bill stated separately from the Default Service  
24 Charge.

1 Proposed changes to the rate going  
2 forward would occur on May 1st and December 1st, when UES  
3 files its proposed Non-G1, and G1 is the big customers,  
4 these are the Non-G1 Default Service rates. Unutil will  
5 propose a charge before the hearing in this particular  
6 docket. But, preliminary estimate, based on, you know,  
7 market -- estimates of market rates for the RECs that  
8 would be purchased for the program indicate that, if a  
9 customer elects the 100 percent option that I mentioned,  
10 the charge would be 6 cents per kilowatt-hour; if the  
11 customer elected the 50 percent option, the charge would  
12 be 3 cents per kilowatt-hour; and it would be 1.5 cents  
13 per kilowatt-hour for the 25 percent option. Again, these  
14 are just rough estimates, and more precise rates would be  
15 filed, assuming the Commission approves the program and  
16 the Company goes ahead with this particular offering.

17 The administrative costs for the first  
18 year of the program will be capped at \$50,000, and it  
19 would be recovered from all customers as allowed by the  
20 statute, section (f), subsection (2) of the statute. And,  
21 the expected ongoing promotion and communication costs  
22 annually thereafter are projected to be around \$20,000.

23 UES will submit a report on the RSO  
24 Program activity, such as numbers of the participating

1 customers, the RSO options that those customers have  
2 taken, kilowatt-hour consumption by rate class, and the  
3 aggregate quantities of the Class I and Class II RECs that  
4 the Company has purchased, as well as the estimated  
5 revenue under the program. And, this filing will be made  
6 along with the Company's Default Service rate filings that  
7 it makes each quarter.

8 The Company will file a reconciliation  
9 of the revenues and expenses for the program as part of  
10 its annual default service charge reconciliation filing.  
11 And, we'll file an annual performance report demonstrating  
12 that the appropriate quantity and type of RECs have been  
13 purchased and retired for the program for that year.

14 Unitil looks forward to working with the  
15 Staff and other interested parties, the OCA, and perhaps  
16 others at the technical session later today. And, as  
17 indicated in the filing, if the Commission approves the  
18 RSO Program, the Company will need approximately 16 weeks  
19 to implement it. Thank you.

20 CMSR. IGNATIUS: Thank you. Mr. Traum.

21 MR. TRAUM: Thank you. The OCA is in  
22 support of giving customers the opportunity and  
23 information needed to acquire renewable green power as  
24 cost-effectively and simply as possible. That said, we

1 appreciate the Company's filing and plan to actively  
2 participate in this docket.

3 CMSR. IGNATIUS: Thank you. Ms. Amidon.

4 MS. AMIDON: Thank you. The Staff has  
5 taken an initial look at the filing, and we believe that  
6 it is very similar to that filed by PSNH. In that regard,  
7 we hope to work on a procedural schedule that could lead  
8 to settlement in this proceeding. As a matter of one  
9 issue that is different in this docket than in the PSNH  
10 docket, PSNH offered or would offer its Renewable Energy  
11 Option to all customers on Default Service, including its  
12 large commercial and industrial customers. Of note in  
13 Unitil's filing, they would not offer the Default Service  
14 Renewable Option to their large commercial and industrial  
15 customers. And, I believe that this is one issue we will  
16 be discussing in a technical session that follows this  
17 proceeding.

18 I would also point out for you that at  
19 10:30 we have a prehearing conference with National Grid  
20 regarding their "Green Up" Option. Their offering is  
21 different, in that they would direct customers to go  
22 directly to competitive suppliers of Renewable Energy  
23 Certificates. And, so, we intend to hold a joint  
24 technical session to perhaps explore the differences and

1 administrative costs and other elements of the two  
2 offerings to be able to make a good recommendation to the  
3 Commission.

4 CMSR. IGNATIUS: And, I assume that's  
5 acceptable to Unitil, to sort of have a joint session, and  
6 would be acceptable to National Grid when they arrive?

7 MS. AMIDON: Yes.

8 CMSR. IGNATIUS: Thank you. I think  
9 that makes sense. Any other comments from anyone?

10 (No verbal response)

11 CMSR. IGNATIUS: Let me just mention a  
12 couple of things, because we went through the PSNH  
13 proposal recently. It would be helpful, at the time of  
14 the hearing, to have as up-to-date a projection of costs  
15 as possible, although it's still not the final cost, but I  
16 know there were issues about that at the hearing. And, I  
17 would recommend that people take a look at the transcript  
18 of that hearing, just to be aware of the issues that were  
19 raised during that. Because we explored not only the  
20 proposal, but other ideas, really trying to sort through  
21 for something that's new to all of us ways that it might  
22 be designed and be successful for customers and for the  
23 Company. So, that might be worth taking a look at as  
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MS. GEIGER: Thank you.

CMSR. IGNATIUS: I guess, if there's nothing else, we will close the hearing and await a procedural schedule after the --

MS. AMIDON: That's correct. I will be filing a report on the technical session and the recommendation with the Commission.

CMSR. IGNATIUS: Thank you.

(Whereupon the prehearing conference ended at 10:15 a.m., and thereafter convened a technical session.)