March 8, 2010

BY OVERNIGHT MAIL AND E-MAIL

Debra A. Howland, Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

RE: Docket No. DG 06-098
Hearing Exhibit 2 – Part 2

Dear Director Howland:

Enclosed are seven copies of the Maine Public Utilities Commission's ("MPUC") Order Approving Stipulation issued February 24, 2010 in docket number 2006-390. The New Hampshire Public Utilities Commission ("Commission") has reserved Exhibit No. 2 for this filing in docket DG 06-098. This is the second and final part of this reserved exhibit.

Thank you for your attention to this matter.

Sincerely,

/s/ Gary Epler

Gary Epler
Attorney for Northern Utilities, Inc.

Enclosure

cc: Suzanne Amidon, Staff Counsel

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Chief Regulatory Counsel

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STATE OF MAINE
PUBLIC UTILITIES COMMISSION

DOCKET NO. 2006-390

February 24, 2010

PUBLIC UTILITIES COMMISSION
Investigation of Northern Utilities, Inc.'s
2006 Integrated Resource Plan

ORDER APPROVING
STIPULATION

Reishus, Chairman; Vafiades and Cashman, Commissioners

I. SUMMARY

We approve this Stipulation and Settlement between Northern Utilities, Inc. (Northern) and the Office of the Public Advocate (OPA) to establish the filing requirements of Northern's next-filed Integrated Resource Plan (IRP). We leave this docket open for resolution of the remaining Maine-specific issues.

II. PROCEDURAL HISTORY

On June 30, 2006, Northern filed its Integrated Resource Plan (IRP) for joint review of the Maine and New Hampshire commissions. We initiated an investigation which we assigned Docket No. 2006-390. The parties began discovery in July, held technical conferences on September 19 and 26, 2006 and held a teleconference on October 10, 2006 to discuss matters related to the IRP. Thereafter, the parties developed an agreement regarding a related matter, Northern's capacity reserve, in Docket No. 2006-141. Discussions continued among the parties regarding drafting a final settlement of this proceeding. After Northern's ownership changed from NiSource to Unitil, review of the settlement document was undertaken by the new company and further changes were made.[1]

On January 15, 2010, Northern Utilities, Inc. – Maine (Northern) filed a Stipulation and Settlement proposed to resolve issues related to the filing requirements for Northern's next IRP which will be made simultaneously in Maine and New Hampshire, jurisdictions in which it provides service. The New Hampshire Public Utilities Commission (NHPUC) docket is designated DG 06-098. An identical Stipulation and Settlement, executed by parties to the NHPUC proceeding, was filed for approval with the NHPUC on December 15, 2009. The NHPUC held a hearing on the Stipulation on January 27, 2010 and the matter is awaiting a written order.

[1] The agreement in principal that the parties had reached previously had reduced the urgency of this matter.

Hess Corporation, a gas marketer that is a party to Docket 2006-390 and to NHPUC Docket No. DG 06-098 did not sign the Stipulation but does not oppose the Stipulation.

The stipulating parties, which include the New Hampshire Consumer Advocate (NHOCA), the NHPUC staff and the OPA, agreed that approval of identical stipulations in NH and Maine are required as a condition precedent to the effectiveness of the terms of each Stipulation.

III. DISCUSSION AND DECISION

A. Legal Standard

In order to accept a stipulation, the Commission must find that:

1. the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;

2. the process that led to the stipulation was fair to all parties; and

3. the stipulated result is reasonable and is not contrary to legislative mandates.

See Central Maine Power Company, Proposed Increase in Rates, Docket No. 92-345(II), Detailed Opinion and Subsidiary Findings (Me. P.U.C. Jan. 10, 1995), and *Maine Public Service Company, Proposed Increase in Rates (Rate Design),* Docket No. 95-052, Order (Me. P.U.C. June 26, 1996). We have also recognized that we have an obligation to ensure that the overall stipulated result is in the public interest. *See Northern Utilities, Inc., Proposed Environmental Response Cost Recovery,* Docket No. 96-678, Order Approving Stipulation (Me. P.U.C. April 28, 1997). We find that the proposed Stipulation in this case meets all these criteria.

The Stipulation was entered into between Northern and the OPA. In past cases, we have found that the subject utility and the OPA, representing often opposite views in the ratemaking process, constitute a sufficiently broad spectrum of interests to satisfy the first criteria. *See Public Utilities Commission, Investigation of Stranded Cost Recovery, Transmission and Distribution Utility Revenue Requirements and Rate Design of Bangor Hydro-Electric Company (Phase II),* Docket No. 97-596, Order at 6 (Feb. 29, 2000) and *Maine Public Utilities Commission, Investigation of Retail Electric Transmission Services and Jurisdictional Issues,* Docket No. 99-185, Order Approving Stipulation (Maine Public Service Company) at 3 (Aug. 11, 2000). In this case, we also note that our Advisory Staff was an active participant in the settlement process and supports the Stipulation. We are, therefore, satisfied that a broad spectrum of interests are represented by the Stipulation.

We also find that the second criterion has been met in this case. Our review of the procedural history in this case also indicates that all procedural safeguards were satisfied in this instance.

Accordingly, we turn to the provisions of the Stipulation to determine whether they are reasonable and in the public interest.

B. Terms of the Stipulation

The purpose of the Stipulation and Settlement, which is attached hereto and incorporated in this Order, is to provide a resolution of the issues related to the filing requirements for Northern's next IRP filing in each jurisdiction. The Stipulation sets out the parties' agreement that Northern will prepare its 2010 IRP according to the planning process contained in the Stipulation and Attachments A and B. Those attachments delineate the contents of the 2010 IRP and describe how those issues areas will be analyzed and presented to the commissions.

The delineated IRP content topics set out in Attachment A are as follows: demand forecasts, resource balance, planning standards, supply-side resource assessment, demand-side resource assessment, integration of demand- and supply-side resources, preferred portfolio, plan flexibility, and hedging. Attachment B establishes the Demand Forecast Methodology that the Company will use in its 2010 IRP. Much of the content of Attachments A and B correspond to a format that the NH PUC has imposed on other gas utilities in that jurisdiction.

The Maine PUC Staff reviewed the proposed methodologies to ensure that the requirements would not run counter to Maine precedent and practice and modifications to the agreement were made where this would have been the case. Consequently, the Staff recommends that we approve the Stipulation as executed by OPA and Unitil.

C. Conclusion

The Commission finds that the process has been fair to all parties. The signatories to the Stipulation represent both utility and residential consumer interests and the marketer does not object to its terms. Our Staff recommends that we approve this Stipulation which sets out a format and methodology for Unitil to analyze and present its 2010 IRP. We appreciate the value in establishing a consistent directive where a utility which serves in both jurisdictions must do comprehensive long-term planning and find this agreement satisfactory and useful in that regard. We leave this docket open and will implement a process to resolve the remaining Maine-specific issue raised in our Notice of Investigation, regarding the prudence of the Company's contractual commitments to replacement supplies for the Terminated Wells LNG facility.

Therefore, we find the terms of the Stipulation to be reasonable, consistent with the public interest, and approve it.

Accordingly, we

O R D E R

That the Stipulation filed by Unitil on January 15, 2010 is approved.

Dated at Hallowell, Maine, this 24th day of February, 2010.

BY ORDER OF THE COMMISSION

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Karen Geraghty
Administrative Director

COMMISSIONERS VOTING FOR: Reishus
Vafiades
Cashman

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.

2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.

3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.