

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

April 17, 2015 - 1:05 p.m.
Concord, New Hampshire

NH PUC APR 27 '15 AM 8:04

RE: IR 15-009
NORTHERN UTILITIES, INC.:
Investigation into the Cost Allocation
Methodology. (*Prehearing conference*)

DG 15-033
NORTHERN UTILITIES, INC. d/b/a Unitil:
2015 Integrated Resource Plan.
(*Prehearing conference*)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott

Sandy Deno, Clerk

APPEARANCES: Reptg. Northern Utilities, Inc. d/b/a Unitil:
Gary Epler, Esq.

Reptg. Global Montello Group Corp. and
Sprague Operating Resources, LLC:
Patricia M. French, Esq. (Bernstein Shur)

Reptg. Residential Ratepayers:
Wayne Jortner, Esq.
James Brennan, Finance Director
Pradip Chattopadhyay
Office of Consumer Advocate

Reptg. PUC Staff:
Alexander F. Speidel, Esq.
Stephen P. Frink, Asst. Dir./Gas & Water Div.
Al-Azad Iqbal, Gas & Water Division

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

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P R O C E E D I N G

CHAIRMAN HONIGBERG: We're here today for a prehearing conference in two dockets, 15-009 and 15-033, which the first is an investigation docket into the cost allocation methodology for Northern Utilities, the second is Northern Utilities' Integrated Resource Plan filing. They both started in early January. The prehearing conference is going right now. There will be a technical session following this prehearing conference.

There was a Motion to Intervene filed by Global Montello Group and Sprague Operating Resources, one motion for both entities. I will take that up first.

But, before we do anything else, let's take appearances.

MR. EPLER: Thank you. Good afternoon, Commissioners. My name is Gary Epler. I'm attorney for Northern Utilities. And, with me today are Rob Furino, Director of Energy Contracts, and Fran Wells, Manager of Energy Planning. Thank you.

CHAIRMAN HONIGBERG: OCA.

MR. CHATTOPADHYAY: Pradip Chattopadhyay.

MR. BRENNAN: And, Jim Brennan. And, Wayne Jortner, the attorney, will be joining here shortly.

1 CHAIRMAN HONIGBERG: I see him.

2 COMMISSIONER SCOTT: There he is.

3 MR. JORTNER: Sorry about that. You
4 want my appearance?

5 CHAIRMAN HONIGBERG: No, that's all
6 right. We got it. Mr. Brennan did it for you.

7 MR. JORTNER: Okay.

8 MR. SPEIDEL: Good afternoon,
9 Commissioners. Alexander Speidel, Staff attorney,
10 representing the Staff. And, I have with me Assistant
11 Director Steve Frink of the Gas & Water Division and
12 Analyst Iqbal Al-Azad of the Gas & Water Division.

13 CHAIRMAN HONIGBERG: Is there anybody
14 here for the intervenors?

15 (No verbal response)

16 CHAIRMAN HONIGBERG: No one -- the
17 Motion to Intervene was filed in both dockets. I've seen
18 no response from anyone. Is there a response from anyone?

19 MR. EPLER: No objections from the
20 Company.

21 CHAIRMAN HONIGBERG: Does anybody have
22 any positions, other than no objections?

23 MR. SPEIDEL: The Staff has no
24 objection, on the basis of subpart II intervention

1 standards, for both interventions.

2 CHAIRMAN HONIGBERG: And, subpart II
3 would be permissive intervention, is that correct?

4 MR. SPEIDEL: That is correct.
5 Permissive intervention. We have no objection on that
6 basis. We would not want it to granted under mandatory
7 subpart I intervention.

8 CHAIRMAN HONIGBERG: Okay.

9 MR. JORTNER: I have no objection. And,
10 I'll just add that a couple of members of the OCA staff
11 just had lunch with the representative of the marketers.
12 So, I expect they will be here.

13 CHAIRMAN HONIGBERG: That might be them.
14 Go off the record for a second and let you get settled,
15 and then you can identify yourselves.

16 (Off the record.)

17 CHAIRMAN HONIGBERG: Back on the record.
18 We've taken appearances from the others. Why don't you
19 enter your appearance.

20 MS. FRENCH: Patricia French, on behalf
21 of Global Montello Group Corp. and Sprague Operating
22 Resources.

23 CHAIRMAN HONIGBERG: All right. Let's
24 go off the --

1 MS. FRENCH: I'm from the law firm of
2 Bernstein Shur, in Portland, Maine.

3 CHAIRMAN HONIGBERG: Let's go off the
4 record again.

5 (Off the record.)

6 CHAIRMAN HONIGBERG: So, I think there
7 was no objection to the Motions to Intervene, although
8 Staff indicated that it should be on permissive grounds,
9 not mandatory grounds. Just a moment.

10 (Chairman Honigberg and Commissioner
11 Scott conferring.)

12 CHAIRMAN HONIGBERG: All right. We're
13 going to grant the Motion to Intervene. We're not at this
14 moment, as we're sitting here, going to explain the
15 grounds. But, when we issue our first order in this,
16 we'll identify the terms or grounds. And, no one's
17 looking for any limitations on the Intervenors'
18 participation?

19 MR. SPEIDEL: Well, there is, if I may
20 speak for Staff, there is the usual statutory requirement
21 under RSA 91-A that confidential financial and commercial
22 information is protected from disclosure. I believe that
23 these parties qualify as competitors of Northern, the
24 Company. And, therefore, Staff certainly would undertake

1 its responsibilities to protect that information from
2 inadvertent or intentional disclosure to Sprague and
3 Global Montello. Therefore, their participation in
4 technical sessions will be limited, insofar as
5 confidential commercial/financial information will be
6 implicated in discussions.

7 CHAIRMAN HONIGBERG: I assume,
8 Mr. Epler, you agree with that?

9 MR. EPLER: Yes, I do. And, I think we
10 can work with that on a cooperative basis. Thank you.

11 CHAIRMAN HONIGBERG: I don't understand
12 there typically to be a problem with that. So,
13 Ms. French, you understand the situation?

14 MS. FRENCH: I do. I think that we'll
15 just take it as the information comes forward. I think it
16 probably depends on the nature of the information. The
17 Company may have claimed that some information is
18 competitively sensitive that, when it's actually reviewed
19 by Staff, I mean, we should have the opportunity to
20 indicate if we think that we actually are in a position to
21 actually benefit from that information, or whether there
22 maybe could be some other kind of more limited review of
23 it, perhaps by counsel or the Staff. So, I would suggest
24 that we take it on a case-by-case basis.

1 CHAIRMAN HONIGBERG: Understood. You
2 don't disagree with the principle, we're just talking
3 about how the principle applies to any particular piece of
4 information, right?

5 MS. FRENCH: Yes, sir.

6 CHAIRMAN HONIGBERG: Okay. All right.
7 With that out of the way, we can hear briefly from the
8 Parties on their positions with respect to the two dockets
9 we have in front of us. Mr. Epler, if you'd like to go
10 first.

11 MR. EPLER: Yes. I really don't have a
12 prepared opening statement. I think the Company has filed
13 its IRP, which I hope the Commission finds is a
14 comprehensive document. We put a good deal of effort into
15 it.

16 And, we look forward to participating in
17 the investigation as the issues raised by Staff. The
18 Company does have its own views on those matters. We run
19 an integrated system, and believe there are benefits that
20 come to both New Hampshire and Maine in doing it that way.
21 And, we endeavor to do the allocations of commodity and
22 demand as equitably as possible and in accordance with
23 previous orders and settlements. And, we'll continue to
24 do that.

1 But we will, as I said -- indicated, we
2 look forward to working cooperatively. We understand
3 Staff has hired a consultant. We've already received a
4 first set of data requests, which we've responded to, I
5 think except for one question. And, we'll move forward.

6 We also just, you know, want to ask the
7 Parties to keep in mind that what we're looking for is we
8 don't want to develop anything that's too complex,
9 certainly more complex than we have in effect now. And,
10 so, interests such as economy, administrative efficiency,
11 simplicity are important qualities to take into account as
12 we continue with this docket. Thank you.

13 CHAIRMAN HONIGBERG: Ms. French.

14 MS. FRENCH: The primary concern that
15 Global and Sprague have with this proceeding is the lack
16 of any description in the IRP of what the Company plans on
17 doing to meet the shortfall that it projects. The Company
18 is well aware of our concerns in this regard. We've
19 raised the same issues in the Maine proceeding, the sister
20 proceeding in Maine. So, that is -- that's probably the
21 primary concern here. We would want to be looking at the
22 assets and which assets carry forward, which assets
23 expire, and how they will be used in the portfolio that
24 the Company is anticipating to come forward in the next

1 five years.

2 CHAIRMAN HONIGBERG: Mr. Jortner.

3 MR. JORTNER: Thank you. The OCA is
4 very interested in both of these dockets. We're certainly
5 reviewing all of the materials, and we're interested to
6 see what the other intervenors have to say about both the
7 IRP and the allocation issues. We don't have any firm
8 positions at this point on any other issue.

9 CHAIRMAN HONIGBERG: Mr. Speidel.

10 MR. SPEIDEL: Thank you, Mr. Chairman.
11 Staff is currently in exploratory mode regarding the
12 issues described in the Order of Notice. They are of
13 great import to our state. We are very interested in how
14 the operations of the New Hampshire Division fit in with
15 the operations of the Maine Division of the Company at the
16 current present time. And, to that end, we will be
17 receiving the assistance of LaCapra Associates, a well
18 known consulting company, in our discovery efforts over
19 the intervening months.

20 We hope to develop a procedural schedule
21 in due course, involving features such as technical
22 sessions and the like, to enable the parties to interact
23 in an efficient, expeditious way. And, we do look forward
24 to working with the Company and the OCA and also the

1 intervenors in this effort. Thank you.

2 CHAIRMAN HONIGBERG: Commissioner Scott.

3 COMMISSIONER SCOTT: Thank you. I was
4 going to say "good morning". I'm sure it's morning
5 someplace, but not here. Mr. Epler, perhaps you could --
6 I just wanted to understand a little bit better,
7 especially for the investigation. I just wonder if you
8 can elaborate a little bit on how, obviously, when you
9 have a multi-state, multi-jurisdictional entity, you're
10 subject to orders from both Maine PUC and New Hampshire
11 PUC. So, how do you synergize those? How do you -- if we
12 change one here, don't you have this push/pull arrangement
13 where you have to get everybody on the same page?

14 MR. EPLER: Yes, Commissioner. That
15 would exactly be the concern of the Company. And, in the
16 past, the jurisdictions have been able to work
17 cooperatively and hammer these out. Some times in the
18 past, and Staff could probably speak to it as well, there
19 have been some conflicts. And, we have entered into
20 negotiations and have been able to resolve them.

21 But that is a concern. In fact, if I
22 could just draw your attention to a paragraph that was
23 inserted into the last settlement agreement in the last
24 IRP proceeding that was approved by both Commissions. I

1 believe it's --

2 CHAIRMAN HONIGBERG: Mr. Epler, I think
3 the people in the back can't hear you.

4 MR. EPLER: Okay. I apologize. I'm
5 referring to a paragraph that was included in the
6 settlement agreement in the last IRP proceeding, in both
7 Maine and New Hampshire. And, it states as follows: "If,
8 during the review or decision process, either the Settling
9 Parties or Commission Staffs conclude that Northern's IRP
10 presents concerns that may result in inconsistent
11 directives, the Settling Parties will request that joint
12 meetings be conducted with representatives from both the
13 Maine Public Utilities Commission and the New Hampshire
14 Public Utilities Commission, with the goal of resolving
15 any differences in an expeditious manner."

16 So, I think that that indicates
17 historically that the parties have recognized there is
18 some -- there's both benefits from having an integrated
19 system, there's some tension between the jurisdictions if
20 policies differ or directives differ. But I think we've
21 worked well in the past, and I would hope that we continue
22 to do that. Certainly, you'll hear from us if we've got a
23 concern about that. Thank you.

24 COMMISSIONER SCOTT: Thank you.

1 CHAIRMAN HONIGBERG: Do we have any
2 sense of how long these proceedings are going to run, do
3 you think? Are we looking at something that's going to
4 resolve in four months? Six months? Twelve months? What
5 do we think? Mr. Epler.

6 MR. EPLER: There isn't an outside
7 timeframe, as in some other types of proceedings. We
8 would certainly like to be able to resolve these things
9 relatively quickly. I think you're looking more on
10 something beyond six months than less than six months.
11 And, certainly, we can provide the Commission with updates
12 as we go forward, so the Commission doesn't feel like the
13 proceeding is languishing.

14 CHAIRMAN HONIGBERG: And, I know one of
15 the things you guys will be talking about during the
16 technical session is the schedule. I'm just doing this
17 for my own edification.

18 Any other thoughts anybody has on that?

19 MR. SPEIDEL: Well, the Staff had an
20 internal work goal of November the 1st as the final
21 disposition order from the Commission being issued. We'd
22 like to move this along expeditiously and get things going
23 and not drag it out. We have many tasks to accomplish in
24 the year 2015 on the gas front. And, therefore, we do

1 want to devote sufficient resources to this investigation,
2 but not necessarily take such a long time that other
3 efforts suffer as a consequence.

4 So, with the assistance of LaCapra
5 Associates, I think we can move through this pretty
6 quickly and get things into shape for a November 1 order
7 timeframe. And, I don't mean to be presumptuous about the
8 Commission's own deliberation schedule. But that was our
9 hope and goal.

10 CHAIRMAN HONIGBERG: I just asked you
11 for a ballpark. Is there any other business we can
12 transact while we're here?

13 (No verbal response)

14 CHAIRMAN HONIGBERG: Seeing none, I
15 think we will take our leave and allow you to continue
16 with your technical session. Thank you all.

17 MR. SPEIDEL: Thank you.

18 **(Whereupon the prehearing conference was**
19 **adjourned at 1:20 p.m., the Parties and**
20 **Staff held a technical session**
21 **thereafter.)**