



May 19, 2017

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BY HAND-DELIVERY 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. IR 15-296

Dear Director Howland:

Unitil Energy Systems, Inc. ("Unitil" or the "Company") appreciates the opportunity to comment on the New Hampshire Grid Modernization Working Group Final Report ("Final Report"). Unitil supports the Final Report and its recommendations, and offers these comments for the New Hampshire Public Utilities Commission's ("Commission") consideration, as it evaluates the Report's consensus recommendations, as well as those areas where consensus was not achieved and alternative viewpoints were provided.

1. As was stated in our initial comments filed with the Commission in this docket on September 17, 2015, Unitil believes that the primary role of the electric distribution companies, first and foremost, is to provide safe and reliable universal service while implementing technologies, investments and programs aimed at making the distribution grid more efficient, economic and secure. Beyond these traditional obligations, Unitil sees itself as responsible for implementing enabling technologies supporting both traditional electric company operations and new smart grid capabilities. Unitil's vision of the modern grid is that it will be defined by the functionality that it delivers as opposed to the specific technologies deployed, many of which are only now emerging or have yet to be developed. Unitil's business model is changing in order to become an "enabling platform" supporting diverse activities by third parties and electricity customers.
2. At the same time, however, that the business model may be changing, it must also be recognized that utility distribution companies are the only entities subject to the ratemaking and terms of service jurisdiction of the Commission and are thereby fully responsible to the Commission and its rules and orders. It is the utilities' obligation to provide universal service, coupled with the Commission's oversight of rates and terms of service, that has resulted in a sound and reliable system for providing electricity service. A fundamental premise in the development of this reliable system is that one entity, the utility, is responsible for its planning. While traditional utility planning will evolve to incorporate new technologies, new services and the input and needs of new stakeholders, Unitil submits that the essential planning function of the distribution system must remain in the control of the utilities. By keeping this planning function with the utility, the state, through Commission oversight and regulation, can ensure that reliable

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electric service will be maintained. The stakeholder process that has been proposed in the Final Report provides the stakeholders with input at the 1) pre-planning phase, 2) project identification and consideration phase and 3) project prioritization phase of the plan development. In addition, the non-utility stakeholders have recommended a consumer advisory committee. Unitil believes that the non-utility stakeholders will have ample opportunity to participate in the development of the plan, but the planning, design and operation of the distribution system is the responsibility of the utilities and needs to remain as such.

3. Non-wire alternatives might be available that may provide additional benefits as compared to what has been considered as traditional “wire” investments. The challenge is valuing the non-wire alternatives with concrete benefits and savings that can be quantified. The consideration of non-wires alternatives by the Company in distribution planning and grid modernization planning will require a comparison of capacity, availability, reliability, functionality, resiliency and life expectancy to other alternatives. Ownership, control and maintenance issues associated with non-traditional solutions pose additional challenges and will need to be addressed on a case-by-case basis.

4. When considering the establishment of standards and metrics, it will be essential to develop and employ a well understood and well accepted benefit-cost analysis. For example, many of the non-utility stakeholders are supportive of a metering requirement capable of capturing five minute intervals. Unitil believes that most of the benefits associated with interval metering can be achieved with 15 minute interval metering. The challenge will be to balance the concern of lost opportunities if the more rigorous standard is not adopted with a consideration of whether the incremental benefits warrant implementation of the more stringent value. In such circumstances, the Company recommends a measured approach to Grid Modernization, which keeps customer rate impacts in mind, over both the short and long term. Grid Modernization is evolving in both theory and practice: new technologies are developing, new services emerging and costs and benefits are becoming more competitive, and perhaps also more complicated.

In conclusion, Unitil would like to acknowledge the time, effort and thoughtful input of the entire Stakeholder group, and the process which produced the Final Report. The Company looks forward to working with the Commission and these other entities and individuals as we continue towards Grid Modernization.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler". The signature is fluid and cursive, with the first name "Gary" being larger and more prominent than the last name "Epler".

Gary Epler
Attorney for Unitil Energy Systems, Inc.

cc: Service List (by e-mail)