

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 19-126

NORTHERN UTILITIES, INC.

2019-2024 Integrated Resource Plan

Order Approving Settlement Agreement

ORDER NO. 26,382

July 23, 2020

APPEARANCES: Patrick H. Taylor, Esq., on behalf of Northern Utilities, Inc.; the Office of the Consumer Advocate by Christa Shute, Esq., on behalf of residential customers; and Lynn Fabrizio, Esq., on behalf of Commission Staff.

In this order, the Commission approves Northern Utilities' revised Least Cost Integrated Resource Plan filed on February 24, 2020, and the May 27, 2020, Settlement Agreement reached by the parties. The parties to this proceeding are required to file a report of working group discussions and any agreement reached by July 1, 2021. Northern Utilities' next Least Cost Integrated Resource Plan is due on or before July 1, 2022.

I. PROCEDURAL HISTORY

On July 22, 2019, Northern Utilities, Inc., (Northern, or the Company), filed its 2019 Least Cost Integrated Resource Plan (LCIRP) and a motion for confidential treatment of certain information included in the LCIRP. The Office of the Consumer Advocate (OCA) filed a notice of participation in this proceeding pursuant to RSA 363:28, on July 24, and on August 2 the Commission issued an Order of Notice, scheduling a prehearing conference for September 4.

On February 24, 2020, Northern filed a revised LCIRP. The parties engaged in multiple rounds of discovery and technical sessions during the course of the proceeding. On April 10, the OCA filed the testimony of Dr. Pradip Chattopadhyay and Staff filed the testimony of Al-Azad

Iqbal. Northern, the OCA, and Staff (Settling Parties) reached agreement on certain issues raised in the proceeding and filed a settlement agreement on May 27 (Settlement Agreement).

The LCIRP and Settlement Agreement, as well as other docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are available at <https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-126.html>.

II. POSITIONS

A. Northern Utilities, Inc.

Northern asked the Commission to accept and approve the Company's 2019 LCIRP and the Settlement Agreement. Northern argued that its LCIRP meets the requirements of the applicable statutes and prior Commission orders. According to Northern, the Company made a significant effort to address the statutory requirements of RSA 378:37 through 378:40, and the LCIRP meets the Commission's directives contained in Order No. 26,027 (June 19, 2017) to provide detailed evidence of the reliability, environmental, economic, and health-related impacts of the Company's supply portfolio. Finally, Northern stated that the Settlement Agreement is the product of a collaborative effort among the parties and that the Company is committed to continued collaboration in the proposed working group process. Northern therefore recommended that the Commission approve the Settlement Agreement and establish a working group to determine the requirements for the Company's next LCIRP.

B. The Office of the Consumer Advocate

The OCA supported the Settlement Agreement and the adequacy of the LCIRP submitted under the current guidance. In testimony, the OCA commented on the importance of establishing a framework that would permit natural gas utilities to analyze and carefully consider non-gas alternatives and environmental considerations in future LCIRP filings. Toward that end,

the OCA noted the findings of a recent audit report commissioned by the Maine Public Utilities Commission (MPUC) and conducted by The Liberty Consulting Group on the Company's natural gas supply procurement and management protocols and practices.

According to the OCA, while most of the recommendations listed in the audit report deserve proper consideration, particularly noteworthy were the report's emphasis on: (1) the recommended use of Monte Carlo simulations when forecasting load; (2) the optimization of newly procured pipeline capacity by leveraging the difference in summer and winter loads; and (3) the need for increased written policies and procedures, including the documentation of various factors in gas supply decisions.

The OCA stated its appreciation for the Company's willingness to work with parties to evaluate whether there are additional ways to incorporate into future LCIRPs the statutory requirements of RSA 378:37-40 regarding environmental, economic, and health-related impacts. The OCA expressed particular interest in further discussion of environmental impacts of traditional resources and potential options for non-gas and non-pipeline alternatives. Accordingly, the OCA noted that the working group established as a result of the Settlement Agreement will result in valuable recommendations for the Commission to consider in developing guidance for future gas utility LCIRPs under the statute.

C. Staff

Staff recommended that the Commission accept Northern's LCIRP and approve the Settlement Agreement reached by the parties. Staff stated that Northern had prepared a reasoned and well-supported plan that meets the applicable requirements of RSA 378:37-40. According to Staff, the Company based its plan on a reasonable forecast of future demand in its service area and included a balanced array of supply options and demand side energy programs. Staff

concluded that the LCIRP includes a reasonable assessment of system requirements, as well as utility obligations under evolving economic and environmental regulations and policies. Staff concluded that the Company's approach to resource planning reflects sound gas distribution system planning for New Hampshire, and that the Settlement Agreement proposes an appropriate avenue to explore ways for Northern to meet evolving requirements under state law and policy, while carefully considering ratepayer interests.

Staff concluded that the Settlement Agreement is a just and reasonable resolution of the issues in this proceeding and therefore in the public interest. Accordingly, Staff recommended that the Commission approve the LCIRP and the Settlement Agreement.

III. SETTLEMENT AGREEMENT

The Settling Parties recommend that the Commission approve the Settlement Agreement. The Settling Parties recommend that the Commission accept Northern's 2019-2024 LCIRP as adequate under RSA 378:39. As part of their Settlement Agreement, the Settling Parties recommend the establishment of a working group (Working Group) to discuss potential approaches and recommendations regarding the assessment of environmental, economic, and health-related impacts in future LCIRPs, as required under RSA 378:37-40. The scope of Working Group discussions would include, but not be limited to, the exploration of renewable natural gas, as well as non-gas and non-pipeline alternative resources. Recommendations of the Working Group will take into consideration whether proposed revisions to Northern's LCIRP planning process are feasible and practical. The Settling Parties agree that the Working Group will consider the cost of such revisions, as well as the potential impact of any such revisions on the Company's regulatory obligations in Maine.

The Settling Parties recommend that the proposed working group process begin with a series of meetings to be convened by Staff within three months of the issuance of a final order approving the Settlement Agreement and LCIRP in this docket. The focus of initial meetings would be to define a reasonable scope of study and desired outcomes. The Settling Parties agree to provide Working Group recommendations to the Commission by June 1, 2021, for inclusion in a Commission order providing guidance regarding expectations under RSA 378:37-40 for future LCIRPs.

The Settling Parties agree that the proposed development of recommendations by the Working Group would be specifically related to: (1) the statutory interpretation of RSA 378:37-40; (2) recommended criteria for Northern's evaluation of least-cost resources to meet the applicable statutory requirements regarding environmental, economic, and health-related impacts in future LCIRPs, including, but not limited to, alternative resources and optimization of pipeline capacities; and (3) the content and presentation of future LCIRP filings, including recommendations on integrating the Working Group's recommendations into Northern's next LCIRP filing. Northern indicated that it has been conducting an internal evaluation of the Monte Carlo-based weather distribution analysis and agreed to share its analysis and findings with the Settling Parties in the context of the Working Group.

IV. COMMISSION ANALYSIS

Northern has the burden to meet the requirements of RSA 378:38, and demonstrate that its planning process results in the adoption of least cost options that meet the standards articulated in RSA 378:39, by which the Commission is required to evaluate the plan.

The Commission must determine that settlement results are just and reasonable and serve the public interest under N.H. Admin. R., Puc 203.20(b). Even when all parties join a settlement

agreement, the Commission cannot approve it without independently determining that the results comport with applicable standards. *EnergyNorth Natural Gas Inc. d/b/a National Grid NH*, Order No. 25,202 at 18 (March 10, 2011).

We encourage parties to settle issues through negotiation and compromise because such an approach provides an opportunity for creative problem solving, allows the parties to reach a result in line with their expectations, and is often a better alternative to litigation. *Granite State Electric Co.*, Order No. 23,966 at 10 (May 8, 2002); *see* RSA 541-A:31,V(a) (“informal disposition may be made of any contested case ... by stipulation [or] agreed settlement”).

We approve the Settlement Agreement reached by the parties in this proceeding. We find that the LCIRP adequately satisfies the statutory requirements for natural gas utility least cost integrated resource planning. The Settlement Agreement, with the creation and work of the working group, reflects the parties’ commitment to collaborate on further development of the general guidelines provided for LCIRPs in the statutory language of RSA 378:37-38 and in light of the statutory requirements of RSA 378:39. The parties may wish to invite Liberty Utilities (EnergyNorth Natural Gas) Corp., New Hampshire’s other gas distribution company, to participate, as well.

Based upon the foregoing, it is hereby

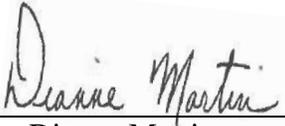
ORDERED, that Northern’s revised LCIRP filed on February 24, 2020, is approved, as set forth above; and it is

FURTHER ORDERED, that the Settlement Agreement reached by the parties in this proceeding and filed on May 27, 2020, is approved; and it is

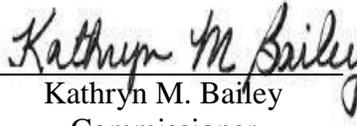
FURTHER ORDERED, that the parties to this proceeding file a report of Working Group discussions and any agreement reached on the content of future LCIRP filings on or before July 1, 2021; and it is

FURTHER ORDERED, that Northern file its next LCIRP on or before July 1, 2022.

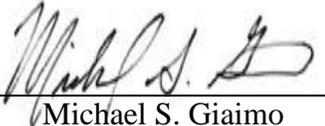
By order of the Public Utilities Commission of New Hampshire this twenty-third day of July, 2020.



Dianne Martin
Chairwoman

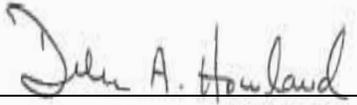


Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket# : 19-126

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Email Addresses

ExecutiveDirector@puc.nh.gov
james.brennan@oca.nh.gov
pradip.chattopadhyay@oca.nh.gov
epler@unitil.com
lynn.fabrizio@puc.nh.gov
steve.frink@puc.nh.gov
furino@unitil.com
al-azad.iqbal@puc.nh.gov
donald.kreis@oca.nh.gov
jayson.laflamme@puc.nh.gov
amanda.noonan@puc.nh.gov
ocalitigation@oca.nh.gov
Christa.Shute@oca.nh.gov
taylorp@unitil.com