

BEFORE THE
STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 21-030

IN THE MATTER OF: UNITIL ENERGY SYSTEMS, INC.

REQUEST FOR CHANGE IN RATES

DIRECT TESTIMONY

OF

Richard T. Chagnon
Assistant Director of Electric
New Hampshire Department of Energy

November 23, 2021

1 **Introduction**

2 **Q. Please state your full name?**

3 A. My name is Richard T. Chagnon.

4 **Q. By whom are you employed, and what is your business address?**

5 A. I am employed by the New Hampshire Department of Energy (DOE) as an Assistant Director
6 of Electric in the Regulatory Support Division. My business address is 21 S. Fruit Street,
7 Suite 10, Concord, NH 03301.

8 **Q. Please summarize your education and professional work experience.**

9 A. I started at the New Hampshire Public Utilities Commission (Commission) in May 2015 as a
10 Utility Analyst in the Electric Division. In June 2019, I was promoted to the position of
11 Assistant Director of the Electric Division. As a result of the creation of the Department of
12 Energy on July 1, 2021, I currently have the same job responsibilities in this newly formed
13 agency.

14 Before joining the Commission, I was employed at Public Service of New Hampshire
15 (PSNH) for over 36 years. My most recent position at PSNH was Division Manager of the
16 Seacoast Northern Division for 4 years. In this position, I was responsible for account
17 executives assigned to the largest commercial and industrial customers, community relations
18 manager assigned to towns and community outreach programs, operations manager assigned
19 to six area work centers throughout the division, and associated staff and crews. My
20 responsibilities also included budgets, goals, employee safety, environmental, employee
21 relations, customers, and company policies and procedures.

22 Prior to my position as Division Manager, I held the position of Manager of Human
23 Resources for 4 years. In this position, I was responsible for implementing company

1 policies, employee training, employee discipline/promotion, employee compensation,
2 staffing, and internal investigations for over 1,400 employees in New Hampshire. I also
3 oversaw labor relations and labor contracts.

4 Prior to my position as Manager of Human Relations, I held the position of Manager of
5 Customer Systems & Training in the Customer Services Division for 3 years. In this
6 position, I was responsible for directing the requirements of the customer information system
7 (CIS) for billing customer accounts, CIS analysts, large power billing system, and the
8 customer call center and credit department training team. The other positions I held prior to
9 this were Account Executive, Conservation & Load Program Administrator, Credit &
10 Collections Analyst, Credit & Collections Supervisor, Meter Reading Supervisor, Meter
11 Reading Foreman, Line Worker and Meter Reader.

12 I received a Bachelor of Science Degree from Franklin Pierce College in Marketing.

13 **Q. Have you previously testified before the Commission?**

14 A. Yes. I have presented testimony in multiple dockets since 2015.

15 **Q. What is the purpose of your testimony in this proceeding?**

16 A. The purpose of my testimony is to provide DOE's recommendations for specific requests
17 from Unitil Energy Systems, Inc. (Unitil or Company) regarding its Vegetation Management
18 Program (VMP) as presented in the Company's petition for rate increase (distribution rates)
19 in Docket No. DE 21-030.

20 **Q. What are the components of Unitil's VMP?**

21 A. Unitil's VMP is comprised of five components; 1) circuit pruning; 2) hazard tree mitigation;
22 3) mid-cycle review; 4) forestry reliability assessment; and 5) storm resiliency work.

23 **Q. What changes has the Company proposed for its VMP in this proceeding?**

1 According to the testimony of Christopher J. Goulding and Daniel T. Nawazelski on Bates
2 page 084, “The VMP and REP [Reliability Enhancement Program] expense has been pro
3 formed to increase the test year expense by \$1,406,427 to adjust the total VMP and REP
4 expense recovery through base distribution rates to \$6,265,166. This amount equals the
5 revised amount of program costs that the Company filed for in the 2021 VMP in DE 20-183.
6 The increase of \$1,406,427 is due to an increase of \$416,927 in the 2021 budgeted amount
7 above the test year 2020 amount of \$5,848,239 and the removal of the \$989,500 credit
8 associated with the reimbursement from third party vendors who reimburse the Company for
9 a portion of the vegetation management that the Company performs.”

10 **Q. Does DOE support the Company’s proposed adjustments to its VMP?**

11 A. No, DOE does not support the removal of the \$989,500 credit associated with the
12 reimbursement from third party vendors (joint pole owners) who reimburse the Company for
13 a portion of the vegetation management that the Company performs.

14 **Q. Please explain why DOE does not support this adjustment.**

15 A. Currently, the Company’s distribution base rates do not include vegetation management costs
16 billed annually to joint pole owners for reimbursement for the portion of the vegetation
17 management costs that are the responsibility of joint pole owners. Allowing the Company to
18 move \$989,500 of estimated annual reimbursement of vegetation management costs
19 currently being billed to joint pole owners into base rates simply shifts the risk of any
20 potential nonpayment of these costs to customers, instead of Unitil.

21 **Q. Why does DOE believe this adjustment would shift the risk of any potential**
22 **nonpayment of costs owed from joint pole owners for vegetation management to**
23 **customers instead of Unitil?**

1 A. Please refer to the testimony of Sara M. Sankowich on Bates pages 928 and 929. She states,
2 “The Company’s request to recover vegetation management costs is not reduced for these
3 amounts because payment by the joint owners is not guaranteed nor always timely, and the
4 integrity of the VMP should not be dependent upon the occurrence of these payments.”

5 “Any payment received from a joint pole owner will be credited to customers through the
6 EDC reconciliation.”

7 DOE understands these statements to mean that any payments not received from a joint pole
8 owner for vegetation management costs billed to it will be borne by customers through base
9 rates. Another way the Company could have written this testimony with the same outcome
10 could have been, “Only payments received from a joint pole owner will be credited to
11 customers through the EDC reconciliation.” In fact, in the testimony of Christopher J.
12 Goulding and Daniel T. Nawazelski on Bates page 085, they state the following, “The
13 Company is proposing that any reimbursement received will be returned to customers via the
14 EDC.”

15 **Q. Has nonpayment of vegetation management costs from joint pole owners been an issue**
16 **for utilities?**

17 A. Not in Unitil’s service territory, however, both Eversource in Docket No. DE 19-057 and
18 Liberty in Docket No. DE 19-064 included testimony indicating they have experienced
19 nonpayment from a joint pole owner.

20 **Q. Does DOE support the Company’s proposal to continue annually reconciling the actual**
21 **REP and VMP expenses through the EDC?**

22 A. Yes.

1 **Q. Do you have any other recommendation regarding payments from joint pole owners for**
2 **vegetation management?**

3 A. Yes. DOE recommends that if a joint pole owner serves notice to Until informing the
4 Company that the joint pole owner plans to cease paying vegetation management costs billed
5 to it in the future, that Until be required to notify the PUC and the DOE within 30 days of
6 receiving such notice.

7 **Q. Are there any other VMP requests from Until in its filing that DOE would like to**
8 **address?**

9 A. Yes. Please refer to the testimony of Sara M. Sankowich on Bates page 945. Ms. Sankowich
10 states, “The Company is proposing to continue SRP efforts past the conclusion of the initial
11 program in 2022. This next cycle of SRP work will be aimed at revisiting circuits done in the
12 first cycle, performing work on any sections that may have been added due to circuit
13 reconfiguration or construction, and also extending SRP work out further on circuits where
14 appropriate.”

15 **Q. How does Until propose to fund the continuation of its SRP efforts?**

16 A. On Bates page 947, Ms. Sankowich states, “Through estimation of the vendor costs for the
17 past cycle, it was estimated that approximately 20% of the cost per mile of SRP would
18 transfer to cycle pruning in 2023. Using the projected cost per mile in 2021 of \$38,981 per
19 mile and the 34.65 miles planned in 2023, this calculates to approximately \$1,081,000 for
20 SRP per year. The remaining \$384,690 is expected to be required to cover the increase in
21 cycle pruning and would be reallocated to this line item after the initial SRP cycle concludes
22 in 2022.”

23 **Q. Does DOE support the continuation of SRP efforts after 2022?**

1 A. No. DOE, and Commission Staff prior to July 1, 2021, has continued to support the current
2 ten-year SRP program since it was implemented as a pilot in 2012 and 2013, and then
3 transitioned to a full program in 2014. DOE believes at this time that the Company's desired
4 benefits of the SRP of improved reliability, improved customer service and satisfaction,
5 reduced safety risks, and avoided costs during storm events have been achieved. DOE points
6 out that the Company's reliability of its system has improved through this current ten-year
7 SRP program effort, as well as its REP program initiatives. This improvement has been
8 effectively established in the Storm Resiliency Program and Assessment Report provided by
9 Environmental Consultants in Exhibit SMS-3 beginning on Bates page 955 of the testimony
10 of Ms. Sankowich.

11 **Q. Does Until claim that storm performance and reliability could suffer if the SRP is not**
12 **continued?**

13 A. Yes. Until does make this claim. Ms. Sankowich on Bates pages 947 states, "Each year that
14 the SRP lines are not maintained and risk vegetation develops along the lines, the likelihood
15 of tree related vegetation damage occurrence on the SRP portion of lines increases."

16 **Q. Does Until maintain existing SRP lines through scheduled cycle maintenance pruning**
17 **after the original ground-to-sky clearance has been achieved?**

18 A. Yes, it does. Please refer to the Company's data response to Energy 6-017 (Attachment
19 RTC-1) which states, "The Company's cycle pruning specifications indicate that if greater
20 clearances have been obtained in the past, the contractor is required to re-establish those
21 clearances. This applies to ground to sky clearances that were established as part of the
22 storm resiliency program. The line-clearance contractor is given maps as part of the Request

1 for Proposal (RFP) process which include highlighting for previous SRP sections that must
2 be cleared to these greater specifications during maintenance pruning.”

3 **Q. Has Unutil identified additional circuits or circuit segments in its proposed continuation**
4 **of SRP after 2022?**

5 A. No. Please refer to the Company’s data response to Energy 6-020 (Attachment RTC-2)
6 which states, “The Company has not fully identified these areas/circuits.”

7 **Q. What is DOE’s recommendation regarding Unutil’s proposed continuation of SRP?**

8 A. DOE recommends that the Company’s budgeted amount of \$1,465,690 for SRP in base rates
9 continue only through December 31, 2022. DOE recommends that this budgeted amount in
10 base rates for 2023 and beyond be refunded back to customers through the annual
11 reconciliation mechanism of the EDC, or some other method, until Unutil’s next rate case.

12 **Q. Does this conclude your testimony?**

13 A. Yes.

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