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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

August 4, 2010 - 10:11 a.m.
Concord, New Hampshire



RE: DE 10-001
UNITIL ENERGY SYSTEMS, INC.:
*Investigation of the Ice Storm
of 2008.*

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

APPEARANCES: Reptg. Unitil Energy Systems, Inc.:
Gary M. Epler, Esq.
Susan S. Geiger, Esq. (Orr & Reno)

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Kenneth E. Traum, Asst. Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Lynn Fabrizio, Esq.
Randall Knepper, Director-Safety Division
Thomas Frantz, Director-Electric Division
Edward Damon, Esq., Director-Legal Division

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

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4 RAYMOND A. LeTOURNEAU, JR.
5 RICHARD L. FRANCAZIO

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P R O C E E D I N G

1
2 CHAIRMAN GETZ: Okay. Good morning,
3 everyone. We'll open the hearing in Docket DE 10-001. On
4 December 3, 2009, the Commission issued a Final Report
5 regarding the After Action Review of the December 2008 ice
6 storm. Among other things, the Report contained action
7 items, one of which was the commencement of an
8 adjudicative proceeding to examine certain aspects of
9 Unitil's response to the ice storm. We issued an order of
10 notice on January 8th, that set a prehearing conference
11 that was held on February 11th. Subsequently, a
12 procedural schedule was approved and, among other things,
13 subject to the procedural schedule, the Company filed
14 testimony, and, most recently, Staff filed a report and
15 recommendations.

16 With that, let's take appearances.

17 MR. EPLER: Good morning, Mr. Chairman,
18 Commissioners. Gary Epler, on behalf of Unitil Energy
19 Systems, Inc. And, with me is Susan Geiger, of the law
20 firm of Orr & Reno. Thank you.

21 CHAIRMAN GETZ: Good morning.

22 MS. HATFIELD: Good morning,
23 Commissioners. Meredith Hatfield, for the Office of
24 Consumer Advocate, on behalf of residential ratepayers.

1 And, with me is Ken Traum.

2 CHAIRMAN GETZ: Good morning.

3 MS. FABRIZIO: Good morning,
4 Commissioners. Lynn Fabrizio, today on behalf of Staff.
5 And, with me at the table are Randy Knepper, Director of
6 the Safety Division; Tom Frantz, Director of the Electric
7 Division; and Ed Damon, Director of the Legal Division.

8 CHAIRMAN GETZ: Okay. Good morning. Is
9 there anything we need to address before the Company
10 proceeds with its witnesses?

11 (No verbal response)

12 CHAIRMAN GETZ: Hearing nothing, then,
13 Mr. Epler.

14 MR. EPLER: Yes. The Company would like
15 to call to the stand Tom Meissner, Ray LeTourneau and
16 Richard --

17 MS. GEIGER: Francazio.

18 MS. FABRIZIO: Francazio.

19 (Brief off-the-record discussion ensued)

20 (Whereupon *Thomas P. Meissner, Jr.*,

21 *Raymond A. LeTourneau, Jr.*, and

22 *Richard L. Francazio* were duly sworn and
23 cautioned by the Court Reporter.)

24 THOMAS P. MEISSNER, JR., SWORN

[WITNESS PANEL: Meissner~LeTourneau~Francazio]

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RAYMOND A. LeTOURNEAU, JR., SWORN

RICHARD L. FRANCAZIO, SWORN

DIRECT EXAMINATION

BY MR. EPLER:

Q. Okay. Starting with you, Mr. Meissner. Could you please state your full name and your business position with Unitil.

A. (Meissner) My full name is Thomas P. Meissner, Jr. I am Senior Vice President of Unitil Energy Systems, Inc., and Chief Operating Officer of Unitil Corporation.

A. (LeTourneau) My name is Raymond A. LeTourneau, Jr. I am the Director of Electric Operations for Unitil Service Corporation.

A. (Francazio) And, I'm Richard L. Francazio, Director of Emergency Management & Compliance at Unitil.

Q. Okay. Gentlemen, do you each have in front of you a document with the title page "Direct Testimony of Thomas Meissner, Jr., Ray LeTourneau, Jr., Richard Francazio", dated January 29, 2010?

A. (Meissner) Yes.

A. (LeTourneau) Yes.

A. (Francazio) Yes.

Q. And, could each of you please verify that this

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 testimony was jointly and collaboratively prepared by
2 you and your fellow panel members?

3 A. (Meissner) That is correct.

4 A. (LeTourneau) That is correct.

5 A. (Francazio) Yes.

6 Q. Okay. And, are there any changes, corrections or edits
7 to this testimony?

8 A. (Meissner) I have no changes.

9 A. (Francazio) No changes.

10 A. (LeTourneau) No changes.

11 Q. And, if you were asked these same questions today,
12 would your answers be the same as they appear in the
13 document?

14 A. (LeTourneau) Yes.

15 A. (Meissner) Yes, they would.

16 A. (Francazio) Yes.

17 MR. EPLER: Mr. Chairman, I would like
18 to have the prefiled direct testimony of these witnesses
19 marked as "Unitil Exhibit 1".

20 CHAIRMAN GETZ: So marked.

21 (The document, as described, was
22 herewith marked as **Exhibit 1** for
23 identification.)

24 MR. EPLER: Thank you.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 BY MR. EPLER:

2 Q. Mr. Meissner, I've handed you a document, that in the
3 upper right-hand corner has a reference "Attachment 1"
4 UES Comments on NEI Draft Report". Can you identify
5 this document?

6 A. (Meissner) Yes. This was provided as an attachment to
7 comments that we provided to NEI during the -- when
8 they submitted the Draft Report for utilities to submit
9 comments prior to its issuance as a Final Report.

10 Q. And, is it your best recollection that this was filed
11 on or by October 15th, 2009?

12 A. (Meissner) Yes, that is correct.

13 Q. And, are you also aware that the Company submitted this
14 document again shortly after October 15th, on
15 November 6th, 2009?

16 A. (Meissner) Yes, I believe that's correct.

17 MR. EPLER: Okay. Mr. Chairman, I'd
18 like to have this document marked as "Unitil Exhibit 2".

19 CHAIRMAN GETZ: That is so marked.

20 (The document, as described, was
21 herewith marked as **Exhibit 2** for
22 identification.)

23 MR. EPLER: Thank you.

24 BY MR. EPLER:

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Q. Mr. Meissner, could you turn to the prefiled testimony
2 at Page 19.

3 A. (Meissner) Yes, I have that.

4 Q. And, you see midway through on that page, starting at
5 Line 11, there's a list of factors that in the
6 testimony stated contributed to the decision-making
7 regarding the allocation of crews and the restoration
8 effort undertaken in New Hampshire. Can you verify
9 that throughout the restoration process the Company
10 continued to adhere to this list of criteria and did
11 not allocate crews based on either press reports,
12 complaints received, comments or requests from local
13 government officials or municipal officials, or any
14 other outside influence?

15 A. (Meissner) Yes. These are generally the requirement or
16 the criteria that were used to determine how crews were
17 dispatched or allocated during the storm. I'm not
18 aware of any situations where such allocations were
19 influenced by other factors such as you mentioned.

20 Q. Now, with respect to the restoration effort that was
21 also being undertaken simultaneously in Massachusetts,
22 in Fitchburg's territory, my understanding is that
23 there was some contact between the Governor, the
24 Governor's Office and Unitil, is that correct?

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 A. (Meissner) That is correct, yes.

2 Q. And, did that contact and conversations occur after the
3 restoration had been completed in New Hampshire in the
4 UES service territory?

5 A. (Meissner) Yes. I believe the first such contact
6 between the Governor's Office in Massachusetts and our
7 company would have been the second Saturday, which I
8 believe was December 30th. That would have been the
9 earliest we had such contact.

10 Q. Okay. Thank you. And, my last question, there was
11 some referenced concern in the Commission's After
12 Action Report with regard to a relatively new
13 Massachusetts statute, that essentially provides that,
14 in a dire event, where the Department of Public
15 Utilities feels that the utility is not responding
16 appropriately to the emergency needs and is not
17 appropriately restoring services, that essentially it
18 can take over and direct those operations directly. Do
19 you believe that, if such a dire event were to occur,
20 that this would -- and there was a simultaneous
21 emergency situation in New Hampshire, in the UES
22 service territory, do you believe that the Company
23 would allow our New Hampshire effort to be interfered
24 with or diverted by the -- by the Massachusetts

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 proceedings?

2 A. (Meissner) I do not believe that would be the case.
3 Those decisions would be made by the planning section
4 and the Incident Commander, based on the facts and the
5 circumstances at the time.

6 MR. EPLER: Thank you. That's all the
7 questions I have.

8 CHAIRMAN GETZ: Thank you.
9 Ms. Hatfield.

10 MS. HATFIELD: Thank you, Mr. Chairman.
11 Good morning, gentlemen.

12 CROSS-EXAMINATION

13 BY MS. HATFIELD:

14 Q. Staying on Page 19 of your testimony, if you would look
15 at Line 11 please. The first factor that you list is
16 "public safety requirements", is that correct?

17 A. (Meissner) That's correct.

18 Q. Does that encompass efforts to restore service to
19 critical facilities and critical needs customers?

20 A. (Meissner) It would include that, yes.

21 Q. Turning to Page 35 of your testimony, on Line 8, you
22 state that "The Company has also adopted a philosophy
23 of pre-staging resources". Do you see that?

24 A. (Meissner) I see that, yes.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Q. Can you briefly describe what you mean by "pre-staging
2 resources"?

3 A. (Meissner) In advance of a event that's predicted to
4 have, you know, significant impact on our territories,
5 the Company actually lines up resources in advance of
6 that event, either through on-call arrangements or
7 direct physical, you know, locating of those people on
8 the Company's present -- property before the storm.
9 So, that's really referring to having those resources
10 available to us either on the property or through
11 contractual arrangements before the storm occurs.

12 Q. And, has the Company estimated the cost of those types
13 of pre-staging efforts?

14 A. (Meissner) We're trying to identify those now as part
15 of the rate case. But I believe Rich can probably
16 speak to that better than I can.

17 A. (Francazio) Yes. We are going through that process as
18 we speak. And, we will have a estimate as part of the
19 rate case going forward.

20 Q. Thank you. On Page 38, in the "Conclusion" of your
21 testimony, beginning on Line 15 you list several steps
22 that Unitil has taken to address storm response. Is
23 that correct?

24 A. (Meissner) That's correct.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Q. And, would the costs related to those steps that you've
2 taken, and that you will take in the future, will those
3 also be addressed in your pending distribution rate
4 case?

5 A. (Meissner) Yes, that is correct.

6 MS. HATFIELD: Mr. Chairman, I have
7 several questions for this panel that relate to Staff's
8 report. But I believe that the parties are planning to
9 recall either this whole panel or some Unitil witnesses in
10 order to respond to the Staff report. So, I would like to
11 hold my questions until that time.

12 CHAIRMAN GETZ: Okay. Is that the
13 understanding?

14 MR. EPLER: Yes. There was some
15 exchange of e-mails among the Staff and the OCA and the
16 Company yesterday, in terms of process.

17 CHAIRMAN GETZ: Well, let me make sure I
18 understand. So that you would like to recall this panel
19 basically to rebut what's in the report, on the
20 recommendations from Staff?

21 MR. EPLER: To the extent that rebuttal
22 is necessary, yes, I would like to recall them.

23 CHAIRMAN GETZ: Okay.

24 MS. HATFIELD: Nothing further.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 CHAIRMAN GETZ: Any objection?

2 (No verbal response)

3 CHAIRMAN GETZ: Hearing no objection,
4 Ms. Fabrizio.

5 MS. FABRIZIO: Okay. Thank you, Mr.
6 Chairman.

7 BY MS. FABRIZIO:

8 Q. The panel is aware, I'm sure, the order of notice
9 directed Staff to work with the Company to consider the
10 Company's response to the December 2008 storm. And,
11 the issues that the Commission highlighted were the
12 actions and decision-making by UES, Unitil Energy
13 Systems and its parent, Unitil, on a company-wide
14 basis. Could each of you explain on whose behalf
15 you're testifying today, whether it's Unitil, the
16 parent company, or UES, the New Hampshire utility?

17 A. (Meissner) I guess I would have to say I'm testifying
18 on behalf of the parent company, but also on behalf of
19 UES.

20 MR. EPLER: And, if I may clarify. Mr.
21 Meissner, as he just stated, is both a senior officer of
22 the corporation and a senior officer of the local
23 distribution company. So, I think he, by the nature of
24 his office, is able to testify on behalf of both entities.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 MS. FABRIZIO: Thank you.

2 BY MS. FABRIZIO:

3 Q. Mr. LeTourneau?

4 A. (LeTourneau) I am an employee of Unitil Service
5 Corporation. So, I'm testifying on behalf of Unitil
6 Service Corp. But my job responsibilities also include
7 UES Services -- Unitil Energy Systems, Inc., as well.
8 So, I have -- I am testifying on behalf of both
9 entities.

10 Q. And, that means Fitchburg as well?

11 A. (LeTourneau) Fitchburg as well, yes.

12 Q. Okay. Mr. Francazio?

13 A. (Francazio) Same answer. I'm testifying on behalf of
14 both. My responsibilities include both areas.

15 Q. Okay. And, I see in the prefiled testimony,
16 Mr. Francazio, that you joined Unitil in March of 2009?

17 A. (Francazio) Correct.

18 Q. So, that means you were not at the Company during and
19 immediately after the ice storm?

20 A. (Francazio) That's correct.

21 Q. Given that, what part of the testimony were you
22 responsible for?

23 A. (Francazio) More the going forward, you know, what are
24 the priorities, how are we setting up our Emergency

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Response Plan, our development of the ERP. And, some
2 of the new organizational changes associated with the
3 Incident Command System and how we're going to
4 implement that going forward.

5 Q. Okay. Thank you. Let's see. Just for clarification
6 purposes, on Page 8 of your prefiled testimony, and I
7 assume that will be either Mr. Meissner or
8 Mr. LeTourneau who will be respond, because it pertains
9 -- my question pertains to what occurred actually in
10 December of 2008. On Lines 19 through 21, it appeared
11 that you -- you state that many decisions are based on
12 limited information regarding damage assessment when it
13 comes to allocation of resources in the time of
14 emergency, is that correct?

15 A. (Meissner) That is correct.

16 Q. And, on Page 10 of the testimony, Lines 5 through 8,
17 here you state that, "When making resource allocation
18 decisions among service areas", you allocate "based on
19 the assessment of the amount and type of repairs"
20 needed and the amount of damage. So, could you explain
21 how the Company made its initial allocation decisions
22 immediately upon the occurrence of the storm, without
23 the key information or certain key pieces of
24 information on damage assessment?

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 A. (Meissner) Certainly. I'll answer initially, then I'll
2 let Ray get into a more detailed response. But, while
3 information was limited at the outset, there was
4 information. The information may not have been as
5 detailed as would be obtained through a formal damage
6 assessment. But, at the outset of the storm,
7 information is known, such as, you know, what employees
8 are finding in the field at the outset of the storm,
9 the weather conditions at the outset of the storm, the
10 numbers of broken poles at the outset of the storm. In
11 many cases, we have information available to us from
12 SCADA. So, we may perhaps know that many of our
13 customers are interrupted due to problems on a 34 kV
14 sub-transmission lines, which would be a different type
15 of restoration approach than say problems on the
16 distribution.

17 So, early in the storm there was quite a
18 bit of information that was known. It's limited in the
19 sense that it's, you know, some of -- it's partly
20 anecdotal at that point, and it may be based on a
21 partial set of data, and then that gets firmed up when
22 we perform damage assessment in the days that follow.

23 I'll let Mr. LeTourneau answer in terms
24 of more detailed information he may have had available

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 to him at that point.

2 A. (LeTourneau) At the early stages, the first couple of
3 days of the storm, we were receiving field reports from
4 municipals, from our employees reporting into the
5 office, from our SCADA system, what sub-transmission
6 lines, the 34 and a half kV systems that may be out.
7 But, more importantly, one of the most significant
8 pieces of information was that the situation was
9 dynamic and changing. In other words, things that we
10 had picked up the day before or circuits that we had
11 picked up or streets that we had picked up had now come
12 down. Areas where we had removed trees or roads had
13 been cleared are now obstructed. So, that was the
14 quality of the information coming in, although it was,
15 as Tom stated, anecdotal. You know, we hadn't been out
16 to perform a damage assessment, but we were getting
17 information relative to the amount of damage that was
18 on our system in that manner. But, again, it was
19 changing. So, it might be information that would be
20 high quality when you first get it, but you know that
21 perhaps six hours later that information may have
22 changed.

23 Q. Thank you. Based on that information, and recognizing
24 the continually changing circumstances, then how would

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 you summarize Unitil's -- the factors behind Unitil's
2 decision-making in its initial resource allocations at
3 the very beginning of an emergency event, such as this
4 ice storm? What are the factors that go into Unitil's
5 decision-making?

6 A. (LeTourneau) In the early stages, we were utilizing
7 number of customers off and the number of broken poles
8 that we were receiving. The number of customers off
9 was a factor, because we knew that we had some
10 sub-transmission problems. And, we were assessing
11 where they were on our system and determining whether
12 we could switch around those sub-transmission problems.
13 And, in addition, the number of broken poles is a
14 significant indicator, because, in our business, a
15 broken pole, particularly during an emergency event,
16 means a significant amount of crew hours in order to
17 effect repairs. It isn't like a wire on the ground or
18 any other type of report that you get about damage
19 assessment. A broken pole is significant. So, that is
20 one of the factors that we look for in the early stages
21 of an event is, you know, "how many broken poles do we
22 have?" Because the equipment that you need to repair
23 that, the amount of time that's required to repair that
24 is significant.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 A. (Meissner) And, if I might add as well, during the
2 first day or two of the restoration, it was known that
3 a large number of UES's customers without service were
4 due to problems on the 34 kV sub-transmission system.
5 And, therefore, a lot of the focus of the efforts and
6 the resources that UES was on restoring that system,
7 which, in turn, resulted in the restoration of service
8 to a large number of customers. So, that's pertinent
9 to allocation decisions because the work is different.
10 Having a large number of distribution crews, for
11 example, will not necessarily expedite restoration of
12 the sub-transmission system.

13 Q. Thank you. And, turning to Page 12 of the testimony,
14 Lines 7 through 10, you indicate that "In essence,
15 resources were being matched to the amount and type of
16 repairs required and crews were being assigned to where
17 they were most needed." Is it possible to conclude
18 from this statement that the areas -- that areas that
19 will take the longest to repair are those that have
20 suffered the most extensive damage, and that they will
21 get allocated more resources than possibly areas that
22 could be restored with quick fixes, which may have to
23 wait a little longer?

24 A. (Meissner) Trying to figure out how to answer the

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 question. I mean, this gets into, you know, some of
2 the discussion we've had about the distinction between
3 restoration prioritization and resource allocation. In
4 general, the prioritization of the restoration is to
5 restore as many customers as possible as quickly as
6 possible, which means you follow a progression,
7 starting with the sub-transmission system, restoring
8 substations, whole circuits, and progressively gets
9 smaller and smaller, until, you know, essentially the
10 last customers on are those with, you know, either
11 small side taps or individual service issues. So, we
12 clearly follow that prioritization of the restoration.

13 In terms of matching resources or
14 allocating resources, that's a much more -- it's not as
15 fine a determination. You are trying to match digger
16 trucks with broken poles, and transmission crews with
17 transmission problems, and distribution crews with
18 distribution problems. And, it's the -- the objective
19 of restoring as many customers as possible as quickly
20 as possible does not really provide a methodology for
21 allocation decisions. So, from that standpoint,
22 allocation decisions are normally based on some type of
23 scope, be it customers without service, be it number of
24 individual troubles, or be it the result of damage

{DE 10-001} {08-04-10}

[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 assessment. So, what this statement is trying to say
2 is we're trying to match the appropriate number and
3 type of crews to the appropriate scope of work. And,
4 in doing so, we believe that that accomplishes the
5 objective of efficient restoration and restores as many
6 customers as possible as quickly as possible.

7 Did I answer your question, I guess I
8 should ask?

9 Q. I think so. If I'm understanding you correctly, then,
10 if you have two areas equally devastated, but the
11 broken poles are greater in number in one area,
12 although the customer outages are greater in the other
13 area, the initial resource allocation is going to focus
14 on the poles area, with the most physical damage?

15 A. (Meissner) I don't know that it's that black and white.
16 And, part of the problem is, we keep using the
17 statement "all things being equal", but things are
18 never equal. It just doesn't happen. So, you know,
19 you take the factors that we pointed out and, you know,
20 there is certainly a lot of subjective judgment that
21 goes into it, but your judgment is to restore customers
22 as quickly as possible. So, you know, to use an
23 example, if we had a lot of broken poles in a rural
24 part of our system, we would not normally be assigning

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 all our resources to that part of our system because
2 that's where the broken poles were; we'd be -- we are
3 assigning our resources to the part of the system where
4 we can get the customers on most quickly. So, I mean,
5 I think both factors are weighed. Again, the objective
6 of restoring as many customers as possible as quickly
7 as possible is the objective. But you have to be able
8 to operationalize that objective and turn it into an
9 actionable methodology.

10 Q. Thank you. That's very helpful. On Page 12, the same
11 page, Lines 1 through 3, you suggest that there's
12 confusion about your initial response in the underlying
13 ice storm review to Staff Data Request 1-47, in which
14 the Company stated, I'm sorry, you have that attached
15 to your testimony, the Company stated that "The
16 Company's goal is to accomplish full restoration to all
17 customers at approximately the same time." Given your
18 prefiled testimony and the testimony you've given
19 today, would you agree that the phrase "at the same
20 time" was perhaps a poor choice of words in that
21 response?

22 A. (Meissner) I think that sentence was a poorly worded
23 sentence, yes, and it created a lot of confusion. And,
24 I think the more pertinent term in the sentence is

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1 "full restoration" and what the term "full restoration"
2 was intended to convey. Normally, that means
3 "customers are fully restored in a region." So, when
4 we -- the sentence was never intended to mean that "all
5 customers will be restored simultaneously." That was
6 not the intent of the statement. The intent of the
7 statement was that "full restoration of service in each
8 region would be accomplished at approximately the same
9 time."

10 And, to further explain the statement,
11 if we had one region where, based on damage assessment,
12 we are projecting restoration in three days, and we had
13 another region where we were projecting restoration of
14 service in five days, we would try to bring in more
15 resources to align the two, so that we could complete
16 restoration of service to both in three days. If
17 resources were limited, we may have to make a
18 reallocation. But the goal would be to align full
19 restoration of service in each region.

20 Within that, though, of course, we're
21 proceeding restoring as many customers as possible as
22 quickly as possible. So, I think it was a poorly
23 worded sentence that did not really -- it was open to
24 interpretation.

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1 Q. Okay. Thank you. And, following up on that, I'm not
2 sure who to give it to to identify it. Could you
3 identify this?

4 MR. EPLER: If I could just say
5 something here? I believe that response was prepared by
6 Mr. Francazio. So, it might be more appropriate to direct
7 the questions to him.

8 BY MS. FABRIZIO:

9 Q. Could you just identify the document.

10 A. (Francazio) Yes. Yes, this is the document I sent to
11 Staff.

12 Q. And, what is the title of the document?

13 A. (Francazio) The title of the document is "Acquisition
14 and Allocation of Resources".

15 Q. And, this was, according to the cover letter attached,
16 this was a filing made "pursuant to the Commission's
17 December 2008 Ice Storm After-Action Review, Action
18 Item 5.4." Is that correct?

19 A. (Francazio) Correct.

20 MS. FABRIZIO: Mr. Chairman, I'd like to
21 mark this for exhibits. I guess this will be "Exhibit 3".
22 And, I believe you have this before you.

23 CHAIRMAN GETZ: This is the --

24 MS. FABRIZIO: It was filed on December

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1 24th with the Commission by Unitil.

2 CHAIRMAN GETZ: I see we have a letter
3 here that says "Amendment to Emergency Response Plan",
4 dated "December 23, 2009". Is that the document?

5 MS. FABRIZIO: Yes.

6 CHAIRMAN GETZ: Okay. We'll mark it for
7 identification as "Exhibit Number 3".

8 (The document, as described, was
9 herewith marked as **Exhibit 3** for
10 identification.)

11 WITNESS FRANCAZIO: Do you mind if I
12 grab my glasses?

13 MS. FABRIZIO: No.

14 WITNESS FRANCAZIO: It will be a lot
15 easier.

16 BY MS. FABRIZIO:

17 Q. In this document, Mr. Francazio, you provide an example
18 of how allocation resources will be allocated in the
19 event of a wide-scale multistate emergency. Is that
20 correct?

21 A. (Francazio) Yes.

22 Q. And, I'll ask you to further elaborate, but I wanted to
23 point out a couple of points in the example that you
24 could then explain. You take the example of two

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1 regions, for example, and, in Point 6 of your example,
2 you say "The estimated time of restoration for Region 1
3 is approximately 2.5 days." And, in Point 7, "for
4 Region 2 is approximately 6.7 days."

5 A. (Francazio) Correct.

6 Q. You've established that there's a target, a global
7 target restoration time of "4 days". So, in your
8 example, you go on to discuss that the System Incident
9 Commander would then enter into reallocation of
10 resource mode and "would target Region 1 for a 3-day
11 restoration and Region 2 for a 4-day restoration." Is
12 that correct?

13 A. (Francazio) Correct.

14 Q. And, is it fair to read this example as indicating that
15 restoration in Region 1 could be slowed, while
16 restoration in Region 2 is accelerated, resulting in a
17 longer restoration time due to resource allocation than
18 Region 1 otherwise might have seen?

19 CHAIRMAN GETZ: Before we answer that
20 question, I think this came up earlier. I want to
21 understand, when we're talking about "regions", is this a
22 fluid concept? Are we talking the Fitchburg franchise
23 versus the Unitil franchise in New Hampshire? Does it
24 break down possibly Seacoast versus Concord? Does it

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1 further break down to --

2 WITNESS FRANCAZIO: The way we're --

3 CHAIRMAN GETZ: -- parts of a town? I
4 mean, is it that fluid when you talk about "region" or is
5 it something more definitive?

6 WITNESS FRANCAZIO: No. The way we're
7 using "region" here is the local DOCs. All right? So, it
8 will be Concord, it will be Seacoast, and it will be
9 Fitchburg. So, those are the three regions that we're
10 describing.

11 MR. EPLER: Just to clarify the record,
12 could you indicate what "DOC" stands for?

13 WITNESS FRANCAZIO: "Distribution
14 Operation Center".

15 MR. EPLER: Thank you.

16 BY MS. FABRIZIO:

17 Q. So, to follow up on the Chairman's question, --

18 A. (Francazio) Yes.

19 Q. -- you're comparing each individual service territory,
20 rather than -- so, it could be three New Hampshire
21 territories versus one Massachusetts territory? Is
22 that --

23 A. (Francazio) It could be two New Hampshire service
24 territories, versus the other.

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1 Q. All right. Sorry. Yes.

2 A. (Francazio) And, we could have the same situation
3 between any two New Hampshire service territories. So,
4 it might be in the same situation in that case. And,
5 again, a lot of factors go into these decisions. This
6 is just one example. Clearly, the first option is to
7 go out and try to acquire more resources. Okay. And,
8 this is saying that, in general, you could not, or
9 because of the time frame in which those resources
10 would be available, you may have to travel for well
11 over a day, you may think that -- in that case, you
12 would have to think through what is the best approach
13 to get the customers on as quickly as possible. And,
14 to try and levelize, you know, the restoration time
15 for, let's say, between the two regions within the
16 State of New Hampshire is something that the Company
17 would do. So, that is very typical. So, you have a
18 global estimated restoration time of three days, versus
19 one area might be two or -- one or two days, versus
20 four days. So, that happens often.

21 Q. So, is it fair to say then an allocation strategy and
22 restoration efforts would be to levelize, to some
23 extent, the restoration times across regions?

24 A. (Francazio) As best you can, based on what you're

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1 seeing for damage assessment, resource availability,
2 and estimated time of restoration, yes.

3 MS. FABRIZIO: All right. That is all
4 we have for the panel. Thank you very much.

5 CHAIRMAN GETZ: Thank you. Commissioner
6 Below.

7 BY CMSR. BELOW:

8 Q. I'd like a little clarification on just a detailed
9 factual matter, I think it's sort of touched on on Page
10 33 of your testimony. With regard to the six crews
11 from a contractor that had been working in New
12 Hampshire that were asked in the early morning hours of
13 December 12th to report to Fitchburg. And, it's
14 described in various places as the contractor
15 "replacing three of the crews on the same day", and it
16 mentions, on Line 13 and 14, they were "able to provide
17 a fourth crew on the 13th and a fifth crew on the
18 15th." And, I think it's, in some other documents, it
19 refers to "three crews returning to New Hampshire".
20 And, I'm just -- could you just clarify what occurred
21 there with the six crews that were sent to Fitchburg?
22 Did they -- Did six crews stay in Massachusetts, and
23 the three that were replaced come to New Hampshire? I
24 just don't quite understand that, that detail.

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1 A. (LeTourneau) I think I can try to detail that out for
2 you, Commissioner. We had one -- a contractor that was
3 assigned to New Hampshire waiting to be deployed.
4 These were bucket crews, two-man bucket crews. We were
5 getting reports out of Massachusetts that we had some
6 significant damage to our sub-transmission system in
7 Massachusetts, all off-road work. This contractor
8 happens to have off-road equipment. So, rather than
9 put those -- those men, those crews on a bucket, we
10 said "Take your off-road equipment and go to Fitchburg,
11 Mass." So, three of those crews took three pieces of
12 off-road equipment, went to Fitchburg to work off-road
13 with their off-road equipment.

14 Then, we asked if he could provide
15 additional resources to replace, to supplement the New
16 Hampshire restoration, because he still had the bucket,
17 so he had to find the men to staff the bucket. So,
18 that's what he did. He ended up finding additional
19 resources to staff those buckets. Because those
20 buckets didn't leave New Hampshire, they were still
21 here. They just needed personnel to get on them. So,
22 that's what he did. He found personnel, and over the
23 next couple of days was able to replace those crews
24 back to New Hampshire.

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1 Q. So, did three crews go with off-road equipment to
2 Massachusetts, plus three bucket crews with their
3 on-road buckets go to Massachusetts?

4 A. (LeTourneau) No. That's a fact that I don't have off
5 the top of my head. So, they did bring off-road
6 equipment, so they must have brought some buckets as
7 well.

8 Q. But the three crews that were replaced later the same
9 day were crews that filled the sort of three trucks
10 that were still back in New Hampshire?

11 A. (LeTourneau) Yes. So, you either had additional
12 resources that were still not yet deployed that we were
13 able to get from them before they got deployed, because
14 it was still early morning hours. It was still
15 December 11th, December 12th, early in the morning.

16 Q. Okay. Just in your recent response to Ms. Fabrizio, I
17 mean, presumably, if you had a situation where there
18 was light storm damage in one region, you know, just a
19 small number of customers on the Seacoast, but a lot of
20 damage in the Capitol area, you wouldn't necessarily
21 not restore that small number of customers, even though
22 it took a day, and there was a week's worth of damage
23 to repair in the Capitol, you wouldn't necessarily slow
24 the region that was easy to repair?

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1 A. (LeTourneau) Right. No. We would just clean it up and
2 move the resources over, right.

3 CMSR. BELOW: Okay. I think that's all
4 I have.

5 CHAIRMAN GETZ: Commissioner Ignatius.

6 CMSR. IGNATIUS: Thank you.

7 BY CMSR. IGNATIUS:

8 Q. Mr. LeTourneau, if you can look at your testimony, I
9 think it's Page 21. And, I want to understand, at the
10 very beginning of the storm, not just the early days,
11 but really the first day, you know, that overnight and
12 the morning of the 12th, I guess we're talking about.

13 A. (LeTourneau) Overnight 11th?

14 Q. Yes.

15 A. (LeTourneau) Yes.

16 Q. And, on Page 21 of the testimony, it describes
17 overnight information in Massachusetts that's leading
18 to some decision-making, in the middle of that page.
19 And, then, the bottom of the page talks about daybreak
20 arriving and discovery of greater damage in
21 Massachusetts -- excuse me, in New Hampshire, than
22 maybe had been expected or first seen. So, can you
23 just, I don't want to put words in your mouth, tell me
24 what is it, that was the information not as clear for

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1 New Hampshire or as extensive as the information had
2 been for Mass., or as you talked earlier about it being
3 a dynamic situation?

4 A. (LeTourneau) I think it was the type of damage. When
5 we talk about "34 and a half kV sub-transmission", our
6 Seacoast system is a looped system. Oftentimes, when
7 we lose our sub-transmission, we're able to switch
8 around the problem, so that we don't actually have to
9 make repairs to our sub-transmission system. In fact,
10 at the Seacoast, during this event, we were able to
11 switch around a large majority of our problems. We
12 didn't actually have to effect repairs on them. So,
13 when we were experiencing that problem on a
14 sub-transmission line, we were getting out, patrolling,
15 trying to see if we could swap from one of our feeds --
16 loops to the other loop.

17 And, as morning came, it became apparent
18 that we needed to make some repairs on our
19 sub-transmission. That was our thought process at
20 those early morning hours. We're losing some of our
21 sub-transmission. We can energize some our -- switch
22 around some of these problems, energize some
23 substations, get some customers on.

24 In Massachusetts, the information was

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1 different. We were getting much more reports of -- we
2 had sub-transmission problems there as well. And, it's
3 a similar system, in that it's looped, and that we can
4 switch around. But we were also getting a significant
5 amounts of reports about the distribution and the
6 broken poles. In those early morning hours, we didn't
7 have a whole lot of reports about broken poles. We had
8 trees down, we had wires down, yes. We had broken
9 poles. But not like the numbers we were getting out of
10 Massachusetts. That was a clear indication to us at
11 that time that the type of damage and the amount of
12 work ahead of us was significant in Massachusetts.

13 Q. Well, let me stop you there, and I'm not trying to cut
14 you off, but just to zero in on that. Did the number
15 of broken poles increase in New Hampshire the next day,
16 and the information -- it just didn't exist until later
17 in the day or is --

18 A. (LeTourneau) No. We were getting more --

19 Q. Let me just finish.

20 A. (LeTourneau) Sorry.

21 Q. Or, is it a question that the broken pole problem was
22 there, but, for some reason, in New Hampshire, the
23 information hadn't come to light yet?

24 A. (LeTourneau) I'm not sure I can answer that, because I

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1 don't know whether the broken pole information -- I
2 don't know whether the poles broke at 2:00 a.m. or
3 whether it broke the next day or whether it broke the
4 day after that. Until you actually go out and do an
5 assessment in the field, you don't know how many broken
6 poles you have. We were getting assessments from
7 people, we had crews working in the field, we had
8 supervisors in the field, and we were getting reports
9 from some of our municipals that "you have a broken
10 pole", you know, "in this part of the municipality", *et*
11 *cetera*.

12 Different from Massachusetts, at, you
13 know, 2:00 a.m., when we were making some of these
14 decisions, we had already had reports of a number -- a
15 very high number of broken poles, and it only continued
16 to escalate at both locations, as we were, you know, as
17 daylight came, as we were getting out, as we were
18 seeing the devastation on the system, Massachusetts
19 clearly had a significant -- significantly more damage
20 than what we saw in New Hampshire.

21 Q. Well, initially, that's how it appeared. Ultimately,
22 is that what it was, that the damage was significantly
23 greater in Massachusetts than in New Hampshire?

24 A. (LeTourneau) Yes. We had over -- we had 1,915 crew

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1 days of damage on the Unutil system; 73 percent of that
2 damage was in Massachusetts, so 1,400 crew days, and
3 just about 500 crew days were in New Hampshire. So,
4 the earlier indications were accurate.

5 Q. Let me ask a little bit more about the
6 information-gathering process. It sounds from your
7 testimony, and this is, I understand, this is, you
8 know, in the midst of the storm and it's a bit chaotic,
9 but it sounds like it's -- you're on the receiving end
10 of what people may discover not necessarily in a
11 methodical way. Somebody is driving to work says "Oh,
12 look at that. That whole line has come down." Someone
13 else is trying to get in and they call in and say that
14 "the road is blocked because of a tree." I mean, it's
15 a little bit haphazard in how you gain information.
16 Are there any more methodical ways of getting
17 information that isn't just sort of luck of the draw,
18 who happens to see things in those early hours?

19 A. (LeTourneau) There is a process, it's called "damage
20 assessment". We will train our employees, we have
21 several outside contractors, that come in and actually
22 go out and perform a damage assessment. That's a big
23 part of our Emergency Response Plan is actually
24 performing that damage assessment, because of the all

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1 of the things that we're talking about here now, as to
2 "How many crews do I need?" "What is our ETR?" People
3 will want to know "When we're going to have full
4 restoration?" "When are they going to have their
5 lights back?" So, that damage assessment piece is
6 probably one of the most significant pieces that we
7 have at the beginning of an event. But that damage
8 assessment takes days. It can take up to 72 hours to
9 perform that damage assessment. So, early on, you're
10 getting -- you're doing bits and pieces of damage
11 assessment. You're dealing with some other issues that
12 are surfacing at the early stages of a storm,
13 particularly public safety, you have wires down, you
14 have municipals trying to clear roads. We're deploying
15 our resources to, you know, you're triaging. So, "We
16 have a live wire", and there's a -- a municipal wants
17 to clear a road, that's where we're, you know, spending
18 our time. We're spending our time in our
19 sub-transmission systems, because that can get the most
20 customers back on. And, at the same time, we're
21 beginning that damage assessment process. But,
22 usually, the first 24 hours we do our Phase I Damage
23 Assessment, which is really just to try to get out into
24 the field, look at a lot of our three -- the

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1 three-phase backbone of our system. That gives us an
2 idea. We try to extrapolate that data. That's usually
3 our first pass. And, then, subsequent to that, up to
4 three days.

5 What made this event, I think, very
6 unique is that the damage assessment process was,
7 again, dynamic. We were still having things fall, that
8 first weekend, that Saturday and that Sunday, you know,
9 circuits that we had reestablished, things that we had
10 picked up were coming down again. You know, the trees
11 were still full of the ice. We still had stuff
12 unloading and we still had problems that were -- so,
13 you could do damage assessment, but, unfortunately, it
14 wasn't -- again, it was such a dynamic look, it wasn't
15 until later on in the weekend in that first week that
16 we really started to get an appreciation for the amount
17 of crew days that were going to be required to repair.

18 Q. Mr. Francazio, from your experience in coming on and
19 looking for ways to improve the response plan and
20 operations, do you expect that the use of the Incident
21 Command System and other changes will improve that
22 ability to assess damage and gain information quickly?

23 A. (Francazio) Without a doubt. I think the whole
24 Incident Command process, as well as the new Damage

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1 Assessment methodology that we put in place, is very
2 formalized, it's very disciplined, and it should
3 definitely make a big improvement going forward.

4 Q. Are there ways that you can gather good information
5 using technology that could really increase your
6 knowledge of the system, rather than waiting for
7 daylight for people to see things lying in the road?

8 A. (Francazio) Well, I mean, unfortunately, during these
9 types of events, usually it is daylight that you have
10 to go out and actually physically walk a lot of the
11 distribution. However, we can use technology, like
12 helicopter patrols and off-road types of equipment,
13 that can go out and actually do some of the
14 sub-transmission and transmission type activities as
15 well. And, that's already incorporated in the plan.

16 Plus, we already take advantage of the
17 SCADA system that exists today, and looking at what is,
18 you know, what is in-service, what is out-of-service.
19 Going forward, we'll have an OMS system, which is an
20 Outage Management System. And, that is, for major
21 events, it has limitations. It won't tell you where
22 the damage is or exactly where the problems are. It
23 does help you for customer counts. The OMS system will
24 be very effective for blue sky type of events, like

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1 today, and small storms. You'll see a big difference
2 from that perspective. It does help direct those
3 resources at that point in time. The major events,
4 where, you know, you have 60, 70 percent of your
5 customer base out, you have damage all around, it will
6 tell you that a feeder is locked out, but it will not
7 tell you where all the trouble is on that feeder. So,
8 you may have 20 places along that feeder that has to be
9 addressed. That is done through the damage assessment
10 process.

11 And, the way we've structured that is,
12 as I said, it's very robust, it's been proven, it works
13 well, and we feel comfortable that, going forward, it
14 will make a big improvement. As far as not only
15 helping us determine the estimated restoration time,
16 but the number of resources that are needed to, you
17 know, to address that amount of trouble. So, it
18 actually highlights the numbers of hours that is going
19 to be required to do those repairs. And, as Ray
20 indicated, is the Phase I, Phase II approach. Phase I
21 is to get that backbone up and running; Phase II picks
22 up the side taps and takes a look at it. So, it does
23 take an extended period of time to -- you know, and by
24 that I mean, you know, it could take up to three days,

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1 to do the full damage assessment. But, by having those
2 people there and dedicated only to that activity, you
3 will also address some of the issues that Ray has
4 brought up about wires coming down later on, and you'll
5 have additional resources sent back out in case you're
6 seeing additional trouble occurring on the system. So,
7 we feel very comfortable that this particular item is
8 well addressed in the new revised ERP.

9 CMSR. IGNATIUS: Thank you. Nothing
10 else.

11 CHAIRMAN GETZ: Thank you.

12 BY CHAIRMAN GETZ:

13 Q. I'd like to follow up a little bit, to make sure I
14 understand this piece of the issue, Mr. Francazio. So,
15 at the time of the December '08 ice storm, there was a
16 SCADA capability for the Company to basically identify
17 a particular circuit that is down. Is that correct?

18 A. (Francazio) Well, I wasn't there, but I would say, yes.
19 You can see on SCADA which feeders are locked out.
20 Again, it doesn't tell you the trouble. It will tell
21 you what circuits are out-of-service.

22 A. (Meissner) SCADA, just to clarify, normally has devices
23 in each substation. So, it can essentially monitor
24 devices in substations. It's not typically located out

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1 on the distribution lines themselves. So, if a breaker
2 opens in a substation, it can detect that and report
3 that back.

4 Q. So, then, as now, you have the capability to tell that
5 a large number of customers are affected in a certain
6 area. But the automated Outage Management System isn't
7 really going to get you, I take it from what you're
8 saying, Mr. Francazio, down a path of being able to
9 identify within a circuit what the problems are.
10 You're going to really need to get people on the ground
11 doing a damage assessment, is that correct?

12 A. (Francazio) For major events. For moderate size
13 storms, the OMS system will tell you the most probable
14 device that had failed. And, then, you can allocate
15 your crews in relation to that. So, it will give you a
16 compilation of the number of troubles that you might
17 have on a particular feeder, on a moderate size event.

18 Q. But I want to get into this damage assessment process,
19 to make sure I understand it. So, you have -- the
20 Company has patrols that go out and make these
21 assessments and call them in, which was the -- was the
22 process in 2008, which I'm taking you're saying you're
23 taking steps to make it better?

24 A. (Francazio) Correct.

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1 Q. But it's the same type of process. Maybe it's a
2 different kind of reporting, different number of
3 resources, is that --

4 A. (Meissner) I can probably clarify the difference
5 between what was in place in 2008 and what the
6 enhancement is to the current process. But damage
7 assessment essentially is just people going out and
8 marking down damage. So, each broken pole is noted.
9 If there's a wire on the ground, that is noted, if
10 there's a broken crossarm, a transformer on the ground.
11 So, it is essentially collecting damage information in
12 the field, which is where it gets its name from. The
13 difficult part with that is you can use that to
14 dispatch crews. So, for example, if we have 50 broken
15 poles, we know we need to get pole-setting crews out
16 there to start setting those poles in advance of the
17 distribution work.

18 What it doesn't do is translate that
19 information into repair times from which you can derive
20 estimated times of restoration. So, if you have an
21 extensively damaged system, it doesn't really tell you
22 how many resource hours are needed to repair the
23 damage. And, that is the normal situation at most
24 utilities. And, that was the situation at the time.

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1 What the process is that we've improved
2 since then is National Grid had borrowed a process from
3 Florida Power & Light, and enhanced it, to essentially
4 assignment resource repair hours to damage. So, for
5 each broken pole, for each wire on the ground, for each
6 broken crossarm, there's a certain number of resource
7 hours associated with that repair. We've now borrowed
8 that from National Grid and enhanced it for our use at
9 Unitil. So, we can now perform damage assessment, and
10 from that estimate the resource hours of repair time
11 that will be needed to repair all that damage. And,
12 based on the number of crews we have working, we can
13 estimate how many hours or days it will take to repair
14 all that damage, or we can make an assessment and say
15 "We need to get more crews in, because, with the
16 current number of crews, it's going to take way too
17 long." So, the enhancement was really that science of
18 developing repairs -- repair times for each type of
19 damage on the system.

20 Q. But, with respect to the damage assessment, let's focus
21 on 2008, it's not, as I understand, it's not just the
22 Company's employees. You're also using customer calls,
23 to the extent they can call, local emergency management
24 officials, I don't know what else, press accounts.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 There's a lot of information coming in, in addition to
2 just your own employees, is that correct?

3 A. (Meissner) There's information coming in, and how much
4 is that information credible in the process.

5 A. (Francazio) Right. I mean, yes. Usually, the
6 municipals will provide up some information and tell
7 you that there's some broken poles.

8 (Interruption by the court reporter.)

9 **CONTINUED BY THE WITNESS:**

10 A. (Francazio) They'll indicate that there's some broken
11 poles, that there is some crossarms that are, you know,
12 that are down, there's a tree down. You know, they
13 will give you a certain amount of information.
14 However, you still cannot do this in an *ad hoc*
15 approach. It has to be a very structured approach.
16 You have to walk every feeder to really get the
17 information. And, it has to be a dedicated group.
18 And, I think that's one of the changes that we've made,
19 is that the individuals now are not someone who's just
20 dedicated in the early phases, but it's also dedicated,
21 until you have feel comfortable that you have all the
22 information you need to make the right decisions.

23 So, yes, you are correct, that there are
24 other avenues in which information comes into the

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Company. We've also formalized that process, where
2 we've created municipal rooms in each location, so that
3 they do have an avenue to provide us that information
4 in a structured format. And, again, you know, we will
5 be relying pretty heavily on the folks walking each
6 feeder to provide us that information.

7 BY CHAIRMAN GETZ:

8 Q. So, it really is then an important piece of your
9 decision-making, to get information from other avenues,
10 just than your own employees on the field. You may
11 need to go out and verify some of that information,
12 though, is that correct?

13 A. (Francazio) That's correct. You still want to -- I
14 mean, they may say that "there's a tree down and
15 there's a pole down", but what it doesn't say is that
16 there's five sections of wire down, you know, and that
17 "pole" happens to be four poles. You know? So, you do
18 still need often to go out and take a look at what's
19 going on out there. However, it's good information in
20 the sense that it directs you to a location, all right,
21 and you can go out and you can, you know, take a
22 quicker view of the situation.

23 Q. One issue that came up in a number of situations in the
24 -- after the storm, and when we were going around the

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 state doing public comment hearings, and I think it was
2 almost universal, at least I heard it at least once for
3 every utility. That there was a situation where a
4 customer on a street, a street in a neighborhood, you
5 know, for instance, was still out, they were trying to
6 let the utility know that "we are still out." They
7 thought they were being bypassed. Is that the type of
8 thing that a new Outage Management System could
9 confirm?

10 A. (Francazio) That customer would be entered into the
11 Outage Management System, and it would stay as a
12 requirement for the restoration team to look at that
13 customer, so the customer would not get lost in the
14 process. So, I would say, is there a, you know, is
15 there now a better mechanism to monitor that customer?
16 Yes, there is.

17 A. (Meissner) I guess I would also add, though, in most
18 cases, we knew about those customers. They may have
19 perceived that they had been lost or bypassed, but they
20 were known. It gets back to the strategy of restoring
21 as many customers as possible as quickly as possible.
22 And, in some cases, those individual customers or those
23 streets were left to the end of the restoration because
24 there was much bigger outages to restore.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Q. Well, I know this is anecdotal, but it's information
2 we heard at these public statement hearings. And, I
3 really can't recall exactly if it was a Unitil case or
4 not. But what we did hear was, from customers, that
5 "My house, our neighborhood, were out. We went down to
6 the local operation center or whatever and said "we're
7 out", and we were told "No, you're back in service"."

8 A. (Meissner) Okay.

9 Q. And, I don't, you know, I can't verify that those were
10 the actual facts. But, I mean, I just want to make
11 sure that there's a -- if the Outage Management Systems
12 can address those types of issues, where, you know, the
13 utility is going to be in a position to actually know
14 that somebody is being missed?

15 A. (Meissner) Well, another factor in all this as well is
16 we are using our AMI system, it's an acronym for
17 "Advance Metering Infrastructure", and, you know,
18 during both storms, and, you know, especially during
19 the most recent wind storm, we're using that system at
20 the end, because we can see meters that are still out.
21 And, in fact, we have situations where we have restored
22 service, and sometime during the restoration we lose a
23 street again, and it will actually show up again. So,
24 in addition to the OMS, and in addition to customer

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 calls, we have that technology available to try to
2 identify those situations.

3 Q. Okay. And, Mr. LeTourneau, I think one last area. I
4 think the first question to you from Mr. Epler was with
5 respect to Page 19 and the "Deployment of Crews"
6 section. And, I want to make sure I understand the
7 import of the question and answer. And, I think you
8 spoke to the criteria that are laid out in Lines 11
9 through 20. And, he had I guess asked whether you took
10 action based on -- restoration actions based on press
11 accounts, local officials, calls, other governmental
12 inquiries. And, I understood your answer to be that
13 you weren't making restoration decisions based on those
14 types of calls, but you were looking at these criteria.
15 Is that a fair characterization of that exchange
16 between you and Mr. Epler?

17 A. (Meissner) It is. I would just clarify to say, though,
18 if the calls were calls with valid information, such as
19 from, you know, an emergency official in a local
20 municipality that's calling in restoration information,
21 then certainly that was --

22 Q. Okay. And, I guess that's generally my point. Because
23 I think the exchange between the two of you made it
24 sound like the process is a whole lot neater than it

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 might be, and that there is -- the criteria are, for
2 restoration, may not be as purely objective as they
3 look. That you're going to be getting lots of
4 information, and having to run it down and make
5 decisions. Whether you see something on some TV
6 station, you get a call from a local fire chief, you're
7 getting information that you're going to have to kind
8 of introduce into your calculus of who gets restored?

9 A. (Meissner) Correct. And, that would be incorporated.
10 I think where Mr. Epler was kind of pointing this was
11 we weren't making decisions for factors that were
12 unrelated to the circumstances on the ground, and i.e.,
13 political pressure, media pressure, PR pressure, those
14 types of things were not influencing the decisions.
15 But, to the extent that we were getting calls from
16 anybody that was presenting us with information in the
17 field, that was all factored in.

18 CHAIRMAN GETZ: Mr. Epler, do you want
19 redirect or wait until after the panel comes back for
20 rebuttal?

21 MR. EPLER: Yes. I think it would be
22 more appropriate for me to wait. Thank you.

23 CHAIRMAN GETZ: Okay. Then, the
24 witnesses are excused for the moment. Thank you,

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1 gentlemen. Well, off the record.

2 (Brief off-the-record discussion
3 ensued.)

4 CHAIRMAN GETZ: On the record. We will
5 recess until 11:30, and then pick up with the Staff
6 witnesses and their direct testimony regarding the Report.

7 (Whereupon a recess was taken at 11:16
8 a.m. and the hearing reconvened at 11:35
9 a.m.)

10 CHAIRMAN GETZ: Okay. We're back on the
11 record, and turning to Staff's witnesses. Ms. Fabrizio.

12 MS. FABRIZIO: We have Randy Knepper and
13 Tom Frantz on the stand.

14 CHAIRMAN GETZ: Could you actually get
15 the microphone closer.

16 MS. FABRIZIO: Sorry. Yes. Staff
17 proposes to have Randy Knepper and Tom Frantz present the
18 Staff Report filed in this proceeding.

19 CHAIRMAN GETZ: Okay.

20 MS. FABRIZIO: They're on the stand. If
21 they could be sworn in please.

22 (Whereupon *Randall S. Knepper* and
23 *Thomas C. Frantz* were duly sworn and
24 cautioned by the Court Reporter.)

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[WITNESS PANEL: Knepper~Frantz]

1 RANDALL S. KNEPPER, SWORN

2 THOMAS C. FRANTZ, SWORN

3 DIRECT EXAMINATION

4 BY MS. FABRIZIO:

5 Q. Mr. Knepper, could you please state your full name for
6 the record.

7 A. (Knepper) My name is Randall S. Knepper.

8 Q. And, what is your title and position at the Commission?

9 A. (Knepper) I'm the Director of Safety. And, part of
10 those duties that are applicable to the Safety Division
11 is we support the state's Emergency Response Plan, and
12 provide as subject matter expert to the energy support
13 function of that plan.

14 Q. Thank you. Mr. Frantz, could you please state your
15 full name for the record.

16 A. (Frantz) Thomas C. Frantz, F-r-a-n-t-z. I'm the
17 Director of the Electric Division.

18 Q. And, what are your responsibilities here at the
19 Commission?

20 A. (Frantz) My responsibilities concern aspects of rates,
21 policy, concerning the electric utilities in New
22 Hampshire that we regulate.

23 Q. Thank you. Could you please identify this document for
24 the record.

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1 A. (Frantz) This document, dated July 30, 2010, is Staff's
2 filing of its Report and Recommendations with the
3 Commission on the Ice Storm Review.

4 Q. Was that filed in this proceeding that we're here to
5 discuss today?

6 A. (Frantz) Yes, it is.

7 Q. And, were you an author of this Report?

8 A. (Frantz) I did participate and help author the Report.

9 Q. And, Mr. Knepper, were you also an author of this
10 Report?

11 A. (Knepper) That's correct.

12 MS. FABRIZIO: And, Mr. Chairman, I'd
13 like to enter the Staff's Report as "Exhibit 4".

14 CHAIRMAN GETZ: That's so marked.

15 (The document, as described, was
16 herewith marked as **Exhibit 4** for
17 identification.)

18 MS. FABRIZIO: Marked, I'm sorry.

19 BY MS. FABRIZIO:

20 Q. Mr. Knepper and Mr. Frantz, do you have any corrections
21 to make to the Report?

22 A. (Knepper) I have one minor correction, on Page 22. It
23 is in the fifth line down, where it discusses "14
24 contractor crews from Ohio pledged to Unitil in the

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1 NEMAG process". I'd like to scratch the words "in the
2 NEMAG process". The Ohio crews are contractor crews,
3 and they're not in New England. "NEMAG" stands for
4 "New England Mutual Aid Group". So, if we could just
5 strike those four words.

6 Q. Thank you. And, Mr. Knepper and Mr. Frantz, do you
7 adopt the analysis and the conclusions contained in the
8 Report, with the correction just made, as your own?

9 A. (Frantz) Yes.

10 A. (Knepper) Yes.

11 Q. And, could you identify these two documents please.

12 A. (Knepper) The first is the "Public Utilities Commission
13 After Action Review of the December '08 Ice Storm Final
14 Report", dated December 3rd, 2009. This was a general
15 report that talked about all the utilities, not one in
16 specific. It talked about both telecommunications
17 companies, as well as electric.

18 Q. And, the second document?

19 A. (Knepper) And, the second one was the "New Hampshire
20 December 2008 Ice Storm Assessment Report", dated
21 October 28, 2009, done by NEI Electric Power
22 Engineering, which became one of the components that
23 was used for the After Action Item Review taken by the
24 Commission, but it was not the only component.

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1 Q. Thank you. And, are both of these documents referenced
2 in both Staff's Report in this proceeding and Unitil's
3 prefiled testimony?

4 A. (Knepper) Yes. I believe they're both in the Report
5 that Tom mentioned, as well as prefiled testimony of
6 Unitil.

7 MS. FABRIZIO: Thank you. I'd like to
8 mark these as "Exhibits 5" and "6".

9 CHAIRMAN GETZ: They're so marked.
10 (The documents, as described, were
11 herewith marked as **Exhibit 5** and
12 **Exhibit 6**, respectively, for
13 identification.)

14 MR. EPLER: Mr. Chairman, with respect
15 to Exhibit 6, the NEI Report, I would note for the record
16 that the Company has not had an opportunity to ask
17 discovery with respect to the Report, and the authors of
18 the report are not available for examination in this
19 proceeding. And, so, while it is true that both the panel
20 members who prepared the Staff Report have made judgments
21 based on information in that, and also the panel for the
22 Company has also reviewed that, as expert witnesses,
23 they're entitled to review a document. But, in terms of
24 relying upon any information in that document itself or

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1 any conclusions in that document itself, since we don't
2 have the opportunity for discovery or to cross-examine the
3 authors, we do have an objection.

4 CHAIRMAN GETZ: Objection to what?
5 Marking it for identification? Admitting it into
6 evidence? Relying on it in making our decisions? I think
7 I need to understand more what your --

8 MR. EPLER: Yes. I think relying on the
9 conclusions, because we don't have the opportunity to
10 cross-examine the authors of the Report. I think that
11 it's within the Commission's ability to rely on the
12 experts' interpretation of that. But, in terms of relying
13 on the Report itself, since the authors are unavailable,
14 we can't question them as to their conclusions. I mean,
15 it becomes -- it's a difficult issue, because, as evident
16 from the Report and what's in the Company's testimony, it
17 appears that a good portion of this docket, or at least
18 the initiation of the docket, had to do with the Company's
19 response to 1-47, and the interpretation that was given
20 the Company's response to that by the NEI consultants.
21 And, we -- that data request was an informal data request,
22 there was no proceeding, no docketed proceeding at the
23 time. There was no indication from the date we provided
24 the data request, until we got a copy of the Draft NEI

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1 Report, that there was any concern or question, even by
2 Staff or NEI, about the import of our response to that
3 data request. We submitted --

4 CHAIRMAN GETZ: Well, are you making --
5 taking any position that that process was somehow
6 inappropriate for Staff and consultants to conduct an
7 investigation, and then come up with recommendations that
8 later led to the initiation of an adjudicative proceeding?

9 MR. EPLER: No. Just that we haven't
10 had an opportunity to do examination of the authors of the
11 Report. And, that we submitted comments as requested, and
12 the Report remained as it was in the draft. It's not
13 clear whether those comments were given to the NEI
14 authors, whether they were under any specific instruction
15 as to how to deal with those comments. You know, we don't
16 -- we're just -- we don't have that information. So, we
17 don't know how the process was that they arrived at that
18 conclusion, and maintain that conclusion, even in light of
19 the Company's attempts to clarify its statements.

20 CHAIRMAN GETZ: Okay. Well, normally,
21 we deal with this at the end of the hearing, in terms of
22 whether to admit into evidence. I would say, just based
23 preliminarily on what I'm hearing, that I think I would be
24 inclined to admit it into evidence in this docket, but

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1 there may be issues about what in it we rely on to take
2 whatever actions that flow out of it.

3 But does anyone else, Ms. Hatfield, do
4 you have anything on this issue?

5 MS. HATFIELD: I do. Thank you, Mr.
6 Chairman. We support Unitil's objection. And, I also
7 agree with Mr. Epler that this is a challenging issue, in
8 light of the fact that both the Company and the Staff have
9 relied upon some of the information in the Report. And, I
10 think that the challenge arises when the Commission does
11 an investigation that is not adjudicative, so all of the
12 procedures that would apply to an adjudicative proceeding
13 don't apply in that case, and then that information is
14 brought into an adjudicative proceeding, where typically
15 testimony is filed, the parties have an opportunity for
16 discovery.

17 So, I understand why the Staff would
18 like to have it admitted. But I do think, with respect to
19 conclusions made by NEI, in light of what's happened since
20 that report was presented to the Commission near the end
21 of '09, it does raise concerns for the OCA, in terms of --

22 CHAIRMAN GETZ: Well, are you taking --
23 I want to make sure I understand where you are vis-a-vis
24 Mr. Epler's position. Are you taking -- will you make a

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[WITNESS PANEL: Knepper~Frantz]

1 distinction between letting it in as evidence and how we
2 treat it as evidence or would you -- are you taking a
3 position it shouldn't be in at all?

4 MS. HATFIELD: In the first instance, we
5 think it shouldn't be in.

6 CHAIRMAN GETZ: I'm sorry, "should" or
7 "shouldn't"?

8 MS. HATFIELD: Should not.

9 CHAIRMAN GETZ: Shouldn't.

10 MS. HATFIELD: But I agree with
11 Mr. Epler that the current experts who are testifying in
12 this proceeding, it's appropriate for them to use the
13 information in that report, and, in light of your
14 statement that you might be inclined to admit it, then
15 perhaps the Commission could determine what weight to give
16 certain portions of it or perhaps not rely on the actual
17 findings of the Report, in light of the fact that what we
18 have before us today is different from some of those
19 findings or --

20 CHAIRMAN GETZ: Well, is it the findings
21 of the Report or is it like particular factual statements
22 that could be attributed to the consultant?

23 MS. HATFIELD: I think it could be both.
24 In light of the fact that, as Mr. Epler said, there has

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1 been a response by Unitil to some of the findings, which
2 then led to this docket and has continued to be discussed
3 in this docket, I think it raises issues with both pieces
4 of that, both any findings or recommendations in the
5 Report, as well as the facts that the Report lays forward.

6 CHAIRMAN GETZ: Ms. Fabrizio.

7 MS. FABRIZIO: Sure. Thank you. Staff
8 feels that it's important to have this document in for
9 completion of the record in this proceeding, because it is
10 exactly the data that was provided by the Company to NEI,
11 NEI's read of that, those data, and their conclusions,
12 that led to the Commission to decide, in its own After
13 Action Review, that certain data required further
14 investigation. And, that's why we're here today in this
15 proceeding.

16 I disagree with Mr. Epler that the bulk
17 of Staff's Report focuses on one data request. I think,
18 in fact, a table of data showing the number of crews in
19 New Hampshire versus Massachusetts were data provided by
20 the Company, by the way, to NEI, gave rise to the bigger
21 question, that, in turn, led to this proceeding, in terms
22 of the Company's policies and procedures for allocating
23 resources between New Hampshire and Massachusetts.

24 And, with regard to process, I'd like to

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1 respond to Mr. Epler's statement that there was no
2 opportunity or that NEI did not consider the Company
3 comments provided in response to NEI's Draft Report, and
4 again in the Final Draft. NEI stated, I believe, right in
5 front of its report that it considered the comments that
6 came in from the companies. And, I would note that, just
7 because NEI and, for that matter, the Commission or Staff
8 do not agree with the Company's comment, does not mean
9 that we did not give due consideration to those comments.

10 I recommend that the Commission give the
11 proper weight to this Report as a foundation document for
12 this proceeding. Thank you.

13 CHAIRMAN GETZ: All right. At this
14 point, the exhibits are marked for identification. After
15 the testimony is concluded from both Staff and the
16 Company, and we're closing the proceeding, we'll give an
17 opportunity for -- if anybody has anything else to say
18 when we entertain motions to strike.

19 So, Ms. Fabrizio.

20 MS. FABRIZIO: Thank you, Mr. Chairman.

21 BY MS. FABRIZIO:

22 Q. Mr. Knepper and Mr. Frantz, either one may take the
23 lead in responding, could you please explain the
24 purpose of Staff's Report filed in this proceeding?

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1 A. (Knepper) I guess we were tasked to review issues
2 identified in the Commission's After Action Review,
3 particularly Item 5.3, and we believe the associated
4 Item 5.4, as they're somewhat intermingled. And, the
5 order of notice listed basically five items related to
6 the reasonableness of directions given and ensuing
7 actions of restorations crews that warranted further
8 consideration. And, so, we looked at five, basically,
9 different things. One was timing of Unitil's response;
10 two was the restoration priorities as it relates to
11 crew deployment; third was restoration strategy as it
12 relates to crew deployment; four is the procurement of
13 those resources; and, then, five, the allocation of the
14 resources amongst the service areas, specifically New
15 Hampshire and Massachusetts. And, we did not look
16 specifically within New Hampshire, as talked about
17 earlier, that they have three regions, we only looked
18 at those amongst the regions between New Hampshire and
19 Mass.

20 So, to accomplish that, I guess we
21 needed to review three aspects regarding the resource
22 availability prior to the storm. And, those aspects
23 were the deployment of the resources that were prior to
24 the storm, and then those being acquired or procured;

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1 the responsibility and decision-making and reasoning of
2 those procurement processes; and, then, finally, the
3 impact of crew deployment upon customers.

4 Q. Thank you. And, just for the record's sake, could you
5 turn to Page 65 of the Commission's After Action
6 Review, and read for us exactly what items -- Action
7 Items 5.3 and 5.4 says.

8 A. (Knepper) I guess I'll go first, since I have it
9 opened. "The Commission will" -- Item 5.3 of the After
10 Action Item Review, this report says "The Commission
11 will commence an adjudicative proceeding to examine the
12 reasonableness of the timing of Unitil's response to
13 the ice storm, the priorities of its restorations and
14 the allocation of its resources in New Hampshire and
15 Massachusetts." 5.4 stated "Unitil shall add to its
16 Emergency Response Plan by December 31st, 2009, a
17 section that outlines in detail how crews are allocated
18 when simultaneous large-scale events occur in multiple
19 states and jurisdictions."

20 Q. Thank you. And, could you provide us with a brief
21 overview of Staff's work in this proceeding and its
22 approach to the Report.

23 A. (Knepper) You want me to continue, Tom, or --

24 A. (Frantz) Sure. You're on a roll.

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1 A. (Knepper) I guess, of those five elements that we were
2 chosen to look at, determining the reasonableness is
3 not an easy -- an easy task. And, so, the difference
4 between this, I guess, and the original After Action
5 Review is we were able to focus on one company, and we
6 were able to focus on one topic. We didn't focus on
7 communications and we didn't focus on vegetation
8 management and a whole bunch of other issues that were
9 mentioned in the larger After Action Review. And, so,
10 -- And, we didn't even focus on all of Unitil's
11 different aspects of the storm. So, we were really
12 narrowed in our focus as to what we were looking at.
13 And, so, that first element that I had mentioned
14 before, the timing of Unitil's response, the things
15 that we considered was, you know, was it any different
16 than other utilities? Was it consistent? You know,
17 what -- you know, actually what was the response?

18 And, we found that Unitil, I guess, for
19 one word of another, was a little bit different than
20 National Grid, but was very consistent with the other
21 two utilities, electric utilities, in the fact that I
22 think they were kind of a little bit caught and
23 surprised by the extensiveness of the storm. And, it
24 ended up being much more widespread than Unitil was

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1 anticipating. I think they originally thought that it
2 was going to be mostly in the southern region. I
3 think, in our discussions, the Monadnock Region, and
4 particularly part of the Fitchburg region, which they
5 had described earlier, would probably be the hardest
6 hit. And, I think when the Seacoast -- when it got
7 expanded to the Seacoast more heavily, in a larger
8 manner than they had ever experienced before, and they,
9 you know, sustained some heavy damage there as well.

10 So, we kind of looked at, you know, what
11 are the things that you look at for considering the
12 reasonableness of this particular subject, into the
13 response, timely response. So, we wanted to make sure
14 that Unitil was taking appropriate actions. Were they
15 calling contractors from the onset? Were they taking
16 part of the NEMAG calls? Attempting to get more crews
17 from other companies? I think we heard both in
18 testimony today, as well as in their written testimony,
19 that they were doing all those things. We tried to go
20 through with further discovery of things, and it
21 strengthened that they were doing all those things to,
22 you know, get as quick a response as possible.

23 It doesn't necessarily mean that, you
24 know, all their efforts were, I don't know, in the end

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1 successful, every attempt. But the question of being
2 unreasonable would be "are they even attempting it and
3 are they maybe being inconsistent?"

4 So, from there, we thought that Unitil's
5 effort for the response was present and, unfortunately,
6 many factors did not come to realization, so that the
7 eventual outcome did have a series of setbacks along
8 the way, but not necessarily unreasonable.

9 So, you know, we tried to distinguish
10 between, you know, does "reasonable" --
11 "reasonableness" mean that there's some assurance or
12 guarantee that they would definitely rule out any
13 ability to have an adequate response time. Do you have
14 anything to add, Tom?

15 A. (Frantz) Well, I just want to state that we literally
16 looked at the days leading up to the ice storm, we
17 looked at the weather forecast, what information was
18 available, who was looking at it, what steps did they
19 take, on December 9th, 10th, 11th. And, we looked at
20 who made those decisions, what was the structure, what
21 kind of communication they had internally. We looked
22 at, as Randy mentioned, the NEMAG process, the
23 "Northeast Mutual Aid Agreement" process. Did they do
24 the things that you'd expect a utility using good

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[WITNESS PANEL: Knepper~Frantz]

1 utility practice to do?

2 Perfection is not in this. As was
3 mentioned earlier, this is a very fluid process.
4 There's lack of information. They're literally in the
5 dark in some ways. But there are steps that should be
6 there, and we looked at those steps. Could they be
7 improved? Obviously. And, they've made a number of
8 improvements since. But we did concentrate on "what
9 were their actions?" "What processes did they follow?"
10 And, "were they reasonable?"

11 A. (Knepper) You want me to continue, Lynn?

12 Q. Sure.

13 A. (Knepper) I guess that's all I have to speak on that
14 topic. I guess the second element that we looked at
15 was restoration priorities as it relates to crew
16 deployment. And, I think this was the easiest for the
17 Staff to look at. And, I think it was very evident
18 that UES, like almost all utilities that we know, has
19 identified priorities of customers within each region.
20 You know, those that are wire down, medical facilities,
21 those customers with known medical conditions, and they
22 incorporate that into a process of prioritization. The
23 process is kind of standard across utilities, it is
24 very commonplace. I think, if you looked at many of

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[WITNESS PANEL: Knepper~Frantz]

1 the utilities, you'd find similar -- similar words and
2 prioritization stages.

3 So, included in that is what we call
4 somewhat, and I think they have referred to it in their
5 testimony today, is kind of, you know, you work the
6 circuit out, from the largest to the smallest, you're
7 hitting the substations, the sub-transmission lines,
8 the main arteries, the laterals off of it, and doing
9 that. And, that's very consistent with what most
10 utilities do. So, restoration priority we thought was
11 very easy for us to determine that there was no
12 unreasonableness. It was outlined in their Emergency
13 Response Plan. And, I don't think we spent a lot of
14 time on that.

15 A. (Frantz) No.

16 A. (Knepper) The third element was restoration strategy,
17 and as it relates to crew deployment. And, I guess I
18 would say this is the one that we're probably having --
19 probably that we were focused on the most, and because
20 it segues into that fourth item. And, understanding
21 it, and making sure that both the Staff and Unitil
22 weren't quite talking past each other. I guess, on
23 some things, we agreed on many items, but I don't think
24 we were necessarily in agreement on all of them. And,

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1 I think many of the discussions resulted in the Staff
2 and Unitil coming close, but not necessarily agreeing
3 on every little item. And, so, when you're looking at
4 strategy, you know, as part of the decision-making
5 process, we kind of look at it as not so much a
6 tactical response or an element of the response, we
7 look at it as what's this guiding overall strategy?
8 And, within that comes this crew deployment is just a
9 key element of that. And, basically, how you take
10 resources, how you go and get resources, and then
11 quickly, how you're allocating them. Where are you
12 sending them? And, so, we felt that the strategy for
13 crew deployment that the After Action Review that the
14 Commission put forth, where the largest number of
15 customers can be restored in the shortest amount of
16 time, is the correct strategy. When you do that,
17 you're getting, I don't know, the proverbial "biggest
18 bang for the buck". You're getting the most people on
19 as fast as possible, and that's kind of how you want to
20 put those crews on.

21 I think Unitil, and maybe I'm
22 mischaracterizing them and they can correct us, but
23 they kind of felt that was a little bit too simplistic
24 by the Staff to look at it just in that way, and that

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1 there are so many other factors that need to be
2 considered. And, that's kind of why Staff was really
3 holding onto, when all else is happening, and
4 especially at the beginning of the event, when there's
5 not a lot of good data coming in, you're getting
6 scattered reports from everywhere, that this initial
7 allocation is quite critical and quite crucial. And,
8 that After Action Item Review of 5.3 focused on those
9 first, I think, three days, December 11th, 12th, 13th,
10 and 14th. And, I don't know have it in front of me, it
11 might be the 15th. But that that allocation is
12 critical, because that's the time when you don't have
13 the ability to get this refined damage assessment in.
14 It's not necessarily verified at that point in time.
15 It's dark as you're saying it's occurring. And, that's
16 when you're trying to be on the phone and, you know,
17 you're contacting all the -- trying to get as many
18 resources as possible. Do you want to add to that or
19 --

20 A. (Frantz) Yes.

21 A. (Knepper) Go ahead.

22 A. (Frantz) Well, we looked at the resource allocation.
23 But we also looked at what steps they were taking. We
24 looked at the minutes of e-mails and conversations

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1 internally at the Company about what they were doing.
2 And, it's very clear that everybody, and including
3 Unitil, was scrambling for resources during this storm.
4 They had never experienced a storm of this magnitude.
5 Most utilities in the Northeast hadn't experienced a
6 storm of this magnitude. And, the resources were
7 scarce.

8 That leads to exactly one of our major
9 concerns, as Randy mentioned, is that how critical the
10 initial allocation of these resources is when you do
11 get them. It's difficult to get them, and that's
12 evident in the record, and we mention that; utilities
13 went far and wide to find resources. But, then, it's
14 important, where do they go? How did they decide where
15 they go? And, you've heard the Company today talk
16 about "well, you may not have good damage assessment
17 for 24, 48, even 72 hours", Mr. Francazio said earlier.
18 So, when you don't know what's out there on your
19 system, we think that there's -- that you ought to have
20 some mechanism, even though it may be simplistic, to
21 allocate those resources initially. And, that gets to
22 5.4 in the After Action Review.

23 A. (Knepper) Yes. And, I want to make sure, Tom, we're
24 only talking about these events that are large,

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1 wide-scale, crossing multiple regions and states at a
2 time. So, we're not talking about smaller-scale
3 storms. We're talking about ones that have heavy
4 impacts and damage in multiple places. That's when you
5 have to kind of make those initial decisions. And, so,
6 that's kind of what we were focused on.

7 Q. Continue.

8 A. (Knepper) Continue? All right. I guess the fourth
9 item that we were kind of charged to look at was the
10 procurement of resources. And, I think Tom already
11 started to get into this. You know, were they
12 attempting to get as many resources as possible? I
13 think, kind of New Hampshire, all the utilities in New
14 Hampshire was trying to get as many resources as
15 possible. I think we state in our Report that Unitil
16 does not have the benefit of relying on a larger
17 affiliated company to draw resources from. There is
18 literally a race to the resources. And, they dry up
19 quickly like, I don't know, a wet sponge drying up,
20 becoming dry. They're quickly absorbed, and then
21 they're not available. And, so, we were pretty, you
22 know, I think the discovery or the questions that we
23 asked Unitil was, throughout the entire storm, they
24 were constantly trying to get resources. Some promises

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1 were made, things that they were counting on, things
2 necessarily didn't come to fruition. And,
3 unfortunately, you know, that causes impacts to the way
4 they have to operate.

5 But, you know, were they trying and
6 attempting to get those? Without a doubt, you know, we
7 felt that that was occurring. Now, the question
8 becomes is, some of the processes involved in that,
9 this New England Mutual Aid Group, you know, and I
10 think we're in agreement with Unitil, that, you know,
11 it may not be, you know, it's not something that's
12 totally reliable for a large storm like this that's
13 impacting large areas, because multiple utilities are
14 going to be affected at once. It might work real well
15 when you have kind of a small geographic footprint, and
16 one area is affected and not another. But, on a large
17 scale, where we're talking all of New England is hit,
18 and even beyond that, into New York and New Jersey or
19 Pennsylvania, some of these storms that come up the
20 coast are impacting large areas. But that process is,
21 you know, needs to be kind of strengthened and
22 enhanced. And, in fact, so, we've encouraged that.
23 And, I think the PUC's After Action Item Review
24 encouraged that, for not just Unitil, but all, all

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1 electric utilities, because we are in New Hampshire.
2 We're kind of, you know, the storms are coming in one
3 -- mostly from one direction, and those resources kind
4 of get procured very quickly in the same direction of
5 those storms.

6 And, so, I think we wanted to make sure
7 that, and we noticed it in this event, that are the
8 contracts in place? Are they making assurances to the
9 public so that they can strengthen and get some of
10 those? And, Unitil has filed, and I think in their
11 testimony, and I think it's actually proven in
12 subsequent storms, that they have enhanced that process
13 substantially. That they have expanded their pool,
14 that they have kind of strengthened some of the
15 agreements that they have, as well as they're not just
16 relying on the New England Mutual Aid process itself.

17 A. (Frantz) I agree with what Randy just said. And, I
18 think he's alluding to the February wind storm. That
19 was a significant event. And, I think the second
20 largest storm for outages on their system.

21 A. (Knepper) I think it's actually the first in New
22 Hampshire, but I might be wrong.

23 A. (Frantz) Well, yes, the first in New Hampshire perhaps.

24 A. (Knepper) I think it's the largest now, I guess. So,

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[WITNESS PANEL: Knepper~Frantz]

1

--

2

CHAIRMAN GETZ: One person at a time,

3

for Mr. Patnaude's benefit.

4

BY THE WITNESS:

5

A. (Frantz) And, the result of that, the changes that they

6

made to their Emergency Response Plan and their

7

resource allocation indicates that they restored

8

customers much quicker. So, I think that's evident of

9

the improvements they have made since the December 2008

10

ice storm.

11

BY MS. FABRIZIO:

12

Q. Thank you. Randy, would you like to continue.

13

A. (Knepper) And, I guess the last, the fifth element that

14

we were charged to look at was that allocation of

15

resources amongst service areas. And, so, it's kind of

16

the culmination of all these events, is, you know, was

17

the allocation of resources amongst service areas

18

impacting customers? And, what we kind of noticed was

19

that we got some further clarification from the After

20

Action Review, where some tables here suggested that

21

there was some, you know, large discrepancies. I think

22

they're listed on -- I think we kind of refer to this

23

in general, in the "Conclusion" section, on Page 22,

24

that the data wasn't as, I guess, severe as was first

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1 shown in the After Action Review. And, what we mean by
2 that is that the amount of crews that are represented
3 in those tables that are for Unitil-Fitchburg, I guess,
4 Fitchburg service territory, the number of crews that
5 are represented in the Commission's After Action Item
6 Review were not as great as they were.

7 For instance, on December 11th, I think
8 the Commission's initial crews said that they had 14
9 crews in Massachusetts, and we determined that they had
10 eight, compared to New Hampshire having 23. On
11 December 22nd, I think we initially thought they had 40
12 crews in New Hampshire -- or, Massachusetts, take that
13 back, and actually there was only 22 down there. So,
14 those numbers were not as, I don't know, as great a
15 proportion as we first anticipated. And, that was
16 really very, very important to us into helping to
17 determine, you know, the magnitude and was it
18 unreasonable?

19 You know, the third day, I think we went
20 from 80 to 51. That's a substantial difference, versus
21 24. And, we still note that there's more crews in
22 Fitchburg than there are in New Hampshire. And, we
23 kind of note that, you know, if you're looking in terms
24 of customers, it's not necessarily following those

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1 proportions. Unutil goes on and, you know, thinks it's
2 more because of the "damage", the amount of damage and
3 the extent of damage and the locations of it, which is
4 the primary factor.

5 But I wanted to kind of point out that,
6 you know, those allocation of resources, we found
7 during this investigation, or I guess this follow-up,
8 was not as widespread as we were first to believe.

9 Q. Tom.

10 A. (Frantz) I just wanted to state that that chart is on
11 Page 16 of our report.

12 A. (Knepper) Yes. And, what you kind of really have to do
13 is you have to compare that against the After Action
14 Review of the Commission, which would be on, I think,
15 Page -- oh, boy, make sure I get the right one here --
16 Page 30. And, so, you'll see that the numbers are much
17 substantially different than first represented on Page
18 30, which I think was somewhat of a basis for having
19 this adjudicative proceeding.

20 Q. Could you explain, Randy, why the numbers are different
21 in the Staff Report?

22 A. (Knepper) Yes. Unutil kind of pointed out to us that
23 we weren't -- that the After Action Review didn't kind
24 of compare apples to apples, I guess. That they had

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[WITNESS PANEL: Knepper~Frantz]

1 incorporated some of the crew deployment, and
2 Massachusetts uses those terms, and I think they
3 included damage assessors that Rich Francazio was
4 alluding to as part of crews. Whereas, you know, we
5 were really focused on bucket trucks. People that have
6 equipment that can do things, versus someone, you know,
7 in a pickup truck doing damage assessment. So, once
8 you strip out those damage assessors from the
9 Massachusetts numbers, which Unitil kind of keyed us in
10 on, the numbers are now presented in that report.

11 Q. Were you stripping out outside damage assessors?
12 Because the charts on Page 16 include a column for
13 "damage assessors", if you would just explain that.

14 A. (Knepper) Hang on. Tom, do you want to --

15 A. (Frantz) Let me look.

16 Q. Page 16.

17 A. (Knepper) Page 16. Thank you. Yes. When we're
18 looking at the number of crews, we're really looking at
19 the "Unitil Bucket Crews", and the "Outside Bucket
20 Crews", and the "Tree Crews", which gives you that
21 "Total Crews". So, that's kind of what we were focused
22 on, those with equipment. So, whether the damage
23 assessors were internal or external, it really didn't
24 matter.

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[WITNESS PANEL: Knepper~Frantz]

1 Q. So, the difference is that you were -- you were
2 including the "Total Crews" column only those crews
3 that do not include damage assessors?

4 A. (Knepper) Yes, I guess --

5 Q. That column is taking away from the "Total Crew"
6 number?

7 A. (Knepper) I guess, yes. It would be the total of the
8 first five columns. And, I think Column 6 is there
9 just to kind of show the difference, if you want to do
10 that comparison.

11 Q. And, that leads you to a more apples-to-apples
12 comparison of the crews that Unitil allocated to the
13 New Hampshire and Massachusetts territories?

14 A. (Knepper) Yes. Definitely.

15 Q. Okay. Thank you. Anything further on your research
16 and analysis?

17 A. (Knepper) I don't know, do you have anything to add?

18 A. (Frantz) Just that we conducted this with data
19 requests, meetings with the Company, and follow-up
20 discussions with the Company and in phone calls.

21 Q. Okay. Thank you. Could you summarize for us then the
22 conclusions that you reached as a result of your review
23 and analysis?

24 A. (Knepper) I guess the conclusions are listed on Page 22

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1 of our report. And, I think I've already addressed
2 that first conclusion. That the data revising Unitil's
3 allocation of resources to New Hampshire and
4 Massachusetts is significantly different than when the
5 Commission published their report on December 3rd of
6 2009. And, it was -- the allocation was not as, I
7 guess, disproportionately represented as it was before.

8 So, and I think the second conclusion
9 that we came to was that Unitil probably, if it hadn't
10 suffered a major setback when it had 14 contractor
11 crews from Ohio not show up or kind of that they were
12 really counting on to help strengthen their army of
13 restoration crews, they quickly got -- that plan got
14 scrapped, and that kind of cost them some delays in
15 getting crews. And, you got to be careful when they --
16 Unitil did clarify to us that a contractor crew would
17 be different than their own crews, and they did that in
18 their testimony. And, the number is actually bigger
19 than what you think 14 represents, I believe. And
20 that, you know, "14" would actually represent
21 sometimes, in some cases, a contractor crew could be
22 two buckets, would be "28", plus maybe another
23 contingency for diggers or things like that, which
24 could represent almost as much as "42" sets of

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1 resources that I guess Ray LeTourneau had relied on.

2 So, we looked at that, and that setback
3 was a major component as to kind of what some of these
4 numbers that are showing here. If that hadn't
5 happened, you know, it may not have even, I guess,
6 surfaced, and it may not -- we may not even, you know,
7 been asked to even look at that.

8 So, we also said in our conclusion that,
9 in retrospect, that mutual aid from other utilities is
10 not a fully reliable means of obtaining immediate
11 emergency assistance. And, we recommended that they
12 continue to broaden their efforts to get resources,
13 which I believe Unitil has done. That they have
14 increased their contractor pool substantially. I think
15 they're working with local contractors already on
16 property to agree to a right of first refusal, is very
17 important, because that enhances their ability to count
18 and I guess rely on these crews being there. And, I
19 think they're revising their procedures to reflect the
20 mutual aid process in their Emergency Response Plan,
21 which really wasn't part of their Emergency Response
22 Plan in December 2008 at the time, but I think it's in
23 there now. And, it's really a post event, trying to
24 get resources after, you know, after the event has

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1 occurred.

2 And, the last thing that kind of came to
3 light for us is that there's some inefficiencies when
4 you break up crews that are sent from other utilities
5 that can be experienced. That, you know, by dividing
6 them up and sending some from one to another may not
7 even be controlled by Unitil, that may be a, you know,
8 "We have to have all our crews together. We want them
9 staying at the same hotel. We want them working with
10 each other. They're used to working with each other
11 for safety reasons. We think it's much more
12 efficient." And, so, that there can be some downside
13 by splitting up crews and reallocating them. And, so,
14 that kind of came to light, and we thought that was
15 very important.

16 And, I think the fourth conclusion that
17 we came up with is that, you know, we think Unitil has
18 taken a number of steps to strengthen its emergency
19 planning and response capabilities. Although this is
20 kind of a retrospective-looking docket, you know, they
21 have included the hiring of a senior level director,
22 who's, you know, dedicated to emergency response and
23 preparation plans. Whereas, before it was part of
24 someone else's responsibility, who had other

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1 responsibilities as well. But we have someone now
2 who's, you know, dedicated, and that's his sole
3 function. We think that's, you know, a very good step.
4 They have had more frequent drills with municipal
5 officials. They're more extensive. They revised a lot
6 of their structure. They did extensive revisions to
7 their Emergency Response Plan, and we touched upon that
8 earlier as to how things are getting reported. It's
9 much more structured. People are dedicated to doing
10 damage assessments. There's a whole bunch of things
11 that they have taken to improve. And, so, we wanted to
12 mention that in our report as well.

13 Q. All set, Tom?

14 A. (Knepper) Tom, you want to talk about the
15 recommendations?

16 A. (Frantz) Be happy to. The Staff has a number of
17 recommendations, but some of which are perhaps not
18 considered major. And, the first one was the Company
19 would work with Staff to provide a virtual network
20 interface, so that during storms we could actually see,
21 in real-time, what the Company is seeing. We think
22 that would be greatly beneficial, not just to the
23 Commission, but to the people over at the Emergency
24 Operating Center in the state. And, we recommended

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1 that that be in place by the end of the year, in 2010.

2 A. (Knepper) Just can I add to that? I mean, the
3 importance of that is, is now, you know, if we can see
4 stuff as it's happening, it really helps or I guess
5 confirm those allocation decisions being made. You'll
6 know where crews are. They're implementing an Outage
7 Management System. So, some of that tracking will show
8 up, and this virtual private network would be not just
9 what the customers would see on a Web screen, it would
10 be beyond that. It would be, you know, treating us
11 just like any other employee out there. And, I think
12 that would be really beneficial in helping to
13 understand how Unitil does some of their storm
14 restoration.

15 A. (Frantz) And, it gets, as I mentioned, to the overall
16 state response to emergencies. I think it's beneficial
17 that, having been over at the Emergency Operating
18 Center, and Randy was certainly there a lot during the
19 ice storm, as was the Chairman, that better information
20 is better for everybody. And, so, when we see that
21 information, too, it reduces time, it reduces
22 uncertainty. We have a clearer idea of what's going on
23 in the system. We're not managing the Company, we're
24 not telling them what to do. But we can make better

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1 informed decisions and provide resources in the other
2 direction, from the State's response to the Company.

3 A. (Knepper) I guess, Lynn, I'd characterize it as it's a
4 step in more transparency. And, more transparency is
5 always a positive thing.

6 A. (Frantz) One of the other recommendations was that the
7 Company would submit to the Commission within 30 days
8 of the Commission's action on this report improvements
9 that the Company can make and will make concerning
10 resource procurement and acquisition procedures. So
11 that we really have a better idea up front, in those
12 critical hours, where those resources are going. And,
13 that includes pre-staging those resources, whether they
14 go to Fitchburg, whether they go to Capitol, whether
15 they go to Seacoast, what proportions will there be.
16 And, we think that's an important -- an important
17 aspect of this report and the recommendations.

18 A. (Knepper) I think that also kind of a review looking at
19 whatever contracts they have in place, things like
20 that, right?

21 A. (Frantz) Correct. And, while we're on report filings,
22 there would be another report that the Company agreed
23 to file with the Commission within 30 days, and that
24 gets to actually working on defining those resource

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1 acquisitions and the allocations. So, that would be a
2 revision to the Emergency Response Plan. Again, this
3 focus is on these really wide-scale, devastating
4 storms. Not your everyday storms, not an outages of
5 3,000 or 4,000, but storms that affect the whole
6 system.

7 A. (Knepper) I guess the thing that I want to emphasize in
8 that revision, that revision that they were
9 anticipating accompanying the Emergency Response Plan
10 is this concept of having an initial weighting of
11 factors. Meaning, you know, the hard part is, it's the
12 middle of the night, we just got hit everywhere. I
13 don't have the luxury of having refined information
14 coming in. And, I'm being asked to go out and get
15 resources and allocate crews. And, so, we want some
16 sort of memorialization as to "hey, all else being
17 equal, every place is being hit at once, Capitol,
18 Seacoast, Fitchburg. They all have large amounts of
19 poles down, they all have large amounts of wires down.
20 We have, you know, more work than we have resources.
21 We kind of want an initial allocation scheme or
22 mechanism put in place. So, I think that's what's kind
23 of lacking now of the new Emergency Response Plan.
24 And, I believe Unitil is going to address that.

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[WITNESS PANEL: Knepper~Frantz]

1 A. (Frantz) And, we think another important aspect and
2 recommendation is that we're kept in the loop on
3 resource deployment. So that, if resources will move
4 from Fitchburg to Seacoast or Capitol or from Capitol
5 to Fitchburg, that the Commission will be notified
6 within two hours of that decision for reallocation.
7 Again, we're not making the management decision to
8 deploy those resources or allocate those resources.
9 But we do want to be kept in the loop if they're
10 leaving the State of New Hampshire. "Well, why were
11 they leaving? How many resources? Is it just one
12 bucket crew? Is it a digger crew? Is it, you know, a
13 large level of resources?"

14 A. (Knepper) Yes. I think what that helps with is when
15 you do after action reviews, like we've just done, is
16 that it documents things. I don't want to be put in a
17 position that they have to come and ask the Commission
18 for approval. That's not what we're looking for. What
19 we are looking for, documentation of it, and then just
20 notification that "hey, we just moved eight crews from
21 the Seacoast down to Fitchburg. And, so, you know, if
22 you're seeing less crews out there, that's the reason
23 why. And, they're going to be moving it down at 4:00",
24 or whatever. So, we're looking for that. And, we

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1 think that that's, I don't know, it's just another way
2 or another protection in for New Hampshire.

3 Q. Thanks. And, could you just briefly summarize for us
4 why you felt these recommended steps were appropriate?

5 A. (Knepper) Briefly? That might be better you.

6 A. (Frantz) A lot of this is a docket that was opened to
7 look at actions preceding and during the storm. We
8 think we understand the actions of the Company better.
9 I think we have way better information now than we had
10 at the time of the After Action Review by the
11 Commission by focusing on this. Ultimately, though,
12 there are a number of actions that needed to be taken
13 and a number that have been taken going forward that
14 are going to help all customers in the State of New
15 Hampshire for, hopefully, future storms, even though if
16 they're ever of this magnitude.

17 And, there's no bright line on a lot of
18 these issues. A lot of it is somewhat gray. We
19 understand that, especially the fluidity and the
20 dynamic aspect of actually during a storm and making
21 those decisions. But we're New Hampshire regulators.
22 I think that it's important that we look at New
23 Hampshire interests. And, that was our key focus on
24 this. And, I think we've reached a balance of New

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[WITNESS PANEL: Knepper~Frantz]

1 Hampshire interests going forward and reducing
2 outage-related time for customers, and understanding
3 the decision-making.

4 And, I do want to mention that, and it's
5 probably obvious to everybody here, that a number of
6 these decisions will have cost implications. And,
7 we'll be looking at those in the rate case. Not just
8 the cost of the storm, but some of these policy
9 decisions potentially have cost implications, too. You
10 don't get to deploy and access more resources up front
11 quicker and not see that as a cost to, potentially, to
12 customers. But, if you're only focused on that, I
13 think you'd miss a bigger picture. And, that is that
14 there are costs of being out of power. There are costs
15 to commercial and industrial customers, there are costs
16 to residential customers. And, those are real costs.
17 We don't really see those when the Company files for
18 recovery of its storm-related costs, but those are
19 truly costs. And, so, reducing outages and getting
20 resources reduces, in a sense, the overall costs, even
21 though you may see increased costs on the utility
22 system. And, that's a difficult and delicate balance.
23 And, I think we'll still be struggling with it for a
24 little while.

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1 Q. Thank you. Randy, do you have anything to add to that?

2 A. (Knepper) I think I'm good.

3 Q. Okay. In your view, both Tom and Randy, is the Company
4 in agreement with the recommendations that you've
5 developed in this Report?

6 A. (Frantz) It's my understanding that they are.

7 A. (Knepper) That's my understanding as well.

8 Q. Thank you. Anything further to add on the report
9 itself, the process?

10 A. (Frantz) No.

11 MS. FABRIZIO: Okay. Thank you. That's
12 all I have for Staff witnesses.

13 CHAIRMAN GETZ: Thank you.
14 Ms. Hatfield.

15 MS. HATFIELD: Thank you, Mr. Chairman.
16 Good afternoon, gentlemen.

17 WITNESS FRANTZ: Good afternoon.

18 CROSS-EXAMINATION

19 BY MS. HATFIELD:

20 Q. Mr. Frantz, you just testified briefly about the issue
21 of costs, correct?

22 A. (Frantz) I did.

23 Q. And, just to be absolutely clear, the issues both of
24 the cost recovery related to 2008 ice storm expenses

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[WITNESS PANEL: Knepper~Frantz]

1 and issues related to the cost of policy and procedure
2 changes are not included in this docket, is that
3 correct?

4 A. (Frantz) Correct.

5 Q. And, in fact, the parties have agreed to address both
6 of those issues in the pending rate case?

7 A. (Frantz) Costs of the 2008 ice storm are in the pending
8 rate case. The Commission Staff went out and audited
9 those costs and issued a report. And, those costs will
10 be part of the rate case as we go forward.

11 Q. And, is it also true that the costs related to the new
12 policies and procedures that Unitil is putting in place
13 will also be reviewed in the rate case?

14 A. (Frantz) I think actual costs for certain storms will
15 probably be incurred or filed as storms come up, and we
16 may not see those. Some of these decisions, though,
17 will have cost implications. Perhaps increased costs
18 for having more crews pre-contracted or contracts in
19 place with additional crews. But, for the most part,
20 these are policy decisions, and the actual costs will
21 be determined later.

22 Q. And, are you aware that in the pending rate case Unitil
23 has proposed a Major Storm Reserve Fund?

24 A. (Frantz) I am.

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[WITNESS PANEL: Knepper~Frantz]

1 Q. And, is that the type of mechanism that we might all
2 review in order to ensure that they have an appropriate
3 amount of funding to respond to future storms?

4 A. (Frantz) Correct.

5 Q. If you would turn to Page 19 of the Staff Report, which
6 is Exhibit 4 please. If you look about three-quarters
7 of the way down the page, there's a sentence that
8 states: "Staff concludes that the decision to request
9 outside assistance and line up additional crews should
10 be made as soon as certain pre-established benchmarks
11 appear in forecasts." Do you see that language?

12 A. (Frantz) Yes.

13 Q. What does Staff have in mind when you discuss "certain
14 pre-established benchmarks"?

15 A. (Knepper) I think what we're looking at is the type of
16 event, you know, is this, you know, one of the -- a
17 benchmark might be weather. What is the confidence
18 level that this is going to happen? Are they giving it
19 a -- you know, are the forecasters saying "Well, this
20 could happen, but it's a low confidence level" or "a
21 medium confidence level" or "a high level" or
22 something, that might be one factor. How far the
23 geographic footprint is going to be would be another
24 factor. If they're using certain terms like, you know,

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1 "we think there's going to be ice secretion", you know,
2 "significant three-quarters of an inch to 1 inch", or
3 something, that might be a factor. Because any time
4 one of those things happen, it doesn't take much to
5 really do a lot of damage, you know, these lines that
6 go through trees are very susceptible to those type of
7 events. And, so, I think we didn't list them out,
8 because I'm not so sure we've got a definite, but I
9 think we have some concepts of what that means. Does
10 that help?

11 A. (Frantz) For example, you could have a severe weather
12 event, but it may only affect a very small region or a
13 part of a region. And, a tornado is a good example of
14 that, of really hard winds. And, you may get severe
15 damage, but you have plenty of crews and you can access
16 crews and you can get crews and move out crews from
17 other parts of the Company or from other companies.
18 Whereas, you may get a forecast for a hurricane, and
19 maybe a Class III hurricane, and that's going to -- you
20 know that potential is going to be for a widespread
21 event that's going to affect many utilities, and that
22 could affect getting the crews, if that event occurs.
23 And, so, I think it is important to really look at the
24 type of information, follow it closely, how good the

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1 information is. And, obviously, weather is an example
2 of the closer you get to the event, the better the
3 weather forecasts get. 48 to 72 hours out, you have an
4 idea. When you get into 24 hours out, obviously, you
5 probably have a better idea. But you need to balance
6 that with it may take a day or two to get crews in if
7 it looks like it's going to be a really bad event.

8 A. (Knepper) So, what we're not envisioning is maybe
9 events that would happen, let's say, this month, in
10 July, when they have a microburst. It's coming, it's
11 going, and in 15 minutes it's over. We wouldn't expect
12 them to kind of have plans for this and to have all
13 this worked out for that. That's not what we're -- you
14 know, but there's no anticipation factors.

15 Q. Have the benchmarks been identified in Unitil's
16 Emergency Response Plan?

17 A. (Knepper) Which plan are you referring to? The new one
18 that's in place now?

19 Q. Yes.

20 A. (Knepper) Yes. I think what they have done, and which
21 is an enhancement of what they had over before, is they
22 have, what I think, and I don't want to use the wrong
23 words, but -- because their plan -- well, I have it
24 here, I can look it up, but is trigger mechanisms or

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1 trigger points, that that's what they're talking about.
2 That, you know, they kind of put them in different
3 categories and buckets and what the responses would be.
4 And, so, I believe that they have done a lot of that
5 already. But I don't know if it's -- we really
6 haven't, you know, we haven't really reviewed it or
7 looked at it, but I think a lot of their concepts that
8 they have looked at. And, I think, in the report, this
9 is yet another report that has been filed, they call
10 them -- is it "Performance", and you can help me out,
11 Rich, "Performance Indices"?

12 MR. FRANCAZIO: Yes, PDI.

13 WITNESS KNEPPER: PDI. That's --

14 MR. FRANCAZIO: Those are --

15 CHAIRMAN GETZ: Well, wait a second.

16 Hold on. Let's not solicit.

17 **BY THE WITNESS:**

18 A. (Knepper) Okay. They call them "PDIs". I don't -- I
19 can look it up, I don't have it right in front of me.
20 But they're indices that kind of -- that we would use
21 to kind of rank these things.

22 CHAIRMAN GETZ: Mr. Epler.

23 MR. EPLER: Yes. Mr. Chairman, if I
24 could clarify for the record, I believe "PDI" stands for

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[WITNESS PANEL: Knepper~Frantz]

1 "Predictive Damage Indicators".

2 WITNESS KNEPPER: There we go.

3 CHAIRMAN GETZ: Okay. Thank you.

4 WITNESS KNEPPER: Thank you.

5 BY MS. HATFIELD:

6 Q. In the Staff's recommendations, or, I'm sorry, your
7 conclusions on Page 22, I think you testified that
8 Unitil had agreed to the conclusions? Do I have that
9 right?

10 A. (Frantz) They agreed with the recommendations.

11 Q. So, on Page 22, in your second paragraph, a little more
12 than halfway through, you state that "Staff recommends
13 that Unitil continue its current efforts to broaden its
14 resource acquisition process", and then you list three
15 different things you believe they should do, is that
16 correct?

17 A. (Frantz) Yes.

18 Q. Do you know if Unitil is taking those steps?

19 A. (Frantz) Yes.

20 Q. On Page 23, near the end of that first paragraph you
21 are referencing "Action Item 5.4". Do you see that?

22 A. (Frantz) Yes.

23 Q. And, then, in the last sentence of that paragraph, you
24 say "Staff believes the last item needs further

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[WITNESS PANEL: Knepper~Frantz]

1 refinement." Are you referring to the storm resource
2 procurement and allocation among the Massachusetts and
3 New Hampshire service territories?

4 A. (Knepper) Yes. What we're referring to, I believe, in
5 that, by that sentence there, is that the way the
6 response that they submitted as Exhibit 3, yes, Exhibit
7 3, really just talks about the reallocation and
8 reformulation. And, what we're trying to do is to
9 refine it and get that "initial allocation" words in
10 there. And, then, we also think we can get some more
11 definition, that you're not just talking about regions
12 that are within the state, that you're also talking
13 about regions that cross state boundaries. So, that's
14 the refinement that we're looking for.

15 Q. So, that would be an additional refinement to what has
16 been marked I believe as "Exhibit 3", which was the
17 Company's December 23rd, 2009 addition to their
18 Emergency Response Plan?

19 A. (Knepper) Yes. I mean, that's two that I listed. I
20 would ask that they integrate that into their Emergency
21 Response Plan. Right now it's kind of -- looks like
22 it's kind of a stand-alone document. We want to make
23 sure that's there. Little things like make sure it's
24 got a revision date on it and things like that as well.

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[WITNESS PANEL: Knepper~Frantz]

1 Q. You previously discussed your first recommendation on
2 Page 23, which is the "virtual network interface". Do
3 you recall that?

4 A. (Frantz) Yes.

5 Q. And, you are recommending that that be implemented by
6 the end of this calendar year?

7 A. (Frantz) Correct.

8 Q. Do you know what the cost is for the virtual network
9 interface?

10 A. (Frantz) No.

11 Q. Is that something that will be discussed in the rate
12 case?

13 A. (Frantz) I expect it will be. We don't anticipate it
14 to be very expensive.

15 A. (Knepper) It might be a very -- a question to ask
16 Unitil, but I'm assuming it's a very minimal cost.

17 Q. Do other utilities have that capability, so that Staff
18 can link to the other utilities' response systems
19 during emergencies?

20 A. (Frantz) PSNH doesn't.

21 A. (Knepper) No, PSNH doesn't even have a system to link
22 to, I guess. So, every utility is in kind of a
23 different stage of their plans. But virtual private
24 networks are things that are -- can be useful for a

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1 variety of linking up. We do it with a gas company to
2 look at their policy. So, we don't -- kind of play,
3 you know, as they're seeing it, we can see it, that
4 type of thing. So, it's not out of the unusual, out of
5 the ordinary.

6 Q. Your second recommendation relates to a report that
7 you're requesting, and I think you previously discussed
8 that, correct?

9 A. (Frantz) Yes.

10 Q. What type of review does the Staff contemplate once the
11 Company has provided that report?

12 A. (Frantz) I'm sorry. Can you repeat the question?

13 Q. Sure. After the Company provided the report that
14 you're calling for in your second recommendation, what
15 type of review or what action does Staff think that it
16 will take?

17 A. (Knepper) I think we're going to look at it to see if
18 it's specific enough and it has enough details. You
19 know, one of the things that things can get filed, they
20 meet the compliance of filing something, but we'll be
21 looking for, you know, does it really spell out in
22 detail some of the things that we're looking for for
23 those assurances and that reliability.

24 A. (Frantz) And, the last sentence here says "The report

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[WITNESS PANEL: Knepper-Frantz]

1 should demonstrate the certainty that appropriate
2 resources will be available." I think that's the key
3 aspect of what should be in the report. Certainty in
4 an uncertain world.

5 Q. You included in the report, in several places, and I
6 think you also testified today about shortcomings of
7 the NEMAG process. Do you recall that?

8 A. (Frantz) Yes. That's one of the things we became much
9 more informed about as we conducted our discovery in
10 this proceeding. The Northeast Mutual Aid Group, which
11 is composed of utilities in the Northeast, works pretty
12 well overall, when there are not the types of outages
13 experienced during the ice storm. I think, getting on
14 the phone, getting on conference calls early,
15 discussing with the other utilities, "How is your
16 system?" "What kind of resources do you have?" "Can
17 you spare, you know, five bucket trucks?" "Do you have
18 resources that can come for five days?" And, working
19 cooperatively, for the most part, works for a lot of
20 the kind of storms we experienced in the past.

21 We think it's pretty clear that it is
22 not the kind of process that you can rely upon in a
23 really large, wide-scale event, such as the
24 December 2008 ice storm. Were there still crews there?

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[WITNESS PANEL: Knepper-Frantz]

1 Were there still commitments made? Yes, there were
2 still commitments made. Yes, you got some things. But
3 not as many resources that you'd probably like and not
4 as quickly as you want them.

5 A. (Knepper) And, no assurance. I mean, they can be
6 pulled back at any moment, and it makes it very
7 difficult to plan.

8 Q. Do you generally agree that the policies and procedures
9 that Unitil is putting in place will make it consistent
10 with other utilities, so that their response generally
11 would be consistent?

12 A. (Knepper) That's not an easy question to ask -- or,
13 answer, I'm sorry. Easy one to ask for you; a hard one
14 for me to answer. I think, you know, why we're
15 interesting in Unitil is the fact that they don't have
16 these -- because they don't have large organizations or
17 parent companies to lean on, that they have to have
18 something that's pretty robust, and, I think, you know,
19 something that we can have the confidence in. And, I
20 think they have taken a lot of steps towards that.

21 So, would it be consistent? It's hard
22 to be consistent, because each leap frogs each other
23 when they're making enhancements. And, so, I'm not so
24 sure that's the appropriate term. You have a feeling

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1 on that?

2 A. (Frantz) Well, I think what's important to recognize is
3 that there are great improvements that have been made
4 and are being made by the Company. There are
5 improvements that need to be made by other companies.
6 There's a number of areas that some of our other
7 electric utilities fall short on, and we're working
8 with them to make sure that they make some of the
9 changes that are needed. But is this company better
10 prepared today than it was in December 2008?

11 Unequivocally, yes.

12 A. (Knepper) You know, I think the Commission's After
13 Action Review points out 40 plus items that need to be
14 reviewed and to be looked at to, you know, see if some
15 of these enhancements, explore them and see if they can
16 be put into place. And, so, that's a process that's
17 ongoing and we're continuing to put a focus on.

18 MS. HATFIELD: Thank you. I have
19 nothing further.

20 CHAIRMAN GETZ: Thank you. Mr. Epler.

21 MR. EPLER: Yes. Mr. Chairman, based --
22 just to start out, based on the direct examine and the
23 cross-examine, I have significantly less questions, and
24 should be able to wrap this up fairly quickly. Thank you.

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[WITNESS PANEL: Knepper~Frantz]

1 Good afternoon gentlemen.

2 WITNESS KNEPPER: Hello.

3 BY MR. EPLER:

4 Q. There are a few areas that I'd like to review in the
5 Staff Report. As you've indicated in your testimony so
6 far, there are a number of areas where the Staff and
7 the Company agree, in terms of recommendations going
8 forward and so on, and there's also a number of areas
9 where the Company agrees with the conclusions made by
10 the Staff, and I want to acknowledge that. And, also,
11 just in terms of, as you've already done, since this is
12 in the nature of a report and not testimony, so I'll
13 ask the question, and whoever is the appropriate person
14 to respond. And, then, if either, if one or the other
15 needs to supplement that, please feel free to do so.

16 The first thing I just wanted to follow
17 up on was the correction that you made on Page 22 of
18 the Report, where you eliminated the clause or the
19 phrase "in the NEMAG process". Do you have that page?

20 A. (Frantz) Yes.

21 Q. Why did -- Why was that eliminated? Why did you decide
22 to eliminate that?

23 A. (Knepper) That might be our misunderstanding, but I
24 thought the New England Mutual Aid process was relying

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- 1 upon New England companies. And, so, -- and, I also
2 was kind of -- "Northeast", I'm sorry. Did I say "New
3 England"? So, if it is appropriate, then we'll leave
4 it back in. But we're thinking, since the crews were
5 coming from Ohio, that they weren't part of that
6 process, that there was a reach out beyond that.
- 7 Q. Do you have a copy of the Company's testimony with you?
- 8 A. (Knepper) Yes. Exhibit 1?
- 9 Q. If you can turn -- if you can turn to Page 25 of that
10 testimony. And, you'll see the answer beginning at the
11 top of that page. Can you just take a moment to review
12 that?
- 13 A. (Knepper) Yes, I see it now.
- 14 Q. Okay. So, based on that, it would have been
15 appropriate to leave that phrase in. That the -- that
16 is it correct that the Ohio, based on this testimony,
17 that the Ohio crews were obtained through the NEMAG
18 process?
- 19 A. (Frantz) Certainly appears that way.
- 20 Q. Thank you.
- 21 A. (Knepper) Yes. I guess what led us to some of the
22 confusion was I think the discovery request we had
23 asked for a comment on that, and it wasn't clear, I
24 guess, from the way we were reading it that it came

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[WITNESS PANEL: Knepper~Frantz]

1 from the NEMAG process. So, thanks for the
2 clarification.

3 Q. Okay. Thank you. And, also, while you're on Page 22
4 of the Report, and this is really just a clarification,
5 the third conclusion, it wasn't clear to us, when we
6 were reading this, whether or not your -- this third
7 conclusion, whether you are recommending that the
8 dividing of crews occur or not occur?

9 A. (Frantz) We recognize that it's not the type of thing
10 that's a cookie cutter response or answer. That there
11 are crews that come, they come sometimes with overall
12 crew managers, that they sometimes prefer to work, if
13 not, obviously, the same circuits, but in the same
14 region. So that you may not -- you may get six crews
15 from one place, but they prefer to work in the same
16 area. And, so, it would be inefficient, and perhaps,
17 from their perspective, or even yours potentially, a
18 safety issue to break those crews up sometimes and move
19 them to further part. So, we understand that aspect.
20 And, that doesn't always occur, some contract crews are
21 different than others. You might see crews that are
22 much more independent and willing to be split up, but
23 others might request that they stay together. So,
24 that's what we're referring to in that response, in

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[WITNESS PANEL: Knepper~Frantz]

1 that answer.

2 Q. Okay. So that it would be fair to say that this is an
3 area where the Company should be allowed to exercise
4 its discretion, weighing a number of factors, such as
5 those that you've indicated. At the preference either
6 of the contractor or the need of the contractor to try
7 to keep his crews together versus perhaps allocation
8 decisions that the Company has to make, in terms of
9 what particular crews need to go to what specific
10 sources. And, so, it's not a cut-and-dry situation.
11 It needs to be based on a multitude of information at
12 the time?

13 A. (Knepper) I think it's fair to say that, you know,
14 those things are hidden behind a number that's
15 represented. And, so that, if a condition is given to
16 Mr. Francazio or Mr. LeTourneau or Mr. Meissner, that,
17 you know, "You can have 14 crews. But I don't want 7
18 in Fitchburg and 7 in the Seacoast. I want all 14 to
19 be together." Because you take that into
20 consideration, and then you're going to say "Okay. I
21 don't want all 14." So, we understand that some of
22 those things are going to become -- there's strings
23 attached, I guess, sometimes.

24 Q. Thank you. Now, could you please refer to Page 12 of

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1 the Staff Report. And, actually, the couple of
2 sentences coming from the previous page, Page 11. Do
3 you have a copy of what's been marked as "Unitil
4 Exhibit 2" with you, which was Attachment 1 to the
5 comments that were submitted? And, if not, I can
6 provide you a copy?

7 A. (Knepper) I think Lynn has it.

8 (Atty. Epler distributing documents to
9 the Witnesses.)

10 BY MR. EPLER:

11 Q. And, if you could just take a moment to review that and
12 perhaps refresh your reconciliation. Okay. Based on
13 your review, do you believe that the description of the
14 procedures that are described in this attachment are
15 consistent with the procedures described by Unitil's
16 witnesses in their testimony?

17 MS. FABRIZIO: Could counsel perhaps
18 clarify the question for the panel? I wasn't, myself,
19 particularly clear on what you were asking.

20 BY MR. EPLER:

21 Q. The attachment refers to Unitil's restoration
22 prioritization. And, the Company's testimony also
23 discusses Unitil's restoration prioritization. And, do
24 you believe that, upon reading this, that the

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1 description in this attachment is consistent with the
2 testimony on that same issue?

3 A. (Knepper) It's a lot for me to digest word-for-word, I
4 don't know if I can answer that question.

5 A. (Frantz) Let me try to at least make a simple answer to
6 that question. I think it's clear from the Company's
7 testimony -- it's clear from the Company's testimony
8 today, and as well as that response that's in
9 Attachment 1, that the Company does not, as a practice
10 or policy, try to restore all the customers at the same
11 time.

12 Q. Okay. And, if you could refer to the Staff Report, the
13 bottom of Page 12. And, looking at that very last
14 sentence that starts there, and going over to Page 13,
15 does Staff believe that there was a particular point in
16 time during the storm when conditions were equal, and
17 therefore would have warranted allocating resources on
18 the basis of the service territory with the most
19 customers without power?

20 A. (Frantz) I think this gets to our whole point about the
21 allocation initially, the up-front allocation, when you
22 do not have good information. When you haven't had
23 that 24 to 48 or even 72 hours for the damage assessors
24 to get out in the field and see all that damage, and

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1 you have rather poor information coming into the
2 Company. It's anecdotal, it's comments from certain
3 people, it's still dark out. It's not even light out
4 yet, so you don't have eyes in the field for those
5 people, the few people you have in the field. That's
6 the point of Staff's, how are you going to allocate
7 resources with that lack of good information? That's
8 the reason that we address this here. Once you have a
9 better assessment, once you have people in the field,
10 once you can actually verify the data that you're
11 getting from them, and not just getting the
12 information, but actually trying to verify some of it,
13 then you'd obviously have a better idea about where
14 those resources should be allocated.

15 Q. Well, in terms of the initial allocations, so we're
16 talking, let's say, as the storm is occurring and when
17 the storm initially passes. Based on the testimony
18 that's been given as to the initial -- the initial
19 damage that had occurred in both the Fitchburg area,
20 the reports that the Company was getting with respect
21 to damage, and the UES service area, do you agree that
22 the reports indicated that the damage was more severe
23 in the Fitchburg area?

24 A. (Knepper) I think that's what you've stated. And, I

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1 guess the phrase of it is is that I think at the time
2 -- we think at the time it's bad everywhere. I
3 empathize a little bit with some of the shoes that some
4 of these people were in. But I think it's -- you know,
5 it may not be equally bad, but it's, you know, this is
6 -- the size of this storm compared to previous storms,
7 it was bad for the Seacoast. And, if it didn't happen
8 -- if it didn't happen in Fitchburg, you would have
9 said "Oh, this is significant" easily. And, I guess it
10 was significant to me across all regions.

11 Q. Well, looking at the charts that are on Page 16 of the
12 Staff Report. And, looking, for example, at
13 December 12th. Would you have allocated crews
14 differently than the Company?

15 A. (Frantz) The question --

16 MS. FABRIZIO: Could I ask for a
17 clarification actually. Is counsel asking for the report
18 coming in from the field that were going to Company
19 personnel that Staff was somehow privy to or what reports
20 are you referring to?

21 MR. EPLER: In terms of the reports of
22 damage, I'm talking in the testimony, on pages --
23 beginning on Pages 21.

24 BY THE WITNESS:

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[WITNESS PANEL: Knepper-Frantz]

1 A. (Frantz) Well, let me put it this way. I looked at
2 every response that we asked for concerning the
3 communications of the Company, most of which was
4 between Mr. Meissner and Mr. LeTourneau, starting on
5 December 11th, and running basically through the end of
6 the storm. And, it's very clear, as a matter of fact I
7 just looked at all those yesterday in preparation for
8 this hearing, and it's clear from those e-mails back
9 and forth that there was some idea that the storm had a
10 lot of pole damage in Fitchburg, Fitchburg was
11 completely out. But it's evident in those e-mails that
12 essentially there was a lot of lack of very good
13 information and data coming out. And, that the Company
14 was, in some ways, flying blind, especially in the
15 night of the 11th, into the early morning hours of the
16 12th. So, to go and look at a chart like this, this is
17 a reconstruction after-the-fact, based on customers
18 out, and, as a matter of fact, some of this data was
19 refined much later. We, obviously, didn't even have
20 apples-to-apples comparisons at the time of the After
21 Action Review, which is one of the benefits of actually
22 this proceeding, is that we really did get the refined
23 data, understand it, know the definitions, compare
24 apples to apples between Massachusetts and New

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[WITNESS PANEL: Knepper~Frantz]

1 Hampshire, that was a benefit of what we came here for.
2 But, to look back at the time, and I did, based on
3 those, and I didn't get the phone calls that
4 Mr. LeTourneau was getting or Mr. Meissner was getting,
5 but I was reading the communications. I'd say that it
6 would be very difficult to say that a whole lot more
7 crews, based on that information, should have or had to
8 go to Fitchburg.

9 Was it a reasonable decision? I could
10 understand why the decision being made was made that
11 way. But there was a lot less good information to make
12 a decision on than there was -- than there was really,
13 and there just wasn't a lot of great information to
14 make that initial decision. And, the thrust, if
15 nothing else comes out of this report from Staff, is
16 how critical it is up front, with really bad
17 information, and just reports that can't be verified,
18 until you have really good damage assessment going on,
19 and the importance of early damage assessment is to get
20 some kind of initial allocation of resources that's
21 fair and proportionate between the -- among the service
22 territories.

23 Q. So, I take it you don't think that the initial
24 allocations here, during those initial days, was

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[WITNESS PANEL: Knepper-Frantz]

1 unreasonable?

2 A. (Frantz) I'll put my New Hampshire regulatory hat on,
3 as it always is, and say "would have we preferred more
4 allocations to New Hampshire?" "Yes." Based on the
5 information you had, it's hard to say that they were
6 unreasonable.

7 Q. Could you turn to Page 13. And, the last sentence on
8 that page, "In other categories, including splices and
9 fuse links, in particular, UES territories suffered
10 greater damage." Is the report inferring at this point
11 that, based upon these numbers, the UES service area
12 suffered damage equal to or comparable to those
13 Fitchburg areas?

14 A. (Knepper) I don't think it's saying that, no.

15 A. (Frantz) I don't think either Randy or I would say that
16 some damage to a splice or a fuse is equivalent to pole
17 damage or a number of miles of line down. We're just
18 saying that the data indicates that there was some
19 damage in New Hampshire, based on how you look at it,
20 that was as bad or worse in New Hampshire. But,
21 certainly, there's no question that the miles of line
22 and the number of poles damaged in Massachusetts was
23 greater.

24 A. (Knepper) And, the other thing you have to remember is,

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[WITNESS PANEL: Knepper~Frantz]

1 to that customer who doesn't have power, whether it be
2 a fuse or whether it be a recloser or some other item,
3 they still don't have power. So, that's how they look
4 at it. Not so much, "I have six poles down and a lot
5 of wires in between." They're looking, from their
6 aspect, is "I still don't have power." I think that
7 you shouldn't be lost in that part of that, that part
8 of the consideration.

9 MR. EPLER: That's all the questions I
10 have. Thank you.

11 CHAIRMAN GETZ: Thank you. Commissioner
12 Below.

13 CMSR. BELOW: Thank you.

14 BY CMSR. BELOW:

15 Q. On Page 24 of your Report, in the third recommendation,
16 it's suggesting that, in pre-staging resources, that
17 they be allocated based on the "number of customers
18 served and the infrastructure configuration in each
19 service territory." And, so, the suggestion is that
20 they -- "Unitil's field restoration crews generally be
21 pre-staged on a 65 to 35 percentage basis between its
22 UES and Fitchburg affiliates, respectively." So, is it
23 fair to interpret that as meaning that, you know, sort
24 of all other things being equal, if there's a forecast

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[WITNESS PANEL: Knepper~Frantz]

1 that generally New Hampshire/Massachusetts might be hit
2 equally, they would proportion pre-stage resources on a
3 customer -- number of customers served basis, and is
4 that what the 65/35 reflects?

5 A. (Knepper) I think it reflects customers served, but
6 also may be primary circuit miles that they have for
7 infrastructure that's within each territory. I think
8 you could refine it. If you really wanted to get the
9 exact, you could say "how many of those circuit miles
10 are aboveground versus underground?" There's a whole
11 bunch of ways of looking at it. But, to make it
12 simple, 65 and 35 was an easy thing to get to the end.
13 I think you could make it as simple or complex as you
14 need it to be.

15 Q. And, is that something that this is part of the
16 recommendation that you understand the Company has
17 agreed to?

18 A. (Knepper) Yes. Yes. I do.

19 Q. Do you know whether any Canadian-based utilities are
20 either directly or indirectly part of NEMAG process?

21 A. (Frantz) Yes. Yes. I think a number of the --
22 Hydro-Quebec is, I believe New Brunswick probably is,
23 and I think Ontario, but I'm not sure.

24 Q. Okay. Oh. Is it fair to say that perhaps the single

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[WITNESS PANEL: Knepper~Frantz]

1 biggest lesson learned here is the need to anticipate
2 potential major events and get resources lined up in
3 advance of the event, rather than waiting until after
4 the fact?

5 A. (Frantz) Yes.

6 A. (Knepper) Go ahead.

7 A. (Frantz) Yes. But we shouldn't be under the view that
8 that's necessarily easy, because there will be calls.
9 And, when you think a major event is occurring, and
10 especially ice storms fall under this, because ice
11 storms require some very specific type of weather data
12 to get that ice secretion. And, a change in one degree
13 Fahrenheit, above or above, a change in elevation, a
14 movement of 50 miles one way or another way with a
15 front, could make a huge difference on whether or not
16 it's a localized event, or whether or not it's going to
17 be a really large, widespread, take-all-lines-down type
18 of event and snap poles, and with trees coming down
19 everywhere. So, there will be times, and we need to
20 recognize this, that the Company will probably pull
21 that trigger, and that trigger has implications, and it
22 may not occur.

23 But, I think, based on the 2008 ice
24 storm, having all of us been through it, that probably

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[WITNESS PANEL: Knepper~Frantz]

1 pulling that trigger, and knowing when to pull it, and
2 pulling it a little early and getting those resources,
3 really is a better policy, in my opinion.

4 A. (Knepper) And, I would concur with that.

5 Q. Okay. During their direct testimony, the Company
6 representatives responded to a question from Mr. Epler
7 regarding the Massachusetts law that was enacted
8 subsequent to this ice storm, about the ability to
9 Massachusetts regulatory authorities to sort of, in
10 extreme cases, take control of the Company's resources.
11 And, I believe the Company's witnesses expressed that
12 they weren't concerned that that would impact their
13 ability to make allocation decisions between New
14 Hampshire and Massachusetts. Do you have a view on
15 that? Did you take a look at that question? Is
16 that --

17 A. (Knepper) I think the Commission's After Action Item
18 Review list that in Appendix B, legislative concerns,
19 that it might be something that the New Hampshire
20 Legislature may also want to take a look at. I mean,
21 I'm not a -- I'm not an attorney here, so I don't know
22 what some of those ramifications are. But, when they
23 put things like "you can take control of a company",
24 that could be -- that might be detrimental to New

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[WITNESS PANEL: Knepper~Frantz]

1 Hampshire. So, I think it's something that needs to be
2 more than just taken from assurance, you have to kind
3 of figure out how to look at that.

4 A. (Frantz) I agree. I take the witness's statement that
5 that "won't affect them" at their word. That doesn't
6 mean it's not going to affect politicians or others in
7 Massachusetts, though. I think that, when the Company
8 looks at the resource allocation and looks at those
9 things, I think they will look at it based on the
10 criteria and the needs and where those resources need
11 to go, to restore those number of customers the most
12 the quickest. But I don't think you can sit here and
13 read that Massachusetts legislation and not be somewhat
14 concerned.

15 CMSR. BELOW: Okay. That's all.

16 CHAIRMAN GETZ: Thank you. Commissioner
17 Ignatius.

18 CMSR. IGNATIUS: Thank you.

19 BY CMSR. IGNATIUS:

20 Q. I have a question about the VPN network link
21 recommendation. That is that there is no such link for
22 any other utility in the state currently for New
23 Hampshire, correct?

24 A. (Knepper) That's incorrect.

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[WITNESS PANEL: Knepper~Frantz]

1 Q. I'm sorry. Then, can you help me, where do you have it
2 in place in New Hampshire?

3 A. (Knepper) I have it on my computer right now.

4 Q. Connecting to?

5 A. (Knepper) Connect to National Grid.

6 Q. All right. And, are their protocols for when you can
7 tap into their system or limits on how far you tap into
8 their system?

9 A. (Knepper) Yes. I mean, it's not like we're getting in
10 and reading communications and e-mails. It's just
11 giving you the same screens that they're seeing. And,
12 so, it just helps, it helps communications. It keeps
13 it current, that kind of thing. And, so, it gives us a
14 better transparency of status. And, so, the Company
15 felt it was actually easier that way, versus having to
16 do -- they viewed it as an easy way to communicate.
17 "Here, take a look." And, so, it's no more than that.
18 I think, in the idea of being transparent, it's
19 sometimes helpful.

20 Q. Is it a two-way connection?

21 A. (Knepper) No. It's probably very similar to the way
22 virtual private networks have worked here at the
23 Commission that you can access things from remotely.
24 They partition off the area that, you know, that you

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1 would see. And, I really don't want to see things, I
2 don't edit things, I don't have any of that kind of
3 stuff. It's just a viewer. And, so, that's how it's
4 used.

5 CMSR. IGNATIUS: All right. Thank you.

6 CHAIRMAN GETZ: Okay. Thank you.

7 BY CHAIRMAN GETZ:

8 Q. I want to try to understand what kind of information
9 can be fairly or conclusions can be fairly drawn from
10 the charts that are on Page 16 of Exhibit 4. And, I'm
11 going to be moving between a few documents, and also
12 looking at Page 30 of Exhibit 5. But, I guess, if I
13 start from the order of notice, on the first page it
14 says "Data submitted in the Massachusetts Department of
15 Public Utilities' investigation regarding Fitchburg's
16 ice storm response in Massachusetts revealed that more
17 crews were deployed in Massachusetts at times when
18 there were greater numbers of customers without power
19 in New Hampshire." And, in Exhibit 1, the Company's
20 testimony, at Page 21, beginning on Line 6, says "The
21 overnight data", I take it from the 11th to the 12th,
22 "the overnight data that was available indicated that
23 we did not initially have as many customers without
24 service in New Hampshire, and the number of broken

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[WITNESS PANEL: Knepper~Frantz]

1 poles being reported was significantly less than
2 reports from Massachusetts, suggesting the level of
3 system damage was likely less than that experienced in
4 the Fitchburg area."

5 With that as background, I want to start
6 with also, and I got a number of moving parts here,
7 unfortunately, I think where you started out with,
8 gentlemen, on Page 22, the first conclusion that you
9 made was that the allocation of resources between New
10 Hampshire and Massachusetts was not as disproportionate
11 as it initially appeared.

12 So, I want to make sure I understand how
13 we got there. So, if you look at Exhibit 5, and
14 Page 30.

15 A. (Knepper) Got it.

16 Q. So, on, let's say, for instance, on December 13, that's
17 showing 80 field crews in the Unitil Massachusetts
18 versus Unitil New Hampshire. So, it's 80 to 24, --

19 A. (Knepper) Correct.

20 Q. -- which is like three times. And, if I understood
21 what you said earlier was, to make a better comparison,
22 you needed to strip out of -- well, don't compare field
23 crews, compare bucket crews, is that correct?

24 A. (Knepper) Remove the damage assessors out.

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[WITNESS PANEL: Knepper~Frantz]

1 Q. Okay. But, if I were just going to compare bucket
2 crews, and not compare field crews, if I go to Page 16
3 of Exhibit 4, so, on December 13th, for instance, there
4 were 17 bucket crews total in New Hampshire, versus 38
5 bucket crews total in Massachusetts, is that correct?

6 A. (Knepper) I'm sorry. Could you say the date of what
7 you're referring to?

8 Q. I'm looking at December 13.

9 A. (Knepper) Thirteenth, yes.

10 Q. So, whereas, you know, initially, if you were comparing
11 field crews on December 13, for instance, it looks like
12 there was three times as many field crews in
13 Massachusetts as there were in New Hampshire on that
14 particular day. But, if you compare bucket crews on
15 that particular day, there were twice as many as in
16 Massachusetts as there were in New Hampshire. And, is
17 that kind of what you were looking at when you made
18 your conclusion that the allocation was not as
19 disproportionate as it first seemed?

20 A. (Knepper) If you look at the column that says "Total
21 crews" on Page 16 of Exhibit --

22 MS. FABRIZIO: Four.

23 **CONTINUED BY THE WITNESS:**

24 A. (Knepper) -- 4, thank you, that's the columns that

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1 we're kind of comparing. And, those would line up with
2 those on Page 30 of the After Action Item Report, which
3 was Exhibit --

4 MS. FABRIZIO: Five.

5 CONTINUED BY THE WITNESS:

6 A. (Knepper) -- 5. So, let me -- can I walk you through
7 one, Chairman?

8 BY CHAIRMAN GETZ:

9 Q. Sure.

10 A. (Knepper) On December 13th, you're correct, there would
11 be 80, is what we originally thought the number was,
12 versus 80 crews in Massachusetts, versus 24 in New
13 Hampshire, and now that number is still 24 in New
14 Hampshire, but it's now 51. Okay? So, it's not as
15 large as we --

16 Q. So, again, it's roughly what initially appeared to be
17 --

18 A. (Knepper) Instead of three to one, it might be two to
19 one, approximately, you know. And, so, it's not as
20 disproportionately as we first thought it was, and --
21 but we also noted it's still disproportionate to the
22 number of customers off. So, if you use that as the
23 proportion denominator, we still find that that is
24 still not the proportion. I think what Unitil --

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1 Q. Well, let's go into that for a second then.

2 A. (Knepper) Yes.

3 Q. So, if you look at, and it appears to me that the
4 customers without power numbers are the same in
5 Exhibit 5 as they are in Exhibit 4. That's really not
6 changed, correct?

7 A. (Knepper) Correct.

8 Q. So, in New Hampshire, on December 11th, and I guess
9 it's -- I don't know when these numbers -- these are
10 end-of-day numbers? High for the day?

11 A. (Knepper) I think it's just the peak during that day.
12 Could be at different times during the day. So, one
13 might be at 11:00, at 11:00 p.m. number, the other one
14 might be a 4:00 p.m. number the next day.

15 Q. So, on December 11th, there was 5,450 for New
16 Hampshire, 1,368 for Massachusetts. And, then, it
17 jumped up to 37,800 on the 12th for New Hampshire, and
18 25,484 for Massachusetts. And, then, 27,000 New
19 Hampshire versus 21,000 Massachusetts. And, then,
20 after that, the numbers get comparable, and then
21 decrease quicker for New Hampshire than for
22 Massachusetts. Is that an accurate read?

23 A. (Witness Knepper nodding affirmatively).

24 Q. So, what you're really talking about, with the numbers

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[WITNESS PANEL: Knepper~Frantz]

1 being higher, you're really talking about those first
2 three days, recognizing that the 11th is the evening?

3 A. (Knepper) That's correct. And, that's why they're kind
4 of highlighted in red on Page 30 of the Commission's
5 After Action Review. Those are the numbers, they're
6 kind of highlighted in red, those are the days that
7 we're looking, the 12th and the 13th.

8 Q. Then, for some reason, between the 12th and the 13th,
9 so, for New Hampshire, there were let's just look at
10 bucket crews. Went from, in New Hampshire, from the
11 12th to the 13th, it went from 16 to 17. And, in
12 Massachusetts, it went from 15 to 38. So, there was a
13 really big jump in Massachusetts for bucket crews, as
14 compared to New Hampshire, in that one day?

15 A. (Witness Knepper nodding affirmatively).

16 Q. And, I guess what I'm trying to understand, and I don't
17 know if it was Mr. LeTourneau or Mr. Meissner who
18 talked about, and I guess the testimony talks about,
19 that they thought there were more broken poles in
20 Massachusetts than New Hampshire. But I'm trying to
21 get to this kind of what I look at as an intensity
22 issue. If I look at the change in customers between
23 the 12th and the 13th, it looks like, in New Hampshire,
24 10,000 customers were brought back on in one day,

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1 whereas, in Massachusetts, in the same day, 4,000
2 customers were brought back on. And, it seems that the
3 same kind of change plays out in the next day, from the
4 13th to the 14th, 10,000 versus 4,000. So, I mean, is
5 it fair to conclude from that that the intensity issue
6 was greater in Massachusetts than in New Hampshire?
7 Because I think there was some testimony earlier, and,
8 again, I'm not sure if it was Mr. Meissner or
9 Mr. LeTourneau, that they thought they could bring
10 things on at the sub-transmission level in New
11 Hampshire that they couldn't do in Massachusetts. So,
12 I'm trying to get a feel for whether you agree with
13 those characterizations?

14 A. (Knepper) Thanks for that easy thing to go through.

15 Q. Now, and again, I want to say, this is what -- I'm
16 trying to figure out what, you know, it was fair to
17 conclude from these pieces of evidence, recognizing
18 there's all kinds of other things behind these numbers,
19 and these numbers, I assume, were kind of put together
20 after-the-fact, in large part.

21 A. (Knepper) Recognizing that we don't have a lot of the
22 underlying data of what occurred in Fitchburg, that was
23 never part of any review that we did. And, so, the
24 only ones that would have that is Unitil. So, some of

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1 those underlying reasons and what's there, we just
2 looked at it from a high level. And, I think what
3 we're trying to say is, from an -- externally, the
4 viewpoint would be is that the ratio of crews to
5 customers without power just kind of looks exorbitant
6 -- not "exorbitant", that's probably not a good word,
7 inordinate, I guess, it looks like something that you
8 would want to look at and warrant looking at it closer.
9 So, I think what Unitil is saying is, "Well, just don't
10 consider that factor. There's a whole lot of other
11 underlying factors." It makes it very difficult when
12 we're not -- we don't have, we can't see those
13 underlying factors. We can only see the underlying
14 factors for, I don't know, one half or a part of their
15 system, we don't have it for the entire system.

16 So -- And, I think what we're trying to
17 say is that, while we're -- we're not saying that "you
18 should only look at customers without power as being
19 the single factor. That's the only one." We do think
20 it is a very important factor. You know, where we
21 might differ from Unitil is, what's the primary factor?
22 Whether they put customers without power as, you know,
23 number two or three on the list, or whether we had it
24 as one on the list. But I think we recognize that

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1 there's some other factors as well. You shouldn't just
2 look at one single factor. I think the agreement is
3 that. But which one is more important than another is
4 -- I think that's where we have some differences of
5 opinion, I guess. Because -- and it might be because
6 we just don't have -- we don't have a lot of that data
7 associated with it. All we can look at was what the
8 total damages that were there, in terms of circuit
9 miles, and what the total customers were. So, we're
10 kind of looking at it from a pretty high view.

11 Does that help you? Does that answer
12 your question as to how we got to there?

13 Q. Yes, I think so. But let me move onto another
14 comparison. Let's look at "Tree Crews", on Page 16.
15 So, you know, you were focusing on total crews in your
16 comparison, I guess I've broken them down into bucket
17 crews and tree crews.

18 A. (Knepper) Uh-huh.

19 Q. It looks like between the 13th and the 14th, in both
20 New Hampshire and Massachusetts, there was a
21 significant jump in the number of tree crews. In New
22 Hampshire from 5 to 20; in Massachusetts, from 4 to 12.
23 And, then, kind of stayed pretty steady for the next
24 week. And, in the comparison of New Hampshire and

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[WITNESS PANEL: Knepper~Frantz]

1 Massachusetts, I mean, is it fair to say that Fitchburg
2 is a more urban environment, and there was -- they
3 needed less tree crews than New Hampshire needed, which
4 is less urban compared to Fitchburg? Is that a --

5 A. (Knepper) I guess I get cautious when I start making
6 those kind of determinations. You know, what you don't
7 see here is, you know, I don't know what they have for
8 Fitchburg, you know, how many miles they have
9 underground, versus what's in downtown Concord. I
10 don't know what their vegetation management practice
11 is. You know, do they trim X amount of feet, versus
12 what they do in New Hampshire? We can speak pretty
13 confidently as to what happens here. We don't
14 necessarily and did not try to undertake digging into
15 the reasons of why these occurred.

16 A. (Frantz) We do know that, and Fitchburg only -- I think
17 Fitchburg Gas & Electric serves six communities in
18 Massachusetts.

19 A. (Knepper) Four.

20 A. (Frantz) Yes, not even six. So, four. And, New
21 Hampshire serves maybe 17 or 21 or something like that.
22 So, there's a lot more area in New Hampshire. And,
23 therefore, there's -- we do know there's way more
24 circuit miles in New Hampshire than in Fitchburg. And,

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[WITNESS PANEL: Knepper~Frantz]

1 so, I'd be cautious, but you could sit there and
2 understand that most of the storm-related ice storm
3 damage was from trees. But that could lead you to
4 conclude that there was more tree-related damage in New
5 Hampshire, and therefore more tree crews were sent to
6 New Hampshire. But I think we'd have to look a lot
7 closer at it than that, and really get into the
8 Massachusetts data that we didn't get into.

9 A. (Knepper) One of the benefits that I think, that was
10 mentioned here earlier, that may not come to light is
11 that, when you have these Outage Management Systems,
12 after-the-fact it makes it very -- a lot easier to do
13 some of the analysis that you're talking about, because
14 you have "this crew when from this location to this
15 location", so you can boil it down to crew, time, where
16 spent.

17 For this December 2008 ice storm,
18 Unitil, I don't think they have the capability of being
19 able to do that very easily. Those Outage Management
20 Systems do allow you to do that. We realized that when
21 he talked to the Co-op. It was very simple for them to
22 -- "how do you want the data? We can parse this out by
23 crew, we can parse this out by day, we can parse it out
24 by location street. So, just tell us, you know, by

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1 hour or whatever you want."

2 And, so, I think -- I think some of the
3 things that you're asking to review will be -- we'll
4 better be able to have a handle on that in the future,
5 once these systems are in place.

6 Q. And, of course, there's a very close relationship
7 between bucket crews and tree crews. Sometimes the
8 tree crew has to go out and clear its way, so the
9 bucket crew gets in. Sometimes a bucket crew has to go
10 out and remove a wire that's on the ground, before the
11 tree crews get in. Is that fair to say?

12 A. (Knepper) Yes, I agree there's -- they are not
13 independent of each other.

14 CHAIRMAN GETZ: All right. Any
15 redirect?

16 MS. FABRIZIO: I have just one follow-up
17 question to a question that was raised by the OCA.

18 **REDIRECT EXAMINATION**

19 BY MS. FABRIZIO:

20 Q. Do you each have a copy of Exhibit 5, the Commission's
21 After Action Review, in front of you?

22 A. (Frantz) Yes.

23 Q. And, could you take a look to refresh your recollection
24 of the Commission's "Action Items Checklist", on Pages

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[WITNESS PANEL: Knepper~Frantz]

1 63 through 67 of that Report.

2 A. (Frantz) Yes. I'm there.

3 Q. That was fast. Is it fair to say that the steps that
4 Staff has developed and recommended that Unitil
5 undertake as a result of this proceeding are consistent
6 with what the Commission expects of other electric
7 utilities in New Hampshire as a result of its own After
8 Action Review?

9 A. (Knepper) I would say, in general, yes. But I can
10 think of, just off the top of my head, specifically,
11 we're not asking any other utility to do this
12 allocation type of thing. Or -- so, in that regard,
13 this initial allocation, you know, that 65 to 35 that
14 was being done. We're not asking other utilities to do
15 that. And, that's because it's really only applicable
16 to Unitil. The Co-op, it wouldn't make sense, they
17 don't have out-of-state type of stuff. And, the other
18 two utilities, I don't think it's applicable to either.
19 So, I can't say 100 percent it will be consistent.
20 But, I think in general, I think we're trying to be
21 consistent with the After Action items.

22 A. (Frantz) Absolutely.

23 MS. FABRIZIO: Thank you. That's it for
24 Staff.

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[WITNESS PANEL: Knepper~Frantz]

1 CHAIRMAN GETZ: Okay. Then, you're
2 excused. Thank you, gentlemen. Mr. Epler.

3 MR. EPLER: Yes. You'd like us to
4 proceed?

5 CHAIRMAN GETZ: Yes. Well, off the
6 record for a second, let me just try to get a feel for
7 where we are timewise.

8 (Whereupon a brief off-the-record
9 discussion ensued.)

10 CHAIRMAN GETZ: Well, let's take ten
11 minutes then.

12 (Whereupon a recess was taken at 1:41
13 p.m. and the hearing reconvened at 1:56
14 p.m.)

15 CHAIRMAN GETZ: Okay. We're back on the
16 record. And, the Company's panel of witnesses are back on
17 the stand and still under oath. So, Mr. Epler.

18 MR. EPLER: Okay. Thank you, Mr.
19 Chairman.

20 (Whereupon *Thomas P. Meissner, JR.,*
21 *Raymond A. LeTourneau, Jr.,* and *Richard*
22 *L. Francazio* were recalled to the stand,
23 having been previously sworn by the
24 Court Reporter.)

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 THOMAS P. MEISSNER, JR., Previously Sworn

2 RAYMOND A. LeTOURNEAU, JR., Previously Sworn

3 RICHARD L. FRANCAZIO, Previously Sworn

4 REBUTTAL DIRECT EXAMINATION

5 BY MR. EPLER:

6 Q. Could the panel please turn to the Staff Report at Page
7 16, and the charts that are on that page. Now, first
8 of all, and this may have been gone over earlier, these
9 charts are a static analysis, is that correct?

10 A. (Meissner) That's correct.

11 Q. And, the numbers, between the top chart, New Hampshire,
12 and the bottom chart, Massachusetts, do not necessarily
13 match up in terms of time of day?

14 A. (Meissner) At this point, I'm not even sure.

15 Q. Okay.

16 A. (Meissner) I know that they match up to something, but
17 I don't recall whether they're specific times of day or
18 whether they're peak numbers.

19 Q. Okay. But they're based on the best information that
20 was available to the Company in order to be able to
21 construct these charts?

22 A. (Meissner) That's correct.

23 Q. Now, the other thing that's not reflected in these
24 charts are events, such as the loss of the crews from

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Ohio and the delay in crew arrival from Tennessee, is
2 that correct?

3 A. (Meissner) That's correct.

4 Q. And, so, those, the crews from Ohio, were expected at
5 approximately when?

6 A. (Meissner) They were expected the 23rd -- I mean, the
7 13th. I'm always a week or ten days off.

8 Q. And, then, the crews from Tennessee, well, if you look
9 at the top chart, New Hampshire, and you look at the
10 days December 15th and December 16th, and you see the
11 "Outside Bucket Crew" numbers jump up from 7 to 37, is
12 that correct?

13 A. (Meissner) That's correct.

14 Q. Now, does that jump-up in those numbers, does that
15 reflect the addition of the crews from Tennessee?

16 A. (Meissner) That's correct.

17 Q. Okay. And, those crews were originally expected when?

18 A. (Meissner) The 15th.

19 Q. Okay. So, if those crews had arrived when they were
20 originally expected, again, comparing, just looking at
21 the "Bucket Crews", and comparing the bucket crews
22 between Massachusetts and New Hampshire, you would have
23 had one day less of a disparity, is that correct?

24 A. (Meissner) Correct.

[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Q. And, similarly, if you would have then gone back a few
2 days to the 13th and added the Ohio crews, the
3 disparity again would have been less for those days?

4 A. (Meissner) The disparity would be eliminated.

5 Q. Okay. So, what's -- what's reflected here is both
6 allocation decisions being made by the Company and
7 real, live events, such as crews either not showing up
8 or showing up later than expected?

9 A. (Meissner) That is correct.

10 Q. And, so, and that would reveal itself in some disparate
11 proportion, just based on reviewing the numbers? Is
12 that correct?

13 A. (Meissner) Yes.

14 Q. Now, and this is an area that I believe that the
15 Chairman was questioning about, again, if you now look
16 at these same two charts, and you look at the number of
17 customers that are off, in New Hampshire, the
18 conclusion that you can draw from how the number of
19 peak customers diminish -- number of peak customers off
20 diminishes over time is that, even with the smaller
21 number of total bucket crews, in New Hampshire, as
22 compared to Massachusetts, those crews are experiencing
23 more effective results in restoration, given the larger
24 number of customers that are coming back on the system

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 on a day-to-day basis. Would you agree?

2 A. (Meissner) Yes. And, the reason is, is because, in New
3 Hampshire, they were restoring large numbers of
4 customers with the restoration of the 34 kV
5 sub-transmission system.

6 Q. And, the slower restoration in Massachusetts, even with
7 the larger number of bucket crews, is another piece of
8 evidence that shows -- that would tend to demonstrate
9 that the damage was more severe in Massachusetts, is
10 that correct?

11 A. (Meissner) That is correct.

12 Q. Now, there was an earlier question from Commissioner
13 Ignatius, and I apologize, because I don't recall the
14 exact question, but it referred to the haphazard nature
15 of the information that the Company was receiving.
16 Now, is it correct that, in the 2008 ice storm, and,
17 actually, in any large storm, initially, you're getting
18 a lot of information from a lot of different sources.
19 And, those would be crews that you happen to have out
20 in the field, your initial damage assessors, municipal
21 emergency responders, such as police, fire, and so on,
22 customer calls and so on. So, you're getting a lot of
23 information, is that correct?

24 A. (LeTourneau) That's correct.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Q. Now, the fact that you're getting a lot of information
2 doesn't mean necessarily that that information is not
3 good or is not actionable information that you can make
4 decisions on, is that true?

5 A. (LeTourneau) That's correct.

6 Q. And, so, even though you were getting -- let me restate
7 that. Now, is it correct that one of the problems that
8 the Company faces that it was not getting complete
9 information about the extent of damage in any of its
10 service areas?

11 A. (LeTourneau) That's correct.

12 Q. But, yet, the Company was still getting good
13 information that it could make decisions upon?

14 A. (LeTourneau) That is correct.

15 Q. And, so, there was a characterization that was made by
16 the Staff witness that, again, I don't remember the
17 exact phrase, but, to the certain extent "the Company
18 was flying blind" initially. Do you disagree with that
19 statement?

20 A. (LeTourneau) Yes, I disagree with that statement. I
21 don't believe we were "flying blind" in the first
22 several hours of the event.

23 Q. So, you believe that you had good information to act
24 on, but it was incomplete information?

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 A. (LeTourneau) That is correct.

2 Q. Again, turning to the charts on Page 16 of the Staff's
3 Report, is there any additional information or
4 explanation that you'd like to add with respect to the
5 decision-making process that's reflected in the numbers
6 of crews and the allocation of crews?

7 A. (Meissner) Well, one item I would point out is the date
8 on December 11th is problematic, because December 11th,
9 for all practical purposes, was just the minutes before
10 midnight. And, I don't, you know, at this point know
11 exactly when things started happening, but either just
12 before midnight or just after midnight, all the
13 customers of Fitchburg were interrupted. So, their
14 numbers jumped to 28,000 sometime around midnight. So,
15 that's why the December 11th figures, you know, what
16 this really represents is probably the hour before
17 midnight. But most of the decisions were being made
18 actually around midnight or the early morning hours of
19 December 12th, as the conditions were changing. And, I
20 believe the numbers in UES didn't really jump up
21 significantly from the 5,000 that's listed until
22 sometime around 6:00 in the morning or later in the
23 morning on the 12th.

24 So, I guess the point of that is, is

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 while these are snapshots day by day, during the first,
2 say, 12 hours or so of the storm, the situation was
3 very fluid and the numbers were escalating very
4 dramatically.

5 Another factor that was, you know, being
6 considered at the time was the weather forecast.
7 Fitchburg's weather forecast had always been forecast
8 to be severe ice damage, I think ice secretion in
9 excess of a half an inch. Seacoast forecasts that
10 evening, which we were watching, the weather was
11 actually forecast to -- temperatures were expected to
12 rise to above 32 degrees, and it was going to be
13 primarily rain along the coast. So, at that point in
14 time, we were expecting that this was not going to be a
15 significant event in the Seacoast, except perhaps in
16 the western areas of the territory. And, then, as
17 these events unfolded, the data or the information from
18 the field seemed to be matching what was expected, at
19 least until the next morning, on the 12th. You know,
20 we were hearing of extensive damage in Fitchburg. We
21 lost all of the customers in Fitchburg completely.
22 And, we were not seeing the rapid escalation of
23 customer interruptions in New Hampshire. So, it was
24 really only around daybreak on the 12th that we started

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 determining that the extent of damage on the Seacoast
2 was also significant.

3 But, in any case, the damage in
4 Fitchburg was still multiples worse than the Seacoast.
5 It was in no way comparable. I think it's been well
6 established that, in New Hampshire, the worst of the
7 damage was really centered around New Ipswich, in New
8 Hampshire. And, if you look on a map, the town
9 directly below New Ipswich is Ashby, one of our four
10 towns. And, the town directly under that is Fitchburg.
11 So, the damage we experienced in that territory was
12 very comparable to the damage that was experienced in
13 Fitchburg. And, the information we were getting from
14 the field at that point was confirming that level of
15 detail. So, I just wanted to point that out, during
16 the first, you know, maybe 12, 15 hours of the period.

17 When the NEMAG process started, of
18 course, we were expecting a much larger contingent of
19 crews to be arriving, including those crews from Ohio,
20 which had actually been committed through the NEMAG
21 process from Dayton Power & Light. So, it was a part
22 of the NEMAG process. And, all of the crews through
23 the mutual aid process were expected to arrive on the
24 13th. So, it was only on the night of December 12th

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 that we learned that that large contingent of
2 contractors, which was really close to half, I think,
3 of what we were expecting, was not coming. So that
4 then immediately led to decisions, we were always
5 looking for more resources, but we, you know, expanded
6 and started searching for resources all over the United
7 States, which led to eventually the procurement of
8 resources from Tennessee. And, as you indicated, those
9 were expected the 15th. So, as you said, you know,
10 that the resource procurement part of this is missing
11 some of the, you know, the key pieces of information
12 that people were acting on that I think would have
13 significantly changed perhaps what this chart would
14 have looked like in hindsight.

15 Q. Now, in terms of the loss of the crews from Ohio from
16 Dayton Power & Light, first of all, perhaps you can
17 explain what it was that happened with the loss of
18 those crews?

19 A. (LeTourneau) The way the NEMAG process works is that,
20 because the New England utilities are all engaged in
21 storm restoration, we had to bring in the other mutual
22 aid groups. So, we brought in the Mid-Atlantic Mutual
23 Aid Group, the Great Lakes Mutual Aid Group, and the
24 New York Mutual Aid Group. We were able to secure

[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 these contractors from Dayton Power & Light. They're
2 contractors. So, I got the contact on the call from
3 Dayton Power & Light. I called Dayton Power & Light.
4 He gave me the name of the contractor and their contact
5 information. I contacted the contractor personally.
6 He told me the make-up of his crews, that's where he
7 explained that they have construction crews, this is
8 how they work, you know, those types of things. I
9 asked him what his travel time was, those types of
10 things. You know, and he said that he would get on the
11 phone and he would give me a call back when they were
12 ready to deploy, so I could get an estimated time of
13 their arrival. But he was looking like at a 24 hour
14 time frame at that point.

15 Q. So, at this point, you had confirmation that these
16 crews were available --

17 A. (LeTourneau) On the 12th.

18 Q. -- and were going to come?

19 A. (LeTourneau) Yes, they were coming. That evening, I
20 received a call back from the contractor indicating
21 that, because of the time of year, and I took that to
22 mean because it was near the holidays, and the fact
23 that they just returned from a major engagement with
24 another utility, which involved a lot of overtime, that

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 none of his crews were interested in spending Christmas
2 in New England, and that he had no resources for us.

3 Q. Okay. Now, was the difficulty the fact that this
4 occurred after you had already had two NEMAG calls, and
5 essentially, within NEMAG, the crews that were
6 available were already allocated?

7 A. (LeTourneau) And, everybody's, basically, needs had
8 been satisfied at that point. The NEMAG process ended
9 when everybody on the calls got what they, at that
10 point, needed. So, at that point, there was nothing,
11 you know, there was no other -- there were no more
12 scheduled calls with NEMAG. And, when I learned of
13 that, I immediately used the NEMAG e-mail list and said
14 "I just lost my crews from Ohio." You know, "this is a
15 bad development. Does anybody have anything?" And,
16 immediately I got an e-mail from another utility, and I
17 can't remember who it was, that said they also lost
18 their crews on a NEMAG call.

19 So, then, I started out reaching to
20 these utilities asking them for other names of
21 contractors, *et cetera*. So, that's how it expanded
22 from there.

23 Q. Do you remember the nature of the problem with the
24 Tennessee crews, why they were delayed?

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 A. (LeTourneau) Traffic, primarily. Traffic and weather.
2 They had made an estimate to arrive in New England,
3 based upon their travel conditions being, you know,
4 what they are, and they had several problems. New
5 Jersey comes to mind, New York comes to mind, as they
6 were coming through those areas. They were breaking up
7 their groups. They ended up, you know, having to
8 essentially bed down. They had already driven several,
9 you know, 12, 14 hours, they needed to sleep, *et*
10 *cetera*. So, it was traffic and weather that slowed
11 their arrival down quite a bit, by a day.

12 MR. EPLER: I think that's it, Mr.
13 Chairman. I have no further questions.

14 CHAIRMAN GETZ: Thank you.
15 Ms. Hatfield.

16 MS. HATFIELD: Thank you, Mr. Chairman.

17 **REBUTTAL CROSS-EXAMINATION**

18 BY MS. HATFIELD:

19 Q. Mr. Meissner, if you would look at the Staff Report, on
20 Page 19. And, you might recall that I asked the Staff
21 witnesses a few questions about a phrase that appears
22 about three-quarters of the way down the page, where
23 they refer to "certain pre-established benchmarks". Do
24 you recall that?

[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 A. (Meissner) Yes.

2 Q. And, do you see that language on that page?

3 A. (Meissner) I'm looking at the Draft Report, but I'm
4 familiar with what you're referring to.

5 Q. Does Unitil know what those "pre-established
6 benchmarks" are?

7 A. (Meissner) I mean, those benchmarks have not been, I
8 think, decided or approved as a matter of policy. But
9 the benchmarks that we are focusing on is the PDI
10 benchmark that was previously mentioned, which I
11 believe stands for "Predictive Damage Incidents".

12 Q. And, I believe Mr. Knepper testified about something he
13 called "trigger points" that I think are reflected in
14 your Emergency Response Plan. Do I have that right?

15 A. (Meissner) Yes.

16 Q. Would those trigger points and the benchmarks be
17 essentially the same thing or are they different?

18 A. (Meissner) I'll let Rich talk about the triggers.

19 A. (Francazio) Yes. There are five different levels of
20 events that we have identified within the ERP. And,
21 what that indicates is the activities that would occur,
22 based on certain weather conditions and certain numbers
23 of customers impacted and certain types of damage
24 assessment, what level of response the Company would

[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 undertake. So, it's not quite the same as the PDI
2 level. The PDI level is a feed into those indicators.

3 Q. But is the Company clear on what Staff is looking for,
4 when it says that "Staff concludes that the decision to
5 request outside assistance and line up additional crews
6 should be made as soon as certain pre-established
7 benchmarks appear in forecasts"?

8 A. (Francazio) I believe we are.

9 Q. Thank you.

10 A. (Meissner) The only thing I'll clarify is I don't know
11 that we've ever agreed on specific benchmarks and
12 specific forecasts. So, I think, generally, we're
13 clear, but the devil is in the details.

14 A. (Francazio) We haven't agreed upon it, but we have it,
15 we understand what they're looking for.

16 Q. And, so, that sounds like it might be one area, similar
17 to some other areas Staff identified in their report,
18 where you need to have some ongoing discussions?

19 A. (Meissner) Yes.

20 A. (Francazio) Agreed.

21 Q. We heard testimony earlier, and you have just,
22 Mr. LeTourneau, given us some specific examples of
23 issues with the NEMAG process. And, I'm wondering if
24 you have explored or if you intend to explore, perhaps

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 with other utilities and others in the region, ways to
2 strengthen that process, so that you don't find
3 yourselves in a similar situation in the future?

4 A. (LeTourneau) We have. We've -- in fact, this summer,
5 the NEMAG group convened a meeting to discuss the 2008
6 ice storm, to go through the process, to go through
7 what worked well, what didn't work well, some of the
8 improvements, the policy that we can make. And, that's
9 been adopted by the entire group. In addition to that,
10 we've joined Edison Electric Institute, EEI,
11 RestorePower, which is a website that we can
12 participate in and obtain information on contractors
13 that may be available during certain types of
14 emergencies, certain types of events.

15 And, our Emergency Response Plan has a
16 "logistics" section that has gone out and identified
17 approximately, what, 73, over 70 different contractors
18 that would be willing to work in our region for major
19 significant events, like the ice storm.

20 Q. I think you gentlemen probably heard Staff when Staff
21 was asked "does Unitil agree with all of the
22 recommendations in their Report?" I think they said
23 something like "we believe that they do agree." And, I
24 wanted to ask you if you do agree with their

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 recommendations, and if you are planning to take the
2 steps that they request?

3 A. (Meissner) Yes, we agree. And, we are planning to take
4 each of these steps.

5 Q. And, I have one other question for you. Although this
6 particular docket, as Mr. Knepper earlier testified,
7 really focused in on that one piece of the Commission's
8 After Action Review, 5.3, about the reasonableness of
9 the timing of your response, and then your priorities
10 and allocation of resources, one thing that our office
11 heard from customers at those public statement hearings
12 really focused on communication, and how customers were
13 very frustrated that they couldn't get more accurate,
14 more updated information, so that they could make plans
15 about whether they needed to relocate or that sort of
16 thing. And, I'm wondering if you could just briefly
17 describe improvements that the Company has made in that
18 area?

19 A. (Meissner) I'll let Rich add to anything, but just two
20 general things. There's two things that have been done
21 in the plan that directly address some of the things
22 you're talking about. One is the damage assessment
23 process itself. I described earlier a little bit about
24 the, you know, the analytics that have been introduced

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 into the damage assessment to develop repair times and
2 ETRs. That will allow us to have more accurate ETRs,
3 which is what customers are ultimately seeking.

4 I think one of the things we learned
5 during the ice storm is, without those analytics, the
6 estimated time of restorations we developed were off.
7 And, in fact, we saw that across all utilities. All
8 utilities ETRs were too aggressive. So, having the
9 ability to calculate more accurate restoration times
10 will lead to more satisfied customers, and will allow
11 them to make those arrangements.

12 The other thing we've done is
13 significantly reworked the communication aspect of the
14 Plan. And, that's really occurring now on multiple
15 levels. You know, we have communication aimed at the
16 municipalities directly, which we feel is a very
17 important communication channel. So, we've established
18 municipal rooms that we man for the benefit of the
19 municipalities. We have twice daily conference calls
20 with the municipalities. And, in general, we've
21 significantly increased communication and coordination
22 with the municipalities. So, that's one element.

23 With regard to customers, we've made
24 enhancements to our Call Center to make sure that

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 customers can get through in a timely manner. And, I
2 think our experience during the March event was that we
3 were able to handle all customer calls in very
4 reasonable call handling times and provided them better
5 information.

6 The OMS is going to be another element
7 to that. We're going to make information available
8 publicly, externally, that customers can access
9 information and see what's out, how it's affecting
10 them, and what the ETRs may be in their area.

11 And, I'll defer to Rich, if I've missed
12 anything.

13 A. (Francazio) Well, we also have created a Chief
14 Information Officer for major events. So, we now have
15 a process where there is a single point-of-contact.
16 That individual is responsible for aligning all the
17 communication channels, taking that information from
18 the Incident Commander, and making sure that we have
19 one -- what I call "one truth" going forward, so that
20 we're not getting mixed messages out there. So, I
21 think that's going to also enhance the communications
22 that's going to the Call Center, and making sure that
23 the customers are getting the right information. Of
24 course, one of those channels is the media, and really

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 leveraging the media going forward, to make sure that
2 we are getting our message out to the customers, and
3 they understand what the restoration process is going
4 to be going forward.

5 Q. And, have you also increased outreach and education to
6 customers on what they can do to be prepared for major
7 storms?

8 A. (Francazio) Yes. There has been a number of bill
9 inserts, I believe, there also is some PSA -- public
10 service announcements that happen prior to events. So,
11 there's quite a bit of information that goes out
12 routinely throughout the course of the year, as well as
13 prior to any major -- anticipated major events.

14 A. (Meissner) In the months ahead, we'll also be rolling
15 out a complete makeover of our website. And, some of
16 that information is incorporated into the new website
17 design.

18 A. (LeTourneau) There's one more piece of information that
19 I think is important to note, and that's with our
20 critical care customers. Prior to any event that we
21 have now, we will proactively contact our critical care
22 customers and let them know that we have a pending
23 weather event and that there is a potential for loss of
24 electricity.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 Q. And, is it true that, with those customers, if you have
2 trouble reaching them or if they're resistant to
3 leaving their homes, that you also work with the local
4 emergency management or the police?

5 A. (LeTourneau) We have -- exactly. We have an
6 escalating, if we have an area where we know power is
7 not going to be back on for a long period of time and
8 somebody does not want to leave their residence, and we
9 feel they're endangered, we'll call the local municipal
10 emergency official, and that's part of our Muni Room
11 that Mr. Meissner spoke about earlier, where we will
12 work with them and ask them if they can intervene and
13 assist with that.

14 MS. HATFIELD: Thank you. I have
15 nothing further.

16 CHAIRMAN GETZ: Thank you.
17 Ms. Fabrizio.

18 MS. FABRIZIO: Thank you, Mr. Chairman.

19 BY MS. FABRIZIO:

20 Q. Looking again at the tables of data on Page 16 of
21 Staff's Report. You indicated that this information
22 really can be characterized a "snapshots in time".
23 And, I take it you mean that to apply to the number of
24 peak customers off in a day, as well as the number of

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1 crews assigned in a day?

2 A. (Meissner) Correct. Yes.

3 Q. So, if I were to do the math, for example, on the six
4 minus three transfer that occurred on December 12th. I
5 would look at the New Hampshire number 8, minus 6,
6 going to -- would be 2 on the 12th, but adding the 3
7 back, that gets you the 5, is that --

8 A. (Meissner) Can you do it one more time?

9 Q. Sure. Getting from 8 to 5, from December 11th and
10 December 12th?

11 A. (Meissner) Yes. Six plus three. We subtracted 6, and
12 added 3. Is that you're indicating?

13 Q. Yes.

14 A. (Meissner) Yes.

15 Q. And, that gets you to the 5?

16 A. (Meissner) Correct.

17 Q. And, you testified that those three were sent back
18 sometime later in the day on the 12th. So, because
19 this is a snapshot of time, if I dig down, I could
20 conclude that at some point in that day New Hampshire
21 was left with only two bucket crews, and Massachusetts
22 15, is that right?

23 A. (Meissner) In that particular column of --

24 Q. "Outside Bucket Crews", yes.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 A. (Meissner) Outside. But, Ray, do you know what time we
2 got the other three? Was it first thing in the
3 morning?

4 A. (LeTourneau) I don't recall, sorry.

5 A. (Meissner) A lot of this happened during the overnight
6 hours, between midnight and 6:00 a.m.

7 Q. The decision?

8 A. (Meissner) And movement of crews.

9 Q. Okay. You testified that they would be sent to
10 Fitchburg on the morning of the 12th, and later the
11 same day they were sent back to New Hampshire. But my
12 point really is that these are snapshots, and perhaps
13 the granularity of detail is not as good as it might be
14 with something other than snapshots?

15 A. (Meissner) Correct. I agree.

16 Q. Does Unitil have the capability of compiling
17 information that has more detail on, say, an
18 hour-by-hour basis, so that we could avoid the
19 snapshot?

20 A. (Meissner) We do not. We could provide probably peak
21 customers off on an hourly basis. But, to have all the
22 resource information on an hourly basis, no, we would
23 not be able to do that.

24 Q. Okay.

[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 CHAIRMAN GETZ: Well, let me ask this
2 question. You wouldn't be able to do it looking back to
3 December '08 or you won't -- and/or you won't be able to
4 do it going forward?

5 WITNESS MEISSNER: Prospectively, when
6 the OMS is in, we'll have, as Mr. Knepper alluded, much
7 greater ability to be collecting information and then
8 provide information. So, prospectively, the OMS will
9 allow us a lot more information. But, to go back to 2008,
10 relying on manual processes, we didn't collect the data
11 hour-by-hour.

12 BY MS. FABRIZIO:

13 Q. And, when does the Company expect to have an OMS system
14 up and running?

15 A. (Meissner) By the end of the year, which is really
16 coincident with the recommendation to provide the VPN
17 access. The OMS right now is effectively operational
18 for testing purposes and so forth. It's roll-out and
19 final operational status is happening in tandem with
20 network upgrades and other things that are happening.

21 Q. Okay. Thanks. With respect to I think there were 14
22 crews coming from Ohio, Mr. LeTourneau?

23 A. (LeTourneau) Yes, 14 construction crews.

24 Q. Construction crews. And, where did the Company intend

[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 to send them, if they had arrived?

2 A. (LeTourneau) We hadn't made -- if they're a day away,
3 that's a decision that would be, as they get closer, as
4 they get within, you know, 12 hours, we're thinking
5 about where they're going, as they're six hours away.
6 So, they're in constant contact with us. And, then,
7 when they get, you know, a certain period away, we'll
8 tell them, we will redirect them to where we thought we
9 needed them.

10 Q. And, you hadn't reached that point?

11 A. (LeTourneau) We hadn't reached that point.

12 Q. Thanks. You just testified as to the greater extent of
13 damage in the Fitchburg area, compared to the New
14 Hampshire territories. Just curious, in the "Damage
15 Assessor" column on Page 16 of Staff's Report, it looks
16 like there are a greater number of damage assessors in
17 New Hampshire, rather than Massachusetts. Why would
18 that be, given the extent of the damage?

19 A. (Meissner) I think it's a reflection of the fact that
20 we have two regions in New Hampshire and one region in
21 Fitchburg. So, there was proportionally more resources
22 available in New Hampshire to perform that duty.

23 MS. FABRIZIO: All right. Thanks.

24 Staff has no further questions. Thank you.

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[WITNESS PANEL: Meissner~LeTourneau~Francazio]

1 CHAIRMAN GETZ: Thank you. Any
2 redirect?

3 MR. EPLER: No thank you.

4 CHAIRMAN GETZ: Okay. Then, witnesses
5 are excused. Thank you, gentlemen.

6 Let's turn to the exhibits marked for
7 identification. Is there any objection to admitting the
8 exhibits into evidence?

9 MR. EPLER: Mr. Chairman, I think I laid
10 out the concerns that the Company has with respect to the
11 NEI Report. We will withdraw our formal objection to the
12 entry of that document as an exhibit. But we would
13 request that the Commission, if it's relying on
14 conclusions in that Report, take into account that there
15 wasn't an opportunity for the Company to conduct
16 cross-examination of the authors of the Report. But we
17 will withdraw that request.

18 CHAIRMAN GETZ: Is there anything else
19 on that issue?

20 MS. HATFIELD: Mr. Chairman, I think
21 that that sounds like a good approach to take. I
22 personally am looking back on this docket, and we -- our
23 office has several concerns just about the process that
24 has been undertaken. And, I'm hopeful that we can learn

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1 from the transition from a non-adjudicative proceeding
2 into an adjudicative proceeding. And, we fully understand
3 why Staff wants that report to be in. The challenge is
4 when things are filed so close to hearing, and/or brought
5 in at the hearing. So, I think, in the future, perhaps we
6 just need more communication about what parties would like
7 to have as part of a record, so that parties can take
8 whatever steps they need to, and possibly have a more
9 efficient hearing.

10 CHAIRMAN GETZ: Okay. Well, let me
11 follow up. It sounds like, is it two different concerns?
12 One was, how, as a general matter, a Staff report should
13 be conducted? And, then, that's a different thing from
14 the report that just got filed? It sounds like -- am I
15 correct that you're citing two different issues?

16 MS. HATFIELD: Yes, I am. And, I think
17 that, as the Commission knows, the hearing was moved
18 twice, and there were -- I think there was a benefit to
19 the fact that Unitil filed a rate case while this was
20 pending. But it also, I think, created some challenges,
21 because we had a lot of discussions about what which
22 issues should be addressed in which case. But we
23 expected, I think for quite a while through the
24 proceeding, that there would be testimony of Staff, and

1 there's a report now, and so we just have to deal with
2 that differently. But, when things are filed so close to
3 a hearing or things are brought into the record at a
4 hearing, it just -- it requires the parties to need to do
5 cross in order to develop that information. And, I think,
6 you know, we could do a better job of communicating those
7 concerns as the docket is progressing.

8 CHAIRMAN GETZ: But you also mentioned
9 about the transition from the non-adjudicative
10 investigative stage to the adjudicative stage. Is there
11 anything in particular you want to mention there?

12 MS. HATFIELD: No. I think it's really
13 just that it makes a lot of sense that Staff's Report in
14 the adjudicative proceeding is referring to documents that
15 are in this proceeding. And, I think, you know, that
16 there might be just better ways to communicate to the
17 other parties about the extent to which those things are
18 going to actually be put in the formal record of an
19 adjudicative proceeding.

20 CHAIRMAN GETZ: Okay. Ms. Fabrizio, do
21 you have anything on those issues?

22 MS. FABRIZIO: Yes. Well, to the extent
23 that OCA complains that an interaction of the NEI Report
24 is a surprise element in this proceeding, I would

1 respectfully disagree, because this whole proceeding
2 stemmed from the Commission's review of the NEI Report,
3 and that was clearly stated in the order of notice. And,
4 the Company's testimony certainly cited to the NEI Report,
5 as did Staff's Report in this proceeding.

6 With respect to the process undertaken
7 in this particular docket, I don't think there was any
8 hint of lack of transparency in the process. Staff
9 decided, after a number of conversations with both the
10 Company and with OCA, who was not able to attend all of
11 the technical sessions in this proceeding, that this --
12 the issues raised in this docket are more appropriately
13 addressed and resolved through the form of the Report,
14 with agreed upon recommendations with the Company, than
15 through a settlement agreement, because we were tasked
16 with looking at the issue in a nutshell of the
17 reasonableness of the Company's response to the
18 December 2008 ice storm. And, in Staff's view, that is
19 not an appropriate issue to settle upon with the Company,
20 subject to the inquiry.

21 We think this is an appropriate way. We
22 circulated the report to both OCA and the Company for
23 comments. Had further discussions with both, by
24 telephone, on the Report. And, we maintain that this is

1 an appropriate resolution of the docket.

2 CHAIRMAN GETZ: Okay. Well, let me say
3 this about the exhibits then. We're going to admit --
4 strike the identifications and admit all six exhibits into
5 evidence. But, with respect to the NEI Report, which is
6 Exhibit 6, I think it's fair to say we'll pay heed during
7 our deliberations, to the extent applicable, that the NEI
8 Consultant Report and the consultants themselves were not
9 available for cross-examination. But I think that's an
10 issue different from the admission of exhibits into
11 evidence, and it's an appropriate in these circumstances
12 that a Staff investigative report be part of the record,
13 but we just have our ongoing obligation to base our
14 decisions on the evidence of the witnesses and the
15 testimony and cross-examination, and a general ongoing
16 requirement in all our decisions not to base our decisions
17 on information that's outside the evidentiary record.

18 So, is there anything else, except for
19 opportunity for closings?

20 (No verbal response)

21 CHAIRMAN GETZ: Hearing nothing, then,
22 Ms. Hatfield.

23 MS. HATFIELD: Thank you, Mr. Chairman.
24 I wanted to start by thanking the Staff for the extensive

1 work that they did, both during and for many months since
2 the 2008 ice storm, by preparing and participating in both
3 the Commission's After Action Review and the Report that
4 was filed last week. It's clear that Staff has very
5 carefully and thoughtfully reviewed all of the utility
6 practices, and, of course, in this docket, with a specific
7 emphasis on Unitil's practices.

8 And, while the OCA doesn't take a
9 position on whether the recommendations are reasonable, we
10 defer to Staff's expertise, and we are pleased that the
11 Company has agreed to implement all of the recommendations
12 that Staff has made.

13 With respect to the costs, both those
14 incurred during the ice storm and the costs related to
15 implementing policy and procedure changes, we look forward
16 to working with the Company and Staff in the current
17 distribution rate case, DE 10-055, to resolve those
18 issues. Thank you.

19 CHAIRMAN GETZ: Thank you.

20 Ms. Fabrizio.

21 MS. FABRIZIO: Thank you, Mr. Chairman.

22 As you have heard today, Staff undertook in this
23 proceeding to take a closer look at the reasonableness of
24 the timing of Unitil's response to the ice storm, the

1 priorities of its restoration, and the allocation of its
2 resources in New Hampshire and Massachusetts. Toward that
3 end, Staff took as a starting point certain data tables
4 and graphs presented by NEI in its report, which was then
5 reviewed by the Commission and relied on at least in part
6 to make certain observations in the Commission's own After
7 Action Review, including the observations leading to
8 Action Items 5.3 and 5.4, which led to this proceeding.

9 In particular, Staff reviewed data
10 provided to Unitil -- by Unitil on the number of crews
11 allocated to the Company's New Hampshire and Massachusetts
12 service territories and the number of customer outages in
13 each territory. Staff also examined the Company's
14 Emergency Response Plan, including certain amendments made
15 to the Plan per the Commission's request through Action
16 Item 5.4 of the After Action Review.

17 And, as Staff notes in its Report, it
18 was able to obtain a more thorough, specific understanding
19 of the circumstances faced by Unitil in its response to
20 the December 2008 ice storm.

21 After its review of the record,
22 including further more specific data provided by Unitil,
23 through discovery and discussions with Company officials,
24 as well as the Company's revisions to its Emergency

1 Response Plan and its testimony in this proceeding, Staff
2 concluded that Unitil's response to the ice storm, its
3 restoration priorities and allocation of resources across
4 state lines were not unreasonable. That is not to say
5 that Staff, as well as the Company itself, did not find a
6 number of areas meriting improvement, including in the
7 Company's emergency response capabilities and response
8 actions. Those areas are noted in the Staff's Report.
9 Unitil has been very cooperative in working with Staff to
10 develop the steps to remedy the areas that we've
11 identified as needing improvement.

12 Staff reiterates that, while we did not
13 find Unitil's response to be unreasonable, given the
14 overall context of the storm itself, including the
15 wide-scale, multistate destruction resulting from the
16 storm, and the competition Unitil was facing with regard
17 to the demand for outside resources, Staff did find the
18 room for improvement, and we believe the steps that Staff
19 and the Company have agreed to pursue resolve the issues
20 raised in this docket satisfactorily. And, we ask the
21 Commission to adopt Staff's conclusions and the
22 recommendations as presented in the Report today.

23 CHAIRMAN GETZ: Thank you. Mr. Epler.

24 MR. EPLER: Yes, Mr. Chairman,

1 Commissioner. Thank you. There can be no question that
2 the 2008 ice storm was a tremendously damaging event, and
3 that it left many, many citizens of this state and
4 throughout the region without power, without heat and
5 other necessities for an extended period, during a very
6 cold and inclement period. There can also be no question
7 that this event exposed the vulnerability of the electric
8 system to such storms, and revealed the need for more
9 rigorous planning and practice in order to ensure that the
10 entities charged with responsibility for restoration and
11 providing aid are able to perform in the most effective
12 manner possible.

13 Since the storm, Unitil has undertaken a
14 major and a continuous ongoing effort to improve its
15 ability and capability to respond to such events, and we
16 have provided in the docket and elsewhere documentation of
17 the steps we've taken, and, as a said, continue, will
18 continue to be taken by the Company. We've added a number
19 of new personnel, we've invested millions of dollars in
20 new equipment, and we spent many, many hours participating
21 in practice exercises. And, we have also responded to
22 another major destructive event, the February 2010 wind
23 storm, in a manner that we believe demonstrates the
24 results of these undertakings.

1 The fact that improvements in Unitil's
2 storm response capabilities were necessary, however,
3 doesn't mean that its response to the December 2008 ice
4 storm was unreasonable or that the Company neglected its
5 obligations. We believe the Staff Report supports that
6 conclusion, noting that Unitil's restoration performance
7 was consistent with that of other utilities. If the
8 Commission were to step back and look at Unitil's
9 performance over a much longer period of time, we believe
10 that the record shows that the Company has had a good
11 history of storm restoration performance, and, in the
12 past, has always been able to obtain the necessary number
13 of crews through mutual aid and similar processes, or
14 through contractors on its system or otherwise available.

15 And, while our restoration efforts
16 during the storm would certainly have benefited with
17 additional crews, the data shows that Unitil used its
18 resources in a very highly effective and efficient manner,
19 and our crew restoration rate was the highest among the
20 four utilities. Given the numerous factors which should
21 be evaluated in order to allocate resources, we believe
22 that we made the correct allocation decisions at the time
23 with the resources and information that was available to
24 the Company.

1 While the Company does not agree with
2 every statement in the Staff's Report, we do agree with a
3 number of noteworthy statements and conclusions.

4 Staff has determined that Unitil's
5 prioritization and restoration targets were similar to
6 that followed by other electric utilities, and its
7 achievement of full restoration was not materially
8 different in timing from that of other utilities. Staff
9 has concluded that Unitil did not act beyond the range of
10 reasonableness in the storm report, and this conclusion is
11 sound and supported by the ample record developed in the
12 docket. We've reviewed the steps that we've taken and
13 commit to the areas in the Staff Report, in terms of
14 additional steps. And, we look forward to opportunities
15 to continue the dialogue and to make continuous
16 improvement in our ability to be the premiere utility, in
17 terms of storm restoration efforts. And, we certainly
18 appreciate the time and dedication that the Staff has
19 shown throughout this process, as well as the OCA, and the
20 dialogue that we were able to establish on these issues.

21 With respect to the issue of the
22 Massachusetts legislation, I wanted to briefly address
23 that directly. In the Company's analysis, we believe
24 that, though there may be opportune -- well, first of all,

1 it is the Company's very firm belief, and our goal, and we
2 believe our obligation, to never allow itself to be in a
3 situation where that statute would come into play and
4 would affect the Company or affect its decision-making.
5 As we are doing here in New Hampshire, we are also
6 committed to improving and a continuous improvement
7 process in terms of our restoration abilities in
8 Massachusetts. So, we intend to keep ourselves outside of
9 the purview of that statute at all times.

10 With respect to the statute itself,
11 while the Massachusetts authorities may have authority
12 over that, over the Fitchburg entity, Unitil is a Public
13 Utility Holding Company, and it is structured in a way
14 that we believe our resources -- our overall resources
15 would not necessarily be in the purview of a particular
16 state regulator, and that we could continue to make our
17 allocation decisions based on necessities that we see
18 throughout the region. And, we are committed to that, and
19 committed to maintaining, during such a wide system
20 emergency, continuing the dialogue with the Commission and
21 with the Staff, so that there's a clear understanding of
22 what resources are available, how we're making our
23 allocation decisions, and so on.

24 I think, in conclusion, we agree that

1 the recommendations in the Staff Report should be adopted
2 by the Commission. And, we look forward to having this
3 docket closed and being able to move forward. Thank you
4 very much.

5 CHAIRMAN GETZ: Okay. Thank you. Then,
6 we'll close the hearing and take the matter under
7 advisement. Thank you, everyone.

8 (Whereupon the hearing ended at 2:47
9 p.m.)

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