

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

April 12, 2017 - 10:04 a.m.
Concord, New Hampshire

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RE: DE 16-463
UNITIL ENERGY SYSTEMS, INC.:
2016 Least Cost Integrated
Resource Plan.

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

Sandy Deno, Clerk

APPEARANCES: Reptg. Unitil Energy Systems, Inc.:
Gary Epler, Esq.

Reptg. Residential Ratepayers:
D. Maurice Kreis, Esq., Consumer Adv.
James Brennan, Finance Director
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Richard Chagnon, Electric Division

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

CERTIFIED
ORIGINAL TRANSCRIPT

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
1	2016 Least Cost Integrated Resource Plan (04-19-16)	7
2	Appendix C UES-Capital 2016-2015 Electric System Planning Study and Appendix D UES-Seacoast 2016-2015 Electric System Planning Study {CONFIDENTIAL & PROPRIETARY}	7
3	Settlement Agreement (04-07-17)	8

P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: Good morning,
3 everyone. We're here in Docket DE 16-463,
4 which is Unitil Energy Systems' 2016 Least Cost
5 Integrated Resource Plan proceeding. We're
6 here for a hearing on the merits. And we know
7 there's an agreement on file. I see a panel is
8 already in place.

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

11 MR. EPLER: Good morning, Mr.
12 Chairman and Commissioners. Gary Epler,
13 appearing on behalf of Unitil Energy Systems,
14 Inc. Thank you.

15 MR. KREIS: Good morning. I'm the
16 Consumer Advocate, D. Maurice Kreis, sometimes
17 also referred to as "Don Kreis". I'm here this
18 morning on behalf of the residential utility
19 customers.

20 MS. AMIDON: Good morning. Suzanne
21 Amidon, for Commission Staff. I have with me,
22 in the witness box, Rich Chagnon, who's an
23 Analyst with the Electric Division.

24 CHAIRMAN HONIGBERG: Are there any

1 preliminary matters we need to deal with?

2 Mr. Epler.

3 MR. EPLER: Yes. There are two. One
4 is that I would request that the Company's
5 initial filing, which is the report on Least
6 Cost Integrated Resource Planning, as well as
7 the Appendices A through K, be premarked as
8 "Exhibit 1".

9 And the second issue is that there is
10 a pending Motion for Confidential Treatment.
11 There are load flow diagrams, which are line
12 diagrams, in Appendices C and D that the
13 Company has requested confidential treatment
14 for. These reveal critical facilities. And we
15 have attempted in both the New Hampshire and
16 Massachusetts jurisdictions to keep these
17 confidential.

18 CHAIRMAN HONIGBERG: I assume there's
19 no objection to the Motion for Confidential
20 Treatment?

21 MS. AMIDON: That's correct.

22 CHAIRMAN HONIGBERG: That's granted.

23 MS. AMIDON: I have sort of a
24 housekeeping inquiry. The Settlement Agreement

1 was filed April 7th. And I think it's Puc Rule
2 203.20 requires it to be filed within five
3 business days of a hearing, and the letter
4 requested a waiver of that rule. Thank you.

5 CHAIRMAN HONIGBERG: Waived.

6 Mr. Epler, is there a version of the filing
7 that is redacted that's going to be marked as
8 an exhibit as well?

9 MR. EPLER: It would -- if I can
10 just -- if you just give me a moment please and
11 let me check how this was filed.

12 I believe the filed version separated
13 out the confidential material, so those
14 specific pages. We did not prepare a redacted
15 version of those pages because it -- the nature
16 of the drawing itself wouldn't make sense to
17 prepare a redacted version. So, what is in the
18 Commission's public file is, in effect, the
19 redacted version, and the confidential material
20 is segregated. It's just --

21 MR. SPRAGUE: We filed a redacted
22 version, it looks like.

23 MR. BONAZOLI: A confidential and
24 redacted version, with the pages redacted.

1 CHAIRMAN HONIGBERG: Let's go off the
2 record for a minute.

3 *[Off-the-record discussion*
4 *ensued.]*

5 CHAIRMAN HONIGBERG: All right.
6 We're back on the record. We had a long
7 conversation off the record about exhibits.
8 Mr. Epler, would you please clarify the
9 situation.

10 MR. EPLER: Yes. Thank you. And,
11 first, I apologize for the confusion. I would
12 ask that we identify, as "Exhibit 1", the
13 version of the filing that does not contain any
14 confidential information. The confidential
15 information is limited to diagrams in
16 Attachments C and D of the filing. And that we
17 then mark those confidential pages as "Exhibit
18 2". And the Company will work with the Clerk's
19 office tomorrow to amend the filing, so that
20 the public version indicates that that -- that
21 segregates clearly only the confidential
22 portions of the filing.

23 (The documents, as described,
24 was herewith marked as **Exhibit 1**

1 and **Exhibit 2**, respectively, for
2 identification.)

3 CHAIRMAN HONIGBERG: Thank you, Mr.
4 Epler.

5 MS. AMIDON: Mr. Chairman?

6 CHAIRMAN HONIGBERG: All right.
7 Ms. Amidon.

8 MS. AMIDON: Yes. And I would just
9 like to mark for identification the Settlement
10 Agreement filed on April 7th as "Exhibit 3".

11 (The document, as described, was
12 herewith marked as **Exhibit 3** for
13 identification.)

14 CHAIRMAN HONIGBERG: All right. Is
15 there any objection to striking ID now? These
16 are all going to be full exhibits, no one is
17 going to object at the end, correct?

18 *[No verbal response.]*

19 CHAIRMAN HONIGBERG: So, we're
20 striking ID. Those are all full exhibits.
21 They could be used as full exhibits. You don't
22 have to do any of that process at the end.

23 All right. Is there anything else we
24 need to deal with before we get started?

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 [No verbal response.]

2 CHAIRMAN HONIGBERG: All right.

3 Mr. Patnaude.

4 (Whereupon **Kevin Sprague,**
5 **John Bonazoli,** and **Richard**
6 **Chagnon** were duly sworn by the
7 Court Reporter.)

8 CHAIRMAN HONIGBERG: Mr. Epler.

9 MR. EPLER: Yes. Thank you.

10 **KEVIN SPRAGUE, SWORN**

11 **JOHN BONAZOLI, SWORN**

12 **RICHARD CHAGNON, SWORN**

13 **DIRECT EXAMINATION**

14 BY MR. EPLER:

15 Q. The gentleman seated in the middle, please
16 state your name and your business
17 identification.

18 A. (Sprague) My name is Kevin Sprague. And I am
19 the Director of Engineering for Unitil Service
20 Corporation.

21 Q. And the gentleman to your left.

22 A. (Bonazoli) My name is John Bonazoli. I'm the
23 Manager of Distribution Engineering at Unitil.

24 Q. Mr. Sprague, I call your attention to what had

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 been premarked as "Exhibit 1", which is the
2 least cost filing of the Company in this
3 proceeding, including the report and Appendices
4 A through K. Was this prepared by you or under
5 your direction?

6 A. (Sprague) That is correct.

7 Q. And do you have any changes or corrections?

8 A. (Sprague) None at this time.

9 Q. And, Mr. Bonazoli, did you assist in the
10 preparation of this filing?

11 A. (Bonazoli) Yes, I did.

12 Q. Okay. And you're familiar with the contents?

13 A. (Bonazoli) Yes, I am.

14 Q. Okay. And both witnesses, are you familiar
15 with the Settlement Agreement that's been filed
16 in this proceeding?

17 A. (Sprague) Yes, I am.

18 A. (Bonazoli) Yes, I am.

19 MR. EPLER: Okay. Thank you. That's
20 all I have. Thank you.

21 CHAIRMAN HONIGBERG: Mr. Kreis. Oh,
22 I'm sorry. You're right.

23 MS. AMIDON: Thank you.

24 CHAIRMAN HONIGBERG: Ms. Amidon.

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 MS. AMIDON: Thank you.

2 BY MS. AMIDON:

3 Q. Good morning, Mr. Chagnon. Would you please
4 state your name and your employment for the
5 record.

6 A. (Chagnon) Yes. Good morning. My name is Rich
7 Chagnon. And I'm a Utility Analyst in the
8 Electric Division here at the Public Utility
9 Commission.

10 Q. Did you work on the review of the Least Cost
11 Plan that's the subject of this docket?

12 A. (Chagnon) Yes, I did.

13 Q. Did that review include discovery and technical
14 sessions related to the filing?

15 A. (Chagnon) Yes, it did.

16 Q. And, in your analysis, did you form an
17 impression or assessment overall regarding
18 Unitil's Least Cost Plan filing?

19 A. (Chagnon) Yes. We found -- Staff found that
20 the filing is consistent with the provisions of
21 RSA 378:38 and satisfies the planning
22 criterias.

23 Q. Did you participate in the discussions that led
24 to the development of the Settlement Agreement,

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 which is marked for -- was marked as "Exhibit
2 3"?

3 A. (Chagnon) Yes, I did.

4 Q. So, are you familiar with the terms of the
5 Settlement Agreement?

6 A. (Chagnon) I am.

7 Q. And, Mr. Chagnon, in the course of your
8 employment, have you also reviewed the least
9 cost plans filed by both Liberty and Eversource
10 with respect to their electric distribution
11 company?

12 A. (Chagnon) Yes, I did.

13 Q. Did you use the same criteria in reviewing this
14 Plan that you applied to the review of those --
15 the plans of those other companies?

16 A. (Chagnon) Yes, I did. The same criteria.

17 Q. And, in terms of developing the Settlement
18 Agreement, did you also apply the same
19 principles in developing the Settlement
20 Agreement?

21 A. (Chagnon) Yes, I did.

22 Q. Okay. So, if we could turn to Exhibit 3, for
23 purposes of just an introduction, would you
24 please explain what Section I.B, on Page 1 of

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 the Agreement, what information that provides.

2 A. (Chagnon) Yes. This is a brief description of
3 the LCIRP, which is a 31-page document, with
4 appendices of over 400 pages, which include a
5 system improvement planning budget flow
6 diagram, as well as planning guidelines,
7 studies, and recommendations.

8 Q. And would you characterize that as a thorough
9 plan?

10 A. (Chagnon) Yes, I would. Very thorough.

11 Q. Thank you. If we move to Page 2, under II, I
12 believe that the terms A and B are pretty much
13 self-explanatory. So, I'd like to draw your
14 attention to Paragraph C, Item i, which appears
15 at the top of Page 3.

16 Would you please explain the benefit in
17 your analysis that having a list of capital
18 projects would provide? What kind of insight
19 would that give you into Unitil's planning
20 process and its LCIRP?

21 A. (Chagnon) Yes. This gives Staff the
22 opportunity to analyze the Company's investment
23 in plant, and the Company's priorities and
24 focus on upgrading its electrical system. This

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 also gives Staff a chance to ask additional
2 questions on other projects that we're not
3 asking for information on in the next filing.

4 Q. So, if you looked at this list and there was a
5 particular project that caught your attention,
6 either through the cost or through some other
7 means, you could ask additional questions
8 regarding that planning for that project?

9 A. (Chagnon) Correct.

10 Q. Thank you. In addition, I refer to Paragraph
11 ii, on Page 3, which requests information
12 regarding the three highest-cost distribution
13 capital projects. Could you again explain how
14 useful this information -- how this information
15 would be useful in the review of the next least
16 cost plan to be filed by Unitil?

17 A. (Chagnon) Yes, I can. Staff did ask for this
18 information in data requests, to allow us to
19 analyze the decisions made by the Company
20 throughout the planning and approval process of
21 their capital investments. Staff's requesting
22 this in the next LCIRP, because we knew it was
23 extremely useful, and useful to follow in
24 regards to what kind of decisions did the

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 Company make throughout its least cost planning
2 process for each of these large projects. So,
3 it's three of the largest projects' capital
4 investment.

5 Q. So, when I look at the last sentence in this
6 section, the Company would be required in
7 connection with those three projects to provide
8 a "list of alternatives", and to discuss how it
9 considered each alternative in connection with
10 the investment. Is that right?

11 A. (Chagnon) That is correct.

12 Q. And this was a provision, if I recall, that was
13 also included in the Settlement Agreement with
14 Eversource, am I right?

15 A. (Chagnon) Correct.

16 Q. Okay. Thank you. You said that you concluded
17 that the Company had complied with the
18 requirements of the existing statute in its
19 preparation of the plan. As you may know, the
20 Commission has before it a recommendation
21 regarding grid modernization. Are you aware of
22 that?

23 A. (Chagnon) Yes, I am.

24 Q. And I'm not asking if you're familiar with the

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 contents of that, but if there were any
2 recommendations that were adopted by the
3 Commission, for example, let's say a storage
4 element, that might be part of the next Unitil
5 least cost plan, is that right?

6 A. (Chagnon) Yes. That's right.

7 Q. But you would expect that to be in a different
8 proceeding, other than this one, is that fair
9 to say?

10 A. (Chagnon) That's fair to say.

11 Q. Okay. And, so, based on Staff's review, do you
12 conclude that the Settlement Agreement presents
13 a just and reasonable resolution of the issues
14 in this case?

15 A. (Chagnon) Yes, I do.

16 MS. AMIDON: Thank you.

17 CHAIRMAN HONIGBERG: Now Mr. Kreis.

18 MR. KREIS: Thank you, Mr. Chairman.

19 I just have a few questions. And I think
20 they're all for Mr. Sprague really.

21 BY MR. KREIS:

22 Q. First of all, if you could indulge my
23 curiosity, on Page 23 of the Least Cost
24 Integrated Plan, which I believe, and I looking

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 at the redacted version, which I believe is
2 Exhibit 1, there's a -- it's part of -- there's
3 a discussion of Unitil's vision of grid
4 modernization that starts on Page 22. And,
5 then, on Page 23, there's a chart that says
6 that it identifies the projects that the
7 Company identified through the project
8 development process. And, then, in one of the
9 columns, there's an item "D.3" called a
10 "Gamification pilot". What is "gamification"
11 or "gamification"? It's a word I don't know.
12 A. (Sprague) Right. It's pronounced
13 "gamification". And what it is is it's a way
14 for -- it's a program that's been successful in
15 some locations where, if you're able to provide
16 your customers information about their
17 neighbors' usage, then it becomes kind of a
18 game to see who can save more. It's a rather
19 low-cost, but has been kind of a successful way
20 of educating customers about their usage and
21 how their usage compares to others, and they
22 can see how their responses to -- their
23 responses to their electricity use can compare
24 to how their neighbors are responding.

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[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 Q. I thought it was either going to be that or
2 some kind of pilot for shooting moose and deer.

3 You heard Ms. Amidon ask Mr. Chagnon about
4 grid modernization and the grid modernization
5 docket. And I have a few questions for you
6 about that. And it really relates to the
7 discussion of grid modernization in the Least
8 Cost Integrated Resource Plan.

9 First of all, the docket that Ms. Amidon
10 is referring to is the docket in which the
11 report of the Grid Modernization Working Group
12 was developed, correct?

13 A. (Sprague) That is correct.

14 Q. And is it your understanding that the report of
15 the Grid Modernization Working Group has been
16 submitted?

17 A. (Sprague) That is correct.

18 Q. That wasn't the subject of any adjudicative
19 proceedings before the Commission, at least not
20 yet, was it?

21 A. (Sprague) Not to my aware -- not to my
22 understanding.

23 Q. So, as far as you know, those recommendations
24 are advisory in nature at this point, true?

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 A. (Sprague) That is correct.

2 Q. And were they unanimous?

3 A. (Sprague) The report that was filed with the
4 Commission identified areas where there was
5 disagreement, in addition to areas that there
6 were agreement.

7 Q. Would it be fair to say that there are some
8 areas in which Unitil disagrees with other
9 members of the Grid Modernization Working
10 Group?

11 A. (Sprague) We took different positions in some
12 locations on the report, yes.

13 Q. Would you say that either with respect to the
14 positions Unitil took in the Grid Modernization
15 Working Group Report, or the positions that
16 anybody else took, is the discussion of
17 Unitil's vision of grid modernization in the
18 Least Cost Integrated Resource Plan submitted
19 back in April of 2016 consistent with what
20 emerged from the Grid Modernization Working
21 Group?

22 A. (Sprague) The information that we provided here
23 was based upon work that we had done down in
24 our Massachusetts service territory. Which a

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1 lot of -- a lot of which we will use in New
2 Hampshire as well. But I do believe that there
3 are some other aspects that have more detail or
4 different requirements in New Hampshire, or
5 that we're recommending to have different
6 requirements in New Hampshire than in
7 Massachusetts.

8 Q. So, if the Commission were to approve the
9 Settlement Agreement, and with it this Least
10 Cost Integrated Resource Plan, would that be of
11 any assistance to you in helping you to figure
12 out how to modernize the grid that Unitil
13 operates?

14 A. (Sprague) I believe our assumption is that we
15 would develop a New Hampshire specific plan,
16 that will have many, if not all, of the
17 components that we identified in this filing,
18 but we'll also have some other components to
19 it. But we would expect to file a separate
20 plan with the Commission.

21 Q. Right after the discussion of grid
22 modernization in the Least Cost Integrated
23 Resource Plan, there is a discussion of
24 "Demand-Side Energy Management Programs",

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 correct?

2 A. (Sprague) That is correct.

3 Q. And, in that report, there is a discussion
4 or -- well, let me put it this way. Would it
5 be safe to say or would it be reasonable to
6 summarize that discussion in the Least Cost
7 Integrated Resource Plan as a summary of the
8 benefits that Unitil's customers have received
9 through the CORE energy efficiency programs?

10 A. (Sprague) That's a fair statement.

11 Q. Would it also be fair to say that the CORE
12 energy efficiency programs are going to be
13 changing significantly in the future?

14 A. (Sprague) I'm not as aware of that.

15 Q. Well, would you agree with me, subject to
16 check, that the Commission has plans in 2018 to
17 implement an Energy Efficiency Resource
18 Standard?

19 A. (Sprague) Yes.

20 Q. And, so, therefore, assuming what I just said
21 and what you just agreed to subject to check is
22 true, is the discussion of how Unitil has done
23 in its deployment of CORE energy efficiency
24 programs, is that going to be of any use to you

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 as you, in the future, plan Unitil's operations
2 and investments in a least-cost fashion?

3 A. (Sprague) So, we have in front of us multiple
4 different dockets that are all rather kind of
5 integrated, I would say. This least cost
6 planning docket, the grid mod docket, the EERS
7 docket. They all are kind of dancing to the
8 same music, but right now potentially in
9 different locations.

10 So, going forward, I think there needs to
11 be a melding of those three into -- I'm not
12 sure if it will be one plan, but a more
13 informed plan amongst all three of those.
14 Least cost planning has been around a long
15 time, originally with vertically integrated
16 utilities. Most states have eliminated the
17 "least cost" planning approach to distribution
18 planning, in favor of more of a grid
19 modernization approach. Just about all states
20 now have at least dipped their toe in the water
21 with respect to grid modernization. Some are
22 more advanced than others. And I think the
23 recommendation that comes -- that's in front of
24 the Commission from the Grid Mod Working Group

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 is to, I don't want to say "forgo the least
2 cost plan", but to modify the least cost
3 planning process into more of a grid mod
4 process, which is more of adding functionality,
5 adding programs, adding more ability for
6 customers to potentially take more control of
7 their usage.

8 But, to me, least cost planning and grid
9 mod are not the same thing. I don't know if
10 that answered your question.

11 Q. And then some. And I guess I want to focus on
12 the very last thing you said. You said "least
13 cost planning and grid modernization are not
14 the same thing." How are they different?

15 A. (Sprague) Right. So, least cost planning is
16 primarily focused around identifying system
17 constraints, typical system constraints, might
18 be a voltage problem, might be a capacity
19 problem. But physical electric system
20 constraints, and developing a solution for
21 those.

22 Grid modernization is more than that.
23 Grid modernization has different components,
24 like grid reliability, like adding different

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 functionality to the system, allowing the
2 system to more readily integrate distributed
3 energy resources. So, it's -- I like to -- I
4 like to think of "grid mod" as investments that
5 are going to be made in the system, some of
6 which will give the customers the opportunity
7 to reduce their bills, but not -- but not
8 necessarily their rates. The rates will go up,
9 but it will give the customers more
10 opportunities to reduce their bills.

11 Q. Assuming that the Commission approves the
12 Settlement Agreement, and with it the Least
13 Cost Integrated Resource Plan, how often do you
14 expect to consult the Least Cost Integrated
15 Resource Plan during the coming two years in
16 order to guide you in your work at Unitil?

17 A. (Sprague) The major components of our Least
18 Cost Plan are obviously our planning studies.
19 We do those planning studies every year. We
20 review those every year. We start with where
21 we -- are most recent planning study, and we
22 redo those studies every year. So, I would say
23 quite often. There's -- every year there's a
24 realignment, I'll call it, review of, you know,

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 a project that might be two or three years down
2 the road, review the solution that was proposed
3 in the most recent plan, see does that still
4 make sense. Are there other alternatives that
5 make more sense? Has the cost of alternatives
6 come down to make them more economical? Those
7 are the types of items that we're looking at.

8 MR. KREIS: Thank you, Mr. Sprague.
9 Mr. Chairman, those are all the questions I
10 have.

11 CHAIRMAN HONIGBERG: Commissioner
12 Scott.

13 CMSR. SCOTT: Good morning.

14 BY CMSR. SCOTT:

15 Q. So, and just to recap a little bit. So, Mr.
16 Kreis asked you about the Attachment K, I think
17 it is, your Fitchburg Electric Grid Mod. So,
18 just to clarify, that is included in this for
19 illustrative purposes, we're not approving that
20 in any way, shape or form in this filing. Is
21 that correct?

22 A. (Sprague) That is correct. That's to educate
23 the Commission Staff and the Commissioners on
24 the efforts that have been underway to review

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 some of these different alternatives and the
2 costs associated with those. But we would
3 ultimately expect to file a New Hampshire
4 specific grid mod plan as the recommendation
5 before you suggests.

6 Q. Okay. And, when I look at the Settlement
7 Agreement, I just want to get some
8 clarification. So, on Page 3 of the Settlement
9 Agreement, Section ii, the last sentence says
10 "Unitil shall include a list of alternatives
11 considered for each project", and you talk
12 about things like "conservation and load
13 management", "smart grid", "distributed
14 generation".

15 From my point of view, that's good. I
16 would want to know what you considered. But I
17 also moving forward would be interested in, if
18 you didn't consider those things, why you
19 didn't.

20 So, can you help me with the intent of the
21 language here? I mean, would we see that if
22 this language stays as is? Meaning, for
23 whatever reason you didn't look at those
24 things, right now that language would say then

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 you'd be silent on it.

2 A. (Sprague) I'm not sure that that's our
3 interpretation of the language, --

4 Q. Okay.

5 A. (Sprague) -- to be silent. Right now, there's
6 a major change going on in the electric
7 industry. And it's all based around non-wires
8 alternatives. And how do we evaluate those,
9 how do we monetize those, and so forth. So,
10 I'd like to just provide, if I may, kind of an
11 illustrative example of some considerations
12 that we took.

13 If you take two of our large projects,
14 either our Broken Ground Substation or our
15 Kingston Substation, stepping back just a
16 little bit, from a distribution planning
17 standpoint, we're worried about the peak.
18 That's what we need to design the system for.
19 And, so, I'm going to be speaking in watts, as
20 opposed to kilowatt-hours or energy.

21 So, Broken Ground or Kingston, those were
22 actually designed and installed for about ten
23 cents a watt. Some alternatives to that could
24 have been a solar installation. A solar

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 installation is somewhere between \$2.50 to
2 \$3.50 a watt, as opposed to the 10 cents.
3 Because of our system peak being so late in the
4 day, solar at that time of day is only about
5 10 percent. So, you could install ten times
6 that amount of solar or combine storage with
7 that. If you combine storage with it, that's
8 another \$3.00 a watt installed for storage.
9 So, now we're taking a \$6.00 a watt project
10 comparing it against a 10 cent a watt project.

11 If we were to look at energy efficiency,
12 this is just my opinion with respect to energy
13 efficiency, is that the low-hanging fruit is
14 being used up, meaning the low-cost,
15 high-benefit projects, over time, are being
16 used up. So, incrementally, as we go forward,
17 each additional savings from an energy
18 efficiency standpoint is going to cause that
19 price to go up incrementally. In 2016, the
20 average cost was about \$1.60 a watt.

21 From a -- another option might be demand
22 response. From a demand response standpoint,
23 many of the largest customers that have the
24 ability to shed load under those circumstances

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 are already part of the ISO market. They're
2 already monetizing that, that ability. So, we
3 can't take credit for that, because it's being
4 taken credit for at the ISO level.

5 Residential demand response really hasn't
6 got there yet. And it might be because
7 of there -- we need to couple our residential
8 demand response with other incentive for the
9 customer, like time-varying rates, a
10 time-of-use rate, something that is going to
11 enable those customers to gain some benefit
12 from it.

13 Another option might be wind. Wind right
14 now is \$3.00 to \$8.00 a watt installed. Again,
15 it's intermittent. So, you would put energy
16 storage on that, so that would be another \$3.00
17 a watt installed.

18 So, any time we look at all of these
19 different alternatives, we need to make sure
20 that the alternatives that we're considering
21 are designed to the same reliability, the same
22 capacity, the same availability as a
23 traditional investment. If we were to that
24 point, and those were more competitive, I think

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1 you would see more of those alternatives being
2 presented in documents like this. But, just
3 based upon our review, the market hasn't got
4 there yet. You know, it's dropping, all of
5 those technologies are dropping. They're
6 becoming more available, lower cost. I'm not
7 entirely sure yet that they're to the level of
8 affordability as a traditional investment yet,
9 but that's where we're going to get.

10 Q. That's helpful. And I appreciate that. So, to
11 my original question, what I'm interested in,
12 say, your next filing is at least, you clearly
13 have thought about those things, as a
14 reflection that I could read your LCIRP and say
15 "oh, yes, they did look at it. They decided it
16 wasn't as cost-effective as other things.
17 Therefore, this is what they did instead."
18 That's helpful to me. And that's why I just
19 wanted to make sure. So, is that --

20 A. (Sprague) That would be the intention.

21 CMSR. SCOTT: Okay. Thank you.

22 That's all I have.

23 CHAIRMAN HONIGBERG: Commissioner

24 Bailey.

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 CMSR. BAILEY: I'm new to this area.
2 And, so, I'm looking at it with different eyes
3 than everybody else. So, I guess I want to ask
4 a couple of questions, just so that I
5 understand what your report is saying.

6 BY CMSR. BAILEY:

7 Q. On Page 9, the table at the bottom of the page.

8 A. (Sprague) I see that.

9 Q. Shows that the average peak load that you
10 expect is going to go down, and I understand
11 that that's at a 50 percent level. So, half
12 the time it's going to be above that, half the
13 time it's going to be below. But this shows
14 that you expect the load to slightly decrease
15 over time, in the Capital Region, I think.

16 Yes, the Capital Region. Is that right?

17 A. (Sprague) That is correct.

18 Q. Okay. So, can you explain to me why the peak
19 design load and the extreme peak loads go up?

20 A. (Sprague) The way that this model is run is
21 it's run using, not to get too technical, but a
22 Monte Carlo simulation. And, at those higher
23 confidence levels -- so, the peak design load
24 is actually a 90 percent confidence that the

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1 load is going to be below that level. So, as
2 we run those simulations, going out into the
3 future, in order to achieve that 90 percent
4 confidence, it actually shows that the load is
5 increasing, because there's a higher -- there's
6 more of a chance of the higher level loads
7 happening in those simulations.

8 Q. Okay. On the Seacoast table, on Page 11, it
9 looks like the average peak load is expected to
10 be relatively flat.

11 A. (Sprague) Correct.

12 Q. Can you explain to me why you think that the
13 Seacoast is going to be flat, while the Capital
14 Region is likely to decrease?

15 A. (Sprague) The two systems are actually very
16 different in nature. The Seacoast area tends
17 to be very driven by the summer load,
18 specifically at the beach area and along the
19 coast. Those areas tend to be growing right
20 now. If you go down to the -- if you go down
21 to, say, the Hampton Beach area, you'll notice
22 that there's a lot of these smaller,
23 single-floor buildings being torn down in favor
24 of the larger, you know, multistory condos and

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1 hotels. So, where -- and less of that is
2 happening in the Concord area. So, where
3 you're still getting some -- in Concord, you're
4 still getting the benefit of energy efficiency,
5 you're still getting the benefit of people
6 just, you know, conserving on their own, by
7 installing their LED lights and buying more
8 efficient appliances. In the Seacoast area,
9 that's getting overtaken a little bit by
10 growth, I'll call it.

11 Q. Okay. In looking at Appendix C, and we don't
12 need to really go there, but the asterisks --
13 the asterisked lines on those tables show where
14 the analysis expects that you will need to do
15 some improvements. Is that right?

16 A. (Sprague) Correct. That's -- the asterisked
17 lines are where the planning criteria is
18 exceeded.

19 Q. Okay. And I commend you for the thorough
20 analysis on that aspect of the Plan. It's
21 really well done, I think. But how do you
22 decide then what the solution is going to be?

23 A. (Sprague) So, that's where our engineers start
24 developing different ideas, different concepts.

[WITNESS PANEL: Sprague~Bonazoli~Chagnon]

1 Some of which could be something as simple as
2 shifting load. Some of it might be
3 reconductoring. Some of it might be a
4 substation upgrade. And, now, as we get into
5 the newer age, it's going to be evaluating
6 those typical type of investments with
7 alternative investments, like solar, like wind,
8 like energy storage, like other different types
9 of programs, designed to either cut the peak or
10 shift the peak into a different time of day.

11 Q. And do the planners evaluate each of those
12 options and decide which is the least cost
13 option?

14 A. (Sprague) That's correct.

15 Q. And is that shown anywhere in this report?

16 A. (Sprague) The projects that -- yes. Throughout
17 the reports, it's identified, for those larger
18 projects, that -- where alternatives have been
19 evaluated. I'm just trying to look at -- it
20 would be generally Section 8 of the two
21 different studies. We try to make the studies
22 be very similar. So, those -- it's those
23 Section 8s that's titled the "System
24 Improvement Options", that that's where those

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1 different evaluations are made. It just so
2 happens, in this Appendix C, there's really
3 only one project that's identified, that's
4 exceeding -- or, at least the -- yes, the
5 Appendix C, which is the Capital Region
6 Planning Study, there's only one project that's
7 been identified.

8 Q. Okay. You, in response to, I think,
9 Commissioner Scott's questions, gave an answer
10 that the alternative that you had selected for
11 the substation costs about "10 cents a watt".
12 Where do you get that number?

13 A. (Sprague) That's based upon the approximate
14 cost of the projects, which are about
15 \$12 million, and the installed capacity is
16 about 120 megawatts.

17 Q. And where did you get your numbers for the cost
18 of solar and the cost of storage?

19 A. (Sprague) The cost of solar is based upon a
20 project that's being done down in our
21 Massachusetts service territory.

22 Q. By you?

23 A. (Sprague) By us, yes. We have a 1.3-megawatt
24 solar farm that we're installing down on an old

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1 MGP site in Massachusetts. As part of that
2 project, we're evaluating energy storage. So,
3 we had gotten some estimates on energy storage
4 with respect to -- with respect to that
5 project. And we're also now evaluating energy
6 storage for different types of projects, to see
7 if that will be a viable option. Energy
8 efficiency I got from our Energy Efficiency
9 folks, and that's based upon the average cost
10 of the projects that were supported throughout
11 that time frame.

12 Q. So, these numbers are based on actual costs of
13 projects that you have direct involvement in?

14 A. (Sprague) Except for wind. We don't have any
15 wind. So, the wind number is based upon
16 studies that I found online.

17 Q. Okay. And I was going to ask you about
18 storage, on Page 23 and 24, you say that "the
19 Company is in the early stage of
20 investigating...storage options". Is that --
21 are you doing that just in Massachusetts?

22 A. (Sprague) Right now, that's where the focus has
23 been. We had -- Massachusetts has a big drive
24 right now to set state energy storage goals.

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1 And, because of that, there's grant money
2 available for different types of projects. So,
3 there's a couple different energy storage
4 things I'll talk about.

5 The first is we entered into a grant
6 application with National Grid, UMASS, the City
7 of Holyoke, and a couple other people,
8 specifically around residential energy storage.
9 And we put together a plan to do a pilot
10 project, specifically around energy storage
11 that is associated with solar PV. So that was
12 one thing we did. Unfortunately, we did not
13 get that grant application. So, that project
14 has kind of been put on hold.

15 The other study that we're conducting
16 right now, down in our Massachusetts territory,
17 we have a distribution substation that is
18 projected to become overloaded in the
19 foreseeable future. So, we're looking at
20 energy storage for a solution of that.

21 We also, down there, because of the amount
22 of solar penetration, we have reverse power
23 flow on I think it's three of our -- I mean,
24 four of our substations right now, which causes

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1 all sorts of problems for us. So, we're
2 looking at "is energy storage an option for
3 that?"

4 We have the solar installation that we
5 talked -- that I talked about before, the
6 1.3 megawatts. We're evaluating if we should
7 add storage as part of that.

8 And also evaluating, for a customer, who
9 has a rather large solar farm, if storage --
10 excuse me -- would help or be beneficial,
11 cost-effective for an application like that.
12 And that's really in the early stages of the
13 evaluation.

14 Q. Do you think that any of them will be
15 cost-effective or that you will proceed with
16 them?

17 A. (Sprague) At this point, I'm not sure. That's
18 why we're doing the study. The challenge with
19 the energy storage is it's -- it will defer
20 investments, but it won't eliminate
21 investments. So, it will push -- it will push
22 those or has the potential to push those large
23 substation investments out in time. But, at
24 some point in time, I foresee that that

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1 substation transformer will end up being
2 replaced, it's just a matter of when. And does
3 it make sense to use energy storage or some
4 other alternative to delay that investment over
5 a period of time?

6 CMSR. BAILEY: Okay. Thank you very
7 much.

8 BY CHAIRMAN HONIGBERG:

9 Q. Mr. Sprague, I want to return to something
10 Commissioner Bailey was asking you about. And
11 that's the numbers and the graph that's on Page
12 nine. You talked about having done Monte Carlo
13 simulations. I have some understanding of how
14 those work. In that you have something
15 programmed to project results out in the
16 future, and a Monte Carlo simulation runs that
17 with the push of a button a thousand times.

18 A. (Sprague) Right.

19 Q. And what you're saying about the results here
20 is what exactly again?

21 A. (Sprague) So, you're correct. So, the Monte
22 Carlo simulation is run. And we use a
23 Boltzmann curve --

24 *[Court reporter interruption.]*

CONTINUED BY THE WITNESS:

1
2 A. (Sprague) Boltzmann, B-o-l-t-z-m-a-n-n. And
3 that curve is used for projecting what we --
4 projecting loads within the criteria -- excuse
5 me -- within the criteria of the Boltzmann
6 curve. So, Boltzmann's curve is kind of an "S"
7 curve, which is very accurate kind of along the
8 spine of the S, less accurate out towards the
9 two tails, at the low levels and at the high
10 levels. And, so, the results of that, what I
11 was trying to explain before, the results of
12 that, we design our system to that peak load.
13 So, we want to make sure that, say, one out of
14 every ten years we're not -- we would exceed
15 that amount. And, in order to achieve that
16 level, the growth -- the growth that you're
17 seeing in years is to exceed that -- is to make
18 sure that only one out of every ten of those
19 Boltzmann or Monte Carlo runs falls above that.
20 Q. And, then, the plain English reason why the red
21 and blue lines on Page -- on the graph on Page
22 9 continue to go up and get farther away from
23 the green line, is that the result of
24 uncertainty, more uncertainty going out, your

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1 cone of uncertainty is larger as you get
2 farther away from today? And so that your
3 90 percent number is more divergent from your
4 projected average peak?

5 A. (Sprague) That's correct.

6 CHAIRMAN HONIGBERG: Okay.

7 Commissioner Scott.

8 BY CMSR. SCOTT:

9 Q. Your early discussion with Mr. Kreis, talking
10 about "gaming", I thought that -- when I read
11 that I thought "Oh, that's a Monte Carlo
12 analysis." So, I realize I shouldn't assume
13 anything. So, I'm going to ask you this next
14 question. You mentioned "wind and storage". I
15 assume you're talking small-scale residential
16 wind, is that what you were talking about?

17 A. (Sprague) That's kind of the range, anything
18 from small to wind farm scale.

19 Q. Okay.

20 A. (Sprague) Kind of like at \$3.00 to \$8.00. The
21 smaller, lower capacity tends to be a higher
22 cost, because of the tower and so forth. As
23 you get the higher capacities, the cost per
24 watt ends up coming down, just because of

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1 economies of scale.

2 Q. And, obviously, probably because of wind
3 issues, that's really a Seacoast solution, if
4 it is a solution?

5 A. (Sprague) Exactly.

6 Q. Okay.

7 A. (Sprague) And just, if I could just jump back
8 to this forecast, we redo this forecast every
9 year. So, it's a way for us to identify
10 projects out in the future and when they might
11 exceed the load levels. But every year we
12 review that. Every year we look at these, redo
13 this load forecast. And, if you were to look
14 at these over time, the slope of those, the red
15 lines and blue lines, going forward, is coming
16 down. So, there is -- you know, so, ten years
17 ago those lines were rather steep. Right now,
18 they're starting, and every year they tend to
19 flatten out more and more.

20 Q. And my other question was, you -- again, back
21 on storage. I assume you follow, even
22 nationally, but certainly regional storage
23 installations. And, if I understand right,
24 there is an approved, I don't know if it's

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1 installed, project in Maine to put storage at a
2 substation, rather than upgrade. Does that
3 sound familiar to you?

4 A. (Sprague) Yes. I'm not sure if it's installed
5 yet or not.

6 Q. Okay. So, you're following those?

7 A. (Sprague) Yes. Yes.

8 CMSR. SCOTT: Great. Thank you.

9 CHAIRMAN HONIGBERG: I don't have
10 anything else.

11 Mr. Epler, Ms. Amidon, do you have
12 any further questions for the panel?

13 MS. AMIDON: Not I.

14 CHAIRMAN HONIGBERG: All right.
15 We've already struck -- oh, yes, Mr. Epler.
16 I'm sorry.

17 MR. EPLER: That's okay. Yes. I
18 have just a couple of questions.

19 **REDIRECT EXAMINATION**

20 BY MR. EPLER:

21 Q. Mr. Sprague or Mr. Bonazoli, in your positions,
22 you oversee both the engineering and planning
23 activities for Unitil in New Hampshire, as well
24 as in Massachusetts, is that correct?

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1 A. (Sprague) That is correct.

2 Q. So that any knowledge or pilots that we do in
3 one jurisdiction or in the other is
4 definitely -- we inform the other jurisdiction,
5 we don't keep that information in silos. Is
6 that correct?

7 A. (Sprague) That is correct.

8 Q. Okay. So, to the extent that there is
9 knowledge gained as a result of the pilots that
10 you discuss taking place in Massachusetts, they
11 would be -- you'd share that information and it
12 would inform your decision-making process here
13 in New Hampshire?

14 A. (Sprague) That is correct.

15 Q. Okay. The other thing, if the Commission would
16 just indulge me just for a moment, Mr. Sprague,
17 you were -- you took part as a witness in
18 Unitil's rate case in 2010, that was Docket
19 10-055?

20 A. (Sprague) That is correct.

21 Q. Okay. And do you recall, in the Settlement
22 Agreement in that docket, that there was a
23 provision whereby the Staff was to hire, and
24 the Company was to pay for, the services of a

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1 engineering consultant to review the planning
2 operations of the Company?

3 A. (Sprague) That is correct.

4 Q. Okay. And was one of the -- one of the areas
5 that that consultant was to review including
6 the identification of potential alternatives
7 for the deferral of the second Kingston
8 transformer?

9 A. (Sprague) That is correct.

10 Q. And, as part of that, did the Company, along
11 with the consultant, look at a range of
12 alternatives, including distributed energy
13 resources, demand-side planning, including such
14 extremes as possible brownouts, and so the
15 Company, with that consultant, looked at a very
16 comprehensive range of alternatives before
17 making the investment in Kingston?

18 A. (Sprague) That is correct.

19 MR. EPLER: Okay. Thank you.

20 CHAIRMAN HONIGBERG: All right. ID
21 has been struck on the exhibits.

22 Is there anything we need to do
23 before the parties sum up?

24 *[No verbal response.]*

1 CHAIRMAN HONIGBERG: All right.

2 Mr. Kreis, you may go first.

3 MR. KREIS: Thank you, Mr. Chairman.

4 At the prehearing conference in this docket
5 seven months ago, I said that Unitil's Least
6 Cost Integrated Resource Plan was a 20th
7 century document, and that we hoped to use this
8 proceeding to bring the utility's least-cost
9 integrated resource planning process into the
10 21st century. We did not succeed.

11 At the conclusion of this hearing,
12 all three of the state's distribution utilities
13 will have LCIRPs under advisement to the
14 Commission; Liberty's, in Docket DE 16-097, and
15 that of PSNH in Docket DE 15-248. I will
16 briefly reiterate the point I made at the
17 hearing in each of those dockets.

18 The Commission and its Staff have
19 allowed and encouraged the state's electric
20 utilities to treat the obligation to file an
21 LCIRP as a make-work exercise, a homework
22 assignment with little purpose. This is
23 inconsistent with the requirements set forth in
24 RSA 378:39.

1 RSA 378:39 requires the Commission to
2 evaluate the consistency of each utility's
3 LCIRP with the entire subdivision, Sections 37
4 through 40, governing the least-cost integrated
5 resource planning process. The first of those
6 sections lays out in succinct form the state's
7 energy policy, meeting the energy needs of the
8 state at the lowest reasonable cost while
9 providing for the reliability and diversity of
10 energy sources, while maximizing the use of
11 cost-effective energy efficiency and
12 demand-side management, protecting the health
13 and safety of the state, while also protecting
14 the environment and future supply of resources,
15 and while also giving consideration to the
16 financial stability of the utilities. Those
17 are substantive criteria.

18 Consistent with Section 37 of the
19 statute, Section 39 contemplates a review of
20 the substantive outcome of the planning efforts
21 under adjudicative review. "In deciding
22 whether or not to approve the utility's plan,
23 the Commission shall consider potential
24 environmental, economic, and health-related

1 impacts of each proposed option." At the end
2 of the section, there's even a tie-breaker
3 provision, telling the Commission to give
4 priority first to energy efficiency and
5 demand-side management, then renewable sources,
6 then everything else.

7 The LCIRP before you today does not
8 allow the Commission to do any of these things.
9 It offers a laudably detailed description of
10 how the utility plans, but it says little, if
11 anything, about what the utility plans.

12 Unitil and the Staff are well aware
13 of the OCA's perspective on this subject, and
14 thus did not include us in the discussions of
15 the settlement or give us an opportunity to
16 propose language for inclusion in it. I saw it
17 for the first time when it was filed with you.
18 I would prefer not to do business in that
19 fashion.

20 This is not to say that we have not
21 had some very deep discussions with Unitil in
22 the past year about the stuff of which LCIRPs
23 should be made. The dockets on grid
24 modernization and net metering, and also energy

1 efficiency, provided robust opportunities for
2 Unitil and the other electric utilities to lay
3 out a vision for a 21st century grid. As the
4 Commission is aware, in the net metering
5 docket, DE 16-576, we even reached consensus
6 with the utilities on a path forward.

7 Mr. Sprague, in his responses to my
8 question, very interestingly distinguished grid
9 modernization from least-cost integrated
10 resource planning, by saying that the latter is
11 focused on, and this is what he -- the phrase
12 he used, "identifying system constraints".
13 That is a heroic effort on his part to deal
14 with the cognitive dissonance arising out of
15 the lack of harmony between grid modernization
16 and least-cost integrated resource planning.
17 The Commission should resolve the dissonance.

18 To look at this another way, when I
19 asked Mr. Sprague "do you intend to consult the
20 Least Cost Integrated Resource Plan in the
21 period between now and whenever the next one
22 gets approved?" He said that he would, quite
23 frequently. But it was clear that what he was
24 really talking about are the two appendices,

1 Appendix C and Appendix D, because they really
2 discuss the substantive options that his
3 company has considered. Well, and then he said
4 that it's Section 8 of each of those two
5 appendices that really is where the rubber hits
6 the road, I'm paraphrasing him, because that's
7 where the Company really compares the various
8 options it has, and then picks one.

9 Well, in Appendix C, as he
10 acknowledged, there's really only one option
11 under consideration for the Capital area
12 portion of the Unitil system. And, so, the
13 plan, of course, adopts that option and says
14 "It's the recommended solution, as there are no
15 other viable alternatives to address this
16 constraint." Again, totally consistent with
17 his testimony that least-cost integrated
18 resource planning is about identifying system
19 constraints. The problem with that is, as I've
20 already pointed out, that's not what the
21 statute says.

22 The OCA takes no position on whether
23 the Commission should accept or reject the
24 settlement now before you. But we do suggest

1 that the Commission use all three pending LCIRP
2 dockets as an opportunity to put the utilities
3 on notice that henceforth there will be a new
4 era in least-cost planning, one that requires
5 utilities to prove their systems are indeed
6 least cost, in light of, or in some senses in
7 spite of, restructuring, the muscular assertion
8 of federal authority over transmission planning
9 and wholesale markets, a largely unaccountable
10 regional transmission organization, smart grid
11 technology, distributed generation, and the
12 proliferation of third party providers of all
13 sorts.

14 In that regard, we commend to the
15 Commission's favorable attention the Sixth
16 report issued by the Lawrence Berkeley National
17 Lab in its "Future Electric Utility Regulation"
18 series. The report is entitled "The Future of
19 Electricity Resource Planning", and it offers a
20 roadmap for dealing with exactly the problems
21 we are confronting here.

22 The report highlights ten
23 considerations for regulators. I'm not going
24 go through all ten, but I'll highlight a

1 couple. One is "greater attention in resource
2 planning to customer behavior". I think that's
3 what "gamification" is getting at. Another is
4 "risk analysis and the use of risk-adjusted
5 metrics" by utilities, and those who regulate
6 and evaluate utilities. Another is the need
7 for "deeper expertise at state regulatory
8 commissions and energy agencies", and dare I
9 say, even the OCA. And, then, finally,
10 "regional coordination in resource planning".

11 Thanks to the waiver provisions in
12 RSA 378-38-a, the Commission has broad
13 authority to reform the LCIRP process to bring
14 it into the 21st century. The interests of
15 residential utility customers and the interests
16 of utility shareholders will be well-served if
17 you do.

18 CHAIRMAN HONIGBERG: I have a couple
19 of questions, Mr. Kreis. First, is the
20 document you just referenced, from Lawrence
21 Berkeley Labs, is that in our record anyplace?

22 MR. KREIS: It is not in your record
23 anyplace. And I, of course, by referring to
24 it, I thought "well, do I need to introduce

1 that into the record?" And I don't think I do.

2 CHAIRMAN HONIGBERG: Just that kind
3 of leads to the second question.

4 Do you have a suggestion as to a
5 process the Commission should follow in doing
6 what you just recommended, which is taking
7 advantage of the waiver provisions in the
8 statute, to rethink and redo the LCIRP process?

9 MR. KREIS: Yes, I would -- yes, I
10 do. I think that it would be appropriate for
11 the Commission, in each of the three orders it
12 now has to issue in each of these LCIRP
13 dockets, to convene some sort of, I don't know,
14 not really a task force, but a working group
15 that would, over the course of really just a
16 couple of months, come up with some different
17 ideas that could be submitted to the Commission
18 for what it might do.

19 We have had quite a few conversations
20 with the utilities, mainly in the context of
21 the Grid Mod Working Group, about this subject.
22 And I think it's fair, I can't really speak for
23 the utilities, of course, but I think it's fair
24 that they regard as unnecessary a need for

1 legislation. That was where I started. I
2 thought "there's something wrong with the Least
3 Cost Integrated Resource Planning statute."
4 It's really describing a process that worked
5 before restructuring and doesn't work now,
6 because of all the changes that I just
7 described.

8 But, given that there are waiver
9 provisions, I think there are ways of taking
10 the insights that have been produced, by places
11 like the Lawrence Berkeley Lab, and coming up
12 with a different way of approach least-cost
13 integrated resource planning.

14 CHAIRMAN HONIGBERG: So, tying it
15 back to the document you have in front of you,
16 you would say that whatever the working group
17 is convened would use a document like that, and
18 other similar resources, to work whatever magic
19 they feel they could work?

20 MR. KREIS: I would. And I know that
21 these kinds of processes can become ponderous.
22 But I actually have a fair degree of optimism
23 about this. Because I know, from having talked
24 to the utilities, that they -- they share some

1 of my concerns. They're maybe, because they're
2 companies, they're less inclined to speak
3 forthrightly and candidly about this than I am
4 on the record, but I know that this process
5 isn't working for them either. And that they
6 really are doing planning. If you look at the
7 appendices, and if you listened, and you did,
8 to what Mr. Sprague said, it's clear that the
9 utilities want to do really great planning.

10 You know, we will argue with the
11 utilities at the margins about their
12 priorities. The utilities want to maintain
13 their, I guess for lack of a better word, their
14 hegemony, and their concern about the threat to
15 their business model that is raised by the
16 arrival of third party providers, the rise of
17 customer-generators, that presents a challenge
18 and a threat to them. And, so, they're going
19 to grapple with us about where that all fits
20 in.

21 But I really think that we can
22 develop a agreed-upon system that allows the
23 Commission to evaluate the choices that the
24 utilities are making in a manner that is truly

1 least cost. Because, again, the objective here
2 is to let the shareholder have a reasonable
3 opportunity to make a return on their
4 investment, but while providing service to
5 consumers that is least cost.

6 CHAIRMAN HONIGBERG: Commissioner
7 Scott.

8 CMSR. SCOTT: On your suggestion for
9 a work group, whatever you want to call it is,
10 does the pending order on net metering and the
11 smart grid docket, is it better to wait till
12 those are done to inform that group? Or do you
13 think that really is not necessary?

14 MR. KREIS: Well, you have the report
15 of the Grid Mod Working Group already before
16 you. So, you know, and that also lays out some
17 recommended future steps. And, you know, the
18 net metering case is about to go under
19 advisement to you. That's been sort of
20 conceived as sort of a freestanding little
21 attempt to solve problems that relate to how to
22 compensate customer-generators. And you, I
23 think, are under some pressure from the
24 Legislature to issue an order fairly quickly in

1 that docket. And, so, in practical terms, you
2 don't have to wait, because you have to act
3 quickly in net metering and you already have
4 the Grid Mod Report.

5 CMSR. SCOTT: And the report you
6 mention from Lawrence Berkeley, if you don't
7 enter it into the record, is it safe to assume
8 that it's readily available on their website?

9 MR. KREIS: Yes. In fact, all six or
10 seven reports that have been issued so far in
11 the Future Electric Utility Regulation series
12 of the Lawrence Berkeley Lab are all really
13 excellent, and easily downloaded from their
14 website, and well worth reading.

15 CMSR. SCOTT: All right. Thank you
16 for you thoughts. Thanks.

17 CHAIRMAN HONIGBERG: Thank you, Mr.
18 Kreis. Ms. Amidon.

19 MS. AMIDON: Well, first of all, I
20 just want to say, this filing deals with a
21 filing that was made in April 2016. And it
22 deals with the statute before us, whether it's,
23 you know, desirable or not.

24 I think it is unfortunate that the

1 Consumer Advocate decided to characterize the
2 utility and the Staff working together as
3 enabling the perpetuation of some outmoded
4 model of least cost planning, when I think,
5 actually, this Company probably does the best
6 job of any of the electric distribution
7 utilities in its least cost planning process.
8 And what we did in the Settlement Agreement was
9 to strive to add an element that would make it
10 even better.

11 I also dispute the Consumer Advocate
12 saying that he was "omitted" from settlement
13 discussions. Purely, that was on his own
14 choice. He elected, in connection with the
15 prior case, to disengage from settlement. And
16 when inquired -- an inquiry was made if he was
17 interested in this case, he said, you know, he
18 was pretty much going to adopt the position
19 that he had with the prior case, with Liberty
20 and Eversource. So, I think that is not a
21 correct characterization as well.

22 However, having said that, we believe
23 that the Plan that was submitted by Unitil
24 satisfies the requirements of the statute as

1 they are at this point in time. And we believe
2 that the Settlement Agreement will enhance the
3 process by allowing Staff to evaluate the
4 alternatives and other issues related to
5 capital development decisions made by the
6 Company in connection with the planning
7 process, and request the Commission approve the
8 Settlement.

9 CHAIRMAN HONIGBERG: Thank you,
10 Ms. Amidon. Mr. Epler.

11 MR. EPLER: Thank you. I guess, let
12 me start out by saying, first of all,
13 specifically, with respect to our filing in
14 this proceeding, a lot of it was informed by a
15 previous settlement agreement in our last least
16 cost plan, and the order of the Commission and
17 the direction that we were given as a result of
18 that settlement agreement and the order.

19 We do see this as -- as Mr. Sprague
20 indicated, we are constantly engaged in
21 planning activities on a yearly basis. So,
22 whether we have this requirement to file this
23 report or not, that's what we do. That's how
24 we plan our system. That's how we make sure

1 that we are able to deliver service reliably,
2 on time, in a least cost manner to our
3 customers.

4 So, what we try to do in this process
5 is to give you a picture of what it is we do on
6 a regular basis, and how we do that planning on
7 a going-forward basis. And, certainly, that
8 planning, as Mr. Sprague discussed, is informed
9 by developments that are happening in the
10 industry, that our customers are taking
11 advantage of, that both residential and
12 commercial and industrial, that's happening in
13 other areas of the country. We're not blind to
14 that. We see that. We're part of an industry
15 that exchanges information on a regular basis.
16 So, all that is incorporated into our planning.
17 And you see when we have our projections of
18 growth. And we see how, both in the Capital
19 region and in the Seacoast region, what's
20 happening to demand, what's happening to our
21 projections. We still have to make sure the
22 lights go on when somebody turns the switch.
23 So, we still have kind of the present day
24 requirements, we're still responsible to the

1 Commission when we get complaints when the
2 lights don't go on when you turn on the switch.
3 So, we have those present, very real
4 constraints that we're operating under. And
5 then we're also trying to plan for the future,
6 knowing that the industry and technology and so
7 on is changing. And, so, that's what we try to
8 convey to you in these filings.

9 If there's a better way to do that,
10 we're certainly amenable to having those
11 discussions and to changing our ways.

12 Utilities may be compared to large
13 ships. Sometimes it takes a lot to turn them
14 around. Sometimes you feel like you're in a
15 rowboat, you know, trying to turn the Queen
16 Mary.

17 But, if you step back and look at the
18 history of the industry, it really does respond
19 to the incentives, the directions, and
20 sometimes the penalties that apply to them.

21 If you look at the whole
22 restructuring activities that took place, when
23 I first came into this state and became part of
24 this Commission Staff, and you look at the

1 transformation that's happened, I mean, the
2 industry has diversified, and disengaged from
3 vertically integrated, and sold off its
4 generation. There was a push to develop a
5 competitive supply market and a competitive
6 capacity market, and that's what's developed in
7 New England.

8 If you look at recent events, like in
9 2008, when you had a major ice storm, that
10 caught not only our company, but all the other
11 companies throughout New England short, in
12 terms of their emergency response planning,
13 their vegetation management activities. If you
14 look at what's happened in the last eight
15 years, that has totally turned around. Every
16 company in New England has a comprehensive
17 emergency response plan, a comprehensive
18 vegetation management practice.

19 So, the industry does respond. And I
20 feel confident that it will respond to all
21 these new technological changes, political
22 pressures, consumer desires, and so on.

23 So, I think, in the long view, I feel
24 confident that those changes will occur. I

1 think, in the short term, we have specific
2 statutory responsibilities that we have to pay
3 attention to, precedent from prior orders,
4 direction from prior orders. And, so, we try
5 to mush that all together and put together
6 something that makes sense. And, so, we hope
7 we have achieved that in doing that.

8 If you have other ideas, suggests,
9 directions, orders, we will attend to that and
10 do the best we can.

11 CHAIRMAN HONIGBERG: Thank you, Mr.
12 Epler.

13 If there's nothing else, and I think
14 there's nothing else, we will take this matter
15 under advisement, issue an order as quickly as
16 we can. And we will adjourn. Thank you.

17 **(Whereupon the hearing was**
18 **adjourned at 11:25 a.m.)**