

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

March 26, 2019 - 10:05 a.m.
Concord, New Hampshire

NHPUC 3APR'19pm1:21

RE: DE 19-033
UNITIL ENERGY SYSTEMS, INC.:
Petition for Approval of Proposed
Time-of-Use Study.
(Prehearing conference)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

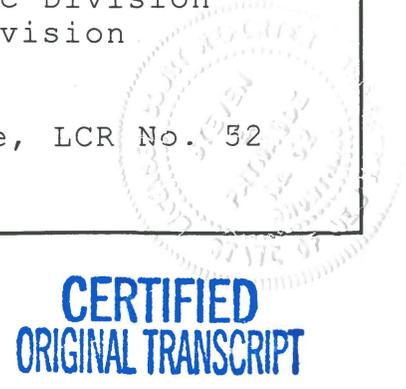
APPEARANCES: Reptg. Unitil Energy Systems, Inc.:
Gary Epler, Esq.

Reptg. Conservation Law Foundation:
Melissa E. Birchard, Esq.

Reptg. Residential Ratepayers:
Brian D. Buckley, Esq.
James Brennan, Finance Director
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Reptg. PUC Staff:
David K. Wiesner, Esq.
Thomas Frantz, Director/Electric Div.
Elizabeth Nixon, Electric Division
Kurt Demmer, Electric Division

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



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P R O C E E D I N G

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2 CHAIRMAN HONIGBERG: We are here this
3 morning in Docket 19-033, which is a Unitil
4 Energy Systems filing, regarding a proposal to
5 have a Time-of-Use study. We're here for a
6 prehearing conference. Following that, there
7 will be a technical session.

8 Before we do anything else, let's
9 take appearances.

10 MR. EPLER: Thank you, Mr. Chairman,
11 Commissioners. My name is Gary Epler,
12 appearing on behalf of Unitil Energy Systems.
13 And with me this morning, to my right, is Rob
14 Furino, who's Vice President of Unitil and a
15 Director of Energy Contracts; and then to his
16 right are two gentlemen who are advising
17 Unitil, they're both from Concentric Energy
18 Advisors, Ben Davis and Greg Therrien; and then
19 right behind me, here, is Justin Eisfeller,
20 he's with Unitil, Vice President of Information
21 Technology.

22 Thank you.

23 MS. BIRCHARD: Melissa Birchard, good
24 morning, with Conservation Law Foundation.

1 MR. BUCKLEY: Good morning, Mr.
2 Chairman and Commissioners. My name is Brian
3 D. Buckley. I am the Staff Attorney with the
4 New Hampshire Office of the Consumer Advocate
5 here representing the residential ratepayers.
6 To my left is Mr. James Brennan, Director of
7 Finance with the New Hampshire OCA.

8 MR. WIESNER: Mr. Chairman,
9 Commissioners, good morning. I'm David
10 Wiesner, Attorney for Commission Staff. With
11 me are Tom Frantz, Director of the Electric
12 Division; and Kurt Demmer and Liz Nixon, also
13 of the Election Division.

14 CHAIRMAN HONIGBERG: All right.
15 Let's talk intervention first. Everybody I
16 assume has Ms. Birchard's motion. Any
17 objection to CLF's intervention?

18 MR. EPLER: No objection.

19 CHAIRMAN HONIGBERG: Anyone?

20 *[No verbal response.]*

21 CHAIRMAN HONIGBERG: All right. That
22 Motion to Intervene is granted.

23 Any preliminary matters we need to
24 take up before we hear from the parties?

1 *[No verbal response.]*

2 CHAIRMAN HONIGBERG: Seeing none.

3 Mr. Epler, why don't you start us off.

4 MR. EPLER: Sure. Thank you --

5 CHAIRMAN HONIGBERG: Off the record.

6 *[Brief off-the-record discussion*
7 *ensued.]*

8 MR. EPLER: Thank you, Mr. Chairman
9 and Commissioners. I'll be brief.

10 This filing is Unitil's proposal to
11 comply with the requirement that came out of
12 the Commission's Net Metering Order in Docket
13 16-576. As the Commission may recall, Unitil
14 had performed a pilot, a Time-of-Use pilot back
15 in 2011, and filed a report with the
16 Commission. There was a significant amount of
17 information that we learned from that pilot.
18 And so, this is an attempt to build on that.
19 And so, to use the information that we already
20 learned, and to take advantage of our metering
21 infrastructure and some changes that we're
22 moving along in net metering infrastructure,
23 and to do it in a cost-effective manner, and to
24 hopefully move us in the direction of being

1 able to implement a time-of-use pricing
2 structure.

3 If you have more detailed questions,
4 Mr. Rob Furino, we've submitted testimony
5 detailing the pilot, and Mr. Furino is
6 available here if there are any particular
7 questions you have.

8 Thank you.

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

11 MS. BIRCHARD: Thank you. Again,
12 Melissa Birchard, for Conservation Law
13 Foundation.

14 CLF applauds Unitil for its efforts
15 both in the 2011 pilot and now to move forward
16 with time-of-use rates. We do have a number of
17 initial concerns, the first being procedural.
18 Which is that, as Mr. Epler pointed out, the
19 Commission did order Unitil to produce a pilot
20 in Docket DE 16-576. In fact, I believe the
21 implementation date for that pilot was slated
22 to have been December 2018. That date has
23 passed. There is no pilot proposed in that
24 particular docket. However, Unitil has opened

1 this new docket for its Time-of-Use proposal.

2 While, again, we applaud that effort,
3 there's a concern that the Commission also
4 ordered stakeholders to have input into the
5 development of the pilot in Docket DE 16-576.
6 You can see here there's only one intervenor,
7 myself, in this particular docket, whereas
8 there are many other intervenors in DE 16-576.
9 So, there is a concern that there isn't, you
10 know, the duplication of efforts, the
11 appearance at least of avoiding that kind of
12 stakeholder input that the Commission had
13 ordered in that docket is a concern.

14 In addition, that docket was slated
15 to initiate a pilot. This docket is proposing
16 a tabletop study. So, this gets into more of a
17 substantive concern than a procedural concern.
18 Which is to say that, again, Unitil did an
19 excellent effort in 2011 to learn from an
20 initial pilot. If Unitil feels that a pilot --
21 that its prior pilot in some way satisfied the
22 requirements of Order -- I think it was 26,029
23 in Docket DE 16-576, then I'd welcome them to
24 put that forward and to suggest that, rather

1 than moving forward with a pilot at this time,
2 they would like to move forward with an actual
3 Time-of-Use proposal.

4 But what we have here is not a
5 commitment to roll out time-of-use rates on a
6 certain schedule, or at any time really, but
7 rather a proposal to conduct a tabletop study.
8 So, we're moving backwards, it seems to me. We
9 had a pilot. Now, we're going to a tabletop
10 study, which doesn't implement anything at all,
11 even in a geographic area that's limited, or I
12 believe some other way that would be defined
13 within the scope of a pilot, instead we're
14 moving just to a tabletop study at the expense
15 of ratepayers without a commitment to
16 eventually rolling something out.

17 So, if Unitil believes that it has
18 satisfied the pilot stage, we would urge them
19 to commit, to not just charging ratepayers for
20 a tabletop study, but moving forward with
21 time-of-use rates. You know, this is a modern
22 era. Utilities should be expected to offer
23 their customers modern rates.

24 That concludes my comments. Thank

1 you.

2 CHAIRMAN HONIGBERG: Mr. Buckley,
3 whom I sense we haven't seen recently.

4 MR. BUCKLEY: It's been quite a
5 while, actually. Yes, Mr. Chairman.

6 So, the Office of the Consumer
7 Advocate is still evaluating the issues
8 presented in the instant Petition. And while
9 we appreciate that Unitil has incorporated some
10 of the feedback received from stakeholders in
11 the latest iteration of their pilot, we note
12 three initial concerns for the Commission,
13 including: First, and this echoes somewhat
14 what CLF has noted, what the Company has set
15 forth, essentially a tabletop analysis to
16 evaluate bill impacts of various time-varying
17 rate designs, along with other qualitative
18 questions presented in the testimony, looks a
19 lot more like a study than a pilot, since it
20 has no control group, no customer engagement
21 component, and no clear pathway towards
22 real-world application. For these reasons,
23 what the Company has put forth, in what I'll
24 describe today as their "initial" testimony in

1 this docket, arguably does not satisfy the
2 direction of the Commission in its Net Metering
3 Order.

4 Second, the Company proposes that
5 their tabletop analysis of bill impacts
6 associated with the various iterations of
7 time-varying rates will cost ratepayers half a
8 million dollars. This figure does not pass the
9 laugh test, given that our consultant, in a
10 recent case before the Commission, helped
11 design an actual time-varying rate model that
12 was based entirely on cost causation, and was
13 the subject of rather extensive negotiation and
14 collaboration between many parties for several
15 months for a mere fraction of the cost.

16 Third, the original proposal
17 submitted by the Company to the working group
18 suggested the use of interval data collection
19 capabilities the Company already has for about
20 3,000 of its customer meters in a way that
21 might have actually informed the marginal costs
22 to the system of a net metered customer versus
23 a non-net metered customer. From the OCA's
24 perspective, this was the most valuable part of

1 what Unitil was proposing, and it appears to
2 have been left on the editing room floor.

3 Unitil is the only regulated electric
4 distribution utility in New Hampshire that can
5 leverage its existing investments in advanced
6 metering infrastructure to undertake such an
7 analysis, and has the potential even to treat
8 this pilot as a first step in a systemwide,
9 opt-out embrace of innovative rate designs,
10 like peak time rebates that have proven
11 successful in other jurisdictions with interval
12 metering capabilities. From the OCA's
13 perspective, it is a major missed opportunity
14 for New Hampshire's ratepayers for it not to do
15 so.

16 Finally, as an aside, I want to note
17 today that for the record that the Company
18 filed this Petition and related testimony the
19 day before they had been instructed to arrive
20 at a working group meeting with an updated TOU
21 pilot proposal that incorporated at least some
22 of the stakeholder feedback they had received
23 on their previous proposal. We understand that
24 the TOU pilot process is lagging quite far

1 behind the timeline the Commission suggested in
2 its Net Metering Order, but the filing of this
3 Petition the day before the Company was
4 supposed to present another version of their
5 proposal for stakeholder review and input shows
6 a flagrant disregard for the collaborative
7 process that the Commission envisioned in their
8 Net Metering Order.

9 It's also worth noting, as CLF had,
10 that the TOU working group typically fills this
11 room with stakeholders, while the instant
12 docket has drawn only the Company, Staff, the
13 OCA, and CLF.

14 Now, in spite of the concerns I've
15 just expressed relative to the shortcoming of
16 the proposal and the procedural posture through
17 which it landed with the Commission in the
18 instant docket, we do think there is a lot of
19 potential in this docket for the Company and
20 stakeholders to develop a pilot that continues
21 the Company's targeted and deliberate rollout
22 of interval metering infrastructure and
23 communication capabilities in a way that
24 provide net benefits to New Hampshire's

1 ratepayers. And we look forward to working
2 with Staff, the Company, and the intervenors to
3 ensure this is the case.

4 Thank you.

5 CHAIRMAN HONIGBERG: Mr. Wiesner.

6 MR. WIESNER: Thank you, Mr.

7 Chairman.

8 Staff has begun to review the
9 Company's proposal. And we look forward to
10 working with the parties to address many of the
11 questions that we have, beginning with this
12 technical session and through the discovery
13 process as it unfolds.

14 We share some of the concerns that
15 you've heard from others. We do note that this
16 is a study approach, rather than a pilot. I
17 think we're open to considering that. But, you
18 know, it is important that it meet the
19 requirements of the net meeting order, which
20 had a particular focus on distributed
21 generation, and we want to explore with the
22 Company further how it will do that.

23 We do recognize that the Company
24 believes that it has proposed an approach that

1 may be more cost-effective and timely than a
2 full-blown pilot, effectively a virtual pilot,
3 if you will. But we do have concerns about the
4 quality of the final product and how it may be
5 useful in the net metering context in
6 particular.

7 We are mindful of the Company's
8 interest in having a quick process and a timely
9 resolution regarding their proposal, so they
10 can move forward with their study. And we will
11 discuss the potential for a somewhat expedited
12 procedural schedule with the parties during our
13 technical session.

14 CHAIRMAN HONIGBERG: Mr. Epler, do
15 you want to respond at all to what Ms. Birchard
16 and Mr. Buckley said?

17 MR. EPLER: Yes. I'd like to respond
18 at least to a few points, and others we'll just
19 have to see how we can work out.

20 But, first of all, just in terms of
21 the filing, and whether this proposal should
22 have been filed in Docket DE 16-576 or have a
23 separate docket, I mean, we submitted the
24 proposal to the Commission. And if it's the

1 Commission's prerogative to place this back
2 into 16-576, we have no objections. There was
3 no intent to try to preclude parties from
4 participating. That docket has a long history.
5 There's a lot in it. We just thought -- we
6 filed this without a docket designation, it was
7 given one by the Commission, I think
8 automatically how things are handled in the
9 file room. But whatever is the pleasure of the
10 Commission on that subject we will do.

11 I'm willing to send out an electronic
12 version of the filing to the 576 email list. I
13 think that may have been done already, but I'm
14 not sure. So, if there's anything we can do to
15 take care of those concerns, we're willing to
16 do it.

17 In terms of whether this is a pilot
18 or not a pilot, we filed and we conducted a
19 pilot back in 2011 at a cost of -- well, it's
20 hard to say. I mean, we got cost recovery both
21 in Massachusetts and New Hampshire totaling
22 about \$500,000. The pilot itself cost us way
23 more than that. We ate a lot of costs on
24 consultants, we ate a lot of costs -- the

1 equipment manufacturers who helped us with that
2 pilot ate a lot of costs.

3 We filed a report in both
4 Massachusetts and here in New Hampshire. And
5 we provided copies of that report to all the
6 parties in 16-576. We did not receive one
7 question from anyone about that pilot, even
8 though we made the information available
9 multiple times in multiple proceedings.

10 On that basis, we have determined
11 just replicating and doing another pilot was
12 not cost-effective. We feel that doing this
13 study in the way that we propose to conduct it,
14 and being able to replicate various scenarios
15 among customers, and welcoming participation in
16 trying to determine what scenarios to model
17 from participants, will be very effective in
18 trying to determine customer behavior, and also
19 the impact on our company in being able to
20 actually track and bill and monitor a
21 time-of-use structure.

22 And we are doing this because we are
23 serious about implementing a time-of-use rate
24 structure, hopefully, in the next rate case.

1 We'd like to move this along as quickly as
2 possible, to be able to gain that information
3 and gain that expertise, and to learn some
4 lessons. So, we are very serious about this.

5 In terms of the cost, we're proposing
6 cost recovery through our EDC component, which
7 is a reconciling component. We're also -- so,
8 we will only seek to recover costs that we
9 actually spend. We understand we have the
10 burden to prove that the costs were prudently
11 incurred. We intend to do so. We wanted to
12 give a sense of a ballpark figure of what we
13 anticipated spending, and that's how we
14 designed that.

15 But, in terms of cost recovery, we're
16 not asking for a sign-off from the Commission
17 on the number that's in the filing itself. We
18 understand that you will scrutinize our cost
19 recovery when we come before you in the EDC
20 filings.

21 CHAIRMAN HONIGBERG: If things go
22 according to your plans and thoughts, when
23 would time-of-use rates be put in place, either
24 as an option or as a requirement for your

1 customers?

2 MR. EPLER: Hopefully, within the
3 next rate case.

4 CHAIRMAN HONIGBERG: When do you
5 anticipate filing the next rate case?

6 MR. EPLER: At this time, I don't
7 have a date certain, because a lot of that
8 depends on kind of our monitoring our financial
9 indicators and so on. But I believe, under the
10 stipulation in the last rate case, there is a
11 stay-out provision, and I don't -- I don't have
12 those dates in front of me.

13 CHAIRMAN HONIGBERG: I don't either.

14 MR. EPLER: But it's not imminent,
15 let's -- I will tell you that.

16 But the intent is to be able to gain
17 enough information in this process over the
18 next 12 months, 18 months, to be able to come
19 forward with a proposal that would implement
20 the results.

21 CHAIRMAN HONIGBERG: Okay. Thank
22 you.

23 If there's nothing else, then we will
24 adjourn the prehearing conference and leave you

1 to your technical session. Thank you all.

2 ***(Whereupon the prehearing***
3 ***conference was adjourned at***
4 ***10:24 a.m., and a technical***
5 ***session was held thereafter.)***

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