

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 15-033

**NORTHERN UTILITIES, INC.
D/B/A UNITIL**

Least Cost Integrated Resource Plan

Order Finding Integrated Resource Plan Adequate

ORDER NO. 26,027

June 19, 2017

APPEARANCES: Gary Epler, Esq., and Patrick H. Taylor, Esq., for Northern Utilities, Inc. d/b/a Unitil; and Alexander F. Speidel, Esq., for the Staff of the Public Utilities Commission.

In this Order, the Commission finds that the Least Cost Integrated Resource Plan (LCIRP) filed by Northern in January 2015 meets the requirements of RSA 378:38. Further, pursuant to RSA 378:38-a, the Commission grants a waiver from the requirements of RSA 378:38, II, which requires an assessment of demand-side energy management programs. The Commission directs Northern to file its next LCIRP no later than June 1, 2019, and requires that its next LCIRP comply with all statutory provisions.

I. PROCEDURAL HISTORY

On January 16, 2015, Northern Utilities, Inc. d/b/a Unitil (“Northern” or “the Company”), a public utility providing natural gas service to approximately 31,000 customers in the seacoast region of southeastern New Hampshire, filed an Integrated Resource Plan¹ for its Maine and New Hampshire divisions.² The LCIRP covered the five year period November 1, 2015, through October 31, 2020, and provided details of Northern’s resource planning process

¹ Northern’s filing refers to its plan as an “Integrated Resource Plan.” RSA 378:38 requires Northern to file a “Least Cost Integrated Resource Plan.” Hereinafter, we refer to Northern’s filing as a Least Cost Integrated Resource Plan (“LCIRP”).

² Northern also provides natural gas service to approximately 31,000 customers in its Maine territory.

based on demand forecasts and then current market conditions. Northern maintains a single gas supply portfolio for its Maine and New Hampshire operations, making its planning process subject to the jurisdiction of both the Maine Public Utilities Commission (Maine PUC) and this Commission. Northern simultaneously filed an identical version of the LCIRP with the Maine PUC for its evaluation.

The LCIRP and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2015/15-033.html>.

The Office of Consumer Advocate (OCA) filed a letter on January 20, 2015, indicating its participation in the docket pursuant to RSA 363:28, and subsequently withdrew from the docket by a letter filed on August 10, 2015. On March 27, 2015, the Commission issued an order of notice scheduling a prehearing conference and technical session for April 17, 2015. The order of notice consolidated this proceeding with Docket IR 15-009, which was opened to investigate whether the methodology used by Northern to allocate gas supply costs between New Hampshire and Maine was just and reasonable. On December 16, 2016, the Commission separated this proceeding from Docket IR 15-009.

The prehearing conference was held as scheduled on April 17, 2015, at which the Commission granted the intervention of Global Montello Group Corp. and Sprague Operating Resources LLC. Thereafter, Staff and Northern engaged in technical sessions and Staff propounded discovery regarding Northern's LCIRP.

Effective August 15, 2014, the Legislature extended the LCIRP statutes, RSA 378:37 through RSA 378:40 (including RSA 378:38, II, which requires an LCIRP to include an assessment of demand-side energy management programs) to apply to natural gas utilities.

On January 9, 2017, Staff filed a recommendation that the Commission accept Northern's LCIRP and waive filing requirements regarding demand-side energy management programs. A hearing on the merits was held on January 19, 2017. At the hearing, Northern requested a waiver from the requirement that its LCIRP include an assessment of demand-side energy management programs, including conservation, efficiency, and load management programs.

II. POSITIONS OF THE PARTIES AND STAFF³

A. Northern

In its filing, Northern provided: (1) details regarding the development of Northern's demand forecast, including total system throughput under design weather conditions as adjusted for energy efficiency programs and the conversion of the demand forecast into long-term planning load requirements; (2) a review of Northern's then current portfolio of long-term supply assets and comparison of the supplies available from the current portfolio to the forecast of planning load requirements, in order to assess incremental resource needs; (3) an examination of potential supply alternatives, such as new pipeline projects proposed for New England or the possible addition of new peaking facilities on Northern's system; and (4) an explanation of Northern's long-term resource decision making process. Northern also provided evidence of its compliance with the requirements of Order No. 25,641 (March 26, 2014), in which the Commission approved a Stipulation and Settlement in DG 11-290 (Northern's most recent prior IRP proceeding), which included detailed filing requirements for the LCIRP presented in this docket. Exhibit 1 at X-143 - X-148.

At the hearing, Northern presented the oral testimony of Robert S. Furino, Director of Energy Contracts with Unitil Service Corp. Transcript of January 19, 2017, Public Hearing

³ The intervenors, Global Montello Group Corp. and Sprague Operating Resources LLC, did not take any positions and did not appear at the hearing on the merits.

(“Tr.”) at 6. Mr. Furino discussed how the demand forecast presented in early 2015 has compared to actual results, especially in light of falling oil prices. Tr. at 14-16. Mr. Furino provided an in-depth discussion of the complexities of planning for sales and transportation customers and how the Company has dealt with different rules in New Hampshire and Maine regarding capacity assignment, noting that these issues are still being reviewed in resource allocation dockets in both states. Tr. at 18-37. Mr. Furino stated that since the LCIRP was filed in this docket, the Company has increased its pipeline capacity through participation in the Portland Natural Gas Transmission System C2C project and the Spectra Energy Atlantic Bridge project, and has increased its storage capacity by replacing the contract with the Washington 10 Storage Complex with a storage contract with the Dawn Hub Facility. Tr. at 39-40. Mr. Furino stated that the planning process described in the LCIRP was used to evaluate the Atlantic Bridge project. Tr. at 42.

Further, he explained how the cost and reliability of various resources were evaluated for inclusion in the resource portfolio presented in the LCIRP. Tr. at 50-51. With respect to demand-side energy management programs, Northern stated that it did not believe an update to assess these programs would be productive, but instead planned to include the assessment in its next LCIRP, as required by the statutes. Tr. at 12-13. In its closing statement, Northern requested that the Commission accept its LCIRP as adequate and as meeting the statutory criteria, subject to the requested waiver regarding demand-side energy management programs. Tr. at 54.

B. Staff

Al-Azad Iqbal, Analyst for the Gas and Water Division, summarized Staff’s position regarding Northern’s LCIRP in a memorandum to the Commission on January 9, 2017

(Exhibit 2), and testified at the January 17 hearing. Tr. at 7. Mr. Iqbal stated that, in Staff's opinion, the LCIRP meets the requirements of RSA 378:38 provided the Commission grants the requested waiver regarding the demand-side energy management programs. Exhibit 2 at 2.

At the hearing, Mr. Iqbal stated that updating the LCIRP for demand side management programs would not be useful at this time, but that a more productive approach would be for the Company to include the assessment in its next LCIRP. Tr. at 9-10. In its closing statement at hearing, Staff reiterated its support for Commission acceptance of the Northern LCIRP as adequate. Tr. at 51-53.

III. COMMISSION ANALYSIS

We recognize that the current Northern LCIRP represents its first plan filed since the Legislature added natural gas utilities to the filing requirements of RSA 378:37-:40 as of August 15, 2014. We also note that in our order on Northern's most recent IRP, Order No. 25,641, we approved a Stipulation and Settlement Agreement that included detailed filing requirements for the LCIRP presented here (which Northern has met), and did not require an assessment of demand-side energy management programs. That order was issued on March 26, 2014, and thus predated the amendments to the statute. Given that timing, we view this LCIRP filing as a transition to the new statute's requirements. Pursuant to RSA 378:38-a, we grant the requested waiver regarding the demand-side energy management programs, now required by RSA 378:38, II. We also grant waivers of RSA 378:38, IV (an assessment of distribution and transmission requirements), RSA 378:38, VI (an assessment of the plan's long-term and short-term environmental and economic impact), and RSA 378:38, VII (an assessment of how the plan comports with the state energy strategy), due to the guidance Northern received

from our prior order and because the amended law now applies to natural gas distribution companies for the first time.

We recognize that the issue of supply and capacity allocation between the New Hampshire and Maine Divisions is ongoing and that the result of the proceedings covering that issue will impact Northern's next LCIRP. We concur with Staff that, considering the transition to a different set of standards, this LCIRP meets the standards of the Least Cost Integrated Resource Planning statutes that we have not waived, and we will approve this plan as satisfying the statutory scheme for natural gas utility LCIRP filings. Northern took a careful approach to preparing its demand forecast and developing a resource portfolio to meet those forecasted demands.

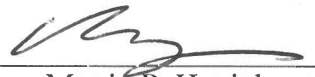
We note, however, that Northern's next LCIRP filing will need further development to support our approval under RSA 378:39, which was revised as part of the recent amendments to the LCIRP statute. We direct Northern to address all of the statutory elements of RSA 378:38 in its next LCIRP in sufficient detail so that reviewing parties may evaluate the plan against the relevant statutory standards. In addition to cost comparisons of the various alternatives considered, we will require more detailed evidence of reliability, environmental, economic, and health related impacts. Northern has the burden to meet the requirements of RSA 378:38, and to demonstrate that its planning process results in the adoption of least cost options that meet the standards articulated in RSA 378:39 by which the Commission is required to evaluate the plan. We encourage Northern to consult with Staff to assure that its next filing is complete.

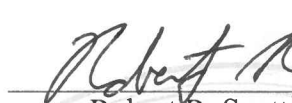
Based upon the foregoing, it is hereby


ORDERED, that Northern's LCIRP filed on January 16, 2015, is approved as adequate, as set forth above; and it is

FURTHER ORDERED, that Northern file its next LCIRP on or before June 1, 2019, reflecting the elements described above.

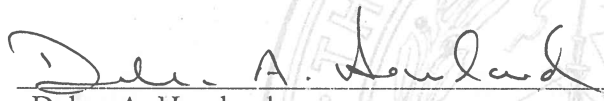
By order of the Public Utilities Commission of New Hampshire this nineteenth day of June, 2017.

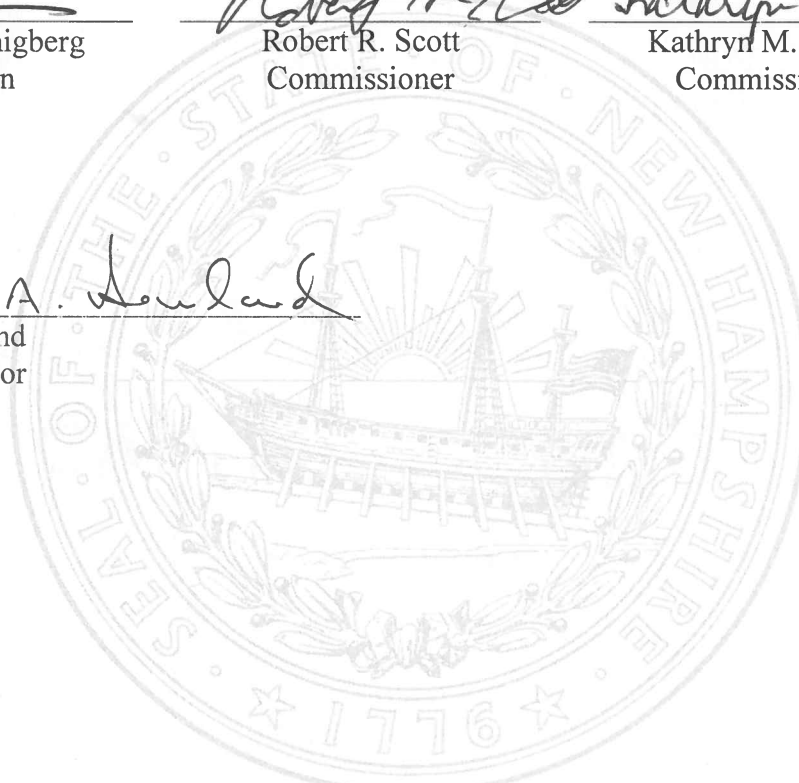

Martin P. Honigberg
Chairman


Robert R. Scott
Commissioner


Kathryn M. Bailey
Commissioner

Attested by:


Debra A. Howland
Executive Director



SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**