

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: April 9, 2015

AT (OFFICE): NHPUC

12F
FROM: Grant W. Siwinski
Utility Analyst III

NHPUC 9APR15PM2:00

SUBJECT: DE 15-078, Unitil Energy Systems, Inc. Petition to Recover Costs of December 2013 Winter Storm

TO: Debra A. Howland, Executive Director

Background

On February 27, 2015, Unitil Energy Systems, Inc. (UES or Company) made a filing that complies with the New Hampshire Public Utilities Commission ("Commission") requirements compelling UES to file an annual Major Storm Cost Reserve Fund Report¹ (2014 Report) on the Major Storm Cost Reserve (MSCR) Fund and on those storms where costs are recovered through the Storm Recovery Adjustment Factor (SRAF).

The SRAF and MSCR are two mechanisms created to recover major storm damage to the Company's electrical system. The former mechanism was created to recover the costs of infrequent storms of extraordinary magnitude, and the latter was created to recover the costs associated with qualifying major storms that meet certain quantitative criteria. The MSCR mechanism also includes costs associated with UES preparing for and responding to major storms that do not materialize but were forecasted by the Company's weather forecast provider to be major storm events.

The December 2013 Winter Storm, described in the 2014 Report, did not meet the quantitative criteria for inclusion and recovery through the MSCR Fund as a major storm. However, the Company represents that based on the confidence level of its professional weather forecaster, Schneider Electric of Burnsville, MN, that significant icing would occur; the Company took action to prepare for the restoration of service to customers from this storm event. Since the Company prepared for the most likely scenario based on forecasted icing amounts which did not occur, it is requesting authority to recover the costs of the storm's preparation through the MSCR Fund. The Company provides support for this request in the 2014 Report, and includes the New Hampshire Emergency Operations Center notification and UES' weather service provider's forecast. The Company also attached an affidavit of Richard Francazio, Director of Business Continuity and Compliance, Unitil Service Corp., under whose direction the 2014 Report was prepared.

¹ Set forth in the Company's Rate Plan Settlement in Docket No. DE 10-055 and as ordered in Docket No. DE 11-277, Order No. 25,351, *Order Granting Increase to Storm Recovery Adjustment Factor* ("SRAF"), issued April 24, 2012.

Recommendation

Staff has reviewed the information submitted in the filing and recommends that the Commission conditionally approve UES' request to recover the costs of the December 2013 Winter Storm through the MSCR Fund subject to a final audit by the PUC Staff.

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.