



DE 17-032

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February 27, 2017

BY OVERNIGHT MAIL AND E-MAIL

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit St, Suite 10
Concord, N.H. 03301-2429

Re: UES Annual Major Storm Cost Reserve Fund Report
Docket No. DE 17-

Dear Secretary Howland:

On behalf of Unitil Energy Systems, Inc. ("UES"), enclosed are an original and six (6) copies of "UES Annual Major Storm Cost Reserve Fund Report" for the 12 month period ending December 31, 2016. This filing complies with the New Hampshire Public Utilities Commission ("Commission") requirements 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 (requiring UES "to file annual reports on the Storm Reserve Fund and storm recovery updates for those storms where costs are recovered through the SRAF").

As described more fully in the Report, the Major Storm Cost Reserve ("MSCR") Fund Balance at December 31, 2016 is (\$2,759,544). The Company is not proposing an adjustment to the level of annual MSCR recovery at this time, but will continue to review the recovery level on a going forward basis as it continues to incur costs for future storm events.

Please refer to the *UES MSCR Fund Reconciliation as of December 31, 2016* on page 3 of the Report for a summary of the costs. Please refer to the Storm Recovery Adjustment Factor Reconciliation which provides the reconciliation of the SRAF through December 31, 2016 on page 4 of the Report.

Please also note that the Microburst which occurred on July 18, 2016, described on pages 14-19 of the Report, did not meet the quantitative criteria for inclusion and recovery through the MSCR Fund. However, based on actual damage and the necessary response, the Company identifies this to be an exogenous event and hereby petitions the Commission to recover the costs of this microburst through the MSCR. Support for this request is found within this section of the Report, and includes both NOAA and Unitil's weather service provider forecast and confirmation of the microburst.

Gary Epler
Chief Regulatory Counsel
epler@unitil.com

6 Liberty Lane West
Hampton, NH 03842

Also attached is an affidavit of Richard Francazio, Director of Business Continuity and Compliance, Unitil Service Corp., under whose direction the Report was prepared. Company representatives, including Mr. Francazio, are available to review the Report and respond to any questions, at the convenience of the Commission, Commission Staff and other interested parties.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler". The signature is fluid and cursive, with the first name "Gary" and last name "Epler" clearly distinguishable.

Gary Epler

Attorney for Unitil Energy Systems, Inc.

Enclosures

cc: Donald M Kreis, Esq., Consumer Advocate

My Commission Expires: 7-24-18