

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 18-096

UNITIL ENERGY SYSTEMS, INC.

Annual Reconciliation and Rate Filing

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 26,151

June 26, 2018

This order suspends a tariff proposing changes to Unitil's stranded cost charge and external delivery charge for effect with services rendered on and after August 1, 2018. The order schedules a hearing on the proposed tariff for July 11, 2018, at 9:00 a.m.

On June 15, 2018, Unitil Energy Systems, Inc. (Unitil), filed its annual reconciliation of adjustable rate mechanisms, along with supporting testimony and exhibits, and a proposed tariff. The adjustable rate mechanisms are included in Unitil's stranded cost charge (SCC) and external delivery charge (EDC). Unitil proposed the tariff changes for effect with services rendered on and after August 1, 2018. If the proposed changes are approved, the overall bill impact for a residential customer using 650 kilowatt hours (kWh) per month will be a decrease of approximately 1.7 percent, or \$1.90, from \$113.26 per month to \$111.36 per month. Similarly, General Service (G2) customer monthly bills will decrease approximately 1.9 percent. Monthly bills for Large General Service (G1) and Outdoor Lighting (OL) customers will also decrease approximately 2.4 percent and 0.9 percent respectively.

The SCC is the mechanism by which Unitil recovers contract release payments from Unitil Power Corp., in accordance with the Amended Unitil System Agreement approved by the Commission in Order No. 24,072 (October 25, 2002) and by the Federal Energy Regulatory

Commission. The release payments are paid by Unitil as a condition of Unitil Power Corp., waiving certain contractual rights against Unitil in connection with a pre-existing power supply agreement. The release payments are equal to the sum of the following: (1) the portfolio sales charge, (2) the residual contract obligation, (3) the Hydro Quebec support payments and (4) reconciliations from prior periods.

The SCC obligations are first calculated on a uniform energy-based per kWh charge and then applied to each class based on the approved rate design. In addition to the energy-based SCC charge, customers in the G1 and G2 classes incur a demand-based charge. According to the filing, the SCC uniform rate is decreasing by 0.044 cents per kWh. The decrease is mainly due to a decrease in forecasted period costs. For residential customers, Unitil calculated an SCC rate credit of 0.101 cents per kWh. The Company also calculated credits for the G1, G2, and OL customers.

The EDC includes costs associated with transmission, including third-party transmission provider costs; regional transmission and operating entities costs; transmission-based fees and assessment; and various administrative, consulting, and legal costs. Unitil also includes in its EDC rate calculation certain non-transmission costs including the rebate of excess Regional Greenhouse Gas Initiative auction proceeds, any over- or under-collection associated with the reliability enhancement and vegetation management programs, the recovery of displaced distribution revenue associated with net metering for 2017, and a regulatory liability of \$769,342 to reflect reduced rates from January 2018 through April 2018 as a result of corporate tax reductions. Unitil calculated a transmission-only factor of 2.498 cents per kWh, and a non-transmission factor credit of 0.109 cents per kWh. This calculation represents a decrease of

0.248 cents in the EDC for effect August 1, 2018, as compared with the EDC effective for the period ending July 31, 2018.

The petition 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/2018/18-096.html>.

The filing raises, *inter alia*, issues related to whether the calculation of stranded costs conforms to Order No. 24,072, whether the actual and forecasted costs and revenues are appropriately included in the computation of the proposed adjustments, whether the adjusted rates are just and reasonable as required by RSA 374:2 and 378:7, and whether the filing is generally consistent with the principles of restructuring pursuant to RSA 374-F.

We will suspend Unitil's proposed tariff to allow the filing to be investigated pursuant to RSA 378:6, I(b). Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that pursuant to RSA 378:6, I(b) the Commission hereby suspends Unitil's proposed tariff to allow the filing to be investigated; and it is

FURTHER ORDERED, that a Hearing, pursuant to N.H. Code Admin. Rules Puc 203.12, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on July 11, 2018, at 9:00 a.m.; and it is


FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Unitil shall notify all persons desiring to be heard at this hearing by publishing a copy of this order no later than June 29, 2018, in a newspaper with general circulation in those portions of the state in

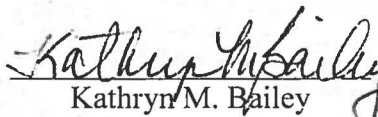
which operations are conducted, publication to be documented by affidavit filed with the Commission on or before July 9, 2018; and it is


FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Unitil and the Office of the Consumer Advocate on or before July 9, 2018, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, consistent with N.H. Code Admin. Rule Puc 203.17; and it is

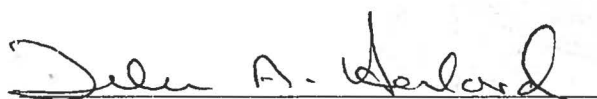
FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before July 11, 2018.

By order of the Public Utilities Commission of New Hampshire this twenty-sixth day of June, 2018


Martin P. Honigberg
Chairman


Kathryn M. Bailey
Commissioner


Michael S. Giaimo
Commissioner


Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

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.

Executive.Director@puc.nh.gov
amanda.noonan@puc.nh.gov
epler@unitil.com
leszek.stachow@puc.nh.gov
ocalitigation@oca.nh.gov
richard.chagnon@puc.nh.gov
suzanne.amidon@puc.nh.gov
tom.frantz@puc.nh.gov

Docket #: 18-096-1 Printed: June 26, 2018

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.