

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 21-030

UNITIL ENERGY SYSTEMS, INC.

Request for Change in Rates

Order Approving Temporary Rates Settlement Agreement

ORDER NO. 26,484

May 27, 2021

APPEARANCES: Patrick Taylor, Esq. and Gary Epler, Esq., on behalf of Unitil Energy Systems, Inc.; Nicholas A. Krakoff, Esq., on behalf of Conservation Law Foundation; Elijah D. Emerson, Esq., on behalf of Clean Energy New Hampshire; Stephen Tower, Esq., on behalf of The Way Home; Melissa Birchard, Esq., on behalf of Chargepoint, Inc.; Chris Skoglund, on behalf of the New Hampshire Department of Environmental Services; Office of the Consumer Advocate, by D. Maurice Kreis, Esq., on behalf of residential customers; and Paul B. Dexter, Esq., and Brian D. Buckley, Esq., on behalf of Commission Staff.

In this Order, the Commission approves a temporary increase of \$4,451,667 in Unitil Energy Systems' annual electric distribution revenues, effective June 1, 2021. This temporary rate increase will be collected by applying a uniform per kilowatt-hour surcharge of \$0.00384 to all current rate schedules. For an average residential ratepayer, this change will result in an increase of approximately \$2.30, or 1.9 percent of the total monthly bill. The permanent rates ultimately approved in this proceeding will be reconciled back to the effective date of the temporary rates, pursuant to RSA 378:29.

I. PROCEDURAL HISTORY

On March 1, 2021, Unitil Energy Systems, Inc., (Unitil) filed a notice of intent to file rate schedules. The Commission issued a secretarial letter acknowledging Unitil's filing and opened this docket to review Unitil's requested rate change. On March 17, the Office of the Consumer Advocate (OCA) filed a letter of participation. Clean Energy New Hampshire, Conservation

Law Foundation, the New Hampshire Department of Environmental Services, Chargepoint, Inc., and The Way Home also requested, and were granted, intervention.¹

On April 2, 2021, Unitil filed a petition for temporary and permanent rate increases accompanied by the pre-filed written testimonies, schedules, and work papers of: Robert B. Hevert; Christopher J. Goulding and Daniel T. Nawazelski; John F. Closson and Joseph F. Conneely; John F. Closson; Kevin E. Sprague; Cindy L. Carroll, Carleton B. Simpson, and Carol Valianti; Mark A. Lambert; Daniel J. Hurstak; Todd R. Diggins; Sara M. Sankowich; Carole A. Beaulieu; Jonathan A. Giegerich; Ronald J. Amen; John D. Taylor; Timothy S. Lyons; Jennifer E. Nelson; and Ned W. Allis. The petition for temporary rates requested an increase in distribution service revenues of \$5.81 million for effect on June 1, 2021.

On April 6, 2021, the Commission issued Order No. 26,467 suspending Unitil's proposed tariffs and scheduling a prehearing conference. A prehearing conference and technical session were held on April 22, and Commission Staff filed a proposed procedural schedule on behalf of the parties on April 29. The Commission approved the proposed procedural schedule by secretarial letter on May 4. On May 7, Unitil filed a Stipulation and Settlement Agreement regarding temporary rates (Settlement Agreement). The Settlement Agreement was executed by Unitil, the OCA, and Staff of the Commission participating in this proceeding (Staff). The Commission considered the Settlement Agreement at a hearing held on May 14.

The petition, Settlement Agreement, and other docket filings, except any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-030.html>.

¹ Those parties are not signatories to the temporary rates settlement.

II. INITIAL FILING

Unitil's initial filing requested authorization to implement an increase of \$5,812,761 in temporary distribution base revenue effective as of June 1, 2021, a 2.7 percent increase in the Company's distribution revenues, and an 8.0 percent increase above current distribution rates for an average residential customer using 600 kilowatt-hours (kWh) per month. Unitil noted that the revenue collected under temporary rates would be subject to refund or recoupment based on the Commission's final decision on permanent rates in this proceeding. *See* RSA 378:27 and :29.

Unitil explained that the temporary rate request was based on a test year ending December 31, 2020, plus the inclusion of a pro forma adjustment relating to lost base revenue recovery for energy efficiency. In calculating temporary rates, Unitil used an overall weighted cost of capital of 7.61 percent, which uses the rate case capital structure and debt costs, but with the cost of equity set at 9.5 percent, representing the return on equity approved by the Commission in Unitil's last rate case.

III. STIPULATION AND SETTLEMENT AGREEMENT

In the Settlement Agreement, Unitil, Staff, and the OCA agreed to a total annual temporary distribution service revenue level of \$4,451,667 above the current revenue level, to be effective for service rendered on and after June 1, 2021. The Settlement Agreement proposed temporary revenue increase to be collected by applying a uniform per kWh surcharge of \$0.00384 to all of Unitil's current rate schedules. The Settlement Agreement provided that the difference between temporary rates and permanent rates as approved by the Commission would be fully reconciled in accordance with RSA 378:29. As a result of the temporary revenue increase proposed in the Settlement Agreement, a residential customer using 600 kWh per month would see the distribution portion of their bill rise by 6.1 percent, and overall monthly bills rise

by approximately 1.9 percent, or \$2.30, compared to rates effective May 1, 2021. Unitil, the OCA, and Staff all agreed that the terms of the Settlement Agreement are just and reasonable and that its approval would be in the public interest.

IV. COMMISSION ANALYSIS

Under New Hampshire Code of Administrative Rules, Puc 203.20(b), the Commission shall approve disposition of any contested case by settlement “if it determines that the result is just and reasonable and serves the public interest.” *See also* RSA 541-A:31, V(a). Nonetheless, even where all parties in a proceeding enter into a settlement agreement, the Commission cannot approve it “without independently determining that the result comports with applicable standards.” *Unitil Energy Systems, Inc.*, Order No. 24,677, 91 NH PUC 416, 425-426 (2006).

RSA 378:27 requires the Commission to set temporary rates at a level “sufficient to yield not less than a reasonable return on the cost of the property of the utility used and useful in the public service less accrued depreciation, as shown by the reports of the utility filed with the commission, unless there appears to be reasonable ground for questioning the figures in such report.” The Supreme Court has ruled that the standard for approval of temporary rates “is ‘less stringent’ than the standard for permanent rates, in that temporary rates shall be determined expeditiously, without such investigation as might be deemed necessary to a determination of permanent rates.” *Appeal of the Office of Consumer Advocate*, 134 N.H. 651, 660 (1991). The effective date of temporary rates may not occur prior to the date of a utility’s filing of permanent rates. *Appeal of Pennichuck Water Works*, 120 N.H. 562, 567 (1980).

Unitil initially requested a temporary increase in distribution service revenues of \$5,812,761, or 8.0 percent. Exh. 1 at 2. According to Unitil, the temporary rates proposed in its initial filing were based on a test year ending December 31, 2020, adjusted to maintain lost base

revenue recovery through its system benefits charge, and designed to give it the opportunity to recover a return based on the 9.50 percent return on equity authorized during its last rate case. Exh. 2 at 3. The Settlement Agreement would result in a temporary increase in distribution service revenues of \$4,451,667, or 7.7 percent. Exh. 1 at 2.

We find that the revenue requirement increase set forth in the Settlement Agreement is reasonable and consistent with the public interest. Based on the books and records presented in exhibits at hearing, setting temporary rates pursuant to the terms of the Settlement Agreement will allow the Company sufficient revenue to yield a reasonable return while a full evaluation is conducted in this proceeding. Consistent with RSA 378:29, the permanent rates approved in this docket will be reconciled back to the date on which temporary rates become effective. We also find the proposed effective date for temporary rates to be reasonable. We therefore approve the Settlement Agreement, and the temporary rates provided for in that agreement, as just, reasonable, and in the public interest.

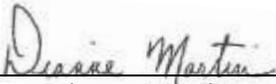
Based upon the foregoing, it is hereby

ORDERED, that the Stipulation and Settlement Agreement on temporary rates is APPROVED; and it is

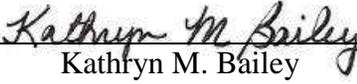
FURTHER ORDERED, that the temporary rates established herein will be effective for service rendered on and after June 1, 2021, subject to reconciliation pursuant to RSA 378:29 at the conclusion of the permanent rate proceeding; and it is

FURTHER ORDERED, that Unitil shall submit to the Commission properly annotated tariff pages consistent with this order within 15 days of the date of this order, as required by N.H. Admin. R., Part Puc 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day
of May, 2021.

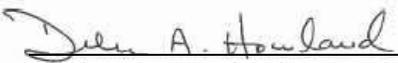


Dianne Martin
Chairwoman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket#: 21-030

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