

**STATE OF NEW HAMPSHIRE  
BEFORE THE NEW  
HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**Docket No. DE 23-054  
Unitil Energy Systems, Inc.  
Default Energy Service Rate Filing**

Technical Statement of Stephen R. Eckberg  
Department of Energy, Division of Regulatory Support

December 5, 2023

The Department of Energy (Department) has reviewed Unitil Energy System Inc.'s 2022 Default Service and Renewable Energy Credits Lead Lag Study (Study) included with the Company's filing in DE 23-054 made on June 9, 2023. The Department recommends that the Commission accept the results of the study as accurate and reasonable for use in the Company's calculations of Cash Working Capital (CWC) relating to Default Energy Service and Renewable Portfolio Standard (RPS) expenses.

**Procedural Background**

On June 9, 2023, Unitil Energy System Inc. (UES or Company) submitted testimony and supporting schedules of Daniel T. Nawazelski which comprise the Company's 2022 Default Service and Renewable Energy Credits Lead Lag Study. The Study presents data related to the Company's collection of revenues from customers and necessary expenses incurred in the provision of service and which is integral to the calculation of cash working capital to be recovered in Default Service rates for G1 and Non-G1 customers.

**DOE's Analysis and Recommendation**

The Department has completed its review of Unitil's Study used for the calculation of Cash Working Capital (CWC) requirements related to the Company's provision of Default Energy Service and compliance with New Hampshire's Renewable Portfolio Standard statute. The Department believes that the results of the Study are reasonable, and appropriately determine the calculation of the required CWC component of the Default Energy Service rate. The Department recommends that the Commission accept the Study results as filed.

The Department reviewed Unitil's filing for each component used in the Company's Study for calculation of its CWC requirements for the development of its Default Energy Service currently in effect and for rates proposed to be in effect for February 2024 through July 2024. The Department also analyzed the live Excel files provided by the Company to confirm the methodology used and the accuracy of each component in the Study for each time periods listed above. Table 1 attached provides details of the current and previous lead lag studies conducted for the calculation of the CWC

component. The Department confirmed the methodology used in the Company's Study for the calculation of CWC requirements is similar to that used in previous studies. The Department expects that the Company will continue to use a similar Lead Lag Study approach in future Default Energy Service filings and that such studies will be performed and submitted annually.

### **Conclusion**

The Department believes that the results of Lead Lag Study are reasonable, and appropriately determine the calculation of the required CWC component of the Default Energy Service rate. The Department recommends that the Commission accept the lead/lag study results as filed.

Table 1. Unutil Lead Lag Results for Default Service Filings

			DE 19-049	DE 20-039	DE 21-041	DE 22-017	DE 23-054				DE 19-049	DE 20-039	DE 21-041	DE 22-017	DE 23-054
					Sch DTN-1	Sch DTN-1	Sch DTN-1						Sch DTN-1	Sch DTN-1	Sch DTN-1
					Page 4	Page 4	Page 4						Page 4	Page 4	Page 4
Rate Group	G1	G1	G1	G1	G1	G1	G1	Non G1	Non G1	Non G1	Non G1	Non G1	Non G1	Non G1	Non G1
(Measured in Days)															
	2016	2017	2018	2019	2020	2021	2022	2016	2017	2018	2019	2020	2021	2022	
Meter Reading <u>Lag</u> Days	15.25	15.21	15.21	15.21	15.25	15.21	15.21	15.25	15.21	15.21	15.21	15.25	15.21	15.21	
Meter Read to Recording of Accounts Rec'ble <u>Lag</u>	1.07	1.09	1.12	1.05	1.01	1.01	1.05	1.07	1.09	1.12	1.05	1.01	1.01	1.05	
Billing to Collection <u>Lag</u>	24.89	24.89	21.84	21.37	23.95	25.38	24.78	43.14	43.14	45.88	40.75	42.03	40.41	38.5	
Collection to Receipt of Available Funds <u>Lag</u>	1.69	1.72	1.73	1.68	1.68	1.65	1.63	1.69	1.72	1.73	1.68	1.68	1.65	1.63	
<u>Total Lag</u>	42.9	42.91	39.9	39.31	41.89	43.25	42.67	61.15	61.16	63.94	58.69	59.97	58.28	56.39	
Weighted Days <u>Lead</u> in Payments of DS Purchased Power and RECs	73.7	60.94	68.86	54.14	65.22	61.6	56.22	59.22	56.99	51.74	43.87	60.47	60.16	53.74	
<u>Net Lag</u>	-30.8	-18.03	-28.96	-14.83	-23.33	-18.35	-13.55	1.93	4.17	12.2	14.82	-0.5	-1.88	2.65	

Difference From Prior Year UES Lead Lag		12.77	-10.93	14.13	-8.5	4.98	4.8			2.24	8.03	2.62	-15.32	-1.38	4.53
---	--	-------	--------	-------	------	------	-----	--	--	------	------	------	--------	-------	------