

BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

UNITIL ENERGY SYSTEMS, INC.
Petitioner

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DOCKET NO. DE 16-250

**PETITION FOR APPROVAL OF DEFAULT SERVICE
SOLICITATION AND PROPOSED DEFAULT SERVICE TARIFF**

Unitil Energy Systems, Inc., (“UES” or “Company”) submits this Petition
requesting:

1) approval of the New Hampshire Public Utilities Commission (“Commission”) of UES’s solicitation and procurement of three contracts for Default Service (“DS”). The first contract is for 100 percent of medium customer (G2 and outdoor lighting) default service requirements for six months in duration, June 1, 2016, through November 30, 2016; the second contract is for 100 percent of small customer (residential) default service requirements for six months in duration, June 1, 2016 through November 30, 2016; and the third contract is for 100 percent of large customer (G1) default service requirements for six months in duration, June 1, 2016 through November 30, 2016; and

2) approval of proposed tariffs incorporating the results of this solicitation into rates. As part of this request, and as discussed more fully below, UES seeks a final order granting the approvals requested herein no later than April 8, 2016. In support of its Petition, UES states the following:

Petitioner

UES is a New Hampshire corporation and public utility primarily engaged in the distribution of electricity in the capital and seacoast regions of New Hampshire.

Background

Pursuant to the terms of the Settlement Agreement approved by the Commission in NHPUC Order No. 24,511, and as modified by the approvals granted in subsequent

orders, including, most recently, Order No. 25,823, UES has solicited for DS power supplies for three contracts: The first contract is for 100 percent of medium customer default service requirements, six months in duration. The second contract is for 100 percent of small customer default service requirements for six months in duration. The third contract is for 100 percent of large customer default service requirements, six months in duration. All contract deliveries will begin June 1, 2016. The solicitation process was conducted in accordance with the model schedule contained in the Settlement Agreement, as modified by the approvals granted in Order No. 25,397.

UES submits this Petition in compliance with the Settlement Agreement and orders issued in Docket No. DE 05-064 and subsequent related proceedings, and requests approval of the results of its most recent solicitation, as described more fully below and in the attached exhibits, and also requests approval of the tariffs included with this filing.

Description of Exhibits

Attached to this Petition are the following Exhibits:

Exhibit LSG-1: Testimony and Schedules of Lisa S. Glover.

Exhibit LSM-1: Testimony and Schedules of Linda S. McNamara.

Exhibit DN-1: Testimony and Schedules of Daniel T. Nawazelski.

Solicitation Process and Selection of Winning Bidders

UES submits that it has conducted the solicitation process, made its selection of the winning bidders and entered into Power Supply Agreements in accordance with the representations set forth in its Petition submitted on April 1, 2005, as amended by the

Settlement Agreement filed on August 11, 2005 and as approved by the Commission in its orders in Docket No. DE 05-064 and subsequent related dockets. Details of UES's compliance in this regard are set forth in Exhibit LSG-1 and the Bid Evaluation Report attached as Schedule LSG-1 thereto. A copy of the RFP, redlined against the previous RFP issued by UES in DE 15-079, has been provided to Commission Staff and the Office of Consumer Advocate ("OCA") by e-mail on March 28, 2016. A redline version of the final Power Supply Agreements with the winning bidders is provided in the confidential attachment labeled Tab A to Schedule LSG-1.

Proposed Tariffs

UES's proposed tariffs are included with this filing and are provided in redline as Schedule LSM-1 attached to Exhibit LSM-1. UES requests approval of these proposed tariffs.

Updated Lead Lag Study

Also included in this filing is an updated lead/lag study ("2015 UES Default Service and Renewable Energy Credits Lead Lag Study"). Pursuant to the Settlement Agreement approved by the Commission in Docket DE 05-064, UES's internal administrative costs and supply-related working capital costs, based on actual supply costs and an agreed upon lead/lag study or its equivalent, are recovered through DS rates on a fully reconciling basis. This 2015 Lead Lag Study incorporates changes agreed to by UES and the Commission Staff reflected in the settlement letter dated July 16, 2009 filed in Docket No. DE 09-009, and approved by the Commission in Order No. 25,011, issued September 4, 2009. UES recognizes that the Commission, Staff and interested

parties such as the OCA, may not have a sufficient opportunity to review the updated lead/lag study within the time frame that UES is requesting approval of the tariffs. Accordingly, UES requests approval of the proposed tariffs as filed, subject to further investigation and review of the lead/lag study and subject to reconciliation, if necessary.

Proposed Rate Calculations

The rate calculations for the Non-G1 class Power Supply Charges, fixed and variable, are provided on Schedule LSM-2, Page 1. The rate calculations for the Non-G1 class RPS Charges, fixed and variable, are provided on Schedule LSM-3, Page 1.

Schedule LSM-4, Page 1, shows the proposed G1 Power Supply Charges, excluding wholesale supply charges, and Schedule LSM-5, Page 1, shows the proposed G1 RPS Charge.

Bill Impacts

Schedule LSM-6 provides typical bill impacts for its non-G1 customers associated with UES's proposed DS rate changes for customers who do not choose a competitive supplier.

Confidential Material

UES requests protective treatment, pursuant to the procedures in Puc 201.06 and Puc 201.07, with respect to: Tab A of Exhibit LSG-1; Page 5 of Schedule LSM-2; Page 3 of Schedule LSM-4; Schedule DN-2; and the e-mails exchanged with the Staff and the OCA on April 1, 2016, which contain confidential material. UES does not request confidential treatment of the identity of the winning bidders, which are provided in the

cover letter and also in the public pre-filed testimony of Ms. Glover in Exhibit LSG, accompanying this Petition.

Request for Approvals

UES respectfully requests that the Commission issue a final order no later than April 8, 2016, containing the following findings of fact, conclusions and approvals:

1. FIND that UES has followed the solicitation process approved by the Commission;
2. FIND that UES's analysis of the bids submitted was reasonable;
3. FIND that UES has supplied a reasonable rationale for its choice of supplier.
4. CONCLUDE that, based upon the above Findings, the power supply costs which result from the solicitation are reasonable;
5. CONCLUDE that, based upon the above Findings and Conclusion that the power supply costs which result from the solicitation are reasonable, and subject to the ongoing obligation of UES to act prudently, according to law and in conformity with Commission orders, the amounts payable to the seller for power supply costs under the power supply agreements for G1 and non-G1 customers are approved for inclusion in retail rates beginning June 1, 2016.
6. GRANT APPROVAL of the tariff changes requested herein.
7. GRANT APPROVAL of the request for Protective Treatment of the designated confidential material pursuant to Puc 201.06 and Puc 201.07.

8. GRANT APPROVAL of the 2015 UES Default Service and Renewable Energy Credits Lead Lag Study, subject to further review and investigation if necessary.

Conclusion

For all of the foregoing reasons, UES requests that the Commission grant it the approvals requested in this Petition, and for such other relief as the Commission may deem necessary and proper.

Respectfully submitted,

UNITIL ENERGY SYSTEMS, INC.
By its Attorney:

A handwritten signature in black ink, appearing to read "Gary Epler", with a stylized flourish at the end.

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April 1, 2016