

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 16-384**

**UNITIL ENERGY SYSTEMS, INC.**

**Notice of Intent to File Rate Schedules**

**Order Suspending Proposed Tariff and Scheduling  
Prehearing Conference and Temporary Rate Hearing**

**ORDER NO. 25,900**

**May 12, 2016**

This Order suspends Unitil's tariff for a permanent rate increase pending further investigation, schedules a prehearing conference on June 1, 2016, and schedules a hearing on temporary rates on June 20, 2016.

On April 29, 2016, Unitil Energy Systems, Inc. (Unitil), filed a petition for authority to (1) implement new permanent rates beginning June 1, 2016, for electric service at the levels set forth in its proposed revised tariff filed with the petition; (2) replace certain pages of Unitil's current tariff, NHPUC No. 3, with proposed revised tariff pages; (3) implement a 5-year Rate Plan with step adjustments for certain future rate base additions and programs to enhance reliability and manage vegetation; and (4), if the Commission suspends the effective date of Unitil's permanent rates, implement temporary rates beginning July 1, 2016, for electric service at rate levels set forth in Supplement No. 2 to NHPUC No. 3. Consistent with the requirements of RSA 378:8, and N.H. Code of Admin. Rule Puc Chapter 1600, Unitil filed direct testimony and exhibits in support of the new permanent rate tariff.

On May 2, 2016, the Office of Consumer Advocate filed a letter indicating that it would be participating in this docket on behalf of residential rate payers. On May 5, Unitil filed a

supplement to the testimony of Paul Normand, and provided material that had been omitted from the initial filing. On May 10, Unitil filed a request under Puc 205.05(a) for a waiver of the requirement to notify customers of the proposed rate changes no later than 30 calendar days from the date of the filing, dictated by Puc 1203.02 (d), by requesting an additional 4 days to complete the notice process.

The proposed revisions to Unitil's Tariff NHPUC No. 3, proposed for effect on June 1, 2016, are intended to produce a permanent increase in annual revenues of \$6.26 million, which would represent an increase of 3.6 percent in total revenues above present rates. Present rates include Default Service rates effective December 1, 2015. The proposed permanent rate increase would result in an overall rate of return of 8.75 percent, as compared with the Company's last allowed rate of return of 8.39 percent.

Unitil's filing requests approval of a 5-year rate plan with annual step adjustments. Unitil said that step adjustments, the first of which would take effect upon the implementation of permanent rates, will provide the Company a reasonable opportunity to earn its authorized rate of return. The step adjustments are proposed after the permanent rates in this proceeding are approved; and after the Company completes certain large non-revenue producing capital projects and implements plans to enhance service reliability and manage vegetation.

In the event that the Commission suspends the effective date of the proposed permanent rates tariff, Unitil requests that temporary rates be established pursuant to RSA 378:27 at levels set forth in Supplement No. 2 to NHPUC No. 3, commencing with service rendered on and after July 1, 2016, until the date a final, non-appealable order establishing permanent rates is issued. According to the petition, the temporary rate would be an increase of \$3.01 million in annual revenues, or about 1.6 percent above current revenues.

Under RSA 378:3, tariff changes take effect after 30 days' notice to the Commission and to the public, subject to the Commission's ability to suspend such changes when an investigation is appropriate. RSA 378:6. Here, Unitil's proposed tariff provisions involve a general increase in rates and require further investigation. Pursuant to RSA 378:6, I (b), we suspend the proposed tariffs filed by Unitil for a period not to exceed 12 months from April 29, 2016, pending our investigation.

The filing raises, inter alia, issues related to whether the proposed temporary and permanent rates, and proposed step adjustments, are just, reasonable and lawful as required by RSA 374:2 and RSA 378:7, whether Unitil's request for waiver of 1203.02 (d) is in the public interest, and whether the proposed increases will yield a just and reasonable rate of return on the prudent cost of plant, equipment and capital improvements used and useful in Unitil's provision of service to the public less accrued depreciation, as required by RSA 378:27 and RSA 378:28. Each party has the right to have an attorney represent the party at the party's own expense. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2016/16-384.html>.

**Based upon the foregoing, it is hereby**

**ORDERED**, that the proposed tariff pages are hereby suspended pursuant to RSA 378:6, I(a), pending investigation and further order of the Commission; and it is

**FURTHER ORDERED**, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 1, 2016 at 1:00 p.m., at which each party will provide a preliminary

statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15; and it is

**FURTHER ORDERED**, that, immediately following the Prehearing Conference, Unitil, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow Unitil to provide any amendments or updates to its filing; and it is

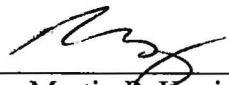

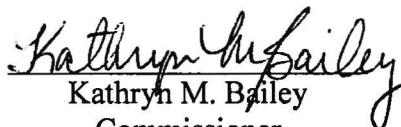
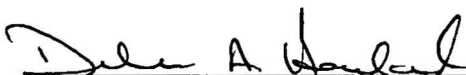
**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, Unitil shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than May 20, 2016, in the *Concord Monitor* and the *Union Leader*, publication to be documented by affidavit filed with the Commission on or before May 27, 2016; 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 May 27, 2016, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before June 1, 2016; and it is

**FURTHER ORDERED**, that a hearing on temporary rates shall be held before the Commission at 21 South Fruit Street Suite 10, Concord, New Hampshire, on June 20, 2016, at 10:00 a.m.

By order of the Public Utilities Commission of New Hampshire this twelfth day of May,  
2016.

  
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Martin P. Honigberg  
Chairman  
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Robert R. Scott  
Commissioner  
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Kathryn M. Bailey  
Commissioner  
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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**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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