

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

**DATE:** March 29, 2021  
**AT (OFFICE):** NHPUC

**FROM:** Rich Chagnon  
Assistant Director – Electric Division

**SUBJECT:** DE 18-036, Unitil Energy Systems, Inc.  
Tariff - Storm Recovery Adjustment Factor

**TO:** Commissioners  
Debra Howland, Executive Director

**CC:** Tom Frantz, Director, Electric Division  
Amanda Noonan, Director, Consumer Services and External Affairs  
Paul Dexter, Staff Attorney

RC

### Summary

On March 12, 2021, Unitil Energy Systems, Inc. (Unitil or Company) filed a proposal to reduce the Storm Recovery Adjustment Factor (SRAF) from \$0.00084 per kWh to \$0.00047 per kWh effective May 1, 2021, reflecting the end of the three year period of recovery of the costs associated with the October 2017 Wind Storm as approved by Order No. 26,123.

Accordingly, Staff has reviewed the proposed reduction of the SRAF effective May 1, 2021, and recommends approval of the Company's proposed reduction and the revisions to Pages 4, 5, 6 and 69 of its tariff for an effective date of May 1, 2021.

### Background

On March 12, 2021, Unitil Energy Systems, Inc. (Unitil or Company) filed a proposal to reduce the Storm Recovery Adjustment Factor (SRAF) from \$0.00084 per kWh to \$0.00047 per kWh effective May 1, 2021, reflecting the end of the three year period of recovery of the costs associated with the October 2017 Wind Storm as approved by Order No. 26,123. Based on this change, a typical residential customer on Default Service using 650 kWh per month will see a bill decrease of (\$0.24) or (0.2%) compared to current rates. Unitil is currently expecting a balance of approximately \$56,319 at the end of April 2021 associated with this recovery. Per its tariff, Unitil will file the final results of its recovery with the Commission no later than sixty days after the conclusion of the recovery period of April 30, 2021, with the disposition of any remaining balance subject to Commission review and approval.

## **Analysis and Recommendation**

Staff requested updated calculation increments of the SRAF consistent with Docket No. DE 18-036 in Exhibit 1<sup>1</sup> on Bates pages 68 through 70 (Schedule DLC-6), and with Docket No. DE 19-043 in Exhibit 1<sup>2</sup> on Bates pages 26 through 28 (Schedule TRD-3). Staff received this updated calculation shown in Attachment RTC-1<sup>3</sup> on March 17, 2021 as requested. Staff has reviewed this updated calculation, confirmed the three-year recovery period of the costs of the October 2017 Wind Storm as approved by Order No. 26,123, and the proposed reduction of the SRAF effective May 1, 2021.

Staff recommends approval of Unitil's proposed reduction of the SRAF effective May 1, 2021, as approved by Order No. 26,123. Staff also recommends approval of the Company's proposed revisions to Pages 4, 5, 6 and 69 of its tariff for an effective date of May 1, 2021.

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<sup>1</sup> Docket No. DE 18-036 Exhibit 1

<sup>2</sup> Docket No. DE 19-043 Exhibit 1

<sup>3</sup> Staff anticipates that Unitil will submit its final version of the calculation increments of the SRAF when the Company files the final results of its recovery with the Commission no later than sixty days after the conclusion of the recovery period of April 30, 2021, with the disposition of any remaining balance subject to Commission review and approval.

UNITIL ENERGY SYSTEMS, INC.  
Winter Storm Quinn (March 2018) Incremental Cost - Recovery  
Calculation of Increment to the Storm Recovery Adjustment Factor  
Effective May 1, 2021

Description	Amount	
Incremental Annual Recovery	\$ 581,518	As filed February 28, 2019 in DE 19-043
Sales (kWh) - 12 months ending December 31, 2018	<u>1,224,436,868</u>	As filed February 28, 2019 in DE 19-043
Storm Recovery Adjustment Factor (Increment, \$/kWh)-Added to SRAF effective 5/1/19-4/30/22	<u>\$ 0.00047</u>	As filed February 28, 2019 in DE 19-043
Calculation of the SRAF for effect May 1, 2021:		
Current SRAF (effective March 2021)	\$ 0.00084	
less: recovery of October 2017 wind storm (terminates effective 5/1/2021)	<u>\$ (0.00037)</u>	
Total SRAF for effect May 1, 2021:	\$ 0.00047	

**Docket No. DE 19-\_\_\_\_**  
**Schedule TRD-3**  
**SRAF Amortization**  
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UNITIL ENERGY SYSTEMS, INC.  
Winter Storm Quinn (March 2018) - Recovery Schedule

	<u>Year</u> (A)	Beginning Balance With <u>Interest</u> (B)	<u>Annual Recovery</u> (C)	<u>Ending Balance</u> (D)	<u>Balance Subject to Interest</u> (E)	<u>Interest Rate</u> (F)	<u>Interest</u> (G)	<u>Cumulative Interest</u> (H)
(1)	May 2019 - April 2020	\$ 1,618,723	\$ 581,518	\$ 1,037,204	\$ 1,327,964	5.20%	\$ 69,054	\$ 69,054
(2)	May 2020 - April 2021	\$ 1,106,259	\$ 581,518	\$ 524,740	\$ 815,499	5.20%	\$ 42,406	\$ 111,460
(3)	May 2021 - April 2022	\$ 567,146	\$ 581,518	\$ (14,372)	\$ 276,387	5.20%	\$ 14,372	\$ 125,832
	Total Recovery		\$ 1,744,555				\$ 125,832	

Column

Notes

- (A) Time period
- (B) Prior period Column (D) + Prior period Column (G)
- (C) Annual Recovery
- (D) Column (B) - Column (C)
- (E) ( Column (B) + Column (D) ) ÷ 2
- (F) UES's Cost of Debt net of deferred taxes
- (G) Column (E) times Column (F)
- (H) Prior Year Column (H) + Current Year Column (G)

**Docket No. DE 19-\_\_\_\_**  
**Schedule TRD-3**  
**SRAF Amortization**  
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UNITIL ENERGY SYSTEMS, INC.  
Winter Storm Quinn (March 2018) Incremental Costs

	<u>Month</u> (A)	<u>Beginning Balance</u> (B)	<u>Winter Storm Quinn Charges</u> (C)	<u>Ending Balance</u> (D)	<u>Balance Subject to Interest</u> (E)	<u>Interest Rate</u> (F)	<u>Interest</u> (G)	<u>Balance</u> (H)
(1)	Mar-Oct 2018	\$0	\$1,550,964	\$1,550,964	\$775,482	5.20%	\$27,068	\$1,578,031
(2)	Nov 2018 - Apr 2019	\$1,578,031	\$0	\$1,578,031	\$1,578,031	5.20%	\$40,692	\$1,618,723
			\$1,550,964				\$67,759	\$1,618,723

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