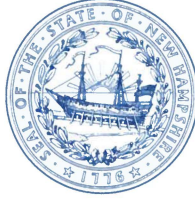


THE STATE OF NEW HAMPSHIRE



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EXECUTIVE DIRECTOR
Debra A. Howland

PUBLIC UTILITIES COMMISSION

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March 7, 2019

Gary Epler, Esq.
Chief Regulatory Counsel
Unitil Energy Systems, Inc.
6 Liberty Lane West
Hampton, NH 03842

Re: DE 18-038, Unitil Energy Systems, Inc.
Annual Major Storm Cost Reserve Fund Report

Dear Attorney Epler:

On October 25, 2018, Unitil Energy Systems, Inc. (Unitil) filed a letter with the Commission's Electric Division Director. The letter expressed Unitil's disagreement with the Commission's Audit Staff's review of Unitil's 2017 Major Storm Cost Reserve (MSCR) Fund Report. In its report to the Director of the Electric Division, Audit Staff recommended that \$14,625 associated with work performed by Calypso Communications (Calypso) be disallowed for recovery from the MSCR.

In response to Unitil's letter, Staff informed the Commission that it would reopen the audit of Unitil's 2017 MSCR Report. On February 4, 2019, Audit Staff filed an addendum to its original report. In the addendum, Audit Staff identified additional invoices in the amount of \$32,506 from Calypso that were paid from the MSCR. Staff concluded that the sums of \$14,625 and \$32,506 were inappropriately paid from the MSCR, and should instead be booked to the Company's media and communications accounts.

The Commission has reviewed Audit Staff's report and addendum, and Unitil's responses. The Commission agreed with the Audit Staff's conclusion that the charges for work performed by Calypso should be booked to appropriate media services accounts because the work related to communications to the public and to media services. Therefore, the Commission decided to direct Unitil to restore the sum of \$47,131 to the MSCR and to book the expenses in Unitil's media or communications accounts as Unitil deems appropriate.

Finally, Audit Staff identified invoice #6708 (dated December 31, 2016) in the amount of \$2,511 from Calypso related to the design and development of a Utility Arborist Association (UAA) custom double-sided struck brass coin that was requested by Unitil's arborist. Audit Staff reported that the Unitil arborist who requested the UAA commemorative coin was President of the UAA at the time. Unitil charged the invoice against the vegetation management program/storm hardening account. The Commission agreed with Audit Staff that the amount for Calypso's services should have been expensed below the line, and decided to direct Unitil to conform with this determination.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra A. Howland". The signature is fluid and cursive, with a stylized "D" and "H".

Debra A. Howland
Executive Director

cc: Service List
Docket File

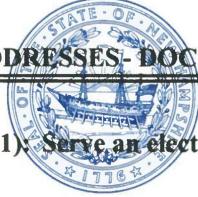
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SERVICE LIST - EMAIL ADDRESSES- DOCKET RELATED



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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.

PUBLIC UTILITIES COMMISSION

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Docket #: 18-038-1 Printed: March 07, 2019

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.