

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

**DE 21-030**

**UNITIL ENERGY SYSTEMS, INC.**

**MOTION FOR CLARIFICATION**

Unitil Energy Systems, Inc. (“UES” or the “Company”) hereby respectfully moves the Commission, pursuant to Puc 203.07 and RSA 541:3 for clarification of Order No. 26,623 issued on May 3, 2022 in the above-referenced docket. The Department of Energy and Office of the Consumer Advocate have provided their assent to the relief requested herein. In support of this motion, UES states:

**I. Step Adjustment Calculation**

1. On February 11, 2022, UES, the Department of Energy, the Office of the Consumer Advocate, Clean Energy New Hampshire, the Department of Environmental Services, and ChargePoint, Inc. (collectively, the “Settling Parties”) submitted a comprehensive Settlement Agreement to the Commission. In the Settlement Agreement, the Settling Parties agreed that the Company may propose to collect two Step Adjustments for 2021 and 2022 investments. DE 21-030 Hearing Exhibit 12 (Settlement Agreement and Attachments) at Bates 000003-05.

2. The Settlement Agreement specified that each Step Adjustment would recover the revenue requirement associated with “changes in Net Plant in Service associated with non-growth investments” for the period January 1 through December 31 of the 2021 and 2022 investment years. Id. at 000005.

3. Section 5 of the Settlement Agreement provides definitions, a schedule, and certain structural components of the proposed Step Adjustments. *Id.* at 000008-11. Subsection 5.1 includes, among other definitions, the following:

Accumulated Depreciation is the cumulative net credit balance arising from the provision of depreciation expense, cost of removal, salvage, and retirements.

Change in Net Plant is the change in Ending Net Utility Plant from one Investment Year to the next, which accounts for Plant Additions as well as Accumulated Depreciation.

Change in Non-Growth Net Plant is the Change in Net Plant multiplied by the Percent of Non-Growth Net Plant.

Ending Net Utility Plant is the “per books” utility Plant Additions for plant in service after Accumulated Depreciation is deducted. . . .

Percent of Non-Growth Net Plant is the ratio of non-growth capital additions to total capital additions in the Investment Year as determined by the Company.

Plant Additions are the capitalized costs of plant placed in service, after retirements, as recorded on the Company’s books during the Investment Year.

*Id.* at 000008-09.

4. In Order No. 26,623, the Commission approved the definitions provided in Subsection 5.1, as well as all other subsections of Section 5, with one exception. Unitil Energy Systems, Inc., Order No. 26,623 at 25 (May 3, 2022). The Commission changed the definition of “Change in Non-Growth Net Plant” (Subsection 5.3) as follows: “[a]s discussed at hearing, the Company should subtract the actual Growth Net Plant<sup>1</sup> figure from the Total Change in Net Plant figure to calculate the actual Change in Non-Growth Net Plant Figure.” Id. (emphasis added) (citing Tr. P.M. at 4-7).

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<sup>1</sup> “Growth Net Plant” is not defined in the Settlement Agreement.

5. In the section of the transcript from the May 3, 2022 hearing cited by the Commission in Order No. 26,623, Special Commissioner Ross asked the following:

I'm referencing the Settlement Attachment 02, Page 1 of 5. So, this is Exhibit 12, Attachment 02. And I'm looking at Line 12, which is the "Non-Growth Percentage Change in Net Plant." And what we were hoping you could provide us with is the total net plant, which is growth, and the total plant, so that we can subtract the growth from the total to get the total non-growth, as opposed to doing this by percentages.

DE 21-030 Tr. P.M. at 4:17 – 5:2 (emphasis added) (May 3, 2022).

6. It is clear from the Commission's directive in Order 26,623 and the excerpt from the May 3, 2022 Transcript that the Commission intended to determine the Change in Non-Growth Net Plant by subtracting the change in Growth Net Plant from the Change in Net Plant rather than by multiplying the Change in Net Plant by the Percent of Non-Growth Net Plant.

7. In Footnote 8 on page 25 states: "Settlement Attachment 2, Page 1 of 5, Line 12 Non-Growth % Change in Net Plant should be replaced with actual growth in plant (see Settlement Attachment 3 & Settlement Attachment 4) and be deducted from Change in Net Plant (Line 11) to calculate Non-Growth Change in Net Plant (Line 13)." Order No. 26,623 at 25 n.8. This calculation, as stated, is inconsistent with the Commission's directive in the main text of page 25, and inconsistent with the Settlement Agreement, because it requires the subtraction of "actual growth in plant," i.e., growth-related Plant Additions without Accumulated Depreciation, from Change in Net Plant. This would not result in the Change in Non-Growth Net Plant, and thus would lead to an inaccurate and significantly understated revenue requirement.

8. The Company believes that the Commission intended Footnote 8 to require that "growth net plant" (or "Growth Change in Net Plant" to be consistent with lines 1 and 13 on

Settlement Attachment 02, page 1 of 5 (Hearing Exhibit 12 Bates 000135)) rather than “actual growth plant,” be deducted from Change in Net Plant to calculate Non-Growth Change in Net Plant. This would be an internally consistent calculation in that all numbers are net numbers that account for Accumulated Depreciation, and would be consistent with the main text of Order No. 26,263, the Commission’s questioning at hearing, and the Settlement Agreement.

9. Settlement Attachments 3 and 4 show actual Plant Additions, categorized as Non-Growth (NG) or Growth (G), not net Plant Additions. Hearing Exhibit 12 at 000140 – 149. To derive net plant additions, the Company must also factor in Accumulated Depreciation for Non-Growth and Growth projects. However, the Company’s plant accounting system does not account for depreciation expense and retirements on an allocated basis between Non-Growth and Growth Plant Additions. To separately determine the respective changes in Non-Growth Net Plant and Growth Net Plant in the 2021 or 2022 Investment Year in the manner contemplated by Order No. 26,623, the Company must allocate the total amount of depreciation expense and retirements based on the ratio of Non-Growth and Growth related Plant Additions in the Investment Year (24% Growth and 76% Non-Growth for the 2021 Investment Year).

10. On May 12, 2022, the Company submitted revised schedules in support of its request for a Step Adjustment associated with Investment Year 2021 Plant Additions to comply with Commission Orders No. 26,623 and 26,625 (clarifying the approved annual revenue requirement) in docket DE 22-026. Revised Schedule CGKS-1 shows the allocation of cost of removal and salvage between Non-Growth and Growth Plant Additions. Revised Schedule CGKS-5 shows actual Non-Growth and Growth related Plant Additions and actual

cost of removal, salvage, and transfers. This schedule also shows depreciation expense (line 6) and retirements (lines 3 and 7) allocated between Non-Growth and Growth Plant Additions based upon the percentage split provided in Revised Schedule CGKS-1 (24% Growth and 76% Non-Growth). Copies of Revised Scheduled CGKS-1 and CGKS-5 are attached to this Motion for illustrative purposes.

11. Based on the foregoing explanation and the attachments to this Motion, Unitil requests that the Commission clarify Footnote 8 on page 25 of Order No. 26,623 to state “Settlement Attachment 2, Page 1 of 5, Line 12 Non-Growth % Change in Net Plant should be replaced with Growth Change in Net Plant and be deducted from Change in Net Plant (Line 11) to calculate Non-Growth Change in Net Plant (Line 13).”

**b. Effective Date of Recoupement**

12. Among other things, Order No 26,623 authorizes Unitil to begin recovery of its revenue requirement in rates effective with service rendered on and after June 1, 2022, “to be reconciled to temporary rates approved in Order No. 26,484 over a one-year period, from June 1, 2022, through May 31, 2023, consistent with the Settlement Agreement.” Order No. 26,623 at 32.

13. The Settlement Agreement (Section 10, Subsection 10.1) states that the Company shall recover the recoupment amount (i.e., the difference between distribution revenue at temporary rates and permanent rates) “over one year within Schedule EDC through the External Delivery Charge, a uniform rate per kWh, in the Company’s next scheduled EDC rate change effective August 1, 2022.” Hearing Exhibit 12 at Bates 000018.

14. Recovering the recoupment amount through the External Delivery Charge in the manner described in the Settlement Agreement is administratively efficient and

minimizes the number of rate changes experienced by customers. The Company therefore respectfully requests that the Commission clarify Order No. 26,623 to state that permanent rates shall be “reconciled to temporary rates approved in Order No. 26,484 over a one-year period, from August 1, 2022, through July 31, 2023, consistent with the Settlement Agreement.”

15. UES contacted the DOE and OCA in advance of filing this motion, and they assent to the relief requested herein.

WHEREFORE, UES respectfully requests that the Commission:

A. Clarify Footnote 8 on page 25 of Order No. 26,623 to state “Settlement Attachment 2, Page 1 of 5, Line 12 Non-Growth % Change in Net Plant should be replaced with Growth Change in Net Plant and be deducted from Change in Net Plant (Line 11) to calculate Non-Growth Change in Net Plant (Line 13)”;

B. Clarify the second ordering clause in Order No. 26,623 to state that permanent rates shall be “reconciled to temporary rates approved in Order No. 26,484 over a one-year period, from August 1, 2022, through July 31, 2023, consistent with the Settlement Agreement”; and

C. Grant such further relief as may be just and appropriate.

[Signature Page to Follow]

Respectfully submitted

UNITIL ENERGY SYSTEMS, INC.

By its Attorney:



Dated: May 25, 2022

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**Certificate of Service**

I hereby certify that on May \_\_, 2022, a copy of the foregoing Motion was electronically served upon the Service List.

A handwritten signature in black ink, appearing to read "Patrick H. Taylor", written over a horizontal line.

Patrick H. Taylor