



October 1, 2021

BY E-MAIL

Dianne Martin, Chairwoman
New Hampshire Public Utilities Commission
21 S. Fruit St, Suite 10
Concord, N.H. 03301-2429

Re: DE 21-030 - Unitil Energy Systems, Inc. – Supplemental Testimony of Christopher Goulding and Daniel Nawazelski (Supplemental Exhibit CGDN-1)

Dear Chairwoman Martin:

I enclose for filing in the above-referenced matter the Supplemental Testimony of Christopher J. Goulding and Daniel T. Nawazelski (Supplemental CGDN-1). The enclosed supplemental testimony explains Unitil Energy Systems, Inc.'s proposed cost recovery associated with incremental bad debt expense and waived late payment charges in light of the Commission's recent Orders No. 26,495 (July 7, 2021) and No. 26,515 (Sept. 7, 2021) in Docket No. IR 20-089.

Thank you for your attention to this matter. Please do not hesitate to contact me directly if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick H. Taylor", written in a cursive style.

Patrick H. Taylor

cc: Service List

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UNITIL ENERGY SYSTEMS, INC.

SUPPLEMENTAL DIRECT TESTIMONY

OF

CHRISTOPHER J. GOULDING

AND

DANIEL T. NAWAZELSKI

EXHIBIT CGDN-1

New Hampshire Public Utilities Commission

Docket No. DE 21-030

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Christopher J. Goulding, and my business address is 6 Liberty Lane
4 West, Hampton, New Hampshire 03842.

5 My name is Daniel T. Nawazelski, and my business address is the same as Mr.
6 Goulding's.

7 **Q. Are you the same Christopher J. Goulding and Daniel T. Nawazelski who**
8 **previously filed direct testimony on April 2, 2021 in Docket No. DE 21-030?**

9 A. Yes.

10 **Q. What is the purpose of your supplemental testimony?**

11 A. As described in greater detail below, Unitil Energy Systems, Inc. ("UES" or the
12 "Company") is supplementing its previously filed direct testimony regarding the
13 cost recovery associated with incremental bad debt expense and waived late
14 payment charges based on the Commission's recent Orders No. 26,495 (July 7,
15 2021) and No. 26,515 (Sept. 7, 2021) in Docket No. IR 20-089.

16 **II. THE COMPANY'S PROPOSAL TO RECOVER COVID-19 RELATED**
17 **INCREMENTAL BAD DEBT AND WAIVED LATE FEES**

18 **Q. Please summarize the Commission's orders in Docket No. IR 20-089**
19 **regarding the recovery of incremental bad debt expense.**

20 A. In Order No. 26,495 (July 7, 2021) the Commission declined to authorize New
21 Hampshire's regulated utilities to establish a regulatory asset for incremental bad

1 debt expense or waived late payment fees related to the Covid-19 pandemic. IR
2 20-089, Order No. 26,495 at 8-9 (July 7, 2021). However, the Order states:
3 “recovery of these expenses is best addressed in the context of each utility’s next
4 rate case when such costs (to the extent they remain relevant under test year based
5 rate-setting) can be appropriately considered in the context of each company’s full
6 revenue requirement and overall rate of return.” Order No. 26,495 at 9.

7 The Commission subsequently clarified that rate-regulated utilities are not
8 foreclosed from using accounting mechanisms to defer costs related to
9 incremental bad debt and waived late payment fees in order to seek their recovery
10 in a future rate case. IR 20-089, Order No. 26,515 at 1, 4 (Sept. 7, 2021). With
11 respect to Unitil, the Commission clarified that “an ongoing rate case is an
12 appropriate venue to address incremental bad debt and / or waived payment fees
13 resulting from the COVID-19 public health emergency orders and directives.” Id.

14 **Q. Does the Company propose to recover Covid-19 related incremental bad debt**
15 **expense and waived late payment fees in its ongoing rate case, DE 21-030?**

16 **A.** Yes. Based on these Orders, the Company proposes to recover incremental bad
17 debt expense and waived late fees in its pending rate case (DE 21-030). In
18 support of that proposal, our Supplemental Testimony provides information
19 regarding:

- 20 1. Distribution Bad Debt Expense; and
- 21 2. Waived Late Payment Charge Revenues for the period April 2020
22 through March 2021.

1 **1. DISTRIBUTION BAD DEBT**

2 **Q. Please provide a brief summary of the moratorium on utility disconnections**
3 **and late payment charges related to COVID-19.**

4 A. On March 17, 2020, the Governor issued Emergency Order #3, which temporarily
5 prohibited utility companies, including UES, from disconnecting or discontinuing
6 service for non-payment or charging late payment fees for arrearages accrued
7 during the state of emergency. Though Emergency Order #3 terminated on June
8 30, 2020, Emergency Order #58 was enacted to further require that the New
9 Hampshire utilities “offer payment arrangements, refrain from charging late fees,
10 and begin normal collection activity and disconnections consistent with an
11 agreement between a utility or utilities and the Commission’s Consumer Services
12 and External Affairs Division, subsequent order of the Commission, and/or rules
13 adopted by the Commission pursuant to RSA 541-A.” On October 5, 2020, the
14 Commission approved a settlement between the New Hampshire utilities, the
15 Commission Staff, and other interested parties extending the moratorium on
16 disconnections and late payment charges through April 1, 2021. The settlement
17 was subsequently amended to extend the moratorium through May 31, 2021 for
18 financial hardship customers.

19 **Q. Has the moratorium on utility disconnections and late payment charges**
20 **ended?**

21 A. Yes. The moratorium ended on May 31, 2021.

22

1 **Q. How does the Company propose to address the write-off activity now that the**
2 **disconnection moratorium has been lifted?**

3 A. As explained in our initial testimony, the Company is proposing to track the
4 actual delivery write-offs against the level in distribution rates and to recover the
5 difference annually as part of the EDC to ensure that the Company is recovering a
6 representative level of bad debt expense in distribution rates,. Due to the shut off
7 moratorium, the Company does not expect actual write-offs to return to pre-
8 pandemic levels for some time.

9 **Q. How is the Company proposing to recover the incremental bad debt expense**
10 **that the Company has incurred beginning March 31, 2020?**

11 A. Consistent with the bad debt tracker proposal above, the Company proposes to
12 track the actual bad debt expense to the amount currently in distribution rates and
13 to recover or flow back the incremental difference through the EDC.

14 **2. WAIVED LATE PAYMENT CHARGES**

15 **Q. How has the Company been impacted by the New Hampshire emergency**
16 **orders and settlements prohibiting utility disconnections and late payment**
17 **fees?**

18 A. As a result of the shut off and late fee moratorium, UES did not apply late fees to
19 customer's accounts beginning in March of 2020. For the calendar year 2020, the
20 Company charged \$94,600 in late payment fees to customers which is well below
21 the amount that was included when distribution rates were last set in Docket No.

1 DE 16-384 and what the actual amount of late payment fees the Company would
2 have charged to customers if the late payment fee prohibition was not in place.

3 **Q. In Docket No. DE 16-384, what level of late payment charge revenues was**
4 **included in the Company’s distribution rates?**

5 A. The level of late payment charge revenue included in the revenue requirement
6 approved via settlement in that docket was \$481,633. This amount was equal to
7 the actual late payment charge revenues for 2015.

8 **Q. What amount of late payment fees did the Company waive in 2020?**

9 A. UES waived \$444,121 of late payment fees for the 9 month period of April
10 through December 2020 and waived \$575,682 of late payment fees for the 12
11 months ended March 31, 2021. Table 1 below provides a summary of the actual
12 waived late fees waived by month for both time periods.

13 **Table 1: Late Payment Fee Summary**

Late Payment Charge ("LPC") Revenues
Unitil Energy Systems, Inc.

LPC Revenues	Docket No. DE 16-384		Moratorium		Comment
	2015 (TY)	2020	Period 2020	Period 2020/2021	
January	\$ 32,521	\$34,969			Charged - Actual
February	37,525	42,810			Charged - Actual
March*	67,162	16,898			Charged - Actual
April	36,974		\$ 38,408	\$ 38,408	Waived - Actual
May	53,102		50,008	50,008	Waived - Actual
June	51,970		50,302	50,302	Waived - Actual
July	30,390		49,107	49,107	Waived - Actual
August	39,352		60,052	60,052	Waived - Actual
September	36,271		52,415	52,415	Waived - Actual
October	31,310		58,729	58,729	Waived - Actual
November	33,997		47,201	47,201	Waived - Actual
December	31,059		37,900	37,900	Waived - Actual
January				42,430	Waived - Actual
February				46,621	Waived - Actual
March				42,509	Waived - Actual
Total LPC Revenues	\$ 481,633	\$94,676	\$ 444,121	\$ 575,682	

*Moratorium began in March 2020

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1 **Q. Is the \$444,121 of waived late payment fees material to UES?**

2 A. Yes, the amount is material to UES. For 2020, this amount represents roughly 4
3 percent of the Distribution Operating Income and 0.75 percent of the 2020 Test
4 Year distribution revenues.

5 **Q. What is the Company proposing related to recovery of the \$444,121 of 2020**
6 **waived late payment fees?**

7 A. For the 12 months ended December 31, 2020, the Company proposes to recover
8 \$386,957, which is the difference between the actual late payment charge fees
9 charged to customers in 2020 of \$94,676 and the \$481,633 amount included in
10 rates in Docket No. DE 16-384. This amount is lower than the actual waived late
11 payment fees amount of \$444,121. The Company proposes that the \$386,957 be
12 recovered as part of the EDC.

13 **Q. What is the Company proposing related to recovery of the waived late**
14 **payment fees for 2021?**

15 A. The Company also proposes to recover the actual January through March 2021
16 waived late payment fees of \$131,561 as part of the EDC.

17 **III. CONCLUSION**

18 **Q. Does this conclude your testimony?**

19 A. Yes, it does.