

STATE OF NEW HAMPSHIRE

CHAIRWOMAN  
AGENCY HEAD  
Dianne Martin

COMMISSIONER  
Daniel C. Goldner



Tel. (603) 271-2431

Website:  
[www.puc.nh.gov](http://www.puc.nh.gov)

**PUBLIC UTILITIES COMMISSION**

21 S. Fruit St., Suite 10  
Concord, N.H. 03301-2429

August 17, 2021

Re: DE 21-121, Unitol Energy Systems, Inc. (UES)—Annual Stranded Cost Recovery and External Charge Reconciliation and Rate Filing  
DE 21-069, UES—Petition for Approval of Rate Recovery Mechanism for Property Taxes  
DE 20-183, UES—Reliability Enhancement Program and Vegetation Management Program Plan FY 2021

To the Parties:

The Commission received the attached communication directly from Attorney Epler regarding scrivener's errors in Order No. 26,500 (July 29, 2021). Although the other parties were not copied on the communication and it was not filed in the docket, the Commission appreciates the effort to inform it of errors in the order and encourages all parties to do so upon identifying an error.

Nevertheless, all communications requesting Commission action related to a docketed matter must be made in the docket. Requests for Commission action should be made in writing and signed by the person authorized to make the filing. *See* N.H. Admin. R., Puc 202.01 and Puc 202.07. All written requests should be filed at [ClerksOffice@puc.nh.gov](mailto:ClerksOffice@puc.nh.gov) and should identify the appropriate docket number or other pertinent subject matter. *See* Puc 202.06(a)(3).

Accordingly, the Commission thanks Attorney Epler for notifying it of the scrivener's errors, is posting the communication from Attorney Epler to ensure all parties are aware of the communication, and will separately issue an errata for Order No. 26,500.

Sincerely,

A handwritten signature in cursive script that reads "Dianne Martin".

Dianne Martin  
Chairwoman

cc: Service List (Electronically)  
Docket File

## Service List - Docket Related

Docket# : 21-121

Printed: 8/17/2021

Email Addresses

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ClerksOffice@puc.nh.gov  
richard.t.chagnon@energy.nh.gov  
jay.e.dudley@energy.nh.gov  
epler@unitil.com  
thomas.c.frantz@energy.nh.gov  
karen.j.moran@energy.nh.gov  
amanda.o.noonan@energy.nh.gov  
ocalitigation@oca.nh.gov

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ClerksOffice@puc.nh.gov  
richard.t.chagnon@energy.nh.gov  
paul.b.dexter@energy.nh.gov  
jay.e.dudley@energy.nh.gov  
epler@unitil.com  
thomas.c.frantz@energy.nh.gov  
al-azad.iqbal@oca.nh.gov  
donald.kreis@oca.nh.gov  
amanda.o.noonan@energy.nh.gov  
ocalitigation@oca.nh.gov

## Service List - Docket Related

Docket# : 20-183

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Email Addresses

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ClerksOffice@puc.nh.gov  
richard.t.chagnon@energy.nh.gov  
eppler@unitil.com  
thomas.c.frantz@energy.nh.gov  
amanda.o.noonan@energy.nh.gov  
ocalitigation@oca.nh.gov  
F.Ross@puc.nh.gov

From: Epler, Gary <[epler@unitil.com](mailto:epler@unitil.com)>  
Sent: Thursday, August 5, 2021 4:26 PM  
To: Carmody, Jody <[Jody.M.Carmody@puc.nh.gov](mailto:Jody.M.Carmody@puc.nh.gov)>  
Cc: Dexter, Paul <[Paul.B.Dexter@energy.nh.gov](mailto:Paul.B.Dexter@energy.nh.gov)>  
Subject: Errors in Order No. 26500  
Importance: High

**EXTERNAL: Do not open attachments or click on links unless you recognize and trust the sender.**

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Hi Jody:

I don't know who else to send this to, but we found several "nits" or errors in the attached order. The errors are crossed out and the corrections appear in red. Please advise if it should be sent to someone else. Thank you.

-Gary

Gary Epler  
Chief Regulatory Counsel  
Unitil Service Corp.  
Hampton, NH 03842  
603.773.6440 (o)  
603.944.1018 (c)  
[epler@unitil.com](mailto:epler@unitil.com)

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 21-121  
DE 21-069  
DE 20-183**

**UNITIL ENERGY SYSTEMS INC.**

**Annual Stranded Cost and External Delivery Charge Rate Filing  
Petition for Approval of Rate Recovery Mechanism for Property Taxes**

**Order Following Hearing**

**ORDER NO. 26,500**

**July 29, 2021**

This order approves Unitil's stranded cost charge and external delivery charge reconciliation, with rates effective on and after August 1, 2021. This order also approves Unitil's proposed rate recovery mechanism for property taxes under RSA 72:8-e. The rate impact of this order for average residential customers using 650 kilowatts of electric energy per month will be a decrease of 3.4 percent, or \$3.98 per month.

**I. PROCEDURAL HISTORY**

On November 11, 2020, and April 4, 2021, respectively, Consistent with Order No. 26,388 (July 31, 2020) addressing Unitil's 2020 Annual Stranded Cost and External Delivery Charge Rate Filing, Unitil Energy System, Inc. (Unitil) filed its proposed budgets and the reconciliation for the prior year's actual costs related to its: 1) Storm Resiliency Program (SRP); 2) Vegetation Management Program (VMP); and 3) Reliability Enhancement Program (REP). The Commission created Docket No. DE 20-183 for these filings. These program's costs are reconciled through Unitil's external delivery charge (EDC). *See* Order of Notice, Dockets DE 21-069 and DE 20-183, July 19, 2021.

On March 29, 2021, Unitil Energy Systems, Inc. (Unitil) filed a petition for approval of a rate recovery mechanism for property taxes. Unitil's petition proposed a new property tax recovery mechanism for the recovery of the increase in property taxes associated with a change in RSA 72:8-d and 72:8-e. The Commission docketed this request in Docket No. DE 21-069, issued an Order of Notice, and scheduled a hearing. *Id.*

On June 17, 2021, Unitil filed its annual reconciliation of adjustable rate mechanisms, along with supporting testimony, exhibits, and a proposed tariff. The adjustable rate mechanisms include Unitil's stranded cost charge (SCC) and EDC. The Commission docketed the petition as Docket No. DE 21-121, suspended the tariff, and scheduled a hearing. *See* Order No. 26,499 (July 19, 2021). A hearing was held on DE 21-121, 21-069, and 20-183 as scheduled on July 23, 2021.

Unitil's petitions and related filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-183.html>, <https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-069.html>, and <https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-121.html>, respectively.

## **II. POSITIONS OF THE PARTIES**

### **A. Unitil**

In its petition, Unitil proposed tariff changes for effect with services rendered on and after August 1, 2020~~2021~~**2021**. The proposed changes result in an overall average bill decrease for a residential customer on default service using 650 kilowatts of electric energy per month of 3.4 percent, or \$3.98 per month.

i. Stranded Cost Charge

Unitil's stated its stranded cost charge (SCC) recovers contract release payments that Unitil pays to Unitil Power Corp. (UPC) in accordance with the Amended Unitil System Agreement, which was approved in *Concord Electric Company*, Order No. 24,072 (October 25, 2002). The contract release payment amount is made up of a portfolio sale charge, residual contract obligations, Hydro Quebec (HC) interconnection facility support payments, and true-ups from prior periods. Unitil explained that although UPC is no longer required to support HQ interconnection facilities as of October 2020, it still has ongoing contractual obligations with Eversource and NationalGrid relating to HQ transmission facilities, which it intends to seek to terminate. The HQ support payments include all costs incurred by UPC, offset by revenues received from open access transmission tariffs through ISO New England.

Unitil represented the net result of the HQ obligations and current-year true up on SCC rates for August 2020~~2021~~ through July 2021~~2022~~ is an estimated credit to customers of \$21,266.

According to Unitil, the SCC obligation is calculated by developing a uniform per kWh charge, applied equally to all customer classes. From this uniform charge, energy and demand based rates are designed for customers in the G1 and G2 classes. According to the filing, the SCC uniform rate is a credit of \$0.00002 per kWh. This is an increase of \$0.00023 per kWh from the prior rate.ii. External Delivery Charge

Unitil represented the EDC primarily recovers costs associated with transmission services including: (1) third-party transmission provider costs (Eversource Energy Network Integration Transmission Service and Eversource Energy Wholesale Distribution); (2) regional transmission and operating costs; (3) working capital associated with other flow-through operating expenses;

(4) transmission-based fees and assessments; and (5) various administrative, consulting, and legal costs. Until also included in its EDC rate other costs and credits, such as the over- or under-collection associated with the reliability enhancement and vegetation management programs, net metering costs and credits, Regional Greenhouse Gas Initiative Auction Proceeds, and displaced distribution revenue. Until proposes to include costs associated with its proposed property tax adjustment mechanism in the EDC.

During the hearing, in response to questioning from the Department of Energy (Energy) regarding the reasonableness of Until's working capital requirement applied to transmission costs, Until noted that the 45 days used in its calculations is a component of a settlement agreement in Docket No. DE 10-055. Until argued that it would be inappropriate to modify a settlement term outside the context of a full rate case, and that if Energy or another party raises the issue in its ongoing distribution rate case then it would be addressed in that context.

In addition, Until represented the EDC includes the over- or under-collection from Until's REP, VMP, and SRP, which Until calculated was an over collection of \$179,614. The hearing included review of the REP, VMP, and SRP programs, including Until's REP and VMP Program Plan for Fiscal Year 2021 and REP and VMP Report for Fiscal Year 2020, both of which were filed in Docket No. 20-183 and admitted as hearing exhibits.

Until calculated a transmission-only factor charge of 3.113 cents per kWh, and a non-transmission factor of negative 0.135 cents per kWh. The proposed total EDC rate of ~~0.2978~~ **2.978** cents per kWh represents a decrease of 0.635 cents per kWh as compared with August 2020 through July 2021.



iii. Local Property Tax Adjustment Mechanism

Unitil requested the Commission approve the property tax recovery mechanism it proposed in its March 29, 2021 filing. According to Unitil, its reconciling mechanism would be easy to implement on an annual basis, incorporating all local building and utility plant tax assessments as an input to its existing EDC mechanism.

**B. Department of Energy**

Energy recommended approval of the SCC and EDC rates as proposed. However, at hearing, Energy questioned the reasonableness of a 45 day working capital requirement for transmission costs.

Energy recommended that on a going forward basis an updated working capital requirement for transmission costs should be applied. Energy opined that a lead-lag study occurring in Unitil's ongoing distribution rate case could be used to help determine a more reasonable working capital requirement, which should be applied to Unitil's future EDC calculations. Finally, Energy recommended approval of the local property tax adjustment mechanism as proposed.

**III. COMMISSION ANALYSIS**

We find that Unitil has appropriately calculated changes to the SCC and EDC adjustable rate mechanisms, consistent with Order No. 24,072 (October 25, 2002). We are satisfied that the SCC and the EDC rates proposed by Unitil are just and reasonable pursuant to RSA 374:2 and RSA 378:7. We approve the rate changes as proposed by Unitil for effect with services rendered on and after August 1, 2021.

Regarding Unitil's working capital requirement for transmission costs, we believe it is important for working capital to be accurate. Given that it has been eleven years since the

settlement agreement cited by Unitil as the basis for the 45 day figure, with a rate case in the interim, we agree that best way to determine an accurate figure would be through a lead-lag study. While we approve the rate with the fixed 45 day lag at this time, we will consider the issue in the upcoming rate case, and anticipate moving to a more accurate working capital number moving forward.

With respect to the Property Tax Adjustment Mechanism, we find its terms described in the petition and tariff language to be consistent with the requirements of RSA 72:8-e, and find the incorporation and reconciliation of the local property tax expenses through the EDC mechanism to be acceptable. *See* RSA 72:8-e, II.

The Commission reminds the parties that due to recent statutory changes the Commission may not communicate with Department of Energy Staff on pending matters. *See* RSA 12-P:5, VI and, *see generally*, RSA 363:12. As a result, the Commission may lack access to information made available for Department of Energy unless it is directly filed in the Commission's relevant open docket.

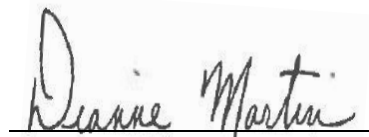
**Based upon the foregoing, it is hereby**

**ORDERED**, that the request by Unitil Energy Systems, Inc., for adjustment to the stranded cost charge and external delivery charge rates, for effect on a service-rendered basis on August 1, ~~2020~~**2021**, is hereby APPROVED; and it is

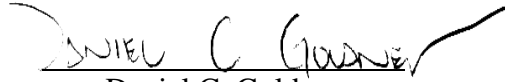
**FURTHER ORDERED**, that the request by Unitil Energy Systems, Inc., for Approval of Rate Recovery Mechanism for Property Taxes is hereby APPROVED; and it is

**FURTHER ORDERED**, that Unitil Energy Systems, Inc., shall file revised tariff pages conforming to this order within 15 days hereof, pursuant of N.H. Admin. R., Part Puc 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of  
July, 2021.



Dianne Martin  
Chairwoman



Daniel C. Goldner  
Commissioner

## Service List - Docket Related

Docket# : 21-121

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ClerksOffice@puc.nh.gov  
richard.t.chagnon@energy.nh.gov  
jay.e.dudley@energy.nh.gov  
epler@unitil.com  
thomas.c.frantz@energy.nh.gov  
karen.j.moran@energy.nh.gov  
amanda.o.noonan@energy.nh.gov  
[ocalitigation@oca.nh.gov](mailto:ocalitigation@oca.nh.gov)

## Service List - Docket Related

Docket# : 21-069

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ClerksOffice@puc.nh.gov  
richard.t.chagnon@energy.nh.gov  
paul.b.dexter@energy.nh.gov  
jay.e.dudley@energy.nh.gov  
epler@unitil.com  
thomas.c.frantz@energy.nh.gov  
al-azad.iqbal@oca.nh.gov  
amanda.o.noonan@energy.nh.gov  
ocalitigation@oca.nh.gov  
[Christa.Shute@oca.nh.gov](mailto:Christa.Shute@oca.nh.gov)

## Service List - Docket Related

Docket# : 20-183

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ClerksOffice@puc.nh.gov  
richard.t.chagnon@energy.nh.gov  
epler@unitil.com  
thomas.c.frantz@energy.nh.gov  
amanda.o.noonan@energy.nh.gov  
ocalitigation@oca.nh.gov  
F.Ross@puc.nh.gov