

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

UNITIL ENERGY SYSTEMS, INC.)))))	DOCKET NO. DE 22-017
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**MOTION FOR EXPEDITED RULING ON DEFAULT SERVICE
PROCUREMENT TIMELINE**

Unitil Energy Systems, Inc., (“UES”, “Unitil”, or the “Company”) hereby moves for the New Hampshire Public Utilities Commission (“Commission”) to approve an adjustment to the timeline for its forthcoming solicitation and procurement for default service, and for the continuing change in the timing of its default service periods. More particularly, for Unitil’s upcoming procurement period, Unitil requests that the Commission approve a solicitation for eight months rather than the previously set six months, and that for future solicitations, the Commission approve default service periods of August 1 through January 31 and February 1 through July 31, consistent with periods for the state’s other regulated electric distributions companies (“EDCs”). Given the brief time before issuance of Unitil’s next default service solicitation, approximately one month from now on August 23, and the receipt of final bids, on September 20, Unitil is requesting an expedited determination from the Commission on this issue, preferably by order *nisi* or similar determination. The Company is requesting that the Commission rule on this motion no later than September 9, 2022 to ensure that bidders have sufficient notice of the decision in advance of their final bids. In support of this motion, Unitil says the following:

1. The authority for the Commission to set the parameters for the provision of default service in New Hampshire arises from RSA chapter 374-F. Most relevant to this motion are the provisions of RSA 374-F:3 which state, in part:

(c) Default service should be designed to provide a safety net and to assure universal access and system integrity. Default service should be procured through the competitive market and may be administered by independent third parties. Any prudently incurred costs arising from compliance with the renewable portfolio standards of RSA 362-F for default service or purchased power agreements shall be recovered through the default service charge. The allocation of the costs of administering default service should be borne by the customers of default service in a manner approved by the commission. If the commission determines it to be in the public interest, the commission may implement measures to discourage misuse, or long-term use, of default service. Revenues, if any, generated from such measures should be used to defray stranded costs.

(d) The commission should establish transition and default service appropriate to the particular circumstances of each jurisdictional utility.

RSA 374-F:3, V. Accordingly, pursuant to statute, the Commission has the authority to “establish” and “design” default service to meet various public policy goals and should do so while recognizing “the particular circumstances of each jurisdictional utility.”

2. Unitil’s current method of, and timing for, procuring default service has been set through a series of settlement agreements and orders dating back to Order No. 24,046 (August 28, 2002), which was intended to settle matters surrounding Unitil’s restructuring under state law. Unitil has, with Commission authorization, made certain changes to its requests for proposals (“RFPs”), bid evaluations, procurement timing, contract laddering, and other matters through a series of proceedings following 2002. *See, e.g.*, Order No. 24,420 (January 7, 2005), Order No. 24,511 (September 9, 2005), Order No. 24,897 (September 19, 2008), and Order No. 25,397 (July 31, 2012). Unitil continues to reference and rely upon the Commission’s decisions from 2005 and 2012 in

soliciting and providing default service today. *See* March 28, 2022 Petition in Docket No. DE 22-017 at 2. In line with these decisions, at present, Unitil issues RFPs twice per year, in February and August, for service in the six-month periods beginning on June 1 and December 1 of each year.

3. Recently, as the Commission is well aware, energy prices have been more volatile than what has been seen historically and, relatedly, there has been substantial upward pressure on default service rates. *See* Order No. 26,643 (June 20, 2022) and Order No. 26,645 (June 23, 2022) setting the most recent default service rates for Liberty Utilities and Eversource, respectively. Based on Unitil's most recent review of energy futures prices, Unitil has reasonable cause to conclude that the substantial upward pressure will continue for the foreseeable future, including through the time Unitil will issue its next RFP for default service on or around August 23, 2022.

4. In an effort to address the issue of persistently high prices, as well as for other reasons described below, Unitil is requesting that the Commission approve the Company's request to procure default service for its next service period to cover an eight month period, rather than six. Absent a Commission decision prior to the issuance of the Company's next RFP on August 23, 2022, the Company would solicit default service bids to cover both a six month period (December 1 through May 31) as well as an eight-month period (December 1 through July 31). If the Commission approves Unitil's request, the Company would procure default service for the eight month period, otherwise the Company would revert to its typical six month procurement period for its next solicitation. In any case, for future solicitations, Unitil would return to six month

service periods. If the eight month solicitation is approved, the new service periods would cover August 1 to January 31, and February 1 through July 31 of each year.

5. The above-proposed shift would have benefits in both the short and the long term for Unitil and its default service customers. In the short term, for the next solicitation, the Company believes that adding the two early summer months of June and July to the solicitation will have the benefit of mitigating what are likely to be extremely high winter default service prices. As described in the attached technical statement of Jeffrey M. Pentz and Linda S. McNamara, Unitil estimates that the addition of those two months to the solicitation would likely result in a reduction in the overall default service rate of sixteen percent (16%) or 3.6cents per kWh relative to the rate from a six month solicitation. In the longer term, adjusting the solicitation schedule and resulting service periods will split the traditionally higher priced winter months, as well as the traditionally highest priced summer months. Historically, Unitil's service periods have resulted in a higher winter rate and a lower summer rate. By splitting the higher priced months, the resulting rates should reflect more of an annual "average" rate over the course of the year and be less prone to significant differences between seasons.

6. Unitil is aware that the Commission has indicated its desire and intent to review the procurement of default service across the state for all of the state's EDCs. *See* Order No. 26,643 at 7 ("The Commission will therefore, in addition to investigating the RPS compliance process (as introduced in Order No. 26,582), investigate procurement practices to provide a forum to challenge assumptions and evaluate potential improvements to existing processes."). In Unitil's assessment, authorizing the adjustment requested in this motion will help to facilitate the Commission's review once

it begins. Permitting Unitil to make the change requested herein will place all of the state's investor owned EDCs on substantially the same procurement timeline, and will align the default service periods for all companies. This will provide the Commission more of an "apples-to-apples" comparison among companies and will likely make it easier and more efficient to implement any adjustment or improvements that may be approved. Additionally, having all companies on the same service periods will make it easier for entities like municipal aggregations to time the implementation of their programs where municipalities are served by multiple EDCs. Accordingly, authorizing this adjustment now will not adversely interfere with the Commission's review, but should help make it more productive, and would have other benefits.

7. Unitil has discussed this proposal with the New Hampshire Department of Energy ("DOE") and reports that DOE is prepared to support the change proposed by this motion. For the avoidance of doubt, Unitil understands and agrees that the DOE's agreement with and support for the change proposed in this motion does not limit the DOE's ability to evaluate or propose any potential further changes to default service procurement timing or processes as may be addressed through the Commission's forthcoming investigation.

8. As explained above, the Company intends to issue a RFP soliciting bids for default service over six and eight month default periods on August 23, 2022. The Company will receive indicative bids on September 6, 2022, and final bids on September 20, 2022. Unitil therefore requests that the Commission issue an Order on this motion no later than September 9, 2022, which will allow sufficient time to incorporate the Commission's decision into final bids.

9. Accordingly, and for the reasons set out above, Unitil requests that the Commission issue an expedited ruling authorizing Unitil to procure default service for eight months in its upcoming service period, and further authorizing Unitil to shift its future service periods for default service to August 1 to January 31, and February 1 through July 31, in line with the state's other EDCs. Unitil submits that this change is reasonable and appropriate and in line with prior Commission precedent on the provision of default service in the state.

WHEREFORE, UES respectfully requests that the Commission:

1. Authorize Unitil to procure default service for eight months (December 1 – July 31) in its upcoming service period by order *nisi* or similar expedited process;
2. Authorize Unitil to revise its default service periods as described above; and
3. Grant such other relief as the Commission may deem necessary and proper.

Respectfully submitted,

UNITIL ENERGY SYSTEMS, INC.

By its Attorney:



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July 29, 2022

CERTIFICATE OF SERVICE

I certify that I have caused copies of the above to be served on the service list in this proceeding.

Dated this 29th day of July, 2022.

A handwritten signature in blue ink, appearing to read 'Matthew J. Fossum', with a long horizontal line extending to the right.

Matthew J. Fossum