

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

**Docket No. DE 22-078**

**Unitil Energy Systems, Inc. Reliability Program and Vegetation Management Program  
Plan – Fiscal Year 2023**

Technical Statement of Stephen R. Eckberg  
New Hampshire Department of Energy, Division of Regulatory Support

May 5, 2023

**Description of Proposal**

On November 22, 2022, Unitil Energy Systems, Inc. (Unitil or Company) filed its Reliability Enhancement Plan (REP) and Vegetation Management Plan (Plan) for Fiscal Year 2023 with the New Hampshire Public Utilities Commission (PUC or Commission). Unitil requested an extension of time from the November 15 filing deadline for this annual plan report due to the unavailability of key personnel. The PUC granted Unitil’s request in a Procedural Order issued November 16, 2022.

The Plan contains: a description of Unitil’s proposed 2023 Vegetation Management Plan (VMP); an O&M budget for various VMP component programs; and 2022 Reliability Studies for each of the Company’s Capital and Seacoast systems which include reliability projects recommended by the Company.

**Analysis**

The Department of Energy’s (DOE’s or Department’s) Regulatory Support Division (Regulatory) has reviewed the Company’s Plan, compared information in the Plan with other relevant filings, and engaged with Company representatives during a Technical Session to learn more about certain aspects of the Plan.

Regulatory compared details of the 2023 VMP Plan with the Company’s 2022 Plan which was filed November 16, 2021 and docketed as DE 21-139. Notable differences include Regulatory’s calculated cost per mile of proposed “Cycle Prune” work based on information presented in Table 1 in each Report. A comparison is presented below in Table A.

Table A. Summary of Unitil’s VMP Cycle Prune Plans			
VMP Plan Year	Cycle Prune Miles	Cycle Prune Cost Proposal	Planned Cost per Mile
021 Carryover to 2022	64.4	\$532,693	\$8,272
2022	202.3	\$1,799,973	\$8,746
2023	228.8	\$2,663,143	\$11,640

The Company's 2023 VMP Plan presents a significant increase in the cost per mile to perform the important primary VMP component of Cycle Prune. Regulatory calculates the cost per mile increase from 2022 to 2023 to be approximately 31% in terms of Cost per Mile. During the Technical Session, the Company explained that recent experience in actual costs of cycle pruning supports these significant budget increases. The Company identified contributing factors including contractor labor shortages, fuel costs, and supply chain issues. The Company identified, as additional supporting evidence, that its 2022 *actual* costs for this and other VMP components were higher than budgeted. The 2022 actual costs are reported in Unital's VMP Annual Report for Fiscal Year 2022, which was filed March 31, 2023 in this docket.

The Company's 2022 VMP Annual Report is currently being audited<sup>1</sup> by DOE's Enforcement Division, and Regulatory offers no specific comments on that document at this time. Regulatory will provide an additional recommendation to the PUC on the 2022 VMP Report when the Audit is complete and Regulatory has reviewed both the Report and the Audit in detail.

Regulatory understands that additional review of budgeted 2023 costs will occur in the future when the Company submits its 2023 VMP Report of actual costs.

### **Other Storm Resiliency Program (SRP)/REP/VMP Matters**

Regulatory takes this opportunity to report to the PUC that per Section 8.1.1. of the Settlement Agreement titled "Storm Resiliency Program and Vegetation Management Plan" in DE 21-030, approved by Order 26,623 issued on May 3, 2023 and clarified by Order 26,625 issued May 12, 2022, states that "...within six months of the Commission's approval of this Settlement Agreement Unital, the DOE, and the OCA shall confer to develop metrics to measure the annual benefits of the SRP and a form of report to convey the results of the metrics on an annual basis." The Department met with Unital on October 28, 2022 to begin discussions on the development of appropriate performance metrics related to SRP. The stakeholder process is ongoing and additional information will be provided at the appropriate time when available.

### **Recommendation**

The Department recommends that the PUC accept Unital's 2023 REP and VMP Plan as filed with final reported actual costs subject to audit and review by the Department of Energy.

The Department understands that the Company's currently approved tariff provides for any final over- or under- collection of Vegetation Management Program expenses to flow through the External Delivery Charge (EDC).<sup>2</sup>

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<sup>1</sup> Order No. 26,681 issued September 12, 2022 in DE 21-139 stated that "Unital's 2022 REP and VMP report is accepted, with final planned costs subject to reconciliation to actual costs by Unital, review and audit by the Department of Energy, and approval by the Commission..."

<sup>2</sup> See Unital Energy Systems, Inc approved Tariff No. 3 Nineteenth Revised Page 66 for Schedule EDC – External Delivery Charge which includes "In addition, the EDC shall include the calendar year over- or under-collection from the Company's Vegetation Management Program, Storm Resiliency Program and Reliability Enhancement Program, including third party reimbursements. The over- or under- collection shall be credited or charged to the EDC on May 1 of the following year, or, with approval of the Commission, the Company may credit unspent amounts to future Vegetation Management Program expenditures."