

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

**DE 23-XXX**

**UNITIL ENERGY SYSTEMS, INC.**

**PETITION FOR STEP ADJUSTMENT**

Consistent with the terms of the Settlement Agreement filed with the New Hampshire Public Utilities Commission (the “Commission”) in this docket on February 11, 2022, Unitil Energy Systems, Inc. (“Unitil” or the “Company”) hereby petitions the Commission to approve a step adjustment as called for in the Settlement Agreement and for such other relief as requested. In support of this Petition, the Company states as follows:

1. On February 11, 2022, Unitil Energy Systems, Inc. submitted a Settlement Agreement on Permanent Distribution Rates in Docket DE 21-030 for the Commission’s consideration. DE 21-030, Unitil Energy Systems, Inc., Settlement Agreement (Feb. 11, 2022) (Docket Tab # 86). The Settlement Agreement represented a comprehensive resolution of matters at issue in the Company’s permanent distribution rate case.

2. The Settlement Agreement recommended approval of two step adjustments to rates on June 1, 2022 and June 1, 2023. Settlement Agreement at 3. Per the recommendation of the settling parties, Unitil’s step adjustments would include recovery of the distribution revenue requirement associated with the annual Change in

Non-Growth Net Plant. Id. at 9. The settling parties agreed that Unitil would file its second step adjustment request on February 14, 2023, and that the request would be based on a 2022 non-growth investment level of no more than \$26,738,022. Id. at 4.

3. The Settlement Agreement further stipulated, *inter alia*, that the Company's step adjustment filings would include a list of all capital projects completed in each Investment Year, as well as a project description, initial budget, any revised budget, final cost, and the date each project was booked to plant in service. Settlement Agreement at 9. The step adjustment filings must include, for each project, all project documents, including but not limited to, Capital Budget Form, Construction Authorizations (including any applicable change orders), and Work orders. Id. The method of calculating the requested step adjustments, as well as the form of each filing, is set forth in Section 5 of the Settlement Agreement. Id. at 7-10.

4. Consistent with the terms of the Settlement Agreement, Unitil submitted its first step adjustment filing to the Commission on February 28, 2022.

5. On May 3, 2022, the Commission approved, in part, the Settlement Agreement in DE 21-030. In its Order, the Commission authorized Unitil to file for recovery of two step increases for effect on June 1, 2022 and June 1, 2023. DE 21-030, Order at 33 (May 3, 2022). The one departure from the Settlement Agreement was the Commission's direction that the Company calculate Change in Non-Growth Net Plant in a manner "discussed at hearing." Id. at 25. The Order also opened Docket DE 22-026 for the purposes of adjudicating the Company's first step adjustment filing. Id. at 26. On May 12, 2022, Unitil submitted updated schedules in DE 22-026 to reflect the Company's understanding of the Change in Non-Growth Net Plant calculation approved

in the DE 21-030 Order. DE 22-026, Update to Step Adjustment Filing (May 12, 2022) (Docket Tab # 11).

6. Unitil subsequently sought clarification of the Commission's Order as it pertained to the step adjustment calculation. DE 21-030, Motion for Clarification (May 25, 2022) (Docket Tab # 125). On July 28, 2022, the Commission approved the Company's first step adjustment filing, applying the Company's approach to calculating Change in Non-Growth Net Plant. DE 22-026, Order at 6 (July 28, 2022). On the same day, the Commission issued an Order in DE 21-030 denying the Company's motion for clarification as moot in light of its Order in DE 22-026. DE 21-030, Order at 2-3 (July 28, 2022).

7. In its July 28, 2022 Order in Docket DE 22-026, the Commission indicated its intent to open a general investigative docket "to develop a consistent methodology regarding step increase revenue requirements for all of New Hampshire's electric and gas utilities." DE 22-026, Order at 6-7. On August 26, 2022, the Commission Opened Docket IR 22-048, "Investigation of Step Adjustment Methodology and Process." Participants in that investigation submitted initial comments on October 4, 2022, and the Commission conducted a prehearing conference on October 13, 2022. There has been no subsequent procedural action in the investigation. As such, the Company has utilized the method for calculation Change in Non-Growth Net Plant approved by the Commission in DE 22-026, which the Company believes is consistent with the Settlement Agreement and the intent of the settling parties.

8. Step Adjustment filings shall include, at a minimum, a list of all capital projects completed in each Investment Year, which shall include a project description, the

initial budget, any revised budget, final cost, and the date each project was booked to plant in service. In addition, each step adjustment filing shall include, for each project, all project documents, including but not limited to, Capital Budget Form, Construction Authorizations (including any applicable change orders), and Work orders.

9. Included with this Petition are the Direct Testimony of Christopher J. Goulding and Kevin E. Sprague (marked as Exhibit CGKS-1) and supporting Schedules (Schedules CGKS-1 through CGKS-6). The testimony, and the supporting schedules, present the Company's revenue requirement for its 2023 Step Adjustment based on 2022 capital spending, provide the Revenue Apportionment to the Company's rate classes, class Rate Design, and the resulting Monthly Decoupling Revenue Per Customer Targets for effect June 1, 2023, and provide class Bill Impacts associated with the 2023 Step Adjustment.

10. As described in the above-identified testimony and schedules, this filing provides the relevant support for the Company's June 1, 2023 Step Adjustment consistent with the terms of the Settlement Agreement.

11. Pursuant to the terms of the Settlement Agreement, the June 1, 2023 Step Adjustment is to be based on a 2022 non-growth investment level of no more than \$26,738,0222. DE 21-030, Settlement Agreement at 4. As described in the testimony and supporting schedules, the level of investment used by the Company in this filing is \$11,463,169 lower than the cap established in the Settlement Agreement.

12. Clean and redline versions of the tariff pages reflecting the proposed distribution rate changes set forth in the Company's filing are included with this Petition.

13. The rate adjustments requested by the Company in this filing result in rates that are just and reasonable and in the public interest and should, therefore, be approved.

WHEREFORE, UES respectfully requests that the Commission:

- A. Grant the Company's 2023 Step Adjustment request for a revenue requirement increase in the amount of \$1,212,421 as described in the included testimony and supporting schedules;
- B. Enter an order authorizing the Company to implement the proposed Tariffs included with this filing; and
- C. Grant such further relief as may be just and appropriate.

Respectfully submitted,

UNITIL ENERGY SYSTEMS, INC.

By its Attorneys:



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Dated: February 14, 2023

**Certificate of Service**

I hereby certify that on this 14<sup>th</sup> day of February, 2023, a copy of the foregoing Petition was electronically delivered to the Department of Energy and the Office of the Consumer Advocate.



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Patrick H. Taylor