BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 23-057
Petition of Unitil Energy Systems, Inc.
Revenue Decoupling Adjustment, Stranded Cost Recovery, and
External Delivery Charge Reconciliation and Rate Filing

Technical Statement of Stephen R. Eckberg and Elizabeth R. Nixon
Department of Energy, Division of Regulatory Support

July 21, 2023

The Department of Energy (Department or DOE) has conducted a review of the submissions made by Unitil Energy Systems, Inc. (Unitil or Company) to the Public Utilities Commission (Commission) in this proceeding. These submissions include the Testimony and accompanying attachments provided by Linda S. McNamara, Lisa S. Glover, Christopher J. Goulding, Daniel T. Nawazelski, and Chad R. Dixon, as well as the proposed tariff pages. Collectively, these materials constitute the Company's formal request and support for an adjustment to its Revenue Decoupling Adjustment Factor (RDAF), Stranded Cost Charge (SCC), and External Delivery Charge (EDC).

As outlined below, the initial (pre-hearing) assessment of the DOE indicates that the Company's submission complies with the requirements set forth in the Settlement Agreement in DE 21-030, Unitil's last rate case, as approved in Order 26,623 (Settlement). This pertains to the Revenue Decoupling Adjustment Clause (RDAC), specifically focusing on the calculation of the RDAF and the associated elements. Similarly, the Company's presentations of SCC and EDC cost elements are appropriate and complete. The Company's testimony and schedules, along with technical session discussions and discovery, have provided support for the Company's rate adjustment request with certain limitations as discussed further below.

Based on its preliminary evaluation, the DOE recommends that the Commission make the necessary findings and approve the Company's request for its Revenue Decoupling Rate Adjustment Factor, Stranded Cost Charge, and External Delivery Charge.

DOE's Analysis and Recommendation

Revenue Decoupling Adjustment

In accordance with the directives outlined in Order 26,623, the following key points have been identified concerning the implementation of the Revenue Decoupling Mechanism:

1. The Revenue Decoupling Mechanism (RDM) should use a Revenue Per Customer (RPC) model to reconcile monthly actual and authorized RPC by rate class.
    a. The RDM should exclude electric vehicle time-of-use (EV TOU) classes, Outdoor Lighting, and LED outdoor Lighting Service classes from reconciliation.
    b. Actual customer counts need to account for the Riverwoods Master metering conversion. The Company shall add back the number of residential customers lost and remove the number of G2 customers added as the conversions occur.

   c. Upon implementation of the RDM, the Company is to cease accruing Lost Base Revenue due to energy efficiency and displaced revenue due to net metering.
2. Monthly variances between actual and authorized RPC for each rate class and the total variances by class over a twelve-month measurement period should be the basis for the Revenue Decoupling Adjustment (RDA) by group and the calculation of Revenue Decoupling Adjustment Factors (RDAF).
3. The RDAF should be calculated as a dollar per kWh charge or credit based on the RDA for each group divided by the projected kWh sales for each group over a prospective twelve-month RDM Adjustment period.
4. The RDA should be capped at three (3.0) percent of distribution revenues for each group over the relevant Measurement Period for over and under recoveries. Any amount exceeding the cap should be deferred with carrying costs accrued monthly at the Prime Rate. The Prime Rate used should be based on the quarterly reports in The Wall Street Journal.

The Department of Energy (DOE) has examined the materials furnished in the Company's filing concerning the Revenue Decoupling Adjustment Factor (RDAF). Additionally, a discovery process was conducted, and pertinent details were discussed with the Company during a Technical Session. Below, we present an overview of our review for each of these elements.

1. The Revenue Decoupling Mechanism (RDM) – The Settlement Agreement describes the use of a Revenue Per Customer (RPC) model to reconcile monthly actual and authorized RPC by rate class. The approved RPC found in DE 21-030 and DE 22-026 were used appropriately. The Company's filing confirms that the proposed RDM utilizes this methodology, and certain classes, such as electric vehicle time-of-use and outdoor lighting service, are excluded from the RDM reconciliation.
   a. The Company's original filing contained tariff pages that incorrectly incorporated the RDAF across all rate classes, but a revised filing was made to fix this error. The revised proposed tariff pages correctly apply the RDAF to the applicable classes. DOE confirmed with Unitil that no further adjustments were necessary to any calculations.
   b. According to the actual meter replacement timing, the Company has added back the 201 residential customers and removed the two G-2 customers related to the Riverwoods Master metering conversion. According to Unitil, 34 of the 201 residential customers were moved to an existing G-1 meter prior to June 1, 2022, and 39 of the 201 residential customers were moved to an existing G-2 meter in March 23. The remaining 128 customers were moved to two new G-2 meters.
   c. The testimony and schedules submitted reflect the discontinuation of the companies Lost Base Revenue and Displaced Distribution Revenue on and after June 1, 2022.

2. Monthly Revenue Variance (MRV) – The settlement agreement specifies that the MRV shall be calculated by comparing the actual revenues per customer to the authorized revenues per customer for each rate class subject to the RDAC. The calculation shall be performed monthly covering the measurement period. The Company's filing properly reflects the MRV as laid out in the terms of the settlement, with accurate calculations of actual and authorized RPC variances for each rate class over the designated Measurement period.

3. RDAF Calculation and Customer Groups – The Settlement Agreement specifies that the RDAF should be calculated as a dollar per kWh charge or credit based on the RDA for each customer group divided by the projected kWh sales for each group over the RDM Adjustment Period. The Company's filing aligns with this requirement by providing the proposed RDAF values for three customer groups: residential domestic, regular general service, and large general service.

4. RDA Cap and Carried Balances – The settlement agreement established an RDA Cap of three percent of distribution revenues for each customer group during the measurement period, with any excess being deferred and subject to carrying costs. The company's filing demonstrates that they have implemented the cap with a deferral of $47,642 related to the Domestic – D and TOU-D class.

Based upon DOE's review, DOE recommends that the Commission approve the RDAF rates as filed and presented in the revised tariff filing.

Stranded Cost Charge

A detailed discussion of the Company's Stranded Cost Charge (SCC) is provided in the testimony of Unitil witness Lisa S. Glover. Beginning on Bates page 55 of her testimony, Ms. Glover describes the origins, cost elements, and historical regulatory approvals governing the SCC charges. Ms. Glover also provides schedules which summarize the reconciliation of past and current period SCC costs and present estimates of forward twelve-month period costs for the two cost components of the SCC – the Contract Release Payments and the Administrative Service Charges. See Schedule LSG-3 pages 1 – 3. The SCC costs for the current twelve-month period ending July 2023 are projected to total ($88,955) and for the forward twelve-month period ending July 2024 are estimated to total ($57,818).

The SCC rate to be charged to ratepayers is developed and presented in the testimony of Company witness Linda S. McNamara. See Testimony of McNamara (6-14-23) at Bates 5. Ms. McNamara presents a summary of SCC rates from recent periods along with the proposed SCC rate in an unnumbered table at the top of Bates 6 of her testimony. The proposed SCC rate for effect August 1, 2023 is ($0.00010) per kWh and is a reduction from the current SCC rate of $0.00002 per kWh. See Testimony of McNamara (6-14-23) at Bates 6.

DOE has reviewed the Company's Schedule LSM-1 presenting the reconciliation of SCC costs and revenues for prior and current periods and the calculation of the proposed SCC rate for effect August 1, 2023. The Department recommends that the Commission approve the proposed SCC rate.

External Delivery Charge

The Company's External Delivery Charge (EDC) contains costs of Regional Transmission services the Company pays to transport power across regional transmission facilities owned by others under rates approved by the Federal Energy Regulatory Commission (FERC). There are also a number of other approved cost elements relating to transmission service which are included in EDC which are enumerated in the testimony of Company witness Lisa S. Glover. See Testimony of Glover at Bates page 60. In addition to this enumerated list of items in the EDC, Ms. Glover's Schedule LSG-2 Page 1 of 4 (Bates 71) provides an informative, detailed description of each of the items. A copy of that schedule is attached to this Technical Statement for convenience.

The list referred to above is not a complete list of all cost items included in the EDC. Because the EDC is a non-bypassable charge which is paid by all ratepayers, the Commission has approved recovery of certain other cost items through the EDC. These items are described in the testimony of Company witness Linda S. McNamara on Bates page 8 lines 4 – 21. Some items Ms. McNamara identifies, such as the rebate of RGGI auction proceeds, are also listed in Ms. Glover's Schedule LSG-2. Ms. McNamara's list includes EDC cost items which are not described in the LSG-2 schedule, which are included in the EDC as a result of the Commission approved Settlement in DE 21-030, such as wheeling revenue.

At Schedule LSM-2 page 1 of 12 (Bates 19), Ms. McNamara presents the calculation of the proposed EDC rate of $0.04486 per kWh which is comprised of $0.03090 per kWh for Transmission Only related costs and $0.01396 per kWh for Non-Transmission cost elements. The Company presents the EDC total rate divided into these two portions as the Transmission Only rate portion is relevant for compensation of net metering customers under approved tariff rates. Additional details of costs for many of EDC individual cost elements can be found in the Attachments of Ms. Glover at Schedule LSG-2 Pages 2 of 4 through 4 of 4 for past, current, and future periods, respectively.

Additional important and relevant information is occasionally presented by the Company in footnotes. For example, on Schedule LSM-2 Page 4 of 12 (Bates 24) footnote (1) states "Beginning balance includes VMP/REP reconciliation of $608,368, effective May 1, 2023, as filed in DE 22-078, plus property tax reconciliation of $435,181, effective January 1, 2023, as shown on Schedule DTN-1, Page 1. In response to Technical Session Data Requests, the Company provided additional information on both these amounts. See Responses to DOE TS 1-1 and 1-2 (with Attachment) attached to this Technical Statement. We provide additional comment on each of these two reconciliation amounts, separately, below.

Vegetation Management Program/Reliability Enhancement Program (VMP/REP)

The Company includes the reconciliation amount of $608,368 in this EDC filing and has confirmed that this represents an under-collection. See response to DOE TS 1-2 Attachment as attached to this Analysis and Recommendation. The Company originally provided its actual 2022 VMP/REP results and expenses in a report filed with the Commission in DE 22-078 on March 31. 2023. This docket was opened in November 2022 to receive Unitil's 2023 REP and VMP Plan and eventually, the Company's report of actual program results of its 2022 Plan activities. On March 24, 2023, the Commission requested that the DOE submit its analysis of Unitil's 2023 Plan and a recommendation by May 5, 2023. On March 31, 2023, Unitil filed its 2022 REP/VMP report of results from that program year. On May 5, 2023, as requested, DOE filed a Technical Statement providing its analysis and recommendations regarding the Company's 2023 REP/VMP Plan. That Technical Statement included the following statement:

> *"The Company's 2022 VMP Annual Report is currently being audited 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."*

On June 23, 2023, the Department's Enforcement Division provided the Final Audit of Unitil's 2022

REP/VMP Plan results to the Regulatory Support Division. That Audit is currently under review, and the Department is preparing its "additional recommendation" as provided for in its May 5, 2023 Technical Statement. That additional recommendation may contain recommendations which impact the final 2022 under-collection amount of $608,368, which the Company includes here in its EDC filing. As the EDC is a reconciling mechanism, the Department does not object to the Commission approving the inclusion of this amount related to the Company's 2022 REP/VMP programs in the proposed EDC rate effective August 1, 2023 with the understanding that a future reconciliation adjustment may be needed depending on the final outcome of the Department's "additional recommendation" relating to the 2022 VMP/REP Final Report.

RGGI Rebate

The Company includes in the EDC rate the rebate or return to its ratepayers the allocated amount of Regional Greenhouse Gas Initiative (RGGI) Auction payments from quarterly RGGI Auctions conducted during 2022[1]. These auction amounts are paid to the State of New Hampshire by RGGI, Inc. DOE allocates the funds to New Hampshire utilities and Municipal Electric Companies based on annual energy sales of those entities. The funds are paid out to these entities for return to ratepayers. The Department has confirmed that amounts shown on Schedule LSG-2 Page 2 of 4, Column (p) totaling ($4,229,128) correspond to the allocated amounts from corresponding RGGI Auctions.

Property Tax Reconciliation

A detailed discussion of the Company's Property Tax Reconciliation is provided in the testimony of Unitil witness Daniel T. Nawazelski. Beginning on Bates page 124 of his testimony, he describes the company's request for approval of the recovery of the increase in property taxes associated with HB 700 (2019). Consistent with HB 700, only local property taxes are reconciled through the EDC. In Order No. 26,500 in DE 21-069 the Commission approved the company's proposed method for reconciliation of local property taxes consistent with the authority in RSA 72:8-e. The property tax expenses for the Company in 2022 were $8,289,485 of which $1,635,665 was for state property taxes and $6,653,820 was for local property taxes. An attachment to Nawazelski's testimony, Schedule DTN-1 contains calculations for the 2022 annual property taxes. As described in his testimony, Schedule DTN-1 page 1, line 8 calculates the 2022 annual property tax recovery level by reflecting seven months of recovery at the DE 21-030 recovery level and five months at the DE 21-030 and DE 22-026 recovery level. The 2022 property tax expense was $435,181 higher than the amount currently contained in base rates, as shown in Schedule DTN-1, page 1, line 11, and Order No. 26,500 in Docket DE 21-069 allows for this recovery through the Company's EDC.

DOE has reviewed this request and associated documents in the testimony of Nawazelski and recommends the request to the Commission of the approval of the recovery of $435,181 of local property taxes in 2022 through the Company's EDC.

Displaced Distribution Revenue

As authorized by Order 25,991 in DE 15-147, the Company has presented its calculation of Displaced Distribution Revenue due to Net Metering in the testimony of witness Christopher J. Goulding. With the first commencement of the first Revenue Decoupling year which began on June

[1] Additional information about RGGI Auctions is available at https://www.rggi.org/auctions/auction-results

1, 2022, in this current EDC, Displaced Distribution Revenue [2](DDR) the Company's DDR calculation covers only the time period of January 1, 2022 through May 30, 2022. After June 1, 2022, decoupling "takes effect" and displaced revenues caused by net metering and other effects will be captured in the Revenue Decoupling Adjustment Factor discussed in more detail elsewhere in this Technical Statement.

DOE has reviewed the methodology and details of the calculations provided in the testimony of Goulding which presents the calculation of the amount of $51,157 of DDR for 2022 be included in its EDC for recovery. The Department supports this request.

Conclusion

DOE has reviewed and investigated the material filed by the Company for the numerous cost elements included in this filing. In addition to the cost elements described in detail above, DOE has reviewed and investigated numerous other components of the Company's filing including the Company's consulting costs related its Kingston Solar PV project authorized for inclusion here, confirmation of the amount of period of amortization related to return of Excess ADIT to ratepayers, and review of cash working capital calculations.

DOE's preliminary recommendation is to support the Company's filing, with caveats as described above, and the RDAF, SCC, and EDC rates proposed. The DOE anticipates that it will present its final position at hearing pending any additional information which may come to light through the DOE and Commission's cross examination of Company witnesses.

[2] Displaced Distribution Revenue (DDR) is the terminology used by Unitil. The DDR corresponds to Lost Base Distribution Revenue from Net Metering as recently reviewed and discussed in DE 23-021 Eversource Regulatory Reconciliation Adjustment. See, for example, Testimony of Scott R. Anderson in DE 23-021 and Department of Energy Technical Statement of Stephen R. Eckberg in that docket for additional detail.

External Delivery Charge	Description
(a) Third Party Transmission Providers (Eversource Network Integration Transmission Service)	Transmission charges billed by others who are authorized to bill the Company for their services. Reflects Network Integration Transmission Service taken under Schedule 21-ES of the ISO-NE Open Access Transmission Tariff.
(b) Regional Transmission and Operating Entities	Charges associated with regional power systems, transmission and expenses. Currently reflects NEPOOL and ISO-NE charges.
(c) Third Party Transmission Providers (Eversource Wholesale Distribution)	Transmission charges billed by others who are authorized to bill the Company for their services. Costs associated with wheeling of power across Eversource's facilities, classified as distribution for accounting purposes, to Unitil Energy's distribution system.
(d) Working Capital Associated with Other Flow-Through Operating Expenses – Transmission Costs only	Costs of Working Capital Associated with Other Flow-Through Operating Expenses are to be recovered through the EDC commencing May 1, 2011. Costs reflect transmission-only costs.
(f) Transmission-based Assessments and Fees	Transmission-based assessments and fees billed by or through regulatory agencies such as the FERC.
(g) Load Estimation and Reporting System and EDI Communication Costs	Third party implementation and monthly service costs associated with load estimating and reporting systems necessary for allocating and reporting supplier loads to NEPOOL and communicating with retail suppliers. Currently reflects Logica Inc., EC Infosystems, and Energy Services Group charges. Logica Inc. is the vendor used to provide load allocation services; EC Infosystems was the vendor used for EDI services until March 2018 when Energy Services Group became the EDI vendor.
(h) Unmetered Purchased Power	Unmetered Purchased Power is associated with Real-Time Energy which is the balancing settlement for the quantity deviations from each participant's Day-Ahead Energy Market obligations. Market Participants receive either a credit or charge based upon whether the real-time generation obligation is in excess of or is less than their day-ahead cleared schedule. Prior to August 2017, these costs were included in column (b) Regional Transmission and Operating Entities, as they are part of the ISO-NE charges.
(i) Data and Information Services	Third party costs related to data information services provided to the Company for receiving ISO-NE data. Currently reflects cost of a data system provided by Connecticut Municipal Electric Energy Cooperative (CMEEC).
(j) Legal Charges	Legal fees related to the Company's transmission and energy obligations and responsibilities, including legal and regulatory activities associated with the ISO-NE, NEPOOL, RTO and FERC.
(k) Consulting Outside Service Charges, and DOE & OCA Consultant Expense	Consulting outside service charges related to the Company's transmission and energy obligations and responsibilities, including legal and regulatory activities associated with the ISO-NE, NEPOOL, RTO and FERC, and Commission approved special assessments charged to the Company due to the expenses of experts employed by the Department of Energy and by the Office of Consumer Advocate pursuant to the provisions of RSA 363:28,III.
(l) Administrative Service Charges	Costs of Administrative Service Charges billed to the Company by Unitil Power Corp. under the FERC-approved Amended Unitil System Agreement.
(m) Non-Distribution/EDC Portion of the Annual PUC Assessment	Costs of the Non-Distribution/EDC Portion of the Annual PUC Assessment are to be recovered through the EDC.
(n) Net Metering Credits	Net metering credits associated with alternative net metering, and amounts credited to customer generator net metering customers with an excess of 600 kWh banked at the end of the March billing cycle who opt to be credited or paid in accordance with the Puc 900 rules, as well as any monthly amounts credited to large customer generators or group net metering customers including any required annual credit reconciliation in accordance with Puc 900.
(o) Net Metering Costs	Costs associated with the alternative net metering tariff approved in Docket DE 16-576, including: meters installed and related data management; independent monitoring services, bi-directional and production meters installed and related data management systems and processes; pilot programs; studies; and data collection, maintenance and dissemination.
(p) Regional Greenhouse Gas Initiative (RGGI) rebates	Rebate of excess RGGI auction proceeds applicable to all retail electric customers.
(q) Excess ADIT 2018-2020	Per the Settlement in DE 21-030, Excess Accumulated Deferred Income Tax from 2018-2020 in the amount of $2,644,590 shall be returned to customers through the EDC over a three year period, August 1, 2022 through July 31, 2025.
(r) Working Capital Associated with Other Flow-Through Operating Expenses-excluding transmission costs	Costs of Working Capital Associated with Other Flow-Through Operating Expenses are to be recovered through the EDC commencing May 1, 2011. Costs reflect Other Flow-Through Operating Expenses, excluding transmission costs included in the Working Capital Associated with Other Flow-Through Operating Expenses – Transmission Costs only.
(s) Displaced Distribution Revenue	The EDC shall include a charge for the recovery of displaced distribution revenue associated with net metering for 2013 and subsequent years.

Unitil Energy Systems, Inc.
DE 23-057
Revenue Decoupling Adjustment, Stranded Cost Recovery, and External Delivery Charge Reconciliation and Rate Filing
Department of Energy Data Requests Set 1

Date Request Received: 7/13/23 | Date of Response: 7/17/23
Request No. DOE 1-1 | Contact: Linda S. McNamara

Request:

Reference Schedule LSM-2 page 4 of 12 at footnote (1) which states “Beginning balance includes VMP/REP reconciliation of $608,368, effective May 1, 2023, as filed in DE 22-078, plus property tax reconciliation of $435,181, effective January 1, 2023, as shown on Schedule DTN-1, Page 1.” Please clarify if these two (2) amounts represent overcollection/underspent amounts or if they represent under-collection/overspent amounts. For purposes of this data request, an overcollection/underspent amount represents funds collected from ratepayers which were not spent as budgeted on an approved program which the Company would, theoretically, either return to ratepayers or seek to carry-forward to the next program year.

Response:

The two referenced amounts, $608,368 related to the VMP/SRP/REP reconciliation and $435,181 related to the property tax reconciliation, are both under-collections. These amounts have been included in the EDC for recovery from customers.

Unitil Energy Systems, Inc.
DE 23-057
Revenue Decoupling Adjustment, Stranded Cost Recovery, and External Delivery Charge Reconciliation and Rate Filing
Department of Energy Data Requests Set 1

Date Request Received: 7/13/23 Date of Response: 7/17/23
Request No. DOE 1-2 Contact: Linda S. McNamara

Request:
Reference the VMP/REP reconciliation amount of $608,368 described in 1-1 above. Please provide a more specific reference to the source of this amount in DE 22-078. Does any approved Settlement Agreement or Commission Order authorizing recovery of VMP/REP under-collected amounts limit such under-collection to a certain percent of program budget or otherwise constrain such request for recovery?

Response:
On March 31, 2023, in DE 22-078, Unitil Energy Systems, Inc. filed its updated Reliability Enhancement Program and Vegetation Management Program Annual Report. The cover letter accompanying that filing, provided as DOE 1-2 Attachment 1, states the under-collection amount of $608,368.[1]

On April 20, 2017, the Commission approved the Settlement Agreement in DE 16-384, which, among other things, states that in an annual compliance filing, the Company will continue to reconcile actual calendar year vegetation management and reliability enhancement O&M expenses with test year costs. Any over- or under-collection shall be reflected in the Company's Schedule EDC (External Delivery Charge) 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.

On May 3, 2022, the Commission approved the Settlement Agreement in DE 21-030, which, among other things, increased the funding in base rates for the VMP, REP, and SRP to $5,275,666. Also approved in DE 21-030 was the Company's current EDC tariff language:

> 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

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[1] In responding to this request, the Company discovered an error in the cover letter, which should read: "For calendar year 2022, the Company spent $7,227,659~~6,966,251~~ in VMP expense (inclusive of SRP) and $202,136~~463,544~~ of REP expenses related to VMP for a total of $7,429,795." This correction does not impact the under-collection calculation of $608,368. The Company will submitted a corrected filing in DE 22-078.

Date Request Received: 7/13/23 Date of Response: 7/17/23
Request No. DOE 1-2 Contact: Linda S. McNamara

Commission, the Company may credit unspent amounts to future Vegetation Management Program expenditures.

In both Settlement Agreements, recovery of VMP/REP under-collected amounts are not constrained by any percentages or caps.

March 31, 2023

BY E-MAIL

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: DE 22-078 Unitil Energy Systems, Inc. Updated Annual REP VMP Reconciliation (2022)

Dear Director Howland:

Enclosed for filing on behalf of Unitil Energy Systems, Inc. ("UES" or "Company") is the Company's updated Reliability Enhancement Program ("REP") and Vegetation Management Program ("VMP") Annual Report ("Report") pursuant to the provisions of the Settlement Agreement in DE 10-055, Order No. 25,656 in DE 14-063, Order No. 26,007 which approved the Settlement Agreement in Docket No. DE 16-384[1] and Order No. 26,623 which approved the Settlement Agreement in Docket No. DE 21-030.[2] Please note that the Company previously filed in this docket its *planned* VMP activities for fiscal year 2023 on November 22, 2022, pursuant to Order 26,388 in DE 20-098. Accordingly, the instant filing contains the reconciliation of expenditures during fiscal year 2022.

On May 3, 2022, the Commission approved a Settlement Agreement in DE 21-030 in which the funding amount included in base distribution rates beginning June 1, 2021 was increased from $4,858,739 to $5,275,666 (Section 8.1). Additionally, the Commission approved the carryover of $531,278 of unspent 2021 funds to 2022.[3] For

[1] On April 20, 2017, the Commission approved the Settlement Agreement in DE 16-384, which among other things, states that in an annual compliance filing, the Company will continue to reconcile actual calendar year vegetation management and reliability enhancement O&M expenses with test year costs. Any over- or under-collection shall be reflected in the Company's Schedule EDC (External Delivery Charge) 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.
[2] On May 3, 2022, the Commission approved the Settlement Agreement in DE 21-030, which among other things increased the funding in base rates for the VMP, REP, and SRP to $5,275,666.
[3] In Order No. 26,655 (July 28, 2022) in Docket 22-038 the Unitil Stranded Cost and External Delivery Charge Reconciliation Docket, the Commission, approved the rollover of the $531,278 in VMP-REP overcollection monies to fund the 2021 carryover work, as an efficient way of covering ongoing program needs.

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calendar year 2022, the Company spent $6,966,251 in VMP expense (inclusive of SRP) and $463,544 of REP expenses related to VMP for a total of $7,429,795. In calendar year 2022, the Company collected $1,014,483 from Consolidated Communications, providing for a net total expenditure of $6,415,312. The net expenditure of $6,415,312 is subtracted from the $5,806,944 ($5,275,666 + $531,278) for a total under-collection of $608,368.

Please do not hesitate to contact me if you have any questions concerning this filing.

Sincerely,

Patrick Taylor
Attorney for Unitil Energy Systems, Inc.

cc: Service List