

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-057

UNITIL ENERGY SYSTEMS, INC.

**Revenue Decoupling Adjustment, Stranded Cost Recovery, and
External Delivery Charge Reconciliation and Rate Filing**

Order Suspending Tariffs and Scheduling a Hearing

O R D E R N O. 26,858

July 3, 2023

This order suspends Unitil Energy Systems, Inc.'s (UES or the Company) proposed tariffs filed in the above-captioned docket, which would take effect with services rendered on and after August 1, 2023. It schedules a hearing on July 27, 2023, at 9:00 a.m.

I. BACKGROUND AND PROCEDURAL HISTORY

UES submitted a revenue decoupling adjustment factor (RDAF) filing, consisting of the direct testimony and schedules of Unitil Service Corp. (USC) employee Linda S. McNamara (Senior Regulatory Analyst) on June 1, 2023. On June 16, 2023, the Company filed a petition requesting the Commission's approval of its annual stranded cost recovery and external delivery charge (EDC) reconciliation and the proposed tariffs incorporating the results of these reconciliations, as well as proposed tariff changes related to the RDAF. In support of its petition, UES filed the following: direct testimony and attachments of USC employees Linda S. McNamara, Lisa S. Glover (Senior Energy Analyst), Christopher J. Goulding (Vice President of Finance and Regulatory), Daniel T. Nawazelski (Manager of Revenue Requirements), and Chad R.

Dixon (Manager of General Accounting), and proposed tariffs. In addition, UES filed a motion for confidential treatment.

Both filings, which concern proposed tariff changes for effect on August 1, 2023, were placed in the above-captioned docket pursuant to a procedural order issued on June 21, 2023. On June 28, 2023, UES submitted a supplemental RDAF filing. These filings and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are available on the Commission's website at www.puc.nh.gov/regulatory/Docketbk/2023/23-057.html.

The Commission authorized UES to begin implementation of a revenue decoupling mechanism (RDM) as of June 1, 2022, consistent with a settlement agreement that it approved in Order No. 26,623 (May 3, 2022). *See id.* at 24-25, 32. Ms. McNamara testified that the RDM allows a utility to adjust rates to recover its most recently approved base revenue requirement through an RDAF that is calculated based on the variances between actual and allowed revenues for certain rate classes over a 12-month period. Direct Testimony of Linda S. McNamara, June 1, 2023 (McNamara June 1 Testimony), at 2-5. UES has proposed an RDAF of \$0.00186, *see* Proposed Tariff page 4, which would result in an increase in the average monthly bill for a residential customer on default service using about 650 per kilowatt hour (kWh) per month of approximately 0.5 percent, or \$1.21, McNamara June 1 Testimony, at 9; Schedule LSM-2, page 1.

According to Ms. McNamara's June 16, 2023 direct testimony (McNamara June 16 Testimony), the stranded cost charge (SCC) is a rate mechanism the Company uses to recover the stranded costs of its wholesale supplier and affiliate, Unitil Power Corporation,¹ from retail customers. *Id.* at Bates page 4; *see also* Order No. 24,072 at 41 (October 25,

¹ *See* Order No. 26,646 at 2, n.2 (June 29, 2022).

2002). UES has proposed an SCC of (\$0.00010) per kWh applicable to all rate classes, effective August 1, 2023. *Id.* at Bates page 5. This rate represents a decrease of \$0.00012 per kWh compared to the prior rate of \$0.00002 per kWh. *Id.* at Bates pages 5-6.

Ms. McNamara explained that the EDC is used to recover the costs UES incurs for energy and transmission related services, including the costs associated with providing transmission services outside UES's system. *Id.* at Bates page 7. The EDC is also used to recover, and/or is calculated based on, the following non-transmission related costs and factors: working capital associated with other flow-through operating expenses and the non-distribution portion of the annual New Hampshire Department of Energy (DOE) assessment; approved special assessments associated with the expenses of experts employed by the DOE and the Office of the Consumer Advocate; approved prudently incurred costs associated with the alternative net metering tariff approved in Docket No. DE 16-576; the over- or under-collection from the Company's Vegetation Management Program, Storm Resiliency Program, and Reliability Enhancement Program; the reconciliation of the prior year's local property tax recovery included in distribution rates and the actual property tax expense for the calendar year; the rebate of excess Regional Greenhouse Gas Initiative auction proceeds; the recovery of displaced distribution revenue associated with net metering for 2022; net metering and group host costs, with corresponding offsets for any wholesale market revenue attributable to net metered facilities; wheeling revenue received by the Company, as approved in Docket No. DE 21-030; and the return of Excess Accumulated Deferred Income Tax from 2018-2020 totaling \$2,644.590. *Id.* at Bates pages 7-8.

UES calculated the transmission-only factor as \$0.03090 per kWh and the non-transmission factor as \$0.01396 per kWh. *Id.* at Bates page 9. The Company's proposed revised tariff would provide for a total EDC rate of \$0.04486 per kWh, an increase of

\$0.01953 per kWh compared to the current EDC rate of \$0.02533 per kWh. *Id.* at Bates pages 9-10. If the Commission approves UES's proposed adjustments to its SCC and EDC, the average monthly bill for a residential customer on default service using about 640 kWh per month would increase approximately 5.3 percent, or by \$12.42. *Id.* at Bates page 15; Schedule LSM-4, Page 4.

II. ISSUES PRESENTED

The filings present, *inter alia*, the following issues: whether UES's calculation of changes to the SCC and EDC conforms to Order Nos. 24,042 and 26,500 (July 29, 2021); whether the actual and forecasted costs and revenues are appropriately included in the computation of the proposed adjustments to the SCC, EDC, and RDAF, and these rates were accurately calculated; whether the proposed adjusted rates are just and reasonable, as required by RSA 374:2, and RSA 378:5 and :7; and whether UES's filings are generally consistent with the principles of restructuring pursuant to RSA chapter 374-F, as amended. These issues will be addressed at the July 27, 2023 hearing.

The Commission will be conducting any hearings scheduled in this matter in person. The Commission will consider requests to conduct hearings using a hybrid format to permit remote participation by a specific individual only if the Commission has determined that a sufficient reason has been provided for why that individual would be unable to attend in person. Any party requesting that a specific individual be permitted to participate remotely should file a written request with the Commission's Clerk's Office no later than fifteen (15) days prior to the hearing date. If the Commission determines that one or more individuals will be permitted to appear remotely, then individuals in the Commission's hearing room, including the Commissioners, will be broadcast on a web-enabled platform.

Based upon the foregoing, it is hereby

ORDERED, that UES's proposed tariffs are suspended for a period of not to exceed three (3) months pursuant to RSA 378:6, I(b), pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that the Commission will hold a hearing in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on July 27, 2023, at 9:00 a.m. Three hours shall be allotted for this hearing; and it is

FURTHER ORDERED, that the DOE shall file its position regarding UES's petition, including the reasons for this position, on or before July 21, 2023; and it is

FURTHER ORDERED, that any entity or individual may petition to intervene and seek to be admitted as a party in this proceeding. Each party has the right to have an attorney represent the party at the party's own expense; and it is,

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any entity or individual seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to UES and any other parties on the service list, on or before July 14, 2023. The petition shall state the facts demonstrating how the petitioner's rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before July 24, 2023; and it is

FURTHER ORDERED, that parties shall file any proposed exhibits, written testimony, motions, or other documents intended to become part of the record in this proceeding with the Commission. Pursuant to the secretarial letter issued on March 17, 2020, which is posted on the Commission's website at

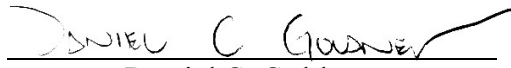
<https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, all Commission rules requiring the filing of paper copies are suspended until further notice. Parties may elect to submit any filing in electronic form unless otherwise ordered by the Commission. Filings will be considered filed as of the time the electronic copy is received by the Commission; and it is

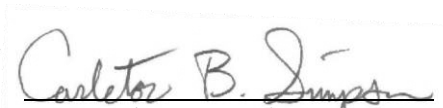
FURTHER ORDERED, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or ClerksOffice@puc.nh.gov. All requests to the Commission should be made in a written pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications are prohibited; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, UES shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before July 10, 2023. In addition, the Clerk shall publish this order on the Commission's website no later than two business days after the date of issue; and it is

FURTHER ORDERED, that any hearings in this matter shall be conducted in accordance with the attached hearing guidelines.

By order of the Public Utilities Commission of New Hampshire this third day of July, 2023.


Daniel C. Goldner
Chairman


Carleton B. Simpson
Commissioner

Revised 7/6/23

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603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

Service List - Docket Related

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Printed: 7/3/2023

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