

Unitil Energy Systems, Inc.
DE 24-077 & DE 24-080
Petition for Approval of Revenue Decoupling Adjustment Factor and Proposed
Tariff Changes
And
Petition for Approval of Annual Stranded Cost Recovery and External Delivery
Charge Reconciliation and Proposed Tariff Changes
Department of Energy Data Requests Set 1

Received: 6/28/24
Request No. DOE 1-2

Date of Response: 7/10/24
Witness: Linda S. McNamara

Request:

(DE 24-080) Reference Schedule LSM-2 bates page 26 at footnote (1), Please explain why the company is including the Lost Base Revenue balance in the EDC. Please include any relevant settlement agreements, commission orders, or statutes that provide guidance or provide other justification.

Response:

The Company proposes to include the Lost Base Revenue final balance in the EDC as recovery of Lost Base Revenue through the System Benefits Charge ended with the Company's transition to revenue decoupling.

The Company discussed this proposal as part of its June 1, 2023 Energy Efficiency 2022 Annual Reports, filed in IR 22-042. Specifically, UES included the following statement "The reconciliation of LBR with revenue collected through the lost revenue component of the System Benefits Charge is also provided as part of this report. Effective June 1, 2022, the Company transitioned to a revenue decoupling mechanism approved in DE 21-030. This report includes lost revenue recovery through May 31, 2022 and a proposal for recovery of any remaining balances." Additionally, the Company states in the June 1, 2023 Report that "Page 2 provides a reconciliation of the 2022 LBR from page 1 with revenues collected through the lost revenue component of the System Benefits Charge. Effective January 1, 2023, the rate for all customers is \$0.00000/kWh. The Company proposes to include the ending balances, plus interest, in the External Delivery Charge (EDC)."

UES's affiliate, Northern Utilities ("NU"), included similar language in its June 1, 2023 annual EE report, with a proposal to include the LBR ending balance in its Regulatory Assessment Adjustment Mechanism (RAAM) included in the Local Delivery Adjustment Clause (LDAC). NU included the balance in its 2023/2024 Annual Cost of Gas and Associated Charges Filing, filed on September 15, 2023 in DG 23-085. The PUC approved the RAAM in Order No. 26,897 on October 31, 2023.

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Received: 6/28/24
Request No. DOE 1-12

Date of Response: 7/10/24
Witness: Sara Sankowich

Request:

(DE 24-080) Reference Commission order 26,992 in Docket No. DE 23-092 which states “The Commission directs Unitil to work with the DOE in the upcoming EDC docket to determine, what if any, steps can be taken to ensure the containment of costs surrounding the REP and VMP plans while also ensuring Unitil continue to uphold industry practices for REP and VMP.” Please explain how the company plans to control the rising costs surrounding REP and VMP.

Response:

As shown in DE 24-080 Annual Report Table 1, the Company was able to control costs in 2023, spending \$316,232 less than the expected costs while still upholding industry practices. While vendor costs are largely out of the control of the Company, the Company plans to continue to take steps aimed at controlling costs due to utility influenced factors that may affect bid prices, such as vendor availability, work timing flexibility, and contracting strategy.

The Company is focused on maintaining line-clearance vendor relationships. This includes increasing our qualified vendor list, preserving relationships with vendors on the system, continuing to uphold transparency with upcoming work and RFP release, and actively seeking vendor feedback. The Company works to retain excellent vendor oversight by qualified professionals which promotes consistency between work areas and job sites, which also helps maintain relationships and reduce vendor apprehension and price inflation due to unknown risk. Increased communication in the RFP and bidding process also helps reduce the costs of vendor risk. The company has increased communication surrounding work requirements, expectations, and RFPs aiming to increase the accuracy of bidding and limiting the risk to vendor default on work. The Company has also increased communication after award and while work is ongoing. A vendor evaluation process was implemented and work progress is tracked; both communicated throughout the year to vendor supervision and management.

Over the last nine months the company has been actively transitioning to a new vegetation management work software aimed at increased work efficiency, effectiveness and communication with vendors. The Company hopes that this tool increases transparency and assists in controlling rising costs. The Company is continually

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connecting with peers and contacts within the industry in order to contribute to worker recruitment or retention efforts and to stay up to date on: best management practices, industry hurdles, and new technology or techniques. The Company keeps abreast of new technology and techniques and in 2023 awarded a bid using a new aerial saw pruning technology to increase safety and efficiency.

Unitil Energy Systems, Inc.
 Property Tax Recovery
 State Education Tax Paid by Town Included in Recovery

DE 24-077 & 24-080
 DOE TS 1-1 Attachment 1
 Page 1 of 1

Line No.	City/Town	Location	Sch. DTN-2 Page Reference	State Education Tax Rate	Valuation	Payment In Filing
1	Concord ⁽¹⁾	259-261 Portsmouth St	20	\$ 1.2100	\$ 4,150	\$ 1.26
2	Concord ⁽¹⁾	235 Portsmouth St	29	\$ 1.2100	\$ 96,350	\$ 29.15
3	Concord ⁽¹⁾	259-261 Portsmouth St	63	\$ 1.5700	\$ 3,450	\$ 4.06
4	Concord ⁽¹⁾	235 Portsmouth St	70	\$ 1.5700	\$ 95,550	\$ 112.51
5	Exeter	30 Energy Way	104	\$ 1.8700	\$ 6,259,200	\$ 11,704.70
6	Total State Education Tax Recovery Included in Filing					\$ 11,851.68

Notes

(1) Company revising cost recovery request to exclude these payments totaling \$146.97

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Received: 7/17/24
Request No. DOE TS 1-1

Date of Response: July 22, 2024
Witness: D. Nawazelski

Request:

Reference response to DOE 1-4 regarding Property Taxes. Please respond to the following:

- a. Please provide a schedule that shows the total amount of state education taxes paid.
- b. Please identify property tax bills where a state education tax was listed but not actually assessed to the company.
- c. Please provide more detail regarding which utility property the Company understands to be not exempt from state education tax and the basis for that understanding.

Response:

- a. Please refer to DOE TS-1 Attachment 1.
- b. The Company has not identified any property tax bills in this years cost recovery filing where a state education tax rate was listed but not actually assessed to the company.
- c. The Company believes that property not exempt from state education tax is property that does not directly provide utility services to current customers, but instead provides services for non-utility functions essential in operating the business. Those non-utility functions include, but are not limited to, financial and accounting service, regulatory services, information technology, and human resources. Upon further review, the Company has determined that the payments to the Concord properties of 235 and 259-261 Portsmouth street should be excluded from the Company's request. A revision to the Company's request excluding \$146.97 will be made.

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Received: 6/28/24
Request No. DOE 1-4

Date of Response: 7/10/24
Witness: D. Nawazelski

Request:

(DE 24-080) Reference Schedule DTN-2

- a) Several invoices show state education tax amounts charged (for example, Schedule DTN-2 pp. 20, 40, 63, 98, etc.). Pursuant to RSA 83-F:9, utilities are exempt from paying state education taxes. Please confirm whether or not Unitil paid any state education tax amounts.
- b) A number of invoices show bill printed dates in calendar year 2022, with due dates in 2023 (for example, Schedule DTN-2 pp. 19-37, 76-78, etc.). Did the Company include any of these 2022 bills in its calculation of property tax reconciliation for 2023?
- c) Similarly, a number of invoices show bill printed dates in calendar year 2023, with due dates in 2024. Did the Company include all of those 2023 bills in its calculation of property tax reconciliation for 2023? If so, please confirm that all 2023 bills with 2024 due dates have been paid by the Company.
- d) A number of invoices show “delinquent taxes” of a handful of cents (for example, 1 cent in Schedule DTN-2 p. 35, 7 cents in DTN-2 p. 38, 38 cents in DTN-2 p. 41, etc.). Please explain what these numbers represent.
- e) Please confirm that all properties included in the property tax reconciliation recovery amount are currently in service to customers per the eligibility requirements of RSA 72:8-d and 72:8-e.

Response:

- a) The Company paid state education tax amounts as required by the applicable towns and seeks recovery of these costs in the instant proceeding. Although the Company endeavors to work with towns to resolve any discrepancies surrounding state education tax amounts, should the Company refuse to pay the

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entire bill as presented the Company is administered late payment fees and may be subject to tax liens..

- b) The respective bills pertain to the city of Concord, which issues quarterly tax bills that show two upcoming payments in a single bill. For example, Schedule DTN-2 pp. 19 presents payments due by January 3, 2023 and March 31, 2023. The Company did not include the January 3, 2023 payment, but did include the March 31, 2023 payment in its calculation of property tax reconciliation for 2023.
- c) As described in part b above the Company receives quarterly tax bills from the city of Concord. The Company's fourth payment to this city, which is provided Schedule DTN-2 pp. 74, of \$11,556.50 was expensed in 2023 though the payment date is due January 11, 2024. The timing associated with these invoices and payments related to Concord, as well as the Company's requests for recovery of these costs, has been consistent since the PTAMs inception. The Company confirms that all 2023 bills with 2024 due dates have been paid by the Company. The Company has not included the second payment as presented on the referenced bills for recovery in this filing. For example, the amount of \$11,556.51 as shown on Schedule DTN-2 pp. 74 was not included for recovery in this PTAM filing.
- d) The Delinquent Taxes relate to the City's application of tax payments they have received. On the same set of invoices, there are "overpayments" listed on different locations in similar amounts. Overall there is no impact to the Company's proposed recovery in this proceeding and it is a bill presentation issue by the City. In response to this issue the Company has begun sending detailed payment instructions to the City to avoid the misrepresentation of payments by account number/location.
- e) The company confirms that all properties included in the property tax reconciliation recovery amount meet the eligibility requirements for "Utility company assets" defined by RSA 72:8-d and 72:8-e as:

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For an electric company providing electricity service to retail customers: the distribution poles, wires, conductors, attachments, meters, transformers, and substations accounted for by the utility in accordance with FERC Form 1, buildings, contributions in aid of construction (CIAC), construction works in progress (CWIP), and land rights, including use of the public rights of way, easements on private land owned by third parties, and land owned in fee by the electric company, so long as such easements and fee land are associated solely with distribution power lines classified as distribution according to FERC standards. N.H. Rev. Stat. § 72:8-d