

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 24-077

UNITIL ENERGY SYSTEMS, INC.

**Petition for Approval of Revenue Decoupling Adjustment Factor
and Proposed Tariff Changes**

COMMENCEMENT OF ADJUDICATIVE PROCEEDING AND NOTICE OF HEARING

On May 24, 2024, Unitil Energy Systems, Inc. (UES or the Company) filed a petition requesting that the Commission approve its proposed revenue decoupling adjustment factors (RDAFs) and proposed tariff changes for effect on August 1, 2024. In support of its petition, UES filed the direct testimony and related attachments of Unitil Service Corp. Senior Regulatory Analyst, Linda S. McNamara (McNamara Testimony). All docket filings, other than any information subject to confidential treatment, are available on the Commission's website at www.puc.nh.gov/regulatory/Docketbk/2024/24-077.html.

I. BACKGROUND AND PROCEDURAL HISTORY

Revenue decoupling is a ratemaking mechanism that removes the link between customer usage and a utility's revenues, so that a utility is able to recover its most recently approved base revenue requirement despite changes in sales that may be caused by several factors, including energy efficiency programs. See McNamara Testimony at 2-3. The Commission approved a settlement agreement proposing UES's use of a revenue decoupling mechanism in Order No. 26,623, issued in the Company's last base rate case in Docket No. DE 21-030 (Settlement Agreement). *Unitil Energy Sys., Inc.*, Order No. 26,623, at 32 (May 3, 2022); McNamara Testimony at 3, 8. It authorized UES to begin implementing its revenue decoupling mechanism on or after June 1, 2022. Order No. 26,623, at 32.

The Settlement Agreement established the methodology for calculating the RDAFs. See Settlement Agreement, Section 4. It required UES to calculate an RDAF for the following three customer groups: (1) residential (domestic, Schedule D, and domestic time-of-use, Schedule D-TOU); (2) regular general service (Schedule G, Regular General Service G2, G2 kWh (kilowatt-hour) Meter, Uncontrolled Quick Recovery Water Heating, and Space Heating); and (3) large general service (Schedule G1). See *id.*, Section 4.2.2; McNamara Testimony at 4. The revenue decoupling adjustment for each of these groups may not exceed a cap of three percent of distribution revenue for that group. Settlement Agreement, Section 4.3. The Commission approved the Company's current RDAF rates in Docket No. DE 23-057. See *Unitil Energy Sys., Inc.*, Order No. 26,865 (July 31, 2023).¹

Based on a calculated revenue shortfall, the Company's proposed residential class RDAF is a charge of \$0.00212 per kWh, an increase of \$0.00026 per kWh from the current RDAF. See McNamara Testimony at 4-5. If approved, the proposed residential class RDAF would increase the bills of residential default service customers by approximately 1 percent. *Id.* at 10. UES's proposed RDAFs for regular general service and large general service customers would result in bill decreases. *Id.* at 10-11. In addition to approving the proposed RDAFs effective August 1, 2024, UES requested in its petition that the Commission approve the proposed changes to its tariff indicated

¹ The Commission *sua sponte* considered UES's RDAF, stranded cost recovery, and external delivery charge (EDC) filings in Docket No. DE 23-057, because UES submitted its 2023 RDAF filing, unlike the filing in this docket, without a petition. See Procedural Order dated June 23, 2023, issued in Docket No. DE 23-057. UES's petition in this docket does not request the Commission to consider its RDAF filing as part of its stranded cost recovery and EDC filing, though the Company's May 24, 2024 cover letter appended to its petition does reference such a request. The Commission further notes that the Stranded Cost Recovery/EDC filing has yet to be presented by the Company. UES has the option of requesting consolidation of this docket and the future 2024 stranded cost recovery/EDC docket when commenced; if the Commission were to consider these matters in separate dockets, the Commission will still endeavor to issue rulings in each contemporaneously, to the extent feasible.

in attachments to Ms. McNamara's testimony. UES did not separately file proposed tariff pages.

II. ISSUES PRESENTED

The filing presents, *inter alia*, the following issues: whether UES's filing complies with the terms of the Settlement Agreement; whether UES accurately calculated the proposed RDAFs in accordance with the terms of the Settlement Agreement; and whether implementation of the proposed RDAFs will result in rates that are just and reasonable, as required by RSA 374:2, and RSA 378:5 and :7. Accordingly, an adjudicative proceeding will be convened to address these issues.

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 an adjudicative proceeding be commenced for the purpose of reviewing and resolving the foregoing issues pursuant to RSA chapter 541-A, RSA 374:2, RSA 378:5, RSA 378:7, and the Commission's procedural rules; and it is

FURTHER ORDERED, that UES shall file proposed tariff pages, as required by New Hampshire Code of Administrative Rules, Puc 1603.05; and it is

FURTHER ORDERED, that UES's proposed revised revenue decoupling tariff is suspended for a period 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 30, 2024, at 9:00 a.m. Three hours shall be allotted for this hearing; and it is

FURTHER ORDERED, that the New Hampshire Department of Energy shall file its position regarding UES's petition, including the reasons for this position, on or before July 16, 2024; 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 5, 2024. 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 15, 2024; 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

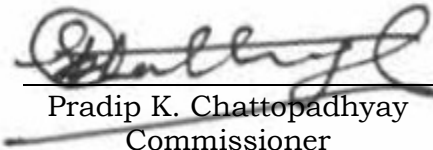
FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, UES shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before June 21, 2024. In addition, the Clerk shall publish this order of notice 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.

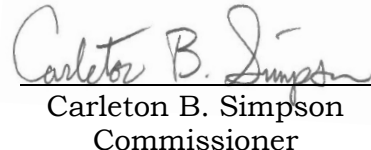
So ordered, this sixth day of June, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 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

Docket#: 24-077

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