

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 21-030

UNITIL ENERGY SYSTEMS, INC.

Request for Change in Rates

Order Suspending Proposed Tariffs and Scheduling Prehearing Conference

O R D E R N O. 26,467

April 6, 2021

This order suspends Unitil Energy Systems, Inc.'s proposed tariffs for temporary and permanent rate increases for 18 months, pending further investigation. It also schedules a prehearing conference for April 22, 2021.

On March 1, 2021, Unitil Energy Systems, Inc. (Unitil or the Company) filed its notice of intent to file rate schedules. On April 2, 2021, Unitil submitted its Petition for Permanent and Temporary Rate Increases (Petition). Unitil requested a permanent rate increase of approximately \$12 million effective May 2, 2021, and proposed tariff revisions to accommodate the increase. Petition at 2. The requested revenue requirement is based on a 10 percent return on equity and a weighted average cost of capital of 7.88 percent. *Id.* In the event that the Commission suspends the proposed tariff to investigate the request pursuant to RSA 378:6, the Company has requested a temporary rate increase of approximately \$5.81 million, effective June 1, 2021.¹ *Id.* at 6-7.

The Petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted at <https://www.puc.nh.gov/Regulatory/Docketbk/2020/21-030.html>.

¹ The proposed temporary rate increase is based on the 9.5 percent return on equity approved in the Company's last rate case, combined with the capital structure and cost of debt proposed in this rate case.

The following table represents Unitil's requested temporary rate and permanent rate increase for existing rate groups other than street lighting.²

PROPOSED TEMPORARY & PERMANENT DISTRIBUTION RATE INCREASE: INDIVIDUAL RATE GROUP

Description	Current Rate	Proposed Temporary Rate	Proposed Permanent Rate
Domestic Service			
Customer Charge - per meter	\$16.22	\$16.22	\$21.07
Distribution Charge - per kWh	\$0.03558	\$0.04059	\$0.04622
General Service G2			
Customer Charge - per meter	\$29.19	\$29.19	\$32.20
Demand Charge - per kW	\$10.51	\$10.51	\$11.59
Transformer Ownership Credit - per kW	(\$0.50)	(\$0.50)	(\$0.50)
Distribution Charge - per kWh	\$0.00000	\$0.00501	\$0.00000
General Service G2 - kWh meter			
Customer Charge - per meter	\$18.38	\$18.38	\$20.28
Distribution Charge - per kWh	\$0.00883	\$0.01384	\$0.00974
General Service G2 Quick Recovery			
Water Heating /Space Heating			
Customer Charge - per meter	\$9.73	\$9.73	\$10.73
Distribution Charge - per kWh	\$0.03204	\$0.03705	\$0.03535
General Service G1			
Customer Charge			
Secondary - per meter	\$162.18	\$162.18	\$178.93
Primary - per meter	\$86.49	\$86.49	\$95.42
Demand Charge - per kVa	\$7.60	\$7.60	\$8.37
Distribution Charge - per kWh	\$0.00000	\$0.00501	\$0.00000
Transformer Ownership Credit - per kVa	\$(0.50)	\$(0.50)	\$(0.50)

Unitil included pre-filed testimony and schedules with its petition. In addition to the permanent rate increase, the Company also proposed a multi-year rate plan consisting of three annual step adjustments to recover costs associated with non-revenue producing capital

² Unitil proposed over 40 Street and outdoor lighting rates. The rates and rate impacts vary by luminaire wattage and type.

investments, made by the Company during calendar years 2021, 2022, and 2023. *Id.* at 3. The capital investments recovered during the rate plan would include among other things, investments relating to grid modernization and electric vehicle make-ready infrastructure. *Id.* at 380-397, 666-682. The annual increases are subject to a rate cap which limits distribution rate increases to 2.5 percent of the prior year's total electric operating revenue, resulting in projected revenue requirement increases of between \$2.75 million and \$3.58 million annually. *Id.* at 111, 199-203. The multi-year rate plan proposal would permit the Company to file a base rate case before 2024 only if its effective return on equity drops below 7%, and requires that any earnings above an 11% effective return on equity be shared 50/50 between ratepayers and shareholders.

Id. at 113.

Unitil proposed several new rate designs and classes in its petition. A proposed revenue decoupling adjustment factor would minimize the impact of volumetric sales on the Company's ability to collect its approved revenue requirement. *Id.* at 1459-1460. A proposed whole home time of use rate would include time varying rates for transmission and energy. *Id.* at 703-706. Several rates relating to electric vehicle charging would offer residential customers, small general service customers, and large general service customers time of use rates for separately-metered electric vehicle charging, including a limited duration demand charge holiday for small and large general service customers. *Id.* at 652-659.

Unitil proposed several new programs in its petition. An arrearage management program would allow residential customers with an arrearage of at least \$300 that is at least 60 days delinquent to enter into a payment plan which would forgive past due balances over a 12 month period. *Id.* at 983-987. A residential behind the meter electric vehicle supply equipment

incentive program would provide participating customers with an incentive of up to \$600 for the procurement and installation of managed Level 2 Electric Vehicle charging stations. *Id.* at 666-671.

The filing raises, inter alia, issues related to whether the proposed temporary rates are reasonable and sufficient to yield not less than a reasonable return of the cost of property of the utility used and useful in the public service less accrued depreciation, as required by RSA 378:27, and subject to reconciliation, per RSA 378:29; whether the proposed permanent rates including the decoupling factor, rate designs, rate classes, and programs, along with the multi-year rate plan which allows recovery of the cost of non-revenue producing capital investments are just, reasonable, and lawful, as required by RSA 374:2, RSA 378:5, RSA 378:7, and RSA 378:28; whether the proposed increases will yield a just and reasonable rate of return on capital investment in plant and equipment, less accrued depreciation; whether the rate proposals are consistent with Order No. 26,394 (August 18, 2020), *Order Determining the Appropriateness of Rate Design Standards for Electric Vehicle Charging Stations Pursuant to SB 575*; and whether the capital investments were prudent as required by RSA 378:28 and are used and useful in Unitil's provision of service to its customers, as required by RSA 378:27 and RSA 378:28.

On April 24, 2020, the Governor issued an executive order (Exhibit D to Executive Order #29) that extended the Commission's ability to suspend rate schedules by six months, from 12 to 18 months. *See* 378:6, I(a). The extension applies to this proceeding; however, the Commission will endeavor to set rates as expeditiously as possible.

Unitil's proposed tariff revisions warrant further investigation. Accordingly, we suspend the proposed tariff pages for 18 months pending our investigation pursuant to RSA 378:6, I(a). Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that the proposed tariff pages are suspended for a period of 18 months pursuant to RSA 378:6, I(a) and Exhibit D to Executive Order #29, pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that, consistent with Governor Christopher T. Sununu's Emergency Order #12, the Commission will hold a web-enabled remote prehearing conference, pursuant to N.H. Admin. R., Puc 203.15, on April 22, 2021, at 1:30 p.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in Puc 201.15. The public may join the hearing by accessing <https://www.puc.nh.gov/Regulatory/Calendar-Remote.html>. If you have any difficulty obtaining access to this remote event, please notify the Commission by calling (603) 271-2431 as soon as possible. Parties will be provided with additional instructions prior to the hearing; and it is

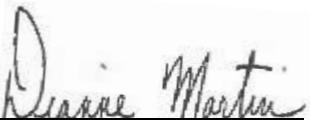
FURTHER ORDERED, that immediately following the prehearing conference, the parties, the Office of the Consumer Advocate, and Commission Staff will hold a web-enabled remote Technical Session to review the petition, discuss a procedural schedule, and allow Utilil to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that, pursuant to N.H. Admin. R., Puc 203.12, Utilil shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order on its company website within one day of this order, such publication to be documented by affidavit filed with the Commission on or before April 15, 2021. The Commission will also publish the order on its website <https://www.puc.nh.gov/Regulatory/ordersofnotice.htm>; and it is

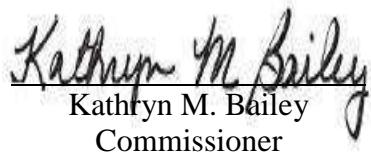
FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission a Petition to Intervene with electronic copies sent to Unitil and to the Office of the Consumer Advocate, on or before April 19, 2021, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, consistent with Puc 203.17. Pursuant to the secretarial letter issued on March 17, 2020, (see <https://puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-FilingRequirements.pdf>), any party seeking to intervene may elect to submit this filing in electronic form; and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said objection on or before April 22, 2021.

By order of the Public Utilities Commission of New Hampshire this sixth day of April, 2021.

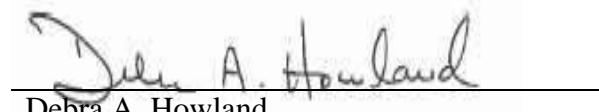


Dianne Martin
Chairwoman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket# : 21-030

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