

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 22-038

UNITIL ENERGY SYSTEMS, INC.

**Annual Stranded Cost Recovery and External Delivery Charge
Reconciliation and Rate Filing**

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 26,646

June 29, 2022

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, 2022. It schedules a hearing on Wednesday, July 20, 2022, at 1:30 p.m.

I. BACKGROUND AND PROCEDURAL HISTORY

On June 20, 2022, UES filed a petition requesting the Commission to approve changes to two adjustable rate mechanisms, the stranded cost charge (SCC) and external delivery charge (EDC), based in part on the Company's annual reconciliation of the costs and revenues associated with each, and corresponding changes to its tariffs. In support of its petition, UES filed the following: direct testimony and related attachments of Unitil Service Corp. employees Linda S. McNamara (Senior Regulatory Analyst), Lisa S. Glover (Senior Energy Analyst), Daniel J. Hurstak (Controller¹), Daniel T. Nawazelski (Manager of Revenue Requirements), and Christopher J. Goulding (Director of Rates and Revenue Requirements); and proposed tariffs. The petition and subsequent docket filings, other than any information for which confidential treatment

¹ Mr. Hurstak is also Chief Accounting Officer for Unitil Corporation and Controller for UES.

is requested of or granted by the Commission, are available on the Commission's website at www.puc.nh.gov/regulatory/Docketbk/2022/22-038.html.

UES uses the SCC to recover the contract release payments that it makes to Unitil Power Corp.² (UPC) under the Amended System Agreement, approved by the Commission in *Concord Electric Company*, Order No. 24,072 (October 25, 2002) and by the Federal Energy Regulatory Commission, through which the Company recovers UPC's stranded costs from retail customers. Order No. 24,072 at 41; *see also* Testimony of Linda S. McNamara, June 17, 2022, at Bates Page 4 (McNamara Testimony). According to Ms. McNamara's testimony, the SCC is calculated by adding the total over-or under-recovery as of July 31, 2022 to the estimated SCC costs and associated interest from August 2022 through July 2023 and then dividing this sum by the estimated calendar month kilowatt-hour (kWh) sales for the August 2022 through July 2023 period. McNamara Testimony at Bates Page 5. She testified that since only a small amount would be collected through the proposed revised SCC, UES proposed applying a uniform SCC charge to all rate classes, which it calculated would be an increase of \$0.00004 per kWh from the prior credit of \$0.00002. McNamara Testimony at Bates Pages 5-6. UES's proposed revised tariff would provide for a uniform SCC rate of \$0.00002 per kWh.

As explained in Ms. McNamara's testimony and its proposed tariff, UES bills all of its customers taking delivery service an EDC as a means of recovering the costs it incurs for transmission services from providers outside its system, in addition to other costs for energy and transmission related services, such as working capital associated with other flow-through operating expenses. McNamara Testimony at Bates Page 7.

² Unitil Power Corp. is a wholesale supplier and affiliate of Unitil. *See Pub. Serv. Co. of N.H.*, Order No. 23,629, at 4 (January 29, 2001).

Other factors used to determine the EDC may include over- or under-collection from the Company's vegetation management program (VMP) and reliability enhancement program (REP), a rebate of excess Regional Greenhouse Gas Initiative auction proceeds, special assessments associated with the expenses of experts retained by the New Hampshire Department of Energy and the Office of the Consumer Advocate, and the recovery of displaced distribution revenue associated with net metering for the prior period. *Id.* at Bates Pages 7-8. In 2021, the Commission approved use of the EDC to reconcile local property tax expenses. *See Unitil Energy Sys., Inc.*, Order No. 26,500, at 6 (July 29, 2021).

Among other adjustments, UES's proposed EDC includes adjustments for the Company's Storm Recovery Adjustment Factor final reconciliation balance, which is a credit of \$72,556, and its property tax reconciliation in the amount of \$103,973. McNamara Testimony at Bates Page 10. The proposed EDC would not include the over- or under-collection from UES's VMP and REP, because the Company has proposed carrying over the over-collection to the 2022 program year to fund a portion of the carryover cycle trim work. *Id.* at Bates Page 8; June 8, 2022 Letter from UES filed in Docket No. DE 21-139. The EDC is calculated by adding the total over- or under-recovery as of July 31, 2022 to the estimated EDC costs (excluding wholesale and wheeling revenue) and associated interest from August 2022 through July 2023 and then dividing this sum by the estimated calendar month kWh sales for the August 2022 through July 2023 period. McNamara Testimony at Bates Pages 11-12.

UES has proposed changing the EDC, effective June 1, 2022, to recover a new category of costs: all net metering and group host costs, with corresponding offsets for any wholesale market revenue attributable to net metered facilities. *Id.* at Bates Pages 10-11. Ms. McNamara testified that this change would be consistent with recent

legislation and Order No. 26,450 (January 29, 2021), issued in Docket No. DE 20-136, in which the Commission approved a settlement agreement permitting Public Service Company of New Hampshire d/b/a Eversource Energy to recover these costs through a charge applicable to all customers rather than just default service customers.

McNamara Testimony at Bates Pages 10-11.

In Docket No. DE 18-029, the Commission approved changes to UES's tariff that divided the EDC into transmission and non-transmission components, so that UES could properly bill and credit its net metering customers taking service under its alternative net metering tariff. Secretarial Letter dated March 30, 2018, issued in Docket No. DE 18-029. A majority of UES's customers are billed the total EDC. McNamara Testimony at Bates Page 12. UES calculated the transmission-only factor as \$0.02909 per kWh and the non-transmission factor as a credit of \$0.00376 per kWh. *Id.* UES's proposed revised tariff would provide for a total EDC rate of \$0.02533 per kWh, a decrease of \$0.00445 per kWh compared to the current EDC rate of \$0.02978 per kWh. *Id.* at 12-13.

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 650 kWh would decrease approximately 2.1 percent, or by \$2.88. *Id.* at Bates Pages 16-17; Schedule LSM-4, Page 4. The average monthly bills for other rate classes, General Service (G2), Large General Service (G1), and Outdoor Lighting (OL) would decrease by 2.3, 2.6, and 1.2 percent, respectively. McNamara Testimony at Bates Pages 14-16.

II. ISSUES PRESENTED

The filing presents, *inter alia*, the following issues: whether UES's calculation of stranded costs conforms to Order No. 24,072; whether the actual and forecasted costs and revenues are appropriately included in the computation of the proposed

adjustments to the SCC and EDC, and whether the revised SCC and EDC 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 filing is generally consistent with the principles of restructuring pursuant to RSA chapter 374-F, as amended. These issues will be addressed at the July 20, 2022 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 ten (10) 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 20, 2022, at 1:30 p.m. Three hours shall be allotted for this hearing; 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 8, 2022. 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 18, 2022; 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

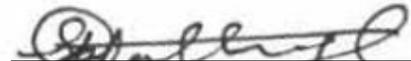
copy of this order of notice on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before July 11, 2022. In addition, the Clerk shall publish this order of notice on the Commission's website no later than 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.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of June, 2022.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket# : 22-038

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