

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 14-063

UNITIL ENERGY SYSTEMS, INC.

**Tariff Filing for Step Adjustment to the Reliability Enhancement and Vegetation
Management Program**

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,639

March 19, 2014

On March 4, 2014, Until Energy Systems, Inc. (UES) filed proposed tariffs pursuant to a Settlement Agreement approved by the Commission in Order No. 25,214 (April 26, 2011) in UES's most recent distribution rate case. With the proposed tariffs, UES filed an explanation of its filing, its 2013 Reliability Enhancement Program (REP) and Vegetation Management Plan (VMP) Annual Report, the results of the 2013 Storm Resiliency Pilot Program, and its 2013 Reliability Analysis and Recommendation plan for the UES-Capital and Seacoast regions in UES's service territory. UES requested that the rate changes associated with the filing be in effect for services rendered on and after May 1, 2014.

UES stated that the tariff pages are intended to implement a provision in the Settlement Agreement that provides for an annual step adjustment to distribution rates effective May 1st of each year. This filing represents the last step adjustment provided for in the Settlement Agreement. According to the terms of the Settlement Agreement, the step adjustment consists of the net changes to revenue requirements associated with 75% of the actual changes to non-REP net plant in service during calendar year 2013 and reconciliation of REP and VMP revenues and

expenses for the calendar year. UES said that the actual change in non-REP net plant in service during 2012 was \$6,128,839, 75% of which is \$4,596,629, and calculated the associated revenue requirement to be \$1,038,215. As provided for in the Settlement Agreement, the 2014 step adjustment also reflects a revenue requirement of \$335,028 associated with \$1,730,953 of REP net plant in service additions during 2013. In addition, the REP/VMP reconciliation amount of \$163,962 has been added to the step increase revenue requirement. Finally, UES proposes to move all current and future over/under recovery of REP and VMP revenue to the Company's external delivery charge.

In addition, UES proposes to make permanent its Storm Resiliency Program at the current funding level of \$1,423,000. Because this amount is already in current rates, UES did not request a modification in the May 1, 2014 step adjustment.

According to the Company, the rate impact for residential customers taking electric service from UES and using 600 kilowatt hours per month would be a bill increase of \$1.13 per month, or an increase of 1.1%, as a result of the step adjustment.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-063.html>.

The filing raises, *inter alia*, issues related to whether the filing complies with the Settlement Agreement approved in Order No. 25,214 and whether the costs incurred in UES's REP and VMP programs were prudently incurred; whether adopting the storm resiliency pilot program as a permanent program is reasonable and in the public interest; and whether the resulting rates are just and reasonable pursuant to RSA 378:5 and 7.

Based upon the foregoing, it is hereby

ORDERED, that pursuant to RSA 378:6, I (b), the Commission hereby suspends UES's proposed tariffs to allow the filing to be investigated; and it is

FURTHER ORDERED, that a Technical Session pursuant to New Hampshire Code Admin. Rules Puc 203.09 (j) is scheduled at the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on April 3, 2014 at 10:00 a.m.; and it is

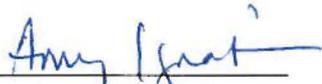
FURTHER ORDERED, that a Hearing is scheduled pursuant to N.H. Code Admin. Rules Puc 203.12 at the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on April 18, 2014 at 1:30 p.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, UES shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than March 28, 2014, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before April 15, 2014; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to UES and the Office of the Consumer Advocate on or before April 15, 2014, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before April 18, 2014.

By order of the Public Utilities Commission of New Hampshire this nineteenth day of
March, 2014.



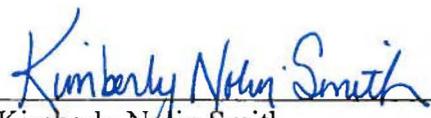
Amy L. Ignatius
Chairman



Robert R. Scott
Commissioner



Martin F. Honigberg
Commissioner



Kimberly Nolin Smith
Assistant Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, 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 - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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