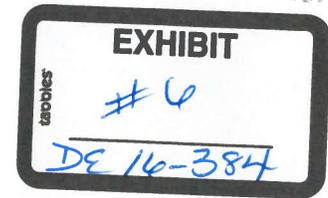




September 16, 2016

NHPUC 19SEP'16AM10:15

**BY OVERNIGHT-DELIVERY AND E-MAIL**



Debra A. Howland  
Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit St, Suite 10  
Concord, N.H. 03301-2429

Re: DE 16-384 Unitil Energy Systems, Inc.

Dear Director Howland:

Pursuant to discussions among the parties during the recent technical sessions in the above-referenced docket, enclosed on behalf of Unitil Energy Systems, Inc. ("Unitil Energy") are an original and six (6) copies of updated revenue requirement schedules.

Four updates were made to the revenue requirement schedules:

First, all applicable NH PUC audit issues were accepted as indicated in the audit report and reflected in the revenue requirement schedules as shown in Schedule RevReq-3. Please note for audit issue 5, the Company has only adjusted for donations of \$150, because the Company continues to believe the other expenses are appropriate to treat above the line.

Second, the Company has reflected rate base and depreciation expense adjustments to reflect the correction to depreciation rates as discussed during the September technical session. The rate base adjustments are shown in Workpaper 8.2, and the depreciation expense adjustment is shown in Schedule RevReq-3-8 REVISED as supported by Workpaper 8.1.

Third, as indicated in Mr. Chong's direct testimony, the amounts for the Kingston substation in the Company's initial filing were preliminary. The final amount for the Kingston substation is \$10,336,281 compared to the \$9,880,166 in the initial filing. The final amount of \$10,336,281 has been adjusted for audit issue 2 and is shown by FERC account in Workpaper 8.3.

Fourth, an adjustment was made to reflect the latest NH PUC assessment as shown in Workpaper 8.0. Currently, the Company collects the PUC

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Chief Regulatory Counsel  
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Hampton, NH 03842

assessment in both base rates and through its External Delivery Charge (EDC) mechanism. The proposed adjustment shown in Workpaper 8.0 moves all recovery to base rates, with any subsequent incremental changes flowing through to the EDC mechanism. The adjustment is necessary in order to comply with the requirements of RSA 363-A:6, I. While the adjustment is significant, it does not reflect any additional impact to ratepayers or additional revenue to the Company. Rather, it merely moves recovery of the assessment from the EDC mechanism to base rates.

Overall, the above changes to the revenue requirement result in a new deficiency of \$6,584,710, compared to the Company's initial filing of \$6,255,276. As indicated in Mr. Chong's testimony, the Company plans to make further updates to the revenue requirement before the completion of this proceeding to reflect final 2017 payroll, final 2017 medical and dental working rates, property and liability insurances renewing before May 1, 2017, and final property tax bills for 2016.

Thank you for your attention to this matter. Please do not hesitate to contact me directly if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler". The signature is fluid and cursive, with the first name "Gary" and the last name "Epler" clearly distinguishable.

Gary Epler

cc: Donald Kreis, Consumer Advocate