

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 16-668

UNITIL ENERGY SYSTEMS, INC.

Annual Reconciliation and Rate Filing

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,916

June 28, 2016

This Order suspends a tariff proposing changes to Unitil's stranded cost charge (SCC) and external delivery charge (EDC) scheduled for effect with services rendered on and after August 1, 2016. The Order schedules a hearing on the proposed tariff for July 20, 2016, at 10:00 a.m.

On June 17, 2016, Unitil Energy Systems, Inc. (Unitil), filed its annual reconciliation of adjustable rate mechanisms established pursuant to its tariffs, along with supporting testimony and exhibits, and a proposed tariff. The adjustable rate mechanisms are included in Unitil's SCC and EDC. Unitil proposed the tariff changes for effect with service rendered on and after August 1, 2016. If the proposed changes are approved, the overall average bill impact for residential customers will be a decrease of about 0.9 percent. General Service average customer bills will decrease by about 1.0 percent, and bills for Large General Service customers will decrease by approximately 1.5 percent. Outdoor lighting customer bills will decrease by about 0.5 percent.

The SCC is the mechanism by which Unitil recovers contract release payments (release payments) from Unitil Power Corp. in accordance with the Amended Unitil System Agreement approved by the Commission in Order No. 24,072 (Oct. 25, 2002), and also approved by the

Federal Energy Regulatory Commission. The release payments are paid by Unitil as a condition to Unitil Power Corp. waiving certain contractual rights against Unitil in connection with a pre-existing power supply agreement. The release payments are equal to the sum of the following: (1) the portfolio sales charge, (2) the residual contract obligations, (3) the Hydro-Quebec support payments, and (4) true-ups from prior periods.

The SCC obligations are calculated first on a uniform energy-based per kilowatt hour (kWh) charge and then applied to each class based on the appropriate rate design. In addition to the energy-based SCC, customers in the G1 and G2 classes incur a demand-based SCC. For those classes, Unitil uses a ratio of demand and energy revenue under current rates to develop the demand and energy components of the SCC for effect on August 1, 2016. According to the filing, the SCC uniform rate is decreasing by \$0.00036 per kWh. SCC rates proposed by Unitil are a credit of 0.018 cents per kWh for residential customers, a credit of 0.004 cents per kWh for G2 customers and a credit of 0.005 cents per kWh for G1 customers. The proposed demand-based SCC rate for G2 customers is a credit of 4 cents per kW, and for G1 customers is a credit of 5 cents per kilovolt-ampere (kVa).

The EDC includes costs associated with transmission, including third party transmission provider costs, regional transmission and operating entities costs, transmission-based fees and assessments, and various administrative, consulting and legal costs. Unitil also includes in its EDC calculation the rebate of excess Regional Greenhouse Gas Initiative auction proceeds applicable to all retail electric customers in accordance with Order No. 25,664 (May 9, 2014). Unitil calculated that the EDC rate has decreased by \$0.00095, or 0.095 cents, per kWh, due primarily to a change in the prior period balance.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2016/16-668.html>.

The filing raises, *inter alia*, issues related to whether the calculation of stranded costs is in conformance with Order No. 24,072; whether the actual and forecasted costs and revenues are appropriately included in the computation of the proposed adjustments; whether the adjusted rates are just and reasonable as required by RSA 374:2 and 378:7; and whether the filing is generally consistent with the principles of restructuring pursuant to RSA 374-F.

We will suspend Unitil's proposed tariff to allow the filing to be investigated pursuant to RSA 378:6, I (b), and schedule a hearing for July 20, 2016. In the absence of such suspension, the tariff amendments would become effective 30 days after filing under RSA 378:3. 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, pursuant to RSA 378:6, I(b), the Commission hereby suspends Unitil's proposed tariff to allow the filing to be investigated; and it is

FURTHER ORDERED, that a hearing, pursuant to N.H. Code Admin. Rules Puc 203.12, be held before the Commission located at 21 South Fruit Street, Suite 10, Concord, New Hampshire, on July 20, 2016 at 10:00 a.m.; and it is

FURTHER ORDERED, that, pursuant to Puc 203.12, the Executive Director shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order on the Commission's website upon its issuance; and it is

FURTHER ORDERED, that, consistent with Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a petition

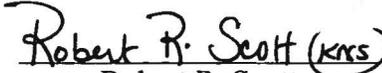
to intervene with copies sent to Unitil and the Office of the Consumer Advocate on or before July 18, 2016, such petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by Puc 203.17 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before July 20, 2016.

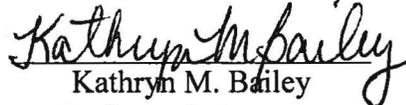
By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of June, 2016.



Martin P. Honigberg
Chairman

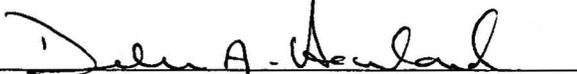


Robert R. Scott
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

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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