

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 17-102

UNITIL ENERGY SYSTEMS, INC.

Annual Reconciliation and Rate Filing

Order Suspending Tariff and Scheduling a Hearing

O R D E R N O. 26,038

July 6, 2017

This Order suspends a tariff proposing changes to Unitil's stranded cost charge and external delivery charge, for effect with services rendered on and after August 1, 2016. The Order schedules a hearing on the proposed tariff for July 20, 2017, at 1:30 p.m.

On June 19, 2017, 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 stranded cost charge (SCC) and external delivery charge (EDC). Unitil proposed the tariff changes for effect with services rendered on and after August 1, 2017. If the proposed changes are approved, the overall bill impact for residential customers using 650 kilowatt hours (kWh) per month will be an increase of approximately 2.7%, from \$107.48 per month to \$110.43 per month, or an increase \$2.95. General Service (G2) customer monthly bills will increase approximately 3.0%, and monthly bills for the Large General Service Class (G1) will increase approximately 3.9%. Outdoor lighting customer bills will increase approximately 1.4%.

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

Regulatory Commission. The release payments are paid by Unitil as a condition of 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 obligation, (3) the Hydro Quebec support payments, and (4) reconciliations from prior periods.

The SCC obligations are calculated first on a uniform energy-based per 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. According to the filing, the SCC uniform rate is decreasing by 0.039 cents per kWh. The decrease is due to a change in the prior period balance and a decrease in forecasted period costs. For residential customers, Unitil calculated an SCC rate credit of 0.057 cents per kWh, an increase from the current rate credit of 0.018 cents per kWh. Unitil calculated SCC rate decreases for G1, G2, and outdoor lighting customers.

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 (RGGI) auction proceeds applicable to all retail electric customers in accordance with Order No. 25,664 (May 9, 2014). In addition, the EDC includes any over- or under-collection from the Company's vegetation management and reliability enhancement program. Finally, pursuant to Order No. 25,991 (February 21, 2017), Unitil included in the EDC the recovery of displaced revenue associated with net metering for 2013 and subsequent years. Unitil calculated the EDC rate for effect August 1, 2017, as 2.637 cents per kWh, an increase of 0.493 cents per kWh from the

current rate of 2.144 cents per kWh. Unitil said that the main reason for the increase is lower actual RGGI auction proceeds than those forecast for the immediate prior period, and lower RGGI auction forecasts for the period August 2017 through July 2018.

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/2017/17-102.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 areas 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). 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, N.H., on July 20, 2017, at 1:30 p.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, the Executive Director shall notify all persons desiring to be heard at this hearing by publishing a

copy of this Order no later than July 6, 2017, on the Commission's website upon its issuance; and it is

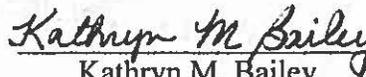
FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Unitil and the Office of the Consumer Advocate on or before July 18, 2017, 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 it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before July 20, 2017.

By order of the Public Utilities Commission of New Hampshire this sixth day of July, 2017.



Martin P. Honigberg
Chairman



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.

Executive.Director@puc.nh.gov
amanda.noonan@puc.nh.gov
donald.kreis@oca.nh.gov
epler@unitil.com
james.brennan@oca.nh.gov
leszek.stachow@puc.nh.gov
ocalitigation@oca.nh.gov
suzanne.amidon@puc.nh.gov
tom.frantz@puc.nh.gov

Docket #: 17-102-1 Printed: July 06, 2017

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.