

Unitil Energy Systems, Inc.  
Docket No. IR 20-089  
NHPUC Information Requests – Set 1

Received: June 4, 2020  
Request No. NHPUC 1-1

Date of Response: March 30, 2021  
Witness: Mark Lambert

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**Request:**

Provide information regarding changes in payment behavior or patterns and account receivables levels since the declaration of the State of Emergency on March 13 and the Governor's Emergency Order #3 issued on March 17. Such information should be provided for each utility rate class.

**March 30 2021 Update:**

Please see the spreadsheets, attached hereto as NHPUC 1-1 Attachment 1 and NHPUC 1-1 Attachment 2, which provides month end closing detail by rate class, as of February 28, 2020, showing: the number of customers; the number of customers with arrears and by vintage (30-60 days, 60-90, greater than 90); the dollar amount of the arrears; the billed sales; the total revenue; and related customer information for both UES and NUI.

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Received: June 4, 2020  
Request No. NHPUC 1-2

Date of Response: March 30, 2021  
Witness: Mark Lambert

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**Request:**

Provide the following data for each utility rate class:

- The number, and percentage, of customers who made partial or no payment in March, April, and May of 2019 and 2020.
- The number, and percentage, of customers who made partial or no payment in March, April, and May of 2019 and 2020 and did not have an outstanding balance during the prior six months.

**March 30 Update Response:**

Please see NHPUC 1-2 Attachment 1 which includes updates through February 2021 for both UES and NUI.

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Received: June 4, 2020  
Request No. NHPUC 1-3

Date of Response: March 30, 2021  
Witness: Mark Lambert

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**Request:**

Describe any programs or initiatives undertaken to assist customers specifically as a result of the COVID-19 pandemic, the State of Emergency, Emergency Order #3, and the related stay-at-home restrictions.

**Update Response as of March 30, 2021:**

- Unitil continued with the standard collections process for past due residential (non-low income only) and commercial customers, but continues to support customers with the same following steps:
  - Suspended all residential and commercial late fees
  - Suspended all returned check fees
  - Directed Customer Service Representatives to waive the requirement to be current in order to have any emergency service work performed on miscellaneous products.
  - Partner with customers to set up longer payment plans and waive an upfront payment if customer is not able to pay at time of plan enrollment
  - Flag accounts as Verbal Financial Hardship and refer the customer to 211 and their local CAP for assistance, when customer claims they are experiencing financial struggles
  - Offer payment plans to commercial customers to meet their unique payment needs
  - Continued offering UCARE grants for residential customers who are financially struggling but who are not enrolled in Fuel or another assistance program.

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Received: June 4, 2020  
Request No. NHPUC 1-4

Updated Response: March 30, 2021  
Witness: Mark Lambert, Carol Valianti

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**Request:**

Provide a detailed description of customer outreach undertaken to date.

**Updated response as of March 30, 2021:**

While disconnection notices have generated for both residential (non-low income only) and commercial customers for UES and NUI, Unitil continues to advise customers of how we can assist them with paying their bill.

- Offer of a payment plan to spread out costs over time, to meet their needs
- No late fees will be assessed through 3/31/21
- Advising customers that once they are enrolled in and successfully maintain a payment plan, they will be continue to be exempt from disconnections for the length of the payment plan
- Mark their account as Financial Hardship when they advise they are experiencing financial challenges, giving them time to secure assistance
- Refer residential customers to their local CAP to see if they qualify for a discounted rate or other financial benefits
- Provide SBA contact information to commercial customers if needed
- Letter mailed to low income and financial hardship customers who are past due but are not eligible for a disconnection notice during this winter moratorium, to advise them that Unitil is here to help them by setting a payment plan or assisting them with other support as needed

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Received: June 4, 2020  
Request No. NHPUC 1-5

Date of Response: March 30, 2021  
Witness: Mark Lambert

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**Request:**

Describe the Utility's review and evaluation of best practices and successful initiatives undertaken in other states.

**Update Response as of March 30, 2021:**

In addition to continuing the practices outlined below, Unitil continues to enroll MA small commercial customers who are struggling to pay their energy bill due to the pandemic, in a one-time Arrears Forgiveness Program. The details of this program, which will be offered through June 30, 2021, are:

- Unitil enrolls struggling small commercial customers in a payment plan for up to 12 months, based upon the customer's specific needs
- When the customer pays their first installment, Unitil forgives the electric and/or gas charges from the customer's April bill
- When the customer completes the payment plan, Unitil will forgive the electric and/or gas charges from the customer's May bill
- If a customer defaults on this forgiveness payment plan, they can make up their missed payments and resume the plan for the balance of the remaining months from the original plan, up to 12 months
- Customers have expressed appreciation to Unitil for this additional support during this difficult time

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Received: June 4, 2020  
Request No. NHPUC 1-6

Date of Response: March 30, 2021  
Witness: Christopher Goulding

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**Request:**

Describe whether the Utility has updated its sales forecasts in light of the pandemic and its effects on the economy.

**March 30 Update:**

The sales forecast for Northern Utilities, Inc. and Unitil Energy Systems, Inc. have been updated in light of the pandemic and its effects on the economy. Historically, for the residential, regular general, and large rate classes, the sales forecast is developed by independently forecasting meter growth, base usage per meter, and a weather-driven usage per meter assuming 'normal' weather (average degree days during over the last 20 years) for the forecast period. Also forecasted is the Company's meter read cycle. In addition, Business Development personnel are consulted for comments on significant usage changes for the Company's large customers. The forecast seeks to limit subjectivity and typically relies on historical trends. However, average usage per customer has declined as a result of the deterioration of the economic environment caused by the unprecedented COVID-19 crisis. Consequently, historical usage per customer levels are unlikely to be illustrative of future sales over the short to medium terms. The sales forecast assumes that usage per customer will return to pre-pandemic levels at the beginning of 2023. This timing decision reflects an apparent consensus among macroeconomic forecasts reviewed by the Company. The forecast assumes a recovery for usage per customer back to pre-pandemic levels at a linear rate through the beginning of 2023.

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Received: June 4, 2020  
Request No. NHPUC 1-7

Date of Response: March 30, 2021  
Witness: John Closson

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**Request:**

Describe any operational changes the Utility is making or planning to make in response to the effects of the pandemic, including changes in budgets or personnel.

**March 1 Update:**

There is no change from the original response. Neither Northern Utilities, Inc. nor Unitil Energy Systems, Inc. has made changes to its 2021 Operating Budget, and both continue to actively track costs associated with the pandemic.

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Received: June 4, 2020  
Request No. NHPUC 1-8

Date of Response: March 30, 2021  
Witness: Kevin Sprague

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**Request:**

Describe any changes to capital projects and related planning budgets the Utility has made or is planning to make in response to the effects of the pandemic.

**March 30 Update:**

There is no change from the original response.

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Received: June 4, 2020  
Request No. NHPUC 1-9

Date of Response: March 30, 2021  
Witness: John Closson

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**Request:**

Describe any supply chain disruptions the Utility is experiencing or expects may occur and the effects of such supply chain disruptions.

**March 30 Update:**

There is no change from the original response.

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Received: June 4, 2020  
Request No. NHPUC 1-10

Date of Response: March 30, 2021  
Witness: Todd Diggins

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**Request:**

Describe whether the Utility and/or its parent company has adequate access to capital or has been negatively affected in accessing the capital markets or has been downgraded by any credit rating services.

**March 30 Update:**

No update.

**January 1 Update:**

On September 15, 2020, the Company closed on and received long term funding for UES (\$27.5mm) and NUI (\$40.0mm), reducing each company's short term borrowings, and providing sufficient liquidity over the near term.

On November 5, 2020 S&P Global ("S&P") issued a research update revising its outlook on Unitil Corporation and its subsidiaries (including UES and NUI) from "stable" to "negative." S&P Global cited weaker economic conditions related to the pandemic, lower gas and electric sales margins due to warmer winter weather in 2020, and the Company's capital spending plan as weighing in its revised outlook.<sup>1</sup> S&P affirmed its current BBB+ issuer credit ratings for each of Unitil Corp, UES, NUI, and FG&E.

The negative outlook reflects the potential for lower ratings over the next 24 months if S&P believes the Company's financial metrics will not improve. If the Company's financial metrics do improve, S&P could revise its outlook from "negative" to "stable." A negative outlook, as well lower ratings, could affect the Company's access to capital markets at the favorable terms the Company has realized in recent issuances.

Lastly, notwithstanding its revised outlook, S&P assessed the Company's liquidity as adequate, because its "sources are likely to cover its uses by more than 1.1x over the next 12 months, even if EBITDA declines by 10%."<sup>2</sup>

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<sup>1</sup> S&P Global Ratings, *Research Update: Unitil Corp. and Subsidiaries Outlooks Revised To Negative on Weaker Consolidated Financial Measures; Ratings Affirmed*, November 5, 2020, at 1. A copy is attached as NHPUC 1-10 Update Attachment 1.

<sup>2</sup> S&P Global Ratings, *Research Update: Unitil Corp. and Subsidiaries Outlooks Revised To Negative on Weaker Consolidated Financial Measures; Ratings Affirmed*, November 5, 2020, at 2.

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Received: June 4, 2020  
Request No. NHPUC 1-11

Date of Response: March 30, 2021  
Witness: Daniel Hurstak & Christopher Goulding

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**Request:**

Describe incremental costs associated with the COVID-19 pandemic since the State of Emergency order, how the cost is calculated, cost to date, accounting treatment, impact on earnings, and proposed or planned rate treatment.

**March 30, 2021 Updated Response:**

*Pandemic related costs*

The following table highlights the approximate expense amounts recorded through March 30, 2021:

<u>Company</u>	<u>Expenses to date</u>
UES	\$56,300
Northern	\$140,000

*Bad debt expense*

The following table highlights the approximate incremental bad debt expense amounts recorded through February 28, 2021 (amounts for March are not yet available):

<u>Company</u>	<u>Expenses to date</u>
UES	\$109,000
Northern	\$55,000

The uncertainty related to the duration and effect of the pandemic as well as any changes in federal stimulus or other economic conditions in 2021 could significantly affect the amount of uncollectible accounts for UES and Northern. The Companies will continue to review bad debt expense and uncollectible accounts as part of the monthly and quarterly closing procedures. These reviews may affect the amounts reported for incremental bad debt expense.

*Waived Fee Revenue*

The following table highlights the approximate waived fee revenue amounts through March 30, 2021:

<u>Company</u>	<u>Expenses to date</u>
UES	\$580,000
Northern	\$180,000

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Employment Tax Credits

The CARES Act enacted the Employment Retention Credit (“ERC”) to incentivize companies to retain employees. The ERC is a 50% credit on employee wages for employees that are retained and cannot perform their job duties at 100% capacity as a result of coronavirus pandemic restrictions. The ERC is taken as a credit on employment tax form 941. In Q3 2020, UES and Northern recorded an ERC of approximately \$120,000 as a reduction to employment tax expense. The following table highlights the reduction by company:

<u>Company</u>	
UES	\$32,511
Northern	\$87,364