

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: April 30, 2021  
Witness: Mark Lambert

---

**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.

**April 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 March 31, 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.

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

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

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

---

**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.

**April 30 Update:**

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

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

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

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

---

**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 April 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 following steps:
  - o Partner with customers to discuss a variety of payment plans to meet their needs and waive an upfront payment if customer is not able to pay at time of plan enrollment
  - o 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
  - o Offer extended payment plans for those customers who are identified as Financial Hardship, to assist them in clearing up past due balance
  - o Continue to suspend standard collections activities for Financial Hardship customers
  - o Offer payment plans to commercial customers to meet their unique payment needs
  - o Continued offering UCARE grants for residential customers who are financially struggling but who are not enrolled in Fuel or another assistance program.

**June 30 Response:**

Unitil recognizes that this is an unprecedented time and that many of our customers are experiencing financial challenges as a result of, or related to, the COVID19 pandemic. UES and NUI have taken the following steps in support of our NH customer base:

- Suspended all disconnect notices
- Suspended all disconnections for non-payment
- Suspended all residential and commercial late fees
- Suspended all returned check fees
- Suspended all referrals of unpaid final accounts to a collection agency
- Directed Customer Service Representatives to waive deposit if customer states they are not able to pay upfront due to COVID19 impact

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

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

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

---

- Directed Customer Service Representatives to waive the requirement to be current in order to have any emergency service work performed on miscellaneous products.
- Instructed all collection agencies that we utilize to suspend customer referral to the credit bureaus
- 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
- Implementation of UCARE grant for customers who have been financially impacted by COVID19 but do not qualify for Fuel Assistance

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

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

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

---

**Request:**

Provide a detailed description of customer outreach undertaken to date.

**Updated response (April 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.

- Mailed letter to Financial Hardship customers to encourage them to reach out to us to enroll in an extended payment plan and provided specific CAP contact information for additional financial assistance, such as Fuel Assistance
- Emailed all past due residential customers and provided a link to enroll in a payment plan directly on Unitil website, advised Fuel Assistance applications available through 4/30 and provided a link to the NH Rental Assistance program
- 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
- Automated phone call to all customers who received Fuel Assistance last season but who had yet to reenroll, to advise them that applications are accepted at their local CAP through 4/30
- Emailed past due Commercial customers and provided link to enroll in a payment plan directly on Unitil website
- Emailed Landlords to advise them of the NH Rental Assistance Program so that they can assist their tenants in seeking financial assistance

**Original Response (June 30, 2020):**

Both UES and NUI have performed a variety of proactive customer outreach measures to ensure customers that we are available to assist them during this difficult time:

- Press Release in March announcing:
  - Suspension of all collections activities including disconnections and assessment of late fees
  - We are available to set payment plans to assist all customers with their unique needs
  - Local Community Action Program (CAP) agencies are available to help with programs such as LIHEAP Fuel Assistance.
  - Introduction of the UCARE fund to assist customers impacted by COVID19, with paying their Unitil bill
  - Unitil donation to local community agencies designed to help combat food insecurity, homelessness, mental health and substance abuse

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

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

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

---

- Bill Insert to all customers in their April bill advising:
  - o Suspension of all collections activities including disconnections and assessment of late fees
  - o We are available to set payment plans to assist all customers with their unique needs
  - o Local Community Action Program (CAP) agencies are available to help with programs such as LIHEAP Fuel Assistance.
  - o Introduction of the UCARE fund to assist customers impacted by COVID19, with paying their Unitil bill
  - o Unitil donation to local community agencies designed to help combat food insecurity, homelessness, mental health and substance abuse
  
- Email sent to all customers with an email communications preference to advise:
  - o Suspension of all collections activities including disconnections and assessment of late fees
  - o We are available to set payment plans to assist all customers with their unique needs
  - o Local Community Action Program (CAP) agencies are available to help with programs such as LIHEAP Fuel Assistance.
  - o Introduction of the UCARE fund to assist customers impacted by COVID19, with paying their Unitil bill
  - o Unitil donation to local community agencies designed to help combat food insecurity, homelessness, mental health and substance abuse
  
- Automated outbound calls to all customers who had Fuel Assistance during last winter season to encourage them to enroll for this year's benefit and continued low income discount rate, if it is still needed. Gave the contact information for the customer's specific CAP agency.
  
- Additional automated outbound calls to all previous Fuel Assistance customers who had not yet reenrolled for this year's Fuel program, to advise them of the extension of the Fuel Assistance application deadline. Gave the contact information for the customer's specific CAP agency.
  
- Automated outbound calls to all past due residential customers, suggesting that they reach out to the local CAP for help with Fuel Assistance application before the deadline passes. Also, encouraged the customers to call us if they wanted to set a payment plan.
  
- Letter mailed to all residential customers in May who were 60 days past due to advise them that we are here to help:
  - o Offer of a payment plan to spread out costs over time, to meet their needs
  - o Suspension of collections activities
  - o Reminder to reach out to local CAP for Fuel Assistance or UCARE fund
  
- Letter mailed to all commercial customers in May who were 30 days past due to advise them that we are here to help:
  - o Offer of a payment plan to spread out costs over time, to meet their needs
  - o Suspension of collections activities
  - o Provided SBA phone number and website addresses for commercial assistance
  
- Personal phone call to past due commercial customers who are past due to:
  - o Answer questions and offer assistance

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

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

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

---

- Offer a payment plan, with a deferred start date if necessary, to spread out costs over time, to meet their needs
  - Provide SBA contact information if needed
- Automated phone calls to all protected customers to remind them that we are here to provide them with assistance:
  - Remind customer of UCARE grant opportunities and refer to CAP
  - Make sure they are aware of local CAP contact information
  - Offer to help customers enroll in a special protected payment plan
- Letters mailed to all residential customers in June who are 30 days past due, which will reach customers who are newly past due and possibly not aware of available assistance, to advise them that we are here to help:
  - Offer of a payment plan to spread out costs over time, to meet their needs
  - Suspension of collections activities
  - Reminder to reach out to local CAPs for UCARE fund
  - Advising customers that once they are enrolled in a payment plan, they will be exempt from late fees and disconnections, once collections activities resume in the future
- Letters mailed to all commercial customers in June who were 30 days past due, which will reach customers who are newly past due and possibly not aware of assistance, to advise them that we are here to help:
  - Offer of a payment plan to spread out costs over time, to meet their needs
  - Suspension of collections activities
  - Provided SBA phone number and website addresses for commercial assistance
  - Advising customers that once they are enrolled in a payment plan, they will be exempt from late fees and disconnections, once collections activities resume in the future

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

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

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

---

**Request:**

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

**Update Response (April 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. This program has been extended and will continue to be offered through 6/30/21. The forgiveness program details include:

- 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

**June 30 Response:**

Unitil's distribution company affiliates participate in the following practices and initiatives in MA, ME and NH:

- Suspension of collections activities, such as disconnections, late fees, returned check fees due the COVID19 pandemic
- Referral to the local CAPs for assistance such as LIHEAP or the Unitil UCARE fund
- Offer of payment plans for all customers, with a deferred start date, if needed due to COVID19 financial impact
- Bill inserts, letters and phone call campaigns to both residential and commercial customers to remind them of initiatives and assistance available
- Updated Unitil website to advise customers of initiatives available for those impacted by COVID19

The one program that is available to both electric and gas MA residential low income customers that is not offered in NH, but provides significant assistance, is the Arrearage Forgiveness Program:

- Unitil enrolls the low income customer in a levelized payment plan for a minimum of 12 months, based upon the customers average monthly usage, minus any Fuel Assistance pledge
- Every month that the customer pays the payment plan amount, Unitil credits a portion of their past due balance, up to \$400 per EL/GA service, reducing the customer's total bill balance



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

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

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

---

Additionally, the MA utilities are proposing a one-time Arrears Forgiveness Program for small C&I customers who are facing unprecedented financial impact due to COVID19. The specific details are currently being discussed between the companies. An example of how the program could work includes the following, but specific terms could change by utility:

- Unitil will enroll the customer in a payment plan for up to 12 months, based upon the customer's specific needs
- When the customer pays their first installment, the utility will forgive the amount of the April bill
- When the customer completes the payment plan, the utility will forgive the amount of the May bill

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

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

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

---

**Request:**

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

**April 30 Update:**

**No 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.

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

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

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

---

**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.

**April 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.

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

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

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

---

**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.

**April 30 Update:**

There is no change from the original response.

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

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

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

---

**Request:**

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

**April 30 Update:**

There is no change from the original response.

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

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

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

---

**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.

**April 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>

---

<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.

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

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

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

---

**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.

**April 30, 2021 Updated Response:**

*Pandemic related costs*

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

<u>Company</u>	<u>Expenses to date</u>
UES	\$57,000
Northern	\$153,000

*Bad debt expense*

The following table highlights the approximate incremental bad debt expense amounts recorded through March 31, 2021 (amounts for April are not yet available):

<u>Company</u>	<u>Expenses to date</u>
UES	\$112,000
Northern	\$105,000

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 April 30, 2021:

<u>Company</u>	<u>Expenses to date</u>
UES	\$618,000
Northern	\$203,000

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

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

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

---

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

The Consolidated Appropriations Act, 2021 (CAA) was signed into law in December 2020. The CAA allocated additional funding to the ERC with expanded benefits extended through June 30, 2021. The Expanded ERC is a 70% 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 Q1 2021, UES and Northern recorded an ERC of approximately \$39,000 as a reduction to employment tax expense. The follow table highlights the reduction by company.

<u>Company</u>	
UES	\$14,466
Northern	\$24,559