

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: May 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.

**May 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.

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

Date of Response: May 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.

**May 30 Update:**

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

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

Date of Response: May 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 May 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.
  - o Partnered with Rockingham County staff to promote their Rental Assistance Program website for county residents who have past due utility bills

**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

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- 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
- 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

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

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

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**Request:**

Provide a detailed description of customer outreach undertaken to date.

**Update May 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
- Emailed all past due residential customers and provided a link to enroll in a payment plan directly on Unitil website, and provided a link to the NH Rental Assistance program
- 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
- Emailed residential customers in Rockingham County to advise them of the county specific Rental Assistance funds available, with direct link to the county website to apply
- Automated outbound calls to Rockingham County residential customers with no email on file, to advise them of the county specific Rental Assistance funds available and number to call for assistance

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

Date of Response: May 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 May 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

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

Date of Response: May 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.

**May 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.

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

Date of Response: May 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.

**May 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: May 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.

**May 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: May 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.

**May 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: May 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.

**May 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: May 31, 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.

**May 31, 2021 Updated Response:**

*Pandemic related costs*

The following table highlights the approximate expense amounts recorded through May 31, 2021:

<u>Company</u>	<u>Expenses to date</u>
UES	\$57,000
Northern	\$154,000

*Bad debt expense*

The following table highlights the approximate incremental bad debt expense amounts recorded through April 30, 2021 (amounts for May are not yet available):

<u>Company</u>	<u>Expenses to date</u>
UES	\$112,000
Northern	\$108,000

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 May 31, 2021:

<u>Company</u>	<u>Expenses to date</u>
UES	\$576,000
Northern	\$183,000

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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

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 following table highlights the reduction by company:

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