

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 20-098

UNITIL ENERGY SYSTEMS, INC.

**Annual Reconciliation and Rate Filing for Stranded Costs and External Delivery Charge
Order Suspending Tariff and Scheduling a Hearing**

ORDER NO. 26,378

July 2, 2020

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, 2020. The order schedules a hearing on the proposed tariff for July 20, 2020, at 1:30 p.m.

On June 17, 2020, Unitil Energy Systems, Inc. (Unitil or the Company), filed its annual reconciliation of adjustable rate mechanisms, 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, 2020.

If the proposed changes are approved, the overall bill impact for a residential customer on default energy service using 650 kilowatt hours (kWh) per month, as compared with rates in August 2019, will be an increase of approximately \$3.56, or 3.2 percent. Similarly, monthly bills for Large General Service (G1), General Service (G2), and Outdoor Lighting (OL) customers will increase approximately 7.6 percent, 11.0 percent, and 3.4 percent, respectively.

The SCC is the mechanism Unitil uses to recover contract release payments to Unitil Power Corp., in accordance with the Amended Unitil System Agreement approved by the

Commission in Order No. 24,072 (October 25, 2002), and 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: (1) portfolio sale charges, (2) residual contract obligations, (3) Hydro Quebec support payments, and (4) reconciliations from prior periods.

SCC obligations are calculated by developing a uniform per kWh charge, which is then applied to each class based on the approved rate design. In addition to the energy-based SCC, customers in the G1 and G2 classes incur a demand charge. According to the filing, the SCC uniform rate would be a credit of 0.00025 per kWh, a decrease of \$0.00013 per kWh. The decrease is due to the change in the prior period reconciliation balance. The August 1, 2020, over-collected balance is the result of contract release payment credits coming in above forecast for the August 2019 through July 2020 period.

The EDC includes costs associated with transmission, including third-party transmission provider costs; regional transmission and operating costs; transmission-based fees and assessments; and various administrative, consulting, and legal costs. Unitil also includes in its EDC rate other costs and credits including the rebate of excess Regional Greenhouse Gas Initiative (RGGI) auction proceeds, and over- or under-collection associated with the reliability enhancement and vegetation management programs, and the recovery of displaced distribution revenue associated with net metering for 2019.

As reported in the Company's Reliability Program and Vegetation Management Program Annual Report – Fiscal Year 2019 filed in DE 20-027 – the Company has increased its 2019

VMP storm resiliency budget by \$267,556.¹ The total VMP/REP budget of \$5,126,295 experienced an under-collection of \$337,289, and Unitil is proposing to charge the under-collection to the Company's EDC mechanism as of May 1, 2020. Unitil calculated a transmission-only factor charge of 3.632 cents per kWh, and a non-transmission factor of negative 0.019 cents per kWh. The proposed total EDC rate of 3.613 cents per kWh represents an increase of 1.111 cents per kWh as compared with August 2019 through July 2020. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <https://puc.nh.gov/Regulatory/Docketbk/2020/20-098.html>.

The filing raises, *inter alia*, issues related to whether the calculation of stranded costs conforms to 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 Chapter 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

¹ Order No. 26,278 in Docket No. DE 19-111 approved Unitil's increased budget for the Resiliency Storm Program by \$267,556, which was a carryover from the Company's 2018 VMP/REP program.

ORDERED, that, consistent with Governor Christopher T. Sununu's Emergency Order #12, the Commission will hold a web-enabled remote hearing, pursuant to N.H. Admin. R., Puc 203.12, on July 20, 2020, at 1:30 p.m. Members of the public who wish to join the hearing may do so by accessing <https://www.puc.nh.gov/Regulatory/Calendar-Remote.html>. **If you have any difficulty obtaining access to this remote event, please notify the Commission by calling (603) 271-2431 as soon as possible.** Parties will be provided with additional instructions prior to the hearing; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, Unitil shall notify all persons desiring to be heard at this hearing by publishing a copy of this order on its website no later than one day after the date of issue. In addition, the Executive Director shall publish this order on the Commission's website no later than one day after the date of issue; and it is

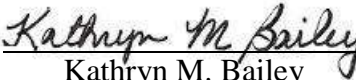
FURTHER ORDERED, that Unitil shall document the publication of this order on its website by filing an affidavit of publication with the Commission no later than July 14, 2020; and it is


FURTHER ORDERED, that consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to Unitil and the Office of the Consumer Advocate on or before July 14, 2020, such petition stating the facts demonstrating how its rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17. Pursuant to the secretarial letter issued on March 17, 2020, (*see* <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>), any party seeking to intervene may elect to submit this filing in electronic form; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before July 20, 2020.

By order of the Public Utilities Commission of New Hampshire this second day of July, 2020.


Dianne Martin
Chairman


Kathryn M. Bailey
Commissioner


Michael S. Giaimo
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 - Docket Related

Docket#: 20-098

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