

BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

NORTHERN UTILITIES, INC.
Petitioner

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DOCKET NO. DG 24-XXX

**COMPANY’S PETITION FOR APPROVAL OF REVENUE DECOUPLING
ADJUSTMENT FACTOR AND WAIVER OF REVENUE DECOUPLING
ADJUSTMENT CAP**

Pursuant to Order No. 26,650 (DG 21-104) and NHPUC No. 12 – Gas First Revised Pages 163-168, Northern Utilities, Inc. (“Northern” or “the Company”) presents to the New Hampshire Public Utilities Commission (the “Commission”) for approval its proposed Revenue Decoupling Adjustment Factor (“RDAF”) for effect November 1, 2024. Specifically, Northern respectfully requests approval of the following Tariff Sheets:

First Revised Page No. 169 (RDAC);
First Revised Page No. 170 (RDAC).

The above listed Tariff Sheets are issued September 16, 2024 by Daniel Hurstak, Vice President and Treasurer, to be effective November 1, 2024 and May 1, 2025.¹

As part of this filing, the Company respectfully requests the Commission allow a waiver of the Revenue Decoupling Adjustment (“RDA”) cap (“the cap”) of 4.25 percent of distribution revenues, as well as the Company’s proposal to collect the RDAF over 24 months rather than 12 months.

In support of its petition, Northern submits the prefiled joint testimony of S. Elena Demeris, Senior Regulator Analyst for Unitil Service and Daniel T. Nawazelski, Manager, Revenue Requirements. In further support of its petition, Northern respectfully states:

¹ The Company notes that the rates presented in these tariff sheets are based on the calculations found in Schedule SED-1, which are proposed by the Company consistent with the request for waiver of the RDA Cap.

1. On July 20, 2022, the Commission approved a Settlement Agreement (“Settlement Agreement”) among Northern, the Department of Energy, and the Office of the Consumer Advocate providing for the implementation of a Revenue Decoupling Mechanism. *Northern Utilities, Inc.*, Order No. 26,650 at 4-6, 13-14, 21 (July 20, 2022). The Company’s revenue decoupling adjustment factor (“RDAF”) is designed to collect the difference between the actual and authorized Revenue Per Customer by rate class. Total variances by customer class group and carrying costs form the basis for the revenue decoupling adjustment by customer group and the calculation of the RDAF. *Id.* at 4-5.
2. The Company must file its RDAF forty-five (45) days in advance of November 1. *Id.* at 5; NHPUC No. 12 – Gas First Revised Page 165.
3. The Commission approved RDAF rates filed September 15, 2023 in Docket No, DG 23-086.
4. The proposed Peak (November 1 – April 30) and Off-peak (May 1 – October 31) RDAFs for the Residential Heating, Residential Non-Heating, General Service High Load Factor and General Service Low Load Factor classes are set forth in the table below:

Class	Peak \$/therm	Off-peak \$/therm
Residential Heat	\$0.2107	\$0.3024
Residential Non-Heat	\$0.1093	\$0.2857
General Service HLF	(\$0.0153)	\$0.0042
General Service LLF	\$0.0259	\$0.0410

5. The proposed rates represent an increase to Residential Heating customers on the RDAF component only of \$82.67 or 8.29% [\$13.78 on average per month] over the winter period and \$20.53 or 7.11% [\$3.42 on average per month] over the summer period. Full bill impacts are presented in the Company’s Cost of Gas Filing.
6. The Company’s proposed RDAF is just and reasonable.

7. The Settlement Agreement approved by the Commission in DG 21-104, set a recovery cap to the Company's annual RDA in an amount equal to four and one quarter percent of distribution revenues. The cap limits the impact of the RDAF on customer bills.
8. The Company has evaluated the current deferral amounts and is concerned that these deferrals will continue to increase in light of warmer winter weather and decreased therm sales.
9. A waiver of the RDA cap is appropriate in order to avoid increases to the deferred amounts and carrying costs associated with the amount deferred subject to the cap. The increase in carrying costs is exacerbated by the increase in interest rates experienced over the past 24 months.
10. The Company proposes to recover the deferred amounts and carrying charges over a 24 month period in order to mitigate ratepayer impacts, and will evaluate recovery levels after 12 months, at the time of the next scheduled RDAF rate filing, on or about September 15, 2025.
11. Additionally, based on the current prime interest rate of 8.50%, the rate used in the RDAF reconciliation, total interest for all rate class groupings on the deferred plus current RDA amounts including carrying charges is approximately \$7.7M in the winter period and \$2.6M including carrying charges in the summer period.
12. Northern has also provided calculation of RDAF rates if the waiver is not approved, Schedule SED-1B. As shown on Page 1 of SED-1B the deferral in the winter period for all class groups would be \$5.9M in the winter period and \$2.1M in the summer period.
13. The Company believes a waiver does not negatively affect the interests of any parties to the Settlement Agreement and approval of the Company's request for a waiver of the RDA cap is not prohibited by the Settlement Agreement at Section 4.2.3. Additionally,

as stated above, current circumstances justify a waiver of the Cap provision included in the Settlement. The increase of warmer winter weather, decreased therm sales, and increased interest rates were unforeseeable to the parties when reaching the Settlement Agreement.

14. A waiver of the Cap will maintain the balance of shareholder and ratepayer interests, as well as continue to produce rates that are just and reasonable. Specifically, a waiver of the Cap will save ratepayers approximately \$652,400 in carrying costs, and is, therefore, in the public interest..
15. The Department of Energy has previously argued that the Commission should deny waiver of a cap because of the provision included in the Settlement Agreement which states that a party to any future base rate case could propose specific treatment of any carried balances remaining at that time. *Unitil Energy Systems, Inc.*, Order No. 27,042 at 9-10 (2024). The Company contends that the Settlement Agreement and the Commission's Order make it clear that the Company is entitled to recovery of these costs. Therefore, although there may be a proposal during the pendency of a future rate case regarding which method the Company should use to recover any deferred costs, the just and reasonableness of such costs would not be in question.
16. Once the Commission has ruled on the Company's annual RDAF filing, the just and reasonableness of those costs is no longer at issue and therefore cannot be the subject of dispute in a future proceeding.
17. The Commission has previously held in an electric RDAF proceeding that where a recovery mechanism has been established and approved and the Commission does not find any reason to revisit such rate mechanism, the Commission will limit its review in that proceeding to considering "whether the rates were correctly calculated pursuant to

the approved methods and whether the proposed rates are just and reasonable under RSA 378:7.” *Unitil Energy Systems, Inc.*, Order No. 27,042 at 2 (2024).

18. The Company’s request for a waiver does not infringe on any party’s ability to raise issue with such costs, as these parties have the opportunity to review and contest these costs in the instant proceeding, where the just and reasonableness of these costs is under review. A waiver of the Cap does not change the costs themselves, but simply allows for a more efficient collection of these costs, while also avoiding future carrying costs.

For all of the reasons stated in this Petition and the accompanying Testimony and Schedules, Northern respectfully requests that the Commission:

- A. Find that the Company’s proposed RDAF is just and reasonable; and
- B. Approve the proposed rates for the peak and off-peak period; and
- C. Allow the Company’s request for waiver of the cap; and
- D. Allow the Company’s request to collect the RDA over 24 months; and
- E. Grant such other approvals and relief as may be just, necessary and appropriate in the circumstances.

Respectfully submitted this 16th day of September, 2024.

Northern Utilities, Inc.

By its attorney:



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