

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 13-065

UNITIL ENERGY SYSTEMS, INC.

**Tariff Filing for Step Adjustment to the Reliability
Enhancement and Vegetation Management Program and Costs
Associated with Storm Preparation and Response**

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,477

March 26, 2013

On February 28, 2013, Unitil Energy Systems, Inc. (UES) filed a proposed tariff pursuant to the Settlement Agreement approved by the Commission in Order No. 25,214 (April 26, 2011) in Docket No. DE 10-055, UES's most recent distribution rate case. With the proposed tariff, UES filed an explanation of the filing, its 2012 Reliability Enhancement Program (REP) and Vegetation Management Plan (VMP) Annual Report, and its Capital Reliability Analysis and Recommendation 2012. UES requested that the rate changes associated with the filing be in effect with services rendered on and after May 1, 2013.

UES stated that the tariff pages are intended to implement a provision in the Settlement Agreement which provides for a step adjustment to its distribution rates effective May 1, 2013. According to the terms of the Settlement Agreement, the step adjustment consists of the net changes to revenue requirements associated with 75% of the actual changes to non-REP net plant in service during calendar year 2012 and reconciliation of REP and VMP revenues and expenses for the calendar year. UES said that the actual change in non-REP net plant in service during 2012 was \$7,834,633, 75% of which is \$5,875,974, and calculated the associated revenue

requirement to be \$384,854. UES stated that the reconciliation of REP and VMP revenues and expenses for 2012 to result in a credit of \$163,962.

In addition to the step adjustment authorized by the Commission, UES requested funding of \$888,000 to extend the Company's storm-hardening program approved by the Commission in Order No. 25,355 (April 30, 2012). According to UES, the storm-hardening program was successful and the Company proposed to continue the associated work for another year. The Company also requested an increase in the annual funding of its Major Storm Cost Reserve (MSCR) from \$400,000 to \$800,000. UES said that it proposed the increase to begin recovery of a \$700,000 deficit balance in the MSCR and to have sufficient funds for future storm recovery efforts. UES said that this request did not include recovery of costs incurred with restoration of power and repair of its system resulting from damage caused by Hurricane Sandy.

UES said that the impacts associated with the additional funding requested for the extension of the storm-hardening program and the annual increase to the MSCR would be an increase \$0.94 or 1.1% in monthly bills for a residential default service customer using 600 kilowatt hour (kWh) per month. The total rate impact of the step adjustment, REP/VMP reconciliation, the storm-hardening program and the increase proposed for the MSCR for a typical residential default service customer taking using 600 kWh per month would be a bill increase of \$2.07, or 2.4%.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-065.html>.

The filing raises, *inter alia*, issues related to whether the filing complies with the Settlement Agreement approved in Docket No. DE 10-055 and whether the costs incurred in

UES's REP and VMP programs were prudently incurred; whether the continuation of the VMP storm hardening pilot program is reasonable and in the public interest; whether it is reasonable and in the public interest to increase the annual funding to the MSCR; and whether the resulting rates are just and reasonable pursuant to RSA 378:7. 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, pursuant to RSA 378:6,(I)(b), the Commission hereby suspends UES's proposed tariff to allow the filing to be investigated; and it is

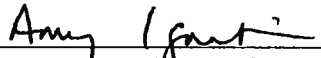
FURTHER ORDERED, that a Hearing pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on April 15, 2013 at 9:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, UES shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than April 5, 2013, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before April 11, 2013; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to UES and the Office of the Consumer Advocate on or before April 11, 2013, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before April 15, 2013.

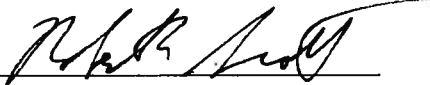
By order of the Public Utilities Commission of New Hampshire this twenty-sixth day of March, 2013.



Amy L. Ignatius
Chairman

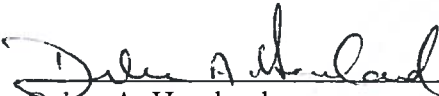


Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director