

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

DE 13-084

UNITIL ENERGY SYSTEMS, INC.

Petition to Increase Storm Recovery Adjustment Factor

Order Suspending Tariff and Scheduling Hearing

O R D E R N O. 25,489

April 8, 2013

On March 15, 2013, Unitil Energy Systems, Inc. (UES) filed a petition to increase its Storm Recovery Adjustment Factor (SRAF) for effect with services rendered on and after May 1, 2013. With the petition, UES filed supporting testimony, related exhibits and a proposed tariff. The petition states that the increase in the SRAF is necessary to begin recovery of \$2,310,089 in incremental, storm-related emergency costs incurred by UES to restore power and repair damage to its electrical system associated with Hurricane Sandy.

Pursuant to a Settlement Agreement approved by the Commission in UES's most recent distribution rate case, UES has two cost recovery mechanisms for major storm damage to its electrical system. First, the Settlement Agreement established a Storm Reserve to provide a resource for UES to address damage associated with more frequent major storms. The Settlement Agreement authorized UES to collect \$400,000 annually through base rates to fund the Storm Reserve. Second, the Settlement Agreement created the SRAF to allow UES to recover the costs of infrequent storms that are extraordinary in magnitude. The Settlement Agreement specifically allowed UES to petition the Commission to change the SRAF should any significant under- or over-recoveries occur or are expected to occur. *See*, Order No. 25,214 (April 26, 2011).

According to the petition, Hurricane Sandy qualifies as an infrequent storm of extraordinary magnitude and, therefore, UES proposes to recover the costs associated with Hurricane Sandy over four years through the SRAF. UES said it selected the four-year recovery period to coincide with the ending date of the recovery period approved by the Commission for costs associated with two 2011 major storms--Tropical Storm Irene and the October Snowstorm. *See* Order No. 25,351 (April 24, 2012), *Unitil Energy Systems, Inc.* Order No. 25,351 increased the SRAF to recover costs associated with those 2011 major storms.

UES said that it will apply an annual interest rate of 4.52 percent (the rate allowed for major storms recovered through the SRAF) to the incremental costs and calculated the total cost recovery associated with Hurricane Sandy to be \$2,357,832, or \$639,703 per year over the four-year recovery period. According to UES, the instant petition would increase the SRAF from \$.00178 per kilowatt hour (kWh) to \$0.00231 per kWh. The bill impact for residential default service customers using 600 kWh per month would be a monthly bill increase of \$0.32 or 0.4 percent.

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/2013/13-084.html>.

The filing raises, *inter alia*, issues related to whether the costs incurred by UES in connection with Hurricane Sandy were prudently incurred; whether it is just and reasonable to allow UES to recover \$2,357,832 from ratepayers, and whether pursuant to RSA 378:7 the resulting rates are just and reasonable. 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 11:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, UES and the Commission shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than April 9, 2013, on the Commission website and on the UES website with UES showing evidence of publication through a printed screen shot of the notice no later than April 12, 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 12, 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 eighth day of April,
2013.

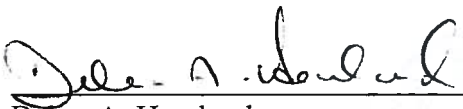


Amy L. Ignatius
Chairman



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director