

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 13-172

UNITIL ENERGY SYSTEMS, INC.

Annual Reconciliation and Rate Filing

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,537

June 27, 2013

On June 14, 2013, Unitil Energy Systems, Inc. (UES or Company) filed its annual reconciliation of adjustable rate mechanisms established pursuant to its tariffs along with supporting testimony, exhibits and a proposed tariff. The adjustable rate mechanisms are included in UES's stranded cost charge (SCC) and external delivery charge (EDC). UES proposed the tariff changes for effect with service rendered on and after August 1, 2013. All 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/2013/13-172.html>.

If the proposed changes are approved, the average class bill impacts for those customers taking default service from UES are increases of 1.9% for customers in the residential class, 1.9% for customers in the general service (G2) class, and 2.6% for customers in the large general service (G1) class. Outdoor lighting customers' average bills will increase by about 1.0%.

The SCC is the mechanism by which UES recovers contract release payments (CRPs) from Unitil Power Corp. (UPC) in accordance with the Amended Unitil System Agreement approved by the Commission in Order No. 24,072 (October 25, 2002) in Docket No. DE 01-247,

and also approved by the Federal Energy Regulatory Commission. The CRPs are paid by UES as a condition to UPC waiving certain contractual rights against UES in connection with pre-existing power supply agreements. The CRPs are equal to the sum of the following categories of costs: (1) the portfolio sales charge, (2) the residual contract obligations, (3) the Hydro-Quebec support payments, and (4) true-ups from prior periods.

The SCC obligations are calculated first based on a uniform energy-based per kilowatt hour (kWh) charge and then applied to each class based on the appropriate rate design. In addition to the energy-based SCC, customers in the G2 and G1 classes incur a demand-based SCC. For these classes, UES used the ratio of demand and energy revenue under current rates to develop the demand and energy components of the SCC for effect on August 1, 2013.

UES stated that the uniform energy-based SCC rate, which is applied equally to all customer classes other than G2 and G1, is increasing by \$0.00018 per kWh. The proposed demand-based SCC rates for G1 and G2 customers are also increasing. UES attributes these increases to a change in the prior period balance. UES also incorporated the adjustment to the SCC related to the billing adjustment approved by the Commission in Docket No. DE 11-105, by Order No. 25,458 (January 25, 2013), in which a total amount of \$103,557, plus interest, will be recovered by UES through July 2015.

The EDC includes costs associated with transmission, including third party transmission provider costs, regional transmission and operating entities, transmission-based fees and assessments, administrative costs associated with the renewable source option program, and various administrative, consulting, and legal costs. UES calculated an increase of approximately \$2.3 million for the upcoming EDC rate period of August 2013 through July 2014 over the

current EDC rate period of August 2012 through July 2013, primarily driven by an increase in higher regional transmission costs. UES calculated a proposed EDC rate of \$0.02006 per kWh for the period beginning August 1, 2013, which represents an increase of \$0.00253 per kWh as compared to the current EDC rate of \$0.01753 per kWh.

RSA 378:6 provides that pending any investigation of a rate schedule that does not represent a general rate change, the Commission may suspend the taking effect of such a tariff filing for up to 3 months in order to investigate whether the proposed rates are just, reasonable, and otherwise consistent with applicable law. We determine that such suspension and investigation are necessary under RSA 378:6.

The filing raises, *inter alia*, issues related to whether the calculation of stranded costs is in conformance with 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 378:5 and 378:7; and whether the resulting rates are generally consistent with the principles of restructuring pursuant to RSA 374-F. 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 be held before the Commission located at 21 S. Fruit Street, Suite 10, Concord, New Hampshire on July 11, 2013 at 10:00 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 July 3, 2013, in a newspaper with general circulation in those portions of the State in which operations are conducted, publication to be documents by affidavit filed with the Commission on or before July 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 before July 8, 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. Rules 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 July 11, 2013.

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

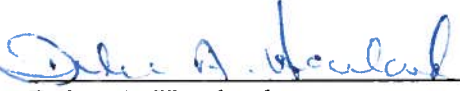


Amy L. Ignatius
Chairman



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director