

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 14-170**

**UNITIL ENERGY SYSTEMS, INC.**

**Annual Reconciliation and Rate Filing**

**Order Suspending Tariff and Scheduling a Hearing**

**ORDER NO. 25,686**

**July 1, 2014**

On June 17, 2014, 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, 2014.

If the proposed changes are approved, the average class bill impacts for those customers taking default service from UES are decreases of 1.0% for customers in the residential class, 1.1% for customers in the general service (G2) class, and 1.5% for customers in the large general service (G1) class. Outdoor lighting average bills will decrease about 0.5%.

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) (87 NH PUC 694), 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 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, 2014.

UES states that the uniform energy-based SCC rate, which is applied equally to all customer classes other than G2 and G1 customers, is decreasing by 0.009 cents per kWh. The proposed demand-based SCC rates for G1 and G2 customers are also decreasing. UES attributes the decreases to a change in the prior period balance. UES also included in the SCC adjustment the amount of \$4,628 per month pursuant to Order No. 25,458 (January 25, 2013) for the period through July 2015 to recover certain under-collections that resulted from a faulty meter.

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 \$681,000 for the upcoming EDC rate period August 2014 through July 2015. UES states that the higher costs are driven by a June 1, 2014 increase in the Regional Network Service Rate. UES says that proposed rates are decreasing due to the inclusion of a credit of \$963,037 in the calculation of EDC rates to be effective August 1, 2014. As a result, UES proposed a EDC rate of 1.854 cents per kWh as compared with the current rate of 2.006 cents per kWh.

In this filing, UES also seeks recovery of \$18,724 in lost distribution revenue due to net metering generation. UES said that its request to recover the revenue is supported by the Commission rules governing net metering. N.H. Code Admin. Rules Puc 903.02,

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 [www.puc.nh.gov](http://www.puc.nh.gov).

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 it is appropriate for UES to use the EDC mechanism as a means to recover lost distribution revenue associated with net metering; whether the calculation of lost revenue is reasonable; whether the adjusted rates are just and reasonable as required by RSA 378:5 and 378:7; and whether the filing is 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 203.12 be held before the Commission located at 21 South Fruit Street, Suite 10, Concord, New Hampshire on July 23, 2014 at 10:00 a.m.; and it is

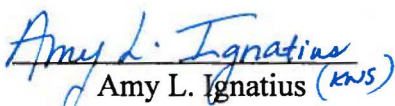
**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, UES shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of

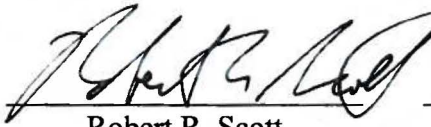
Notice no later than July 9, 2014, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before July 21, 2014; and it is

**FURTHER ORDERED**, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, 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 July 21, 2014, 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 July 23, 2014.

By order of the Public Utilities Commission of New Hampshire this first day of July, 2014.

  
Amy L. Ignatius (KWS)  
Chairman

  
Robert R. Scott  
Commissioner

  
Martin P. Honigberg  
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.