

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 19-043

UNITIL ENERGY SYSTEMS, INC.

**Step Adjustment and Proposed Changes to Storm Recovery Adjustment Factor
Order Suspending Tariff and Scheduling a Hearing**

ORDER NO. 26,226

March 19, 2019

In this order, the Commission suspends a tariff proposed by Unitil to, among other things, implement a step increase effective May 1, 2019. The suspension of the tariff allows for investigation of the filing. This order also schedules a hearing on the merits for April 15, 2019.

On February 28, 2019, Unitil Energy Systems, Inc. (Unitil), filed a proposed tariff for effect on a service rendered basis, on and after May 1, 2019. Unitil asserts that the proposed tariff changes implement the provisions of a settlement agreement approved by the Commission in Docket No. DE 16-384, which allows for a step adjustment effective May 1, 2019. *See* Order No. 26,007 at 18 (April 20, 2017). The settlement agreement imposed a cap on recovery of revenue requirements for net capital investments associated with operations and maintenance, and authorized three annual step adjustments, with an overall capital investment cap of \$4.5 million. The first step adjustment was approved in Order No. 26,007 as part of the settlement. The second step adjustment was approved in Order No. 26,123 (April 30, 2018).

After the 2018 step adjustment, the remaining revenue eligible for recovery was \$341,808. Unitil now seeks recovery of \$341,808 as the final step increase allowed under the settlement agreement.

The filing also reports a decrease to the Storm Recovery Adjustment Factor (SRAF) associated with full cost recovery of expenses relating to a December 2008 ice storm and a February 2010 wind storm. The costs of the December 2008 ice storm and February 2010 wind storm were approved for recovery through the SRAF over a period of eight years from May 2011 through April 2019. Unitil proposes to remove the costs associated with a March 2018 winter storm from the major storm cost reserve and recover those costs from the SRAF effective May 1, 2019. Recovery of costs would occur over a three-year period. The adjustment to the SRAF would result in a decrease of 0.049 cents per kilowatt hour (kWh).

Unitil reports an over-collection of \$754,813 in the Company's Reliability Enhancement Program and Vegetation Management Program (REP/VMP). Unitil proposes to credit customers \$487,257 through the external delivery charge mechanism, and to dedicate the remaining \$267,556 to the storm resiliency budget in the VMP.

Unitil calculates the rate impact of the filing to be a monthly bill decrease of \$0.07, or 0.1 percent, for a residential customer using 600 kWh per month.

The filing raises, inter alia, issues related to whether the requested step adjustment is supported by the filing, in conformity with the settlement agreement, and appropriately calculated; whether the resulting rates are just and reasonable as required by RSA 374:2 and RSA 378:5 and :7; whether the capital investments made were in conformance with the commission's order approving the settlement agreement and the costs were reasonable; and whether it is in the public interest to authorize Unitil to allocate a portion of the REP/VMP over-collection to storm resiliency, rather than credit the entire over-collection to customers through the external delivery charge mechanism.

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/2019/19-043.html>.

We will suspend Unitil's proposed tariff to allow the filing to be investigated pursuant to RSA 378:6, I(b). 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, that the proposed tariff pages are hereby suspended pursuant to RSA 378:6, I(b), through June 19, 2019, pending investigation and further order of the Commission; 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 S. Fruit St., Suite 10, Concord, New Hampshire, on April 15, 2019, at 10:00 a.m.; and it is


FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Unitil shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than March 21, 2019, 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 12, 2019; and it is

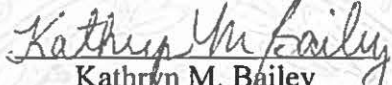
FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Unitil and the Office of the Consumer Advocate on or before March 29, 2019, if such party wishes a decision on their petition prior to Hearing, or otherwise on or before April 12, 2019, such Petition stating the facts demonstrating


how its rights, duties, privileges, immunities, or other substantial interest may be affected by the proceeding, consistent with N.H. Code Admin. Rules Puc 203.17; and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before April 3, 2019, for Petitions filed on or before March 29, 2019, or otherwise by April 15, 2019.


By order of the Public Utilities Commission of New Hampshire this nineteenth day of March, 2019.


Martin P. Honigberg
Chairman


Kathryn M. Bailey
Commissioner


Michael S. Giaimo
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.