

STATE OF NEW HAMPSHIRE

CONSUMER ADVOCATE  
Meredith A. Hatfield, Esq.

ASSISTANT CONSUMER ADVOCATE  
Rorie E.P. Hollenberg, Esq.



<b>ORIGINAL</b>	
N.H.P.U.C. Case No. <u>DG 11-069</u>	TDD Access Relay NH 1-800-745-2964
Exhibit No. <u>#1</u>	Tel. (603) 271-1172
Witness <u>George R. Gantz</u>	Website: www.oca.nh.gov
<b>DO NOT REMOVE FROM FILE</b>	

OFFICE OF CONSUMER ADVOCATE  
21 S. Fruit St., Suite 18  
Concord, NH 03301-2429

July 7, 2011

Debra Howland  
Executive Director & Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, New Hampshire 03301-7319

**RE: DG 11-069 Northern Utilities, Inc. - Rate Case**  
**Settlement on Temporary Rates**

Dear Ms. Howland:

Enclosed please find a settlement agreement on temporary rates entered into by Northern, Staff and the OCA. The parties intend to present the settlement agreement at the temporary rate hearing scheduled for July 13, 2011.

On behalf of the settling parties, we respectfully request a waiver of Puc 203.20(e), which requires that settlements be filed five days prior to a hearing. We believe that the Commission's acceptance of this settlement agreement at this time will promote the orderly and efficiency conduct of the temporary rate hearing, and that it will not impair the rights of any party to the proceeding.

Thank you for your assistance. Please do not hesitate to contact me if you require further information.

Respectfully,

Handwritten signature of Meredith A. Hatfield.

Meredith A. Hatfield  
Consumer Advocate

cc: Service List via electronic mail

THE STATE OF NEW HAMPSHIRE  
before the  
PUBLIC UTILITIES COMMISSION

NORTHERN UTILITIES, INC.  
PETITION FOR INCREASE IN ELECTRIC SERVICE RATES

Docket No. DG 11-069

Stipulation and Settlement Regarding Temporary Rates

This Stipulation and Settlement is entered into this 7th day of July 2011, by Northern Utilities, Inc. (Unitil), the Office of Consumer Advocate (OCA), and the Staff of the Public Utilities Commission (Staff) (hereinafter referred to collectively as "Unitil, OCA and Staff"). This Stipulation and Settlement and associated Attachments resolve all issues regarding Unitil's request for temporary rates in this proceeding.

**A. INTRODUCTION**

On May 4, 2011, Unitil filed a petition for temporary and permanent rate increases, accompanied by the pre-filed written testimonies, schedules and work papers of George R. Gantz, David Chong, Lawrence M. Brock, Elizabeth M. Shaw, Samuel C. Hadaway, and Paul M. Normand. The petition for temporary rates requested a temporary increase in distribution service revenues for effect on August 1, 2011, of \$1,756,248.

The Staff and the OCA propounded data requests concerning the temporary rate request, which Unitil responded to on June 10, 2011. Representatives of Unitil, OCA, and Staff attended a technical session on June 16, 2011, which resulted in agreement on temporary rate issues, including agreement on a total annual temporary distribution service revenue level of \$1,711,246 million above the current revenue level. The settlement presented herein will result in an increase to distribution service rates effective with service rendered on and after August 1, 2011.

**B. SETTLEMENT OF TEMPORARY RATE REQUEST**

1. **Temporary Revenue Increase.** The calculation of the proposed temporary \$1,711,246 annual increase to Unitil's current distribution revenue level is detailed in the schedules contained in Attachment 1. The proposed temporary revenue increase will be collected by applying a uniform per therm surcharge of \$0.0293 to all of Unitil's current rate schedules. The calculation of the temporary rate surcharge is shown on Attachment 2. Attachment 3 is a copy Unitil's response to data request OCA 1-6, which is the source of the adjustment shown on Attachment 1. The difference between temporary rates and permanent rates as approved by the Commission will be fully reconciled in accordance with RSA 378:29.

For purposes of this Stipulation and Settlement on temporary rates, Unitil, OCA and Staff agree to a temporary revenue increase based upon a capital structure and overall cost of capital that incorporates a return on equity (ROE) of 9.67%, the last authorized return on equity awarded to the Company from its rate case filed in 2001, applied to a five quarter average rate base, as compared to the test year-end rate base underlying Unitil's Permanent Rate Petition (the twelve months ending December 31, 2010).

**C. MISCELLANEOUS PROVISIONS**

Unitil, OCA and Staff agree to the following miscellaneous provisions:

1. **Binding on Parties.** Unitil, OCA and Staff agree to support the terms and conditions contained herein. Unitil, OCA and Staff understand that this Stipulation and Settlement is subject to Commission approval. The Signatories acknowledge that in reaching this Stipulation and Settlement, Staff and the OCA have relied on Unitil's filing, discovery responses, and representations in settlement discussions.

2. **Integrated Terms of Settlement.** This Stipulation and Settlement represents an integrated resolution of issues concerning Unitil's request for temporary rates. Accordingly, the effectiveness of this Stipulation and Settlement is conditioned upon the

Commission adopting this Stipulation and Settlement in its entirety, without condition or modification. If the Commission does not approve this Stipulation and Settlement in its entirety and without modification or condition, Unitil, OCA and Staff shall have an opportunity to amend or terminate this Stipulation and Settlement. If terminated, this Stipulation and Settlement shall be deemed withdrawn and shall not constitute a part of the record in any proceeding or be used for any purpose.

3. Procedure. Unitil, OCA and Staff shall cooperate in submitting this Stipulation and Settlement promptly to the Commission for approval so that it may be implemented on August 1, 2011. Unitil, OCA and Staff shall request that the Commission consider this Stipulation and Settlement at the proposed temporary rate hearing to be held July 13, 2011, and shall make a witness or witnesses available as necessary to answer questions in support of this Stipulation and Settlement, or provide such other support as the Commission requests. Unitil, OCA and Staff agree to cooperate, in good faith, in the development of such other information as may be necessary to support and explain the basis of this Stipulation and Settlement and to supplement the record accordingly.

4. No Precedent. Unitil, OCA and Staff enter into this Stipulation and Settlement to avoid further expense, uncertainty and delay in undertaking the permanent phase of the case. By executing this Stipulation and settlement, neither Unitil, OCA nor Staff shall be deemed to have accepted or consented to the facts, principles, methods, or theories employed in arriving at the terms of the Stipulation and Settlement, and except to the extent expressly set forth in this Stipulation and Settlement, Unitil, OCA and Staff shall not be deemed to have agreed that such a Stipulation and Settlement is appropriate for resolving any issues in the permanent rate portion of this proceeding or in any other proceeding. Unitil, OCA and Staff are free to take different positions on any of the issues and/or adjustments included in this temporary rate settlement for purposes of determining permanent distribution rates or in other future proceedings.

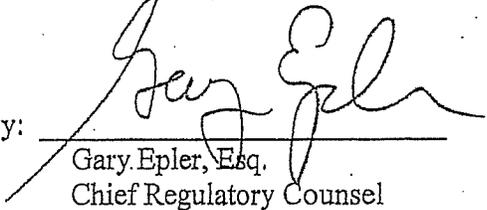
5. Confidentiality. This Stipulation and Settlement is the product of confidential settlement negotiations. The content of these negotiations, including any documents prepared during the course of such negotiations for the purpose of reaching a settlement, shall be privileged and all offers of settlement shall be without prejudice to the position of any party presenting such offer.

6. Execution. This Stipulation and Settlement may be executed by Unitil, OCA and Staff in several counterparts, through original and/or facsimile signature, and as executed shall constitute one agreement.

WHEREFORE, Unitil, OCA and Staff recommend that the Commission issue an order authorizing Unitil to increase its electric service rates on a temporary basis, pursuant to RSA 378:27, by \$1,711,246 annually effective for service rendered on and after August 1, 2011, in the manner specified herein.

Respectfully submitted,

Northern Utilities, Inc.

By: 

Gary Epler, Esq.  
Chief Regulatory Counsel  
Unitil Service Corp.

Office of the Consumer Advocate

By: 

Meredith A. Hatfield, Esq.  
Consumer Advocate

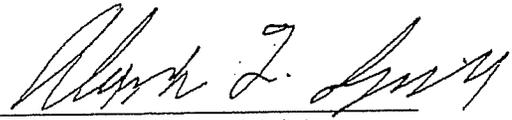
Stipulation and Settlement Regarding Temporary Rates

NHPUC Docket No. DG 11-069

July 07, 2011

Page 5 of 5

Staff of the Public Utilities Commission

By: 

Alexander F. Speidel, Esq.  
Staff Counsel

Docket DG 11-069  
Temp Rate Settlement  
Attachment 1

**Northern Utilities, Inc**  
Calculation of Temporary Rate Adjustment

Temporary Revenue Requirement As-Filed	\$ 1,756,248	Chong: Schedule DLC-5
Adjustment	<u>\$ (45,002)</u>	OCA 1-6
Temp Revenue Requirement As Settled	\$ 1,711,246	

NHPUC Docket DG 11-069  
Temp Rate Settlement  
Attachment 2

NORTHERN UTILITIES, INC.

Calculation of Temporary Rate Adjustment

Temporary Rates

Revenue Requirement	\$	1,711,246	Attachment 1
Test Year WN Sales (therm)		58,401,190	Normand: Schedule PMN 1G-8
Temporary Rate Factors	\$	0.0293/therm	

Docket DG 11-069  
Temp Rate Settlement  
Attachment 3

Northern Utilities, Inc.  
Docket No. DG 11-069  
OCA Information Requests – Set 1

Received: May 31, 2011  
Request No. OCA 1-6

Date of Response: June 10, 2011  
Witness: Laurence M. Brock

---

**Data Request OCA 1-6:**

PUC Rule 510.03 (d) states: "No more than 50% of costs provided for in a utility's IRP shall be borne by ratepayers." Please provide the total costs booked in the test year (sic) for DG 06-098 and quantify how much of those costs are included above the line for temporary and permanent ratemaking purposes.

**Response:**

The total IRP costs of \$90,003 actually spent were booked to account 30-40-13-00-23-06-00 – OS IRP EXPENSE-NH and were fully included in the test year expenses. The Company had not adjusted this amount for the 50% rule. The Company will reflect an adjustment of \$45,002 for ratemaking purposes in its updated calculations.