

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

**DATE:** July 25, 2014

**AT (OFFICE):** NHPUC

**FROM:** Grant W. Siwinski  
Utility Analyst III



NHPUC 25JUL'14am8:31

**SUBJECT:** DE 14-061, Unitil Energy Systems, Inc.  
Re: Petition for Approval of Default Service Solicitation And  
Resulting Rates for the Small, Medium and Large Customer Groups  
for the Period Beginning June 1, 2014

**TO:** Debra A. Howland, Executive Director

### Background

On April 4, 2014, UES filed a petition requesting approval of its solicitation and procurement of default service power supply for (1) residential (Rate D) customers, (2) small commercial (Rate G2) and outdoor lighting (Rate OL) customers, and (3) large commercial and industrial (Rate G1) customers, each for 100% of the power supply requirements for the six-month default service period June 1, 2014, through November 30, 2014. Also in the April 4<sup>th</sup> filing, pursuant to the Settlement Agreement approved by the Commission in Docket DE 05-064, UES included its 2013 supply-related working capital costs, based on actual supply costs and an agreed upon lead/lag study or its equivalent, to be recovered through Default Service (DS) rates on a fully reconciling basis. This 2013 Lead Lag Study incorporated changes agreed to by UES and the Commission Staff reflected in the settlement letter dated July 16, 2009 filed in Docket No. DE 09-009, and approved by the Commission in Order No. 25,011, issued September 4, 2009. However, based on the limited timeframe to review the study and DS rates in the April 4<sup>th</sup> filing, Staff recommended conditional approval of the 2013 Lead Lag Study subject to its review and further comment prior to the next UES default service hearing.

### Analysis

Staff has completed its review of the 2013 study and found that the study results followed the same methodology as in UES's 2012 study filed in DE 13-079. In its review, Staff also verified that UES followed the approaches recommended by Staff and approved by the Commission in DE 09-009. Those approaches were: 1) to remove the mailing time from the meter reading-to-billing calculation, and instead calculate meter reading-to-recording of accounts receivable; 2) to reflect actual procurement experience for test year Renewable Energy Certificates (RECs), and use July 1 of the following year as the due date for any test year RECs that had not been procured; 3) to reflect actual test year payment experience related to default service contracts in effect for the test year; and, 4)

to include the due date in its expense lead calculations for RECs instead of assuming that the REC bills are paid at the beginning of the month.

### **Recommendation**

Staff recommends approval of UES's 2013 Lead Lag Study and the allowance of the results to be included in rates on a fully reconcilable basis in the next default service filing in DE 14-061 in September 2014.

If you have any questions, please contact me.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**