

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 23-057**

**UNITIL ENERGY SYSTEMS, INC.**

**Revenue Decoupling Adjustment, External Delivery Charge and Stranded Cost  
Charge Annual Reconciliation**

**Order Approving Rates**

**ORDER NO. 26,865**

**July 31, 2023**

In this order the Commission approves new rates for Unitil's revenue decoupling adjustment factor (RDAF), its stranded cost charge (SCC) and its external delivery charge (EDC), all for effect on August 1, 2023. For an average residential customer, the bill impact of the proposed SCC and EDC is an approximate 5.3 percent increase. For the same average residential customer, the bill impact of the proposed RDAF rate is an approximate 0.5 percent increase.

**I. PROCEDURAL HISTORY**

On June 1, 2023 Unitil Energy Systems, Inc. (Unitil) filed its annual revenue decoupling adjustment and on June 16, 2023 Unitil filed an annual reconciliation of its external delivery charge and its stranded cost charge. All rate adjustments are requested for effect August 1, 2023. On June 16, 2023 the New Hampshire Department of Energy (DOE) filed an appearance. There were no other intervenors in this docket.

On July 3, 2023 the Commission issued an order suspending the proposed tariffs and scheduling a final hearing on July 27, 2023. DOE filed a technical statement on July 21, 2023. The hearing was subsequently rescheduled to July 25, 2023 and was held on that date.

## II. POSITIONS OF THE PARTIES

### a. Unitil

#### Rate Requests

The Company's RDAF is designed to collect the difference between the actual and authorized Revenue Per Customer by rate class. Hearing Exhibit 1, Bates Page 14. The RDAF requested for residential customers is (\$911,619), for General Service customers is \$6,046, and for Large General Service Customers is (\$43,220). The amount calculated for the Domestic Group (\$911,619) reflects an adjustment for the three percent Revenue Decoupling Adjustment Cap. The difference between the actual Revenue Decoupling Adjustment (\$959,262) and the cap-adjusted amount (\$911,619) results in a deferral of \$47,642. The following are the proposed RDAF for each rate class.

<b>Revenue Decoupling Adjustment Factor (\$/kWh)</b> (positive figures represent a charge to customers; negative figures represent a credit to customers)		
<b>Domestic – D and TOU-D</b>	<b>General Service Regular General G2, G2 kWh Meter, and Quick Recovery Water Heating and Space Heating</b>	<b>Large General Service – G1</b>
\$0.00186	(\$0.00002)	\$0.00014

The SCC is the mechanism which recovers Unitil affiliate Unitil Power Corp.'s stranded costs from retail customers. Hearing Exhibit 3, Bates Page 17. As summarized on Hearing Exhibit 3, Bates Pages 19 and 30, Unitil requests approval of an SCC calculated as a credit of (\$111,580).

The EDC is the mechanism designed to recover the costs associated with providing transmission services outside Unitil's system as well as other costs for

energy and transmission related services. Unitil requests approval of an EDC calculated to recover \$34,622,218 for transmission only costs and \$15,632,072 for non-transmission resulting in a total recovery of \$50,254,291. The following chart shows the resulting rates Unitil proposes in order to recover the amounts listed above.

<b>Class</b>	<b>SCC</b>	<b>EDC</b>
Residential	(\$0.00010)/kWh	\$0.04486/kWh
General Service G2 (kWh rates)	(\$0.00010)/kWh	\$0.04486/kWh
General Service G2	(\$0.00010)/kWh	\$0.04486/kWh
G2 - Quick Recovery Water Heat and/or Space Heat	(\$0.00010)/kWh	\$0.04486/kWh
Large General Service	(\$0.00010)/kWh	\$0.04486/kWh
Outdoor Lighting	(\$0.00010)/kWh	\$0.04486/kWh

Because Unitil default service customers will see a significant reduction in the cost of default service on August 1, 2023, the rate impacts of the RDAF, SCC and EDC will be different before and after August 1<sup>1</sup>. For customers taking Default Service, the average class bill impacts of the proposed SCC and EDC, versus current (pre-August 1<sup>st</sup>) rates, are an approximate 5.3 percent increase for the residential class, 5.6 percent increase for the general service classes, 15.2 percent increase for the large general service class, and 3.7 percent increase for the Outdoor lighting class. Hearing Exhibit 3, Bates Page 56.

Based on all August 1, 2023 rate changes (approved Default Service, and proposed RDAF, EDC, and SCC), for customers taking Default Service, the average class bill impacts versus current rates, are an approximate 29.0 percent decrease for

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<sup>1</sup> Current default service rate \$0.25925. Approved default service rate on 8/1/2023 \$0.1325 See Order No. 26,850 (June 16, 2023)

the residential class, 30.8 percent decrease for the general service classes, and 20.1 percent decrease for the Outdoor lighting class. Hearing Exhibit 3, Bates Page 64  
Based on changes to the delivery rates only, G1 average bills will increase approximately 15.3 percent.

Motion for Confidential Treatment.

The Company has included \$100,051.60 of filing-related costs associated with its Kingston Project proposal. See Order No. 26,813 (May 1, 2023) in DE 22-073. This balance includes \$88,396.60 of Daymark Energy Advisors (“Daymark”) costs and \$11,655.00 of PwC costs. Daymark provided a quantification of the Kingston Project’s indirect benefits including economic benefits, avoided emission benefits, and demand reduction induced price effect. PwC provided tax guidance and a review of the Company’s proposed treatment of the Federal Tax Credits resulting from the Kingston Project. A cost summary including the associated invoices has been provided in Schedule DTN-3.

Unitil alleges that if it were required to disclose competitively sensitive pricing terms, the Company would likely experience substantial difficulty in negotiating successfully with potential contract partners in the future. According to Unitil, pricing terms must remain confidential to preserve the Company’s future negotiating leverage and its ability to function effectively in the market.

**b. Department of Energy**

In its technical statement DOE indicated that the RDAF was calculated in accordance with the directives outlined in Order No. 26,623. DOE noted that the Company has correctly added back the 201 residential customers and removed the two G-2 customers related to the Riverwoods Master metering conversion. Further, DOE stated that the filing properly reflects the monthly revenue variance (MRV) as laid

out in the settlement, with accurate calculations of actual and authorized RPC variances for each rate class over the designated Measurement period. DOE observes that consistent with the settlement, Unitil has implemented the three percent cap on the RDAF with a deferral of \$47,642 related to the Domestic – D and TOU-D class.

DOE reviewed the Company's reconciliation of SCC costs and revenues for prior and current periods and the calculation of the proposed SCC rate for effect August 1, 2023. The DOE recommends that the Commission approve the proposed SCC rate.

On June 23, 2023, the DOE's Enforcement Division provided the Final Audit of Unitil's 2022 REP/VMP Plan results to the DOE's Regulatory Support Division. That Audit is currently under review, and the DOE is preparing an additional recommendation. That additional recommendation may contain recommendations which impact the final 2022 under-collection amount of \$608,368, which is included the EDC filing. Because the EDC is a reconciling mechanism, the DOE does not object to the inclusion of this amount in the proposed EDC rate effective August 1, 2023 with the understanding that a future reconciliation adjustment may be needed depending on the final outcome of the DOE's additional recommendation relating to the 2022 VMP/REP Report.

The 2022 property tax expense was \$435,181 higher than the amount currently contained in base rates, as shown in Schedule DTN-1, page 1, line 11. Order No. 26,500 in Docket DE 21-069 allows for this recovery through the Company's EDC. DOE has reviewed this request and associated documents and recommends the approval of the recovery of \$435,181 of local property taxes in 2022 through the Company's EDC.

Unitil presented its calculation of displaced distribution revenue (DDR) due to net metering for inclusion in the EDC. Because the first revenue decoupling year

began on June 1, 2022, the DDR calculation covers only the period from January 1, 2022 through May 31, 2022. After June 1, 2022, decoupling takes effect and the DDR is no longer in place. DOE supports the request for recovery of \$51,157 for DDR to be included in Unitil's EDC.

DOE recommended approval of all rates proposed by Unitil, subject to adjustment depending on results of the pending DOE audit of the REP/VMP 2022 plan results.

### **III. COMMISSION ANALYSIS**

#### Rate Requests

The Commission is authorized to fix rates after a hearing, upon determining that rates, fares, and charges are just and reasonable. RSA 378:7. In circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8. In determining whether rates are just and reasonable, the Commission must balance the customers' interest in paying no higher rates than are required against the investors' interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994). In this way, the Commission serves as arbiter between the interests of customers and those of regulated utilities. *See* RSA 363:17-a; *see also* *EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,202 at 17 (March 10, 2011)

In this case, we have reviewed the proposed RDAF, SCC, and EDC. Each rate recovery mechanism has been established and approved in prior proceedings. *See* Order No. 26,623 (May 3, 2022) (approving the RDAF). We do not find any reason to revisit those rate mechanisms at this time. We will consider whether the rates are correctly calculated and whether the proposed rates are just and reasonable pursuant to RSA 378:7. Having reviewed the calculation of each of the rate recovery elements,

and in reliance on DOE's independent assessment of those rates, we find that the rates for each rate element, RDAF, SCC and EDC, were properly calculated and result in just and reasonable rates. We approve the rates requested by Unitil for the RDAF, SCC and EDC shown below:

<b>Rate Class</b>	<b>EDC</b>	<b>SCC</b>	<b>RDAF</b>
<b>D</b>	\$0.04486	\$(0.00010)	\$0.00186
<b>G2 (all)</b>	\$0.04486	\$(0.00010)	\$(0.00002)
<b>G1</b>	\$0.04486	\$(0.00010)	\$0.00014

#### Motion for Confidential Treatment

The New Hampshire Supreme Court has interpreted the exemption for confidential, commercial, or financial information to require an "analysis of both whether the information sought is confidential, commercial, or financial information, and whether disclosure would constitute an invasion of privacy." *Union Leader Corp. v. NH Housing Fin. Auth.*, 142 N.H. 540, 552 (1997) (quotations omitted). "Furthermore, the asserted private confidential, commercial, or financial interest must be balanced against the public's interest in disclosure, since these categorical exemptions mean not that the information is per se exempt, but rather that it is sufficiently private that it must be balanced against the public's interest in disclosure." *Id.* at 553 (citation omitted). The burden of proving that the information is confidential and private rests with the party seeking non-disclosure. *See Goode v. NH Legislative Budget Assistant*, 148 N.H. 551, 555 (2002). The determination of whether information is confidential or private must be made "objectively, and not based on the subjective expectations of the party generating it." *Union Leader Corp. v. NH. Housing Fin. Auth.* 142 N.H. at 553.

RSA 91-A:5(1V) expressly exempts from public disclosure requirements any "records pertaining to ... confidential, commercial or financial information ... " In determining whether commercial or financial information should be deemed confidential and private, we consider the three-step analysis applied by the New Hampshire Supreme Court in *Lambert v. Belknap County Convention*, 157 N.H. 375, 382 (2008). Disclosure should inform the public of the conduct and activities of its government; if the information does not serve that purpose, disclosure is not warranted. *Id.* Finally, when there is a public interest in disclosure, that interest is balanced against any privacy interests in non-disclosure. *Id.*

In this case Unitil seeks confidential treatment of invoices from two technical consultants who advised the Company concerning the costs and benefits as well as the appropriate tax treatment for a proposed solar electric generating project. Unitil does not seek confidential treatment of the overall costs of these two consultants, nor does it seek protection of their advice concerning the proposed solar project. Instead, Unitil argues that the billing rates and detailed invoices are proprietary and, if disclosed, would impair Unitil's ability to negotiate consulting contracts in the future.

We find that the billing rates and detailed invoices are private. We also find that the public has an interest in knowing the cost of designing and installing the solar project. When balancing these two interests, we find that the public's right to know the costs of the project are satisfied with information already disclosed on the total costs of the consultants. Further, the Company's and consultant's interest in keeping specific billing rates and invoice details confidential outweighs the public's interest in access to that information. We therefore grant Unitil's motion to protect the billing rates and invoice details of its two consultants from disclosure to the public. This ruling is subject to our ongoing authority, on our own motion, or on the motion of any

party, or member of the public, to reconsider our determination, N.H. Code Admin. R. Puc 203.08(k).

**Based upon the foregoing, it is hereby**

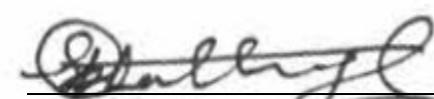
**ORDERED**, Unitil's proposed rates for its RDAF, EDC and SCC are **APPROVED** as described in this order; and it is

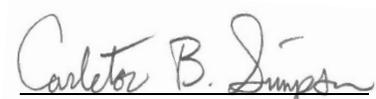
**FURTHER ORDERED**, that Unitil's motion for confidential treatment is **GRANTED** as described in this order; and it is

**FURTHER ORDERED**, that Unitil shall file conforming tariffs within 15 days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of July, 2023.

  
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Daniel C. Goldner  
Chairman

  
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Pradip K. Chattopadhyay  
Commissioner

  
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Carleton B. Simpson  
Commissioner

# Service List - Docket Related

Docket#: 23-057

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