

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 19-111

UNITIL ENERGY SYSTEMS, INC.

Annual Reconciliation and Rate Filing for Stranded Costs and External Delivery Charge

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 26,268

July 2, 2019

This order suspends a tariff proposing changes to Unitil's stranded cost charge and external delivery charge for effect with services rendered on and after August 1, 2019. The order schedules a hearing on the proposed tariff for July 25, 2019, at 1:30 p.m.

On June 17, 2019, Unitil Energy Systems, Inc. (Unitil or the Company), filed its annual reconciliation of adjustable rate mechanisms, along with supporting testimony and exhibits, and a proposed tariff. The adjustable rate mechanisms are included in Unitil's stranded cost charge (SCC) and external delivery charge (EDC). Unitil proposed the tariff changes for effect with services rendered on and after August 1, 2019. If the proposed changes are approved, the overall bill impact for a residential customer using 650 kilowatt hours (kWh) per month will be an increase of approximately 1.2 percent, or \$1.31, from \$108.65 to \$109.96 per month. Similarly, monthly bills for Large General Service (G1), General Service (G2), and Outdoor Lighting (OL) customers will increase approximately 1.8 percent, 1.4 percent, and 0.6 percent, respectively.

The SCC is the mechanism Unitil uses to recover contract release payments to Unitil Power Corp., in accordance with the Amended Unitil System Agreement approved by the Commission in Order No. 24,072 (October 25, 2002), and by the Federal Energy Regulatory Commission. The release payments are paid by Unitil as a condition of Unitil Power Corp. waiving certain contractual rights against Unitil in connection with a pre-existing power supply

agreement. The release payments are equal to the sum of: (1) portfolio sale charges, (2) residual contract obligations, (3) Hydro Quebec support payments, and (4) reconciliations from prior periods.

SCC obligations are calculated by developing a uniform per kWh charge, which is then applied to each class based on the approved rate design. In addition to the energy-based SCC charge, customers in the G1 and G2 classes incur a demand charge. According to the filing, the SCC uniform rate is increasing by 0.089 cents per kWh. The increase is primarily due to an increase in the prior period reconciliation balance and a decrease in forecasted period cost credits. For residential customers, Unitil calculated the SCC rate as a credit of 0.012 cents per kWh. The Company also calculated SCC rates resulting in credits for the G1, G2, and OL customers.

The EDC includes costs associated with transmission, including third-party transmission provider costs; regional transmission and operating costs; transmission-based fees and assessments; and various administrative, consulting, and legal costs. Unitil also includes in its EDC rate other costs and credits including the rebate of excess Regional Greenhouse Gas Initiative auction proceeds, any over- or under-collection associated with the reliability enhancement and vegetation management programs, and the recovery of displaced distribution revenue associated with net metering for 2018. As reported in the Company's Reliability Program and Vegetation Management Program Annual Report – Fiscal Year 2018 filed in DE 19-042, Unitil experienced an over-collection of \$754,813. The Company is proposing to increase its 2019 VMP storm resiliency budget by \$267,556, and is proposing to credit the remaining \$487,257 over-collection in the Company's EDC mechanism as of May 1, 2019.¹

¹ Per the Company's Tariff Schedule EDC, "In addition, the EDC shall include the calendar year over- or under-collection from the Company's Vegetation Management Program and Reliability Enhancement Program. The over- or under-collection shall be credited or charged to the EDC on May 1 of the following year, or, with approval of the Commission, the Company may credit unspent amounts to future Vegetation Management Program expenditures."

Unitil calculated a transmission-only factor charge of 2.610 cents per kWh, and a non-transmission factor credit of 0.108 cents per kWh. The proposed total EDC rate of 2.502 cents per kWh represents an increase of 0.113 cents per kWh for effect August 1, 2019, as compared with the EDC effective for the period ending July 31, 2019.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2019/19-111.html>.

The filing raises, *inter alia*, issues related to whether the calculation of stranded costs conforms to Order No. 24,072, whether the actual and forecasted costs and revenues are appropriately included in the computation of the proposed adjustments, whether the adjusted rates are just and reasonable as required by RSA 374:2 and 378:7, and whether the filing is generally consistent with the principles of restructuring pursuant to RSA 374-F.

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 pursuant to RSA 378:6, I(b) the Commission hereby suspends Unitil'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 S. Fruit St., Suite 10, Concord, New Hampshire on July 25, 2018, at 1:30 p.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 July 9, 2019, in a newspaper with general circulation in those portions of the state in

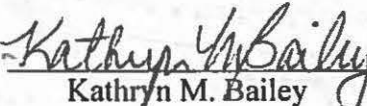
which operations are conducted, publication to be documented by affidavit filed with the Commission on or before July 23, 2019; and it is

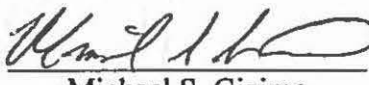
FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Unitil and the Office of the Consumer Advocate on or before July 23, 2019, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, consistent with N.H. Code Admin. Rule Puc 203.17; and it is

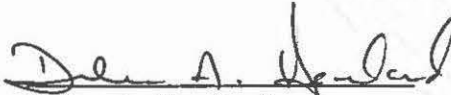
FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before July 25, 2019.

By order of the Public Utilities Commission of New Hampshire this second day of July, 2019.


Martin P. Hongberg
Chairman


Kathryn M. Bailey
Commissioner


Michael S. Giaimo
Commissioner


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.

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