



March 27, 2024

BY E-MAIL

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: Unitil Energy Systems, Inc., Petition to Increase Storm Recovery Adjustment Factor,
Docket No. DE 24-033 (*Response to the Department of Energy's Objection*)

Dear Chairman Goldner:

On February 28, 2024, Unitil Energy Systems, Inc. (the "Company" or "UES") filed its Annual Major Storm Cost Reserve ("MSCR") Fund Report for the 12-month period ending December 31, 2023. The Company also filed a petition requesting that the New Hampshire Public Utilities Commission (the "Commission"): (1) approve the Company's proposal to transfer the entire December 31, 2023 MSCR deferral balance into the Storm Recovery Adjustment Factor ("SRAF"); (2) approve the Company's proposal to increase the SRAF effective May 1, 2024 to recover the MSCR unrecovered balance over a five-year period; (3) find the resulting rates are just and reasonable as required by RSA 378:5 and 378:7; and (4) approve the proposed tariff changes necessary to implement recovery of the MSCR deferral balance through the SRAF.

On March 27, 2024, the Department of Energy (the "Department") filed an objection to what it has characterized as the Company's request for a "compressed" review of the Company's request to increase the SRAF.¹ According to the Department, the Company's proposed recovery of the MSCR deferral through the SRAF cannot be determined on a "compressed" basis. The Department suggests that the Company might have requested more time for review than the forty-five days required by the tariff and it anticipates the need for a four-to-six-month procedural schedule for this docket.² The Department requests that the Commission direct the parties to file a proposed procedural schedule that comports with the Department's view of how this docket should be conducted.³

The Company's SRAF tariff provides as follows:

The Company may petition to change the SRAF should significant over- or under-recoveries occur, or expect to occur. Any adjustment to the SRAF shall be in accordance with a notice filed with the Commission setting forth the amount of the

¹ Department Objection at 2.

² *Id.*

³ *Id.*

proposed charge and the amount of the increase or decrease. The notice shall further specify the effective date of such charge, which **shall not be earlier than forty-five (45) days after the filing of the notice**, or such other date as the Commission may authorize.⁴

UES filed its petition on February 28, 2024—sixty-three days prior to proposed effective date of May 1, 2024. Plainly the timing of the Company’s request complies with the Commission-approved SRAF tariff and this belies the Department’s claim that the Company has requested a “compressed” review.

The deferral balance of the MSCR reserve fund is \$3,654,362 as of December 31, 2023 and this unrecovered balance accrues carrying costs on a monthly basis. The Commission has encouraged the Company to address the MSCR deferral balance and the Company has responded accordingly.⁵ The Company estimates that the proposed transfer to the SRAF, effective May 1, 2024, would save customers over \$400,000. The Department, on the other hand, has recommended a delay, which would result in additional interest costs to customers. The Company estimates that an addition of six months would result in over \$73,000 of additional interest costs to customers. **The delay proposed by the Department is not in the best interest of customers.**

The Department asserts that the Commission should direct the parties to prepare a proposed procedural schedule “consistent with the standard review period for the Company’s MSCR Fund Reports.”⁶ The Company is unaware of any formally prescribed “standard review period” for this proceeding (other than the timeframe set forth in its tariff) and notes the Commission has the ultimate authority for establishing its procedural schedules.⁷

The Department asserts that “this docket requires both discovery and a hearing.”⁸ UES has never asserted anything to the contrary and fully agrees that this docket should include both discovery and a hearing. The Commission has proposed a hearing date of April 24, 2024 and that date affords the parties a reasonable amount of time to present their respective positions on the question of whether the MSCR deferral balance should be transferred to the SRAF.

⁴ Unitil Energy Systems, Inc., NHPUC No. 3 - Electricity Delivery, Second Revised Page 69-A (emphasis added).

⁵ *Unitil Energy Systems, Inc.*, Order No. 26,889 (Sept. 27, 2023) at 4 (“encourage[ing] the company to find additional ways to reduce the deficit in the MSCR fund.”). The Company further notes that in its initial filing in Docket No. DE 21-030 (the Company’s last base distribution rate case), the Company proposed to apply the annual Excess ADIT for calendar years 2018-2020 to reduce the year-end MSCR under-recovered balance. *Unitil Energy Systems, Inc.*, Docket No. DE 21-030, Testimony Christopher J. Goulding and Daniel T. Nawazelski (filed April 9, 2021) at Bates 105-106 (Tab 6).

⁶ Department Objection at 2.

⁷ The Company further notes that it has assented to extensions for the Department to file a Technical Statement or Report and Recommendation in two of the last three MSCR dockets. *Unitil Energy Systems, Inc.*, Docket No. DE 23-017, DOE Motion to Amend Its Proposed Filing Deadline (June 29, 2023); *Unitil Energy Systems, Inc.*, Docket No. DE 21-033, DOE Request to Enlarge Time to Investigate Annual MSCR Fund Report (Dec. 23, 2021). The DOE review period for MSCR Fund Reports has been anything but “standard.”

⁸ Department Objection at 1.

The Company fully appreciates that the Department needs time to conduct a thorough review of the 2023 MSCR storm costs. And assuming the Department does not complete its review of the 2023 MSCR Report before April 24, 2024, the deferral balance in the SRAF is subject to any adjustments that may arise from the Commission’s ultimate determination regarding the 2023 storm expenses that can be recovered from customers. The SRAF is, after all, a reconciling mechanism and addressing this issue by April 24th mitigates the accrual of additional interest to be recovered from customers.⁹ Moreover, there is precedent supporting both the Company’s petition and the time frame for review.

In Docket DE 13-084, the Company petitioned the Commission to recover \$2.3 million in costs associated with Tropical Storm Sandy through the SRAF.¹⁰ In that case:

Staff supported UES’s request to begin recovery of the costs, **subject to any adjustments that may arise as a result of Staff’s audit of UES’s expenses related to the storm**. Staff also recommended that the Company recover those costs over five years, which is the same recovery period approved by the Commission for recovery of costs associated with Tropical Storm Irene and the October 2011 snow storm.¹¹

The Commission allowed UES to begin recovering costs associated with Tropical Storm Sandy through the SRAF effective May 1, 2013. The DE 13-084 proceeding was resolved in **41 days** from the time of the initial filing (March 15, 2013) to the Commission’s Order (April 25, 2013). Using April 24, 2024 as the hearing date in the instant matter would result in a 56-day proceeding.

As another example, in Docket DE 19-043, as part of a Step Adjustment filing, the Company proposed to remove the \$1.5 million cost of Winter Storm Quinn from the MSCR to be amortized and collected through the SRAF mechanism effective May 1, 2019.¹² The Commission approved the Company’s request and that proceeding was resolved in **53 days**—approximately the same period of time that an April 24th hearing date would result in for this proceeding.¹³

Consistent with precedent, and in the interest of minimizing customer rate impacts, the Company respectfully requests that the Commission set an April 24th hearing date for this proceeding and proposes the following procedural schedule for the Commission’s review and approval:

⁹ *Unitil Energy Systems, Inc.*, NHPUC No. 3 - Electricity Delivery, Second Revised Page 69-A (“The Company shall reconcile revenue billed through the SRAF and the amounts subject to recovery, and shall file the results of its recovery with the Commission no later than sixty (60) days after the conclusion of the recovery periods. The disposition of any remaining balances will be subject to Commission review and approval.”); *Unitil Energy Systems, Inc.* DE 24-033, Testimony of Christopher J. Goulding and Daniel T. Nawazelski, (Feb. 28, 2024) at Bates Page 18 (Tab 1) (“The Company expects that the Audit Division staff of the [Department] will audit the costs of the deferral balance. However, consistent with past practice, the Commission has the authority to allow for a change in rates on a reconcilable basis until its review is complete and a final determination is made regarding the recoverability of all of the costs submitted by the Company.”).

¹⁰ *Unitil Energy Systems, Inc.*, DE 13-084, Order No. 25,498 (April 25, 2013) at 3, 4.

¹¹ *Id.* at 5 (emphasis added).

¹² *Unitil Energy Systems, Inc.*, DE 19-043, Order No. 26,236 (April 22, 2019) at 4.

¹³ *Id.* at 1, 3, 4.

Event	Date
Petition Filed	February 28, 2024
Prehearing Conference/Technical Conference	March 28, 2024
Data Requests to Unitil	April 1, 2024
Responses to Data Requests	April 8, 2024 ¹⁴
Technical Session(s)/Settlement Conference	April 11/12, 2024
DOE, Intervenor Comments/Testimony and/or filing of Settlement	April 17, 2024
Hearing	April 24, 2024

Thank you for your attention to this matter.

Sincerely,



Matthew C. Campbell
Attorney for Unitil Energy Systems, Inc.

cc: Service List

¹⁴ This proposed five business day turnaround is a significant reduction in the time allowed under the Commission's rules. Puc 203.09 (f) ("A response to a data request shall be made within 10 days of the date of receipt or in accordance with a procedural schedule established by the commission."). The Company further notes that the Department's Audit Staff has already begun its review of the 2023 MSCR Report and, as such, there may additional scheduling efficiencies that could be captured by the parties.