

THE STATE OF NEW HAMPSHIRE

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March 11, 2020

Re: DE 19-040, Unitil Energy Systems, Inc.
2018 Annual Major Storm Cost Reserve Fund Report
Recovery of Storm Expenses

To the Parties:

On February 28, 2019, Unitil Energy Systems, Inc. (Unitil) filed its annual Major Storm Cost Reserve (MSCR) Fund Report for the 12 months ending December 31, 2018 (2018 MSCR Fund Report). Order No. 25,351 (April 24, 2012) in Docket No. DE 11-277 requires Unitil to file annual reports on the MSCR fund and storm recovery updates for qualifying major storms.

Following its review of Unitil's 2018 MSCR Fund Report, Commission Audit Staff (Audit Staff) filed a Final Audit Report (Audit Report) on February 14, 2020. In the Audit Report, Audit Staff identified two issues in Unitil's 2018 MSCR Fund Report. Audit Issue #1 related to \$25,990 in Twitter, Facebook, and Calypso Communications charges for communications regarding 2018 Winter Storm Quinn. Audit Staff stated these expenses were general communications expenses that should be recovered through distribution rates, rather than the MSCR fund. Unitil agreed to remove the expenses from the MSCR fund, but reserved the right to challenge that finding in its next rate case.

Audit Issue #2 concerned an invoice in the amount of \$1,277 for repairs to a Unitil customer's driveway. Audit Staff recommended that Unitil remove this expense from the MSCR fund and post it to a separate injuries and damage account. Unitil disagreed, stating that it considered this expense, which was incurred during a major storm event, part of the normal course of service restoration.

Commission Staff (Staff) reviewed the Audit Report and issued its recommendation to the Commission on February 18, 2020. Staff agreed with Audit Staff's findings on both issues. It recommended that the Commission approve Unitil's 2018 MSCR Fund Report with Audit Staff's proposed adjustments.

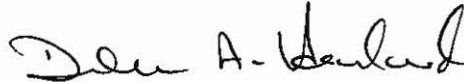
The Commission has reviewed the Audit Report, Unitil's responses, and Staff's recommendation. Based on Staff's recommendation, the Commission denied Unitil's recovery from the MSCR fund of the amount of \$25,990 in Twitter, Facebook, and Calypso Communications charges for communications regarding 2018 Winter Storm Quinn and the

amount of \$1,277 for repairs to a Unitil customer's driveway. The Commission has approved Unitil's recovery of the remaining storm costs detailed in the 2018 MSCR Fund Report.

Although Unitil agreed to remove the disputed communications expenses from the MSCR, Unitil reserved its right to seek recovery of that amount through the MSCR in its next rate case.

Accordingly, during Unitil's next rate case, the Commission will permit argument about the types of expenses appropriate for recovery from the MSCR.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra A. Howland". The signature is fluid and cursive, with the first name being the most prominent.

Debra A. Howland
Executive Director

cc: Service List (Electronically)
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