

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 24-033**

**UNITIL ENERGY SYSTEMS, INC.**

**Petition to Increase Storm Recovery Adjustment Factor**

**COMMENCEMENT OF ADJUDICATIVE PROCEEDING, NOTICE OF PREHEARING  
CONFERENCE, NOTICE OF HEARING, AND SUSPENSION OF TARIFF**

On February 28, 2024, Unitil Energy Systems, Inc. (UES) filed its 2023 Major Storm Cost Reserve (MSCR) Fund Report, which represents that the MSCR has a deferral balance of \$3,654,362. It also filed a petition to recover the deferral balance over a five-year period through a new Storm Recovery Adjustment Factor (SRAF) of \$0.00071 per kWh effective May 1, 2024. In support of its petition to adjust the SRAF, UES filed the pre-filed testimony of its employees Christopher J. Goulding and Daniel T. Nawazelski, supporting schedules, and proposed tariff pages that reflect the requested changes. In this docket, the Commission will both review the 2023 MSCR Fund Report and adjudicate the proposed adjustment to the SRAF. All docket filings, other than any information subject to confidential treatment, are available on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2024/24-033.html>.

**I. BACKGROUND AND PROCEDURAL HISTORY**

In Order No. 25,214, (April 26, 2011) in Docket No. DE 10-055, the Commission approved a settlement agreement that established two storm-related recovery mechanisms—the MSCR and the SRAF. The purpose of the MSCR is for UES to recover the costs associated with responding to and recovering from qualifying major storms. See Order No. 25,214 at 10 (outlining criteria for a qualifying major storm). It also allows UES to recover costs for a storm or natural disaster that does *not* meet the

major storm criteria from the MSCR if UES files a petition with the Commission and the Commission approves the request. *Id.* at 29–30. Pursuant to Order No. 25,502 (April 29, 2013), UES is currently authorized to recover \$800,000 on an annual basis through the MSCR. UES funds the MSCR through its base distribution rates. *See* Order No. 25,214 at 10.

In addition to the MSCR, UES is able to recover costs associated with specific storms of extraordinary magnitude through the SRAF. *See* UES Tariff No. 3, Ninth Revised Page 69. UES may petition the Commission to adjust the SRAF in cases of significant over-or-under investment. *Id.* at 70. UES is required to reconcile the funds raised through the SRAF and the amounts subject to recovery for major storms at the conclusion of each recovery period. *Id.* The SRAF surcharge is currently set at \$0.00000 per kWh because UES is not currently recovering for costs associated with any extraordinary storms. *Id.* at 69.

With respect to the MSCR, UES represents that the MSCR currently has a deferral balance of \$3,654,362 because eligible storm costs have exceeded collections in seven of the past nine years. Pre-filed Testimony of Christopher Goulding and Daniel T. Nawazelski at 7–8. UES proposes to collect the deferral balance in the MSCR over a five-year period by establishing a new SRAF of \$0.00071 per kWh. *Id.* at 10; *see also* Schedule CGDN-4 (containing UES’s estimated bill impacts for customers on default service). This adjustment was calculated using a total cost of \$4,024,800, which included the deferral balance of \$3,654,362 and carrying charges. *See* UES Tariff No. 3, Proposed Tenth Revised Page 69.

UES maintains that reducing the balance in this manner is appropriate because it is unlikely that UES will be able to recover the balance through the annual MSCR allocation. *Id.* at 8. Specifically, because the current balance is 4.6 times

greater than the annual \$800,000 allocation to the MSCR from base distribution rates, it would take 4.6 years for UES to eliminate the balance at the earliest—assuming that UES does not incur any additional storm recovery expenses during that period. *Id.* UES argues that maintaining this balance is negatively affecting both itself and its customers for two reasons. First, UES represents that the deferral balance represents 3.9% of its long-term debt capitalization, which is a large, ongoing financing requirement and could negatively impact its credit statistics and its cost of borrowing. *Id.* Second, UES argues that maintaining the large balance will result in higher interest payments on that balance for its customers and that eliminating the balance as proposed will save customers \$423,428.

## **II. ISSUES PRESENTED**

The filing presents, *inter alia*, the following issues: whether the proposed increase in the SRAF would result in rates that are just, reasonable, and lawful as required under RSA 378:7; whether the collection of the MSCR deferral balance through the SRAF is appropriate and consistent with prior Commission orders; and whether the Commission should approve the 2023 MSCR Fund Report. Accordingly, an adjudicative proceeding will be convened to address these issues.

The Commission will be conducting the prehearing conference and any hearings scheduled in this matter in person. The Commission will consider requests to conduct hearings using a hybrid format to permit remote participation by a specific individual only if the Commission has determined that a sufficient reason has been provided for why that individual would be unable to attend in person. Any party requesting that a specific individual be permitted to participate remotely should file a written request with the Commission's Clerk's Office no later than fifteen (15) days prior to the prehearing conference or hearing date. If the Commission determines that one or more

individuals will be permitted to appear remotely, then individuals in the Commission's hearing room, including the Commissioners, will be broadcast on a web-enabled platform.

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

**ORDERED**, that an adjudicative proceeding be commenced for the purpose of reviewing and resolving the foregoing issues pursuant to RSA chapter 541-A, RSA 378:7, and the Commission's procedural rules; and it is

**FURTHER ORDERED**, that UES's proposed tariffs are suspended for a period of not to exceed 12 months pursuant to RSA 378:6, I(a), pending investigation and further order of the Commission; and it is

**FURTHER ORDERED**, that the Commission will hold a prehearing conference, pursuant to N.H. Admin. R., Puc 203.15, at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on March 28, 2024, at 1:00 p.m., at which each party should be prepared to address any of the issues set forth in N.H. Admin. R., Puc 203.15; and it is

**FURTHER ORDERED**, that the Commission will schedule a hearing on April 24, 2024, at 1:00 p.m., to consider UES's proposed adjustment to the SRAF. The timing of this hearing and the approval of the proposed SRAF may be further discussed at the March 28, 2024 prehearing conference; and it is

**FURTHER ORDERED**, that during the prehearing conference, the Commission will consider the matters listed in Puc 203.15(c) and (d), including the establishment of a procedural schedule governing the remainder of the proceeding. Parties and potential parties are encouraged to facilitate the development of a procedural schedule by conferring prior to the prehearing conference, so that the presiding officer can address any matters on which there is disagreement during the prehearing conference.

Any procedural schedule, however, will not be approved until after the prehearing conference and after consulting the Commission's calendar; and it is

**FURTHER ORDERED**, that, immediately following the prehearing conference, UES shall make appropriate personnel available for the parties to hold a technical session to review the filing; and it is

**FURTHER ORDERED**, that any entity or individual may petition to intervene and seek to be admitted as a party in this proceeding. Each party has the right to have an attorney represent the party at the party's own expense; and it is

**FURTHER ORDERED**, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any entity or individual seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to UES and any other parties on the service list, on or before April 5, 2024. The petition shall state the facts demonstrating how the petitioner's rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17; and it is

**FURTHER ORDERED**, that any party objecting to a petition to intervene make said objection on or before April 12, 2024; and it is

**FURTHER ORDERED**, that the parties may submit a stipulation containing a discovery schedule, statement of any additional issues not identified in this order of notice, and at least three dates on which they would be available for a final hearing in this matter, including how much time will be required, with a request that the prehearing conference and technical session be cancelled, on or before March 26, 2024. The Commission may cancel the prehearing conference and technical session upon approval of such a stipulation; and it is

**FURTHER ORDERED**, that parties shall file any proposed exhibits, written testimony, motions, or other documents intended to become part of the record in this proceeding with the Commission. Pursuant to the secretarial letter issued on March 17, 2020, which is posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, all Commission rules requiring the filing of paper copies are suspended until further notice. Parties may elect to submit any filing in electronic form unless otherwise ordered by the Commission. Filings will be considered filed as of the time the electronic copy is received by the Commission; and it is

**FURTHER ORDERED**, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or [ClerksOffice@puc.nh.gov](mailto:ClerksOffice@puc.nh.gov). All requests to the Commission should be made in a written pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications are prohibited; and it is

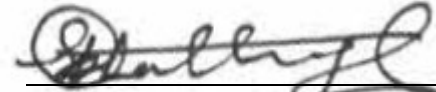
**FURTHER ORDERED**, that pursuant to N.H. Admin. R., Puc 203.12, UES shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before March 28, 2024. In addition, the Clerk shall publish this order of notice on the Commission's website no later than two business days after the date of issue; and it is

**FURTHER ORDERED**, that any hearings in this matter shall be conducted in accordance with the attached hearing guidelines.

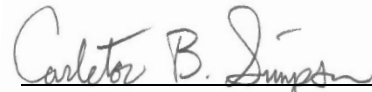
So ordered, this twenty-first day of March, 2024.



Daniel C. Goldner  
Chairman



Pradip K. Chattopadhyay  
Commissioner



Carleton B. Simpson  
Commissioner

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the 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.

# Service List - Docket Related

Docket#: 24-033

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