

THE STATE OF NEW HAMPSHIRE

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March 7, 2019

Gary Epler, Esq.
Chief Regulatory Counsel
Unitil Energy Systems, Inc.
6 Liberty Lane West
Hampton, NH 03842

Re: DE 18-038, Unitil Energy Systems, Inc.
Annual Major Storm Cost Reserve Fund Report

Dear Attorney Epler:

On October 25, 2018, Unitil Energy Systems, Inc. (Unitil) filed a letter with the Commission's Electric Division Director. The letter expressed Unitil's disagreement with the Commission's Audit Staff's review of Unitil's 2017 Major Storm Cost Reserve (MSCR) Fund Report. In its report to the Director of the Electric Division, Audit Staff recommended that \$14,625 associated with work performed by Calypso Communications (Calypso) be disallowed for recovery from the MSCR.

In response to Unitil's letter, Staff informed the Commission that it would reopen the audit of Unitil's 2017 MSCR Report. On February 4, 2019, Audit Staff filed an addendum to its original report. In the addendum, Audit Staff identified additional invoices in the amount of \$32,506 from Calypso that were paid from the MSCR. Staff concluded that the sums of \$14,625 and \$32,506 were inappropriately paid from the MSCR, and should instead be booked to the Company's media and communications accounts.

The Commission has reviewed Audit Staff's report and addendum, and Unitil's responses. The Commission agreed with the Audit Staff's conclusion that the charges for work performed by Calypso should be booked to appropriate media services accounts because the work related to communications to the public and to media services. Therefore, the Commission decided to direct Unitil to restore the sum of \$47,131 to the MSCR and to book the expenses in Unitil's media or communications accounts as Unitil deems appropriate.

Finally, Audit Staff identified invoice #6708 (dated December 31, 2016) in the amount of \$2,511 from Calypso related to the design and development of a Utility Arborist Association (UAA) custom double-sided struck brass coin that was requested by Unutil's arborist. Audit Staff reported that the Unutil arborist who requested the UAA commemorative coin was President of the UAA at the time. Unutil charged the invoice against the vegetation management program/storm hardening account. The Commission agreed with Audit Staff that the amount for Calypso's services should have been expensed below the line, and decided to direct Unutil to conform with this determination.

Sincerely,

A handwritten signature in cursive script, appearing to read "Debra A. Howland".

Debra A. Howland
Executive Director

cc: Service List
Docket File