

Unitil's 2023 Rate Cases

Here's what it means for customers



At Unitil, we take pride in powering our communities by providing industry-leading customer service, energy efficiency programs and emergency response planning. We aim to transform the evolving energy needs of our customers and help create a sustainable energy future that supports the Commonwealth's climate initiatives. These important goals, which we all share, require continuous investment in our systems, and periodic adjustments to Unitil's distribution rates are necessary.

What is a Distribution Rate Case?

Distribution rates fund the day-to-day operations that provide safe and reliable service to our customers: the poles, the pipes, the people and the programs that distribute energy to our customers. This summer, we have filed rate cases for our electric and gas operations, an action that will initiate a thorough, months-long review by the Massachusetts Department of Utilities (DPU). Our last gas and electric distribution rate filings were filed in 2019, based on 2018 operating costs and investments.

What will the bill impacts be for customers?

If approved, the proposed base distribution rates will result in an increase of \$10.34 in the total monthly bill for a typical residential electric customer that uses 600 kilowatt hours per month, and an increase of \$31.86 per month for a typical residential gas heating customer using about 70 therms of gas per month. Final rate changes will be determined as part of the DPU's final review process and will vary by customer class.

How is a Rate Case Reviewed?

The procedure to determine how a utility changes its distribution rates is a thorough, highly regulated process administered by the Massachusetts Department of Public Utilities. Here's an outline of that process:

- We review our operating costs to assess whether they properly align with our current rate structure. If not, a rate case filing is needed.
- We file a formal notice with the DPU at least 30 days in advance, indicating that we intend to file a rate case.
- Our team works to calculate how much of an adjustment is needed, then conducts a study on how best to structure the new rates to ensure equity among all customer classes, including residential customers, commercial businesses of all sizes, and those who qualify for assistance programs. This study will be provided in our initial filing.
- The rate cases are then filed with the DPU. Those filings will outline the total current cost to serve customers, and will propose new rate structures to account for any increases. Estimated impacts for customers based on the proposal are shared at that time. By confirming rates accurately reflect these costs, we help ensure our system continues to be operated in a safe and reliable manner.
- The DPU issues a notice for our rate case and schedules hearings to allow the public to provide feedback on the proposal.
- The DPU conducts a comprehensive review of the rate case to look at whether the expenditures included are prudent and in the public interest, then issues a ruling within 10 months of the filing date. This ruling, which is expected to be issued next summer, establishes the final amount to be recovered and associated rate design for each customer class. We then make a filing with the DPU to demonstrate compliance with the order.

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What are some customer benefits as part of this proposal?

Performance Based Rates

As part of our proposed filing, Unitil will be requesting the adoption of Performance Based Ratemaking (PBR) for its gas and electric operations. PBR enables greater rate stability through multi-year planning and annual adjustments to rates. PBR programs are used by other utilities in the Commonwealth to better manage operating and maintenance expenses efficiently and create cost containment that directly benefits customers. In short, PBR programs reduce the frequency and size of future rate cases and create more stable, lower rates for customers going forward. Our PBR proposal is designed to eliminate the need for another rate case through 2028.

Residential Heat Pump Rates

Heat pumps, high-efficiency systems that use electricity to draw heat energy out of an environment, will be an important tool as the Commonwealth seeks carbon-free heating solutions for homes and businesses. There are a number of rebates available to aid in the cost of purchasing and installing a heat pump system for homes, and we are committed to further enabling adoption for customers interested in this emerging technology. As part of our filing, Unitil is proposing a new rate class designed to complement these policy initiatives and give customers using heat pumps some rate relief during the coldest months of the year.

Low-Income Discount Rate

As part of our filing, Unitil is proposing to increase the electric low-income discount rate for our electric customers from 34.5 percent to 40.0 percent. We work closely with our most vulnerable customers to help them take advantage of the wide array of assistance programs available in the Commonwealth, and by increasing the per kilowatt-hour discount for qualifying customers, we can provide meaningful, additional aid monthly in helping to meet their energy needs.

For more information, visit unitil.com/ma-rate-case

