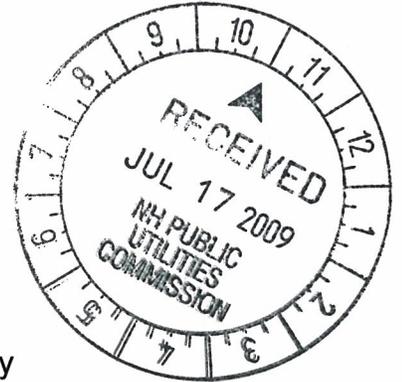




July 16, 2009



**BY OVERNIGHT MAIL AND E-MAIL**

Debra A. Howland, Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429

**RE: Docket No. DE 09-009 UES Lead/Lag Report**

Dear Director Howland:

Please accept this letter as the Report of Unitil Energy Systems, Inc. ("UES") on the outstanding issues concerning the 2008 lead/lag study filed by the Company in the above-referenced docket. In Order No. 24,980, the New Hampshire Public Utilities Commission ("Commission") granted UES' request to defer consideration of the Staff testimony regarding lead/lag to allow the Company to confer with Staff to resolve this issue, and required the Company to report a resolution of this issue by July 17, 2009.

The Commission Staff recommended four issues or changes to UES' calculation of future lead studies:

The first issue identified by Staff related to the inclusion in UES' billing lag of the time to print and mail bills. In future lead/lag studies, UES agrees to remove mailing time from the meter reading-to-billing calculation, and instead calculate meter reading-to-recording of accounts receivable.

The second issue identified relates to the exclusion of the payment due date in UES' calculation of expense leads for RECs. In future lead/lag studies, UES proposes to reflect actual procurement experience for test year RECs, and use July 1 of the following year as the due date for any test year RECs that have not been procured.

The third issue related to supplier contract payment terms. Effective with the solicitation for bids issued in May 2009, UES changed the proposed Power Supply Agreement (Appendix B to UES' Default

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Service Request for Proposals) to reflect a monthly payment schedule, with a proposed payment date on the last business day of the following month. UES submits, however, that it is prudent to retain the flexibility to be able to negotiate a change in the language in any final supplier contract should such a change result in a lower overall cost for customers. In future lead/lag studies, UES will reflect actual test year payment experience related to default service contracts in effect for the test year.

In the fourth and final issue, Staff noted that UES' expense lead calculation for default service and RECs assumes that bills are paid at the beginning of the day, which led UES to exclude the due date when calculating the relevant leads. In future lead/lag studies, UES will include the due date in its expense lead calculations.

UES has discussed these matters with Staff, and has been authorized to advise the Commission that Staff accepts the above-proposed resolutions as settlement of all outstanding issues regarding UES' 2008 lead/lag study.

UES has also been authorized by the Office of Consumer Advocate ("OCA") to advise the Commission that the OCA has reviewed this letter, is familiar with its contents and has no objections to the lead/lag issues being resolved as proposed.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler". The signature is fluid and cursive, with the first name "Gary" being larger and more prominent than the last name "Epler".

Gary Epler  
Attorney for Unitil Energy Systems, Inc.

cc: Suzanne Amidon, Staff Counsel  
Meredith Hatfield, Consumer Advocate