State of New Hampshire
Public Utilities Commission
2010 CORE Energy Efficiency Programs
Docket No: DE 09-170

Unitil's Response to Record Request from March 1, 2010 Hearing

---

OCA Record Request – Exhibit 25 (Unitil):

Referring to Table 14 of Exhibit 18,

1. Explain "Prior Period Interest" and how it is calculated (see Table 14, line 12).
2. Why is the amount, shown in Line 12, negative?
3. Why did Unitil include this amount while the other electric utilities did not?

Response:

1. Monthly interest is calculated by taking the average of the beginning and ending System Benefits Charge ("SBC") fund balances (excluding any interest) and multiplying that average by the effective monthly interest rate. Prior Period Interest ("PPI") is the cumulative sum of monthly interest from inception of the Company's energy efficiency programs (circa 1992) through to the month prior to the month in question. For instance, the PPI for the month of January 2010 would the sum of monthly interest through December 2009. The monthly interest is added to the PPI and carried forward into the next month as a separate line item in the flow-though model. PPI is then added to the fund balance when determining what funding is available for program budgets.

2. Referring to Exhibit 18, Table 14. Line 11, "Over/(Under)-Collection", is the total projected/actual SBC fund balance available for program funding as of January 2010. This SBC fund balance includes PPI. As of December 31, 2009, the PPI was approximately $159,200. Line 13, "2009 SBC Fund Ending Balance (excluding Prior Period Interest)" is equal to Line 11 minus Line 12. Thus, Line 12, PPI, is shown as negative for the purposes of this calculation.

3. The Unitil Companies (formerly operating as Exeter and Hampton Electric Company and Concord Electric Company) (collectively "Unitil") began implementing energy efficiency programs in 1992. The Energy Efficiency Charge ("EEC") flow-through mechanism, approved in DR 91-158, was the result of agreement between Unitil and the other intervening parties, including Staff of the Public Utilities Commission. It is the recollection of Unitil personnel involved in that docket that Staff requested Unitil to set up the EEC flow-through mechanism whereby interest was calculated each month on the average fund balance – excluding prior period interest. In this way, interest was not calculated on interest. This mechanism was approved in that docket and has been in place ever since.

   In 2002, the NH electric companies' began implementation of the CORE efficiency programs. Receiving no other instructions and unaware that there were differences in the models employed by the other electric utilities, Unitil continued to use its Commission-approved flow-through model.

   The Company notes that the EEC/SBC model is the only flow-through model it uses that calculates interest in this manner. The Company also notes that the other

---

utilities calculate interest based on the average SBC fund balance including interest. In the interest of uniformity, the Company is open to a finding by the Commission that going forward, it should calculate interest based on the average SBC fund balance including interest.

Response: Deborah Jarvis **Date:** March 10, 2010