

<b>ORIGINAL</b>	
N.H.P.U.C. Case No.	DE 10-028
Exhibit No.	# 4
Witness	
<b>Responses to March 17, 2010 Hearing Record Requests</b>	
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**State of New Hampshire  
Public Utilities Commission**

**Unitil Energy Systems, Inc.  
DE 10-028**

**Responses to March 17, 2010 Hearing Record Requests**

**Record Request No. 1:**

- (a) With regard to actual "provision for uncollected accounts" shown on Schedule LSM-2, page 3, and Schedule LSM-2, page 3, please provide a summary of recent actual payment practices by class.
- (b) Please explain the allocation used to determine "provision for uncollected accounts" shown on Schedule LSM-2 and LSM-4, page 5. Specifically, why does it appear that the G1 class amount of uncollected accounts in relation to... supplier charges is increasing at a more rapid rate than that of the NonG1 class?

**Response:**

(a) Please refer to Attachment RR 1-1 for a summary of calendar year 2009 uncollected accounts, also referred to as write offs. The amounts shown are actual gross write offs (i.e. write offs not including recoveries) by class for distribution and default service, as recorded in the Company's billing system. In 2009, Unitil Energy Systems, Inc. ("UES") recorded a gross total of \$719,812.33 uncollectable.

In order to determine the amount of uncollected accounts that becomes part of default service, UES first allocates the actual total default service gross write off, by month, to the Non-G1 and G1 default service classes. This allocation is based on each classes' monthly default service kWh sales to total and is consistent with UES' default service tariff, which provides that "Costs of uncollectible accounts shall be allocated to the Non-G1 and G1 classes based on kWh." (Default Service Schedule DS, Third Revised Page 70.) Attachment RR 1-1 shows the sum of monthly gross write offs for 2009, recorded by distribution, NonG1 default service and G1 default service.

Also provided on Attachment RR 1-1 are calendar year 2009 recoveries, totaling \$60,569.68. Recoveries received in each month are split between distribution and default service based on their relative percentage to total gross write off. UES utilizes this method, as its billing system does not allow for recoveries to be tracked by class, or by "distribution" or "default service."

The recovery amount that is considered default service is further allocated between the NonG1 and G1 default service classes based on the same percentage splits used to split the default service gross write off (each classes' monthly default service kWh sales to total). Distribution, NonG1 default service and G1 default service recoveries are then netted against gross write offs to arrive at net write offs.

(b) Page 5 of Schedule LSM-2 and LSM-4 includes the forecasted net write-offs UES has budgeted for its NonG1 and G1 default classes, respectively, for the current default service period. UES develops its current year net write off forecast total by review of recent history and incorporating such factors as current energy prices as well as other economic factors which are occurring simultaneously and may be more difficult to precisely quantify, such as a slowing economy, increases in the level of outstanding

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consumer debt, the increase in consumer prices for food and transportation, and the impact of the mortgage/credit crisis, all of which have negatively affected customer's ability to pay their utility bills. The forecasted total amount is allocated between distribution, NonG1 default service and G1 default service based prior years' percentages of each to total write offs. Amounts are further broken down by month based on historical information of when write offs have typically been recorded.

The current year forecast, for calendar year 2010, assumes 64 percent of write offs are allocated to default service, with 10 percent allocated to the G1 class and 54 percent to the NonG1 class. To reiterate, these write off allocation percentages are developed by reviewing historical data; they are not forward looking. The actual write offs, however, are allocated between the NonG1 and G1 classes based on actual monthly kWh sales. As shown on Schedule RSF-3, page 1 of 2, in more recent months, migration of the G1 class has increased. Therefore, to the extent that actual default service kWh sales for the G1 class decreases, the relative percentage of default service write offs allocated to the G1 class will also decrease.

**Person Responsible:** Linda S. McNamara

**Date:** March 19, 2010

**Unitil Energy Systems  
Write Offs by Rate Class  
2009**

<u>Class Code</u>	<u>Account Description</u>	<u>Gross Write offs</u>
Domestic:	Distribution	(\$189,580.96)
	Default Service	<u>(\$350,409.79)</u> (1)
	Total	(\$539,990.75)
G1 Primary:	Distribution	(\$14,327.62)
	Default Service	<u>(\$1,375.81)</u>
	Total	(\$15,703.43)
G1 Secondary:	Distribution	(\$31,515.62)
	Default Service	<u>(\$40,176.85)</u>
	Total	(\$71,692.47)
G2 Primary:	Distribution	(\$2,073.91)
	Default Service	<u>(\$4,501.66)</u>
	Total	(\$6,575.57)
G2 Secondary:	Distribution	(\$35,211.99)
	Default Service	<u>(\$48,870.66)</u>
	Total	(\$84,082.65)
Outdoor Lighting:	Distribution	(\$978.51)
	Default Service	<u>(\$788.95)</u>
	Total	(\$1,767.46)
Total - Gross Write offs:	Distribution	(\$273,688.61)
	Default Service	<u>(\$446,123.72)</u>
	Total	(\$719,812.33)

Total - Gross Write offs by class:	Distribution	(\$273,688.61)
	NonG1 Default Service	(\$397,290.79) (2)
	G1 Default Service	<u>(\$48,832.93)</u> (2)
	Total	(\$719,812.33)
Recoveries:	Distribution	\$23,624.51
	NonG1 Default Service	\$32,768.00
	G1 Default Service	<u>\$4,177.17</u>
	Total	\$60,569.68 (3)
Net Write offs:	Distribution	(\$250,064.10)
	NonG1 Default Service	(\$364,522.79)
	G1 Default Service	<u>(\$44,655.76)</u>
	Total	(\$659,242.65)

(1) Includes (\$338.95) of gross write-off under transition service.

(2) Default service gross write offs are allocated between Non-G1 and G1 based on each classes' monthly default service kWh sales to total.

(3) Unitil's billing system does not allow for recoveries to be tracked by class, or by "distribution" or "default service". Each month's recovery amount is allocated between distribution and default service based on each's relative percentage to total gross write off. Recoveries that are considered default service are allocated between the Non-G1 and G1 classes based on each classes' monthly default service kWh sales to total.