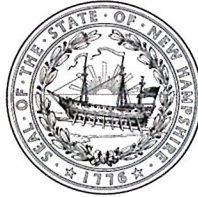


STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION

21 S. Fruit St., Suite 10
Concord, N.H. 03301-2429

March 6, 2012

Debra A. Howland, Executive Director
N.H. Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: Docket No. DE 11-277, Unitil Energy Systems, Inc.
Petition to Increase Storm Recovery Adjustment Factor (SRAF)
Prehearing Examiners Report



Dear Ms. Howland:

I presided over a prehearing conference this morning in the above-referenced docket. I offer the following report. No motions or petitions to intervene were filed in this docket or made at the prehearing, thus these issues did not become a subject of the prehearing. Unitil Energy Systems, Inc. (Unitil) timely filed the affidavit of publication. No members of the public attended the prehearing and thus no public comments were taken. Unitil and Staff offered their positions. Unitil's position remains generally as expressed in its petition and pre-filed testimony. Staff stated that it supports allowing the SRAF to take effect May 1, 2012 even though a Staff audit may not be completed by that time because there is a mechanism for reconciling the SRAF at a later date. As stated in the petition, Unitil expects to recover the SRAF for the two named storms over a three year period and rate reconciliation after May 2012 will make customers whole. Staff stated that whether carrying costs ought to be at the level requested by Unitil, i.e., at its overall cost of capital, will be among the issues Staff will investigate during the proceeding.

A proposed procedural schedule will be developed by Unitil and Staff and will be filed with the Commission shortly. Given that Unitil seeks to implement its rate adjustment May 1, 2012, Staff has already placed a hold on a hearing date of April 12, 2012 and will include that hearing date in the proposed procedural schedule. Staff has also begun discovery. Staff stated that it propounded discovery on Unitil in February and expected to discuss Unitil's discovery responses at today's technical session.

There were no other issues presented at the prehearing. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Marcia A. B. Thunberg".

Marcia A. B. Thunberg
Hearings Examiner

cc: Docket Related Service List