

DE 09-236
UES# 5

UNITIL ENERGY SYSTEMS, INC.

DE 09-236

STAFF 2ND SET DATA REQUESTS

PETITION TO ISSUE SECURITIES

Date Request Received: 12/22/09

Date of Response: 12/29/09

Request No. Staff 2-2

Witness: David Chong

Request:

Reference Chong November 20, 2009 testimony, page 13, lines 14-15 and Chong December 21, 2009 testimony, page 3, line 18. As the 10 bps waiver fee is calculated based on UES' other outstanding bond issuances, would it be correct to say that, as it relates to the proposed \$15,000,000 issuance, the fee actually equates to approximately 43.3 basis points (i.e., \$65,000/\$15,000,000)? Please explain.

Response:

The 43.3 bps calculation above is the correct calculation of a one-time upfront waiver fee if the total \$65,000 fee were allocated to just this issuance of \$15 million first mortgage bonds. However, the 10 bps waiver fee is applied to existing bondholders, because it is those bondholders that must consent to and approve the waiver.

Similar to other upfront fees and expenses associated with the financing, UES proposes that the waiver fee be amortized as part of debt issuance expense over the life of the new bonds. In Schedule 2, page 1 of 2, of the supplemental testimony filed December 21, 2009, UES calculated the all-in coupon rate of 5.89% for the bonds, including the effect of the \$65,000 one-time upfront waiver fee, which contributes about 7 bps to the all-in annual coupon rate. In page 2 of 2 of Schedule 2, the all-in coupon rate represents the lowest cost of all of UES' existing permanent capital and a very favorable result when viewed relative to historical debt market interest rates. This will have the affect of lowering electric rates to UES' customers over the long-term and further supports the Company's decision to seek a relatively low cost waiver in order to take advantage of very favorable debt markets at this time.