



January 25, 2013

**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 12-362  
Comments of Unitil Energy Systems, Inc.**

Dear Director Howland:

Please accept this letter as the Comments of Unitil Energy Systems, Inc. ("UES") in the above-referenced docket.

On December 21, 2012, the Public Utilities Commission ("Commission") opened this docket to receive comment on the method and timing by which it should administer the rebate to default service electric ratepayers of New Hampshire's Regional Greenhouse Gas Initiative ("RGGI") annual CO2 budget allowances auction proceeds that exceed the threshold amount of one dollar per allowance. In its Notice, the Commission requested comments on 1) what the allocation of rebate amounts to the electric utilities providing default service should be based on; 2) whether the rebate to default service customers and associated calculations should occur on a quarterly or some other basis; 3) whether the rebate be included in a electric utility's current quarterly or semi-annual default service rate adjustment request, or occur once per year; 4) whether customer bills should be modified to denote the rebate amount by kWh in each monthly bill; and 5) any other matters implicated by the rebate.

To allocate the RGGI refund among the utilities, UES proposes that the Commission employ a methodology similar to that agreed upon in FERC Docket No. IN12-7-000 regarding the disgorgement fund set up by FERC regarding Constellation Energy Group. The allocation there was based on sales for the period of the manipulation by Constellation. To be comparable, UES proposes using each

Gary Epler  
Chief Regulatory Counsel

6 Liberty Lane West  
Hampton, NH 03842-1720

Phone: 603-773-6440

Fax: 603-773-6640

Email: epler@unitil.com

company's proportion of default service kWh sales to the total of such kWh sales during the period covered by the RGGI refund.

With respect to allocation of the fund by the utilities to their customers, UES does not recommend attempting to use historical data as the basis for the refund, as it would unnecessarily complicate the calculation, as those "historical" default service customers may or may not be the same customers who will receive the credit. UES suggests that using a forward looking "kWh" based calculation makes the most sense, consistent with the way default service rates are set and since RGGI is linked to supply and supply is procured based on energy. UES proposes to create a unique reconciling model to track the funds, as well as the credits to customers. RGGI funds would be tracked in a unique account that points to this model. Credits to customers, in the form of a uniform per kWh rate, would be proposed every six months using the default service timetable (for effect June 1 and December 1 each year). The credit would be included in the total default service price. The total default service revenue would be apportioned between default service and the RGGI credit based on the proportion of the rates. The amount related to RGGI would be credited to the same reconciling mechanism as the funds received. UES does not recommend modifying customer bills to denote the rebate amount by kWh in each monthly bill, as this would add an unnecessary complexity to the process and would be burdensome.

UES looks forward to working with the Commission Staff and other interested stakeholders to resolve this matter and provide a recommendation to the Commission for its consideration.

Sincerely,

***/s/ Gary Epler***

Gary Epler  
Attorney for Unitil Energy Systems, Inc.

cc: Susan Chamberlin, Consumer Advocate