

DE 09-137



August 5, 2009

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 09-

Dear Director Howland:

Enclosed on behalf of Unitil Energy Systems, Inc. ("UES" or "Company") is an original and six copies of the Company's initial filing for approval of investment in and rate recovery for Distributed Energy Resources ("DER") as authorized under RSA 374-G.

Consistent with the filing, UES seeks approval of its proposed DER cost recovery method, as provided for in the DER Tariff, Schedule DERIC Page Nos. 105-107, with a proposed effective date of October 1, 2009, attached hereto. In addition, the Company is also filing the following tariff changes which are necessitated by the new Schedule:

First Revised Page 1: Table of Contents
Second Revised Page 49 of Schedule D
Second Revised Page 55 of Schedule G
Second Revised Page 60 of Schedule OL

Included with the Tariff filing is a Petition for Approval, along with the Testimony and Exhibits of George R. Gantz, Howard J. Axelrod, Cindy L. Carroll and Justin C. Eisfeller.

UES' initial filing under RSA 374-G includes a detailed proposal for an annual, two-step regulatory review and approval process. The filing includes a proposed cost recovery method for the Company's DER investments and a proposed comprehensive screening model for evaluating the benefit/cost ratio of those investments. The filing also includes four specific projects for Commission approval: 1) a Smart Grid / Time of Use Pilot Program; 2) an investment in a solar hot water

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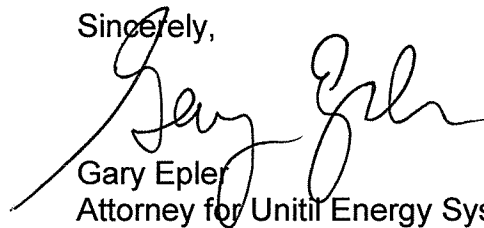
heating system at a low income housing facility in Concord, NH; 3) a Solar Photovoltaic ("PV") investment on a municipal facility in Stratham; and 4) an investment contributing to the cost of a Solar PV facility and a clean combined heat and power system for a school in Exeter.

Collectively, the projects are expected to cost a total of approximately \$1.3 million, including capital investments of \$761,000, and are expected to provide total benefits in excess of \$3 million. Through the provisions of RSA 374-G and the proposed DER Tariff, the costs of these initiatives will be supported by the Company's electric ratepayers, with the recovery of investment costs spread over the life of the investment. In this way the costs of the projects will be matched to the benefits which are accumulated over time.

The Company notes that the Smart Grid / TOU Pilot Program is a joint, multi-state pilot program, and that its affiliate, Fitchburg Gas and Electric Light Company, has already applied for approval with the Massachusetts Department of Public Utilities ("Department"). The Department has docketed the filing as Docket D.P.U. 09-31. In addition, the Company is intending to file for grant funding for up to 50 percent of the project costs from the Department of Energy under the Smart Grid Investment Grant Program.

Please contact me if you have any questions concerning this filing. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler", is written over a horizontal line.

Gary Epler
Attorney for Unitil Energy Systems, Inc.

Enclosure

cc: Meredith Hatfield, Esq., Consumer Advocate