



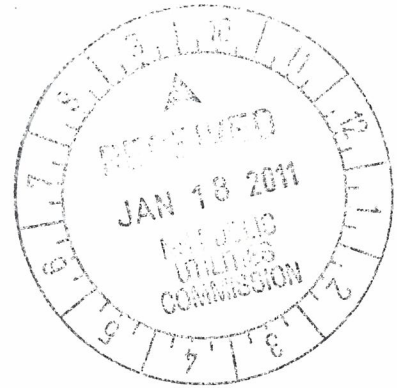
George R. Gantz

Sr. Vice President
Distributed Energy
Resources

January 14, 2011

By Overnight and Electronic Mail

Debra Howland, Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, New Hampshire 03301-2429



RE: Unitil Energy Services, Inc.
Docket No. DE 09-137

Dear Executive Director Howland:

On behalf of Unitil Energy Systems, Inc. ("Unitil" or the "Company") I am filing this letter to comply with the requirement of paragraph 2.9 of the Settlement on the Time-of-Use Pilot Program in the above referenced proceeding. By letters dated October 28, 2010, Unitil requested and the Commission authorized the temporary suspension of the date to comply with this provision. This letter is intended to complete the Company's obligation to comply with that provision by the filing of a proposal for a TOU Pilot Program for the Company's non-G1 commercial and industrial customers. The Company respectfully requests expedited approval for this proposal in order to synchronize implementation with the Residential TOU Pilot being implemented effective June 1, 2011.

Proposed C&I TOU Pilot Program:

The Company proposes to undertake a limited scale, short term C&I TOU Pilot Program as an add-on to the Residential Smart Grid TOU Pilot Program planned for the summer of 2011. The pilot will be a demonstration of dynamic pricing in Unitil's Seacoast Region, deployed to a target of 30 C&I customers with peak demand ranging from 10 kW to 75 kW. Customer recruitment will begin in early 2011 and the pilot period will last from June 1, 2011 through August 31, 2011. The pilot will focus on C&I customers served through the Kingston Substation. This will allow for evaluation and validation of impacts at both the individual customer and at the circuit level. The pilot will feature critical peak pricing applied to the G2 Default Service price. As in the residential pilot, CPP events will be called from 2-8 times in the months of June, July and August 2011. Participating customers will be offered bill protection to encourage participation in the program.

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The CPP rate will be calculated using the ISO-NE LMP in the same manner as for the Residential Pilot. All non-CPP hours will be priced at a single, discounted Default Service Rate – this will allow the use of the ISO-NE DR verification algorithm for determining CPP-induced demand savings by using average consumption profiles during non CPP days as the baseline against which CPP impacts are measured. A CPP adder will be applied during the CPP events. Prices for the C&I Pilot will be filed at the same time as the prices for the Residential Pilot. The company will not provide any specific enabling technologies on the customer side of the meter but will offer customers information and counseling to help them maximize savings from the program.

For one-third of the participating sample of customers, the Company will be testing a newly developed capability being offered by Landis & Gyr for the Advanced Metering Infrastructure ("AMI") system to provide for "data streaming" from customer endpoints. This technology, if successful, will allow a standard AMI meter to be retrofit so that detailed hourly interval data can be collected without the use of expensive analysis meters and without supplemental data collection procedures. For the remaining two-thirds of the participating customers, standard Kv2C analysis meters will be installed to insure a high confidence that the C&I Pilot will, even if the benefits of the new technology are not realized, provide valuable data on C&I customer responses to CPP pricing.

Customers will be provided with educational materials and direct telephone access to a qualified energy advisor for advice on how best to manage load during CPP events. Customers will also be provided access to a web portal hosted on the Until website that will provide access to daily reads (subject to a 24-hour lag time) and a breakdown of CPP and non-CPP energy usage and cost.

The target population for the study is G2 customers with monthly energy consumption greater than 2,000 kWh and with a peak load between 10kW and 75 kW, and served by one of two specific circuits supplied through the Kingston Substation. The distribution of targeted customers is represented graphically in the Attachment to this letter. Until will attempt to isolate customers with consumption patterns that indicate weekday occupancy (i.e., avoid weekend-only users) using prior year daily consumption data. Customers are not required to have central air conditioning or broadband internet access.

The anticipated schedule for the C&I Pilot is summarized below. Adherence to this schedule and Implementation of the pilot for the summer 2011 is contingent upon approval of the plan as soon as possible and no later than February 14, 2011.

February 14	Deploy marketing materials
February 22-24	Follow up phone calls
February 28, 2011	Supplemental marketing if needed
April 1, 2011	30 C&I Customers Recruited for Pilot Program
April 4, 2011	Begin Meter Installation
April 4, 2011	Customer Service Staff Trained
May 2, 2011	Meter Installations Completed
May 2, 2011	Billing System tested and approved
June 1, 2011	Pilot begins
Sept. 1, 2011	Pilot ends
Nov. 1, 2011	Project Report completed

The anticipated budget for the C&I Pilot Program is shown in the table below. Every attempt has been made to minimize project costs in order to keep the rate impacts to customers as low as possible. This includes performing some of the work, particularly in the IT and Implementation categories, with USC personnel rather than by relying on outside consultants. USC costs will be based on direct

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time charge billings and tracked in detail.¹ GDS Associates, our consultant on the Residential TOU Pilot Program, will be engaged to provide project management, customer recruitment, evaluation and some additional services. The C&I Pilot program is for New Hampshire customers only.

Equipment and Materials		
	Analysis Meters (20)	\$10,000
	Streaming Endpoints (10)	\$ 3,000
	Materials (educational)	\$ 750
	Subtotal	\$13,750
Information Technology		
	Meter Interface, CIS, Customer Data	\$20,000
	Subtotal	\$20,000
Project Design and Implementation		
	Project Management	\$15,000
	Customer Recruitment/ Enrollment	\$11,500
	Project Execution	\$15,000
	Surveys, Evaluation and Reporting	\$23,000
	Subtotal	\$64,500
	TOTAL ESTIMATED COSTS	\$98,250

Based on the costs identified in the table above, the C&I Pilot will add an estimated \$98,250 to the costs to be recovered from non-G1 Default Service customers for the Residential Pilot.² This would result in an increase in the Default Service adder for the annual period beginning November 1, 2011, of approximately \$0.00013per kWh.³ This would increase the monthly bill for a Residential customer using 500kWh \$0.06 or 0.09% based on rates currently in effect.

Please do not hesitate to contact me if you have any questions concerning this matter.

Sincerely,



George R. Gantz

ENCL(1)

cc: Service List, DE 09-137

¹ Time charges for USC personnel whose time is normally included in test year base rate expense will not be included.

² In DE09-137, the New Hampshire share of the costs of the Residential TOU Pilot was estimated at \$312,136.

³ This value calculated based on CY2010 non-G1 sales of 776.45M kWh.

**Customers by Size
(Total Demand)**

