

STATE OF NEW HAMPSHIRE

Inter-Department Communication

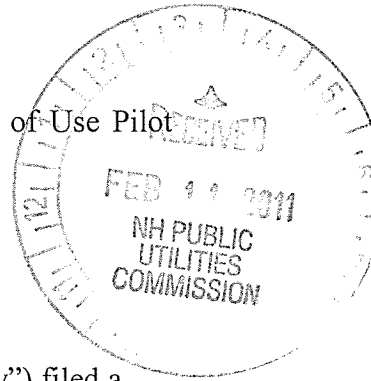
DATE : February 11, 2011

AT (OFFICE): NHPUC

SEM
FROM: Al-Azad Iqbal
Utility Analyst III

SUBJECT: DE 09-137 Unitil Energy Service's proposal for a Time of Use Pilot Program for non-G1 commercial and industrial customers

TO: Commissioners,
Debra Howland, Executive Director



On January 14, 2011, Unitil Energy Systems, Inc. ("Unitil" or the "Company") filed a letter to the Commission in compliance with the requirement in paragraph 2.9 of the Settlement Agreement in Docket No DE 10-137 that addresses the Non-G1, Non-Residential Time-of-Use ("TOU") Pilot Program. The letter includes a description of the proposed TOU Pilot Program for Non-G1 commercial and industrial customers required under the Settlement Agreement approved by the Commission in Order No. 25,079. The Company has requested expedited approval for its proposed program.

The Company has proposed a C&I TOU Pilot Program that would supplement the Residential Smart Grid TOU Pilot Program planned for the summer of 2011. The pilot is designed to test the responsiveness of C&I customers to TOU price messages. It will target 30 C&I customers located in Unitil's Seacoast Region with peak demands ranging from 10 kW to 75 kW. Customer recruitment will begin in early 2011 and the pilot will last from June 1, 2011 through August 31, 2011. The TOU pricing will include a critical peak period rate that is designed to reflect actual market energy and capacity costs. However, the TOU rates will be adjusted such that an average customer in the pilot will be charged no more or no less than an average customer taking service under the G2 Default Service rate, similar to customers in the residential pilot program.

A technology upgrade to the Company's Advanced Metering Infrastructure ("AMI") system that provides for "data streaming" from customer endpoints, will be tested on one-third of the participating customers in the pilot. This new technology will enable the Company to retrofit a standard AMI meter so that hourly interval data can be collected without the use of expensive analysis meters. For the remaining two-thirds of the participating customers, standard Kv2C analysis meters will be installed.

The Non-G1 C&I TOU Pilot is estimated to cost \$98,250, which the Company proposes to collect from Non-G1 Default Service customers. The Company estimates that this will increase the Non-G1 Default Service rate for the annual period beginning November 1,

2011 by approximately \$0.00013 per kWh (an increase of 0.09% on the monthly bill for a Residential customer using 500kWh).

Staff has reviewed the proposal and believes that it meets the requirement set forth under paragraph 2.9 of the above referenced Settlement Agreement. Staff also believes that the program design and estimated cost are reasonable. For these reasons, Staff recommends that the Commission approve the Company's request for approval.

Please let me know if you have any questions or would like to discuss this further

Cc: service list