

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 09-224

UNITIL ENERGY SYSTEMS, INC.

Renewable Default Energy Service Option

Order Suspending Tariff and Scheduling a Prehearing Conference

O R D E R N O. 25,066

January 15, 2010

On November 12, 2009, Unitil Energy Systems, Inc. (UES) filed its proposed renewable default energy service option pursuant to RSA 374-F:3, V(f). This provision requires New Hampshire electric utilities to offer their customers one or more renewable energy source options. The UES filing included the supporting testimony and attachments of Robert S. Furino, Director of UES' Energy Contracts department. UES also filed a proposed draft tariff.

UES stated that, pursuant to its proposal, the Company would offer a renewable energy service option called the Renewable Source Option (RSO) to its residential and small business customers. On behalf of participating customers, UES would purchase and retire renewable energy certificates (RECs) from qualified Class I (new) and Class II (solar) renewable sources of generation either located in New England or deliverable to New England. These RECs would match either all or a portion of the participating customer's actual energy use. UES said that the Company would bill participating customers for the RSO on a cents per kilowatt hour (kWh) basis, and the customer bill would include a separate line for the charge.

UES proposed three levels of RSO participation for eligible default service customers to choose from —a 25 percent option, a 50 percent option and a 100 percent option. For each option, UES would purchase and retire RECs to match that level of the customer's actual

electricity consumption. According to UES, customers could enter or exit the RSO program on a billing cycle basis.

UES said the RSO program will be available to domestic service (Rate Class D) and regular general service (Rate Class G2) customers who receive their electricity under UES' default service tariff. The Company would not make the RSO program available to customers who are enrolled in UES' low-income electric assistance program or approved to receive payment assistance through the fuel assistance program administered by a Community Action Agency because of the limited funding in those programs.

UES also stated that, because its large general service class (Rate Class G1) has significant access to the competitive market for energy supply and other services such as renewable energy generation, the RSO option will not be available to Class G1 customers. In addition, UES said that it will not offer the RSO program to outdoor lighting (OL) customers because it would require significant modifications to its billing system, and because OL services are generally billed as additional services to governmental entities and other customers who take primary service under another rate schedule, such as Class G1 or G2. Finally, UES would not make the RSO program available to customers who take their electricity from competitive suppliers because such customers can contract for renewable energy in the competitive market.

UES said it will cap administrative costs for the first year at \$50,000. Administrative costs would include the costs of bill inserts, website changes, promotion and customer communications. UES proposes to recover these costs from all customers through its external delivery charge since the RSO program will benefit all customers by increasing the level of financial support for new renewable generation sources. UES said it will reconcile the costs of the RSO program in its annual reconciliation of default service charges. UES stated that it will

file a RSO program report on July 1 of each year, coincident with the filing of its Renewable Portfolio Standard compliance report pursuant to RSA 362-F. In addition, UES proposed that it also file a quarterly report to inform the Commission of the number of customers participating in the program by rate class and RSO option chosen, along with the kWh consumption of the participating customers by rate class and RSO option, and the aggregate number of Class I and Class II RECs purchased from the RSO revenues.

The filing raises, inter alia, issues related to whether UES' proposed renewable default service rate option complies with RSA 374-F:3, V(f); whether the proposed calculation of a renewable default service rate is just and reasonable as required by RSA 378:7; whether the proposal for reconciling the rate in UES' external delivery charge is just and reasonable; and whether the proposal is consistent with the electric utility restructuring principles in RSA 374-F:3. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that UES' tariff establishing a renewable service option is hereby SUSPENDED; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on January 28, 2010 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin. Rule Puc 203.15 shall be considered; and it is

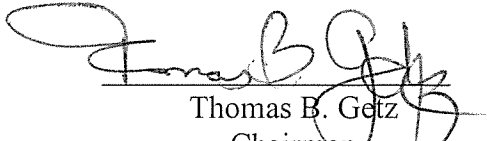
FURTHER ORDERED, that, immediately following the Prehearing Conference, UES, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow UES to provide any amendments or updates to its filing; and it is

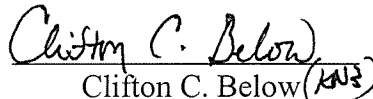
FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, UES shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than January 20, 2010, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before January 28, 2010; and it is

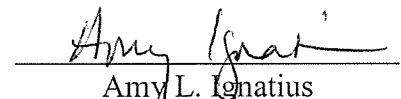
FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to UES and the Office of the Consumer Advocate on or before January 25, 2010, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before January 27, 2010.

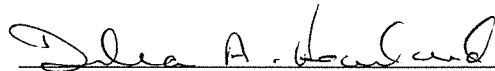
By order of the Public Utilities Commission of New Hampshire this fifteenth day of
January, 2010.


Thomas B. Getz
Chairman


Clifton C. Below (KW)
Commissioner


Amy L. Ignatius
Commissioner

Attested by:


Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

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Docket #: 09-224 Printed: January 15, 2010

FILING INSTRUCTIONS: **PURSUANT TO N.H. ADMIN RULE PUC 203.02(a),**
WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:
DEBRA A HOWLAND
EXEC DIRECTOR & SECRETARY
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CONCORD NH 03301-2429