

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 10-172

UNITIL ENERGY SYSTEMS, INC.

**Petition for Approval of Annual Stranded Cost Recovery and External Delivery Charge
Reconciliation and Proposed Tariff Changes**

ORDER OF NOTICE

On June 18, 2010, Unitil Energy Systems, Inc. (UES) filed its annual reconciliation of adjustable rate mechanisms established pursuant to its tariffs along with supporting testimony and exhibits. The tariffs were approved by the Commission in Docket No. DE 0 1-247, Proposal to Restructure the Unitil Companies, Order No. 24,072 (October 25, 2002) 87 NH PUC 694. These adjustable rate mechanisms include UES' stranded cost charge (SCC) and external delivery charge (EDC). UES proposed the tariff changes for effect with service rendered on and after August 1, 2010.

If the proposed changes are approved in the SDC and the EDC , the average class bill impacts are a decrease of about 1.1% for residential customers, a decrease of about 1.1% for General Service (G2) customers; and a decrease of 1.4% for large general service (G1) customers. Average outdoor lighting customer bills will decrease by about 0.6%. Together with changes in the energy service rate for G1 customers scheduled for effect on August 1, 2010, G1 customers will experience an average bill decrease of about 4.8%.

The SCC consists of contract release payments UES agreed to pay Unitil Power Corp. (UPC) and approved by the Commission in Order No. 24,072 as a condition to UPC waiving certain contractual rates to take action against UES in connection with pre-existing power supply

agreements. The contract release payments are equal to the sum of the following categories of costs: 1) the portfolio sales charge, 2) the residual contract obligations, 3) the Hydro-Quebec support payments and 4) true-ups from prior periods.

According to the filing, the SCC is calculated first based on a uniform per kilowatt (kWh) charge and then applied to each class based on the appropriate rate design. The proposed uniform per kWh stranded cost charge is \$0.00138, a decrease from the current charge of \$0.00495 per kWh. In addition to the energy based stranded cost charge, Classes G2 and G1 customers also pay a demand based SCC. For these classes, UES used the ratio of demand and energy revenue under current rates to develop the demand and energy components of the stranded cost charge for effect August 1, 2010. For G1 customers, the SCC will decrease from \$0.00147 to \$0.00041 per kWh, and the demand charge will decrease from \$1.24 per kilovolt-ampere (kVA) to \$0.34 per kVA. G2 customers will experience a reduction in the uniform stranded cost charge from \$0.00167 per kWh to \$0.00046 per kWh, and a decrease in demand charge from \$0.87 per kW to \$0.24 per kW. The reductions reflect the discontinuance of certain contract release payments during the August 2010 through July 2011 billing period.

The EDC includes costs associated with transmission including third party transmission provider costs, regional transmission and operating entities, transmission-based fees and assessments, administrative costs associated with the renewable source option program, and various administrative, consulting and legal costs. UES calculated an increase in the EDC from \$0.01425 to \$0.01630 due to increased transmission costs.

The filing raises, inter alia, issues related to whether the calculation of the stranded costs are in conformance with Order No. 24, 072; whether the actual and forecasted costs and revenues are appropriately included in the computation of the proposed adjustments; whether the adjusted

rates are just and reasonable as required by RSA 378:5 and 7; and whether the resulting rates are generally consistent with the principles of restructuring pursuant to RSA 374-F. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

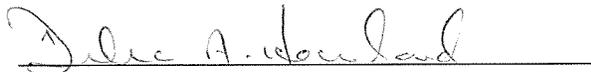
ORDERED, that a Hearing pursuant to N.H. Admin. Rules Puc 203 be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on July 6, 2010 at 10:00 a.m.; and it is

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 June 26, 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 July 6, 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, Staff and the Office of the Consumer Advocate on or before July 1, 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 July 6, 2010.

By order of the Public Utilities Commission of New Hampshire this twenty-second day
of June, 2010.



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.