

BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

UNITIL ENERGY SYSTEMS, INC.
Petitioner

)
)
)
)
)

DOCKET NO. DE 12-003

**PETITION FOR APPROVAL OF DEFAULT SERVICE
SOLICITATION AND PROPOSED DEFAULT SERVICE TARIFF**

Unitil Energy Systems, Inc., (“UES” or “Company”) submits this Petition
requesting:

1) approval of the New Hampshire Public Utilities Commission (“Commission”) of UES’s solicitation and procurement of two contracts for Default Service (“DS”). The first contract is for 100 percent of large customer (G1) default service requirements for three months in duration, May 1, 2012, through July 31, 2012; the second contract is for 25 percent of small customer (non-G1) default service requirements for 12 months in duration, May 1, 2012 through April 30, 2013; and

2) approval of the proposed tariffs incorporating the results of this solicitation into rates. As part of this request, and as discussed more fully below, UES seeks a final order granting the approvals requested herein no later than March 16, 2012. In support of its Petition, UES states the following:

Petitioner

UES is a New Hampshire corporation and public utility primarily engaged in the distribution of electricity in the capital and seacoast regions of New Hampshire.

Background

Pursuant to the terms of the Settlement Agreement in Docket DE 05-064, and as approved by the Commission in NHPUC Order No. 24,511, UES has solicited for DS

power supplies for two contracts: One contract is for 100 percent of large customer default service requirements, three months in duration; and one is for 25 percent of small customers default service requirements for 12 months in duration. All contract deliveries will begin May 1, 2012. The solicitation process was conducted in accordance with the model schedule contained in the Settlement Agreement.

UES submits this Petition in compliance with the Settlement Agreement and orders issued in Docket No. DE 05-064 and subsequent related proceedings, and requests approval of the results of its most recent solicitation, as described more fully below and in the attached exhibits, and also requests approval of the tariffs included with this filing.

Description of Exhibits

Attached to this Petition are the following Exhibits:

Exhibit TMB-1: Testimony and Schedules of Todd M. Bohan.

Exhibit LSM-1: Testimony and Schedules of Linda S. McNamara.

Exhibit KG-1: Testimony and Schedules of Kristina M. Guay.

Solicitation Process and Selection of Winning Bidders

UES submits that it has conducted the solicitation process, made its selection of the winning bidder and entered into a Power Supply Agreement in accordance with the representations set forth in its Petition submitted on April 1, 2005, as amended by the Settlement Agreement filed on August 11, 2005 and as approved by the Commission in its orders in Docket No. DE 05-064 and subsequent related dockets. Details of UES's compliance in this regard are set forth in Exhibit TMB-1 and the Bid Evaluation Report

attached as Schedule TMB-1 thereto. A copy of the RFP, redlined against the previous RFP issued by UES in DE 11-028, has been provided to Commission Staff and the Office of Consumer Advocate (“OCA”) by e-mail on January 31, 2012. A redline version of the final Power Supply Agreement with the winning bidder is provided in the confidential attachment labeled Tab A to Schedule TMB-1.

Proposed Tariffs

UES’s proposed tariffs are included with this filing and are provided in redline as Schedule LSM-1 attached to Exhibit LSM-1. UES requests approval of this proposed tariff.

Updated Lead Lag Study

Also included in this filing is an updated lead/lag study (“2011 UES Default Service and Renewable Energy Credits Lead Lag Study”). Pursuant to the Settlement Agreement approved by the Commission in Docket DE 05-064, UES’s internal administrative costs and supply-related working capital costs, based on actual supply costs and an agreed upon lead/lag study or its equivalent, are recovered through DS rates on a fully reconciling basis. This 2011 Lead Lag Study incorporates changes agreed to by UES and the Commission Staff reflected in the settlement letter dated July 16, 2009 filed in Docket No. DE 09-009, and approved by the Commission in Order No. 25,011, issued September 4, 2009. UES recognizes that the Commission, Staff and interested parties such as the OCA, may not have a sufficient opportunity to review the updated lead/lag study within the time frame that UES is requesting approval of the tariffs.

Accordingly, UES requests approval of the proposed tariffs as filed, subject to further investigation and review of the lead/lag study and subject to reconciliation, if necessary.

Proposed Rate Calculations

The rate calculations for the Non-G1 class Power Supply Charges, Fixed and Variable, are provided on Schedule LSM-2, Page 1. The rate calculations for the Non-G1 class RPS Charges, Fixed and Variable, are provided on Schedule LSM-3, Page 1. Schedule LSM-4, Page 1, shows the proposed G1 Variable Power Supply Charges and Schedule LSM-5, Page 1, shows the proposed G1 Variable RPS Charge. All schedules are attached to Exhibit LSM-1.

Bill Impacts

Schedule LSM-6 provides typical bill impacts associated with UES's proposed DS rate changes for customers who do not choose a competitive supplier.

Confidential Treatment

UES seeks protective treatment with respect to certain information contained in Exhibit TMB-1, Exhibit LSM-1, and Exhibit KG-1 and in the e-mails exchanged with the Staff and the OCA on March 9, 2012 containing the confidential material. The Company is relying on Puc 201.06 and Puc 201.07 in its request.

Other DSC Adjustments

The Company's proposed DSC includes recovery of amounts at issue in Docket No. DE 11-105, as well as collection of remaining Smart Grid costs pursuant to Docket DE 09-137. UES recognizes that the Commission, Staff and interested parties such as the

OCA, may not have a sufficient opportunity to review and make a determination as to the appropriateness of recovery of these amounts within the time frame that UES is requesting approval of the tariffs. Accordingly, UES requests approval of the proposed tariffs as filed, subject to further investigation and review as necessary. UES has, however, also provided in its filing a calculation of the DSC with these amounts removed, discussed at Exhibit LSM-1, page 13 and shown in Schedule LSM-7.

Request for Approvals

UES respectfully requests that the Commission issue a final order no later than March 16, 2012, containing the following findings of fact, conclusions and approvals:

1. FIND that UES has followed the solicitation process approved by the Commission;
2. FIND that UES's analysis of the bids submitted was reasonable;
3. FIND that UES has supplied a reasonable rationale for its choice of supplier.
4. CONCLUDE that, based upon the above Findings, the power supply costs resulting from the solicitation are reasonable;
5. CONCLUDE that, based upon the above Findings and Conclusion that the power supply costs resulting from the solicitation are reasonable, and subject to the ongoing obligation of UES to act prudently, according to law and in conformity with Commission orders, the amounts payable to the seller for power

supply costs under the power supply agreements for G1 customers are approved for inclusion in retail rates beginning May 1, 2012.

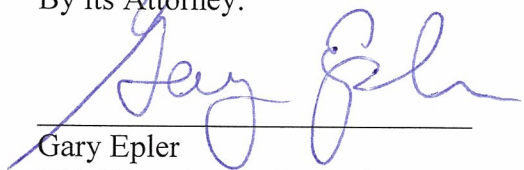
6. GRANT APPROVAL of the tariff changes requested herein.
7. GRANT APPROVAL of the Motion for Confidential Treatment and Protective Order.
8. GRANT APPROVAL of the 2011 UES Default Service and Renewable Energy Credits Lead Lag Study, subject to further review and investigation if necessary.

Conclusion

For all of the foregoing reasons, UES requests that the Commission grant it the approvals requested in this Petition, and for such other relief as the Commission may deem necessary and proper.

Respectfully submitted,

UNITIL ENERGY SYSTEMS, INC.
By its Attorney:



Gary Epler
Chief Regulatory Counsel
Unitil Service Corp.
6 Liberty Lane West
Hampton, NH 03842-1720
603.773.6440 (direct)
603.773.6640 (fax)
epler@unitil.com

March 9, 2012