STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 10-055

UNITIL ENERGY SYSTEMS, INC.

Notice of Intent to File Rate Schedules

Order Suspending Proposed Tariff and
Scheduling Prehearing Conference and Temporary Rate Hearing

O R D E R N O. 25,093

April 26, 2010

On April 15, 2010, Unitil Energy Systems, Inc. (Unitil) filed with the New

Hampshire Public Utilities Commission (Commission) a petition for authority to: (1)

implement new permanent distribution rates beginning May 15, 2010, for electric service

at rate levels set forth in the proposed revised tariff filed with the petition; (2) replace

certain pages of its current tariff, NHPUC No. 3, with proposed revised pages; (3)

implement step adjustments for certain future rate base additions and programs to

enhance reliability and manage vegetation; and (4) if the Commission suspends the

effective date of the proposed permanent rates, implement temporary rates beginning July

1, 2010, for electric service at rate levels set forth in Supplement No. 2 to tariff NHPUC

No. 3. Pursuant to RSA 378:8, Unitil's filing includes direct testimony and exhibits in

support of the proposed permanent rates tariff with supplementary information as

required by N.H. Code Admin. Rules Puc 1600 *et seq.*

Unitil's filing proposes revised permanent rates for electric service that

would increase the company's total annual distribution revenues by $10.1 million, an

increase of 6.5 percent above current total revenues, including default service rates

effective May 1, 2010. According to Unitil, the rate increase would result in an overall rate of return of 8.82 percent, compared to the company's last allowed rate of return of 8.7 percent, approved as part of the company's last distribution base rate case in 2006. The proposed increase would raise overall rates by 9 percent for residential customers; 5.8 percent for medium-sized commercial customers; and 2.2 percent for large commercial customers.

Unitil also requests suspension of permanent rates and implementation of temporary rates for service rendered on and after July 1, 2010, pursuant to RSA 378:27, until a final order on permanent rates is issued. According to Unitil's filing, the requested temporary rates would produce an increase in annual revenues of $6.7 million, or a 4.3 percent increase above present revenues. Unitil proposes to recover this increase on a uniform per kWh basis from all rate classes. In support of its request, Unitil notes that during the 2009 test year it earned a return on equity of approximately 5.4 percent, substantially lower than its authorized return on equity of 9.67 percent and indicative of earnings attrition warranting the proposed rate increase.

In addition to temporary and permanent rate increases, Unitil requests approval of several proposed step adjustments to permanent distribution rates. The proposed increases would reflect costs incurred to complete certain large non-revenue producing capital projects and plans to improve service reliability and vegetation management. The initial step adjustment is proposed to be implemented on or about May 1, 2011, with further adjustments to be implemented later in 2011 and 2012.

Unitil's filing raises, *inter alia*, issues related to whether the proposed temporary and permanent rates, and proposed step adjustments, are just, reasonable and

lawful as required by RSA 378:7, and whether the proposed increases will yield a just

and reasonable rate of return on the prudent cost of plant, equipment and capital

improvements used and useful in Unitil's provision of service to the public less accrued

depreciation, as required by RSA 378:27 and :28. Each party has the right to have an

attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that the proposed tariff pages are hereby suspended pursuant

to RSA 378:6,I(a), pending investigation and further order of the Commission; and it is

ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin.

Rules Puc 203.15, be held before the Commission located at 21 South Fruit Street, Suite

10, Concord, New Hampshire on May 7, 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. Code Admin. Rules Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing

Conference, Unitil, the Staff of the Commission and any Intervenors hold a Technical

Session to review the petition and allow Unitil to provide any amendments or updates to
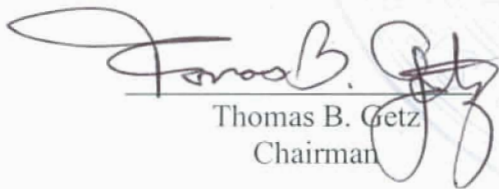
its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc

203.12, Unitil shall notify all persons desiring to be heard at this hearing by publishing a

copy of this Order of Notice no later than April 29, 2010, in a newspaper with general

circulation in those portions of the state in which operations are conducted, publication to

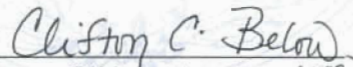be documented by affidavit filed with the Commission on or before May 7, 2010; and it

is

FURTHER ORDERED, that pursuant to N.H. Code 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 Unitil and the Office of the Consumer Advocate on or before May 5, 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. Code Admin. Rules Puc 203.17 and RSA 541-A:32,I(b); and it is
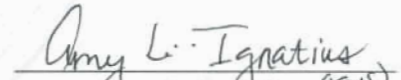
FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before May 7, 2010; and it is

FURTHER ORDERED, that a hearing on temporary rates shall be held before the Commission at 21 South Fruit Street, Suite 10, Concord, New Hampshire on June 8, 2010, at 10:00 a.m.

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

Thomas B. Getz	Clifton C. Below (KOS)	Amy L. Ignatius (KOS)
Chairman	Commissioner	Commissioner

Attested by:

Debra A. Howland
Executive Director