

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 11-141

UNITIL ENERGY SYSTEMS, INC.

**Petition for Approval of Annual Stranded Cost Recovery and
External Delivery Charge Reconciliation and Rate Filing**

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,249

July 8, 2011

On June 17, 2011, Unitil Energy Systems, Inc. (UES or Company) filed its annual reconciliation of adjustable rate mechanisms established pursuant to its tariffs along with supporting testimony and exhibits. The tariffs were approved in Order No. 24,072 (October 25, 2002) 87 NH PUC 694. The adjustable rate mechanisms included 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, 2011. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website

at <http://www.puc.nh.gov/Regulatory/Docketbk/2011/11-141.html>.

If the proposed changes are approved, the average class bill impacts for those customers taking default service from UES are a decrease of approximately 2.3 percent for customers in the residential class and a 2.4 percent decrease for the general service class. The large general service class will experience an increase of about 0.8 percent due to a 3.0 percent decrease in the SCC and EDC, which is offset by a 3.8 percent increase in default service rates approved by the

Commission in Order No.25,236 (June 16, 2011) in Docket No. DE 11-028, UES' default service proceeding for 2011.

The SCC consists of contract release payments UES agreed to pay Unifil Power Corp. (UPC). Those payments were approved by the Commission in Order No. 24,072 as a condition to UPC waiving certain contractual rights 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. As reported in the filing, UES' portfolio sales charge will decrease from \$1.2 million for the period August 2010 through July 2011 to zero for the period August 2011 through July 2012 because those payment obligations ceased in October 2010; the cessation of the portfolio sales charge is the primary reason for the decline in SCC rates.

The filing states that the SCC rate is calculated first based on a uniform per kilowatt hour (kWh) charge and then applied to each class based on an appropriate rate design. In addition to the energy-based SCC, class G2 and class 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 SCC for effect August 1, 2011. For G1 and G2 customers, the energy-based SCC will decrease from \$0.00046 per kWh and \$0.00041 per kWh, respectively, to (\$0.00001) per kWh. For the demand-based SCC, G1 customers will experience a decrease in the demand charge from \$0.34 per kilovolt-ampere (kVA) to (\$0.01) per kVA and G2 customers will experience a decrease from \$0.24 per kW to (\$0.01) per kW. The uniform SCC for all other customers will decrease from \$0.00138 per kWh to (\$0.00004) per kWh.

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 a decrease in the EDC from \$0.01688 per kWh to \$0.01501 per kWh. UES said that rate decrease is primarily due to a change in the prior period balance.

The filing raises, *inter alia*, issues related to whether the calculation of stranded costs is 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, pursuant to RSA 378:6, I(b), the Commission hereby suspends UES' proposed tariff pages to allow the filing to be investigated; and it is

FURTHER ORDERED, that a Hearing pursuant to N.H. Code Admin. Rules Puc 203, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on July 26, 2011 at 10:00; and it is

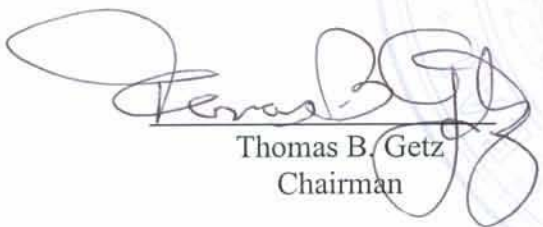
FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Unitil shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than July 13, 2011, in a newspaper with general circulation in those portions of

the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before July 26, 2011; and it is

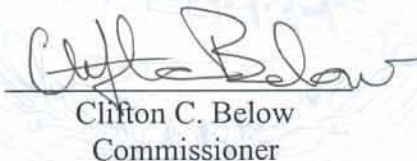
FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Unutil and the Office of the Consumer Advocate on or before July 21, 2011, such Petition stating 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. 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 26, 2011.

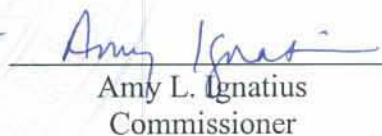
By order of the Public Utilities Commission of New Hampshire this eighth day of July, 2011.



Thomas B. Getz
Chairman




Clifton C. Below
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.