

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 12-055

UNITIL ENERGY SYSTEM, INC.

**Tariff Filing for Step Adjustments to the Reliability
Enhancement and Vegetation Management Programs**

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,340

March 29, 2012

On February 29, 2012, Unitil Energy Systems, Inc. (UES) filed a proposed tariff pursuant to the Settlement Agreement approved by the Commission in Order No. 25,214 (April 26, 2011) in Docket No. DE 10-055, UES's most recent distribution rate case. With the proposed tariff, UES filed an explanation of the filing and a 2011 Reliability Enhancement Program (REP) and Vegetation Management Program (VMP) Annual Report.

UES stated that the tariff pages are intended to implement a provision in the Settlement Agreement which provides for a step adjustment to its distribution rates effective May 1, 2012. According to the terms of the Settlement Agreement, the step adjustment consists of the net changes to revenue requirements associated with 75% of actual changes to non-REP net plant in service between December 31, 2010 and December 31, 2011, adjustments for the REP and VMP, a VMP under-collection of \$9,776, the removal of temporary rate recoupment, and the removal of rate case expense recovery pursuant to the final audit of rate case costs. According to UES, the rate impact associated with the step adjustment for a residential default service customer using 600 kilowatt hours (kWh) per month is a monthly bill increase of \$0.86 or 1.0% as a result

of these changes. UES stated that bill impacts for other rate classes are similar, but vary based on consumption level and pattern.

In addition to the step adjustment components provided in the Settlement Agreement, UES requested authority to implement a VMP storm hardening pilot program for a one-time cost of \$535,000, with such cost included as part of the May 1, 2012 step adjustment. The monthly bill impact associated with the VMP storm hardening pilot is \$0.39 or 0.5% for a 600 kWh residential customer taking default service from UES.

When the VMP storm hardening costs are added to the step adjustment components described in the Settlement Agreement, the total net increase to distribution revenue requirements requested by UES for the May 1, 2012 step adjustment is \$1,469,304.

UES said that the filing also includes the information required by the Settlement Agreement related to earnings sharing and exogenous events. UES stated that there are no rate changes required associated with earnings sharing or exogenous events.

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/2012/12-055.html>.

The filing raises, *inter alia*, issues related to whether the filing complies with the Settlement Agreement approved in Docket No. DE 10-055 and whether the costs incurred in UES's REP and VMP programs were prudently incurred; whether the proposed VMP storm hardening pilot is reasonable and in the public interest; and whether the resulting rates are just and reasonable pursuant to RSA 378:7. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, pursuant to RSA 378:6, I(b), the Commission hereby suspends UES's proposed tariff to allow the filing to be investigated; and it is

FURTHER ORDERED, that a technical session pursuant to N.H. Code Admin. Rules Puc 203.09 (j) be held at the Commission's office on April 4, 2012 at 10:00 a.m.; and it is

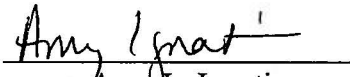
FURTHER ORDERED, that a Hearing pursuant to N.H. Code Admin. Rules Puc 203.12, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on April 24, 2012 at 10:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code 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 April 5, 2012, 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 April 24, 2012; 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 UES and the Office of the Consumer Advocate on or before April 12, 2012, 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 April 24, 2012.

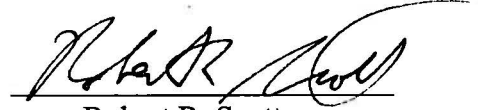
By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of
March, 2012.



Amy L. Ignatius
Chairman




Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Lori A. Davis
Assistant Secretary

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.