

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 13-262

UNITIL ENERGY SYSTEMS, INC.

Proposal to Discontinue Renewable Source Option

Order *Nisi* Approving Proposal

ORDER NO. 25,597

November 22, 2013

On September 18, 2013, Unitil Energy Systems, Inc. (UES or Company) filed a proposal to discontinue the Renewable Source Option (RSO) program effective November 30, 2013. UES filed the proposal with its annual report of the RSO program performance. The proposal and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-262.html>.

UES developed the RSO program pursuant to RSA 374-F:3, V(f), which requires all electric distribution utilities to offer their default service customers the opportunity to purchase the attributes of renewable energy sources in the form of renewable energy certificates (RECs) in addition to default energy service. The Commission approved a settlement agreement which initiated UES's RSO program in Order No. 25,102 (May 7, 2010). *See* Docket DE 09-224. The settlement agreement approved in Order No. 25,102 also contained a requirement that, beginning September 2011, UES file an annual report regarding program participation and costs.

UES stated that on January 6, 2012, a technical session was held at the Commission to discuss issues pertaining to the RSO programs provided by New Hampshire utilities. The

utilities had experienced low participation in their RSO programs at that point, but agreed to continue marketing and administering the programs to develop data that would assist in a thorough evaluation of the programs' success.

The report filed in the instant docket is UES's report on its RSO program for the twelve month period ending August 2013. UES stated that for that twelve month period, 23 residential customers (0.04% of eligible residential customers) and 1 commercial customer (0.01% of eligible commercial customers) participated in the program. The report also described UES's purchase of RECs in connection with the RSO program as well as its marketing activities and associated costs. UES said that, although it devotes internal resources to the operation of the RSO program, it incurred \$2,333 in external costs in the administration, marketing and promotion of the RSO program for the design, printing and shipping of bill inserts sent in May 2013 bills.

According to the report, customer participation in UES's RSO program has essentially remained the same over the past two years and, based on the level of participation, it appears that customers do not value the opportunity provided by the program to support renewable generation at levels higher than already required under the Renewable Portfolio Standard statute (RSA 362-F). On that basis, UES proposes to close the RSO program effective November 30, 2013.

Staff filed a memorandum on October 25, 2013, recommending that the Commission approve the Company's proposal. Staff noted that the Commission in Order No. 25,511 (May 15, 2013) approved a proposal by Public Service Company of New Hampshire to close its RSO program unless participation increased to 1.0% of eligible customers by November 2013. *See* DE 12-358. Staff stated that while it supported closing the RSO program, it was concerned that

UES give current participating customers adequate notice of the program discontinuation and time to explore alternatives to support renewable generation. Staff recommended that the Commission approve UES's request but require UES to file an explanation of how it would notify current participants of the program closure and include a reference to market-based REC providers on its web page as an alternative to customers interested in supporting renewable energy through the purchase of RECs.

Pursuant to RSA 374-F:3, V(f)(10), a utility, with Commission approval, may require that a minimum number of customers choose to participate in the RSO program in order to offer the program, and in Order No. 25,511 we agreed that an appropriate minimum level of participation is 1.0% of eligible customers. We have reviewed the Company's filing and Staff's recommendation and we agree that UES should discontinue the RSO program due to the consistently low participation of eligible customers despite the Company's promotional and marketing efforts. We also agree with Staff that UES must provide us with some detail on how it will notify existing RSO customers of the program's discontinuation and alternatives for the purchase of RECs, and maintain the latter information on its website. UES shall file its form of notice to RSO customers within 30 days of the date hereof. We determine that it is reasonable and in the public interest to approve the filing on a *nisi* basis.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, UES's proposal to discontinue offering its RSO program is hereby APPROVED; and it is

FURTHER ORDERED, that within 30 days of the date of this Order, UES shall file with the Commission its proposed form of notice to RSO customers and the information that it

will maintain on its website to inform interested customers of alternatives to purchase RECs; and it is

FURTHER ORDERED, that the Petitioner shall cause a summary of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than December 2, 2013 and to be documented by affidavit filed with this office on or before December 16, 2013; and it is

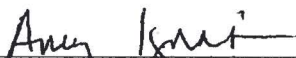
FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than December 9, 2013 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than December 16, 2013; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective December 19, 2013, unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that the Petitioner shall file a tariff conforming with this Order on or before January 2, 2014, in accordance with N.H. Code Admin. Rules Puc 1603.02(b).

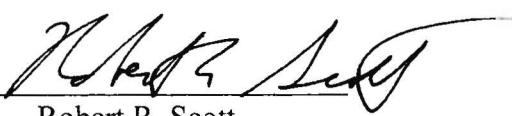
By order of the Public Utilities Commission of New Hampshire this twenty-second day
of November, 2013.



Amy D. Ignatius
Chairman

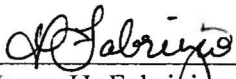


Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Lynn H. Fabrizio
Assistant Executive Director