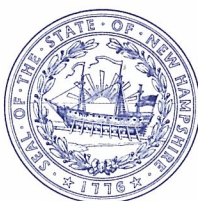


THE STATE OF NEW HAMPSHIRE



CHAIRMAN
Thomas B. Getz

COMMISSIONERS
Clifton C. Below
Amy L. Ignatius

EXECUTIVE DIRECTOR
AND SECRETARY
Debra A. Howland

PUBLIC UTILITIES COMMISSION

21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

Tel. (603) 271-2431

FAX (603) 271-3878

TDD Access: Relay NH
1-800-735-2964

Website:
www.puc.nh.gov

May 5, 2010

Debra Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429



Re: DG 09-053
Northern Utilities' Energy Efficiency Programs

Dear Ms. Howland:

On February 17, 2010, Northern Utilities, Inc. ("Unitil" or the "Company") notified the Commission that it has exceeded its originally proposed budget for the residential Gas Networks® program component of its Gas Energy Efficiency Programs approved in Docket DG 09-053 (Order No. 24,968). The Company requests approval from the Commission to exceed its original budget by more than 20 percent and to meet the budget increase by transferring funds from other residential programs which are not expected to be fully subscribed. Specifically, Unitil is proposing to shift \$70,000 from the Energy Star Homes Program to the Residential Gas Networks® program. Unitil plans to close the Residential Gas Networks® Program.

Staff had several concerns about the Company's request and, on March 26, 2010, issued a series of data requests. On April 2, 2010, the Company provided responses.

Staff was concerned that the Gas Networks® program had just started in May of 2009 and was concerned about the future negative impacts of "starting and stopping" this program. The Company indicates that starting and stopping a program can result in confusion for customers and contractors. However, the Company points out that it has proceeded deliberately and is in the process of closing the program. The Company immediately notified the contractor who handles all Gas Networks® program processing and took steps to eliminate program marketing such as website information. It also issued notifications to contractors working in New Hampshire that the program was closed. At the same time, the Company has continued to honor commitments that were "in the pipeline". Given the extended period the program is expected to be closed (i.e. through year-end), the Company also recognized the need to prepare customers and contractor networks for reintroduction of the program in the coming year, in order to mitigate future confusion.

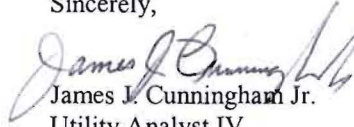
In addition, Staff was concerned that the transfer of \$70,000 from the Energy Star program would effectively shut down this program as well since the Energy Star program had a remaining budget of only \$70,000. The Company indicated that Staff was correct. However, the Company pointed out that the Energy Star program has seen limited activity given the state of the economy and limited new home construction.

Also, Staff was concerned as to whether the Company had considered incurring additional costs to continue the Gas Networks® program and update the Energy Efficiency component of the LDAC rate. The Company indicated that it had considered continuing the program but concluded that the overall budget impact would be substantial and would result in the need to increase the Energy Efficiency component of the LDAC during the current program year. In addition, the Company pointed out that Gas Networks® has

changed rebate levels in Massachusetts and the new rebate levels are no longer consistent with the rebate levels approved by the New Hampshire Commission in this docket.

Staff has carefully considered the Company's responses and, given the specific circumstances surrounding this matter, Staff believes that the Company's request is reasonable. Therefore, Staff recommends that the Commission approve the transfer of \$70,000 from the Energy Star program to the Residential Gas Networks® program and to close the Residential Gas Networks® Program for now and continue its plan to prepare customers and contractor networks for reintroduction of the program in the coming year.

Sincerely,



James J. Cunningham Jr.
Utility Analyst IV