



April 20, 2012

**BY OVERNIGHT MAIL AND E-MAIL**

Debra A. Howland, Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429

RE: Docket No. DE 09-137



Dear Director Howland:

On March 9, 2012, Unitil Energy Systems, Inc. ("UES") filed supplemental information concerning the program costs of the Time-of-Use ("TOU") Pilot and the Commercial and Industrial Critical Peak Pricing Pilot ("C&I CPP") Pilot approved by the Commission in Docket DE 09-137. Subsequent to that filing, final invoices from the Company's consultants on the Pilots were submitted and processed, resulting in minor variances in the final C&I CPP Pilot costs. In addition, as the Commission is aware, the residential pilot program was a joint New Hampshire – Massachusetts initiative between UES and its affiliate Fitchburg Gas and Electric Light Company ("FG&E"), but with separate regulatory and cost recovery processes in each state. On March 8, 2012, the Massachusetts Department of Public Utilities held a hearing on the request of FG&E for cost recovery of the TOU Pilot. That inquiry, and the subsequent analysis prepared in response to certain record requests, identified several cost recovery matters affecting both states. As a result, UES is proposing two adjustments, one relative to the recovery of the costs of the TOU Phase I contract with GDS Associates, and the second relative to five invoices from GDS relating to the C&I CPP pilot that were inadvertently booked to the residential TOU pilot.

The first adjustment involves costs assigned to one state that should have been allocated equally between the states. Unitil engaged GDS for the design and development of the TOU Pilot under a Phase I contract. Initially, the contract charges were booked into a deferral account and then later reclassified to the TOU pilot expense accounts once the regulatory approvals were received in both states. In the reclassification process, Unitil requested that GDS review and assign prior invoices to each state to the extent feasible in order to insure accurate accounting. However, as the TOU Pilot filing in Massachusetts (April 1, 2009) preceded the filing in New Hampshire in this docket (August 7, 2009), many of the Phase I invoices were assigned to Massachusetts only, even though the work performed was applicable to and benefited both states equally. As a consequence, we undertook a re-analysis of all Phase I invoices and the previous allocations and developed a more

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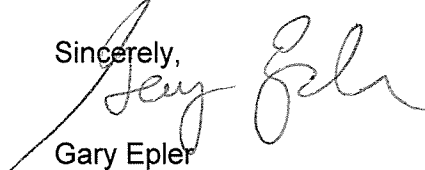
appropriate allocation of these invoices on a joint basis between the two states. This analysis is contained in Attachment 1.

The second adjustment we are proposing is the result of detailed review of the invoices submitted in Massachusetts, which identified five GDS invoices for work in the C&I CPP pilot that were inadvertently booked to the residential TOU pilot. The invoices, the original allocation and the corrected allocation are provided in Attachment 2.

The additional final C&I CPP invoicing and the two changes referenced above result in the need to file modifications to the information filed in this docket on March 9, 2012. The Company has prepared Exhibit 1 (amended) Summary of Costs Incurred, a copy of which is enclosed. The resulting increase in the residential TOU pilot program costs is \$17,744, and the resulting increase in the C&I CPP pilot program costs is \$18,056. The Company is available to address any questions relative to this information.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gary Epler", written over a horizontal line.

Gary Epler  
Attorney for Unitil Energy Systems, Inc.

cc: Suzanne Amidon, Staff Counsel  
Rorie Hollenberg, Acting Consumer Advocate