

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 09-236

ORDER OF NOTICE

On November 23, 2009, Unitil Energy Systems, Inc. (UES or Company) filed with the Commission a Petition for Authority to Issue Securities. UES seeks to issue first mortgage bonds evidencing secured long-term debt in an aggregate amount of up to \$15,000,000. The bonds are proposed to be sold at par by private placement to institutional investors. According to UES, the proposed long-term debt issuance will be used to pay off outstanding short-term debt, defray the costs and expenses of financing, and for other corporate purposes. In addition, UES notes that it would also receive a \$5,000,000 equity contribution from its parent, Unitil Corporation, to support its capital structure.

UES avers that \$16,696,000 of the funds received from this debt issuance would be used to repay currently outstanding short-term debt and that \$550,000 will be used to cover the costs and expenses of the financing. The remaining \$2,754,000 is to be used for general corporate purposes. UES contends that the proposed financing will actually strengthen its total debt to capitalization ratio.

As part of the proposed financing, UES also notes that it is in the process of seeking a waiver and amendment of requirements in its twelfth and thirteenth supplemental indentures. According to UES, under the indentures it must meet certain ratios relative to its Earnings Available for Interest Charges (EAIC), and its Net Bondable Expenditures. UES states that it meets the ratio required for its Net Bondable Expenditures, but not for EAIC. It is, therefore, seeking a waiver and amendment from its current investors relative to the EAIC ratio.

According to the petition, in order to approve the waiver, UES' current investors are requesting that various conditions be placed on UES, including: a temporary fee of 100 basis points per annum for all bondholders should any bondholder be required to post additional reserves with respect to the bonds; a waiver fee of 10 basis points of the principal amount of the bonds; and other, undefined representations and warranties from UES. UES states that if it is unable to agree with the bondholders on an acceptable waiver it may wait until its next rate case before going to market.

The filing raises, inter alia, issues related to RSA chapter 369, the proposed uses of the funds and whether the issuance of up to \$15,000,000 of long-term debt, the mortgaging of property and the waiver and amendment of indentures are in the public good. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that a hearing be held before the Commission located at 21 South Fruit Street, Suite 10, Concord, New Hampshire on January 5, 2010 at 11:00 a.m.; and it is

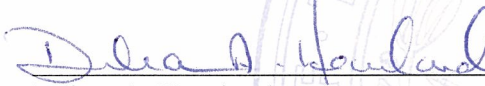
FURTHER ORDERED, that UES, the Staff of the Commission and any interested parties hold a Technical Session at the Commission on December 31, 2009 at 10:00 a.m. to review the petition and allow UES to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. 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 December 23, 2009, 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 January 5, 2010; and it is

FURTHER ORDERED, that pursuant to N.H. 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 December 31, 2009, 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. 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 January 5, 2010.

By order of the Public Utilities Commission of New Hampshire this seventeenth day of December, 2009.


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.