



September 3, 2010

BY OVERNIGHT 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 10-028



Dear Director Howland:

In Order No. 25,116, issued by the New Hampshire Public Utilities Commission ("Commission") in the above-referenced docket on June 18, 2010, the Commission directed Unitil Energy Systems, Inc. ("UES" or the "Company") and Commission Staff, with notice to the Office of Consumer Advocate ("OCA"), to meet prior to the next default service filing to discuss the allocation of uncollected costs to G1 and Non-G1 customers.

As directed, the Company and the Staff¹ recently met and discussed this matter. Currently, UES allocates net default service bad debt costs (the uncollected accounts) to the Non-G1 and G1 classes based on each class's default service kWh billed each month. Going forward, the Company and Staff recommend that UES charge the monthly write-offs of bad debt to Non-G1 and G1 default service costs based on the actual gross default service bad debt by class. Any recoveries would be allocated between Non-G1 and G1 default service, with the allocation also based on the monthly gross write-off amounts. Staff and UES agree that the transition to this method become effective with the next change to the Company's default service rates, expected on November 1, 2010. As part of its next default service filing, UES will include revisions to its default service tariff to reflect this change.

Gary Epler
Chief Regulatory Counsel

6 Liberty Lane West
Hampton, NH 03842-1720

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¹ Notice of the meeting was provided to the OCA, which chose not to participate.

Debra A. Howland, Executive Director and Secretary

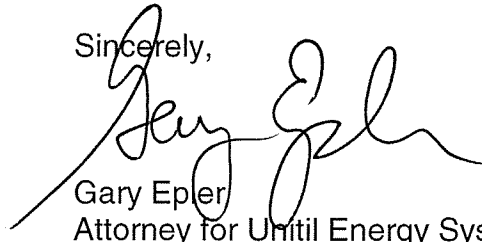
DE 10-028

September 3, 2010

Page 2 of 2

Please do not hesitate to contact me if you have any questions or concerns regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler", written over the printed name.

Gary Epler

Attorney for Unitil Energy Systems, Inc.

cc: Suzanne Amidon, Staff Counsel
Meredith Hatfield, Consumer Advocate