



January 24, 2017

**BY OVERNIGHT MAIL AND E-MAIL**

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

Re: DE 16-384 Unitil Energy Systems, Inc.  
Petition for Rate Increase: Third Report of Rate Case Expenses

Dear Director Howland:

In compliance with Part Puc 1905.01, Estimated Rate Case Expenses, Unitil Energy Systems, Inc. ("Unitil Energy" or the "Company") hereby submits its third 90-day Report of Rate Case Expenses in the above-referenced docket.

Attachment 1 describes the categories of rate case expenses. As described therein, the costs are primarily for outside consulting services to assist with the preparation and presentation of the Company's proposed rate case and the Company's proposed Distributed Energy Resources Rates which were moved by the Commission from this proceeding to Docket DE 16-576, Development of New Alternative Net Metering Tariffs and/or Other Regulatory Mechanisms and Tariffs for Customer-Generators, including the development of studies on various matters required to establish appropriate rates for the Company's customers. The Company obtained competitive bids from consultants in order to contain costs and provide a basis to evaluate the overall reasonableness of rate case expenses. Please note that the Company has included invoices submitted to Unitil Energy by the Commission, pursuant to RSA 365:38, in DE 16-384, DE 16-576, and IR 15-296, Investigation Into Grid Modernization, as a category of rate case expenses.

In addition to these outside consulting services, the Company's internal staff plays a significant role in rate case preparation (gathering data, researching information, preparing analyses, bill frequencies, customer bill impacts, revising tariffs, and preparing the filing, for example). Internal staff is also heavily involved in responding to information requests and preparing responses for filing. The Company's internal legal counsel is handling all legal-related aspects of this proceeding. No internal Company staff costs are included in rate case expenses.

Attachment 2 provides the procurement process used by the Company to engage and employ outside consultants rendering services on behalf of Unitil Energy in this rate case. The Company's procurement process for its consultants includes issuing a Request for Proposals, analyzing the bids, selecting the winning bidder, and executing engagement letters. The fee proposals, availability, qualifications and experience of

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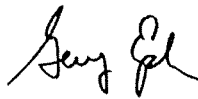


each bidder, technical approach, and proposal quality are all considered in its selection of the winning bidder.

Attachment 3 is a schedule which provides a breakdown of actual rate case expenses paid to date by service provider and projected rate case expenses as filed in the Company's initial filing, for each expense category.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler". The signature is fluid and cursive, with the first name "Gary" and last name "Epler" clearly distinguishable.

Gary Epler  
Attorney for Unitil

Enclosures

cc: Suzanne Amidon, Esq., Staff Counsel  
Donald Kreis, Esq., Consumer Advocate