

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

DE 08-015

ORDER OF NOTICE

On February 7, 2008, Unitil Energy Systems, Inc. (UES) filed with the Commission a red-lined copy of the Request for Proposals (RFP) issued by UES on February 5, 2008, soliciting default service for its large commercial and industrial (G1) customers and its small commercial and residential (non-G1) customers. UES filed the RFP pursuant to a Settlement Agreement approved by the Commission in Docket No. DE 05-064, *Unitil Energy Systems, Inc.* 90 NH PUC 378 (Order No. 24,511) 2005. The Settlement Agreement established the procedure whereby UES would procure default service power for both its G1 and non-G1 customers.

Pursuant to the Settlement Agreement, UES solicits 100% of default service requirements for its G1 customers on a quarterly basis, requesting a three-month default service power supply contract. UES then develops fixed monthly default service rates based on the approved bid. For non-G1 customers, UES procures default service using a “laddered” portfolio, whereby UES procures bids in four blocks, each representing 25% of non-G1 requirements. Two blocks consist of two, one-year power supply contracts. According to the Settlement Agreement, UES purchases the remaining two blocks with one one-year power supply contract and one three-year power supply contract. UES establishes retail rates for non-G1 customers by averaging the wholesale energy prices for the six-month periods from May 1 through October 31, and from November 1 through April 30, resulting in a uniform monthly rate for each six month period.

In UES' 2007 default service docket, Docket No. DE 07-013, the Commission concluded that UES should revise its RFP from the planned three-year supply contract to a two-year supply contract for the period beginning November 1, 2007 noting that a time-based rate structure for UES customers could complicate UES' use of a power supply portfolio comprising contract terms with different times and durations, and that this issue would be addressed in a future UES default service proceeding. Based on this revision, UES now proposes to bid a one- or two-year contract in lieu of the three-year contract in the solicitation scheduled for November, 2008.

UES stated that the February 5, 2008 solicitation seeks bids for 100% of power supply requirements for its G1 customers for the months of May, June and July, 2008, and 25% of the non-G1 customers' requirements for one-year period from May 1, 2008 through April 30, 2009. UES expects to receive indicative bids on February 26, 2008, and final bids on March 11, 2008. Consistent with the Settlement Agreement, UES will seek both energy only fixed price bids, with a pass-through of capacity costs, and all-inclusive energy and capacity bids.

The approximate schedule for public hearings on the solicitations scheduled for 2008, including, the February, 2008 solicitation, are as follows:

March 2008	RFP for G1 (three month supply for May through July, 2008); and non-G1 (25% of the total requirements for May, 2008 through April, 2009).
June 2008	RFP for G1 (three month supply for August through October, 2008).
September 2008	RFP for G1 (three month supply for November, 2008 through January, 2009); and non-G1 (25% of the total requirements for November, 2008 through September, 2009 or 2010).
December 2008	RFP for G1 (three month supply for February through April, 2009).

The Commission designates Docket No. DE 08-015 as the docket number for all of UES' 2008 default service power supply solicitations.

The filing raises, inter alia, issues related to whether the resulting rates are just and reasonable as required by RSA 378:5 and 7; and whether UES has procured default service consistent with the principles of the electric utility restructuring statute (RSA 374-F:3(V)(c)-(e)). Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

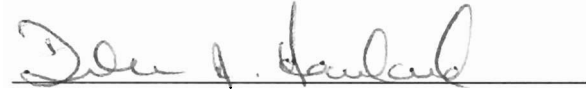
ORDERED, that a Hearing be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on March 19, 2008 at 9:00 a.m.;

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 March 6, 2008, 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 March 19, 2008; 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 March 14, 2008, 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 March 19, 2008.

By order of the Public Utilities Commission of New Hampshire this twenty-
eighth day of February, 2008.

A handwritten signature in cursive script, appearing to read "Debra A. Howland", is written over a horizontal line.

Debra A. Howland
Executive Director & Secretary

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.