

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

DE 09-115

ORDER OF NOTICE

On June 17, 2009, Unitil Energy Systems, Inc. (UES) filed its annual reconciliation of adjustable rate mechanisms established pursuant to its tariffs along with supporting testimony and exhibits. The tariffs were approved by the Commission in Docket No. DE 01-247, *Proposal to Restructure the Unitil Companies*, Order No. 24,072 (October 25, 2002) 87 NH PUC 694. These adjustable rate mechanisms include UES' stranded cost charge (SCC) and external delivery charge (EDC). UES proposed the tariff changes for effect with service rendered on and after August 1, 2009.

As a result of the proposed changes in the SCC and EDC, the average class bill impacts are a decrease of approximately 2.2 percent for the Residential, and General Service G2 kilowatt hour (kWh) rate customers taking default service from UES. The Large and Regular General Service Class (G1 and G2) customers' average bill will decrease about 4.3 percent, with 2.7 percent of the decrease due to changes in the SCC and EDC and the remaining 1.6 percent decrease due to changes in the proposed default service rates approved in Docket No. DE 09-009. *See* Order No. 24,980 (June 19, 2009). Outdoor lighting customers will experience bill decreases of about 1.3 percent.

The SCC consists of contract release payments (CRP) UES agreed to pay Unitil Power Corporation (UPC), and approved by the Commission in Order No. 24,072, as a condition to UPC waiving certain contractual rights to take action against UES in connection with pre-existing power supply agreements. The CRPs are equal to the sum of the following categories of

costs: 1) the portfolio sales charge, 2) the residual contract obligations, 3) the Hydro-Quebec support payments, and 4) true-ups from prior periods. UES pays the CRP on a monthly basis. UES states that the uniform SCC rate billed to customers in all classes other than G1 and G2 is decreasing to \$0.00495 per kWh from the current rate of \$0.00882 per kWh due to lower forecasted costs caused primarily by the expiration of residual contract obligations.

In addition to the energy based SCC, the G2 and G1 customers also pay a demand based SCC. In past filings, to determine the energy based SCC for these two classes, the calculated demand revenue was subtracted from the total revenue based on a uniform kWh charge. Because of the large decrease in the SCC in this filing, this method would result in negative energy charges. To avoid negative energy charges, UES used the ratio of demand and energy revenue under current rates to develop the demand and energy components of the SCC. The G2 class demand portion of the SCC will decrease to \$0.87 per kWh from the current rate of \$1.55 per kWh, and the energy based portion of the SCC will decrease to \$0.00167 per kWh from the current rate of \$0.00298 per kWh. As a result, the G1 class demand portion of the SCC will decrease to \$1.24 per kilovolt-ampere (kVA) from the current rate of \$2.25 per kVA, and the energy based portion of the SCC will decrease to \$0.00147 per kWh from the current rate of \$0.00267 per kWh if this filing is approved.

The EDC consists of costs attributable to charges associated with obtaining transmission services, including regional transmission taken pursuant to Independent System Operator-New England tariffs. The petition states that an increase to forecasted regional transmission costs over costs included in the prior period results in an increase to the external delivery charge to \$0.01591 per kWh from the current rate of \$0.01524 per kWh.

The filing raises, inter alia, issues related to: whether the calculation of the stranded costs are in conformance with Order No. 24,072; whether the actual and forecasted costs and revenues are appropriately included in the computation of the proposed adjustments; whether the adjusted rates are just and reasonable as required by RSA 378:5 and 7; and, generally, whether the resulting rates reflect the principles of restructuring pursuant to RSA 374-F. 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, pursuant to N.H. Admin. Rules Puc 203.12, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on July 16, 2009 at 10:00 a.m.; and it is

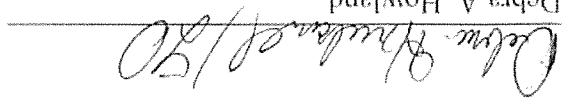
FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, UES shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than July 3, 2009, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before July 16, 2009; 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 July 16, 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 July 16, 2009.

By order of the Public Utilities Commission of New Hampshire this twenty-sixth day of

June, 2009.



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.