



September 21, 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:

At the hearing in this docket held on March 17, 2010, Unitil Energy Systems, Inc. ("UES" or "the Company") presented the testimony of David Chong, Director of Finance for Unitil Service Corp. Mr. Chong's testimony discussed the development of the 2009 UES Default Service and Renewable Energy Credits Lead Lag Study ("2009 Study"), which is integral to the calculation of cash working capital to be recovered in Default Service rates for G1 and Non-G1 customers. Mr. Chong's direct testimony acknowledged that the methodology of the 2009 Study was in accordance with a settlement letter dated July 16, 2009 submitted by the Company in Docket No. DE 09-009.

In Order No. 25,082, the New Hampshire Public Utilities Commission ("Commission") determined that as there had only been a short time for review of the 2009 Study, the Company's proposed default service rates would be approved subject to the Commission Staff's review of the Company's updated lead/lag study.

The Company and the Staff have engaged in discussion of this matter and Staff has completed its review, and has determined that the methodology of the 2009 Lead Lag Study conforms to the terms of the settlement letter. Accordingly, the Company and Staff recommend that the 2009 Study be accepted, the conditional approval of the default service rates be removed, and the default service rates filed in this docket which incorporated the results of the Study be fully approved.

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

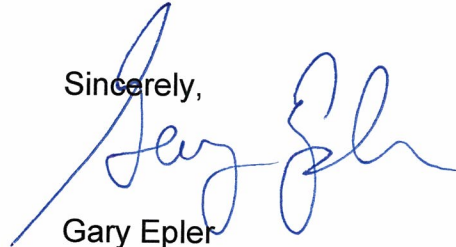
Gary Epler
Chief Regulatory Counsel

6 Liberty Lane West
Hampton, NH 03842-1720

Phone: 603-773-6440
Fax: 603-773-6640
Email: epler@unitil.com

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Sincerely,



Gary Epler
Attorney for Unitil Energy Systems, Inc.

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