



**CONFIDENTIAL
MATERIAL
IN COMM FILE**



March 31, 2011

BY HAND-DELIVERY

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 10-055, Unitil Petition for Rate Increase
Rate Case Expense Filing**

Dear Director Howland:

Pursuant to Article 2.3 of the Settlement Agreement, dated February 23, 2011, enclosed for filing on behalf of Unitil Energy Systems, Inc. ("Unitil") are an original and six (6) copies of Unitil's Rate Case Expense Filing. As provided for in the Settlement Agreement, which is currently pending Commission approval, the amount of Rate Case Expense, which is subject to review and approval by the Commission, shall be included in the May 1, 2011 step adjustment. The amount of Rate Case Expense approved for recovery included in the May 1, 2011 Step Adjustment shall be removed from distribution revenues in the May 1, 2012 step adjustment.

Unitil seeks recovery of rate case expense totaling \$406,031. Unitil's rate case expense is 23% lower than its initial estimate of rate case costs presented in its April 15, 2010 filing and approximately half of its costs in its last rate case (DE 05-078). These results reflect both Unitil's cost containment and the collective efforts of the parties to reach a Settlement Agreement which avoided lengthy hearings and related preparation.

In support of Unitil's rate case expense, this filing includes the following attachments:

Attachment 1 – Rate Case Expense Narrative: Provides a description of the nature of rate case costs incurred by Unitil.

Attachment 2 - Rate Case Expense Summary: Provides a summary of Unitil's rate case costs by vendor including page references to the supporting invoices.

Attachment 3 - Rate Case Expense Invoices: Supporting invoices.

Attachment 4 - Request for Proposals: Unitil Response to Staff 1-10.

Gary Epler
Chief Regulatory Counsel

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Attachment 5 – Analysis of Bids: Unitil Response to Staff 1-11.

Attachment 6 – Engagement Letters: Unitil Response to Staff 1-17.

Attachments 3, 5, and 6 contain confidential material. An original and six (6) copies of a Motion for Confidentiality and Protective Order are also enclosed. The Company is providing three (3) copies of the full filing with the Confidential portions intact to afford ease of review, and they are enclosed in separately marked binders.

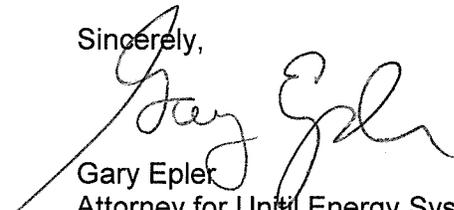
To put this amount into context for bill impact purposes, the proposed rate case expense is equal to an amount of \$0.00034 per kWh over a one year recovery period. Recovery will be included in the step adjustment with other costs, however, pursuant to the Settlement Agreement.

An electronic copy of the non-confidential version of the filing is being provided to the Commission, Commission Staff and the Office of the Consumer Advocate as required by N.H. Code Admin. Pro. Puc 203.03.

Please do not hesitate to contact me if you have any questions regarding this filing.

Thank you for your assistance with this matter.

Sincerely,



Gary Epler
Attorney for Unitil Energy Systems, Inc.

Enclosures

cc: Lynn Fabrizio, Staff Attorney (1 redacted copy)
Meredith Hatfield, Consumer Advocate (1 redacted copy, 1 confidential copy)