



August 20, 2012

BY OVERNIGHT MAIL

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 10-188
Unitil Energy Systems, Inc.
Northern Utilities, Inc.**

Dear Secretary Howland:

On behalf of Unitil Energy Systems, Inc. ("UES") and Northern Utilities, Inc. ("Northern"), enclosed please find an original and six (6) copies of the following tariff pages.

NHPUC No. 3 – Electricity Delivery, Unitil Energy Systems, Inc.
First Revised Page 110, and First Revised Page 111 – Residential Energy Efficiency Loan Program.

NHPUC No. 10 – Gas. Northern Utilities, Inc.
Original Page 153 and Original Page 154 – Residential Energy Efficiency Loan Program

The New Hampshire Community Development Finance Authority ("CDFA") is responsible for operating the BetterBuildings Program. In that role they have received a \$10 million grant through the Office of Energy and Planning through the United States Department of Energy. One of the goals of the program is to promote weatherization in residential buildings and to provide homeowner loans for that purpose. UES and Northern have had discussions and have reached agreement with the CDFA as described below. UES is proposing these tariff changes, in conjunction with the state's other electric and gas utilities, in order to assist the BetterBuildings Program to retrofit more homes and to provide CDFA loans to customers.

The proposed tariff changes are occasioned by the recent execution of a contract between UES, Northern, and the CDFA to supplement funds used in the Home Performance with Energy Star (HPwES) programs. UES and Northern are collaborating with the CDFA to weatherize homes throughout their service territories. The principle provisions of the agreement with CDFA are as follows:

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- UES will use its best efforts to retrofit 20 homes and Northern will use its best efforts to retrofit 10 homes during the term of the agreement.
- The agreement will be in force through April 30, 2013 - the duration of the DOE grant period.
- BetterBuildings will provide 50% of the funding for approximately 30 HPwES home weatherizations in total. There will be no material changes to the current program design approved by the Commission other than a second source of funding (e.g. the maximum rebate remains \$4,000.00 – half funded through the SBC and half from BetterBuildings).
- A "deep dive" component will be added to the standard HPwES program. This program element will provide information and financing for measures not currently offered under the HPwES programs because they do not pass the total resource cost test. However, these measures could well be cost-effective if fuel prices escalate more rapidly than assumed in the cost-effectiveness model. Customers will have the option to participate in the "deep dive" component of the program only if the underlying HPwES project is estimated to result in at least 15% energy savings. Customers will provide all funding for the "deep dive" component. Customers who wish to finance the "deep dive" may do so with a loan funded by BetterBuildings.
- BetterBuildings will provide funding for on-bill financing of HPwES projects. The loan limits are increased from a maximum of \$7,500 to \$20,000 for UES and the maximum repayment term is extended from seven to ten years. For Northern, the terms will be the same as for UES.
- BetterBuildings is financing health and safety measures that are necessary in order to implement energy efficiency measures or are necessary to ensure that the energy efficiency measures will function properly.
- As compensation for delivering the BetterBuildings HPwES Program, CDFA shall pay UES and Northern a Program Delivery Charge equal to 10% of all BetterBuildings funds expended by UES and Northern on the BetterBuildings HPwES Program. All Program Delivery Charges will be used to support the BetterBuildings HPwES Program.

A copy of the agreement with CDFA is enclosed with this filing.

Thank you for your attention to this matter.

Sincerely,

/s/ Gary Epler

Gary Epler
Attorney for Unitil Energy Systems, Inc.

Enclosures

cc: Jack Ruderman, NHPUC
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