

STATE OF NEW HAMPSHIRE

Inter-Department Communication

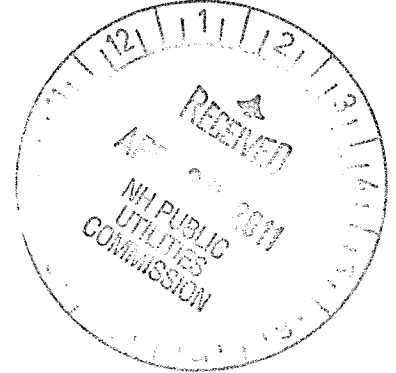
DATE: April 22, 2011
AT (OFFICE): NHPUC

SEM

FROM: Steven E. Mullen, Assistant Director – Electric Division

SUBJECT: DE 10-055, Unitil Energy Systems, Inc.
Rate Case Expense Filing

TO: Commissioners
Debra A. Howland, Executive Director



On March 31, 2011, Unitil Energy Systems, Inc. (Unitil) filed its rate case expenses incurred in connection with its distribution rate proceeding, Docket No. DE 10-055. At the March 10, 2011 hearing in that proceeding, Unitil, the Office of Consumer Advocate (OCA) and Commission Staff (Staff) presented a Settlement Agreement for the Commission's consideration. Article 2.3 of that Settlement Agreement provides, in part, that:

Unitil shall file by March 31, 2011, its proposed Rate Case Expense recovery, which shall be subject to review and approval by the Commission. The amount of Rate Case Expense recovery approved for recovery included in the May 1, 2011 Step Adjustment shall be removed from distribution revenues in the May 1, 2012 step adjustment.

In its March 31 filing, Unitil requested recovery of \$406,031 of rate case expenses over the one-year recovery period at a rate of \$0.00034 per kilowatt-hour (kWh). Unitil included with its filing copies of invoices and other supporting documentation. As part of its review of rate case expenses, Staff typically conducts an audit of a utility's expenses to better understand the details and nature of the costs. Due to scheduling conflicts, the Audit Staff has not yet completed an audit of Unitil's rate case expenses, although it is expected that such an audit will be concluded in the near future.

Given the scheduled start of recovery of the rate case expenses contemplated by Article 2.3 of the Settlement Agreement, Staff recommends that the Commission grant Unitil permission to start recovering its rate case expenses, effective May 1, 2011, at the \$0.00034/kWh rate included in Unitil's filing. Staff further recommends that the recovery rate and period be deemed preliminary, pending the results of the Staff audit and any further discussions among Staff, Unitil and OCA regarding the expenses. Following the conclusion of the audit and any follow-up discussions, Staff anticipates filing a

recommendation regarding final disposition of the recovery of Unutil's rate case expenses.

Staff has contacted the OCA and can report that the OCA supports this recommendation because it provides a full opportunity for the parties to review both Unutil's filing and the audit, and take any positions on the request at a future time.

Please let me know if you have any questions.

cc: Service List