

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 11-176

UNITIL ENERGY SYSTEMS, INC.

**Request for Termination of Reporting Requirements for Pension and Post-Retirement
Benefits other than Pension Plans**

Order *Nisi* Approving End of Reporting Requirements

ORDER NO. 25,325

January 31, 2012

On August 15, 2011, Unitil Energy Systems, Inc. (UES or Company), filed a letter requesting that it be allowed to discontinue certain quarterly and annual reports related to its pension and post-retirement benefits other than pension (PBOP) plans. UES co-sponsors the Unitil Corporation (Unitil) pension plan and the Unitil PBOP plan to provide certain pension and post-retirement benefits for its retirees and current employees. UES files reports regarding the pension and PBOP plans pursuant to Order No. 24,107 (December 31, 2002) 87 NH PUC 873 (Docket No. DE 02-221) and Order No. 24,269 (January 30, 2004) 89 NH PUC 54 (Docket No. DE 03-238). The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, is posted to the Commission's website at www.puc.nh.gov/Regulatory/Docketbk/2011/11-176.html.

Order No. 24,107 directed UES to file, on an ongoing basis, quarterly and annual reports regarding the status of its pension plan for monitoring purposes due to general concern about the funded status of corporate pension plans. Order No. 24,269 required UES to file, on an ongoing basis, an annual report on the status of its PBOP plan, including a descriptive summary of all

actions taken to mitigate the costs of the plan and any updated assumptions. UES made all required filings through August 2010.

UES said that the continued need for the reporting requirements was discussed at the hearing in Docket No. DE 10-055, UES's most recent distribution rate case. In that proceeding, Staff testified that the pension and PBOP plan reporting requirements could end based on the fact that the plans had been thoroughly reviewed since the issuance of Order Nos. 24,107 and 24,269 in a prior UES distribution rate case as well as in Docket No. DE 10-055. In Docket No. DE 10-055, Staff recommended that the Company file a formal letter requesting the Commission approve the termination of these reporting requirements. Staff further recommended that UES provide an update of the status of any remaining additional minimum liability associated with its pension and PBOP plan obligations and address the impact of any accounting changes that took place subsequent to the issuance of Order Nos. 24,107 and 24,269. UES made the instant filing to comply with Staff's recommendations.

UES's filing provided an update of both the pension and PBOP plans. UES reported that, in 2010, it had contributed \$1.4 million to the pension plan and \$1.0 million to the PBOP plan. UES also stated that the only accounting change that occurred subsequent to the Commission's issuance of Order Nos. 24,107 and 24,269 took place in 2006 and involved the Financial Accounting Standards Board's issuance of Statement of Financial Accounting Standard No. 158 (SFAS 158), "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans." According to UES, the effect of that change was previously discussed and disclosed in its August 2007 reports to the Commission for the year ended December 31, 2006.

Finally, UES's letter provided the projected benefit obligation (PBO), fair value of assets and funded status of the pension and PBOP plans. UES said that the PBO is the projected benefit obligation of each of the plans and includes expectations of future employee service and, for the pension plan, compensation increases.

Staff filed its recommendation on January 9, 2012. Staff said UES had complied with Staff's recommendation by filing a request to terminate the pension and PBOP plan reporting requirements, providing updates for the plans, and describing the effects of the accounting change that occurred since the issuance of Order No. 24,107 and Order No. 24,269. Staff noted that since the inception of the reporting requirements, UES's pension and PBOP costs had been examined in two distribution rate proceedings, and that supporting information for the pension and PBOP plans, including the funded status of the plans, is provided to the Commission as part of the 10-Q and 10-K filings made by UES and Unitil to the Securities and Exchange Commission (SEC). Staff added that Staff and the Commission can also obtain information from UES and Unitil regarding the pension and PBOP plans at any time. Based on its review, Staff recommended that the Commission grant UES's request to terminate the reporting requirements required by Order Nos. 24,107 and 24,269.

We have reviewed the filing and Staff's recommendation. As Staff noted, we will continue to have the ability to review pension plan and PBOP plan information contained in UES's and Unitil's SEC filings, and Staff or the Commission can obtain such information from UES and Unitil as necessary. Consequently, the termination of the reporting requirements will not impede our ability to oversee UES's funding of its pension and PBOP plans and is in the

public interest. We have reviewed UES's filing and Staff's recommendation and approve UES's request on a *nisi* basis.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, Unitil Energy Systems, Inc.'s request to terminate the obligation to report on its pension and PBOP plans pursuant to Order No. 24,107 and Order No. 24,269 is hereby GRANTED; and it is

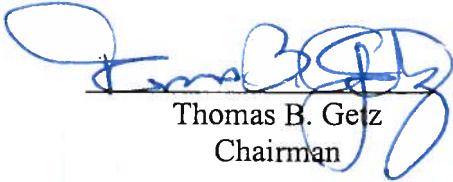
FURTHER ORDERED, that the Petitioner shall cause a copy of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than February 10, 2012 and to be documented by affidavit filed with this office on or before March 1, 2012; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than February 17, 2012 for the Commission's consideration; and it is

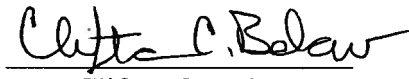
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than February 24, 2012; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective March 1, 2012, unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

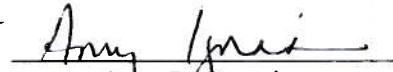
By order of the Public Utilities Commission of New Hampshire this thirty-first day of
January, 2012.



Thomas B. Geiz
Chairman

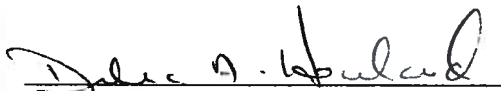


Clifton C. Below
Commissioner



Amy L. Ignatius
Commissioner

Attested by:



Debra A. Howland
Executive Director

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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