

DE 05-064

UNITIL ENERGY SYSTEMS, INC.

**Petition for Approval of a Default Service Supply Proposal For
G1 and Non-G1 Customers and Approval of Solicitation Process**

Prehearing Conference Order

ORDER NO. 24,467

May 13, 2005

APPEARANCES: Gary M. Epler, Esq., for Unitil Energy Systems, Inc.; Sarah Knowlton, Esq., for Constellation NewEnergy, Inc.; Michael Giaimo, Esq., for Business & Industrial Association; Kenneth Traum, of the Office of Consumer Advocate, for New Hampshire ratepayers; and Suzanne Amidon, Esq., for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY AND BACKGROUND

On April 1, 2005, Unitil Energy Systems, Inc. (UES), filed with the New Hampshire Public Utilities Commission (Commission) a Petition for Approval of a Default Service Supply Proposal For G1 and Non-G1 Customers and Approval of Solicitation Process. After April 30, 2006, Transition Service (TS) is scheduled to expire for all consumers in New Hampshire. UES proposes to provide Default Service (DS) supply to G1 and Non-G1 customers beginning May 1, 2006. As of that date, UES intends to reassign all customers receiving TS to DS. UES proposes to solicit power on a quarterly basis by issuing a Request for Proposals (RFPs).

On April 11, 2005, the Office of Consumer Advocate (OCA) notified the Commission of its intent to participate in this docket on behalf of residential utility consumers pursuant to the powers and duties granted to the OCA under RSA 363:28, II.

On April 19, 2005, the Commission issued an Order of Notice establishing a Prehearing Conference, which was held at the Commission on April 26, 2005. On April 22, 2005,

both Constellation NewEnergy, Inc. (Constellation) and the Business & Industry Association of New Hampshire (BIA) petitioned to intervene in this docket. There were no objections to their petitions.

II. PRELIMINARY POSITIONS OF THE PARTIES AND STAFF

A. Unital Energy Systems, Inc.

Beginning May 1, 2006, UES proposes a system of DS for G1 customers by quarterly solicitations of supply by RFP and to establish contracts for three-month terms, with monthly pricing.

UES intends to continue to sub-divide the G1 rate class (large commercial and industrial customers) into two groups for purposes of retail pricing. Under this proposal, large G1 customers will receive a “variable default service charge” that will vary from month to month and reflect the monthly variable wholesale price. Small G1 TS customers will be supplied service at a “F1 fixed charge” calculated on the basis of weighted average monthly bid prices across a three-month period. In addition, small G1 customers would have the option to choose either the variable default service charge or F1 fixed charge, subject to certain conditions.

UES proposes to implement a “portfolio” approach to meet its DS power supply requirements for Non-G1 rate class customers (all customers not classified as G1 customers). This is detailed in UES’s petition and attached exhibits. UES also discusses in detail in the petition and exhibits its proposed solicitation process and schedule and proposed form of tariffs, among other issues.

UES requests an order no later than July 29, 2005, and believes it can respond to any questions raised in the Order of Notice within that timeframe.

B. Constellation NewEnergy, Inc.

Constellation is still in the process of reviewing UES's filing but expects that it will very likely support UES's request.

C. Business & Industry Association of New Hampshire

The BIA takes no position with regard to UES's proposal for DS supply or solicitation. The BIA will monitor the docket because it may set precedent for other electric utilities as they contemplate the future of Default Service.

D. Office of Consumer Advocate

The OCA, preliminarily, is supportive of UES's filing, but intends to examine the issues more thoroughly.

E. Staff

Staff believes there are numerous, substantial issues raised in this docket related to retail competition and future retail competition as the market moves to full competition on May 1, 2006. Staff does not believe the issues can be thoroughly examined in time to issue an order by UES's desired date of July 29, 2005. Staff would prefer a more deliberate procedural schedule to allow time to take a closer look at the issues, especially the precedential effect on the energy market.

III. PROCEDURAL SCHEDULES

Following the Prehearing Conference, the parties and Staff met in a Technical Session and agreed upon the following schedule, which was submitted to the Commission by letter from Staff dated May 2, 2005.

First set of Data Requests from the Parties to UES	May 13, 2005
Data Responses from UES to the first set of Data Requests	May 23, 2005
Second set of Data Requests from the Parties to UES	June 6, 2005
Data Responses from UES to the second set of Data Requests	June 13, 2005

Staff and Intervenor testimony	July 8, 2005
Data Requests to Staff and Intervenor on testimony	July 15, 2005
Technical Session/Settlement Conference	July 21, 2005
Staff and Intervenor Data Responses	July 29, 2005
Hearing on the Merits	August 16-17, 2005
Order Anticipated	September 16, 2005

IV. COMMISSION ANALYSIS

We have reviewed the Procedural Schedule as proposed herein and find that it is reasonable. Further, we will grant the pending motions to intervene.

Based upon the foregoing, it is hereby

ORDERED, that the procedural schedule as proposed herein is reasonable and is hereby adopted; and it is

FURTHER ORDERED, that the pending motions to intervene are granted.

By order of the Public Utilities Commission of New Hampshire this thirteenth day of May, 2005.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Michael D. Harrington
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary