Public Service
of New Hampshire

PSNH Energy Park
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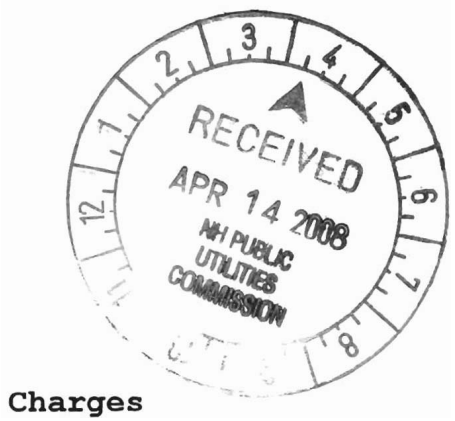
The Northeast Utilities System

April 14, 2008



VIA HAND DELIVERY

Debra A. Howland
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

Re: **DE 08-006**
Loss of Service Investigation Charges

Dear Ms. Howland:

As directed by the Commission's Order No. 24,835 dated March 21, 2008, Public Service Company of New Hampshire has caused to be published a legal notice relative to the above-captioned docket. Enclosed is the original affidavit of publication from The Union Leader, together with the tear sheet, certifying publication of the Order of Notice on March 28, 2008.

Very truly yours,

Robert A. Bersak
Assistant General Counsel

RAB/jpg
Enclosure

Legal Notice

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
DE 08-006
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
Loss of Service Investigation Charges
Order Nisi Approving Tariff Pages and Charges
ORDER NO. 24,835
March 21, 2008

On January 18, 2008, Public Service ompany of New Hampshire (PSNH) filed roposed tariff pages to establish new harges to reimburse PSNH for expenses inurred in investigating, at a customer's reuest, certain occurrences of loss of service. ccording to PSNH, the charge would apply nly when the results of the investigation how that the loss of electric service is atibutable to the customer's, as opposed to SNH's, equipment. The proposed charges ould only apply to residential customers nd small commercial customers taking ervice under rate G. Medium or large comercial and industrial customers receivg service under rates GV or LG will be harged the actual cost of the investigation, s is PSNH's current practice. In support its filing, PSNH included proposed tariff ages along with a technical statement from honda J. Bisson, Senior Analyst for PSNH. n February 15, 2008, the Commission isued Order No. 24,822 *suspending the tariff* ages pending Staff's completion of its reew of the filing.

In its filing, PSNH stated that since 998 it has charged residential and small mmercial customers at a rate of $80 for vestigations performed during normal isiness hours and $105 for investigaons performed outside normal working ours. According to Ms. Bisson, in 2007 SNH assembled a team to review PSNH's on-electric billing (i.e., billing for services rformed outside of the delivery and sale electric service), with the primary goal of isuring "that all non-electric bills issued PSNH's Customer Operations group are iced, prepared and issued in a correct d uniform manner." During the course of review, PSNH discovered that no referces to these charges were contained in its livery Service tariff, its Requirements for ectric Service Connections booklet, or its gulatory files. Based on that review, PSNH ncluded that it apparently had not previsly requested Commission approval for existing charges but further stated that "[i]mplementation of the charges without approval did not unjustly enrich PSNH, because all of the revenue that PSNH collected through the charges was used to reduce its revenue requirements during rate cases."

PSNH analyzed the costs of the loss of service investigations performed for its residential and small commercial customers during 2006 and, pursuant to that analysis, has proposed new charges of $125 and $250 for investigations within and outside normal business hours, respectively. During 2006, PSNH performed 354 loss of service investigations, with 161 occurring during normal work hours and 193 outside of normal work hours. In conducting its analysis, PSNH analyzed the hours spent by foremen and line workers performing each investigation. The costs of each investigation were calculated using the average hourly pay rates for foremen and line workers along with a fixed vehicle cost per hour. PSNH computed an average cost per investigation of $198, with those occurring during work hours having an average cost of $126 and those occurring outside of normal work hours having an average cost of $258. The main reason for the disparity between the charges for investigations performed inside or outside of normal working hours, PSNH stated, is that PSNH's employees are paid for a minimum of four hours (a "call-out premium") if they are called to work after their normal work schedule has ended. According to PSNH, those average costs do not include overhead costs. PSNH said that it excluded overhead costs from its analysis because PSNH proposes setting the charges at levels that will induce a change in customer behavior (to contact an electrician to investigate a loss of electric service when it appears likely to be caused by the customer's equipment), but not be set so high that a customer decides to go without power for an extended period of time when an outage is caused by PSNH's equipment.

On March 7, 2008, Staff filed a letter stating that it had reviewed PSNH's filing as well as additional information obtained during the discovery process and recommended that the proposed tariff pages and charges be approved. Regarding the current $80 and $105 charges for loss of service investigations, Staff stated that while PSNH could not locate the analysis supporting the existing charges (implemented in 1998), PSNH said that the charges appeared to be based on a one hour investigation for a two-person crew, including vehicle and labor charges. According to Staff, PSNH's analy- ... PSNH's distribution rates or otherwise recognize an equivalent amount of revenue in any of PSNH's other rate components.

Finally, Staff pointed out that although the charges are not currently in PSNH's tariff, customers are informed of the charges at the time they call to report a loss of electric service if no other outages have been reported in the customer's vicinity. Regarding an effective date for the proposed charges, Staff indicated that while PSNH did not request a specific effective date, PSNH did communicate to Staff a request to receive an order at least a week in advance of the effective date in order to be able to communicate the change to all of its area work centers and call centers. Staff also reported that it had discussed the filing with the Office of Consumer Advocate, which indicated that it took no position on the proposal.

Having reviewed PSNH's filing and Staff's recommendation, we find that the proposed charges are reasonable in that they strike a balance between the actual costs incurred and the imposition of charges at levels that might otherwise cause customers to refrain from reporting outages. While the new charges of $125 and $250 represent a considerable increase for the current charges of $80 and $105, it is important to understand that the loss of service investigation charges are designed to recover costs only from those customers found to have experienced outages caused not by PSNH's equipment, but rather by the customer's own equipment.

Based upon the foregoing, it is hereby

ORDERED NISI, that subject to the effective date below, PSNH's proposed charges of $125 for loss of service investigations performed during normal work hours and $250 for investigations performed outside of normal work hours are APPROVED; and it is

FURTHER ORDERED, that tariff pages 1st Revised Page 2, Original Page 22-A, 2nd Revised Page 23 and 1st Revised Page 24 to PSNH's tariff NHPUC No. 6 – Electricity Delivery are APPROVED; 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 March 28, 2008 and to be documented by affidavit filed with this office on or before April 14, 2008; 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 April 3, 2008 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 April 10, 2008; and it is

FURTHER ORDERED, that this Order Nisi shall be effective April 14, 2008, 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; and it is

FURTHER ORDERED, that the Petitioner shall file a compliance tariff with the Commission on or before April 14, 2008, in accordance with N.H. Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this twenty-first day of March, 2008.

Thomas B. Getz, Chairman
Graham J. Morrison, Commissioner
Clifton C. Below, Commissioner
Attested by: Debra A. Howland
Executive Director & Secretary
(UL – March 28)

I hereby certify that the foregoing notice was published in The U[nion] Leader and/or New Hampshire Sunday News, newspapers printe[d] Manchester, N.H., by the Union Leader Corporation on the follo[wing] dates, Viz: ....3/28/08..........

(Signed) Phyllis Gilbert ...

UNION LEADER CORPORATION

State of New Hampshire,
Hillsborough, SS. (Dated)......4/11/08..............

MARSHA A. McGINNIS NOTARY PUBLIC NEW HAMPSHIRE

Subscribed and sworn to by the said ... Phyllis Gilbert

Before me, [signature]

Marsha A McGinnis
Notary Public
State of New Hampshire
My Commission Expires 04/10/2011

Legal Notice

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
DE 08-006
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In its filing, PSNH stated that since 1998 it has charged residential and small commercial customers at a rate of $80 for investigations performed during normal business hours and $105 for investigations performed outside normal working hours. According to Ms. Bisson, in 2007 PSNH assembled a team to review PSNH's non-electric billing (i.e., billing for services performed outside of the delivery and sale of electric service), with the primary goal of ensuring "that all non-electric bills issued by PSNH's Customer Operations group are priced, prepared and issued in a correct and uniform manner." During the course of its review, PSNH discovered that no references to these charges were contained in its Delivery Service tariff, its Requirements for Electric Service Connections booklet, or its regulatory files. Based on that review, PSNH concluded that it apparently had not previously requested Commission approval for the existing charges but further stated that "[i]mplementation of the charges without approval did not unjustly enrich PSNH, because all of the revenue that PSNH collected through the charges was used to reduce its revenue requirements during rate cases."

PSNH analyzed the costs of the loss of service investigations performed for its residential and small commercial customers during 2006 and, pursuant to that analysis, has proposed new charges of $125 and $250 for investigations within and outside normal business hours, respectively. During 2006, PSNH performed 354 loss of service investigations, with 161 occurring during normal work hours and 193 outside of normal work hours. In conducting its analysis, PSNH analyzed the hours spent by foremen and line workers performing each investigation. The costs of each investigation were calculated using the average hourly pay rates for foremen and line workers along with a fixed vehicle cost per hour. PSNH computed an average cost per investigation of $198, with those occurring during work hours having an average cost of $126 and those occurring outside of normal work hours having an average cost of $258. The main reason for the disparity between the charges for investigations performed inside or outside of normal working hours, PSNH stated, is that PSNH's employees are paid for a minimum of four hours (a "call-out premium") if they are called to work after their normal work schedule has ended. According to PSNH, those average costs do not include overhead costs. PSNH said that it excluded overhead costs from its analysis because PSNH proposes setting the charges at levels that will induce a change in customer behavior (to contact an electrician to investigate a loss of electric service when it appears likely to be caused by the customer's equipment), but not be set so high that a customer decides to go without power for an extended period of time when an outage is caused by PSNH's equipment.

On March 7, 2008, Staff filed a letter stating that it had reviewed PSNH's filing as well as additional information obtained during the discovery process and recommended that the proposed tariff pages and charges be approved. Regarding the current $80 and $105 charges for loss of service investigations, Staff stated that while PSNH could not locate the analysis supporting the existing charges (implemented in 1998), PSNH said that the charges appeared to be based on a one hour investigation for a two-person crew, including vehicle and labor charges. According to Staff, PSNH's analysis of its 2006 loss of service investigations included a review of the actual time spent on the investigations and PSNH's determination that the applicable charges required increases to be more in line with the actual costs incurred. Although PSNH's proposed new charges of $125 (normal working hours) and $250 (outside of normal working hours) move in the direction of being closer to the actual costs, Staff stated they are still significantly below the total actual costs if overhead costs are included. In response to a discovery request, PSNH indicated that including the overhead costs would bring the total cost of loss of service investigations to $303 and $713 for those performed during normal work hours and outside normal work hours, respectively. Staff viewed the proposed $125 and $250 charges as reasonable levels that bridge the gap between the existing charges and charges at full cost levels (i.e., $303 and $713) that might otherwise deter residential and small commercial customers from reporting outages.

Regarding PSNH's statement that revenue from loss of service investigation charges was included in PSNH's past rate cases, Staff confirmed that the test year revenues in PSNH's most recent distribution rate case, DE 06-028, included revenue from such charges. In its filing, PSNH calculated that based on the number of 2006 investigations, the additional revenue generated from the increased charges would be approximately $35,000. According to Staff, a similar calculation using 2007 information results in additional revenue of approximately $40,000. Staff's review of PSNH's most recent quarterly Form F-1 for the quarter and year ended December 31, 2007 revealed that PSNH's distribution segment earned 8.70% for the twelve months then ended – a level below the 9.67% return on equity allowed in DE 06-028. In addition, Staff said that $40,000 represents an insignificant amount of revenue as compared to PSNH's overall distribution revenue requirement. Taking that into account along with the lower than allowed return, Staff recommended that no action be taken to adjust PSNH's distribution rates or otherwise recognize an equivalent amount of revenue in any of PSNH's other rate components.

Finally, Staff pointed out that although the charges are not currently in PSNH's tariff, customers are informed of the charges at the time they call to report a loss of electric service if no other outages have been reported in the customer's vicinity. Regarding an effective date for the proposed charges, Staff indicated that while PSNH did not request a specific effective date, PSNH did communicate to Staff a request to receive an order at least a week in advance of the effective date in order to be able to communicate the change to all of its area work centers and call centers. Staff also reported that it had discussed the filing with the Office of Consumer Advocate, which indicated that it took no position on the proposal.

Having reviewed PSNH's filing and Staff's recommendation, we find that the proposed charges are reasonable in that they strike a balance between the actual costs incurred and the imposition of charges at levels that might otherwise cause customers to refrain from reporting outages. While the new charges of $125 and $250 represent a considerable increase for the current charges of $80 and $105, it is important to understand that the loss of service investigation charges are designed to recover costs only from those customers found to have experienced outages caused not by PSNH's equipment, but rather by the customer's own equipment.

Based upon the foregoing, it is hereby ORDERED NISI, that subject to the effective date below, PSNH's proposed charges of $125 for loss of service investigations performed during normal work hours and $250 for investigations performed outside of normal work hours are APPROVED; and it is

FURTHER ORDERED, that tariff pages 1st Revised Page 2, Original Page 22-A, 2nd Revised Page 23 and 1st Revised Page 24 to PSNH's tariff NHPUC No. 6 – Electricity Delivery are APPROVED; 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 March 28, 2008 and to be documented by affidavit filed with this office on or before April 14, 2008; 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 April 3, 2008 for the Commission's consideration; and it is

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FURTHER ORDERED, that the Petitioner shall file a compliance tariff with the Commission on or before April 14, 2008, in accordance with N.H. Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this twenty-first day of March, 2008.

Thomas B. Getz, Chairman
Graham J. Morrison, Commissioner
Clifton C. Below, Commissioner
Attested by: Debra A. Howland
Executive Director & Secretary

(UL – March 28)

I hereby certify that the foregoing notice was published in The U
Leader and/or New Hampshire Sunday News, newspapers printe
Manchester, N.H., by the Union Leader Corporation on the follo
dates, Viz: ..... 3/28/08 .....

(Signed) ..... Phyllis Gilbert ...

UNION LEADER CORPORATION

State of New Hampshire,
Hillsborough, SS. (Dated) ..... 4/11/08 .....

MARSHA A. McGINNIS NOTARY PUBLIC NEW HAMPSHIRE

Subscribed and sworn to by the said .. Phyllis Gilbert

Before me,

Marsha A McGinnis
Notary Public
State of New Hampshire
My Commission Expires 04/19/2011