

STATE OF NEW HAMPSHIRE

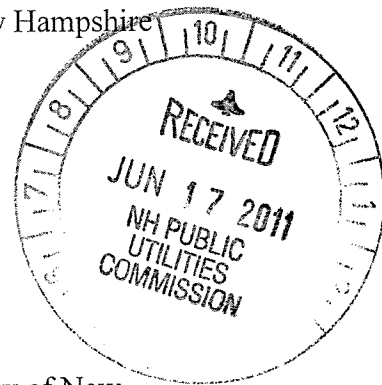
Inter-Department Communication

DATE: June 17, 2011
AT (OFFICE): NHPUC

FROM: 
Steven E. Mullen
Assistant Director – Electric Division

SUBJECT: Docket No. DE 11-070, Public Service Company of New Hampshire
Certification of Exogenous Events
Staff Recommendation

TO: Commissioners
Debra A. Howland, Executive Director



On May 13, 2011, Staff filed a letter in reference to Public Service Company of New Hampshire's (PSNH) March 28, 2011 filing of a Certification of Exogenous Events for (1) termination of a Medicare subsidy credit and (2) bonus tax depreciation. PSNH's filing was made pursuant to a Settlement Agreement approved by the Commission in Docket No. DE 09-035¹. As part of its filing, PSNH requested a four-year recovery period associated with the amortization of certain deferred tax assets that were required to be written off as part of the Medicare subsidy credit issue. PSNH's requested four-year period would coincide with the termination date of the DE 09-035 Settlement Agreement.

In its letter, Staff reported that after reviewing the documentation provided in the filing and through discovery, Staff proposed an alternative recovery period of 5 ½ years (66 months) to allow recovery of the written off deferred tax asset at a rate similar to that at which the deferred tax credit had previously benefitted customers. Staff also reported that PSNH agreed with, and the Office of Consumer Advocate did not object to, Staff's proposal which would decrease PSNH's requested distribution rate increase associated with Exogenous Events by \$0.5 million from \$2.93 million to \$2.43 million.² Staff informed the Commission that PSNH would be submitting a revised Exogenous Events filing reflecting Staff's proposal and addressing the estimated rate impacts associated with all adjustments to distribution rates scheduled to take effect on July 1, 2011. On May 16, 2011, PSNH submitted the requisite filing.

Having reviewed PSNH's revised filing including the revised calculations, Staff recommends approval of PSNH's Certification of Exogenous Events, as revised on May

¹ See Order No. 25,214 (April 26, 2011) in Docket No. DE 09-035, PSNH's most recent distribution rate case. Additional discussion of Section 12 of the Settlement Agreement dealing with Exogenous Events can be found in Staff's May 13, 2011 letter.

² Neither Staff nor the OCA proposed any changes to PSNH's proposed bonus tax depreciation adjustment.

16, 2011. In filing its Certification of Exogenous Events, PSNH followed the process set forth in the DE 09-035 Settlement Agreement, and the issues of the Medicare subsidy credit and bonus tax depreciation both qualify for treatment as Exogenous Events pursuant to the terms of that agreement. Staff has consulted with the OCA and it has no objection to Staff's recommendation.

Please contact me if you have any questions or would like to discuss this matter further.

cc: Service List