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December 21, 2007

RE: DE 06-061, Investigation Into Implementation of the Energy Policy Act of 2005
Order No. 24,763

To the Parties:

Enclosed are revised pages 4, 6, and 28 of Order No. 24,763 (June 22, 2007). On page 4, line 23, "Hunt Technologies, Inc., OCA" have been inserted. On page 6, the text to footnote 4 was inadvertently omitted and has been inserted. On page 28, line 20, "November 30, 2007" has been changed to "September 28, 2007." All other portions of this order remain unchanged.

Please substitute the enclosed revised pages to your copy of Order No. 24,763.

Very truly yours,

A handwritten signature in cursive script that reads "Debra A. Howland".

Debra A. Howland
Executive Director and Secretary

Enclosure
cc: Service List
Docket File

(National Grid), Public Service Company of New Hampshire (PSNH), Unitil Energy Systems, Inc. (UES), the New Hampshire Electric Cooperative (NHEC), the Office of Consumer Advocate (OCA), the Office of Energy and Planning (OEP), Wal-Mart Stores East, L.P. (Wal-Mart), Hunt Technologies, Inc. (Hunt), Granite State Hydropower Association (GSHA), Pentti Aalto, and Roy Morrison.

On May 16, 2006, Staff filed a letter with the Commission summarizing the discussion at the technical session and noting that the participants had agreed that National Grid, UES and PSNH would jointly file with the Commission an initial draft document setting forth the companies' view of the scope of the investigation. PSNH filed the scoping document on behalf of the three utilities on June 6, 2006. The participants and Staff conducted a technical session on June 15, with Staff thereafter submitting an agreed-upon final version of the scoping document, which the Commission adopted by secretarial letter dated August 4, 2006. The scoping document included 19 issues or questions relating to the smart metering standard and eight questions relating to the interconnection standard.

On September 7, 2006, Staff filed a letter recommending that the investigation be conducted in two phases based on the deadlines in the 2005 Act. Staff recommended that, in the first phase, the Commission investigate the smart metering and interconnection standards, which require a Commission decision by August 8, 2007. Staff also submitted a proposed procedural schedule for the first phase that included deadlines for discovery, testimony and hearing. On September 14, 2006, the Commission issued a secretarial letter that established a procedural schedule which included a preliminary comment deadline of September 29, 2006, and a November 3, 2006 deadline for parties' reply comments. Pentti Aalto, Roy Morrison, National Grid, UES, PSNH, Wal-Mart, Hunt Technologies, Inc., OCA, and Staff filed comments with the Commission.

Staff disagreed with the utilities' positions, referencing *Public Service Company of New Hampshire*, 89 NH PUC 2 (2004), entered in Docket No. DE 03-013. According to Staff, this order involved Commission approval of a settlement agreement entered into by the distribution companies and Staff, providing for each utility to install advanced metering for large commercial and industrial customers and establishing uniform reporting requirements regarding customer participation in advanced metering and optional services. Staff contended that this resolution of Docket No. DE 03-013 did not address real time pricing⁴ or any other time-based pricing program for large or small customers, nor did it determine whether such time-based pricing programs should be mandatory or voluntary. Staff also disagreed with UES' and National Grid's assertion that the Commission-mandated study into the costs of acquiring the capability to develop time-based default service rates for large customers constituted an investigation into time-based metering and communications applicable to all customer classes as required by the Energy Policy Act of 2005.⁵ Finally, Staff disputed the notion that the provisions of RSA 378:7-a, 7-b and 7-c, adopted in 1978, qualify as prior state action because the relevant Energy Policy Act provision states that the legislature must have voted on the standard or a comparable standard within three years prior to the enactment of the federal legislation in 2005.

2. Are there statutory requirements that prevent New Hampshire utilities from offering "real time" pricing?

PSNH pointed out that RSA 369-B:3,IV(b)(1)(A) states that PSNH's price for default service shall be the company's "actual, prudent, and reasonable" cost of providing the power but did not assert that the statute prohibited real time pricing. Staff asserted that the relevant language in RSA 369-B:3,IV(b)(1)(A) does not mandate average-cost pricing, and further pointed out that New Hampshire's electric industry restructuring legislation, RSA 374-F, is silent

⁴ See definition at page 3.

⁵ 16 USC 2621 (d)(14)(A)

B. Interconnection

As noted by the utilities, New Hampshire has had interconnection standards in place for 20 years, and those standards have been modified as necessary over the years to comport with the requirements of the regional grid operator. Nevertheless, we will consider the current interconnection standards, as expressed in the Puc 900 rules, relative to IEEE Standard 1547. Because of the technical nature of IEEE Standard 1547, we direct Staff to meet with the parties in a technical session to discuss whether it is appropriate for the Commission to adopt the federal interconnection standard pursuant to 16 U.S.C. § 2621(d)(14). We welcome information regarding interconnection policies from other states to determine if we should adopt similar standards. We also ask the parties and Staff to make a recommendation as to whether there should be a uniform interconnection policy for all new on-site generators regardless of size, and to report to the Commission regarding the relative merits and disadvantages of adopting (a) the IEEE 1547 standard, (b) the National Association of Regulatory Utilities Commission (NARUC) model interconnection procedures, and (c) the Federal Energy Regulatory Commission (FERC) rules for New Hampshire on-site generators. The parties and Staff shall file their recommendations with the Commission no later than August 27, 2007.

Based upon the foregoing, it is hereby

ORDERED that PSNH, National Grid and UES shall file draft tariffs to provide for fixed, time-based pricing of default service for all customer classes as detailed in this Order no later than September 28, 2007; and it is

FURTHER ORDERED, that PSNH file no later than November 30, 2007 a detailed description of the cost-based methodology that it intends to use to calculate the small and large customer time-of-use default service rates.

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