

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: October 15, 2014
AT (OFFICE): NHPUC**FROM:** Grant W. Siwinski
Utility Analyst III**SUBJECT:** DE 14-203, Public Service of New Hampshire Proposed Amendment to Controlled Water Heating and Load Controlled Service Rates**TO:** Debra A. Howland, Executive Director

On July 29, 2014, Public Service Company of New Hampshire ("PSNH") proposed to amend the terms or conditions of service provided under its Controlled Water Heating ("CWH") and Load Controlled Service, 8, 10 and 11 hour option ("LCS") rates. These changes require amending PSNH's tariff relative to the CWH and LCS rates, and PSNH is requesting the Commission's approval of its proposed amendments. No rate changes result from the proposal.

In late 2013, PSNH began a process of reviewing the accounts taking service under the CWH and LCS rates, which were closed to new locations on September 30, 1981, to determine if they remained eligible for the rates. As a result of that process, numerous customers were removed from the CWH and LCS rates. The customers remaining on those rates require special metering equipment to take service. But according to PSNH, many of the existing meters in the remaining accounts have reached the end of their useful lives and are experiencing degraded capabilities.

Research by PSNH's Meter Engineering group revealed that none of the four major meter manufacturers PSNH works with manufactures a replacement meter with a time-based load control switch suitable for direct load control. Further discussions with the manufacturers' representatives indicated that the manufacturers were not willing to develop a replacement meter for a low volume installation program, which PSNH was considering. Thus, PSNH studied three options to service the remaining accounts.

Option 1, which includes a socket adapter/extender high current relay, would cost \$530 per meter to install or approximately \$342,000 in total. The socket adapter, in addition to being expensive, would also be cumbersome, unattractive and hazardous to work with when a meter change was finally required. Option 2 would require the continued use of the time clock meters currently installed at the account locations until it malfunctioned. Then the failed time clock meters would be replaced using degraded meters removed from previously disqualified account locations. As a result, PSNH ruled out both these options as being either too expensive or relying on the degraded meters that would likely malfunction.

PSNH proposed instead to install standard Automatic Meter Reading (AMR) meters (option 3). This would cost the Company less than \$25,000 for 646 accounts and would be completed as part of its wider meter conversion project. The customers would see a newer meter, but would see no change to their invoice or service, because PSNH is not changing the existing rates and only intends to change the tariff as necessary to permit it to use the AMR meters. The Company also represents that the tariff change is revenue neutral. Although the customers would see no change in their billing, the time restrictions noted in the rates would no longer apply, which is the reason the Company proposed amending its tariffs. PSNH stated it would continue its efforts to reduce the number of customers on these closed rates in anticipation of eliminating these rates in a future distribution rate case.

Staff submitted data requests and reviewed PSNH's tariff changes and three options. Based on Staff's review of the filing and the Company's responses, Staff agrees with PSNH that option 3 is the most practical and cost effective option. In addition, Staff recommends that the Commission close this docket and allow PSNH's amendments to its tariffs to go into effect.

c: Les Stachow
Suzanne Amidon