

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 09-035

SUPPLEMENTAL ORDER OF NOTICE

On April 17, 2009, Public Service Company of New Hampshire (PSNH) filed with the Commission a petition for temporary delivery rates pursuant to New Hampshire RSA 378:27, together with supporting testimony. The petition requests an order approving an increase in distribution revenues of \$36.4 million, or approximately 14%, to become effective as temporary rates on July 1, 2009. The requested effective date has now been changed to August 1, 2009. When compared to existing overall rates, the requested change to distribution revenues represents an average 3.0% increase in overall rates across all rate classes. As described in the filing, the requested revenue increase consists of a revenue deficiency in actual costs based on a 2008 test year, certain other proforma changes to revenues and costs, and an amortization of PSNH's estimated costs incurred in connection with its response to the December 2008 ice storm. PSNH has designed the proposed temporary rates to ensure that all of the unbundled distribution rates for each customer class are adjusted on a uniform percentage basis.

According to the filing, PSNH will be initiating changes to its Stranded Cost Recovery Charge (SCRC) and Default Energy Service Charge (ES) that, combined with the requested temporary increase in distribution rates, are expected to result in an average decrease to overall retail electric service rates of 1.3%. This decrease is exclusive of any change in the Transmission Cost Adjustment Mechanism (TCAM) charge, which is also subject to adjustment, and which will be the subject of a separate filing to be made in early June 2009. As part of

PSNH's proposal, there is no net change in overall revenue for the residential class with respect to the distribution, SCRC and ES rate components.

PSNH's petition states that although it has not yet determined the amount of its permanent rate increase request, the rate level in the temporary rate request is less than the total revenue requirement adjustment it plans to seek in its permanent rate increase request. Under PSNH's proposal, the temporary rates will be reconciled to the final allowed permanent rate level, from the effective date of temporary rates to the future date on which permanent rates are set.

PSNH reports that its actual earned return on equity for its delivery business in 2008 was approximately 6.26%, which it asserts is significantly below current and past industry standards of a fair and reasonable return and well below the 9.67% authorized by the Commission in PSNH's last rate case.

This Order of Notice supplements an Order of Notice previously issued but not published before the originally scheduled pre-hearing conference, and is issued pursuant to a letter request filed by PSNH on May 19, 2009. In that letter, PSNH committed to filing its notice of intent to file rate schedules pursuant to N.H. Code Admin. Rules Puc 1604.05 on or before June 1, 2009, and its full permanent rate filing on or before July 1, 2009.

The filing raises, inter alia, issues related to whether the proposed temporary rates are just, reasonable and lawful as required by RSA 378:7 and whether the proposed rates yield a reasonable rate of return on the cost of PSNH's property that is prudent as well as used and useful in the public service less accumulated depreciation as required by RSA 378:27 and 28. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that a pre-hearing conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 10, 2009 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin. Rule Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the pre-hearing conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that a hearing on the petition for temporary delivery rates be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on July 13, 2009 at 10:00 a.m.; and it is

FURTHER ORDERED, that, pursuant to N.H. Admin. Rules Puc 203.12, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than May 28, 2009, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 10, 2009; and it is

FURTHER ORDERED, that, pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding, other than Unitil Energy Systems, Inc. whose petition to intervene need not be re-filed, shall submit to the Commission seven copies of a Petition to Intervene with copies sent to PSNH and the Office of the Consumer Advocate on or before June 5, 2009, such Petition stating the facts demonstrating how its rights, duties, privileges,

immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before June 10, 2009.

By order of the Public Utilities Commission of New Hampshire this twenty second day of May, 2009.

Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.