

DE 05-199

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Revised “Voluntary Interruptible Program” Tariff Filing

Order Approving Revised Tariff Page

ORDER NO. 24,574

December 30, 2005

On December 19, 2005, Public Service Company of New Hampshire (PSNH) filed a revised tariff page with the New Hampshire Public Utilities Commission (Commission), the purpose of which is to effect an expansion of the utility’s Voluntary Interruptible Program (VIP). The VIP is a demand management program in which certain large commercial and industrial customers receive a rate incentive to agree that their service may be interrupted during times of peak demand during the months of June through September. The instant filing seeks authority to offer the VIP in January, February and March as well, beginning on January 1, 2006.

As PSNH notes, the current VIP tariff provides that, during the months the program is in effect, PSNH may interrupt service to participating customers when the Real Time Zonal Price for New Hampshire, as calculated by the regional transmission organization ISO-New England, reaches \$200 per megawatt-hour. According to PSNH, it has been advised by ISO-New England that resources may be constrained during periods this winter when loads are high and resources (i.e., generation and transmission facilities) are unavailable. Thus, PSNH seeks what it characterizes as “extraordinary relief” in order to address this problem.

The PSNH filing avers that the Office of Consumer Advocate supports its proposal as long as accounting for the program takes place in connection with the reconciliation of PSNH’s energy service rates rather than the Company’s delivery service rates. PSNH has

endorsed this request. Staff supports the filing and notes that savings from the program are shared between participants who interrupt when called upon to do so and non-participants through the reconciliation of the energy service rate.

In the ordinary course of business, RSA 378:3 requires that utilities give the Commission at least 30 days' notice of a revised tariff, which automatically becomes effective unless suspended by the Commission. However, RSA 378:3 vests the Commission with explicit authority to depart from the notice requirement, as does the implementing rule of the Commission. *See* N.H. Code Admin. Rules Puc 1603.07(a)(2). We conclude that the public interest requires such a departure here.

There is no dispute that effective demand response programs provide value. On November 16, 2005, ISO-New England reported that peak demand this winter could exceed the previously established record, set during a three-day period of extremely cold weather in January of 2004, of 22,818 megawatts.¹ Citing the lingering effects of Hurricanes Katrina and Rita and the resulting impact on natural gas and oil production in the Gulf region, the ISO implemented a series of initiatives designed to address potential supply shortages. One of the initiatives is the expansion of demand reduction initiatives for business customers in the region. PSNH's request for emergency authority to offer its VIP during the winter months is a direct response to this request.

According to PSNH, it has offered the VIP to customers on Rate GV and Rate LG that are capable of interrupting load by changes in their internal processes or by operation of

¹ The ISO's public statement is available at the organization's web site, www.iso-ne.com.

emergency generation. In other words, PSNH has not sought permission to require any customer to become interruptible. PSNH reports that during the summer of 2005, 50 customers signed service agreements under the VIP, amounting to 20.513 megawatts of load. PSNH plans to market the VIP rate for the winter months to the same customers and, in addition, to additional eligible customers including those that use electricity for snowmaking. Finally, the revised tariff does not make the winter interruptible load program permanent; it merely seeks authority for 2006 and leaves future winters to further consideration.

The VIP parameters are a reasonable and prudent response to the ISO's initiative. In addition, PSNH's request to make its VIP available immediately, for the months of January through March of 2006, is an appropriate occasion for departure from the general rule requiring 30 days' notice. We therefore approve the proposed revisions to the VIP program.

Based upon the foregoing, it is hereby

ORDERED, that the 1st revised page 82 of Tariff NHPUC No. 4 submitted by Public Service Company of New Hampshire on December 19, 2005, is approved and effective immediately pursuant to RSA 378:3; and it is

FURTHER ORDERED, that PSNH inform Staff and the OCA of the number of interruptions called this winter under Rate VIP, the level of load interrupted and the level of savings achieved by the program.

By order of the Public Utilities Commission of New Hampshire this thirtieth day
of December, 2005.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Kimberly Nolin Smith
Assistant Secretary