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March 13, 2008

Re: DE 07-064, Energy Efficiency Rate Mechanisms

To the Parties:

On May 14, 2007, the Commission issued an order of notice commencing the above referenced investigation of whether certain rate mechanisms should be instituted for electric utilities that would have the effect of removing obstacles to and encouraging investment in energy efficiency. On July 12, 2007, in Order No. 24,774, the Commission clarified the scope of the investigation, broadened its inquiry to include gas utilities, and scheduled presentations by electric and gas utilities for July 30, 2007.

The July 30th utility presentations were designed to provide information on each utility's rate structure and the results of its energy efficiency efforts. Thereafter, on November 7, 2007, a panel of three independent experts recommended by the parties gave presentations on various regulatory approaches and rate mechanisms to encourage energy efficiency. The preliminary presentations by the utilities and the independent experts have provided a useful knowledge base for the Commission and interested parties.

Having considered the information presented, the Commission has determined to revisit the issues initially raised in the order of notice. As explained at that time, the Commission is investigating whether electric and natural gas utilities have already experienced, or expect to experience, declining sales attributable to energy conservation, energy efficiency or demand response programs. The Commission sought comment on whether to implement revenue decoupling in general rate case filings, through a generic rulemaking, or via some other approach. In addition, the Commission requested responses to 12 questions, mainly concerning how decoupling would be implemented. An exception was the last question, which dealt with the relationship between decoupling and alternative forms of regulation.

As the next step in this investigation, the Commission seeks detailed written comments, data and analysis from the utilities concerning whether they have experienced, or expect to experience, declining sales attributable to energy conservation, energy efficiency or demand response programs. To the extent other interested parties are in the position to comment on this question, they are invited to do so.

March 13, 2008

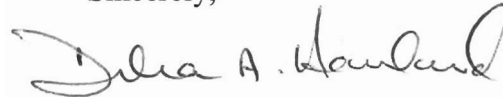
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In addition, the Commission seeks comments on:

- (1) whether existing rate treatment poses an obstacle to investment in energy efficiency;
- (2) whether different rate treatment would promote such investment;
- (3) the procedural question of whether these issues should be pursued further in this docket, through utility-specific rate cases, as part of a rulemaking, or through some other means; and
- (4) whether decoupling would constitute an alternative form of regulation under RSA 374:3-a.

The Commission defers comment on the implementation-related questions for the time being. All comments are due by April 11, 2008.

Sincerely,

A handwritten signature in dark ink, appearing to read "Debra A. Howland". The signature is fluid and cursive, with the first name "Debra" being the most prominent.

Debra A. Howland
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