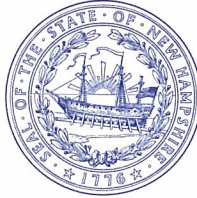


THE STATE OF NEW HAMPSHIRE

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May 20, 2011

Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit St., Suite 10  
Concord, NH 03301



Re: DE 10-096, Granite State Electric Company d/b/a National Grid  
Petition for Increase in Storm Fund Contributions

Dear Ms. Howland:

On June 30, 2010, the Commission issued Order No. 25,125 in Docket No. DE 10-096 authorizing Granite State Electric Company d/b/a National Grid (National Grid) to recover increased customer contributions of \$30,000 per month, via a Storm Adjustment Recovery Charge, to be applied to its Storm Fund. The incremental \$30,000 per month allowed National Grid to begin recovery of costs it incurred in restoring power as a result of the extraordinary ice storm event that occurred on December 11-12, 2008 (December 2008 ice storm). The increase in collections would also serve to eliminate what was then a negative balance in the Storm Fund due to costs associated with other major storm events.

At the time of the issuance of Order No. 25,125, Staff's audit of National Grid's power restoration costs from the December 2008 ice storm was ongoing and, based on the positions of National Grid and Staff, the Commission approved the \$30,000 per month increase on a temporary basis, pending completion of Staff's audit. Specifically, the Commission ruled as follows:

We will approve this increase on a temporary basis until such time as the Staff audit is concluded and a more specific recommendation is provided regarding a longer-term approach to restoring the Storm Fund to a positive balance. We will subject any final cost recovery to a true-up of costs and revenues. (Order No. 25,125 at 6.)

The Audit Staff issued its final audit report on National Grid's December 2008 ice storm costs on August 24, 2010. As part of that report, the Audit Staff concluded that certain costs totaling \$73,881, which National Grid claimed were storm-related costs from National Grid USA Service Company, Inc. were not sufficiently documented and, therefore, should not be included in the December 2008 ice storm cost recovery.

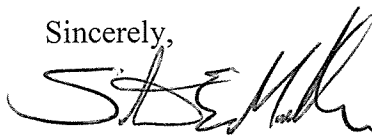
On May 6, 2011, Staff, including the Audit Staff, met with National Grid to a) discuss the audit report (including the \$73,881 in question) and b) discuss the status of the Storm Fund in general, taking into account the temporary increase in collections of \$30,000 per month as well as the cost impacts of other major storm events that have occurred since the December 2008 ice storm – a wind storm that occurred in February 2010 and a snowstorm that occurred in March 2011. National Grid stated that while it was willing to accept the audit report as written for purposes of settling the issue, it maintained that the costs were valid but conceded that it could have initially provided better documentation to support its costs. National Grid did provide additional documentation during the meeting in support of the costs in question.

Regarding the more recent major storm events, National Grid informed Staff that it was still in the process of tallying all the costs associated with those events, and planned to submit a filing in the near future to seek further adjustment to its monthly storm collections to account for the costs related to those storms. Staff then suggested that National Grid consider including the final resolution of the December 2008 ice storm cost recovery as part of that anticipated filing.

This letter is to inform the Commission that National Grid and Staff have come to agreement on the final accounting of the December 2008 ice storm costs at a total amount of \$1,762,372. Staff had intended to take this opportunity to recommend to the Commission a process for finalizing National Grid's cost recovery and concluding this proceeding. However, in light of the more recent major storm events that have occurred and National Grid's plan to submit a filing in the near future to recover the costs associated with those events, Staff instead recommends that the Commission consider closing Docket No. DE 10-096 and transferring open issues from the docket for resolution in the new docket that will be opened upon receipt of National Grid's forthcoming major storm cost recovery filing.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "STEVEN M", with a stylized flourish at the end.

Steven E. Mullen  
Assistant Director – Electric Division

cc: Service List