



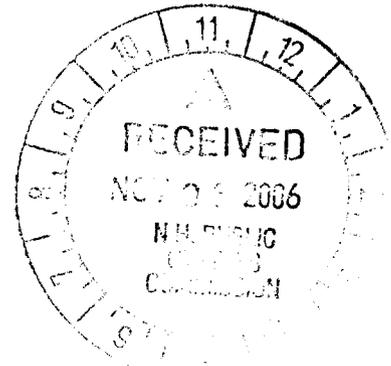
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November 3, 2006

By Electronic and U.S. Mail

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, N.H. 03301-2429



RE: Investigation of EPart Standards, Docket No. DE 06-061

Dear Ms. Howland:

Enclosed for filing, please find the original and eight (8) copies of the Reply Comments of Wal-Mart Stores East, L.P. and the Certificate of Service.

Kindly date stamp a copy of this cover letter and return to us in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter.

Very truly yours,

Robert Shapiro
Karla Doukas

Enclosures
cc: Service List



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Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, N.H. 03301-2429

**RE: Reply Comments of Wal-Mart Stores East, L.P.,
Investigation of E Pact Standards, Docket No. DE 06-061**

Dear Ms. Howland:

Wal-Mart Stores East, L.P. ("Wal-Mart") submits these reply comments relative to the Commission's investigation into the implementation of Time Based Metering and Communications ("Smart Metering") and Interconnection of Distributed Resources standards pursuant to Sections 1252 and 1254 of the Energy Policy Act of 2005 ("E Pact"). Wal-Mart's reply comments are intended to focus on a few specific points raised by the parties in their initial comments and responses to data requests, which have not been previously addressed by Wal-Mart in its initial comments and responses to PSNH's data requests. Wal-Mart has not repeated its position on those particular issues which already have been addressed in those filings.

Wal-Mart submits that the Commission's action in the Advanced Metering Docket, DE 03-013, does not constitute prior state action on the issue of Time-Based Rates and, thus, Wal-Mart urges the Commission to implement Time-Based Rate standards in this proceeding as required by Section 1252 of E Pact. While Wal-Mart commends the Commission for taking a progressive approach in Docket DE 03-013, Wal-Mart considers the action taken there to be, at most, an initial step in the implementation of Interval Meters and Demand Response programs to large Commercial and Industrial ("C&I") customers. The Commission's prior action in that docket falls short of the standards required by Section 1252 of E Pact, which requires the offering of a Time Based Rate Schedule to each customer class of each electric distribution company in New Hampshire. Time Based Rate standards under E Pact require the development of rates that vary by time period and which reflect variance, if any, in the cost of generating and

purchasing of power at the wholesale level in order to send accurate, transparent price signals to customers.

In its Order, the Commission repeatedly acknowledged that its investigation represented only a first step in the implementation of Time-Based Rates. Specifically, the Commission stated:

Staff also agreed with the Distribution Companies that it would not be practical to require real time pricing for large C&I in this docket. Staff, however, confined this observation to this docket alone. Staff observed that the data reported to the Commission pursuant to the provisions of the Settlement Agreement is essentially a foundation for the Commission to use to create other energy management programs in the future, including real-time pricing options.

Investigation into Advanced Customer Metering and Demand Response by Electric Distribution Companies, DE 03-013, Order Approving Settlement Agreement No. 24,263, at 15, 16 (January 9, 2004) (hereinafter cited as “Advanced Metering Order”). The Commission further stated:

While these provisions do not encompass all of the issues subject to investigation in Order No. 24,170, we find that the Settlement Agreement provides an appropriate first step

We conclude that the Settlement Agreement represents an important first step toward the development of an advanced metering and rate design policy to encourage the efficient use of electricity by the state’s largest customers.

Advanced Metering Order at 20, 21. Moreover, the Commission recognized that it would need to continue to evaluate real-time pricing designs to promote retail competition in New Hampshire, concluding, “In addition, while this Settlement Agreement is silent with respect to alternative rate design, such as real time pricing, we will continue to evaluate the role of such rate designs to further the implementation of the principles of electric industry restructuring in RSA 374-F.” Advanced Metering Order at 21. Therefore, it is not at all clear that the Commission’s acceptance of a Settlement in Docket No. DE 03-013 was intended to fulfill or even address all of the objectives stated in Section 1252.

In addition, it is Wal-Mart’s position that the time-based rate structures offered by the electric distribution companies do not go far enough to reduce peak demand. The rates are deficient in that they typically apply only to large C&I customers; price changes are limited to twice a day, and charges are fixed for the entire month, between summer and winter, which is not in accordance with the dynamic pricing structure required under provisions of EPAct.

Wal-Mart submits that dynamic time-based rate structures should be the default rates for all customers receiving generation services from the electric distribution companies. Wal-Mart believes that the customers, not the distribution companies, are in the best position to determine whether they have the ability and desire to take advantage of time-based pricing structures and

should be given the opportunity to determine whether and how best to manage their electric energy needs to realize the greatest potential savings in their energy costs.

In fact, ISO New England Inc. (“ISO-NE”) recently echoed Wal-Mart’s position in this regard. On October 25, 2006, in Written Exceptions filed with the Connecticut Department of Public Utility Control (“CDPUC”) with respect to a CDPUC Draft Decision regarding an investigation into Connecticut Light and Power Company’s Time-of-Use, Interruptible or Load Response, and Seasonal Rates, Docket No. 05-10-03, ISO-NE criticized the CDPUC’s Draft Decision for not taking “as firm a stance as it should with respect to implementing [Variable Peak Pricing] TOU rates, which would include the demonstrated benefits of shoulder period rates in addition to on-peak and off-peak rates.” ISO-NE Written Exceptions, CDPUC Docket No. 05-10-03 (October 25, 2006) at 1-2.

In particular, ISO-NE took exception to the utility’s assertion that “customers want only stable prices,” noting that

“The ISO firmly believes that customers, not their incumbent utility, should have the choice between stable prices and the opportunity to reduce consumption to achieve lower electric bills. Acceptance of CL&P’s unproven hypothesis that customers prefer simplicity to savings preemptively deprives customers of the opportunity to make that choice and burdens them with prices which, while possibly stable, are nevertheless higher than necessary.

ISO-NE Written Exceptions, CDPUC Docket No. 05-10-03, at 4.

Wal-Mart views ISO-NE’s position in the Connecticut PUC docket as directly applicable to the matters at issue in this proceeding.

Wal-Mart commends the electric distribution utilities for offering metering services in New Hampshire. However, the offering of the various metering services, *e.g.*, enhanced metering service, Interval data service, subscription service for interval data over the Internet, rate data service, additional communication options, etc., should not be limited to electric distribution companies. These services also should be offered by competitive suppliers, such as energy service providers (“ESPs”), in order to maximize customers’ supplier and metering equipment options so that customers may satisfy their own individual needs. However, the Commission will need to ensure that customers do not incur double costs for metering services (charged once by the supplier and again by the electric distribution company), when the customer elects to use a competitive alternative provider. Moreover, utilities should not be able to charge customers for Interval Data Services when the offering of these services provides substantial benefits to the utility systems in assessing reliability issues.

Wal-Mart appreciates the opportunity to provide these reply comments and looks forward to its continued involvement in this proceeding.

Respectfully submitted,

WAL-MART STORES EAST, L.P.

By its attorneys,

Handwritten signature of Robert D. Shapiro in black ink.

Robert D. Shapiro

Karla J. Doukas

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Reply Comments of Wal-Mart Stores East, L.P. were sent **via electronic mail and first class mail**, on the 3rd day of November to all parties appearing on the attached service list.

SIGNED under the pains and penalties of perjury.

A handwritten signature in black ink, appearing to read 'Karla J. Doukas', is written over a solid horizontal line.

Karla J. Doukas, Esq.

Dated: November 3, 2006

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FILING INSTRUCTIONS:

WITH THE EXCEPTION OF DISCOVERY (SEE NEXT PAGE) FILE 1 ORIGINAL & COVER LETTER, PLUS 8 COPIES (INCLUDING COVER LETTER) TO:

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