

THE STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

DE 06-125

ORDER OF NOTICE

On September 8, 2006, Public Service Company of New Hampshire (PSNH) filed with the New Hampshire Public Utilities Commission (Commission) a petition to establish its Default Energy Service (Energy Service) rate for bills rendered on or after January 1, 2007. Pursuant to RSA 369-B:3,IV(b)(1)(A), customers who take Energy Service from PSNH will be billed at a rate equal to PSNH's actual, prudent and reasonable costs of providing the power, as approved by the Commission.

According to the petition, PSNH's costs for Energy Service contain the generation asset revenue requirements, entitlements, purchased power obligation and fuel costs associated with PSNH's generation as well as costs and revenues from market purchases and sales of electricity and Independent System Operator – New England (ISO-NE) expenses and revenues. PSNH states that the generation revenue requirements include non-fuel costs of generation, including non-fuel operation and maintenance costs, allocated administrative and general costs, depreciation, property taxes and payroll taxes, and a return on the net fossil/hydro investment.

PSNH currently estimates an Energy Service rate of \$0.0894 per kilowatt-hour for effect on January 1, 2007. PSNH states that this change would reflect an average increase of 5.7% to overall rates assuming the current Energy Service rate of \$0.0818 per kilowatt-hour remains unchanged for the remainder of calendar year 2006. However, consistent with prior Energy Service rate proceedings, PSNH indicates that the company will formally propose a rate, and

provide a rate calculation based on updated market information, prior to the anticipated hearing in November 2006. PSNH also proposes to implement the new Energy Service rate for all customers on a bills-rendered basis, consistent with the methodology used for all such rate changes in prior years.

PSNH also addresses in its petition the design of an anti-gaming proposal as requested by the Commission in Order No. 24,644 in Docket No. DE 05-164. PSNH states that gaming occurs when a supplier uses PSNH as a backstop or hedge for its energy costs during those months when the marginal cost of energy is at its highest. To avoid such gaming by suppliers, PSNH proposes a mechanism whereby any customer who is taking power from a competitive supplier who then returns to Energy Service from PSNH would be precluded from taking service from the same competitive supplier for a period of six months from the date that the customer resumes taking Energy Service from PSNH. PSNH contends that an anti-gaming mechanism is not necessary at this point because the company has not observed a prevalence of actions which it would consider gaming.

The filing raises, inter alia, issues related to whether the Energy Service rate is based on PSNH's actual, prudent and reasonable costs of providing such power consistent with RSA 369-B:3,V(b)(1); whether the resulting rates are just and reasonable as required by RSA 378:5 and 8; whether PSNH should apply the new rate on a bills rendered basis; and whether the anti-gaming mechanism is reasonable and in the public interest. 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 Prehearing 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 October 5, 2006 at 2:00 p.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(c) shall be considered; and it is

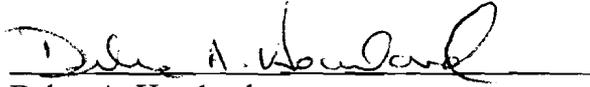
FURTHER ORDERED, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that 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 September 26, 2006, 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 October 5, 2006; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding 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 October 2, 2006, 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 October 5, 2006.

By order of the Public Utilities Commission of New Hampshire this twentieth day
of September, 2006.

A handwritten signature in black ink, appearing to read "Debra A. Howland", written over a horizontal line.

Debra A. Howland
Executive Director & Secretary

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.