

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 09-180

ORDER OF NOTICE

On May 4, 2010, Public Service Company of New Hampshire (PSNH) filed a petition, with supporting testimony and schedules, requesting an adjustment to its energy service rate effective with service rendered on and after July 1, 2010. At the time of its filing, PSNH estimated that the new rate would be 8.57 cents per kilowatt hour (kWh), a decrease of 0.39 cents per kWh from the current rate of 8.96 per kWh. PSNH stated that prior to the hearing it will file updated forecasts and actual costs through April 2010 which may affect its calculation of the energy service rate. PSNH requested approval of the proposed energy service rate by June 28, 2010 to allow sufficient time to test and bill on its regular schedule without delaying billing for service rendered as of July 1, 2010.

Pursuant to RSA 369-B:3, IV (b)(1)(A), the price for PSNH's energy service shall be PSNH's actual, prudent and reasonable costs of providing the power, as approved by the Commission. Energy service costs include generation asset revenue requirements, entitlements and purchased power obligations, including the fuel used for generation; costs and revenues from market purchases and sales; Independent System Operator-New England expenses and revenues; N.H. Electric Renewable Portfolio Standards (RSA 362-F), Regional Greenhouse Gas Initiative costs (RSA 125-O:19-28) and Independent Power Producer (IPP) power valued at market prices; and non-fuel operation and maintenance costs, depreciation, property taxes and payroll taxes, uncollectible costs attributable to energy service, and a return on net generation investment.

The Commission established the current energy service rate of 8.96 cents per kWh by Order No. 25,061 (December 31, 2009) in the instant docket. PSNH said the primary reasons for the reduction in the proposed energy service rate are the lower projected forward market prices, a resale of 50,000 tons of undelivered coal at a projected savings of \$2.3 million, and lower actual and forecasted fossil/hydro operation and maintenance costs of \$5.2 million. In addition, part of the decrease in the energy service rate is due to lower actual and forecasted return on rate base of \$3.4 million due to a lower actual rate of return and lower net plant and fuel inventory values as compared to previous estimates. These lower forecasted costs were partially offset by an actual under-recovery of costs for the period November 2009 through March 2010 caused in part by increased customer migration.

In the prior proceeding in this docket, it was shown that as customers migrated to third party supply during a time when the marginal cost to serve is lower than the average cost to serve, the energy service rate for the remaining energy service customers increased. Order No. 25,061 directed PSNH to develop a meaningful range of forecasts of customer migration for this filing. PSNH assumed a load migration rate of 29.7% for this filing, and additionally provided alternative migration scenarios where it calculated energy service rates using migration rates of 33.7% and 25.6%. To mitigate the effects of migration, PSNH said it preferred removing a portion of energy service costs from energy service rates and recovering those costs through a non-bypassable rate charged to all customers. Because the issues surrounding customer migration and the proposed non-bypassable rate are complex, and cannot be considered in the limited timeframe provided by this proceeding, we will consider them a separate docket.

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 service consistent with RSA 369-

B:3, IV (b)(1)(A); whether PSNH's range of migration rates used to forecast energy rates is reasonable; and whether the resulting rates are just and reasonable as required by RSA 378:5 and 8. 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 Hearing, pursuant to N.H. Admin. Rules Puc 203.12, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 23, 2010 at 11:00; 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 June 4, 2010, 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 June 23, 2010; 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 June 18, 2010, 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 June 23, 2010.

By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of
May, 2010.



Debra A. Howland
Executive Director

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.

