

DE 10-096

NEW HAMPSHIRE
UNION LEADER



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Signed: Phyllis Gilbert
Union Leader Corp.

State of New Hampshire
Hillsborough County

Subscribed and sworn by the above said Phyllis Gilbert

on this 4 day of May, 2010.

Nathalie Lavallee
Notary Public



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Legal Notice

THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
DE 10-096

GRANITE STATE ELECTRIC
COMPANY, INC. d/b/a
NATIONAL GRID

Order Suspending Tariff and
Scheduling a Prehearing Conference
ORDER NO. 25,095

April 29, 2010

On April 8, 2010, Granite State Electric Company, Inc. d/b/a National Grid (National Grid or Company) filed a proposed tariff to temporarily increase customer contributions to the Company's Storm Fund. In support of its request, National Grid filed the testimony and related exhibits of David E. Tufts, Director of Electric Revenue Requirements for National Grid USA Service Company, Inc. and Kristin J. Mahnke, an analyst in the New England Pricing Group of the Regulation and Pricing-Electricity Distribution and Generation department of National Grid USA Service Company, Inc. National Grid USA Service Company provides engineering, financial, administrative and other technical support to subsidiary companies of National Grid USA, including Granite State Electric Company. National Grid stated that the purpose of the filing is to accelerate the elimination of a deficit in the Storm Fund resulting from what it termed "the extraordinary ice storm event" that occurred on December 11-12, 2008.

According to National Grid, the Storm Fund is intended to smooth out the cost to customers of the impact of major storm events that cause damage to the Company's electrical system. The Company explained that its base rates currently include a collection of \$120,000 annually, which is credited to the Storm Fund at \$10,000 per month, pursuant to a settlement agreement approved by the Commission in Docket No. DG 06-107. See 92 NH PUC 279, Order No. 24,777 (July 12, 2007). The costs of major storms - those causing 30 concurrent troubles (interruption events on primary or secondary lines) with 15% of customers interrupted or 45 concurrent troubles - may be charged against the Storm Fund. The Company said that the Settlement Agreement approved by Order No. 24,777 includes a provision that allows National Grid to request an increase in the funding level for the Storm Fund if there is a significant negative balance.

National Grid's testimony states that the December 2008 ice storm was a major storm for which it incurred total costs of \$1.8 million, leading to a Storm Fund balance of -\$1,737,387, as of December 31, 2009. According to the Company, if costs associated with the ice storm and a flood experienced in April 2007 are excluded from the calculation, the four-year average of qualifying storm costs,

inflated to December 2009 dollars, would be \$163,540. According to National Grid, it is clear that the current annual funding amount of \$120,000 is insufficient to cover the costs of major storm events. To remedy the existing deficit and provide funds for potential future major storm costs, National Grid proposes to temporarily increase funding of the Storm Fund by \$1.98 million over a three-year period beginning July 1, 2010. To recover the \$1.98 million from its customers, National Grid proposes to implement a Storm Recovery Adjustment Factor of \$0.00074 per kilowatt-hour (kWh) for the period July 1, 2010 through June 30, 2013. According to the Company, residential customers with average use of 640 kWh per month would experience a monthly bill increase of \$0.47, or 0.5%. For other customers, the Company estimates the increases will range from 0.4% to 0.7%.

The filing raises, inter alia, issues related to whether the December 2008 storm costs were prudently incurred; whether it is just and reasonable to allow National Grid to recover \$1.98 million from ratepayers; and whether pursuant to RSA 378:7 the resulting rates are just and reasonable.

Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, pursuant to RSA 378:6, I (b), the Commission hereby suspends National Grid's proposed tariff to allow the filing to be investigated; and it is

ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. R. Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 1, 2010 at 10:00 a.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 Puc 203.15 shall be considered; and it is

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

FURTHER ORDERED, that pursuant to Puc 203.12, National Grid shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than May 11, 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 1, 2010; and it is

FURTHER ORDERED, that pursuant to 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 National Grid and the Office of the Consumer Advocate on or before May 27, 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 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 1, 2010.

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

Thomas B. Getz
Chairman
Clifton C. Below
Commissioner
Amy L. Ignatius
Commissioner
Attested by:
Debra A. Howland
Executive Director