

THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Default Energy Service Rate for 2012

Docket No. DE 11-215

and

Public Service Company of New Hampshire
Petition to Establish 2012 Stranded Cost Recovery Charge Rate

Docket No. DE 11-217

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE'S MOTION FOR
POSTPONEMENT OF DECEMBER 19, 2011 HEARINGS
AND WAIVER OF PUC 203.13(a)**

Pursuant to N.H. Code of Admin Rules Puc 203.13 and 201.05, Public Service Company of New Hampshire ("PSNH" or the "Company"), hereby moves the Commission to postpone the merits hearings scheduled in Dockets DE 11-215 and 11-217 for December 19, 2011 until such time as there is a hearing on temporary rates in DE 11-250. In support of this Motion, PSNH states as follows:

1. On September 23, 2011, the Company filed its proposed default service rate to take effect as of January 1, 2012. Specifically, the Company estimated that the Company's default service rate should be set at 8.39 cents per kilowatt-hour, which represented a decrease from the Company's current default service rate of 8.89 cents per kilowatt-hour. On October 14, 2011, the Company filed testimony informing the Commission that the Company had placed into service the wet flue gas desulphurization system – otherwise known as the scrubber – at the Company's Merrimack Station. In that filing, consistent with past precedent involving capital

additions to PSNH's generating assets, the Company requested that the Commission place into rates as of January 1, 2012 certain costs associated with the construction and operation of the scrubber. On December 1, 2011, the Commission issued an Order of Notice establishing Docket No. DE 11-250, in which it indicated that it would consider the rate recovery associated with the scrubber along with other issues including whether the costs of the scrubber were prudently incurred.

2. Contemporaneous with the filing of this motion, and consistent with the procedural schedules in DE 11-215 and DE 11-217, the Company is filing updates to its Energy Service rate and its Stranded Cost Recovery Charge. If approved by the Commission, the revised Energy Service rate would be 7.90 cents per kilowatt-hour, which represents a decrease of 0.99 cents per kilowatt-hour from the current Energy Service rate. Similarly, if approved by the Commission, the revised average Stranded Cost Recovery Charge would be 1.23 cents per kilowatt-hour, an increase of 0.14 cents over the currently effective average SCRC of 1.09 cents per kilowatt-hour.

3. At the same time that this rate request in DE 11-215 is pending, which would result in a significant rate decrease, there is a pending request by the Company for a rate increase in DE 11-250 that is of a similar magnitude. (In DE 11-250, the Company has requested a 1.18 cents per kilowatt-hour increase in its Energy Service rate associated with scrubber cost recovery.) Both of these rate changes would affect the Company's Energy Service rate.

4. The Commission is scheduled to hold hearings on December 19, 2011 in Dockets DE 11-215 and 11-217 in which the Commission will establish the Company's Energy Service rate and Stranded Cost Recovery Charge, respectively, for effect on January 1, 2012.

5. The Company is requesting that the Commission postpone the merits hearings in Dockets DE 11-215 and 217¹ to a date in close proximity to when it conducts a hearing on temporary rates in DE 11-250. The Company is concerned that if the Energy Service rate as proposed on December 14, 2011 were to be implemented on January 1, 2012, customers would experience a rate decrease of 0.99 cents per kilowatt-hour, with the potential to experience a similar or higher level of increase in Energy Service rates shortly thereafter based on temporary rates to be established in DE 11-250.

6. The Company believes that it is in the public interest to postpone consideration of the Company's Energy Service rate and Stranded Cost Recovery Charge until a date close in time to the Commission's consideration of the Company's request for temporary rates in DE 11-250 in order to promote rate stability and rate continuity. Without postponements, the Energy Service rate will go down and back up again in a very short period of time. It would not be in the public interest for rates to decrease then increase in this manner in a relatively short time frame, especially when such variation can be easily avoided. By granting this request, the Commission would allow concurrent determinations of the Energy Service rate, Stranded Cost Recovery Charge, and temporary rates in DE 11-250 such that all the rate changes could be implemented at one time, thereby achieving rate continuity and stability.

7. The leading primer on utility ratemaking, J.C. Bonbright, *Principles of Public Utility Rates* (1988), includes as characteristics of rates that regulators should seek to include, "[s]tability and predictability of the rates themselves, with a minimum of unexpected changes seriously adverse to ratepayers and with a sense of historical continuity." *Principles of Public Utility Rates* at 383. The Commission has looked to the Bonbright text in the past as the seminal

¹ The Company is requesting that the hearing in DE 11-217 (stranded cost recovery charge) also be postponed because the calculation of that rate is dependent on the above market cost of renewable power sold to PSNH under rate orders and long term contracts which is established in the Company's Energy Service rate proceeding.

treatise on rate making principles. *See e.g., Pennichuck Water Works, Inc.*, 90 NH PUC 371 (2005) at fn. 3; *In re Verizon New Hampshire*, 89 NH PUC 17 (2004); *Re Southern New Hampshire Water Co.*, 76 NH PUC 521 (1991).

8. The Commission itself has repeatedly recognized the importance of rate stability and continuity. *See Re Gas Service, Inc.*, 67 NH PUC 193 (1982) (“Rate continuity does not imply keeping prices low, it means attempting to stabilize billing impacts to customers over time.”); *Re Concord Electric Company*, 69 NH PUC 120 (1984) (“One of the major rate structure principles is rate stability and continuity. The Commission should prevent rates from changing frequently to the best of their ability.”); PSNH, 77 NH PUC 276 (1992) (“We are cognizant of, and endorse, many of the ratemaking objectives, such as revenue stability, rate continuity, simplicity and understandability outlined by PSNH in its filing.”).

9. The Commission has the legal authority to implement those principles in this case. There is no statutory or other requirement governing the date on which the Company’s default service rate or stranded cost recovery charge must be put into effect. All that is required by RSA 369-B:3 is for the default service rate to be “PSNH’s actual, prudent, and reasonable costs of providing such power, as approved by the commission, together with, for those customers choosing a renewable energy transition service option under RSA 374-F:3, V(f), the price of the renewable energy component.” The first transition (energy) service rate order for PSNH following industry restructuring contemplated that the rate would be set on an annual basis (effective February 1), with the possibility of a mid-course correction. (Order No. 24,252 December 19, 2003, DE 03-175). In 2006, that annual schedule was reset so that it coincided with the calendar year (rates effective January 1). Order 24,579, January 20, 2006, DE 05-164. Over the years that the Commission has set Energy Service rates (a/k/a transition and default

service rates), the effective dates, and time spans for those rate settings have changed as the Commission has deemed appropriate. Thus, Commission precedent demonstrates that the Commission has the discretion to postpone consideration of the proposed default service rate here, particularly given that it promotes the public interest to do so.

10. N.H. Code of Admin Rules Puc 203.13 provides that the Commission may grant a request for postponement of a hearing if it finds that to do so would promote the orderly and efficient conduct of the proceeding. Here, postponement would promote the orderly conduct of the proceeding as it would allow the Commission, Staff and parties to examine the proposed Energy Service rate in DE 11-215 while having the opportunity to better understand the impact on the Energy Service rate of the Commission's decision in DE 11-250, which by law must be included in the Company's Energy Service rate. Allowing all these related rate changes to occur simultaneously will result in the rate stability endorsed by Prof. Bonbright and recognized as beneficial by this Commission.

11. At the technical session held in DE 11-250 following the prehearing conference, the parties in attendance agreed on a procedural schedule that includes hearings concerning temporary rates on February 15-16, 2012. The Company requests that the hearings in Dockets DE 11-215 and 11-217 be rescheduled to a date close in proximity to the DE 11-250 hearing, with a goal of having one simultaneous rate adjustment on March 1, 2012 resulting from decisions in all three proceedings.

12. The Company would note that Puc 203.13 requires that a party seeking postponement of a hearing file such a request at least seven days prior to the hearing. The Company thus requests that the Commission, pursuant to Puc 201.05, waive the seven day advance filing requirement given that the technical session in DE 11-250 was held on December

13. Such a waiver promotes the public interest as it will allow the Commission to consider the substantial benefits associated with rate continuity and stability that would be achieved if the December 19 hearings were postponed. Given the circumstances of the timing of the dockets involved, compliance with Puc 203.13 could not be achieved. Moreover, granting this waiver will not disrupt the orderly and efficient resolution of DE 11-215 or 217. There is no statutory or other legal requirement governing the dates for establishing default service rates or the stranded cost recovery charge. And as stated above, achieving rate continuity and stability *alleviates* disruption and promotes stability in the marketplace.

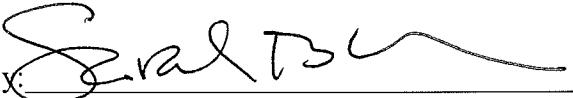
13. The Company has contacted the parties to Dockets DE 11-215 and 11-217 in an effort to obtain their concurrence to this motion. Staff takes no position on this request. The Office of Consumer Advocate and Conservation Law Foundation have not indicated their position on this request.

WHEREFORE, PSNH respectfully requests that the Commission:

- A. Grant this motion for postponement and postpone the merits hearings in Dockets DE 11-215 and 217 until a date closer to when the Commission holds a hearing on temporary rates in Docket DE 11-250;
- B. Waive the seven day advance filing requirement in Puc 203.13; and
- C. Grant such other relief as is just and equitable.

Respectfully submitted this 14th day of December, 2011.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

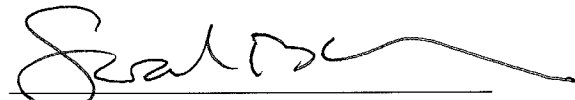
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Certificate of Service

I hereby certify that a copy of this Motion for Postponement of December 19 Hearings and Waiver of Puc 203.13(a) has been served electronically on the persons on the Commission's service list in accordance with Puc 203.11 this 14th day of December, 2011.



Sarah B. Knowlton