

STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Request for Permanent Distribution Rates Change
Docket No. DE 13-____

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE'S
PETITION FOR STEP ADJUSTMENT TO REFLECT CHANGES IN NET PLANT,
RELIABILITY ENHANCEMENT PROGRAM, MAJOR STORM COST RESERVE AND
RENEWABLE DEFAULT ENERGY SERVICE AND CONSULTANT COSTS**

Pursuant to N.H. Code Admin. Rule Puc 202.01 and Puc 203.06, Public Service Company of New Hampshire (“PSNH” or “the Company”) hereby petitions for a change to its base delivery rates to address: (a) the revenue requirements associated with 80% of the value of additions to net plant that are not associated with the Reliability Enhancement Program (“REP”), (b) the revenue requirements associated with certain net plant associated with the REP; (c) an adjustment to the Major Storm Cost Reserve (“MSCR”) to account for the recovery of storm and certain pre-staging costs; and (d) the completion of recovery of marketing costs relating to the Company’s Renewable Default Energy Service (“RDES”) rate and consulting fees related to an analysis of PSNH’s uncollectible expense. In support of this Petition, PSNH states as follows:

1. On June 28, 2010, the Commission issued Order 25,123 approving a Settlement Agreement on permanent distribution service rates (the “Settlement Agreement”) in Docket No. DE 09-035, the Company’s last distribution rate case. The Settlement Agreement provided for a series of step adjustments to the Company’s delivery service rates on July 1, 2011, July 1, 2012 and July 1, 2013. The Commission approved the first of those step adjustments on June 24, 2011, *see* Order No. 25,240 in Docket No. DE 11-095, and the second on June 27, 2012, *see* Order No. 25,382 in Docket No. DE 12-110. PSNH now seeks the third of those step increases.

Section 2 of the Settlement Agreement sets forth a series of changes to PSNH's permanent distribution rate level, including a projected step increase in distribution rates of \$9.5 million for effect on July 1, 2013 to recover the revenue requirements associated with 80% of changes to non-REP net plant balances for the period April 1, 2012 through March 31, 2013. *See* Settlement Agreement, Section 2.6. As described in the Technical Statement of Michael L. Shelnitz and Stephen R. Hall, which is attached to this Petition as Attachment A, the value of the actual additions to non-REP delivery plant rate base for the year ending March 31, 2013 was lower than projected by the Settling Parties who executed the Settlement Agreement. The 80% value of the actual changes to non-REP net plant balances results in a step increase request of \$6,100,000. The Company is thus seeking a permanent increase to its distribution rates of \$6.1 million on a service rendered basis as of July 1, 2013 associated with the change in actual net plant values during the reconciliation period.

2. In addition to this step increase, the Company is requesting that the Commission implement four additional rate changes. The first relates to an adjustment based upon a change in funding for the MCSR. Currently, the MSCR is funded at a level of \$7 million annually as approved in Order No. 25,382. Subsequent to approval of the annual \$7 million level, the Company deferred \$11.2 million in costs associated with the October 2012 Storm "Sandy". Additionally, on February 26, 2013, the Commission issued Order No. 25,465 in Docket No. DE 12-320 approving PSNH's recovery of pre-staging costs through the MSCR for storms that do not ultimately develop into major storms, if certain predictive criteria are met. Consequently, PSNH deferred \$2.6 million in costs associated with four pre-staging events occurring between December 2012 and March 2013. As a result of these issues, PSNH proposes to increase the annual funding level by \$5.0 million effective July 1, 2013, resulting in total annual funding of

the MSCR of \$12.0 million. As described in the Technical Statement, a \$12.0 million funding level will provide for more adequate recovery of storm costs over the next few years considering the unrecovered balances associated with major storms and storm pre-staging in 2011, 2012 and 2013. Also as noted in the Technical Statement, PSNH is not seeking final approval to recover the storm costs noted above, since the Commission's Staff will audit all storm costs and determine the exact level that is appropriate for recovery, but is only proposing to increase the funding level of the MSCR to begin recovery of the unrecovered storm balance, and therefore reduce carrying charges on the unrecovered balance.

3. The second change relates to additions of REP-related plant. Pursuant to sections 2.6 and 5.1 of the Settlement Agreement, PSNH is permitted to increase its distribution rates by \$1.6 million effective July 1, 2013 to reflect changes in its net plant related to its REP. By this petition, PSNH is requesting to implement that change.

4. The third change relates to the Company's recovery of costs relating to the marketing of the RDES rate. The RDES rate was established pursuant to Order No. 25,080 in Docket No. DE 09-186. Following the establishment of the RDES rate, in Order No. 25,246 (June 30, 2011) in Docket No. DE 11-082, PSNH was permitted to recover approximately \$73,000 annually to cover the incremental marketing cost for the RDES rate. PSNH has a proposal pending before the Commission in Docket No. DE 12-358 to discontinue offering the RDES rate option. Should the Commission accept PSNH's request, PSNH would not incur any additional marketing costs, and would propose to remove those costs from its rates.

5. Lastly, pursuant to Section 8.1 of the Settlement Agreement, PSNH was to retain an independent consultant to review and analyze recent trends in the Company's uncollectible expense. The Settlement Agreement further provided that PSNH would be permitted to defer

and recover the cost of the study over a 12-month period by including the costs in one of the step adjustments. Pursuant to Order No. 25,382, PSNH recovered those costs through its last step adjustment. In that PSNH has now recovered the costs of the study, PSNH would decrease its rates to remove those costs from its rates.

For the reasons stated above, and in the attached Technical Statement, PSNH requests that the Commission approve the step adjustments for non-REP and REP-related costs, the increase to the annual accrual of the MSCR and the removal of the marketing and consultant expenses from rates.

WHEREFORE, PSNH respectfully requests that the Commission:

- A. Grant this Petition for Step Adjustment to Reflect Changes in Net Plant, Reliability Enhancement Program, Major Storm Cost Reserve, and Marketing and Consultant Costs; and
- B. Grant such further relief as is just and equitable.

Respectfully submitted,

Public Service Company of New Hampshire

By Its Attorneys

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