

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

DE 13-127

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

**Petition for Step Adjustment for Changes to Net Plant, Reliability Enhancement Program,
Major Storm Cost Reserve, and Marketing and Consultant Costs**

ORDER OF NOTICE

On April 30, 2013, Public Service Company of New Hampshire (PSNH) filed a petition for a step adjustment to its distribution rates pursuant to a Settlement Agreement approved by the Commission in Order No. 25,123 (June 28, 2010) in Docket DE 09-035, PSNH's most recent distribution rate case. PSNH filed a supporting technical statement and related schedules with its petition. PSNH seeks approval of the step adjustment to be effective with service rendered on and after July 1, 2013.

The Settlement Agreement provided for a series of step adjustments to PSNH's distribution rates on July 1 for the years 2011, 2012 and 2013. The Commission approved the 2011 step adjustment on June 24, 2011 in Order *Nisi* No. 25,240 (June 24, 2011) in Docket DE 11-095, and the 2012 step adjustment in Order No. 25,382 (June 27, 2012) in Docket DE 12-110. PSNH now seeks the final step adjustment. Section 2 of the Settlement Agreement sets forth the elements of the step adjustment, including a projected step increase for effect on July 1, 2013 to recover the revenue requirements associated with 80% of changes to PSNH's non-reliability enhancement program (non-REP) net plant balances for the period April 1, 2012 through March 31, 2013, with a revenue requirement of \$9.5 million associated with a then-budgeted change in net plant of \$76.5 million. The actual change in non-REP net plant for the year ending March

31, 2013 was \$49 million, resulting in an associated revenue requirement of \$6.1 million. PSNH requested that \$6.1 million be added to distribution rates for recovery on a service rendered basis as of July 1, 2013.

PSNH's petition also requests that the Commission approve four additional distribution rate changes for effect July 1, 2013. First, PSNH requested an annual revenue increase of \$5 million to its Major Storm Cost Reserve (MSCR) for total annual funding of \$12 million. PSNH stated that the increase was necessary to begin recovery of costs associated with pre-staging events that occurred between December 2012 and March 2013, and to more adequately provide for the recovery of costs associated with major storms that occurred in 2011, 2012 and 2013. PSNH said that the Commission approved PSNH's recovery of pre-staging costs associated through the MSCR in Order No. 25,465 (February 26, 2013) in Docket DE 12-320. PSNH stated that all costs incurred in connection with major storms would be subject to audit and any resulting adjustments recommended by the Commission Staff. PSNH also noted that the Commission allowed PSNH to increase the annual revenue to the MSCR in the 2012 step increase (Order No. 25,382).

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, and requests that the Commission approve a \$1.6 million increase in distribution rates.

The third change requested by PSNH relates to the marketing of the Renewable Default Energy Service (RDES) rate. PSNH recovers the costs of marketing the RDES option through its distribution rates. PSNH has proposed to discontinue offering the RDES program in Docket

DE 12-358 and if the Commission approves its proposal, PSNH said it will remove \$72,000 in costs from distribution rates.

Finally, PSNH stated that section 8.1 of the Settlement Agreement, which required PSNH to retain an independent consultant to review and analyze trends in the Company's uncollectible expense, also permitted PSNH to recover the cost of the study over a 12-month period by including the costs in one of the step adjustments. PSNH began recovering those costs (\$73,000) through the 2012 step adjustment and now proposes to remove the consultant costs from distribution rates.

The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-127.html>.

In addition to the step adjustment, PSNH proposes for effect July 1, 2013 a mid-term adjustment to its stranded cost recovery charge (Docket DE 12-291) and energy service charge (DE 12-292), and a change to its Transmission Cost Adjustment Mechanism (TCAM) (no filing as yet). The hearing in Docket DE 12-292 is scheduled for 10:00 on June 19, 2013. The hearing in DE 12-291 is scheduled for 9:00 a.m. on June 20, 2013 followed by the hearing in PSNH's TCAM docket. The hearing in the instant docket is scheduled for June 20, 2013 at 11:00 a.m.

The filing raises, inter alia, issues related to whether the filing complies with the Settlement Agreement approved in Docket No. DE 09-035 and whether the incurred costs were prudently incurred; whether the proposed increase to the Major Storm Cost Reserve is reasonable and in the public interest; and whether resulting rates are just and reasonable pursuant to RSA 378:5 and 8. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Hearing, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 20, 2013 at 11:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code 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 May 23, 2013, 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 17, 2013; and it is

FURTHER ORDERED, that pursuant to N.H. Code 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 17, 2013, 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. Code 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 20, 2013.

By order of the Public Utilities Commission of New Hampshire this fourteenth day of May, 2013.



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.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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