

#12-a

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MM

1/16/14

PUBLIC UTILITIES COMMISSION
21 S. Fruit St., Suite 10
Concord, N.H. 03301-2429

JAN 15 2014

January 15, 2014

Scott F. Eaton, Director
Administrative Rules Division
Office of Legislative Services
State House Annex, Room 219
25 Capitol Street
Concord, New Hampshire 03301

CONDITIONAL APPROVAL REQUEST

FP 2013-124

Re: Notice No. 2013-124 – Final Proposal
Puc 1600 – Tariffs and Special Contracts
Commission Docket No. DRM 13-238
Staff Transmittal of Correct Forms

*Committee staff has no issue with
the C.A. request for Puc 1603, 01(a)(2).*

*The PUC has also included forms that were
meant to be filed with the FP. PUC staff will
explain why the comments raised on pages 19-25.*

Dear Attorney Eaton:

of the FP regarding forms, do not cause an issue for the utilities, and should not be

On December 4, 2013, Staff forwarded the Commission's Final Proposal for the above-
referenced rules. Staff inadvertently attached the forms from the Initial Proposal rather than the
corrected forms responsive to Office of Legislative Services (OLS) comments. I apologize for any
confusion this oversight caused. Accordingly, attached for your review are the forms the Commission
intended to provide. They are fewer in number than the Initial Proposal and Staff has corroborated
that the content of the forms contain no more information than is required by the associated rule.

With respect to the OLS comment that there is a duplicate use of "Schedule 1", etc., please
note that the regulated utilities have been providing schedules under Puc 1604.07, *Contents of Filing
Requirement Schedules* and under Puc 1604.08, *Rate of Return Information*, and have not complained
that they are confusing. This is likely due to the fact that the subject matter of the schedules required
under Puc 1604.07 differs from the subject matter of the Puc 1604.08 schedules.

Staff proposes one more change, to Puc 1603.01(a)(2), and will seek conditional approval for:
strike "with standard 3 hole punch in the left-hand margin". It is a relic from pre-electronic days and
this page of the rules is attached. Thank you.

Sincerely,

Marcia A Brown

Marcia A. Brown
Staff Attorney

cc: Service List

Puc 1602.034 "Rate" means any charge or price, and all related service provisions for services regulated and tarified by the commission, including, but not limited to, availability, terms of payment, and minimum service period.

Puc 1602.045 "Rate schedule" means the initial collection of information along with any revisions filed by a utility which includes the most recent rate schedule cover sheet and all effective rate sheets.

Puc 1602.056 "Special contract" means rates and charges, including terms and conditions, covering service rendered under prices and conditions which vary from those contained in the filed tariff. The term does not include any contract that applies to service furnished in accordance with an existing tariff.

Puc 1602.067 "Tariff" means the schedule of rates, charges and terms and conditions under which a regulated and tarified service is provided to customers, filed by a utility and either approved by the commission or effective by operation of law.

Puc 1602.078 "Test year" means a utility's actual financial data for a 12-month period.

Puc 1602.089 "Utility" means "public utility" as defined by RSA 362:2.

PART Puc 1603 GENERAL TARIFF FILING REQUIREMENTS

Puc 1603.01 Format and Page Markings.

(a) Each utility shall submit all tariff pages as follows:

- (1) Using 8-1/2 inches by 11 inches sized paper;
- (2) In loose leaf form ~~with standard 3 hole punch in the left hand margin;~~
- (3) Without alterations or erasures; and
- (4) In legible print.

(b) All tariff pages shall include the following:

- (1) A header which contains, in the order presented below, the following information:

OVERALL RATE OF RETURN

<u>Item*</u>	<u>Component Ratio</u>	<u>Component Cost Rate</u>	<u>Weighted Average Cost Rate</u>
Common Stock			
Preferred Stock			
Long Term Debt			
Short Term Debt			
Total	1.000		

This is the summary schedule as to the cost of capital estimation and therefore represents the Applicant's recommendation.

* Zero Cost Capital may sometimes be included as a component of total capital.

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RATE OF RETURN INFORMATION

REQUIRED OF

ALL

ELECTRIC, GAS, TELEPHONE, WATER AND SEWER UTILITIES

PURSUANT TO PUC 1604.08(b)

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SPECIAL CONTRACT - ELECTRICITY

CONTRACT NO. NHPUC _____

STANDARD ELECTRIC COMPANY OF NEW HAMPSHIRE

WITH

COMPANY NAME

Date of Execution: _____

Effective Date: _____

Date of Termination: _____

Authorized by Docket No. _____ NHPUC Order No. _____ Dated _____

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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

REPORT OF PROPOSED RATE CHANGES

UTILITY: Standard Electric Company

DATE FILED: Sept. 1, 2012

TARIFF NO. 4

OR PAGE NOS. EFFECTIVE DATE: Oct. 1, 2012

RATE OR CLASS OF SERVICE	EFFECT OF PROPOSED CHANGE*	AVERAGE NO. OF CUSTOMERS	ANNUAL REVENUES		PROPOSED RATES	
			PRESENT RATES	PROPOSED RATES	AMOUNT	%
Residence	Increased	10,000	800,000	800,000	80,000	10.0
	Decreased	2,000	200,000	198,000	(2,000)	
	No change	1,000	100,000	100,000	78,000	
	Total	13,000	\$1,100,000	\$1,178,000		
Business	Increased.	2,000	\$400,000	\$420,000	\$20,000	5.0
Totals		15,000	\$2,100,000	\$2,198,000	\$98,000	4.7

*Show increases, decreases and net changes in each rate classification separately, where applicable.

Denotes Decrease ()

Signed by: _____

Title: _____

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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

REPORT OF PROPOSED RATE CHANGES

UTILITY: Standard Electric Company

DATE FILED: Sept. 1, 2012

TARIFF NO. 3 OR PAGE NOS. _____

EFFECTIVE DATE: Oct. 1, 2012

RATE OR CLASS OF SERVICE	EFFECT OF PROPOSED CHANGE*	AVERAGE NO. OF CUSTOMERS	EST. ANNUAL REVENUE		PROPOSED ANNUAL CHANGE		PROPOSED CHANGE IN RATES	
			PRESENT RATES	PROPOSED RATES	AMOUNT	%	AMOUNT	%
Domestic	Increased	5,000						
	Decreased	1,000						
	No change	100						
	Total	6,100	\$500,000	\$550,000	\$50,000	10.0		
Commercial	Increased	1,200	\$200,000	\$210,000	\$10,000	5.0		
Industrial	Decreased	200	\$150,000	\$145,000	(4,500)	(3.0)		
Street Lighting	No Change	10	\$20,000	\$20,000	0	0		
Totals		7,510	\$870,000	\$925,500	\$55,500	6.38		

*Show increases, decreases and net changes in each rate classification separately, where applicable.

Denotes Decrease ()

Signed by: _____

Title: _____

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NHPUC NO. _____ ELECTRICITY

STANDARD ELECTRIC COMPANY

SUPPLEMENT NO. _____

TARIFF

FOR

ELECTRIC SERVICE

IN

THE STATE OF NEW HAMPSHIRE

DATED: _____

ISSUED BY: _____

NHPUC No. _____ Electricity
Standard Electric Company

Original Page 3

SERVICE CLASSIFICATION _____

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AVAILABILITY:

(Here state clearly the use or uses of the service.)

CHARACTER OF SERVICE:

(Here state clearly the general characteristics of the service.)

RATE:

(Monthly, Quarterly, Semi-annual, Annual

(This is the base or unit price or prices or series of unit prices used in computing the total charge to customer. If a system of discounts from a base price is used instead of a series of unit prices, such discounts must be shown. Such discounts should not, however, be confused with discounts allowed only in connection with time of payment. If fuel surcharge applies to this service classification, that fact should be stated at this point.)

FUEL OR COMMODITY ADJUSTMENT:

(When a fuel or commodity adjustment is applicable, reference to its provisions shall be made here.)

MINIMUM CHARGE:

(Here state clearly the amount of minimum charge in dollars and the period which it covers. If there is no minimum charge, so state.)

DETERMINATION OF DEMAND:

(This heading need not be included except in connection with rates in which the demand is an element. In such case the manner in which the demand is determined and applied for billing purposes must be clearly explained.)

TERMS OF PAYMENT:

Here state what discounts or reductions, if any, are allowed on account of payment within a specified period. Care should be used to make perfectly clear how the discount is determined. If no discount be allowed, this may be indicated by the use of the expression "Net".)

TERMS OF CONTRACT:

(Here state such requirements as may reasonably apply relative to the discontinuance of the service at the request of the customer.)

SPECIAL PROVISIONS:

(Here state or refer to all special provisions, riders, or contract clauses which may be applied to or which affect this classification. Each such provision, rider, or contract clause should be lettered "a", "b", "c", etc. Where reference is made to special provisions shown elsewhere than in the service classification, such reference shall definitely state the page and schedule in which such provisions appear. General provisions relative to all classifications shall be shown under Terms and Conditions.)

Dated: _____

Issued by: _____

Effective: _____

Title: _____

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NHPUC No. _____ Electricity
Standard Electric Company

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SERVICE AREA

The territory authorized to be serviced by this Company and to which this tariff applies is as follows:

(A list of municipalities serviced in whole or in part shall be inserted and appropriately grouped or noted to identify those served in whole and those served in part.)

Limited areas of the towns so identified above are as shown on the maps filed separately with the Commission and incorporated in this tariff by reference.

Dated: _____

Issued by: _____

Effective: _____

Title: _____

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NHPUC NO. _____ ELECTRICITY

STANDARD ELECTRIC COMPANY

TARIFF

FOR

ELECTRIC SERVICE

IN

THE STATE OF NEW HAMPSHIRE

DATED: _____

ISSUED BY: _____

EFFECTIVE: _____

TITLE: _____

AUTHORIZED BY DOCKET NO. _____ NHPUC ORDER NO. _____ DATED: _____

NHPUC No. _____ Electricity
Standard Electric Company

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SERVICE AREA

TERMS AND CONDITIONS

LINE EXTENSIONS

FUEL AND COMMODITY ADJUSTMENTS (if ap

RATE SCHEDULES

Domestic
Commercial
Industrial
etc.

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APPLICATION

DEPOSITS

TRIAL INSTALLATIONS

LINE EXTENSIONS

DISCONNECTION OF SERVICE

RESTORATION OF SERVICE

etc.

Dated: _____

Issued by: _____

Effective: _____

Title: _____

CAPITAL STRUCTURE FOR RATEMAKING PURPOSES

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This schedule will show the capital structure that the Applicant proposes to use for the calculation of the overall cost of capital for ratemaking purposes and will appear in the form:

	<u>ITEM</u>	<u>AMOUNT</u>	<u>COMPONENT RATIO</u>
A.	Common Equity		
	Stock		
	Surplus		
	Retained Earnings		
	(Capital Stock Expenses) (1)		
	Total		
B.	Preferred Stock Equity		
	Stock		
	(Capital Stock Expenses) (1)		
	Total		
C.	Long Term Debt		
	Mortgage Debt (2)		
	L-T Notes		
	PCRB Bonds		
	Industrial Revenue Bonds		
	Capital Lease		
	(Unamortized Premium & (1) Disco		

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<u>ITEM</u>	<u>AMOUNT</u>	<u>COMPONENT RATIO</u>
(Unamortized Expenses) (1)		
Total		
D. Short Term Debt		
Notes Payable		
E. Deferred Taxes (3)		
F. Total Capital		

(1) May be deleted.

(2) Includes current maturities.

(3) Excluded if any appropriate deduction is made from the Petitioner's Recommendation as to Rate Base.

HISTORICAL CAPITAL STRUCTURE AS OF DECEMBER 31
OR
OTHER FISCAL YEAR END FOR EACH YEAR

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This page of Schedule 3 would show the historical capitalization at December 31 for each of the preceding five years and would appear,

<u>ITEM</u>	2009	2010	2011	2012	2013
Common Stock					
Preferred Stock					
Long-Term Debt					
Short-Term Debt					
Deferred Taxes					
Investment Tax Credit					
Total Capital					

The items as shown above are defined precisely the same as they are defined on Page 1 of Schedule 2.

CAPITALIZATION RATIOS AT DECEMBER 31
OR
FOR OTHER FISCAL YEAR END*

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This page of Schedule 4 may be generated from the capitalization as shown on Schedules 2 and 3, and will appear,

<u>ITEM</u>	2009	2010	2011	2012	2013
Common Stock					
Preferred Stock					
Long-Term Debt					
Short-Term Debt					
Deferred Taxes					
Investment Tax Credit					
Total Capital					

*May be shown without deferred taxes and investment tax credit.

A. Item:

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The specific Item(s) of mortgage debt long term notes and PCRB Bonds, etc.

B. Financing Cost

The issue-specific initial cost of each item of long-term debt associated with floating the respective issue.

C. Net Proceeds:

This represents the ratio of the net proceeds realized by the applicant in the sale of each issue of long-term debt to the face amount of each issue.

D Amount Outstanding:

The amount of Bonds remaining at the time that the estimated cost of long-term debt is made.

E. Cost Rate Based Upon Net Proceed

This may be derived with any one of several methods. Usually, however, the coupon rate is simply factored by the net proceeds or a bond table is employed along with interpolation. Wherein, a sinking fund provision is a component of the bond issue, however, either of these two methods may understate the true cost rate if such sinking fund is ignored. The sinking fund may be recognized in two ways. The annual interest cost plus sinking obligation may simply be factored by the face amount or the annual interest cost plus the sinking fund obligation can be "strung out" over the life of the bond and then solve for the "internal cost rate". The latter method is tedious and a memorandum is available in this regard. Alternatively, if the Petitioner furnishes the cash flows over the life of the bond(s), the PUC will calculate the cost rate.

F. Annual Cost:

The amount outstanding of each issue times the respective cost rate based on net proceeds.

G. Weighted Average Cost:

Computed by dividing the sum of the annual costs by the sum of the amount outstanding.

WEIGHTED AVERAGE COST OF LONG-TERM DEBT

<u>ITEM</u>	<u>DATE SOLD</u>	<u>FACE AMOUNT</u>	<u>FINANCING COSTS</u>	<u>NET PROCEEDS RATIO</u>	<u>OUTSTANDING AMOUNT</u>	<u>COST RATE BASED UPON NET PROCEED</u>	<u>ANNUAL COST</u>
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Total Amount Outstanding

Weighted Average Cost Rate

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A. Item:

The various "type" of short-term debt that the Applicant may recommend as a component for ratemaking purposes.

B. Cost Rate:

The cost recommended for each item of the short-term debt items.

C. Amount Outstanding:

As with long-term debt, the amount outstanding is the amount that remains on the books of account at the time that is used to estimate the cost of short-term debt for ratemaking purposes.

D. Annual Cost:

The Cost Rate times the amount outstanding generates the Annual Cost.

E. Weighted Average Cost:

This rate is generated by taking the sum of the annual cost divided by the amount outstanding.

COST OF SHORT-TERM DEBT

<u>Item</u>	<u>Cost Rate</u>	<u>Outstanding Amount</u>	<u>Annual Cost</u>
Bank Loans			
Loans from Individuals			
Commercial Paper			
	Weighted Average Cost		

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A. Item:

The items of preferred stock that are included in the recommendation for the weighted cost of preferred stock.

B. Face Amount:

The amount of the issue when originally sold.

C. Financing Cos

The total cost of financing cost incurred when the preferred stock was sold.

D. Net Proceeds:

The ratio of the amount of net capital gleaned by the company to the original amount of respective issue when it was sold.

E. Amount Outstanding:

The amount of preferred stock to be included in the recommendation for ratemaking purposes.

F. Cost Rate Based on Net Proceeds:

Merely divide the coupon rate of the issue by the net proceeds.

G. Annual Cost:

The amount outstanding times the cost rate based upon net proceeds. As with bonds, some issues of preferred stock may have a finite life and sinking funds as well. If the life of the preferred stock is finite, the cost rate should be generated with the same method that is used to compute the cost rates for mortgage debt. Additionally, if a sinking fund is involved, Applicant may want to follow the procedure as outlined in the previous explanation of long-term debt cost rates

WEIGHTED AVERAGE COST OF PREFERRED STOCK

<u>Item</u>	<u>Date Sold</u>	<u>Financing</u>	<u>Net Proceeds</u> <u>Ratio</u>	<u>Amount</u> <u>Outstanding</u>	<u>Cost Rate Based</u> <u>On Net Proceeds</u>	<u>Annual Cost</u>
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Total Amount Outstanding

Weighted Average Cost Rate

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COST OF THE COMMON EQUITY CAPITAL

Following the summary sheet, or cover sheet for Schedule 6 will follow any and all pages which deal with the rate of return on common equity and may be shown in any way.