

DE 06-028

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Petition for Permanent Rate Increases

Order Suspending Tariff and Scheduling Prehearing Conference

ORDER NO. 24,643

June 30, 2006

On May 30, 2006, Public Service Company of New Hampshire (PSNH) filed with the New Hampshire Public Utilities Commission (Commission) a petition for authorization to implement new permanent rates for electric service beginning July 1, 2006, and to replace Electric Delivery Service Tariff NHPUC-No. 4 with Electric Delivery Service Tariff NHPUC-No. 5.¹ With its Petition, PSNH filed the testimony of Gary A. Long, John J. MacDonald, George J. Eckenroth, Robert A. Baumann and Stephen R. Hall with accompanying schedules and attachments, and standard filing requirements, including cost of service studies and the Company's work papers supporting those studies.

PSNH requests an increase of \$49.8 million in the permanent rate base for Delivery Service, which it has calculated to be the deficiency in the Delivery Service business segment. PSNH states that the tariff changes apply only to Delivery Service and certain service charges, and do not reflect any changes to the Default Energy Service Charge or the Stranded Cost Recovery Charge, which are addressed in DE 05-164 and DE 05-078, respectively.²

PSNH states that implementation of the permanent rate increase will include a new rate design. PSNH indicates that the objective in designing these rates is to maintain PSNH's existing class-by-class revenue responsibility and, to the extent possible, the existing rate design.

¹ PSNH's related petition for temporary rate increases, proposed to take effect July 1, 2006, was heard in this Docket No. DE 06-028 on June 21, 2006.

PSNH states that the rate design departs from that principle to address two problems with the existing general service rates. PSNH avers that the first problem is a rate continuity issue with respect to the transition between General Delivery Service Rate G and Primary General Delivery Service Rate GV, and, to an even greater extent, between Rate GV and Large General Delivery Service Rate LG. The second problem, according to PSNH, is that the total demand charge for Rate LG is currently greater than the corresponding charge for Rate GV. PSNH states that the design objective in solving this problem is to make the level of demand and energy charges more alike for these rate classes within each rate component, and to develop a forward-looking design that would continue to be appropriate as rates change over time. Consequently, PSNH proposes changes to the transmission charge, the distribution charge and the stranded cost charge for the affected customer classes.

PSNH indicated that in calculating its proposed \$49.8 million permanent rate increase, it used its earlier \$34 million temporary rate petition as the foundation while including the following additional adjustments: (a) \$5 million of incremental funding for a Proposed Reliability Enhancement Program, (b) approximately \$7 million to reflect the revenue requirements associated with rate base additions through December 31, 2006, and (c) approximately \$4 million associated with an increase in the requested return on equity from 9.62 percent (as included in its temporary rate petition) to 10.50 percent.

In addition, PSNH is requesting the establishment of a Transmission Cost Recovery Mechanism, effective July 1, 2006, that would track and reconcile all retail transmission costs and revenues.

² On May 26, 2006, PSNH filed for decreases to both of those charges also for effect July 1, 2006.

This filing raises, inter alia, issues related to whether the proposed permanent rates are just, reasonable and lawful pursuant to RSA 378:7; whether the proposed rates yield a reasonable return on the cost of PSNH's property that is prudent as well as used and useful in the public service less accumulated depreciation pursuant to RSA 378:22 and 28; whether the proposed Transmission Cost Recovery Mechanism is in the public interest; and whether the permanent rate re-design proposed by PSNH is fair and equitable.

Based upon the foregoing, it is hereby

ORDERED, that the tariff for electric delivery service filed by PSNH, Electric Delivery Service Tariff NHPUC-No. 5, be and hereby is suspended pursuant to RSA 378:6, I(a) pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on July 19, 2006 at 9:00 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 N.H. Admin. Rule Puc 203.15(c) shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition, conduct informal discovery, and confer about what procedural schedule to propose to the Commission to govern the remainder of this docket; and it is

FURTHER ORDERED, that pursuant to N.H. 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 July 7, 2006, 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 July 19, 2006; and it is

FURTHER ORDERED, that pursuant to N.H. 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 July 14, 2006, 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. 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 July 19, 2006; and it is.

FURTHER ORDERED, that, pursuant to N.H. Code Admin. Rules Puc 203.12 (a)(5), each party has the right to have an attorney represent them at their own expense.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of June, 2006.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Kimberly Nolin Smith
Assistant Secretary