

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

DE 10-140

GRANITE STATE ELECTRIC COMPANY D/B/A NATIONAL GRID

**Fiscal Year 2010 Reliability Enhancement and Vegetation Management Plan
Results and Reconciliation**

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,115

June 16, 2010

On May 17, 2010, Granite State Electric Company d/b/a National Grid (National Grid) filed the results of its reliability enhancement plan (REP) and vegetation management plan (VMP) for fiscal year (FY) 2010 (April 1, 2009 to March 31, 2010). The filing was made pursuant to the terms of a settlement agreement approved by the Commission in Docket No. DG 06-107 regarding the National Grid plc/KeySpan Corporation merger. *See* Order No. 24,777 (July 12, 2007) 92 NH PUC 279. National Grid also filed supporting testimony and exhibits and proposed tariff pages.

As required by the settlement agreement, the report contained: (1) a report on actual spending on operation and maintenance (O&M) for FY 2010, including an explanation of the differences between the actual amounts and the budgeted amounts reviewed by Staff; (2) a request for recovery of the incremental O&M expense of \$1,047,770 above the threshold amount of \$1,360,000, effective for service rendered on and after July 1, 2010; (3) a request for a capital investment allowance of \$163,663; and (4) a summary of 2009 reliability performance.

Pursuant to the settlement agreement, National Grid provides Staff a proposed O&M budget that assumed REP and VMP O&M spending for each FY will approximate the base plan

O&M of \$1,360,000 or a different amount for Staff's consideration. National Grid and the Staff originally agreed to a vegetation budget of \$1,848,966 for FY 2010. Subsequently, National Grid submitted an alternative O&M budget of \$1,943,966, which was supported by Staff. The Company actually spent \$2,407,770 for FY 2010 O&M expense to perform work it said was necessary to reach its reliability goals. For FY 2010, National Grid proposed an REP capital budget of \$620,000 but actual expenditures were \$876,243. The Company proposes to recover in its rates the revenue requirements associated with those capital expenditures, or \$163,663.

According to National Grid, the REP capital investment allowance revenue requirement translates into a percentage increase of 0.79% to base distribution rates, while the incremental O&M expense adjustment results in a proposed REP and VMP O&M adjustment factor of \$0.00125 per kilowatt hour (kWh). For a typical residential customer taking default service and using 500 kWh per month, the overall bill impact would be an increase of \$0.70, or 1.1%, from \$66.39 to \$67.09. For a residential default service customer using 640 kWh per month – the average monthly usage for the 12 months ending April 2010 – the overall bill impact is an increase of \$0.91, or 1.1%, from \$85.57 to \$86.48. For other customers, increases would range from 1.0% to 1.2 %.

The filing raises, inter alia, issues related to whether National Grid's filing conforms to the requirements of the merger settlement agreement, whether National Grid has appropriately accounted for the costs of its REP and VMP, and whether the resulting rates are just and reasonable as required by RSA 378:5 and 378:8. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, pursuant to RSA 378:6, I(b), the Commission hereby suspends National Grid's proposed tariff to allow the filing to be investigated, and it is


FURTHER ORDERED, that that a Hearing, pursuant to N.H. Admin. Rules Puc 203 be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 25, 2010 at 10:00 a.m.; and it is


FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, National Grid shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than June 21, 2010, 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 25, 2010; and it is

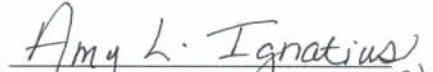
FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to National Grid and the Office of the Consumer Advocate on or before June 22, 2010, such Petition stating 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 June 25, 2010.

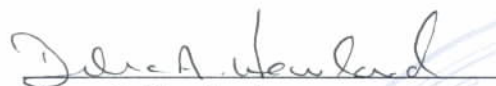
By order of the Public Utilities Commission of New Hampshire this sixteenth day of
June, 2010.


Thomas B. Getzl
Chairman


Clifton C. Below
Commissioner


Amy L. Ignatius (KMS)
Commissioner

Attested by:


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.

