



**Public Service
of New Hampshire**

DE 08-071

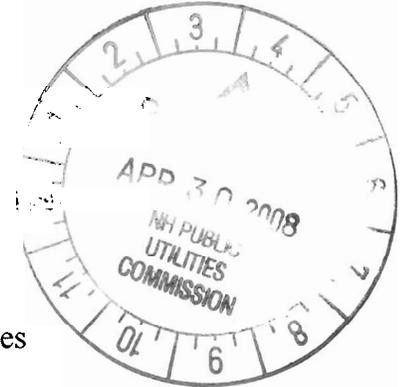
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The Northeast Utilities System

April 30, 2008

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429



Re: Public Service Company of New Hampshire Increase in Rates
Docket No. DE ~~06-028~~

Dear Secretary Howard:

Enclosed please find an original and six copies of testimony and exhibits which support a request for an adjustment to the Major Storm Cost Reserve as part of Public Service Company of New Hampshire's (PSNH) distribution rates. PSNH is proposing to collect an accumulated balance of unrecovered storm costs over a two year period. By instituting this rate change on July 1, 2008, the increase will be more than offset by the July 1 scheduled completion of the temporary rate recoupment from the rate case.

As the Commission is aware, this proceeding was resolved by a Settlement Agreement which the Commission approved in Order No. 24,750 (May 25, 2007). The Settlement Agreement addressed the Major Storm Cost Reserve at Section 2.1.4. In that Section:

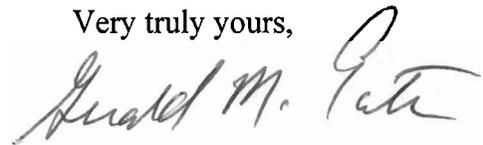
The Parties and Staff agree[d] to review the collection of the Major Storm Cost Reserve unrecovered balance and the accumulation of the reserve not later than January 1, 2009 to determine whether any changes to the \$1.7 million accrual amount or the reserve recovery level are necessary. DR 06-028, Exhibit 11 at 6.

Subsequent to the execution of the Settlement Agreement, PSNH experienced two major storms in April 2007, creating significant unanticipated costs which were added to the Storm Reserve. The Office of Consumer Advocate and Staff met with PSNH's representatives on April 10, 2008 to discuss the under funding of this reserve and how to address the problem. As explained in the enclosed Testimonies of Robert A. Baumann and Stephen R. Hall, PSNH proposes to increase its distribution rates by \$2,958,000 annually over a two year period. The removal of the temporary rate recoupment on July 1, 2008 would more than offset this increase, creating a very modest decrease to distribution rates.

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Page 2

PSNH requests that the Commission schedule a hearing on this request in the near future so that the proposal can be acted on prior to the scheduled change in distribution rates which will occur on July 1, 2008. Copies of this letter and the attachment have been provided to the persons on the attached service list.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gerald M. Eaton". The signature is written in a cursive style with a large initial "G".

Gerald M. Eaton
Senior Counsel

Enclosures

cc: Service List

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Docket DE 06-028

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