

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

**DE 12-110**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**Petition for Step Adjustment and  
Increase to Major Storm Cost Reserve Charge**

**ORDER OF NOTICE**

On April 27, 2012, 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 No. 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 for effect on July 1, 2012.

The Settlement Agreement provided for a series of step adjustments to PSNH's distribution rates on July 1, 2011, July 1, 2012 and July 1, 2013. The Commission approved the first of the step adjustments for effect on July 1, 2011 in Order *Nisi* No. 25,240 (June 24, 2011) in Docket No. DE 11-095. PSNH now seeks the second of those step adjustments. Section 2 of the Settlement Agreement sets forth the elements of the step adjustment, including a projected step increase for effect on July 1, 2012 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, 2011 through March 31, 2012. PSNH stated that at the time the Settlement Agreement was approved, PSNH had projected a change in non-REP net plant of \$76 million for the period April 1, 2011 through March 31, 2012 with an associated revenue requirement of \$9.5 million. The actual change in non-REP net plant for the year ending March 31, 2012 was \$56

million, resulting in an associated revenue requirement of \$7 million. PSNH requested that \$7 million be added to distribution rates for recovery on a service-rendered basis as of July 1, 2012.

Also in this filing, PSNH requested that the Commission permit the Company to commence recovery of certain consultant costs as part of the July 1, 2012 step adjustment. The consultant costs were incurred in connection with a review of the PSNH's uncollectible expense that was required by Section 8.1 of the Settlement Agreement. The Settlement Agreement provided that PSNH should be allowed to defer and recover the cost of the completed review over a 12-month period by including the associated costs in one of the three annual step adjustments. PSNH requested that it be allowed to commence recovery of these costs through distribution rates as part of the July 1, 2012 step adjustment. At the time of the filing, PSNH estimated the final cost for the consultant to be approximately \$72,000, less than the \$100,000 limit on these costs imposed by the Settlement Agreement. PSNH said it would provide a final actual total once the last invoice for the consultant service is processed.

In addition to these changes allowed by the Settlement Agreement, PSNH also requested authority to increase the annual accrual to the Major Storm Cost Reserve to the amount of \$7 million per year from the current funding level of \$3.5 million per year. PSNH said that the increase is necessary to recover costs incurred by the Company in repairing damage to its electrical system caused by the August 2011 tropical storm and the October 2011 snow storm. According to PSNH, absent the increase, the net unrecovered storm costs would be \$14.6 million. PSNH said that the Company is proposing to begin recovery at this point to reduce carrying charges on the unrecovered balance. The Company stated that it recognizes that the Commission will review all storm costs and determine the exact level that is appropriate for recovery in a separate proceeding. According to PSNH, Section 7.3 of the Settlement

Agreement provided that the Settling Parties may recommend a revision of the funding level for the Major Storm Cost Reserve.

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/2012/12-110.html>.

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 costs incurred were prudently incurred; whether the proposed increase to the Major Storm Cost Reserve is reasonable and in the public interest; and whether the resulting rates are just and reasonable pursuant to RSA 378:7. 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 203.12, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 21, 2012 at 1:30 p.m.; and it is

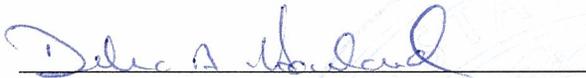
**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than May 24, 2012, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 21, 2012; 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 18, 2012, 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 21, 2012.

By order of the Public Utilities Commission of New Hampshire this eighteenth day of May, 2012.



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**

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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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Docket #: 12-110-1 Printed: May 18, 2012

**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.