

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 12-130

GRANITE STATE ELECTRIC COMPANY D/B/A NATIONAL GRID

**Fiscal Year 2012 Reliability Enhancement and Vegetation Management Plan
Results and Reconciliation**

Order Suspending Tariff and Scheduling a Hearing

ORDER NO. 25,371

June 1, 2012

On May 15, 2012, Granite State Electric Company d/b/a National Grid (National Grid)¹ filed the results of its reliability enhancement plan (REP) and vegetation management plan (VMP) for fiscal year (FY) 2012 (April 1, 2011 through March 31, 2012). 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). National Grid also filed supporting testimony and exhibits and proposed tariff pages.

As required by the settlement agreement, the filing contains the following: (1) a report on actual spending on REP and VMP operation and maintenance (O&M) and REP capital investment for FY 2012 including an explanation of the differences between the actual amounts and the budgeted amounts reviewed by Staff; (2) a request to refund customers the amount of \$295,207, consisting of vegetation management reimbursements of \$402,693 from FairPoint Communications (FairPoint) reduced by \$107,486, the amount of O&M spending in excess of

¹ On May 30, 2012 by Order No. 25,370, the Commission approved a series of transactions by which the assets of Granite State Electric Company and EnergyNorth Natural Gas, Inc. would be transferred to Liberty Energy NH. Upon completion of the transactions, Liberty Energy NH will operate the two systems and will abide by the terms of this order.

the base amount of \$1,360,000; (3) an incremental revenue requirement credit of (\$18,005) associated with REP capital investment of \$398,239; and (4) a summary of reliability performance for FY 2012.

Pursuant to the settlement agreement, National Grid provides a REP and VMP O&M budget to Staff that assumes spending for each fiscal year that is approximately equal to the base plan O&M amount of \$1,360,000. The Company submitted an O&M budget for FY 2012 of \$1,556,000, which is \$196,000 more than the base plan amount, for which Staff expressed its support. According to the filing, National Grid's actual spending on REP and VMP O&M activities for FY 2012 was \$1,467,486, or \$88,514 less than the filed budgeted amount of \$1,556,000. According to the filing, the spending variance for VMP O&M activities is the result of two factors. First, bid prices for cycle pruning were lower than expected, resulting in lower than forecast unit prices. Second, the Company spent less than anticipated for spot tree trimming, trouble and restoration calls, and interim trimming due to lower demand for those activities. On the other hand, National Grid said that the cost of police details for cycle pruning exceeded the anticipated spending levels. In addition, the Company spent \$131,267 in O&M costs associated with the REP program, or \$34,267 more than the proposed budget of \$97,000. The Company said this increase was driven by the greater than forecasted amount of equipment needing maintenance or repair in the feeder hardening program, a component of the REP that involves improving the performance of the worst performing circuits through equipment replacements, installations or upgrades. Finally, the Company requested an incremental revenue requirement credit of (\$18,005) associated with REP capital investment of \$398,239.

Partially offsetting the FY 2012 spending is \$402,693 in reimbursements from FairPoint related to its share of vegetation management expenses initially incurred by the Company and

then billed to FairPoint. The Company proposes to refund customers the amount of \$295,207, the amount of reimbursements received from FairPoint reduced by \$107,486, the amount of FY 2012 O&M spending in excess of the base amount of \$1,360,000. The refund amount of \$295,207 represents an increase of \$462,906 above the incremental refund of \$758,113 of REP/VMP O&M that is currently embedded in rates.

National Grid said that impacts for a residential default service customer using 500 kilowatt hours per month would be a bill increase of 0.3 %, or a monthly bill increase of \$0.21, from \$60.33 to \$60.54. For residential default service customers using 661 kilowatt-hours per month which, according to National Grid, is the average monthly usage for the twelve months ended April 2012, the bill increase would be \$0.27, or 0.3%, from \$80.44 to \$80.71. For other customers, bill increases would range from 0.3% to 0.5%.

RSA 378:6 provides that pending any investigation of a rate schedule which does not represent a general rate change, the Commission may suspend the taking effect of such tariff filing for up to 3 months in order to investigate whether the proposed rates are just, reasonable and otherwise consistent with applicable law. We determine that such suspension and investigation are necessary under RSA 378:6.

The petition and subsequent docket filings, other than information, if any, 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/2012/12-130.html>.

The filing raises, *inter alia*, issues related to whether National Grid's filing conforms to the requirements of the 2007 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 378:7. 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, 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 a Hearing, pursuant to N.H. Code Admin. Rules Puc 203, be held before the Commission located at 21 South Fruit Street, Suite 10, Concord, New Hampshire on June 14, 2012 at 10:00 a.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code 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 no later than June 6, 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 14, 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 National Grid and the Office of the Consumer Advocate on or before June 11, 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 such Objection on or before June 14, 2012.

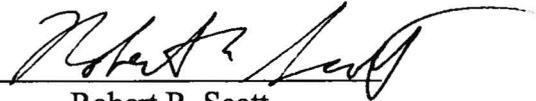
By order of the Public Utilities Commission of New Hampshire this first day of June,
2012.



Amy Ignatius
Chairman



Michael D. Harrington
Commissioner



Robert R. Scott
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.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

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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