

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
Loss of Service Investigation Charges

Docket No. DE 08-XXX

TECHNICAL STATEMENT
of
RHONDA J. BISSON

I. Introduction

The purpose of this Technical Statement is to provide the Commission with background and cost support information for implementing and pricing a new tariff charge, the Loss of Service Investigation Charge.

II. Background

In 2007 a cross-functional team was assembled at PSNH to review PSNH's non-electric billing, which is billing for services performed outside of the delivery and sale of electric service. The fundamental and ultimate goal of this team is to ensure that all non-electric bills issued by PSNH's Customer Operations group are priced, prepared and issued in a correct and uniform manner. Non-electric billing should be consistent PSNH's policies and procedures, and in compliance with the current rules of the Commission and PSNH's current Delivery Service Tariff as approved by the Commission.

One of the non-electric billing charges the team reviewed was PSNH's Loss of Service Investigation Charge. This charge is assessed if PSNH investigates a loss of electric service at a customer's premises and the loss of electric service is attributable to the customer's equipment. For customers receiving electric service under a residential rate or under General Service Rate G, the current charges are \$80 per investigation performed during normal work hours and \$105 per investigation performed outside of normal work hours. Customers receiving service under a medium or large general service rate (Rate GV or Rate LG) are charged the actual cost of the investigation. Customers are informed of these charges at the time a customer calls PSNH to report a loss of electric service if no other outages have been reported in the vicinity of the customer's premises. PSNH has been billing these charges since 1998.

The revenue collected through these charges helps to offset the additional costs PSNH incurs investigating outages that are the result of customer-owned equipment and that are unrelated to PSNH's service delivery. The charge is levied only when the investigation concludes that an outage is not caused by PSNH's equipment. PSNH believes the Loss of Service Investigation Charge limits the number of requests PSNH is required to perform each year. Moreover, a Loss of Service Investigation Charge produces revenue from customers who impose the cost on PSNH, thus reducing the amount all other customers pay through their

distribution rates. Without the charge, the likelihood that customers would request PSNH to investigate a loss of electric service would increase, even if it appears that the loss of electric service is attributable to the customer's equipment.

During the team's review of the Loss of Service Investigation Charge, it was discovered that PSNH's Delivery Service Tariff and PSNH's Requirements for Electric Service Connections booklet did not contain any references to this charge. In addition, references to this charge could not be found in PSNH's regulatory files. Based on this discovery, PSNH has concluded that the Loss of Service Investigation charges were originally implemented without Commission approval.¹ To correct this, PSNH has included in this filing proposed tariff pages incorporating a Loss of Service Investigation Charge for approval by the Commission.

III. Cost Analysis of the Loss of Service Investigations Performed in 2006

PSNH recently completed a cost analysis of the loss of service investigations performed for residential and small business Rate G customers in 2006 that were the result of the customers' equipment. The table below summarizes the number of investigations and the total cost and average cost per investigation.

2006 Loss of Service Investigations Performed for Residential and Small Business Rate G Customers

Overall	
Number of Investigations:	354
Total Cost (excluding overheads):	\$69,988
Average Cost per Investigation:	\$198
Investigations Performed Primarily During Normal Work Hours	
Number of Investigations	161
Total Cost (excluding overheads):	\$20,256
Average Cost per Investigation:	\$126
Investigations Performed Outside of Normal Work Hours	
Number of Investigations:	193
Total Cost (excluding overheads):	\$49,732
Average Cost per Investigation:	\$258

¹ Implementation of the charges without approval did not unjustly enrich PSNH, because all of the revenue that PSNH collected through the charges was used to reduce its revenue requirements during rate cases.

The cost figures include direct labor and vehicle costs and exclude overhead costs. Overhead costs were excluded because PSNH proposes setting the charges at levels that will induce a change in customer behavior (to contact an electrician to investigate a loss of electric service when it appears likely to be caused by the customer's equipment), but not be set so high that a customer decides to go without power for an extended period of time when an outage is caused by PSNH's equipment. As shown in the table on page 2, the average cost per investigation performed during normal work hours is \$126, while the average cost per investigation performed outside of normal work hours is \$258. The average cost of investigations performed outside of normal work hours is approximately double the cost of investigations performed during normal work hours. The primary reason for this difference is because employees are paid a minimum of four hours (a call-out premium) if they are called to work after their normal work schedule has ended. Although the average actual hours worked per investigation per crew for investigations performed outside of normal work hours is approximately one hour and fifteen minutes, PSNH must pay each employee a minimum of four hours.

IV. Recommendations

Based on this cost analysis, for customers receiving service under a residential rate or under one of PSNH's small general service rates (General Service Rate G or Rate G-OTOD), PSNH proposes setting the Loss of Service Investigation Charges at \$125 per investigation performed during normal work hours and \$250 per investigation performed outside of normal work hours. For customers receiving service under PSNH's medium or large general service rates (Rate GV or Rate LG), PSNH proposes charging each customer the actual cost of the investigation. Based on the number of investigations performed in 2006, increasing the charges from \$80 to \$125 for investigations performed during normal work hours and from \$105 to \$250 for investigations performed outside of normal work hours results in an annual increase in revenue of \$35,230 (from \$33,145 to \$68,375). This revenue will be used to offset the additional cost PSNH incurs investigating outages resulting from customers' equipment, and will reduce PSNH's revenue requirements in its next rate case.

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Gary A. Long

Effective: February 18, 2008

Title: President and Chief Operating Officer

32. Loss of Service Investigation Charge

If at the request of a Customer, the Company investigates any loss of electric service at the Customers' premises, a charge will be made for each such investigation if the Company finds the interruption of service has been caused by the Customer's equipment. The charges for this service are as follows:

For Customers rendered Delivery Service under Residential Rate R, Residential Time-of-Day Rate R-OTOD, General Service Rate G or General Service Time-of-Day Rate G-OTOD:

Investigations performed during normal business hours:	\$125 per investigation
Investigations performed outside normal business hours:	\$250 per investigation

For all other Customers, the Company shall have the right to charge the Customer for the total cost incurred to investigate the loss of service.

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33. Rates for Purchases from Qualifying Facilities

Availability:

This short-term purchase arrangement shall be available to Qualifying Facilities (QFs) interconnected with the Company. Qualifying Facilities shall mean small power producers and cogenerators that meet the criteria specified by (i) FERC in 18 C.F.R. §§ 292.203 (a) and (b); or; (ii) the definition of "limited producer" or "limited electrical energy producer" in NHRSA 362-A:1-a and who meet the requirements of RSA 362-A:3, II.

Nothing shall prohibit the Company from separately contracting for generation purchases from QFs. Nothing herein shall be construed to affect, modify or amend terms and conditions of an existing Qualifying Facility's contract or rate order with respect to the sale of its energy or capacity.

Selling Options:

QFs may sell to the Company or wheel through the Company. All generation sold to the Company shall be resold at the ISO-NE market clearing price and subject to appropriate charges as if the power was wheeled through the Company and sold directly to ISO-NE.

Metering:

Generators selling to the Company shall install metering as specified by the Company to satisfy ISO-NE requirements as they may change from time to time. Projects shall be charged a standard monthly service fee for metering service as approved by the appropriate regulatory agency.

Net Metering:

Projects 100 kilowatts and under using renewable generation shall have the option of being served under the Net Energy Billing Service as specified by NH RSA 362-A:9 and the rules promulgated by the appropriate regulatory agency.

Rates:

Qualifying Facilities selling their output to the Company will be eligible to receive Short Term Avoided Cost Rates equal to the payments received by the Company for the sale of QF generation to the ISO-NE power exchange, adjusted for line losses, wheeling costs and administrative costs incurred by the Company for the transaction. Projects shall be charged a standard monthly service fee for billing service as approved by the appropriate regulatory agency.

Wheeling Charges:

The Company reserves the right to impose any appropriate wheeling charges (including distribution wheeling charges) for generation transmitted through the Company and sold to ISO-NE and others as may be approved by the appropriate regulatory agency.

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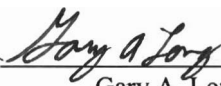
Title: President and Chief Operating Officer

34. Line Extensions

In areas in which Delivery Service by the Company is authorized, service is available under residential Delivery Service Rate Schedules Rate R and Rate R-OTOD and General Delivery Service Rate Schedules Rate G and Rate G-OTOD as follows:

- a. To all Customers on distribution lines as of July 1, 2007;
- b. To all Customers who can be served from overhead, single-phase extensions of existing distribution lines which average 300 feet or less per Customer, exclusive of normal service loops;
- c. To Customers who can be served from overhead, single-phase extensions along public highways, except for normal service loops, of existing distribution lines which average more than 300 feet per Customer but less than 5,280 feet per Customer and who have signed an agreement to pay monthly surcharges for a period of sixty (60) consecutive months equal in total to \$14.00 per 100 feet per month (14.0 cents per foot per month) of line in excess of 300 feet per Customer, each Customer's share of the total to be computed by allocating such total proportionally among the Customers to be served on the basis of the relative lengths of line required to serve each (after excluding the first 300 feet of line per Customer);
- d. To Customers who can be served from overhead, three-phase extensions along public highways, except for normal service loops, of existing distribution lines and who have signed an agreement to pay monthly surcharges for single-phase service in accordance with (c.) above and who have also signed an agreement to pay additional monthly surcharges for a period of sixty (60) consecutive months equal in total to 2.0% per month of the additional investment required to provide three-phase service over and above the investment required to provide single-phase service, including the cost of rebuilding existing facilities and adding phase wires where necessary but excluding the first \$525 per Customer for such additional investment and excluding the investment in service loops, meters and transformers;
- e. To Customers who would otherwise qualify for service under c. or d. above but who must be served from extensions located in whole or in part (exclusive of normal service loops) on private property, subject to the following provisions:
 - (1) An extension on private property will be made only if:

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For Customers rendered Delivery Service under Residential Rate R, Residential Time-of-Day Rate R-OTOD, General Service Rate G or General Service Time-of-Day Rate G-OTOD:

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Investigations performed outside normal business hours:	\$250 per investigation

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Nothing shall prohibit the Company from separately contracting for generation purchases from QFs. Nothing herein shall be construed to affect, modify or amend terms and conditions of an existing Qualifying Facility's contract or rate order with respect to the sale of its energy or capacity.

Selling Options:

QFs may sell to the Company or wheel through the Company. All generation sold to the Company shall be resold at the ISO-NE market clearing price and subject to appropriate charges as if the power was wheeled through the Company and sold directly to ISO-NE.

Metering:

Generators selling to the Company shall install metering as specified by the Company to satisfy ISO-NE requirements as they may change from time to time. Projects shall be charged a standard monthly service fee for metering service as approved by the appropriate regulatory agency.

Net Metering:

Projects 100 kilowatts and under using renewable generation shall have the option of being served under the Net Energy Billing Service as specified by NH RSA 362-A:9 and the rules promulgated by the appropriate regulatory agency.

Rates:

Qualifying Facilities selling their output to the Company will be eligible to receive Short Term Avoided Cost Rates equal to the payments received by the Company for the sale of QF generation to the ISO-NE power exchange, adjusted for line losses, wheeling costs and administrative costs incurred by the Company for the transaction. Projects shall be charged a standard monthly service fee for billing service as approved by the appropriate regulatory agency.

Wheeling Charges:

The Company reserves the right to impose any appropriate wheeling charges (including distribution wheeling charges) for generation transmitted through the Company and sold to ISO-NE and others as may be approved by the appropriate regulatory agency.

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- a. To all Customers on distribution lines as of July 1, 2007;
- b. To all Customers who can be served from overhead, single-phase extensions of existing distribution lines which average 300 feet or less per Customer, exclusive of normal service loops;
- c. To Customers who can be served from overhead, single-phase extensions along public highways, except for normal service loops, of existing distribution lines which average more than 300 feet per Customer but less than 5,280 feet per Customer and who have signed an agreement to pay monthly surcharges for a period of sixty (60) consecutive months equal in total to \$14.00 per 100 feet per month (14.0 cents per foot per month) of line in excess of 300 feet per Customer, each Customer's share of the total to be computed by allocating such total proportionally among the Customers to be served on the basis of the relative lengths of line required to serve each (after excluding the first 300 feet of line per Customer);
- d. To Customers who can be served from overhead, three-phase extensions along public highways, except for normal service loops, of existing distribution lines and who have signed an agreement to pay monthly surcharges for single-phase service in accordance with (c.) above and who have also signed an agreement to pay additional monthly surcharges for a period of sixty (60) consecutive months equal in total to 2.0% per month of the additional investment required to provide three-phase service over and above the investment required to provide single-phase service, including the cost of rebuilding existing facilities and adding phase wires where necessary but excluding the first \$525 per Customer for such additional investment and excluding the investment in service loops, meters and transformers;
- e. To Customers who would otherwise qualify for service under c. or d. above but who must be served from extensions located in whole or in part (exclusive of normal service loops) on private property, subject to the following provisions:

- (1) An extension on private property will be made only if:

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Gary A. Long

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Gary A. Long

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