

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: March 5, 2008

AT (OFFICE): NHPUC

FROM: Maureen L. Reno, *MLR RFR*
Utility Analyst

SUBJECT: DE 08-016 National Grid Filing to Revise Definition of Peak and Off-Peak Hours under Certain Rate Schedules

TO: The Commissioners and
Debra A. Howland, Executive Director and Secretary

CC: Tom Frantz, Director of the Electric Division;
Mary Coleman, Assistant Director of the Electric Division; and
Suzanne Amidon, Staff Attorney.

Summary

On February 7, 2008, Granite State Electric Company d/b/a National Grid ("National Grid" or "Company") filed for Commission approval of proposed revisions to the Company's tariff. The Company is proposing changes to the definition of peak and off-peak hours as contained in its tariff. The proposed changes to the definitions are for a limited time resulting from the Federal Energy Policy Act of 2005 ("EPACT") changes to Daylight Savings Time ("DST"). The Company requests approval of the revised language in its tariff to become effective March 9, 2008.

On February 9, 2007, in Order No. 24,729, the Commission approved a similar request by the Company to revise the definition of peak and off-peak hours for 2007. As part of EPACT, beginning in March 2007, DST occurred three weeks earlier in the spring (from the first Sunday in April to the second Sunday in March) and one week earlier in the fall (from the last Sunday in October to the first Sunday in November).

According to the Company, the internal clocks in the Company's time-of-use meters are programmed to reset to the appropriate hour in October and April under the 2006 DST schedule (i.e. the first Sunday in April and the last Sunday in October). The Company states that, in order to respond to the EPACT changes to DST, the Company would have to reprogram affected meters to reset the internal clocks of such meters. Resetting the meters' internal clocks to the new DST schedule would require significant deployment of resources and funds. The Company asserts that it has not reset these meters, because EPACT provides Congress with the right to revert back to the 2006 DST

schedule. Currently, Congress is awaiting a study from the Secretary of Energy that would report on the impact of the change in DST on energy consumption in the United States. Therefore, Congress has not yet determined whether to continue the current DST schedule indefinitely or invoke its right to revert the DST back to the 2006 time schedules. Given the uncertainty associated with the new DST schedule, the Company has not reset its time-of-use meters.

Analysis

In response to Staff data requests, the Company stated that the cost estimate of \$161,000 for programming all time-of-use meters affected by the change to DSL provided by the Company in Docket No. 06-145 has not changed. Order No. 24,729 states that approximately 1,610 customers would be affected by the change in DST. Of these customers, 940 receive service under Rate D, 560 receive service under Rate D-10 and 117 receive service under Rate G-1 (large commercial and industrial). This adjustment would cost about \$100 per meter for a total cost of \$161,000.

Staff also asked the Company how the Company plans to recover the cost of reprogramming all of the meters affected by the change in DST if the Company were to reprogram the meters. The Company responded by stating that it would propose to recover these costs from all customers, in accordance with the exogenous events provision of the Rate Plan Settlement approved as part of the merger with Keyspan Corporation in Docket DG 06-107. Specifically, section 2(B) of the Rate Plan Settlement provides for the Company to adjust its distribution rates if the occurrence of a “Federally Initiated Cost Change” causes a change in the Company’s annual revenue requirement by more than \$100,000. Any adjustments to rates pursuant to the exogenous events provision are recovered from all customer classes based upon kilowatt-hour (kWh) deliveries during the year in which the costs occurred and shall be collected through a uniform and fully reconciling surcharge. Based on this allocation and the total number of kWhs sold to the Company’s retail customers in 2007, the charge is \$0.00021 per kWh and would increase a residential customer’s monthly 500 kWh bill by approximately \$0.11.¹

Staff Recommendation

Given the uncertainty associated with the new DST schedule and the fact that resetting affected time-of-use meters would require deployment of resources and funds, the Company’s alternative of redefining its peak and off-peak definitions in its tariff is reasonable. Therefore, Staff recommends that the Commission approve the Company’s request to revise its definition of peak and off-peak hours under the condition that the Company report to the Commission by August 1, 2008 as to whether it will pursue resetting all its affected time-of-use meters after Congress decides whether to continue the current DST schedule indefinitely.

¹ Escalating the Company’s annual total kWhs sold to end-use customers in 2006 of 749,209,000 kWhs by 2 percent yields an estimated total annual total kWh sales of 764,193,180 kWhs. Dividing the cost of \$161,000 by this total amount in sales yields a cost of \$0.00021 per kWh.