

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

DE 08-071

ORDER OF NOTICE

On April 30, 2008, Public Service Company of New Hampshire (PSNH) filed a petition, with supporting testimony and exhibits, requesting an adjustment to its distribution rates to recover an under-funding of its major storm cost reserve (MSCR) account. The proposed adjustment would be effective with bills rendered on and after July 1, 2008. According to PSNH, the Commission approved a settlement agreement in this proceeding which, in part, allowed PSNH to increase its annual accrual for the MSCR from \$1 million to \$1.7 million effective July 1, 2007 and to recover a then-existing negative balance in the MSCR over a period of three years beginning July 1, 2007. Order No. 24,750 (May 25 2007). Further, the settling parties agreed to review the collection of the MSCR unrecovered balance no later than January 1, 2009 to determine whether any changes to the \$1.7 million accrual amount or the reserve recovery level were necessary.

PSNH stated that, subsequent to the execution of the settlement agreement, it experienced two major storms in April 2007 with costs totaling in excess of \$8 million that were applied to the reserve account, creating an under-funded position. Consistent with the terms of the settlement, PSNH met with the Office of Consumer Advocate (OCA) and Commission Staff to discuss this issue on April 10, 2008. PSNH now proposes to increase its distribution rates by \$2.958 million annually over a two-year period to collect the necessary funds to eliminate the current under-funded MSCR balance and to restore it to its intended \$1 million funded level. PSNH said that the timing of the rate increase would coincide with the scheduled annual

distribution rate decrease of \$3.39 million associated with the end of the temporary rate recoupment that was part of the DE 06-028 settlement agreement, resulting in a net decrease to distribution rates on July 1, 2008 of \$0.432 million. Regarding the annual funding level of the MSCR, PSNH expects to continue the current \$1.7 million accrual during the two-year period and beyond unless otherwise ordered by the Commission.

PSNH stated that on July 1, 2008 it will begin using a new customer service billing system and requested that the Commission approve the change to its distribution rate by June 24, 2008 to allow PSNH sufficient time to test the rate change on the new billing system.

In addition to the filing regarding its distribution rate, on April 21, 2008, PSNH filed requests in dockets DE 07-096 and DE 07-097 for mid-year adjustments to its energy service rate and stranded cost recovery charge, respectively, effective July 1, 2008. On May 14, 2008, PSNH also filed for an annual adjustment, also effective July 1, 2008, to its transmission cost adjustment mechanism docketed as DE 08-069. For administrative efficiency, the Commission will hold hearings in each of the four proceedings on the same date; however, each proceeding will be separately noticed.

The filing raises, inter alia, issues related to whether PSNH's calculations and estimates of costs and revenues are reasonable, whether the resulting rates are just and reasonable as required by N.H. RSA 378:5 and 8, and whether PSNH should apply the rates on a bills-rendered basis. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that, pursuant to N.H. Admin. Rules Puc 203, a hearing on this petition and PSNH's other rate adjustment filings be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 11, 2008 beginning at 9:00 a.m.; and it is

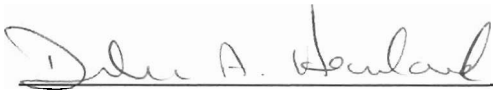
FURTHER ORDERED, that the sequence of hearings on that date shall be as follows: DE 08-071 (distribution rate); DE 07-096 (energy service rate); DE 07-097 (stranded cost recovery charge); and DE 08-069 (transmission cost adjustment mechanism); and it is

FURTHER ORDERED, that pursuant to N.H. 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 22, 2008, 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 11, 2008; and it is

FURTHER ORDERED, that pursuant to N.H. 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 6, 2008, 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. 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 11, 2008.

By order of the Public Utilities Commission of New Hampshire this sixteenth day of May, 2008.



Debra A. Howland
Executive Director & Secretary

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.