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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 1, 2010 - 10:08 a.m.
Concord, New Hampshire

NHPUC JUN10'10 AM 8:44

RE: DE 10-096
GRANITE STATE ELECTRIC COMPANY
d/b/a NATIONAL GRID:
Petition for Temporary Increase to
its Storm Fund.
(*Prehearing conference*)

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

APPEARANCES: Reptg. Granite State Electric Company
d/b/a National Grid:
Sarah B. Knowlton, Esq. (McLane, Graf...)

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.

Court Reporter: Steven E. Patnaude, LCR No. 52

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P R O C E E D I N G

CHAIRMAN GETZ: Okay. Good morning, everyone. I'll open the prehearing conference in docket DE 10-096. On April 8, 2010, National Grid filed a proposed tariff to temporarily increase customer contributions to the Company's Storm Fund. The Company seeks to increase funding of the Storm Fund by \$1.98 million over a three-year period beginning July 1, 2010, and proposes a Storm Recovery Adjustment Factor of 0.074 cents per kilowatt-hour for the period. We issued an order suspending the tariff and scheduling a prehearing conference for today on April 29, 2010.

Can we take appearances please.

MS. KNOWLTON: Good morning, Chairman Getz and Commissioners Ignatius and Below. My name is Sarah Knowlton, and I'm with the McLane law firm. I'm here today on behalf of Granite State Electric Company, which does business as National Grid. And, with me today from the Company is Kristin Mahnke and David Tufts, who are the Company's two witnesses in this case.

CHAIRMAN GETZ: Good morning.

MR. TUFTS: Good morning.

MS. AMIDON: Good morning. My name is Suzanne Amidon. I'm here for Commission Staff. And, with

1 me today is Steve Mullen, who is the Assistant Director
2 for the Electric Division.

3 CHAIRMAN GETZ: Good morning. And, I'll
4 note for the record that the affidavit of publication was
5 filed on May 6.

6 So, Ms. Knowlton, opportunity for the
7 Company to state its position in this proceeding.

8 MS. KNOWLTON: Thank you. In 2007, as
9 part of the Merger Settlement Agreement in DG 106 -- I'm
10 sorry, 06-107, there was a Storm Fund established, which
11 allowed the Company to fund that, the Storm Fund, at
12 \$10,000 per month. The Commission approved that
13 Settlement Agreement in Order Number 24,777. Pursuant to
14 the Settlement Agreement, the costs of major storms are
15 charged against that fund. Any balances in the fund
16 accrue interest at the customer deposit rate, and, then,
17 of course, if there is a deficit, then, correspondingly,
18 the deficit accrues interest to the Company's benefit.

19 The Merger Settlement Agreement provided
20 that two years after the effective date of the Granite
21 State Electric Rate Plan, which was part of the Merger
22 Settlement Agreement, the Staff and the Company would
23 evaluate the funding level of the Storm Fund to determine
24 whether it was adequate. If there was a significant

1 negative balance, the Settlement Agreement provided that
2 the Company was authorized to come before the Commission
3 and seek an increase in the funding level. And, that's
4 what this docket is about.

5 The Company has submitted a request for
6 a temporary increase to the funding level over the next
7 three years, because the Storm Fund is in a fairly
8 significant deficit position. The Company is requesting
9 that the Storm Fund over that next three year period be
10 increased to approximately \$1.98 million to eliminate the
11 expected deficit, and also to reduce the amount of
12 interest that customers would pay on the deficit.

13 As demonstrated in the testimony of
14 Ms. Mahnke, the increase will have a relatively small bill
15 impact on customers. The Company has submitted its annual
16 Storm Fund Report, and as well as an audit by
17 PricewaterhouseCooper of the costs that the Company
18 incurred as part of the December ice storm. The Staff is
19 now auditing all of the storm costs. And, the Company is
20 continuing to work with the Staff so that the audit can be
21 completed.

22 CHAIRMAN GETZ: Thank you. Ms. Amidon.

23 MS. AMIDON: Well, as Attorney Knowlton
24 noted in her statement, Staff Audit is conducting an audit

1 of the expenses. So, there is no question that the
2 December ice storm in 2008 was a major storm event and
3 that extraordinary costs were incurred by the Company in
4 repairing their infrastructure after the storm.

5 But, after Audit reviews it and confirms
6 whether or not the costs are reasonable, we would go ahead
7 and recommend recovery. At this point, we're just waiting
8 for Audit to conclude its review. And, then, after that,
9 we may have a couple of questions, but we expect that the
10 proceeding will be fairly straightforward.

11 CHAIRMAN GETZ: All right. Thank you.
12 Anything from the Bench?

13 (No verbal response)

14 CHAIRMAN GETZ: Okay. Hearing nothing,
15 then -- so, I anticipate there will be a technical session
16 and a proposal for a procedural schedule, is that correct?

17 MS. KNOWLTON: Yes.

18 CHAIRMAN GETZ: Okay. Then, is there
19 anything else for us to address this morning?

20 MS. KNOWLTON: I have nothing further.

21 CHAIRMAN GETZ: Okay. Hearing nothing
22 else, then we'll close the prehearing conference and await
23 a recommendation from the parties. Thank you.

24 (Whereupon the prehearing conference ended at 10:13 a.m.)