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Professional Association

900 Elm Street | P.O. Box 326 | Manchester, NH 03105-0326
Tel: 603.625.6464 | Fax: 603.625.5650 | www.mclane.com

OFFICES IN:
MANCHESTER
CONCORD
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WOBURN, MA

PATRICK H. TAYLOR
Direct Dial: (603) 628-1266
Email: patrick.taylor@mclane.com
Licensed in NH and MA

February 18, 2011



NHPUC FEB18'11 PM 3:11

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

Re: **Granite State Electric Company d/b/a National Grid**
DE 10-192 – Low Income Electric Assistance Program (“EAP”)

Dear Ms. Howland:

On December 15, 2010, the EAP Advisory Board (“the Board”) issued a proposal for changes to the EAP design to enable the EAP to stay within the budget for the program year beginning July 1, 2011 when the low income portion of the system benefits charge returns to a 1.5 mil per kWh funding level. Granite State Electric Company d/b/a National Grid (“National Grid”) is a member of the Board and supported the proposal at the time of its issuance as well as at the public hearing held on January 27, 2011.

A key recommendation of the Board is to cap the amount of usage eligible for the EAP discount at 700 kWh per month. Currently, there is no mechanism in the National Grid billing system that will allow for the discount to automatically stop accumulating once kWh deliveries have reached 700 kWh for the billing month. If the Commission adopts the 700 kWh cap recommended by the Board, National Grid will need to build such a mechanism into each of its EAP Tiered Rates, a process that will require a considerable amount of hours of computer programming and testing expense.

National Grid anticipates that the administrative costs associated with changing its billing system to implement the 700 kWh cap for its EAP customers will be approximately \$33,000, which consists of the following expense:

- 70 hours of modeling and unit testing for four existing blocked rates at approximately \$125 / hour;

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- 130 hours of modeling and unit testing for eight rates that are not currently blocked, at approximately \$125 / hour;
- 40 hours of regression testing for all affected rates at approximately \$125 / hour; and
- 80 hours of user acceptance testing for all affected rates at approximately \$37.50 / hour.

Please note that the Company will require approximately four months from the time of the Commission's order to implement the necessary changes.

These are one-time costs beyond the \$850 in IT expense contained in the Company's budget. National Grid requests that it be allowed to receive reimbursement of these costs as they are incurred through the excess SBC EAP revenue¹ remitted to the State of New Hampshire Treasury.

Thank you for your consideration of this request. Please do not hesitate to call if you have any questions or need any additional information.

Very truly yours,



Patrick H. Taylor

cc: Service List (via electronic mail)
Celia O'Brien, Esq.

¹ Monthly, National Grid remits to the State of New Hampshire Treasury the amount of SBC EAP revenue in excess of EAP discounts provided and other authorized administrative costs, such as the administrative costs of the lead Community Action Program agency. Similar to these other administrative costs, National Grid is proposing that the incremental programming costs also be included in the monthly EAP report and deducted from SBC EAP revenue in determining the amount to be remitted to the Treasury.