

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

DE 12-320

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

**Petition for Recovery of Certain Storm Preparation Costs
through the Major Storm Cost Reserve**

ORDER OF NOTICE

On October 26, 2012, Public Service Company of New Hampshire (PSNH or Company) filed a petition requesting recovery of the costs of certain activities undertaken in anticipation of major storms through PSNH's Major Storm Cost Reserve (MSCR). In support of its petition, PSNH provided testimony and related attachments. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2012/12-320.html>.

The Commission approved the establishment of the MSCR pursuant to the PSNH Restructuring Settlement Agreement in Order Nos. 23,442 and 23,549, *PSNH Proposed Restructuring Settlement*, 85 NH PUC 154 and 536 (2000). Through the MSCR, PSNH recovers from customers a specified annual amount in distribution rates that is to be used to offset costs incurred in the event that a major storm occurs. Under the MSCR, a qualifying major storm is defined as a storm that results in either (1) 10% or more of PSNH's retail customers being without power in conjunction with more than 200 reported troubles, or (2) more than 300 reported troubles during the event. PSNH said that all charges to the MSCR are subject to audit by Commission Staff and approval by the Commission.

The MSCR's initial annual funding level was \$3 million, and that amount has changed over the last several years. Recently, in Order No. 25,382 (June 27, 2012), the Commission approved PSNH's request to increase the annual amount of funding for the MSCR from \$3.5 million to \$7 million. Under the current MSCR mechanism, costs incurred by the Company in preparation for expected storms do not qualify for recovery through the MSCR when an anticipated storm does not ultimately escalate to the level of a qualifying major storm. In its petition, PSNH requested the establishment of certain recovery criteria that will support the funding through the MSCR of certain planning and pre-staging costs incurred by the Company in advance of potential major storms. In support of its proposal, PSNH testified that the Commission highlighted the importance of pre-storm activity, or pre-staging, in its after-action report on the 2008 ice storm.

PSNH said that, given the number and severity of storms that have affected New Hampshire in the last few years, the Company's power restoration and damage repair plans must be combined with pre-storm action that includes acquiring and placing crews on the system before the storm actually hits. PSNH's petition requested that pre-staging costs such as contractual retainer costs, contract costs associated with placing line and tree crews, administration and other costs to manage crew resources, food and lodging and fuel and other costs related to storm preparation be eligible for recovery through the MSCR.

According to PSNH, its proposal is similar to that approved by Commission for Unitil Energy Systems, Inc. (UES) in UES's most recent distribution rate case in Order No. 25,214 (April 26, 2011). *See*, Docket No. DE 10-055. In Order No. 25,214, the Commission allowed costs associated with a likely qualifying major storm to be recovered through UES's MSCR if the Power Disruption Index (PDI) for the storm was greater than or equal to Level 2 with a

“high” level of confidence (greater than 60% probability). PSNH said it also uses a PDI similar to what is provided to UES and asserted that it proposes a similar standard to determine whether pre-staging costs should be eligible for recovery through the MSCR mechanism.

The filing raises, inter alia, issues related to whether it is just and reasonable and in the public interest for PSNH to recover the pre-staging costs for anticipated major storms from customers through the Major Storm Cost Reserve; and whether the criteria PSNH proposes to use to evaluate the intensity of an anticipated storm and to calculate the related pre-staging cost are appropriate and reasonable. Each party has the right to have an attorney represent the party at the party’s own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on November 27, 2012 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Code 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 November 17, 2012, 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 no later than November 26, 2012; and it is

FURTHER ORDERED, that pursuant to N.H. Code 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 November 26, 2012, 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. Code 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 November 27, 2012.

By order of the Public Utilities Commission of New Hampshire this thirteenth day of November, 2012.

Debra A. Howland
Executive Director

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.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.