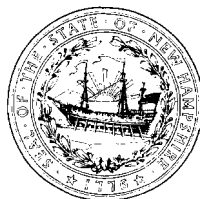


THE STATE OF NEW HAMPSHIRE

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AND SECRETARY
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1-800-735-2964

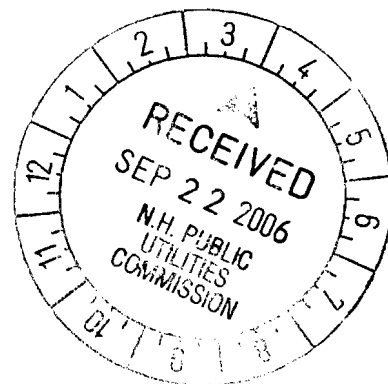
Website:
www.puc.nh.gov

September 22, 2006

Debra Howland
Executive Director & Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: DG 06-033 Northern Utilities, Inc.
Capacity Reserve Charge Rate Adjustment
Procedural Schedule

DG 06-098 Northern Utilities, Inc.
Integrated Resource Plan
Partial Procedural Schedule



Dear Ms. Howland:

Your letter to the parties dated July 10, 2006 in Docket No. DG 06-033 suspended the procedural schedule pending Staff's initial review of the Integrated Resource Plan (IRP) filed by Northern Utilities, Inc. (Northern) and receipt of a proposed revised procedural schedule from Staff which will allow the Commission to render a decision on the Capacity Reserve Charge prior to its proposed effective date of November 1, 2006. Staff has now performed an initial review of the IRP and attended a joint technical session in Portsmouth, New Hampshire on September 19, 2006 in Northern's IRP docket, DG 06-098, and the companion Maine Public Utilities Commission docket, 2006-390. This technical session was focused on the related issues of the need for and level of a capacity reserve.

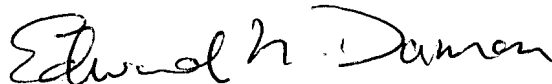
In part as a result of discussions at the technical session, Staff recommends the following procedural schedule for Docket No. DG 06-033:

Northern to submit a proposal for a capacity release strategy in lieu of a capacity reserve and a NH specific method of charging capacity exempt customers in NH for the costs associated with protecting against the risk of third-party supplier failure	September 26, 2006
Feedback to Northern proposal by Staff and parties	September 26, 2006 through October 9, 2006
Technical session to be conducted by conference call regarding Northern proposal	October 10, 2006 at 11 am
Hearing on charge to capacity exempt customers in New Hampshire corresponding to Northern proposal or settlement agreement	October 18, 2006 at 2 pm

Please note that part of the above procedural schedule overlaps with part of the procedural schedule agreed upon at the DG 06-098 technical session in Portsmouth. That is, in DG 06-098, Northern will be submitting a proposal for a capacity release strategy in lieu of a capacity reserve (but not the New Hampshire specific method of charging capacity exempt customers in New Hampshire), and the feedback and technical session components of the above procedural schedule apply to DG 06-098. After November 1, 2006, the issue of demand forecasting will be explored in DG 06-098 and a more detailed proposal for a procedural schedule in that docket will be filed with the Commission at that time.

Please let me know if you have any questions.

Sincerely yours,



Edward N. Damon
Staff Attorney

CC: Service Lists in DG 06-033 and DG 06-098