

STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire

Request for Permanent Distribution Rates Change
Docket No. DE 09-035

Certification of Exogenous Events
Calendar Year 2012

I. Introduction

The Settlement Agreement on Permanent Distribution Service Rates (“Settlement Agreement”) approved by the Commission in the docket referenced above includes SECTION 12 titled EXOGENOUS EVENTS which states:

12.1 During the term of this Settlement Agreement, PSNH will be allowed to adjust distribution rates upward or downward resulting from Exogenous Events, as defined below.

Section 12 contains the following five specific exogenous events that could trigger a rate change:

12.2.1 State Initiated Cost Change

12.2.2 Federally Initiated Cost Change

12.2.3 Regulatory Cost Reassignment

12.2.4 Externally Imposed Accounting Rule Change

12.3 Excessive Inflation

Section 12.4 requires PSNH to file with the Commission, no later than March 31 of each year during the term of this Settlement Agreement, a Certification of Exogenous Events for the prior calendar year. This filing meets the certification obligation for 2012.

II. PSNH Certification of Exogenous Events in 2012

After review, PSNH has determined that there were no exogenous events in 2012 related specifically to Sections 12.2.1, 12.2.2, 12.2.3, 12.2.4 or 12.3 that would trigger a rate adjustment in accordance with the Settlement Agreement.

III. All rate impacts on July 1, 2013 related to the Settlement Agreement

In accordance with the Settlement Agreement, there will be a change to the Distribution rates effective July 1, 2013. This section provides the three categories that PSNH believes will require a change and PSNH's best estimate at this time as to the total amount of the change, compared to the changes anticipated in Section 2.6 of the Settlement Agreement. We are providing this early in the process so that all interested parties have this information relating to the future Distribution rate change. PSNH will be updating Items 2 and 3 below as more current financial information becomes available. The revenue requirement impacts are as follows:

	<u>Estimate</u>	<u>Settlement</u>	<u>Difference</u>
	(millions of dollars)		
1. Step 2 of REP plant	\$ 1.6	\$ 1.6	\$ 0.0
2. Step increase – Net plant	6.5 (est.)	9.5	(3.0)
3. MSCR increase	5.0	0.0	5.0
Total July 1, 2013 rate change	<u>\$ 13.1 (est.)</u> ===	<u>\$ 11.1</u> ===	<u>\$ 2.0</u> =====

Item Number in the chart above:

1. The \$1.6 million complies with Section 5 of the Settlement Agreement and is a firm amount.
2. The \$6.5 million is an estimate using actual net plant in service balances as of December 31, 2012 and budgeted values as of March 31, 2013 in accordance with Section 5 of the Settlement Agreement. This value will be finalized using actual March 31, 2013 net plant in service and will be filed with the Commission on or before April 30, 2013.
3. The \$5.0 million represents a proposed increase to the Major Storm Cost Reserve (MSCR) to take into consideration the costs incurred during the October 2012 Storm Sandy and costs PSNH has incurred for pre-staging for three storms. An increase to the MSCR is in compliance with Section 7.3 of the Settlement Agreement. Additional details will be filed with the Commission in the filing showing actual net plant in service.