

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

**DRM 14-362**

**RULEMAKING**

**Puc 1604.07(t) Working Capital**

**ORDER OF NOTICE**

On January 29, 2015, the Commission voted pursuant to RSA 541-A to initiate a rulemaking for N. H. Code Admin. Rules, Puc 1604.07(t), the Commission's rule for determining working capital in the context of a full rate case. The Commission's Initial Proposal is to readopt the existing Puc 1604.07(t) with an amendment. By this order, the Commission schedules a public hearing on March 9, 2015, at 10:00 am, and a written comment deadline of March 16, 2015.

Puc Chapter 1600 governs utility tariffs and special contracts. Puc 1604.06(a) requires utilities, as part of a filing for a full rate case, to "complete and submit to the commission the 'Filing Requirement Schedules', the requirements of which are set forth in detail in Puc 1604.07." As currently written, Puc 1604.07(t) allows the utility to choose between basing its "Schedule 3A - Working Capital" on either a "detailed lead-lag study or a formula based on the length of 1/2 of the utility's billing cycle plus 30 days." The Initial Proposal amends Puc 1604.07(t) to require the use of a lead/lag study by utilities with gross revenues over \$10,000,000. For utilities with gross revenues less than \$10,000,000, calculation of working capital using a billing-cycle methodology will remain an option. Upon conclusion of the formal rulemaking process, the proposed amended rule will replace the current version of Puc 1604.07(t).

A rulemaking notice form (Notice), as required by RSA 541-A:6, was filed with the Office of Legislative Services on January 29, 2015, and has been sent to all regulated utilities and other interested parties. The Notice established a public hearing to be held at the Commission on March 9, 2015, at 10:00 a.m. and a deadline for submission of written comments on March 16, 2015. That Notice is appended hereto. Pursuant to RSA 541-A:6, III, this Order of Notice will also be provided by public notice advertisement in a publication of daily statewide circulation.

Following the public comment hearing on March 9, 2015, Staff will hold a technical session with interested parties for purposes of discussing the proposed amended rule.

The Initial Proposal may be viewed on the Commission website, <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-362/LETTERS-MEMOS-TARIFFS/14-362%202015-01-28%20STAFF%20INITIAL%20PROPOSAL.PDF>, or copies may be obtained from the Commission as set forth in the Notice.

**Based upon the foregoing, it is hereby**

**ORDERED**, that a Public Hearing, pursuant to 541-A:11, be held before the Commission located at 21 South Fruit Street, Suite 10, Concord, New Hampshire on March 9, 2015, at 10:00 a.m. followed by a technical session, and that the deadline for submission of materials in writing or via e-mail shall be March 16, 2015, as set forth in the Notice; and it is

**FURTHER ORDERED**, that pursuant to RSA 541-A:6, III, the Commission shall undertake a public notice advertisement by publishing a copy of this Order together with the Notice no later than February 17, 2015, in a newspaper with a daily statewide circulation, publication to be documented by affidavit filed with the Commission on or before March 5, 2015.

By order of the Public Utilities Commission of New Hampshire this 10th day of February,  
2015.



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 South Fruit Street, Suite 10, Concord, New Hampshire 03301; 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.

APPENDIX II-C

RULEMAKING NOTICE FORM

Notice Number \_\_\_\_\_ Rule Number Puc 1604.07(t)

<p>1. Agency Name &amp; Address:</p> <p><b>Public Utilities Commission</b>  <b>21 S. Fruit Street, Suite 10</b>  <b>Concord, New Hampshire 03301</b></p>	<p>2. RSA Authority: <u><b>RSA 365:8, V, and XII</b></u></p> <p>3. Federal Authority: _____</p> <p>4. Type of Action:</p> <p>Adoption _____</p> <p>Amendment _____</p> <p>Repeal _____</p> <p>Readoption _____</p> <p>Readoption w/amendment <u><b>X</b></u></p>
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5. Short Title: **Puc 1604.07(t) Working Capital**

6. (a) Summary of what the rule says and the effect of the rule on those regulated:

The existing rule sets forth the Commission's requirements for the filing of a document entitled "Schedule 3A - Working Capital" and the utility's calculation of its working capital requirement, which is recovered through customer rates. Working capital recovers the capital cost to fund the timing differences between the utility's receipt of revenues and its payment of expenses. The existing rule allows all utilities, regardless of size or revenues, to use either a billing-cycle formula or a lead/lag study to calculate working capital requirements. A lead/lag study is a systematic method of calculating the average number of days investors supply working capital to operate the utility.

As amended, the rule allows utilities with gross revenues under \$10,000,000 to continue using either a billing-cycle formula or a lead/lag study to calculate working capital. The amended rule, however, requires utilities with gross revenues of \$10,000,000 or more to use a lead/lag study to calculate working capital. By requiring the larger utilities to use a lead/lag study, the working capital requirements may be more accurately calculated, at a lesser cost to customers, and the Commission is better able to fulfill its mandate of just and reasonable rates.

6. (b) Brief description of the groups affected:

The rules affect regulated utilities operating in New Hampshire.

APPENDIX II-C (Continued)

**RULEMAKING NOTICE FORM - Page 2**

6. (c) Specific section or sections of state statute or regulation which the rule is intended to implement:

<b>Rule</b>	<b>Specific State Statute the Rule Implements</b>
Puc 1604.07 (t)	RSA 365:8, V and XII, 378:5-10

7. Contact person for copies and questions including requests to accommodate persons with disabilities:

Name:	<b>Rorie E. Patterson</b>	Title:	<b>Staff Attorney</b>
Address:	<b>New Hampshire Public Utilities Commission 21 South Fruit Street, Suite 10 Concord NH 03301</b>	Phone #:	<b>603-271-2431</b>
		Fax#:	<b>603-271-3878</b>
		E-mail:	<b>Rorie.patterson@puc.nh.gov</b>
		TTY/TDD Access:	<b>Relay NH 1-800-735-2964 or dial 711 (in NH)</b>

8. Deadline for submission of materials in writing or, if practicable for the agency, in the electronic format specified: **March 9, 2015, by the close of business at 4:30 p.m.**

☒ Fax ☒ E-mail ☐ Other format (specify):

9. Public hearing scheduled for:

Date and Time: **March 3, 2015, at 10:00 AM**

Place: **21 South Fruit Street, Suite 10, Hearing Room B, Concord, NH**

10. Fiscal Impact Statement (Prepared by Legislative Budget Assistant)

FIS # **15:019** , dated **February 5, 2015**

11. Statement Relative to Part I, Article 28-a of the N.H. Constitution: **Although the proposed rules are intended to modify the application of Puc 1604.07(t), and as such, modify an existing program or responsibility, they do not mandate or assign any responsibility to any political subdivision and therefore do not violate Part I, Article 28-a.**

DRM 14-362, Rulemaking Puc 1604.07(t) Working Capital

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