

3/19

FEB 06 2015

APPENDIX II-C

RULEMAKING NOTICE FORM

Notice Number 2015-15

Rule Number Puc 1604.07(t)

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

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

The existing rule, Puc 1604.07(t), sets forth the Commission's requirements in a full rate case 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.

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

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

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

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

8. Deadline for submission of materials in writing or, if practicable for the agency, in the electronic format specified: **March 16, 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 9, 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 proposal is intended to modify the application of Puc 1604.07(t), and as such, modify an existing program or responsibility, it does not mandate or assign any responsibility to any political subdivision and therefore do not violate Part I, Article 28-a.**

LBAO
FIS 15:019
02/05/15

Fiscal Impact Statement for Public Utilities Commission rules governing Puc 1600 – Tariffs And Special Contracts. [Puc 1604.07(t)]

1. Comparison of the costs of the proposed rule(s) to the existing rule(s):

When compared to the existing rules, the proposed rules may decrease costs to state citizens, political subdivisions and independently owned businesses by an indeterminable amount.

2. Cite the Federal mandate. Identify the impact on state funds:

No federal mandate, no impact on state funds.

3. Cost and benefits of the proposed rule(s):

The Commission states that the proposed rules will cause certain utilities to incur the cost of a lead/lag study. The costs of these studies are typically borne by the customer, through rate case expense charges; however these studies may be less than the costs that customers might pay if rates are set using an imprecisely-calculated working capital requirement. To the extent a state citizen, political subdivision or independently owned business is a ratepayer, the proposed rules may decrease costs.

A. To State general or State special funds:

None.

B. To State citizens and political subdivisions:

See 3 above.

C. To Independently owned businesses:

See 3 above.

IP 2015-15

Amend Puc 1604.07(t), effective 3/4/14 (Document #10535), cited and to read as follows:

CHAPTER Puc 1600 TARIFFS AND SPECIAL CONTRACTS

PART Puc 1604 FULL RATE CASE FILING REQUIREMENTS

Puc 1604.07 Contents of Filing Requirement Schedules.



(t) A utility shall describe on a document entitled "Schedule 3A - Working Capital", its working capital, based on a detailed lead-lag study, ~~or~~ Utilities with gross revenues of less than \$10,000,000 may use a formula based on the length of ½ of the utility's billing cycle plus 30 days in lieu of a detailed lead-lag study.

Appendix

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

TITLE XXXIV

PUBLIC UTILITIES

CHAPTER 365

COMPLAINTS TO, AND PROCEEDINGS BEFORE, THE COMMISSION

Proceedings Before the Commission

Section 365:8

365:8 Rulemaking Authority. – The commission shall adopt rules, pursuant to RSA 541-A, relative to:

- I. The conduct of its hearings, including alternative processes in hearings and other forms of alternative dispute resolution.
- II. Standards and procedures for streamlined review or other alternative processes to enhance the efficiency of the commission and respond to the needs of the utility's ratepayers and shareholders.
- III. Standards and procedures for the creation, monitoring and evaluation of alternative forms of regulation.
- IV. Standards and procedures for the handling of confidential information, in accordance with RSA 91-A.
- V. Standards and procedures for filing requirements for tariffs, engineering, accounting, and other commission matters.
- VI. Standards and procedures for franchise terms and conditions, including extended area telephone service.
- VII. Standards and procedures for safe and reliable utility service and termination of service subject to RSA 363-B.
- VIII. Standards and procedures for matters related to the proper administration of RSA 366 relative to utility relations with affiliates.
- IX. Standards and procedures relative to a reasonable amount of the short-term notes, bonds or other evidences of indebtedness based upon the amount of the utility's respective plant investment which each utility shall not exceed without first obtaining the approval of the commission pursuant to RSA 369:7.
- X. Standards and procedures for determination and recovery of rate case expenses.
- XI. Standards and procedures for the conduct of investigations authorized under this title.
- XII. Procedures necessary to provide for the proper administration of and to further the purposes of this title.
- XIII. [Repealed.]
- XIV. Standards and procedures for public utilities to request protection of routine filings that contain confidential commercial or financial information.

Source. 1911, 164:2. PL 238:9. RL 287:9. 1951, 203:11 par. 8. RSA 365:8. 1981, 220:4. 1994, 193:1. 2005, 102:1, eff. June 15, 2005. 2010, 206:2, eff. June 22, 2010; 336:3, eff. Oct. 18, 2010.