



**Public Service
of New Hampshire**

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The Northeast Utilities System

ORIGINAL
N.H.P.U.C. Case No. <u>DE 10-158</u>
Exhibit No. <u>#1</u>
Witness <u>Panel 1</u>
DO NOT REMOVE FROM FILE

June 3, 2010

Debra A. Howland
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

Re: Transmission Cost Adjustment Mechanism - Docket No. DE 10-XXX

Dear Ms. Howland:

Enclosed please find an original and six copies of a Petition for Approval of New Transmission Cost Adjustment Mechanism (TCAM) Rate. PSNH currently expects that there will be an increase in the average rate from the current TCAM rate of 1.195 cents per kilowatt-hour. PSNH will later file the testimony and attachments of Robert A. Baumann containing a calculation of the average rate to be applied on and after July 1, 2010. PSNH will subsequently file the testimony and exhibits of Stephen R. Hall describing the calculation of the actual TCAM charges for each class.

PSNH requests that the Commission open a proceeding and schedule a hearing so that a final determination of a rate may be made by June 28, 2009. The Commission has already scheduled hearings on June 23, 2010 when the Energy Service and Stranded Cost Recovery Charge hearings will also be held. PSNH believes the TCAM rate proceeding to have very little controversy, and the Commission could hear PSNH's request for a TCAM rate change on that same date.

Copies have been provided to the persons on the attached service list pursuant to Puc §203.02 and Puc §203.11 .

Very truly yours,

Gerald M. Eaton
Senior Counsel

Enclosures
cc: Service List

STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Transmission Cost Adjustment Mechanism
Docket No. DE 10-XXX

PETITION FOR APPROVAL OF NEW TRANSMISSION
COST ADJUSTMENT MECHANISM RATE

Pursuant to N.H. Code Admin. Rules Puc §§ 202.01(a) and 203.06, Public Service Company of New Hampshire (PSNH) hereby submits its request for the New Hampshire Public Utilities Commission (Commission) to establish a new Transmission Cost Recovery Mechanism (TCAM) rate for effect on July 1, 2010 through June 30, 2011. In support of its Petition, PSNH says the following:

1. The TCAM was established under a Settlement Agreement approved by the Commission in Docket No. DE 06-028. Order No. 24,750 (May 25, 2007). The Commission approved the first TCAM rate in its Order No. 24,770 in Docket DE 07-068 (June 29, 2007). The current TCAM rate was approved in Order No. 24,992 in Docket No. 09-114 (July 24, 2009). The TCAM recovers PSNH's costs for transmission and related services established under FERC-approved rates.

2. PSNH is requesting recovery of transmission costs forecasted from July 1, 2010 through June 30, 2011. PSNH is also seeking approval of the reconciliation of transmission expenses and revenues for the calendar year 2009. In the current proceeding that established the Default Energy Service rate beginning January 1, 2010, the Commission approved PSNH's recovery of VAR reliability costs through the TCAM instead of the Energy Service rate effective January 1, 2010. Docket No. DE 09-180, Order No. 25,061, slip op. at 30-31 (December 31, 2009). On June 30, 2009, PSNH filed for a permanent change in its distribution rates in Docket No.

DE 09-035. PSNH, the Commission Staff and the Office of Consumer Advocate subsequently reached a settlement resolving the issues associated with the distribution rate filing. The Settlement Agreement was filed with the Commission on April 30, 2010, and is awaiting Commission approval. The revenue requirements agreed to as part of the Settlement Agreement assume the transfer of certain cost recoveries from distribution rates to the TCAM rate effective August 1, 2009, the date that temporary rates in Docket No. DE 09-035 were implemented. The costs in question consist of (a) PSNH's share of the costs to support the transmission and terminal facilities used to import electricity from the Hydro-Quebec system, (b) an allocated share of the Commission's annual utility assessment, and (c) the return on the TCAM working capital allowance (combined costs). The rate currently in effect does not reflect any of these costs. The under recovery of VAR reliability costs from January 1, 2010 through May 31, 2010 and the under-recovery of the combined costs from August 1, 2009 through May 1, 2010 will be included in the requested TCAM rate. While PSNH does not currently have a calculation of what the proposed rate will be PSNH estimates that the overall average charge will be an increase over the current overall average rate of 1.195 cents per kilowatt-hour.

3. On or before June 14, 2010, when complete information on wholesale transmission rates in effect on and after July 1, PSNH will file the pre-filed direct testimony and exhibits of Mr. Robert A. Baumann. Mr. Baumann's testimony will incorporate actual data for revenues and expenses through May 2010 with projections of transmission costs through June 2011. Soon thereafter, PSNH will file rate design testimony of Mr. Stephen R. Hall describing the rates and charges PSNH proposes to apply to each rate class of customers. In order to have several proposed rate changes take place at one time, PSNH requests that the rate become effective on July 1, 2010. PSNH respectfully requests that a decision be made by June 28, 2010 so that PSNH may perform testing of its billing system using all the new rates.

WHEREFORE PSNH requests the Commission to open a proceeding, schedule a hearing in order to investigate this rate request, and order such further relief as may be just and equitable.

Respectfully submitted,

Public Service Company of New Hampshire

June 3, 2010
Date

By: Gerald M. Eaton
Gerald M. Eaton, Senior Counsel
780 North Commercial Street
Post Office Box 330
Manchester, New Hampshire 03105
(603) 634-2961

CERTIFICATE OF SERVICE

I hereby certify that, on the date written below, I caused the attached Petition for Approval of New TCAM Rate to be hand delivered or sent pursuant to N.H. Code Admin. Rule Puc §§ 203.02 and 203.11, to the persons listed on the attached Service List.

June 3, 2010
Date

Gerald M. Eaton
Gerald M. Eaton