

DE 00-039

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Transition and Default Service

Order Nisi Approving Request for Rate Increase

O R D E R N O. 23,555

September 15, 2000

The Petitioner, New Hampshire Electric Cooperative, Inc. (NHEC), on August 3, 2000, filed a request with the New Hampshire Public Utilities Commission (Commission) to increase its rates for Transition and Default Service by an average of 2.9 percent effective on September 1, 2000. A proposed compliance tariff was attached to its filing.

By Order No. 23,449, issued May 1, 2000, the Commission approved NHEC's rates for Transition and Default Service for effect June 1, 2000 through May 31, 2001. In its subsequent compliance filing, dated May 25, 2000, NHEC notified the Commission that, due to market developments, NHEC no longer anticipated making any Installed Capacity (ICAP) payments. Consequently, NHEC did not include ICAP costs in determining those Transition and Default Service rates.

Subsequently, the Federal Energy Regulatory Commission (FERC) denied ISO-New England's request to eliminate the ICAP market. *See ISO New England, Inc.*, 91 FERC ¶ 61,311 (June 28, 2000). Therefore, NHEC remains obligated

to purchase the product and seeks to pass the associated costs onto those NHEC member-customers taking Transition or Default Service. NHEC's current proposal reflects Transition and Default Service rates that incorporate ICAP costs from its contracts for the period September 2000 through May 2001 and an estimated value for August 2000.

We have examined NHEC's proposal to reflect its ICAP costs in its Transition and Default Service rates and find it consistent with our earlier decision in Order No. 23,449, where we authorized

NHEC to charge and collect from its member-customers the revenues required to pay all costs and charges associated with the power supply agreement or agreements into which it may enter....

Given that issues surrounding the ICAP market remain unresolved, we find the Company's approach reasonable. In addition, given the uncertainty surrounding the ICAP product, we expect these rates to be reconciled in the Company's next filing for the period beginning June 1, 2001.

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

**ORDERED NISI**, that the request of New Hampshire Electric Cooperative, Inc. to increase its Transition and Default Service rates by an average of 2.9 percent to reflect ICAP costs is **APPROVED** subject to future reconciliation; and

it is

**FURTHER ORDERED,** that the Petitioner shall cause a copy of this Order Nisi to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than September 22, 2000 and to be documented by affidavit filed with this office on or before September 29, 2000; and it is

**FURTHER ORDERED,** that all persons interested in responding to this petition be notified that they may submit their comments or file a written request for a hearing on this matter before the Commission no later than October 2, 2000; and it is

**FURTHER ORDERED,** that any party interested in responding to such comments or request for hearing shall do so no later than October 9, 2000; and it is

**FURTHER ORDERED,** that this Order Nisi shall be effective October 16, 2000, retroactive to September 1, 2000, unless the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New  
Hampshire this fifteenth day of September, 2000.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary