

DE 01-085

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Stranded Cost Charge and Regional Access Charge

Order NISI Approving Revised Charges

O R D E R N O. 23,703

May 10, 2001

The Petitioner, New Hampshire Electric Cooperative, Inc. (NHEC), filed a petition on April 13, 2001 with the New Hampshire Public Utilities Commission (Commission) seeking to revise its Stranded Cost Charge and Regional Access Charges effective with bills rendered on or after June 1, 2001. Specifically, NHEC proposes a Stranded Cost Charge of \$0.01650 per kilowatt-hour, compared to a current charge of \$0.02011, and revised Regional Access Charges, varying by rate class, ranging from \$0.00805 for industrial customers to \$0.01125 for residential ratepayers taking service under NHEC's Rate D.

According to the pre-filed testimony of Heather K. Saladino, NHEC's Manager of Rates and Finance, the proposed changes would, overall, reduce the Cooperative's average revenue per kilowatt-hour by 3.3 percent. Ms. Saladino states that the average residential ratepayer using 500 kilowatt-hours per month would see a decrease of \$2.19 in the ratepayer's monthly bill, from \$76.61 to \$74.42.

NHEC's Stranded Cost Charge covers (1) amortized costs associated with the Cooperative's 25 megawatt share of the Seabrook nuclear power plant, net of expected revenues from the sale of the facility and (2) the amortization of costs associated with the 1999 termination of NHEC's purchased power contract with Public Service Company of New Hampshire. According to Ms. Saladino, Seabrook-related revenues are higher than previously forecast, accounting for the reduction in stranded cost charges. Ms. Saladino avers that, in calculating the proposed Stranded Cost Charge, NHEC has not taken into account the possibility that six ski areas in NHEC's service territory, presently taking service under special contracts, have been ordered to pay stranded cost charges pursuant to Order No. 23,667 (March 29, 2001) in Docket No. DE 00-066. Order No. 23,667 is the subject of two pending motions for rehearing.

With regard to the Regional Access Charges, Ms. Saladino testifies that the proposed decrease is due to a reduction in projected regional network transmission charges payable to ISO New England, operator of the New England electricity grid, by NHEC's transmission service provider, Northeast Utilities.

Staff has analyzed the NHEC proposal and has

recommended its approval. We have reviewed the Cooperative's filing and agree with Staff that the proposed reductions in Stranded Cost Charge and Regional Access Charges are consistent with the relevant policy principles contained in the Electric Utility Restructuring Act, see RSA 374-F:3, VI (equitable sharing of benefits among customer classes), XI (near-term rate relief), XII (stranded cost recovery) and XIII (regionalism), and are otherwise in the public interest. We condition our approval on possible revisions to the Stranded Cost Charge to reflect the ultimate outcome of Docket No. DE 00-066, concerning the ski areas' liability for stranded cost charges in connection with their special contracts.

We note that Ms. Saladino in her testimony avers that NHEC, "[a]s a small part of one of 5 voting sectors [in the New England Power Pool], it has extremely limited influence over, or knowledge of, the costs included in the ISO bills" for transmission services. Our approval of NHEC's proposal is not to be construed as an endorsement of anything less than vigilance by individual utilities in assuring that the interests of New Hampshire ratepayers are asserted and protected in connection with matters arising out of wholesale transactions in electricity involving the ISO and NEPOOL.

Based upon the foregoing, it is hereby

ORDERED NISI, that the revisions to the Stranded Cost Charges and Regional Access Charges proposed by the New Hampshire Electric Cooperative are approved, as conditioned above; 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 May 15, 2001 and to be documented by affidavit filed with this office on or before May 21, 2001; 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 May 22, 2001; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than May 29, 2001; and it is

FURTHER ORDERED, that this Order Nisi shall be effective June 1, 2001, unless the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that the Petitioner shall file a compliance tariff with the Commission on or before June 1, 2001, in accordance with N.H. Admin. Rules, Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this tenth day of May, 2001.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary