

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

**DATE:** December 1, 2009

**AT (OFFICE):** NHPUC

**FROM:** Henry J. Bergeron  
Utility Analyst III

**SUBJECT:** DE 09-226, New Hampshire Electric Cooperative, Inc.  
Re: Change in Stranded Cost Adjustment for 2010

**TO:** Debra A. Howland  
Executive Director & Secretary

Staff has reviewed the proposed change to the New Hampshire Electric Cooperative, Inc.'s (NHEC) Stranded Cost Charge for 2010. The proposed decrease from 1.505¢ per kilowatt-hour (kWh) to 1.502¢ per kWh, representing a decrease of 0.02 percent in total estimated annual revenue, would cause the bill of a residential customer using 500 kWh per month to decrease from \$97.47 to \$97.46 if there were no other changes to NHEC's rates.

The Stranded Cost Charge includes the amortization of the Seabrook regulatory asset and the amortization of a regulatory asset associated with the termination of NHEC's wholesale power contract with Public Service Company of New Hampshire, both of which the Commission approved in Docket DR 98-097. The stranded costs to be collected in 2010 are approximately \$10 million, a decrease of approximately \$1 million as compared to 2009. While such a decrease would normally result in a more significant rate decrease, the decrease is offset by lower forecasted kWh sales. Sales in 2009 were below NHEC's forecast due to the weather (characterized by below normal cooling days and an incessant amount of rainfall) and the weak economy (which resulted in fewer homes being built and businesses cutting back operations. NHEC is forecasting that 2010 kWh sales will be approximately 4.3% less than forecasted 2009 sales.

The original amount of stranded costs to be collected was \$121 million (Docket DR 98-097). As of December 31, 2009, the total stranded costs remaining will be approximately \$19 million dollars. This is expected to be collected by the end of 2011.

NHEC does anticipate that other non-jurisdictional rate changes will occur on January 1, 2010. The likely result of these changes will result in an increase to the average residential ratepayer's monthly bill to approximately \$97.54.

NHEC continues to calculate the stranded cost charge by dividing the total stranded costs for the period by forecasted kWh sales, inclusive of ski area load. Each year the forecasted sales reflect "weather normalization" of historical sales adjusted for billing

days along with the projected number of customers and usage per customer. Actual costs and revenue are reconciled on a monthly basis.

There is one typographical error in the filing which needs to be mentioned. After consultation with NHEC, it was agreed that the difference in the decrease from the current stranded cost charge of 1.505¢ to 1.502¢ is 0.003¢ and not 0.0003¢ as shown on page four, line seven of Ms. Inman's testimony.

It is Staff's recommendation that the proposed change in the stranded cost charge be approved by an Order *Nisi* for bills rendered on and after January 1, 2010.

If you have any questions, please do not hesitate to contact me.