

DE 04-192

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Stranded Cost Charge Adjustment for 2005

Order *Nisi* Approving Change in Stranded Cost Charge

ORDER NO. 24,409

December 3, 2004

The petitioner, New Hampshire Electric Cooperative, Inc. (NHEC), filed on November 10, 2004 testimony and supporting documents for a change to NHEC's Stranded Cost Charge effective with all bills rendered on and after January 1, 2005. NHEC is proposing to decrease its Stranded Cost Charge from the currently effective rate of 1.800¢ per kWh to 1.795¢ per kWh or 0.4 percent on average retail revenue. For residential customers using 500 kWh per month, the rate change would cause an average residential member's bill to decrease from \$70.27 to \$70.25. NHEC calculates the Stranded Cost Charge by dividing the total stranded costs for the period by forecasted kWh sales. Actual costs and revenue are reconciled on a monthly basis.

NHEC's Stranded Cost Charge decrease is due primarily to reductions in its debt service costs. The Stranded Cost Charge includes 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 of New Hampshire (PSNH), both of which the Commission approved in docket DR 98-097. Included in the 2005 stranded cost calculation are the effects of the proposed, but not yet consummated, settlement transaction between NHEC and the Town of Ashland. In that settlement, the Town of Ashland will purchase NHEC facilities in the Town of Ashland for \$1.2 million plus certain other payments and expenses. NHEC, which expects the

transaction to close sometime in 2005, has reflected the loss of energy sales associated with the Town's 350 member customers, approximately 3.3 million kWh in 2005, in the Stranded Cost Charge filing. NHEC also has included \$277,000 of the proceeds of the transaction to stranded cost revenue to reflect the revenue that NHEC believes it would have received from member customers in Ashland as stranded costs if those customers had remained customers of NHEC.

The Commission has reviewed NHEC's filing and finds the proposed changes to the 2005 stranded cost charge reasonable at this time. We note that NHEC's allocation of its estimated net present value of the stranded cost revenue associated with the loss of customer sales in the Town of Ashland is an attempt to eliminate what otherwise would be a shift of stranded costs to NHEC's other customers if that portion of the \$1.2 million were not allocated to stranded cost recovery. We also note here that our decision to approve the stranded cost charge proposal does not reflect any position by the Commission on the merits of the settlement between NHEC and the Town of Ashland in DE 03-155. Any decision by this Commission concerning that proceeding could affect NHEC's stranded costs and may require NHEC to adjust its stranded cost charge in a future stranded cost proceeding.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, that New Hampshire Electric Cooperative, Inc. be allowed to change its Stranded Cost Charge effective with all bills rendered on and after January 1, 2005 from 1.800¢ per kWh to 1.795¢ per kWh; and it is

FURTHER ORDERED, that New Hampshire Electric Cooperative, Inc. report to the Commission when the closing of the asset sale between NHEC and the Town of Ashland occurs; 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 December 13, 2004; and to be documented by affidavit filed with this office on or before December 27, 2004 ; 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 which states the reason and basis for a hearing no later than December 10, 2004 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than December 27, 2004; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective January 3, 2005, unless the Petitioner fails to satisfy the publication obligation set forth above or 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 December 24, 2004, in accordance with N.H. Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this third day of
December, 2004.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Michael D. Harrington
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary