

DE 06-156

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Stranded Cost Charge Adjustment for 2007

Order *Nisi* Approving Revised Stranded Cost Charge

ORDER NO. 24,718

December 22, 2006

On November 15, 2006, the New Hampshire Electric Cooperative, Inc. (NHEC or Cooperative), filed with the New Hampshire Public Utilities Commission (Commission) testimony and supporting documents seeking authority to change its Stranded Cost Charge effective with bills rendered on and after January 1, 2007. NHEC is proposing to increase the Stranded Cost Charge from the current rate of 1.627 cents per kilowatt-hour (kWh) to 1.638 cents per kWh, which would result in a 0.06 percent increase in total estimated annual revenue. The rate change would cause the bill of a residential customer using 500 kilowatt-hours per month to increase from \$96.03 to \$96.08, if there were no other changes to NHEC's rates.

On January 1, 2007, NHEC also plans to change certain other rates not regulated by the Commission. The NHEC expects to adjust its Regional Access Charge and its Delivery Charge. Since these changes have not yet been calculated or approved by NHEC's board of directors, the impact of each is still unknown. According to the NHEC, it expects that the net effect of these three changes will be zero. Hence, the average residential ratepayer's monthly bill will not change as a result of these rate changes.

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.¹ It is calculated by dividing the total stranded costs for the period by forecasted kWh sales, with actual costs and revenue reconciled on a monthly basis. NHEC's proposed increase is due primarily to its forecast that 2007 residential, and non-ski area commercial and industrial sales will decrease approximately 1.45% from 2006 budgeted sales. The Cooperative's forecast reflects its view that residential sales may be impacted as home building slows (due to higher interest rates, lower property values, and a softer economy) and as members conserve electricity in response to higher prices. Since the risks associated with housing and the economy are interrelated, they represent a significant negative risk to the forecast. NHEC anticipates continued growth in the number of commercial memberships. However, this increase will not offset the overall decline in kWh sales.

The Cooperative estimates that, at the end of 2006, it will have under-recovered its stranded costs for the year by approximately \$170,000 due to lower than anticipated sales during 2006. Therefore, it is proposing to include this as a beginning balance in the calculation of the 2007 Stranded Cost Charge. We have reviewed NHEC's filing and find that the proposed changes to the 2007 Stranded Cost Charge are just and reasonable.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, that New Hampshire Electric Cooperative, Inc. be authorized to change its Stranded Cost Charge effective with all bills, rendered on and after January 1, 2007, from 1.627 cents per kilowatt-hour to 1.638 cents per kilowatt-hour; 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

¹ The Commission approved both amortizations in Docket No. DR 98-097.

of the state where operations are conducted, such publication to be no later than December 29, 2006 and to be documented by affidavit filed with this office on or before January 9, 2007; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* 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 January 5, 2007 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 January 9, 2007; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective January 10, 2007, 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 January 10, 2007, in accordance with N.H. Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this twenty-second day
of December, 2006.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary