

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 10-303

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Petition for 2011 Stranded Cost Charge

Order *Nisi* Granting Petition

ORDER NO. 25,177

December 17, 2010

On November 15, 2010, the New Hampshire Electric Cooperative, Inc. (NHEC) filed a request for authority to change its stranded cost charge effective with bills rendered on and after January 1, 2011, consistent with RSA 362:2, II and RSA 374-F. NHEC proposes to decrease the stranded cost charge from the current rate of 1.502 cents per kilowatt-hour (kWh) to 1.032 cents per kWh, which would result in a 2.49 percent decrease in NHEC's average revenue per kWh. The rate change would cause the bill of a residential customer using 500 kWh per month to decrease from \$98.39 to \$96.04, if there were no other changes to NHEC's rates.

In its filing, NHEC states that it anticipates changes to its Member Service Charge and the Delivery kWh Charge, effective January 1, 2011. Pursuant to RSA 301:57 *et seq.*, those rates and charges are not subject to the Commission's review. The estimated result of those changes would be an increase in the average residential ratepayer's monthly bill to approximately \$99.00, including the proposed stranded cost adjustment.

The proposed stranded cost charge includes amortization of the Seabrook regulatory asset and of a regulatory asset associated with the termination of NHEC's wholesale power contract with Public Service Company of New Hampshire. NHEC's 2011 stranded costs will be the final such costs approved for recovery through a surcharge; as a result the proposed charge is

calculated to recover the full remaining amount based on forecasted sales for the year. NHEC expects that the proposed 2011 charge will not result in a significant under- or over-recovery balance at year end. To minimize the potential for under- or over-recovery, NHEC intends to monitor any deviations in actual and forecasted sales during the year. If such deviations occur, NHEC proposes to seek Commission approval to adjust the stranded cost charge following the third quarter of 2011. NHEC further proposes to absorb into its cost of operations any remaining over- or under- recovery totaling less than \$25,000 through the last quarter of 2011. For any over- or under-recovery balance greater than \$25,000, NHEC proposes to seek Commission approval for a refund/recovery plan.

Staff filed a memorandum on December 17, 2010, recommending approval by order *nisi* of NHEC's proposed stranded cost charge of 1.032 cents per kWh for bills rendered on and after January 1, 2011. In its memorandum, Staff further recommends that NHEC seek the Commission's approval to adjust the stranded cost charge following the third quarter of 2011 by filing no later than October 31, 2011, a written request with supporting documentation for the Commission's review and approval. Finally, Staff recommends that NHEC also seek approval for a refund or recovery plan in the event there is any remaining balance at year end.

We have reviewed NHEC's filing and Staff's recommendations and find that the proposed change to the 2011 stranded cost charge is just and reasonable. We also note that the 2011 stranded costs will be the last to be recovered through the stranded cost surcharge, and that NHEC has proposed to seek Commission approval to adjust the stranded cost charge following the third quarter of 2011 to account for any potential over- or under-recovery balance at that time. We adopt Staff's recommendations that NHEC seek Commission approval to adjust the stranded cost charge following the third quarter of 2011 by filing a written request no later than

October 31, 2011, and that NHEC further seek Commission approval to address any over- or under-recovery amount remaining at year-end by filing a written request no later than January 31, 2012. Both filings should include supporting documentation for the Commission's review and approval.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, the New Hampshire Electric Cooperative is authorized to reduce its Stranded Cost Charge effective with bills rendered on and after January 1, 2011, from 1.502 cents per kWh to 1.032 cents per kWh; and it is

FURTHER ORDERED, that NHEC seek Commission approval to adjust the Stranded Cost Charge following the third quarter of 2011 by written request filed no later than October 31, 2011, to account for any potential over- or under-recovery balance; and it is

FURTHER ORDERED, that NHEC seek Commission approval to address any final over- or under-recovery balance following the fourth quarter of 2011 by written request filed no later than January 31, 2012; and it is

FURTHER ORDERED, that NHEC 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 23, 2010 and to be documented by affidavit filed with this office on or before December 30, 2010; and it is

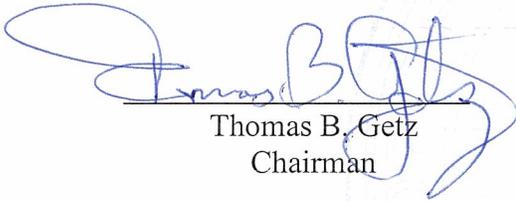
FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than December 27, 2010, for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than December 29, 2010; and it is

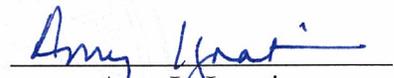
FURTHER ORDERED, that this Order *Nisi* shall be effective January 1, 2011, unless NHEC fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that NHEC shall file a compliance tariff with the Commission on or before January 7, 2011, in accordance with N.H. Code Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this seventeenth day of December, 2010.


Thomas B. Getz
Chairman


Clifton C. Below
Commissioner


Amy L. Ignatius
Commissioner

Attested by:


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Executive Director

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12/17/10 Order No. 25,177 issued and forwarded to all parties.
Copies given toPUC Staff.

Docket #: 10-303 Printed: December 17, 2010

**FILING INSTRUCTIONS: PURSUANT TO N.H. ADMIN RULE PUC 203.02(a),
WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:**
DEBRA A HOWLAND
EXEC DIRECTOR & SECRETARY
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