

DE 01-083

GRANITE STATE ELECTRIC COMPANY

Transition Service Rates

Order Approving Transition Service Rates,  
May 15, 2001 through November 15, 2001

O R D E R    N O.    23,701

May 10, 2001

On April 13, 2001, the Petitioner, Granite State Electric Company (Granite State), submitted a petition to increase its rates for transition service for usage during the period May 15, 2001 through November 15, 2001. The filing complies with Order No. 23,589 (November 13, 2000) which required a semi-annual reconciliation of the transition service rate. The requested rate increase is in response to an increase in fuel index adjustment payments, the formula for which is included in Granite State's Amended Restructuring Settlement Agreement as Attachment 7, Exhibit A, Transition Service Fuel Adjustment Provision. Granite State estimates fuel index payments for the period May 15, 2001 through November 15, 2001 by using gas and oil futures prices to calculate the expected fuel adjustment. By calculating a weighted average of the estimated fuel trigger payments over the May 15, 2001 to November 15, 2001 time period, Granite State estimates transition service rates will need to increase

\$0.00921 per kWh in order to cover fuel trigger expenses on a going forward basis. Granite State proposes to increase its transition service rates from \$0.05541 per kWh to \$0.06462 per kWh, a 16.6 percent increase in the transition service rate. For a 500 kWh residential customer, Granite State estimates a monthly bill increase of \$4.65, or 7.9%, resulting in a monthly bill of \$63.19. This rate increase does not address the Transition Service 1 under-recovery nor does it address the Transition Service 2 under-recovery. These issues will be addressed in Granite State's annual restructuring surcharge filing for rate changes on January 1 of each year. As required by Order No. 23,589, Granite State has agreed to file a new transition service rate reconciliation on or before October 15, 2001, or earlier if transition service costs vary from transition service revenues by more than 20%.

In order to mitigate the on-going Transition Service 1 under-collections, which Granite State calculates currently at \$780,000, and to more accurately reflect the current cost of transition service in rates, we will approve Granite State's transition service rate increase. The increase in transition service rates will also aid in mitigating the growth of the Transition Service 2 under-collection, which is currently \$1.6 million dollars. Transition Service 2 provides

approximately 20 percent of the required transition service kilowatt-hours. For the period May 1, 2001 through October 31, 2001, Granite State has entered into a contract to procure Transition Service 2 with Calpine Energy Services, LP. The Company calculates the retail rate for this power to be 8.68 cents per kWh. The Amended Restructuring Settlement Agreement approved by the Commission in DR 98-012 allows the Transition Service 2 under-recovery to be collected through a separate line item on customer's bills from all customers. We will address the Transition Service 2 under-recovery in the Company's next restructuring surcharge reconciliation docket. Given the continuing variability in the Company's transition service expenses, we will continue to require the Company to update its transition service rate in 6 months.

**Based upon the foregoing, it is hereby**

**ORDERED,** that Granite State Electric Company's transition service rate for usage during the period May 15, 2001 to November 15, 2001 is approved at \$0.06462; and it is

**FURTHER ORDERED,** that Granite State Electric Company shall file for new transition service rates at least 45 days prior to November 15, 2001; and it is

**FURTHER ORDERED,** that Granite State Electric Company shall provide its customers with an explanation of the

increase approved in this order through a press release and a bill message.

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

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary