

DE 01-097

CONCORD ELECTRIC COMPANY AND  
EXETER & HAMPTON ELECTRIC COMPANY

In The Matter Of The Implementation Of The  
Electricity Consumption Tax

Order Approving Stipulation

O R D E R    N O.   23,746

July 26, 2001

**APPEARANCES:** LeBoeuf, Lamb, Greene & MacRae by Scott Mueller, Esq. for Concord Electric Company and Exeter and Hampton Electric Company; and Gary Epler, Esq., General Counsel for the Staff of the New Hampshire Public Utilities Commission.

**I.    PROCEDURAL HISTORY**

On April 30, 2001, the New Hampshire Public Utilities Commission (the Commission) issued an Order of Notice in this docket (Order No. 23,695) requiring that effective May 1, 2001, pursuant to the provisions of RSA 83-E:2 and RSA 83-E:3, an electricity consumption tax of \$.00055 per kWh was to be collected and remitted to the state by Concord Electric Company and Exeter and Hampton Electric Company (the Companies). That Order of Notice also ordered that a prehearing conference and hearing on temporary rates, pursuant to RSA 378:27, be held to consider the fixing of rates until all issues concerning the implementation of the consumption tax were resolved. The Commission also provided that the same issues in Dockets DE 01-096, Granite State

Electric Company (GSEC), and DE 01-098, Connecticut Valley Electric Company (CVEC), be heard at the same time. On May 11, 2001, the duly noticed hearing was held. On July 23, 2001, the Commission issued Order No. 23,743, approving temporary rates for the Companies as well as GSEC and CVEC, pending an investigation into the technical aspects of the implementation of the consumption tax, the repeal of the franchise tax, and the resulting impacts on the Business Profits Tax liability of the Companies.

## **II. POSITIONS OF THE PARTIES AND STAFF - STIPULATION**

### **AGREEMENT**

On July 24, 2001, a hearing was held to consider a Stipulation Agreement between the Companies and Staff to resolve all the issues in this docket. Karen Asbury, Director of Regulatory Services for Unitil Service Corporation, presented the Stipulation Agreement. The Agreement provides for elimination of the franchise tax from the rates of each Company and adding a business profits tax factor of \$0.00081/kWh for Concord Electric Company and \$0.00070/kWh for Exeter and Hampton Electric Company as shown on Attachment 2 of the Stipulation. This factor includes two cost components: 1) the current business profits tax liability at 8.5%; and 2) deferred state tax liability based on a 10-year amortization.

The total effect of these changes on customer rates is a slight decrease overall, as shown by rate class on Attachment 3 to the Stipulation. The reconciliation of temporary rates in this proceeding, assuming the Stipulation is approved for August 1, 2001, results in a credit to customers that shall be applied to the Companies' respective Fuel and Purchased Power Adjustment accounts, with a report provided to the Commission no later than September 30, 2001 providing the calculations of the refund amounts. The Stipulation also has attached tariff pages for implementation of these rate changes effective August 1, 2001.

### **III. COMMISSION ANALYSIS**

We have reviewed the Stipulation submitted at hearing in this matter, and find it an acceptable resolution of the matters associated with the implementation of the Electricity Consumption Tax under RSA 83-E, and the simultaneous elimination of the franchise tax. Our prior approval of temporary rates for both Concord Electric Company and Exeter and Hampton Electric Company and the reconciliation provided for in the stipulation, resolves the issue of ending collection of the franchise tax and providing a return of those dollars to customers. The implementation of a business profits tax factor to the rates of the Companies is similar to

the methodology this Commission approved for recovery of the franchise tax when it was re-instituted in 1993.

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

**ORDERED,** that the Stipulation Agreement submitted in this proceeding by Concord Electric Company and Exeter and Hampton Electric Company and Staff, providing for elimination of the franchise tax from the Companies' rates and implementation of a business profits tax factor, is approved; and it is

**FURTHER ORDERED,** that the mechanism for temporary rate reconciliation and the submission of a report by September 30, 2001, is approved; and it is

**FURTHER ORDERED,** that the following tariff pages: NHPUC No. 12 - Electricity, Concord Electric Company, Third Revised Page 1, Twenty-fifth Revised Page 20, Twenty-second Revised Page 20A, First Revised Page 49 and NHPUC No. 17 - Exeter and Hampton Electric Company, Third Revised Page 1, Twenty-fifth Revised Page 20, Twenty-second Revised Page 20A, First Revised Page 50, are approved.

By order of the Public Utilities Commission of New  
Hampshire this twenty-sixth day of July, 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