

DE 01-190

Granite State Electric Company

Default Rates for November 1, 2001-June 30, 2002

Order Nisi Approving Default Rates

O R D E R N O. 23,834

November 2, 2001

I. BACKGROUND AND GENERAL DISCUSSION

The petitioner, Granite State Electric Company (Granite State or the Company), submitted a proposal regarding the Company's default service rates for the period November 1, 2001 through June 30, 2002. The proposal consisted of a letter, the Testimony of Michael J. Hager, and supporting attachments. Additionally, the Company submitted a motion for confidential treatment for the power supply contract (Contract or Calpine Contract) between Calpine Energy Services, L.P. and the Company. The Contract was provided as a separate exhibit to the testimony of Mr. Hager.

This type of default service filing has become routine for Granite State, the one significant difference this time being an increase in the rate period from six months to eight months in order to ensure that default service will terminate at the same time as Granite State's transition service contract. We have previously approved the Company's rates for default service in Dockets No. DE 99-204, Order No.

23,393; DE 00-087, Order 23,453; DE 00-218, Order *Nisi* No. 23,585; and DE 01-164, Order *Nisi* 23,681. As before, Granite State still has no customers taking default service. Furthermore, the Company continues to place the default service load out to competitive bid prior to the expiration of the previous contract.

Here, the Company issued a request for proposal (RFP) to thirty competitive suppliers for Granite State's default service, Granite State's Transition Service 2, and Massachusetts Electric Company's Standard Service 3 on August 16, 2001. The RFP requested fixed pricing for each month of service on a delivered energy basis.

Out of seven final bidders, the Company chose Calpine Energy Services, LP (Calpine) as its wholesale default service supplier. Calpine is also the default service provider for the period ending October 31, 2001. The retail rates resulting from the wholesale monthly contract prices are based on 4.95 cents per kWh for each month of the period, November, 2001 through June, 2002. The rates in the current default period are 8.68 cents per kWh and the rates for prior default periods have ranged between 6.23 cents per kWh and 9.44 cents per kWh.

The Company proposes to continue billing customers taking default service on a bills rendered basis assuming 15 days usage in the present month and 15 days usage in the past month. Under this billing method, the actual billing rate for November, 2001 will be 6.815 cents per kWh, which is the average of the current retail rate and the new retail rate. The Company will solicit another RFP for default service prior to the expiration of the Calpine's wholesale supply contract.

II. COMMISSION ANALYSIS

Granite State has used the same methods to procure default service here as it used in earlier procurements. The procurement method and resultant rates appear consistent with RSA 374-F:3, V (c), and the increase in the rate period to eight months on this occasion is reasonable. The decline in rates appears to reflect the general trend of spot market prices. We have not reviewed the extent of competitiveness of the regional markets in which the power was procured.

As stated in our past orders on Granite State's default service rates, our approval does not take the place of a prudence review for recovery of any claimed Transition Service 2 under-recovery. We will examine the prudence of the Transition Service 2 power contracts in a separate proceeding if the Company files to recover those costs.

As to the motion for confidential treatment, we recognize it is the same type of request as the Company has made in previous default service dockets with regard to power supply contracts. In DE 99-205, Order No. 23,476 dated May 15, 2000, we said with regard to wholesale price bids that the information contained:

"confidential, commercial or financial information", of which Granite State and Morgan Stanley have taken steps to protect, and which could cause them harm if made public~~Y~~.

Based on Granite State's representations, and there being no objection from any other party, under the balancing test we have applied in prior cases, e.g., *Re NET (Auditel)*, 80 NH PUC 437 (1995), *Re Eastern Utilities Associates*, 76 NH PUC 236 (1991), we find that the benefits to Granite State and Morgan Stanley of non-disclosure in this case outweigh the benefits to the public of disclosure. The information, therefore, is exempt from public disclosure pursuant to RSA 91-A:5,IV and Puc 204.06.

In this particular instance, Granite State contends that the information contained in the Calpine Contract includes competitive energy pricing and that the contract terms are commercially sensitive, which if disclosed would be harmful to Calpine's competitive position. The Company further states this would chill Calpine's willingness to participate in providing energy services in New Hampshire in the future. We

agree that the information is confidential as it is within the exemptions permitted by RSA 91-A:5, IV. Accordingly, we will treat the contract as confidential.

Based upon the foregoing, it is hereby

ORDERED NISI, that Granite State's default rate is approved at 4.95 cents per kWh for the period November 1, 2001 to June 30, 2002 and it is

FURTHER ORDERED, that in the event Granite State seeks to provide default service after June 30, 2002 on terms different than it has in the past, it shall file a request for modification of its default service offering with the Commission by January 1, 2002; and it is

FURTHER ORDERED, that Granite State's motion for confidential treatment with respect to the Calpine Contract is approved; and it is

FURTHER ORDERED, that the determination as to protective treatment made herein is subject to the ongoing authority of the Commission, on its own motion or on the motion of Staff, any party or any other member of the public, to reconsider this Order in light of RSA 91-A, should circumstances so warrant; 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 November 12, 2001 and to be documented by affidavit filed with this office on or before November 26, 2001; 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 on this matter before the Commission no later than November 19, 2001; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than November 26, 2001; and it is

FURTHER ORDERED, that this Order Nisi shall be effective November 1, 2001, unless the Commission provides otherwise in a supplemental order; and it is

FURTHER ORDERED, that the Petitioner shall file a revised tariff page reflecting the terms of this Order with the Commission on or before November 16, 2001.

By order of the Public Utilities Commission of New
Hampshire this second day of November, 2001.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Claire D. DiCicco
Assistant Secretary