

DE 01-195

GRANITE STATE ELECTRIC COMPANY

Transition Service Rates for November 15, 2001 - June 30, 2002

Order Nisi Approving Transition Rates

O R D E R    N O.    23,835

November 2, 2001

I.    BACKGROUND AND GENERAL DISCUSSION

On October 1, 2001, the petitioner, Granite State Electric Company (Granite State or the Company), submitted a proposal to decrease its rates for transition service during the period November 15, 2001 through June 30, 2002.

Accompanying the proposal was supporting testimony from Michael J. Hager, Manager, Distribution Energy Services for National Grid USA Service Company, Inc., and Theresa M. Burns, Manager of Distribution Rates of National Grid USA Service Company, Inc., on behalf of the Company.

Specifically, the Company proposes to decrease its base transition service rate from the currently effective rate of 6.462 cents per kWh to 4.741 cents per kWh, exclusive of the transition service adjustment factor, for energy usage after November 15, 2001. Including the current transition service adjustment factor of .215 cents per kWh, the ultimate transition service rate to be charged customers would be 4.956 cents per kWh, compared to the current rate of 6.677 cents per

kWh.

The impact of the proposed transition service decrease on a residential customer consuming 500 kWh per month and taking transition service is a decrease of \$8.61, or 13.5 per cent, compared to rates currently in effect.

The proposed base transition service rate reflects the Company's estimated costs under its existing contract for so-called transition service 1. These costs include stipulated contract prices and additional payments under the fuel index adjustment provisions of the contract. According to the Company, the proposed decrease in the base transition service rate is due to anticipated lower fuel index payments.

The Company expects decreased costs despite an increase in the stipulated contract price from 3.8 cents per kWh to 4.2 cents per kWh beginning in January, 2002.

The Company's filing does not reconcile differences between actual transition service costs and revenues. These will be addressed through the Company's annual restructuring surcharge filing for rate changes.

The Company's obligation under the Company's Amended Restructuring Settlement Agreement to provide transition service ends on June 30, 2002. The Company states that it intends to make a filing with the Commission regarding the

possible extension and/or modification of its transition (and default) service offerings.

## II. COMMISSION ANALYSIS

This filing is similar to previous transition service rate filings by the Company.

One difference is a requested increase of the length of the customary rate period from six months to seven and a half months in order to coincide with the scheduled end of the Company's obligation to provide transition service that exists under the Company's Amended Restructuring Settlement Agreement. We find the short extension of the rate period on this occasion is reasonable.

Another difference in this filing is that the Company proposes decreasing the base transition service rate instead of increasing it as it has in the past. Just as the past increases have been due to projected increases in the fuel index payments under the contract for transition service 1, the decrease for the upcoming rate period reflects projected decreases in the fuel index payments under the same contract.

Here, as in our approvals of the previous filings in Docket Nos. DE 00-198 (Order 23,589) and DE 01-183 (Order 23,701), we will approve the Company's proposal in order to

more accurately reflect the current cost of transition service in rates. We note, moreover, that the base transition service rates we now approve are projected by the Company to mitigate substantial overcollections of both transition service 1 and transition service 2 during the rate period ending June 30, 2002.

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

**ORDERED NISI**, that Granite State's transition service rate is approved at 4.741 cents per kWh for the period November 15, 2001 through June 30, 2002; and it is

**FURTHER ORDERED**, that Granite State shall file any request for an extension and/or modification of its transition service offering(s) with the Commission by January 1, 2002; 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 15, 2001, unless the Commission provides otherwise in a supplemental order; and it is

**FURTHER ORDERED,** that the Petitioner shall file a compliance tariff with the Commission on or before November 26, 2001.

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

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Thomas B. Getz  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Claire D. DiCicco  
Assistant Secretary