

DE 01-223

NEW HAMPSHIRE ELECTRIC COOPERATIVE

Proposed Stranded Cost Charge

Order Approving Stranded Cost Charge

O R D E R N O. 23,881

December 31, 2001

On November 16, 2001, New Hampshire Electric Cooperative, Inc. (Cooperative), filed with the New Hampshire Public Utilities Commission (Commission) a request for revision of its Stranded Cost Charge. The Cooperative proposed to increase the Stranded Cost Charge by \$0.00466 per kilowatt-hour, from the current rate of \$0.01650 per kWh to \$0.02116 per kWh, a 3.3 percent increase to the Cooperative's total average tariff revenue per kWh. However, with the Cooperative's proposed rate changes to the Interim Energy Assistance Program Charge and the Stranded Cost Charge for effect on January 1, 2002, there would be no net percentage change in the average tariff revenue per kWh.

Taken in isolation of any other rate changes scheduled for January 1, 2002, the effect on a residential ratepayer's monthly bill with usage of 500 kWh would be an increase of \$2.33, from \$70.58 to \$72.91.

The Cooperative proposes the Stranded Cost Charge be effective on January 1, 2002, for all members served at the Cooperative's retail tariff rates. The charge is calculated as

the total stranded cost for the period divided by the forecast sales, exclusive of special contract ski area load, for the same period. The actual stranded costs and stranded cost recoveries will continue to be reconciled monthly.

Costs associated with the Cooperative's 25 MW share of the Seabrook Nuclear facility are included in the Stranded Cost Charge calculation. Seabrook costs include amortization of the regulatory asset as described in the Cooperative's testimony in Docket DR 98-097, the Cooperative's Revised Restructuring Compliance Filing. The operating costs of the facility, including nuclear fuel amortization, decommissioning, and administrative and general expenses, are reflected in the calculation of the Stranded Cost Charge. The Stranded Cost Charge also includes the amortization of the regulatory asset associated with the termination of the Cooperative's power contract with Public Service Company of New Hampshire in accordance with the Commission's approval in Docket DR 98-097.

The Cooperative's proposed Stranded Cost Charge has assumed a refueling of the Seabrook Nuclear Plant for May, 2002, lasting approximately two months. During this time, the Cooperative will not receive generation revenue yet will incur increased operating costs. Because there was no refueling outage during 2001, the anticipated costs associated with a refueling outage in 2002 contribute to the increased Stranded Cost Charge.

Due to the uncertainty as to when the sale of the Seabrook Nuclear Plant will be completed, the Cooperative has not factored the sale of the Seabrook Nuclear Plant into the Stranded Costs Charge at this time. The Stranded Cost Charge is based on a full year of ownership obligation. The Cooperative will propose to adjust the Stranded Costs Charge, if necessary, upon the settlement of the Seabrook Nuclear Plant sale.

The relevant provision of the Electric Utility Restructuring Act provides that stranded cost charges must be consistent with the general principle that rates be "equitable, appropriate, and balanced" as well as "in the public interest." RSA 374-F:3, XII(a). The Commission is specifically authorized to determine stranded cost charges; in so doing the Commission must "balance the interests of ratepayers and utilities during and after the restructuring process." Id., see also RSA 374-F:4,V (similarly noting that the burden of proof as to recoverable stranded costs rests with petitioner). For the reasons explained above, the Cooperative's request meets these standards and is appropriate for approval.

Based upon the foregoing, it is hereby

ORDERED, that the Cooperative's Stranded Cost Charge of \$0.02116 per kWh is APPROVED effective January 1, 2002 on a bills-rendered basis; and it is

FURTHER ORDERED, that the Petitioner shall file a compliance tariff with the Commission on or before January 14, 2002, in accordance with N.H. Admin. Rules, Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this thirty-first day of December, 2001.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Kimberly Nolin Smith
Assistant Secretary