

DE 02-127

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Reconciliation of
Stranded Cost Recovery Charge and Transition Service Charge

Prehearing Conference Order

O R D E R N O. 24,054

September 18, 2002

APPEARANCES: Gerald M. Eaton, Esq. for Public Service Company of New Hampshire; James Monahan for Competitive Energy Services - New Hampshire, L.L.C.; Meredith A. Hatfield for the Governor's Office of Energy and Community Services; Office of Consumer Advocate by Michael W. Holmes, Esq. on behalf of residential ratepayers; and General Counsel Gary M. Epler for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On June 28, 2002, Public Service Company of New Hampshire (PSNH), filed with the New Hampshire Public Utilities Commission (Commission) its proposed reconciliation of the accounts associated with the Company's Stranded Cost Recovery Charge (SCRC) and Transition Service Charge. These charges are integral to the PSNH Restructuring Settlement Agreement (Restructuring Agreement), which the Commission approved in 2000 in order to open the PSNH service territory to competition among retail suppliers of electricity. *See generally PSNH Proposed Restructuring Settlement*, 85 NH PUC 154 (approving Restructuring Agreement); *on reh'g*, 85 NH PUC 536 and 85 NH PUC 645 (2000); *see also PSNH Proposed Restructuring Settlement*, 85 NH PUC 567

(2000) (resolving financing issues related to securitization of stranded costs) and RSA 369-B (establishing legislative conditions for securitization financing). The instant filing seeks the Commission's approval of PSNH's reconciliation of the applicable costs and revenues for the period from May 1, 2001 through December 31, 2001.

On August 7, 2002, the Commission entered an Order of Notice establishing a Prehearing Conference, which was held at the Commission on August 22, 2002. On August 9, 2002, the Office of Consumer Advocate (OCA) gave notice of its intent to participate in this docket on behalf of residential utility consumers pursuant to RSA 363:28 II. Prior to the Pre-Hearing Conference, the Commission received motions to intervene from the Governor's Office of Energy and Community Services (ECS) and Competitive Energy Services - New Hampshire, L.L.C. (CES). There were no objections to these motions, which were granted at the Pre-Hearing Conference. On August 28, 2002, the Commission received an intervention petition from the Robert E. McLaughlin Trust, which is hereby granted subject to the Trust's willingness to abide by the procedural schedule established herein.

II. PRELIMINARY POSITIONS OF THE PARTIES AND STAFF

A. Public Service Company of New Hampshire

In its written filing, PSNH noted that it seeks approval of its SCRC and TSC reconciliation for the period from May 1, 2002 (the advent of PSNH's restructuring under the Restructuring Agreement) and December 31, 2001, so as to put future reconciliations on a calendar-year basis. As noted in the pre-filed testimony of Robert A. Baumann, director of revenue regulation and load resources for PSNH parent company Northeast Utilities, prior to May 1, 2001, PSNH's rates were based on the so-called Rate Agreement between the State of New Hampshire and PSNH, which included both base rates and a Fuel and Purchased Power Adjustment Clause (FPPAC) to allow for the recovery of costs related to generation and purchased power.

Mr. Baumann further noted that, under the Restructuring Settlement, the three major components of PSNH's retail rates are now the Delivery Charge, the SCRC and the TSC, with the last applying to customers who continue to purchase both energy (in the form of Transition Service) and distribution services from PSNH. And he pointed out that, under the Restructuring Agreement, Transition Service is priced at \$0.044 per kilowatt-hour until January 31, 2002, with adjustments thereafter. As Mr. Baumann noted, to the extent that revenues

from Transition Service differ from PSNH's actual costs, the Restructuring Agreement calls for an adjustment to the so-called Part 3 Stranded Costs described in the Restructuring Agreement.

At the Pre-Hearing Conference, PSNH noted that applicable revenues have exceeded costs by approximately \$6 million during the period, which PSNH seeks to apply to reduce recoverable Part 3 Stranded Costs. According to PSNH, all of the relevant costs were prudently incurred and should therefore be deemed recoverable. In addition to the prefiled testimony already submitted in support of its request, PSNH indicated that it would be filing by mid-September certain documents related to outages and power reductions at Seabrook Station.

B. Competitive Energy Services - New Hampshire, L.L.C.

CES noted that, as a general matter, it is seeking the opportunity to sell energy at retail in the PSNH service territory, but had not yet determined what position it would take relative to the reconciliations proposed by PSNH in the instant filing.

C. Governor's Office of Energy and Community Services

ECS indicated that it would simply be monitoring the proceeding and did not intend to submit testimony.

D. Office of Consumer Advocate

OCA stated that it could not support PSNH's proposal as filed, but that it expected discussions among the parties to yield a settlement agreement on some if not all of the outstanding issues.

E. Staff

Staff indicated that it was still in the process of reviewing the PSNH filing and did not have a position to state at the Pre-Hearing Conference. However, Staff noted that because this docket marks the first PSNH filing of its type, some additional time for discovery than is usual may be necessary.

III. PROCEDURAL SCHEDULE

Following the Prehearing Conference, the parties and Staff met in a Technical Session and agreed upon the following schedule, which was submitted to the Commission by letter from PSNH received on August 23, 2002.

Technical Session	9/19/02
Data Requests from the Parties to the Company	10/16/02
Data Responses from the Company	10/30/02
Technical Session/Settlement Conference	11/8/02
Testimony from Staff and Intervenors	11/22/02
Data Requests to Intervenors and Staff	12/3/02

Data Responses from Staff and Intervenors	12/17/02
Technical Session/Settlement Conference	12/17/02
Hearing	1/8/03 and 1/9/03

The Commission has reviewed the Procedural Schedule as proposed herein and determined that it is reasonable.

Based upon the foregoing, it is hereby

ORDERED, that the procedural schedule as proposed herein is reasonable and is hereby adopted; and it is

FURTHER ORDERED, that the pending motions to intervene are granted.

By order of the Public Utilities Commission of New Hampshire this eighteenth day of September, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Michelle A. Caraway
Assistant Executive Director