

**DE 04-177**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**Proposed Transition Energy Service Rate**

**Order Denying Motion for Rehearing**

**ORDER NO. 24,443**

**March 24, 2005**

**I. BACKGROUND**

On February 28, 2005, the Office of Consumer Advocate (OCA) filed with the New Hampshire Public Utilities Commission (Commission) in Docket No. DE 04-177, a Motion for Rehearing or for Clarification (Motion) of Order No. 24,427 (January 28, 2005). The OCA requests that the Commission “clarify its Order by making clear that [Public Service Company of New Hampshire] stranded cost allocation may be re-examined at any time in a rate design proceeding.” Motion, p. 3. No objections were made to the OCA’s Motion.

In its Motion, the OCA cites the following language from Order No. 24,427, which rejected the OCA’s proposal that PSNH’s generation facilities be used to serve only residential and small commercial customers.

[W]e would not take the step urged by the OCA because its proffered justification for such an action - what OCA perceives to have been an unfair allocation of stranded costs in the PSNH Restructuring Settlement Agreement - is unpersuasive. Whether one agrees or disagrees with the apportionment of recoverable stranded costs and/or rate relief in the 1999 and 2000 proceedings that led to the approval of the Restructuring Agreement, the decision has long since become final. In essence, the OCA invites us here to revisit that determination. We decline to do so.

The OCA opines that the cited language “seems to imply that the allocation of stranded costs ordered in the docket which approved the PSNH Settlement Agreement cannot be disturbed in a subsequent docket.” Motion, p. 2. The OCA contends that such a result would be inconsistent with the Commission’s decision in the Docket No. DE 99-099, Re PSNH Proposed Restructuring Settlement, 85 NHPUC 154, (2000) and cites the following language regarding the stranded cost recovery charge (SCRC):

Because of the state of the discussion of cost allocation issues on this record, we are not in a position to adopt Dr. Stutz’s recommendation fully and permanently. Neither can we accept the PSNH proposal, which produces extreme differences in SCRCs between classes. For example, under the PSNH proposal, the residential class would pay an SCRC approximately 40 percent higher than large general customers, and 400 percent higher than special contract customers. Such differentials in SCRC charges are inconsistent with sound cost allocation, and cannot be squared with the statutory requirements. In anticipation of redesign of the SCRC after a full examination of the issue in a rate design proceeding, and to prevent severe dislocation in prices at that time, it is necessary to identify a middle ground between the two approaches. Such a result would incorporate some reflection of fair cost allocation principles, with adopting the OCA analysis in its entirety on this record.” Re PSNH Proposal Restructuring Settlement, 85 NHPUC at 251.

The OCA concludes by stating that in Docket No. 99-099, the Commission “clearly reserved the stranded cost allocation” for a later proceeding. It then asserts that Order No. 24,427 “should acknowledge that reservation and not imply that the issue has been decided and cannot be re-examined.” Motion, p. 3.

In determining as part of its decision in Order No. 24,427 that there was no statutory basis for the OCA’s cost allocation proposal, the Commission also noted that the proposal was inconsistent with stranded cost allocations approved in the PSNH Restructuring Settlement Agreement. The Commission stated, in that regard, that it declined to revisit the allocation issue in Docket No. DE 04-177. That decision was specific to the circumstances of OCA’s proposal, as part of a Transition Service rate

proceeding, to essentially give residential customers first call on the benefits of low cost power from PSNH's generation assets to the detriment of commercial and industrial customers. It should not be inferred from the decision in Order No. 24,427 that in an appropriate rate design proceeding the Commission would prejudge or presumptively reject any valid stranded cost allocation proposal.

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

**ORDERED**, that the OCA's Motion for Rehearing is Denied.

By order of the Public Utilities Commission of New Hampshire this twenty-fourth day of March, 2005.

---

Thomas B. Getz  
Chairman

---

Graham J. Morrison  
Commissioner

---

Michael D. Harrington  
Commissioner

Attested by:

---

Michelle A. Caraway  
Assistant Executive Director and Secretary