

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 10-303

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Request to Adjust Stranded Cost Charge

Order *Nisi* Granting Petition

ORDER NO. 25,287

November 9, 2011

On October 13, 2011, New Hampshire Electric Cooperative, Inc. (NHEC or Company) filed a letter requesting an adjustment to its stranded cost charge (SCC) effective with bills rendered on and after December 1, 2011. The filing requests approval of a decrease to the SCC rates for bills rendered beginning December 1, 2011 from \$0.01032 per kilowatt hour (kWh) to \$0.00408 per kWh. According to NHEC, the effect of this proposed rate reduction would be a decrease of 3.43% in total average revenue per kWh. NHEC made the filing in compliance with Order No. 25,177 (December 17, 2010) in the instant docket. In that order, the Commission noted that NHEC would be completing its recovery of stranded costs in 2011 and directed NHEC to consider adjustments to its SCC following the third quarter of 2011 so as to minimize any-over or under-recovery balances at year end.

On October 25, 2011, NHEC filed a letter to clarify that the proposed effect of the rate reduction would be a decrease of 3.43% if there were no other changes to the NHEC rates. NHEC said that in addition to the SCC rate change, it anticipates changes to various other rate components to be implemented effective November 1, 2011, December 1, 2011 and January 1, 2012 and expects that the probable net effect of these changes will be that NHEC's overall non-

energy service rates will remain approximately level until January 1, 2012, at which point they will decrease.

On October 26, 2011, NHEC filed a letter wherein it amended its rate change proposal. In that filing, NHEC proposed to reduce the SCC rate from \$0.01032 per kWh to \$0.00327 per kWh, or a reduction of 3.70% in total average revenue per kWh if there were no other changes to its rates.

Staff filed a recommendation with the Commission on October 20, 2011 which was replaced by an October 27, 2011 memorandum following the receipt of NHEC's amendment to its initial filing. In the October 27 memorandum, Staff explained that the SCC includes the amortization of the Seabrook regulatory asset and the amortization of a regulatory asset associated with the termination of NHEC's wholesale power contract with Public Service Company of New Hampshire. According to Staff, as of December 31, 2010, NHEC had \$7.2 million remaining to be recovered through the SCC rate. In fact, Staff reported that, due to actual year-to-date sales exceeding forecasted sales, the balance as of September 30, 2011 is over-recovered. Consequently, NHEC expected an over-recovery balance by year end unless the SCC rate is reduced. Staff stated that if the over- or under-recovery balance at December 31, 2011 is less than \$25,000, NHEC has committed to absorb the balance into its costs of operation. For balances in excess of \$25,000, NHEC stated it would seek Commission approval of a refund/recovery plan consistent with Order No. 25,177.

Staff recommended that the Commission approve the proposed reduction in the SCC from \$0.01032 per kWh to \$0.00327 per kWh for effect with bills rendered on and after December 1, 2011. Staff also recommended that, as ordered in Order No. 25,177, if NHEC

experiences an over- or under-recovery in the SCC balance as of December 31, 2011, NHEC should file a refund/recovery plan no later than January 31, 2012.

We have reviewed NHEC's filing and Staff's recommendation and find that the proposed reduction to the December 2011 SCC rate is just and reasonable and consistent with NHEC's obligations pursuant to Order No. 25,177. We also adopt Staff's recommendation that, in the event there is an over- or under-recovery at the end of 2011, NHEC file a written request no later than January 31, 2012 regarding the plan to address the over- or under-recovery, including any supporting documentation for the Commission's review.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, that the New Hampshire Electric Cooperative, Inc. is authorized to reduce its stranded cost charge rate with bills rendered on and after December 1, 2011 from \$0.01032 per kWh to \$0.00327 per kWh; and it is

FURTHER ORDERED, that in the event that the SCC balance is over or under recovered, NHEC shall file a refund/recovery plan no later than January 31, 2012; 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 16, 2011 and to be documented by affidavit filed with this office on or before November 30, 2011; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states

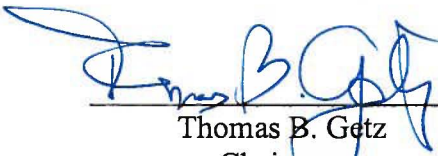
the reason and basis for a hearing no later than November 23, 2011 for the Commission's consideration; and it is

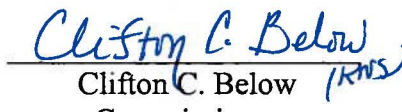
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than November 28, 2011; and it is

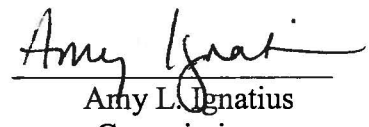
FURTHER ORDERED, that this Order *Nisi* shall be effective November 30, 2011, unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that the Petitioner shall file a compliance tariff with the Commission on or before December 14, 2011, in accordance with N.H. Code Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this ninth day of November, 2011.


Thomas B. Getz
Chairman


Clifton C. Below (KMS)
Commissioner


Amy L. Ignatius
Commissioner

Attested by:


Debra A. Howland
Executive Director