

DE 99-044

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Fuel and Purchase Power Adjustment Clause June 1, 1999 through  
November 30, 1999

Order Approving FPPAC Rate

O R D E R    N O.    23,219

May 28, 1999

**APPEARANCES:** Gerald M. Eaton, Esq., for Public Service Company of New Hampshire; Kenneth Traum, for the Office of Consumer Advocate; and Eugene F. Sullivan, III, Esq., for the Staff of the New Hampshire Public Utilities Commission.

**I.    PROCEDURAL HISTORY**

On March 23, 1999, Public Service Company of New Hampshire (PSNH or the Company) filed a Motion for a Two Month Extension of the Current Fuel and Purchased Power Adjustment Clause (FPPAC) Rate and Corresponding Delay in Schedule (Motion) with the New Hampshire Public Utilities Commission (Commission). At its Commission meeting on April 19, 1999, the Commission decided to defer ruling on this Motion until a written order was issued by the Federal Court following its April 7, 1999 hearing. On April 30, 1999 PSNH filed revised tariff pages providing for a continuation of the currently effective FPPAC rate of \$0.00383 per kWh, along with the technical statement of Robert A. Baumann and supporting exhibits.

The Commission issued an Order of Notice on May 14, 1999, ordering a hearing to be held May 21, 1999, that any party

seeking intervention file a petition to intervene on or before May 20, 1999, and any party objecting to a petition to intervene file an objection on or before May 21, 1999. There were no petitions to intervene.

## **II. POSITIONS OF THE PARTIES AND STAFF**

### **A. PSNH.**

The Company presented the testimony of its witness, Robert A. Baumann, Manager-Revenue Requirements and Fuel Recovery for Northeast Utilities Service Company. PSNH requested the Commission approve a continuation of the current FPPAC rate of 0.383 cents per kWh beyond the current effective billing period ending May 31, 1999. The Company requested no specific ending date for the extension.

Mr. Baumann testified that by keeping the current rates in effect, there would be no over-recovery of current FPPAC cost, and the rate would not recover any of the under-recovery to date of approximately \$81.1 million. According to the Company witness, by September of 1999 the current rate would not cover current FPPAC costs and the Company would need to file for a rate increase or risk writing off those costs unless a settlement in the restructuring docket, DR 96-150, was reached by that time. Under current rates, the Company expects the under-recovery to increase to approximately \$94.7 million by the end of November, 1999. An approximate 4 percent overall rate increase would be

needed for the period September 1999 through November 1999 in order for the Company to cover current FPPAC costs and the under-collection projected for these last 3 months of the FPPAC period. PSNH does not currently collect interest on the under-collection and is not seeking interest on the under-collection in this filing.

The Company also requested a change to the rates paid to Qualifying Facilities for the period June 1, 1999 through November 30, 1999 based upon short-term avoided energy costs which were calculated using the same methodology used in previous FPPAC proceedings.

**B. OCA**

The Office of Consumer Advocate (OCA) did not object to the continuation of the current FPPAC rate, given that a party's right to challenge costs in the FPPAC filing at a later date were not forfeited by approval of the current petition.

**C. STAFF**

The Staff of the New Hampshire Public Utilities Commission (Staff) questioned the Company on the source of the current under-collection, of which approximately \$42 million was previously approved, and approximately \$36 million is attributable to "light loading", leaving \$4 million not yet approved. Light loading refers to the ability to curtail deliveries of power from Qualifying Facilities during periods of

light or low loads pursuant to 18 C.F.R. §292.304(f). Staff did not object to the continuation of the current FPPAC rate and requested that the usual FPPAC exhibits not included with the April 30, 1999 filing be filed with the Commission.

### **III. COMMISSION ANALYSIS**

Based upon the Company's calculations that the deferral should not increase significantly between June 1999 and August of 1999, we will allow the Company to keep current FPPAC rates in effect for the period June 1, 1999 through November 30, 1999. Although the Company has requested an open ended approval, the rate agreement specifies FPPAC calculations will be for a 6 month period. Concerning the possible rate increase data in this FPPAC filing, we have not been asked to, nor will we approve such a request at this time, but we will allow PSNH or any other party the opportunity to make such a request at the time a rate increase is sought. We find it is in the public interest to keep PSNH's rates unchanged at the present time due to the uncertain effect of the upcoming rate case and the ongoing restructuring settlement discussions. We note that PSNH is not proposing any interest charge be applied to the under-collection.

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

**ORDERED**, that the current FPPAC rate of \$.00383 per kWh shall remain in effect on and after June 1, 1999 through November 30, 1999 unless otherwise ordered by the Commission; and that PSNH shall file compliance tariffs in accordance with this order no later than June 14, 1999, and it is

**FURTHER ORDERED**, that PSNH's short term avoided cost rates for Qualifying Facilities are approved for the period June 1, 1999 through November 30, 1999 as follows:

<u>Project Type</u>	<u>On Peak</u>	<u>Off Peak</u>	<u>All Hours</u>
all projects under 500 kW	2.5499¢/kWh	2.316¢/kWh	2.4074¢/kWh
projects over 500 kW:			
Great Falls Upper	2.6276¢/kWh	2.3579¢/kWh	2.467¢/kWh
Dunbarton Landfill			2.3831¢/kWh
Rochester Landfill			2.3959¢/kWh
All other projects over 500 kW (before adjustments for line losses and indirects)	2.482¢/kWh	2.269¢/kWh	2.352¢/kWh

Capacity Rate (not including adjustments for the Loss Factor and Peak Reduction Factor): \$2.40 per kilowatt-month.

By order of the Public Utilities Commission of New  
Hampshire this twenty-eighth day of May, 1999.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary