

DE 99-190

**CONCORD ELECTRIC COMPANY
EXETER & HAMPTON ELECTRIC COMPANY**

**Retail Fuel and Purchased Power Adjustments, Short-Term Power
Purchase Rates for Qualifying Facilities, and
NH Pilot Program Rate Adjustments**

**Order Approving Fuel and Purchase Power Adjustments, Short-Term
Purchase Power Rates, and Pilot Program Rate Adjustments**

O R D E R N O. 23,374

December 29, 1999

APPEARANCES: LeBoeuf, Lamb, Greene & MacRae by Scott Mueller, Esq. for Concord Electric Company and Exeter & Hampton Electric Company, Henry J. Bergeron and Paul G. Tessier for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On December 2, 1999, Unutil Service Corporation on behalf of Concord Electric Company (CEC) and Exeter & Hampton Electric Company (E&H)(collectively the Companies) filed with the New Hampshire Public Utilities Commission (Commission) proposed tariff pages, supporting testimony and exhibits to revise the Companies' retail fuel adjustment clause (FAC) charges and purchased power adjustment clause (PPAC) charges, short-term power purchase rates for Qualifying Facilities, and the stranded cost recovery charges and external transmission cost charges applicable to the Companies' participants in the Retail

Competition Pilot Program for the period January 1, 2000 to June 30, 2000.

On the same day, Unitil also filed a tariff filing revising its Administrative Service Charge (ASC), which is the Company's mechanism for collecting costs associated with the Pilot Program.

An Order of Notice was issued on December 8, 1999 calling for a hearing on December 21, 1999. No motions for intervention were received.

II. POSITIONS OF THE PARTIES AND STAFF

A. Concord Electric Company and Exeter & Hampton Electric Company

The Companies presented the testimony of two witnesses, Linda S. Hafey, Project Leader of Regulatory Operations for Unitil Service Corporation, and Scott A. Long, Senior Energy Analyst for Unitil Service Corporation. Mr. Long's testimony addressed Unitil Power Corporation's (UPC) production plan and associated costs. The base energy charge from UPC to the Companies, effective January 1, 2000, will be \$0.04622/kWh and the fuel charge will be \$0.01909/kWh. UPC's proposed rates represent a 2.8 percent decrease in demand charges (from \$22.46/kW to \$21.83/kW) from the July to December 1999 period, a decrease of 11.5 percent in base energy charges (from \$0.00522/kWh to \$0.00462/kWh), and a 23.5 percent increase in fuel charges (from \$0.01546/kWh to \$0.01909/kWh). The demand

charge is decreasing mainly due to transmission credits and lower transmission costs associated with a May 1999 FERC ruling on the settlement of the NEPOOL Open Access Transmission Tariff (OATT). The FERC approved a settlement wherein claims of double charging for transmission services were resolved. The ruling resulted in settlement payments to UPC for previous payments and reductions in future transmission payments associated with the Company's purchased power contracts. The base energy charge is decreasing because of the changeover in Baystate/Agawam Turboexpander buyout payments from a second half of the year basis to equal monthly payments over the entire year. The forecast availability of the Seabrook nuclear unit has been adjusted downward to reflect actual availability. Seabrook base energy charges are directly linked to unit availability, thus causing a corresponding decrease in costs. Fuel charge increases are due to significant increases in oil prices over forecasted levels caused by OPEC production quotas. As pointed out in response to a question posed by Commissioner Brockway, the largest cause of the increase in the fuel charge is due to the "unbilled prior" amount. This under collection during the last period was caused by an increase in oil prices, which was considerably higher than what had been forecasted.

Mr. Long testified that in the six-month period covered by this filing, mitigation savings totaling \$1,300,000, equivalent to approximately 4% of retail power costs, are being passed through to customers. These savings include a buyout by Indeck of an option agreement and a buyout of the Baystate-Agawam gas turboexpander purchased power contract.

Ms. Hafey presented calculations which support CEC's request for a FAC credit of (\$0.00580) per kWh and a PPAC credit of (\$0.00390) per kWh. The combined effect of these rate changes and the impact of a lower Administrative Service Charge (ASC) of \$0.00003 per kWh, results in a typical 500 kWh per month residential bill decreasing from \$49.09 to \$47.45, or 3.34 percent.

Calculations for E&H support a FAC credit of (\$0.00635) per kWh and a PPAC credit of (\$0.00060) per kWh. The combined effect of these rate changes and the impact of a lower Administrative Service Charge (ASC) of \$0.00001 per kWh, results in a typical 500 kWh per month residential bill decreasing from \$47.11 to \$46.56, or 1.17 percent.

In her prefiled testimony, Linda S. Hafey provided an explanation of the Companies' Mitigation Proceeds Credit (MPC), the Sales Margin Retention Credit (SMRC), and the Participation Incentive Credit (PIC) as well as the Non-Participant Protection Adjustment (NPA) for the Retail Competition Pilot Program. This included an explanation of how the NPA protects non-participating

customers from unrecovered power supply costs due to customer participation in CEC's and E&H's Retail Competition Pilot Program.

The Companies filed revised tariffs for short-term power purchase rates for Qualifying Facilities as follows:

Energy Rates	
On Peak	2.71¢ per kWh
Off Peak	2.04¢ per kWh
All Hours	2.26¢ per kWh
Capacity Rate	0.00¢ per kW-yr.

B. Staff

Staff did not present testimony but cross examined the Companies' witnesses on the issues of pilot program participation, transmission costs, i.e., NEPOOL Open Access Transmission Tariff, changes in payments to certain plant owners, short-term avoided costs, and contract buyouts.

III. COMMISSION ANALYSIS

We have reviewed the testimony and exhibits in this case. Based upon a review of the petition and the witnesses' testimony, we find the proposed rate changes for CEC and E&H to be in the public interest. In addition, we note that the Companies' method for calculating the FAC and PPAC has not changed since their last filing which we found to be just and reasonable.

We note Staff's concern over the filing of this

petition. While we appreciate the Companies' attempt to file a petition which contains the most accurate figures available in order to determine the FAC and PPAC rates, we realize that the filing deadline established in Order #18,525 in DR 86-296, i.e., thirty days before a change in rates is scheduled to take effect, does not leave sufficient time for Staff to review and investigate the filing as thoroughly as they would like. We also appreciate Staff's diligence. At this time, we are not convinced that changing the deadline is warranted. However, we would strongly encourage the Companies to make every attempt to file their petition, or at least a portion of the petition's supporting exhibits, at least forty-five days ahead of the date when the tariff changes take effect even if it means one more month of estimated data and one month less of actual numbers.

Based upon the foregoing, it is hereby

ORDERED, that Concord Electric Company's Fuel Adjustment Charge for the period of January 1, 2000 through June 30, 2000 shall be a credit of (\$0.00580) per kWh, its Purchased Power Adjustment Charge shall be a credit of (\$0.00390) per kWh, and its Administrative Service Charge shall be \$0.00003 per kWh; and it is

FURTHER ORDERED, that Exeter & Hampton Electric Company's Fuel Adjustment charge for the period of January 1, 2000 through June 30, 2000 shall be a credit of (\$0.00635), its Purchased Power Adjustment Charge shall be a credit of (\$0.00060) per kWh, and its Administrative Service Charge shall be \$0.00001 per kWh; and it is

FURTHER ORDERED, that the Companies' short-term purchase power rates for Qualifying Facilities are approved as follows:

Energy Rates	
On Peak	2.71¢ per kWh
Off Peak	2.04¢ per kWh
All Hours	2.26¢ per kWh
Capacity Rate	0.00¢ per kW-yr;

and it is

FURTHER ORDERED, that Concord Electric Company's and Exeter & Hampton Electric Company's Stranded Cost Recovery Charges are approved as filed in Exhibit LSH-8; and it is

FURTHER ORDERED, that Concord Electric Company and Exeter & Hampton Electric Company file revised tariff pages in compliance with this Order on or before January 15, 2000.

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

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary