

DE 01-232

CONNECTICUT VALLEY ELECTRIC COMPANY

Proposed 2002 Business Profits Adjustment Percentage (BPTAP)

Order Approving 2002 BPTAP

O R D E R N O. 23,884

December 31, 2001

This proceeding concerns a November 30, 2001 petition by Connecticut Valley Electric Company (CVEC) to revisit certain charges authorized by the Commission in Order No. 23,760 (August 16, 2001). Specifically, Order No. 23,760 authorized CVEC to collect a Business Profits Tax Adjustment Percentage (BTAP) applied to customers' bills, to account for the elimination by the legislature of the Franchise Tax formerly applicable to utilities and its replacement by the Electricity Consumption Tax, changes that were made to implement the restructuring of New Hampshire's electric industry. As noted in Order No. 23,760, because the Franchise Tax was established as a credit to New Hampshire's Business Profits Tax (BPT) the change had the effect of causing CVEC to incur a BPT, justifying an adjustment to rates. The BTAP also accounts for the one-time Accumulated Deferred Income Tax (ADIT) required to be recorded on the Company's books when it became liable for the income-based BPT, and the tax gross-up on the one-time ADIT.

CVEC's petition requests a BTAP for 2002 of 0.72 percent, effective with bills rendered on or after January 1, 2002. The Company's proposal amounts to \$135,787 and, as noted above, includes estimated BPT for the year 2002, deferred recovery of ADIT, true-ups for prior year BPT and related interest. This amount, when divided by estimated revenues for year 2002 yields the proposed BPTAP of .72 percent effective January 1, 2002.

Taken in isolation of any other rate changes on January 1, 2002, the effect of the proposed BPTAP on a 500 kilowatt-hour (kWh) bill for Residential Rate D is a reduction of \$0.06.

RSA 378:7 requires the Commission to establish rates for utilities that are "just and reasonable." Further, the relevant provisions of the Electric Utility Restructuring Act authorize the Commission to "order such changes...that are necessary to implement restructuring and are substantially consistent with the principles established in this chapter." RSA 374-F:4, VIII(a); see also RSA 374-F:3 (listing policy principles). We have reviewed CVEC's proposal and find it to be consistent with these standards as well as over previous determinations in Order No. 23,760. Accordingly, the proposed BTAP is approved for 2002.

Based upon the foregoing, it is hereby

ORDERED, that the BPTAP of .72 percent for the period January 1, 2002 through December 31, 2002 is APPROVED; and it is

FURTHER ORDERED, that the Petitioner shall file a compliance tariff with the Commission on or before January 14, 2002, in accordance with N.H. Admin. Rules, Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this thirty-first day of December, 2001.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Kimberly Nolin Smith
Assistant Secretary