

DE 02-103

Granite State Electric Company

Default Rates for July 1, 2002-April 30, 2003

Order Nisi Approving Default Rates

O R D E R    N O. 24,000

June 27, 2002

I. BACKGROUND AND GENERAL DISCUSSION

On May 23, 2002, the petitioner, Granite State Electric Company (Granite State or the Company), submitted a proposal regarding the Company's default service rates for the period July 1, 2002 through April 30, 2003. The proposal consisted of a cover letter, the Testimony of Michael J. Hager, and supporting attachments. Additionally, the Company submitted a motion for confidential treatment for the two power supply contracts, covering the July, 2002 through October, 2002 period (Virginia Electric and Power Company Contract) and November, 2002 through April, 2003 period (Select Energy, Inc. Contract), respectively. The Contracts were provided as a separate exhibit to the testimony of Mr. Hager.

This type of default service filing has become routine for Granite State. We have previously approved the Company's rates

for default service in Dockets No. DE 99-204, Order No. 23,393; DE 00-087, Order 23,453; DE 00-218, Order *Nisi* No. 23,585; DE 01-164, Order *Nisi* 23,681; and DE 01-190, Order No. 23,834. Unlike previous instances, when Granite State had no customers on default service, the Company for the first time has customers taking default service. As of May, 2002, there were four customers taking default service. As in the past, the Company continues to place the default service load out to competitive bid prior to the expiration of the previous contract, which will occur June 30, 2002.

Here, the Company issued a request for proposals (RFP), on March 1, 2002, to thirty competitive suppliers for Granite States default service and Massachusetts Electric Company's Standard Service 3. The RFP requested fixed pricing for each month of service on a delivered energy basis.

Out of eight final bidders, the Company chose two wholesale default service suppliers to cover the full period. For the period July, 2002 through October, 2002, the Company chose Virginia Electric and Power Company (Virginia Electric) as its wholesale default service supplier. For the remaining period,

November, 2002 through April, 2003, the Company chose Select Energy, Inc. (Select) as its wholesale default service provider. The retail rates resulting from the wholesale monthly contract prices fluctuate monthly and range from 4.184 cents per kWh (April 2003) to 6.523 cents per kWh (August 2002) with a simple average billing rate of 5.075 cents per kWh. The rates in the current default period are 4.95 cents per kWh and the rates for prior default periods have ranged between 6.23 cents per kWh and 9.44 cents per kWh.

As the Company has done in the past, Granite State proposes to continue billing customers taking default service on a bills-rendered basis using a rate calculated on the basis of a fifteen-day pro rate. This fifteen-day pro rate is the proposed average price reflecting the average of the prior month's price and the present month's price, and assumed that every customer was billed with 15 days of usage in the prior month and fifteen days of usage in the present month. Also, if the cost of procuring default service varies from the amounts collected from customers, the Company will reconcile the difference using the "Default Service Cost Reconciliation Mechanism" that was approved by the Commission

in Order No. 23,558 (September 25, 2000). The Company will solicit another RFP for default service prior to the expiration of Select's wholesale supply contract. Staff has reviewed the filing, conducted discovery upon it and has recommended approval. Staff notes that the Company segregated its default service solicitation into two separate six-month service periods in order to minimize purchase costs. In so doing, GSEC was able to select the lowest bidder for each period.

## **II. COMMISSION ANALYSIS**

Granite State has used the same methods to procure default service here as it used in earlier procurements. The procurement method and resultant rates appear consistent with RSA 374-F:3, V (c). Accordingly, we find the approved RFP process and the resulting rates to be reasonable.

As stated in our past orders on Granite States default service rates, our approval does not take the place of a prudence review for recovery of any claimed Transition Service under-recovery. We will examine the prudence of the Transition Service power contracts in a separate proceeding if the Company files to recover those costs.

As to the motion for confidential treatment, we recognize it is the same type of request as the Company has made in previous default service dockets with regard to power supply contracts. In DE 99-205, Order No. 23,476 (May 15, 2000), we determined that wholesale price bids of the type at issue in this case contain "confidential, commercial or financial information" and concluded that under the balancing test we have applied in prior cases, e.g., *Re NET (Auditel)*, 80 NH PUC 437 (1995), *Re Eastern Utilities Associates*, 76 NH PUC 236 (1991), the benefits of non-disclosure outweigh the benefits to the public of disclosure.

In this particular instance, Granite State contends that the information contained in the two contracts includes competitive energy pricing and that the contract terms are commercially sensitive, which if disclosed would be harmful to Virginia Electric's and Select's competitive positions. The Company further states this would chill these contractors' willingness to participate in providing energy services in New Hampshire in the future. We agree that the information is confidential as it is within the exemptions permitted by RSA 91-A:5, IV. Accordingly, we will treat the contract as confidential.

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

**ORDERED NISI**, that Granite State's default rate is approved at the monthly rates set forth in this filing for the period July 1, 2002 to April 30, 2003; and it is

**FURTHER ORDERED**, that in the event Granite State seeks to provide default service after April 30, 2003 on terms different than it has in the past, it shall file a request for modification of its default service offering with the Commission by January 1, 2003; and it is

**FURTHER ORDERED**, that Granite State's motion for confidential treatment with respect to the Virginia Electric and Power Company and Select Energy, Inc. Contracts is approved; and it is

**FURTHER ORDERED**, that the determination as to protective treatment made herein is subject to the ongoing authority of the Commission, on its own motion or on the motion of Staff, any party or any other member of the public, to reconsider this Order in light of RSA 91-A, should circumstances so warrant; 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 July 8, 2002 and to be documented by affidavit filed with this office on or before July 11, 2002; and it is

**FURTHER ORDERED**, that all persons interested in responding to this petition be notified that they may submit their comments or file a written request for a hearing on this matter before the Commission no later than July 15, 2002; and it is

**FURTHER ORDERED**, that any party interested in responding to such comments or request for hearing shall do so no later than July 19, 2002; and it is

**FURTHER ORDERED**, that this Order Nisi shall be effective July 1, 2002, unless the Commission provides otherwise in a supplemental order; and it is

**FURTHER ORDERED**, that the Petitioner shall file a revised tariff page reflecting the terms of this Order with the Commission on or before July 11, 2002.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of July, 2002.

---

Thomas B. Getz  
Chairman

---

Susan S. Geiger  
Commissioner

---

Nancy Brockway  
Commissioner

Attested by:

---

Debra A. Howland  
Executive Director and Secretary