

STATE OF NEW HAMPSHIRE

Inter-Department Communication

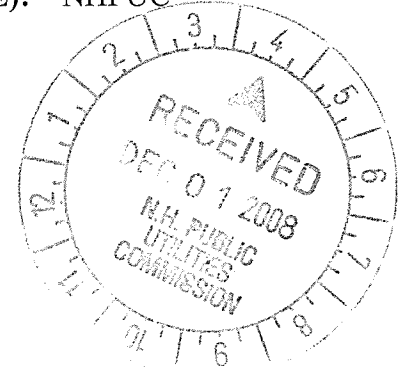
DATE: December 1, 2008

AT (OFFICE): NHPUC

FROM: Henry J. Bergeron ^①
Utility Analyst III _{RF}

SUBJECT: DE 08-144, New Hampshire Electric Cooperative, Inc.
Re: Change in Stranded Cost Adjustment for 2009

TO: Debra A. Howland
Executive Director & Secretary



Staff has reviewed the proposed change to the New Hampshire Electric Cooperative, Inc.'s (NHEC) Stranded Cost Charge for 2009. The proposed decrease from 1.580¢ per kilowatt-hour (kWh) to 1.505¢ per kWh, representing a decrease of 0.38 percent in total estimated annual revenue, would cause the bill of a residential customer using 500 kWh per month to decrease from \$107.74 to \$107.37 if there were no other changes to NHEC's rates. The reason for the decrease is primarily due to two factors: (1) NHEC projects that the stranded cost charges for 2009 will be \$11,126,890 compared to the 2008 stranded cost charges of \$11,612,328 (10 months of actual results and 2 forecasted), a decrease of \$485,438 and (2) NHEC is forecasting that sales will increase by almost 2,000,000 kWh.

The decrease in the stranded cost charge is somewhat offset by the fact that the under-recovery at the end of 2008 is expected to be \$89,110 compared to a forecasted over-recovery in the last filing of \$387. This is due to three factors: (1) actual sales were lower than forecast by over 16,000,000 kWh resulting in stranded cost recoveries being more than a quarter of a million dollars less than expected, (2) actual stranded costs were less than forecasted by \$100,000, and (3) the under-recovery beginning balance was \$70,000 less than forecasted.

NHEC does anticipate that another non-jurisdictional rate change will occur on January 1, 2009. NHEC projects an increase to its delivery charge. The exact change has yet to be determined, but these two changes will result in either a slight decrease to, or no change in, the average residential monthly bill for a customer using 500 kWh per month. NHEC continues to calculate the stranded cost charge by dividing the total stranded costs for the period by forecasted kWh sales. Actual costs and revenue are reconciled on a monthly basis.

It is Staff's recommendation that the proposed change in the stranded cost charge be approved by an Order *Nisi* for bills rendered on and after January 1, 2009.

If you have any questions, please do not hesitate to contact me.