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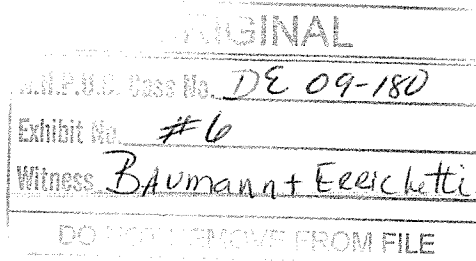


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PSNH losing business customers to rivals

By Chelsea Conaboy
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More Public Service of New Hampshire customers than ever before are taking advantage of deregulation in New Hampshire and choosing to buy their power from the company's competitors.

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The price of power on the grid in New Hampshire has dropped by nearly half in the past year. That's good for larger businesses and industrial customers that can make the move and save big money on their electricity bill. It's bad for residential and small-business customers who don't have a choice. Those customers could see higher energy rates next year.

In a filing last month, PSNH said 23 percent of the power it delivers to customers was being purchased from a competitive supplier. In those cases, PSNH delivers the power through its poles and wires but someone else supplies it.

That's 5 percent more than the company had anticipated and the highest-ever level of migration. A year ago, that percentage was close to zero, according to spokesman Martin Murray.

The remaining customers supplied directly by PSNH must take on more of the burden of generation costs.

"Customers that are unable to switch to a third-party supply, predominantly residential customers, are now shouldering additional fixed costs," Robert Bauman, the director of revenue regulation and load resources for PSNH's parent company, said in testimony to the commission.

The energy service charge, or the cost of the power, is now set at 9.03 cents per kilowatt hour. Bauman said that could increase to 9.31 cents per kilowatt hour next year, though PSNH won't formally propose a change until closer to a December hearing.

Murray said PSNH rates are higher than market rates because the company locked into multi-year contracts to buy power to meet the 40 percent of customer demand it historically hasn't been able to satisfy with its own generation. Those contracts extend through 2010, he said.

Now, overall demand has dropped by about 10 percent as customers go out of business, cut shifts, downsize or become more efficient. And market prices are much lower than expected.

In 2008, a run-up of energy prices reached record levels, said Tom Frantz, director of the Electric Division of the Public Utilities Commission.