

Public Service Company of New Hampshire
Fuel and Purchased Power Adjustment Clause

Order Approving Settlement

O R D E R N O . 23,073

December 1, 1998

APPEARANCES: Gerald M. Eaton, Esq. for Public Service Company of New Hampshire; Dean, Rice and Kane, by Mark W. Dean, Esq. for the New Hampshire Electric Cooperative; Gary R. Gilmore, for the Campaign for Ratepayers' Rights; Michael Holmes, Esq., of the Office of Consumer Advocate for residential ratepayers; and Eugene F. Sullivan, III, Esq. for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On November 10, 1998, Public Service Company of New Hampshire (PSNH or the Company) filed with the New Hampshire Public Utilities Commission (NHPUCC or the Commission) a Stipulation and Settlement signed by the Company, the Governor's Office of Energy and Community Services (OECS) and the Commission Staff (Staff) maintaining the currently effective Fuel and Purchased Power Adjustment Clause (FPPAC) rate of 0.383 cents/kWh for the period from December 1, 1998 through May 31, 1999.

On November 10, 1998, the Commission issued an Order of Notice scheduling a Prehearing Conference on November 20, 1998, ordering a technical session to be held on the same day, setting deadlines for intervention and objections thereto, waiving in part the notification requirements, and setting a hearing date for November 24, 1998. The New Hampshire Electric Cooperative (NHEC) filed a written request for intervention on November 10, 1998.

On November 13, 1998, PSNH filed the Prepared Direct Testimony of Robert A. Baumann, Manager-New Hampshire Revenue Requirements and Fuel Recovery for Northeast Utilities Service Company, and exhibits supporting the calculation of the FPPAC rate.

The Commission granted the unopposed motions for intervention of CRR and NHEC.

II. POSITIONS OF THE PARTIES AND STAFF

A. Settlement

The Settlement, signed by PSNH, the Staff, and OECS, proposes to keep the currently effective FPPAC rate of 0.383 cents per kWh in effect for the period from December 1, 1998 through May 31, 1999 for all retail customers. Maintaining the current FPPAC rate will result in an estimated recovery of \$13 million and an estimated under-recovery of \$83 million for the period ending May 31, 1999. The estimated \$83 million of under-recovery is composed of \$67 million deferred recovery from the prior FPPAC period, \$9 million in light loading, and \$7 million of Seabrook refueling cost (50% of the estimated total PSNH Seabrook refueling costs). PSNH agrees to forego interest on the current period under-recovery. Deferred costs that have not previously been subject to Commission review and approval will be subject to such review to demonstrate prudence at the next FPPAC proceeding. The Stipulation is dependent upon PSNH being granted waivers from its lender banks under the Revolving Credit Agreement and the Series D and E Amended and Restated Letters of Credit and Reimbursement Agreements.

B. PSNH

PSNH supported the Settlement through direct testimony. PSNH testified that it was currently involved in discussions concerning restructuring and felt it necessary to seek solutions to the FPPAC proceeding which did not increase rates.

PSNH stated in the hearing that the rates paid to Qualifying Facilities under short-term avoided cost were calculated in the same manner as used in past FPPAC dockets. The proposed Qualifying Facilities rates are as follows:

Project Type	Short Term Rates (cents/kWh)		
	On-peak	Off-Peak	All Hours
All Projects Under 500 kW	2.7441	2.3201	2.4831
Projects Over 500 kW			
Great Falls Upper	2.8277	2.3621	2.5446
Dunbarton Landfill			2.4581
Rochester Landfill			2.4713

Capacity cost is calculated as \$2.40/kW-month.

C. Office of Consumer Advocate

At the Prehearing Conference, the OCA stated it had no opposition to the Stipulation as filed. At the hearing, the OCA raised questions about whether PSNH will recover in this FPPAC rate the discounts provided to special contract customers.

D. Governors Office of Energy and Community Service

Although not an intervenor in the procedure, OECS was a signatory and supporter of the Settlement.

E. Campaign for Ratepayer's Rights

At the Prehearing Conference, CRR stated it was pleased there is no intended rate increase and did not object to the Settlement.

F. Commission Staff

Although the Staff did not provide testimony, it was a signatory and supporter of the Settlement.

III. COMMISSION ANALYSIS

We have reviewed the proposed Settlement and supporting testimony and exhibits and find the Settlement to be in the public interest. Based upon the circumstances regarding restructuring discussions at this time and upon PSNH's willingness to forego the interest on its deferred recovery for this FPPAC period we believe the Settlement to be in the best interest of PSNH's customers. We understand PSNH has notified our Staff that the Company has received verbal confirmation of the necessary waivers from a two-thirds majority of its lender banks under the Revolving Credit Agreement and the Series D and E Amended and Restated Letters of Credit and Reimbursement Agreements to continue the FPPAC deferral of prior period costs. We direct PSNH to file with the Commission a copy of written confirmation once it is available.

In response to the OCA's concerns about the recovery of special contract discounts, PSNH represented that it will not seek such recovery in this FPPAC rate and that no part of its expected \$83 million under-recovery is attributable to the special contract discounts. Based on these representations as well as those made by PSNH in DR 98-139, our concerns in this regard have been adequately addressed.

Based upon the foregoing, it is hereby

ORDERED, that the Settlement which establishes a Fuel and Purchased Power Rate of 0.383 cents per kWh for the period December 1, 1998 to May 31, 1999 is APPROVED as just and

reasonable, and it is

FURTHER ORDERED, that the Qualifying Facility rates are approved as filed.

By order of the Public Utilities Commission of New Hampshire this first day of December, 1998.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary

