

**THE STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 05-088**

**ORDER OF NOTICE**

On May 2, 2005, Public Service Company of New Hampshire (PSNH) filed testimony and schedules with the New Hampshire Public Utilities Commission (Commission) in support of a proposed reconciliation of revenues and costs associated with the Company's Stranded Cost Recovery Charge (SCRC) for calendar year 2004. The relevant recovery mechanism is set forth in the Agreement to Settle PSNH Restructuring (Restructuring Agreement), approved by the Commission in Docket No. DE 99-099.

The filing covers (1) a reconciliation of the revenues and expenses included in the SCRC; (2) the performance of PSNH's fossil and hydro generation facilities; and (3) how PSNH met its energy and capacity requirements during the 2004 reporting period given its level of resources. Included as part of the SCRC reconciliation is the difference between PSNH's cost of providing Transition Energy Service and Default Energy Service (collectively, "Energy Service" or "ES") to its customers and the revenues received from its customers via the ES Charge. PSNH calculated that the average cost of providing ES for the twelve-month period January through December 2004 was approximately 5.58 cents per kilowatt-hour. This compares to (1) a statutorily mandated rate of 4.60 cents per kilowatt-hour for residential and small commercial and industrial customers during the month of January 2004, (2) the 4.67 cents per kilowatt-hour rate charged to large commercial and industrial customers during the month of January 2004 as established by the Commission in Docket No. DE 02-166, (3) the 5.36 cents per kilowatt-hour

rate charged to all customers during the months of February through July 2004, and (4) the 5.79 cents per kilowatt-hour rate charged to all customers during the months of August through December 2004. The latter two rates were both approved by the Commission in Docket No. DE 03-175. According to the PSNH filing, the revenues received from PSNH's SCRC and Energy Service Charge exceeded the related costs by approximately \$55 million thereby accelerating the amortization of PSNH's Part 3 stranded cost balances.

PSNH's filing also seeks authority to include unbilled revenues in its reconciliations of the SCRC and ES revenues and costs. According to PSNH, the SCRC and ES reconciliation processes currently track costs on an accrual basis while revenues are tracked on a billed basis. In contrast, PSNH states, its books and records which serve as the foundation for the reconciliations track costs and revenues on the accrual basis, in accordance with Generally Accepted Accounting Principles. Without the requested inclusion of unbilled revenues in the SCRC and ES reconciliation mechanisms, PSNH contends that existing unbilled revenue balances resulting from changes to the rates over time – currently at \$16.7 and \$11.7 million for ES and SCRC, respectively – would have to be written off immediately rather than tracked and recovered in the reconciliation processes over time. PSNH further states that unbilled revenues totaled \$5.487 million for ES and \$.978 million for the SCRC for 2004 and that those revenues have been used to reduce stranded costs during the 2004 reporting period.

The filing raises, inter alia, issues related to the prudence of generation outages that are reflected in PSNH's ES costs for the period, the prudence of PSNH's use of its generation resources during the period as well as the prudence of market purchases used to supplement those resources, the question of whether PSNH has otherwise appropriately accounted for and reconciled its stranded costs and any offsetting revenues for the period in

accordance with the Restructuring Agreement and applicable law, and whether PSNH's request to include unbilled revenues in the monthly reconciliations of the SCRC and ES revenues and costs should be approved.

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

**ORDERED**, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.05, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 21, 2005 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin Rule Puc 203.05(c) shall be considered; and it is

**FURTHER ORDERED**, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.01, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than June 13, 2005, in a newspaper with statewide circulation or of general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 21, 2005; and it is

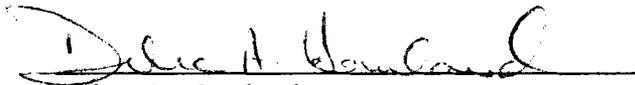
**FURTHER ORDERED**, that pursuant to N.H. Admin. Rule 201.05, the Commission waives, in part, the fourteen day notification requirement of N.H. Admin. Rules Puc 203.01(a); and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin Rules Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to PSNH and the Office of the Consumer

Advocate on or before June 16, 2005, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin Rule Puc 203.02 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before June 21, 2005.

By order of the Public Utilities Commission of New Hampshire this eighth day of June, 2005.



Debra A. Howland  
Executive Director & Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.