

Memorandum

To: L. Massaro

Commission Clerk

From: D. R. Stearns

Rate Analyst, Division of Public Utilities & Carriers

Date: June 29, 2005

**Re: Pascoag Utility District Transition, Transmission, and Standard Offer Charges,
RIPUC Docket 3657**

The Commission's Report and Order number 18153 ("Order"), issued on February 17, 2005 in the above-referenced docket, approved rates that had been filed by Pascoag Utility District ("Pascoag", or "Company") on December 30, 2004. The Commission approved the rates, effective for the twelve-month period February 1, 2005 through January 31, 2006. The rates currently in effect are:

	<u>\$ Per kWh</u>
Transition	\$0.00234
Transmission	\$0.01043
Standard Offer	<u>\$0.05482</u>
Total	<u>\$0.06805</u>

Historically, Pascoag has filed for rates of six-months' duration rather than twelve months. Pascoag was instructed to file a status report by June 30, 2005. The status report was to supply the Commission with:

- Pascoag's actual Standard Offer, Transition, and Transmission Account over / under recovery balances as of May 31, 2005,
- a projection of the expected over / under recovery at July 31, 2005,
- an updated forecast of the over / under recovery expected at the end of January, 2006, and
- A recommendation regarding whether the rates approved in the Order should remain in effect through January 31, 2006.

This information would help the Commission decide whether Pascoag's rates should be adjusted as of August 1, 2005.

Pascoag submitted the status report to the Commission on June 28, 2005. The report indicates the actual over recovery of \$271,510 at May 31, a projected over recovery of \$203,417 at July 31, and a projected under recovery of \$87,708 at January 31, 2006. Pascoag also included a projected balance as of December 31, 2005, of \$13,587. Pascoag is contemplating a tariff change that would allow the rates to be effective on a calendar year basis. This change would make the rate period coincident with the Company's fiscal year and the purchased power contract terms.

As indicated on Attachment 1, assuming an under recovery of \$87,708 at January 31, 2006 and kWh sales at a 4.5% increase over the previous 12 months (4 months actual, 8 months forecast), the charge to recover that \$87,708 over 12 months would be \$0.00160 (1.6 mils) per kWh: a charge of \$0.80 on the typical 500 kWh monthly residential bill, and;

As also indicated on Attachment 1, assuming an under recovery of \$13,587 at December 31, 2005 and kWh sales at a 4.5% increase over calendar year 2005 (5 months actual, 7 months forecast), the charge to recover that \$13,587 over 12 months would be \$0.00025 (.25 mils) per kWh: a charge of \$0.12 on the typical 500 kWh monthly residential bill.

After review, the Division recommends that the Commission grant Pascoag's request to retain the current approved Standard Offer, Transition and Transmission rates through January 31, 2005, subject to change if Pascoag files for, and is granted a tariff change altering the present filing and rate period dates.

Cc: Thomas Ahern,

Administrator, Division of Public Utilities and Carriers

Attachment

PASCOAG UTILITY DISTRICT
Effect of Estimated Under Recovery at December 2005 and January 2006
On \$ Per kWh and on Typical 500 kWh Residential Bill

		2006 Fcst. (2005 X 1.045)					
January-05	4,526,286	4,729,969	*	Est. Under recovery a @ 12/31/05	\$	(13,587)	
February-05	4,360,956	4,557,199	*	Fcst Sales Calendar 2006		54,464,893	
March-05	4,002,278	4,182,381	*				
April-05	4,194,830	4,383,597	*		\$	(0.00025)	
May-05	3,538,119	3,697,334	*				
June-05	3,912,480	4,088,542	*				
July-05	5,017,045	5,242,812	*	Est. Under recovery @ 1/31/06	\$	(87,708)	
Aug - Dec-05	22,567,521	23,583,060	*	Fcst Sales Feb '06 - Jan '07		54,677,742	
12-Month Total	<u>52,119,515</u>	<u>54,464,893</u>			\$	(0.00160)	
		<u>2007</u>				<u>Recovery</u>	
January-06	4,729,969	4,942,817	*			<u>Jan - Dec '06</u>	<u>Feb '06 - Jan '07</u>
Total 2/05 - 1/06	<u>52,323,198</u>	<u>54,677,742</u>		Recover per Month (1/12)	\$	(1,132)	\$ (7,309)
				Avg. kWh Sales per Month		4,538,741	4,556,478
				\$ per kWh	\$	(0.00025)	\$ (0.00160)
				\$ Per Month, Typical 500 kWh Bill	\$	(0.12)	\$ (0.80)
				Typ. Bill Twelve-Month Charge	\$	(1.50)	\$ (9.62)

* = Forecast