

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE PASCOAG UTILITY DISTRICT :
SEMI-ANNUAL RECONCILIATION FILING : DOCKET NO. 3580

ORDER

WHEREAS, On June 23, 2004, Pascoag Utility District (“Pascoag”) submitted its Semi-Annual Reconciliation Filing to the Public Utilities Commission (“Commission”); and

WHEREAS, The current over collection of \$69,577 could allow for a decrease in rates of \$0.00159 / kWh or \$0.79 per 500kWh; and

WHEREAS, If rates are held at their current levels, the expected over collection at January 2005 is \$43,760; and

WHEREAS, Pascoag’s power contracts with TransCanada, which supply approximately 40 percent of load, on average, are expiring December 31, 2004¹; and

WHEREAS, Current market prices are about 18% higher than current contract prices; and

WHEREAS, Based on current market prices, Pascoag’s power costs for the first six months of 2005 could rise by approximately \$152,000 to \$174,000, necessitating a rate increase on or before February 1, 2005; and

WHEREAS, The recent trend of increasing energy costs makes it unlikely that power costs will go down significantly in the near future; and

WHEREAS, The Division of Public Utilities and Carriers and Pascoag agree that it would be appropriate to maintain the current rates through the end of 2004; and

¹ See Order No. 17553 (issued September 4, 2003).

WHEREAS, On July 15, 2004, at an open meeting, the Commission dismissed Pascoag's Semi-Annual Reconciliation Filing, finding that it would be in the best interest of ratepayers to keep rates at their current levels because any over collection at the end of 2004 could be used to partially offset any increased power costs beginning in 2005. Further, the Commission noted that to decrease rates now when it is expected that power costs will rise next year sends the wrong price signals to ratepayers. Finally, in the event the projections are off due to usage levels, the over collection could be lower than projected.

Accordingly, it is

(17931) ORDERED:

1. Pascoag Utility District's Semi-Annual Reconciliation Filing made on July 23, 2004, is hereby dismissed.
2. Pascoag's Standard Offer Charge of \$0.05167 per kWh approved to be effective for usage on and after February 1, 2004, will continue until further action by the Commission.
3. Pascoag's Transmission Charge of \$0.00937 per kWh approved to be effective for usage on and after February 1, 2004, will continue until further action by the Commission. Pascoag's Transmission Charge shall include transmission costs identifiable as related to power provided by the New York Power Authority.
4. Pascoag's Transition Charge of \$0.00701 per kWh approved to be effective for usage on and after February 1, 2004, will continue until further action by the Commission.

EFFECTIVE AT WARWICK, RHODE ISLAND, PURSUANT TO AN OPEN MEETING DECISION ON JULY 15, 2004. WRITTEN ORDER ISSUED ON JULY 28, 2004.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Kate F. Racine, Commissioner

Robert B. Holbrook, Commissioner