

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PASCOAG UTILITY DISTRICT STANDARD :
OFFER CHARGE, TRANSITION CHARGE : Docket No. 2861
AND TRANSMISSION CHARGE FILING. :

REPORT AND ORDER

On November 1, 2001, the Pascoag Utility District (“Pascoag”) filed with the Rhode Island Public Utilities Commission (“Commission”) a request to modify Pascoag’s Standard Offer Charge, Transition Charge, and Transmission Charge for effect for the period December 1, 2001 through January 31, 2002.¹ Pascoag proposed to reduce the rate for the Standard Offer Charge from \$0.05964 per kilowatt-hour (“kWh”) to \$.05099 per kWh. Pascoag also proposed to reduce the Transition Charge from \$0.02520 per kWh to \$.02006 per kWh. Finally, Pascoag proposed to raise the Transmission Charge from \$0.00451 per kWh to \$.009217 per kWh. As a result, the net effect for a typical residential customer using 500 kWh per month would be a reduction in his or her monthly electric bill from \$64.79 to \$60.24, or a savings of \$4.55 per month.

Pascoag indicated that, as a result of the 26% rate increase implemented in February 2001 combined with lower than projected fuel costs and higher than anticipated sales during the months of July and August 2001, it has been able to recover the 2000 year-end under-collection in a shorter time than was anticipated. In fact, as of September 30, 2001, Pascoag reported an over-collection of \$63,170. Therefore, Pascoag was filing for a 7% decrease in overall rates.²

¹ Letter from Judy Allaire to Commission, 10/31/01. Pascoag had filed a similar request on October 22, 2001. However, because of concerns with the calculations used, the filing was not accepted and Pascoag filed an amended request, which is the subject of this Order.

² Summary of Request for Rate Reduction, p.1.

Pascoag acknowledged that the calculations provided with its request indicated that a greater rate reduction might have been possible. For example, Pascoag did not include the over-collection balance in the reduction. However, it was Pascoag's position that the 7% reduction would provide a benefit to both the ratepayer and Pascoag while, at the same time, allow for a small financial cushion in the event of unforeseen contingencies.³ Furthermore, Pascoag noted that to reduce rates by a larger amount in December 2001 might mean an increase in February 2002, when Pascoag next revises its rates. It was Pascoag's desire to attempt to avoid "see-saw" rates.⁴

On November 7, 2001, the Division of Public Utilities and Carriers ("Division") filed a memorandum with the Commission in response to Pascoag's filing. The Division noted that on January 31, 2001, Pascoag's reported revenue under-collection was \$232,495. As of September 30, 2001, the under-collection balance had been recovered. Furthermore, the Division noted that the proposed reduction did not address any over-collection accruing under the current rates, but rather, that balance would be addressed in Pascoag's semi-annual reconciliation filing in January 2002. The Division noted Pascoag's concerns with lowering the rate by more than 7% for a two-month period of time. Therefore, the Division recommended the Commission approve Pascoag's proposed rate reduction for effect December 1, 2001 and extending through January 31, 2002.⁵

³ Id. Pascoag provided the Commission with several examples of unforeseen contingencies that could affect its revenues, such as unscheduled outages at generation units, a trend in lower kWh sales, the effect of Pascoag's current water crisis, less new construction than anticipated, and uncertainty regarding the impact of the September 11, 2001 terrorist attack and resulting events on future fuel prices. Id. at 2.

⁴ Id.

⁵ Memorandum from D. R. Stearns to Commission, 11/7/01, pp. 1-2.

Finally, the Division opined that a hearing in this matter was not necessary because an expedient decision would allow Pascoag's customers to receive the benefit of reduced rates as soon as practicable and would reduce the probability that Pascoag would experience a greater over-collection of purchased power costs over the remainder of the current rate period.⁶

At an open meeting on November 9, 2001, the Commission considered the evidence presented, and approved the proposed changes to Pascoag's current Standard Offer Charge, Transition Charge and Transmission Charge effective December 1, 2001 and extending through January 31, 2002. The Commission also noted that Pascoag would be making its semi-annual reconciliation filing in January 2002, which, among other things, will address the over-collection balance that existed on September 30, 2001.

Accordingly, it is

(16832) ORDERED:

1. Pascoag's proposed Standard Offer Charge of \$0.05099 per kWh is hereby approved to be effective for bills rendered on December 1, 2001 and extending through January 31, 2002.
2. Pascoag's proposed Transmission Charge of \$0.009217 per kWh is hereby approved to be effective for bills rendered on December 1, 2001 and extending through January 31, 2002.
3. Pascoag's proposed Transition Charge of \$0.02006 per kWh is hereby approved to be effective for bills rendered on December 1, 2001 and extending through January 31, 2002.

⁶ Id. at 2.

4. Pascoag shall comply with all other findings and instructions contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO AN OPEN MEETING DECISION ON NOVEMBER 9, 2001. WRITTEN ORDER ISSUED ON JANUARY 28, 2002.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Kate F. Racine, Commissioner

Brenda K. Gaynor, Commissioner