STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PASCOAG UTILITY DISTRICT	:	
SEMI-ANNUAL STANDARD OFFER	:	DOCKET NO. 3657
SERVICE CHARGE, TRANSITION CHARGE	:	
AND TRANSMISSION CHARGE FILING	:	

ORDER

Pascoag Utility District's ("Pascoag" or "Company") tariffs require the Company to file semi-annual reconciliations for its standard offer service ("SOS"), transmission and transition charges in order to address issues of market volatility. However, in the Public Utility Commission's ("Commission") last order in this docket, the Commission noted that more recently, Pascoag's power portfolio has been developed with more of a view toward insulating ratepayers from such market volatility in light of a slowly developing competitive market. Additionally, the Commission noted that Pascoag's filings have become more accurate and its witnesses more versed in their positions. As such, the Commission approved rates that were based on a twelve-month projection of costs rather than the customary six-month projection with the hope that Pascoag would be able to maintain a stable rate for a one-year period.

In order to keep Pascoag in compliance with its tariffs and provide the Commission with the opportunity for oversight in this matter, Pascoag was ordered to file a status report with the Commission by June 30, 2005, including the actual level of over- or under-collection as of May 31, 2005, a projection of the level of over- or under-collection expected at July 31, 2005 and January 31, 2006, and a recommendation of whether the rates should remain unchanged.

On June 29, 2005, Pascoag submitted its "Mid-Year Status Report" and recommended the Commission allow Pascoag to maintain the rates set in January 2005 through the end of Calendar Year 2005. Pascoag noted in its filing that the Company will be filing a Tariff Advice to change its semi-annual reconciliation to an annual reconciliation filing. Furthermore, Pascoag wishes to change its rate year to a calendar year rather than a February to January period. This period would match Pascoag's fiscal year as well as the period encompassing its purchased power contracts.

In its filing, Pascoag noted that as of May 31, 2005 the cumulative balance of the three accounts is an over-collection of $271,510, resulting from a $194,135 over-collection in the SOS account, an $88,427 over-collection in the Transition account and an $11,052 under-collection in the transmission account. According to Pascoag, as of December 31, 2005, the expected cumulative balance of the three accounts will be an under-collection of $13,587, representing less than 0.5% of Pascoag's annual purchased power, transmission and transition costs. As of January 31, 2006, the expected cumulative balance of the three accounts will be an under-collection of $87,708, representing approximately 2% of Pascoag's annual purchased power, transmission and transition costs.[1]

On June 29, 2005, David Stearns, a Rate Analyst V with the Division of Public Utilities and Carriers ("Division"), submitted a Memorandum recommending the Commission grant Pascoag's request to continue under the current approved SOS, Transmission and Transition charges.[2]

[1] Pascoag's Mid-Year Report, pp. 1-4.
[2] Memorandum of David Stearns, 6/29/05, p. 2.

At its July 14, 2005 open meeting, after a review of Pascoag's filing and supporting schedules and the Division's recommendation, the Commission approved Pascoag's request to continue under the rates approved in this docket on January 21, 2005 for usage on and after February 1, 2005. The Commission is pleased that Pascoag has been able to structure its power contracts in such a way as to protect ratepayers from volatility in the wholesale oil and gas markets. The Commission also recognizes the value of the resource provided by the New York Power Authority contracts, providing some balance to the current rising price of fossil fuel generation.

With regard to Pascoag's request to change its rate period, a review of Pascoag's tariff shows that while Pascoag will need to change its filing frequency through a Tariff Advice, there is no reference to the appropriate twelve-month period for review. Therefore, Pascoag is free to make its next reconciliation filing for rates covering usage on and after January 1, 2006. However, because of the tight schedule at the end of the year, such filing shall be made no later than November 15, 2005.

Accordingly, it is

(18306) ORDERED:

1. Pascoag's current Standard Offer Charge of $0.05482, Transmission Charge of $0.01043 per kWh and Transition Charge of $0.00234 per kWh approved to be effective for usage on and after February 1, 2005 shall remain unchanged.

2. Pascoag shall comply with all other findings and directives contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND, ON AUGUST 1, 2005 PURSUANT TO AN OPEN MEETING DECISION ON JULY 14, 2005. WRITTEN ORDER ISSUED ON JULY 21, 2005.

PUBLIC UTILITIES COMMISSION

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Elia Germani, Chairman

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Robert B. Holbrook, Commissioner