

THE STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
REQUEST FOR APPROVAL OF RENEWABLE DEFAULT ENERGY SERVICE RATE

Docket No. DE 09-186

Partial Settlement Agreement

This Settlement Agreement is entered into this seventh day of January, 2010, between the Staff of the Public Utilities Commission (“Staff”) and Public Service Company of New Hampshire (“PSNH” or “the Company”) (all hereinafter referred to collectively as “the Settling Parties”). This Settlement Agreement resolves all issues between the Settling Parties regarding PSNH’s request for approval of a renewable default energy service rate in this proceeding, except for the issue presented in Section D.

A. INTRODUCTION

On September 30, 2009, PSNH filed with the Commission the testimony and attachments of Rhonda J. Bisson and Richard C. Labrecque describing a new renewable default energy service rate option. The filing included proposed tariff pages. This filing was made in response to the passage of House Bill 395 in the 2009 legislative session (2009 NH Laws 236). RSA 374-F:3,V(f) was reenacted by House Bill 395 and now requires New Hampshire electric utilities to offer a renewable default energy service option for its customers. PSNH requested Commission approval by January 4, 2010 and proposed an effective date of March 1, 2010.

On October 9, 2009, the Commission suspended the proposed tariff pages filed on September 30, 2009 in order to conduct a thorough investigation before rendering a decision and scheduled a prehearing conference, immediately followed by a technical session on October 26, 2009. On October 22, 2009, Granite State Electric Company filed a petition seeking full intervenor status in this proceeding with the following voluntary limitations: That it be entitled to receive copies of all pleadings and other documents, all discovery that is not confidential, and all e-mails and other correspondence amongst the parties and staff, with the exception of materials relating to settlement negotiations and/or confidential materials; and that it may attend and participate in technical sessions. Granite State Electric also indicated it did not intend to present or cross-examine witnesses or file closing briefs. At the prehearing conference, the Commission granted Granite State Electric Company full intervenor status in this proceeding with the voluntary limitations as set forth above.

On November 20, 2009, PSNH provided responses to data requests submitted by the Commission's Staff and the Office of Consumer Advocate.

On December 4, 2009, the Settling Parties met in technical session to discuss PSNH's testimony and data request responses and on December 11, 2009, PSNH provided responses to data requests resulting from this technical session.

PSNH distributed a settlement discussion document on December 28, 2009 and further settlement discussions took place on January 4 and 5, 2010, which resulted in the Settling Parties reaching this agreement on a Renewable Default Energy Service Rate option.

B. SETTLEMENT OF RENEWABLE DEFAULT ENERGY SERVICE RATE OPTION

The Settling Parties recommend the Commission approve the renewable default energy service rate option as described in the Testimony of Rhonda J. Bisson and Richard C. Labrecque as amended by this Settlement Agreement and described below.

1. Program Description. Under PSNH's Renewable Default Energy Service rate, PSNH's customers will be provided with the opportunity to support the development of renewable sources of generation in New England. PSNH will purchase and retire, on behalf of the participating customers', renewable energy certificates (RECs) from facilities that are certified as Class I or Class II generation resources under the New Hampshire Electric Renewable Portfolio Standard (NHRPS) or are capable of earning certification under the NHRPS. Class I generation resources are defined as new renewable resources that began operation after January 1, 2006. Examples include: wind energy, geothermal energy, hydrogen derived from biomass fuels or methane gas, ocean thermal or tidal energy and methane gas. Class II generation resources are defined as new solar technologies that began operation after January 1, 2006. In addition, PSNH will only purchase RECs associated with renewable generation resources that are physically located within the New England region. Three options will be available to PSNH's customers: 1) a 25% option; 2) a 50% option; and 3) a 100% option. Under the 25% option, PSNH will purchase and retire RECs to match 25% of the customer's actual energy use. Under the 50% option, PSNH will purchase and retire RECs to match 50% of the customer's actual energy use. Under the 100% option, PSNH will purchase and retire RECs to match 100% of the customer's actual energy use. Customers taking service under the Renewable Default Energy Service rate will be billed at the Default

Energy Service rate plus an additional charge (in cents per kilowatt-hour) for the Renewable Default Energy Service based on the renewable option chosen.

2. Marketing and Promotion Costs. The Settling Parties agree to seek Commission approval to recover the incremental marketing and promotion costs (such as the cost of outside services and the cost of materials used for marketing and promotion of the new rate) through PSNH's Distribution rates. This provision will be reviewed after the first year of the program and adjusted as appropriate. *See*, Section B. 5. below.

3. Initiation of Service under the Renewable Default Energy Service Option. The initiation of service under a renewable default energy service option shall occur upon a regularly scheduled meter reading date. At the time a customer contacts PSNH to initiate service, PSNH will confirm customer acceptance of the date that service will be initiated under the renewable default energy service option chosen by the customer, i.e. either the most recent read date or the next subsequent read date.

4. Filing of Tariff Pages. No later than February 1, 2010, PSNH will file tariff pages for effect on May 1, 2010. The Settling Parties agree that if the Commission decides that customers taking energy service from competitive suppliers are eligible to take Renewable Default Energy Service pursuant to Section C of this Partial Settlement, PSNH may need more time to complete the programming changes necessary to implement the rate. The tariff pages will be accompanied by testimony or a technical statement explaining the derivation of the rates for the three options and a projection of the prices for Class I and Class II Renewable Energy Certificates that were used to establish the rates. Subsequent tariff changes, if necessary, will be filed and accompanied by testimony or a technical statement explaining the derivation of the rates for the three options and a projection of the prices for Class I and Class II Renewable Energy Certificates. The Parties agree that any subsequent tariff changes will be made effective on either January 1 or July 1, beginning in 2011, or will otherwise coincide with Default Energy Service rate changes.

5. Program Review. After the program has been in place for twelve months, PSNH shall make a report to Commission Staff providing details of program participation in each of the three rate options and all incremental marketing and promotion costs associated with the program. Following receipt of the report, the Staff, Office of Consumer Advocate, PSNH and other interested parties will confer and consider possible changes to the rate or other aspects of the Renewable Default Energy Service program.

C. ISSUE PRESENTED FOR RESOLUTION BY THE COMMISSION

The issue presented for the Commission to resolve is which customers are eligible to take service under the Renewable Default Energy Service option. PSNH has proposed that all retail customers will be offered the rate; however, customers must also take PSNH's standard default service rate in conjunction with the renewable option. PSNH bases this position on a section of House Bill 395, RSA 374-F:3 V(f)(3), that any remaining energy not supplied under the renewable option will be filled by standard default service. The Staff believes that all customers are required to support the administrative costs of the program under RSA 374-F:3 V(f)(2); however, Staff is concerned that the statute is not clear regarding PSNH's position that only default service customers can select the renewable energy service option. PSNH, Staff and other parties may comment on this issue at the hearing on January 13, 2010.

D. MISCELLANEOUS PROVISIONS

The Settling Parties agree to the following miscellaneous provisions:

1. Binding on Settling Parties. The Settling Parties agree to support the terms and conditions contained herein. The Settling Parties understand that this Settlement Agreement is subject to Commission approval.

2. Integrated Terms of Settlement. This Settlement Agreement represents an integrated resolution of issues. Accordingly, the effectiveness of this Settlement Agreement is conditioned upon the Commission adopting this Settlement Agreement in its entirety, without condition or modification. If the Commission does not approve this Settlement Agreement in its entirety and without modification or condition, the Settling Parties shall have an opportunity to amend or terminate this Settlement Agreement. If terminated, this Settlement Agreement shall be deemed withdrawn and shall not constitute a part of the record in any proceeding or be used for any purpose.

3. Procedure. The Settling Parties shall cooperate in submitting this Settlement Agreement promptly to the Commission for approval so that the new rate may be implemented on May 1, 2010. The Settling Parties shall make a witness or witnesses available as necessary to answer questions in support of this Settlement Agreement, or provide such other indication of support as the Commission requests. The Settling Parties agree to cooperate, in good faith, in the development of such other information as may be

necessary to support and explain the basis of this Settlement Agreement and to supplement the record accordingly.

4. Execution. This Settlement Agreement may be executed by the Settling Parties in several counterparts, through original and/or facsimile signature, and as executed shall constitute one agreement.

5. Confidentiality. The discussions which led to this Settlement Agreement have been conducted on the explicit understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise.

WHEREFORE, the Settling Parties recommend that the Commission issue an order approving a renewable default energy service rate option as described in the Testimony of Rhonda J. Bisson and Richard C. Labrecque and as amended by this Settlement Agreement.

Respectfully submitted,

Staff of the Public Utilities Commission

By: 

Suzanne Amidon, Esq.
Staff Counsel

Public Service Company of New Hampshire

By: 

Gerald M. Eaton, Esq.
Senior Counsel