

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 21-109

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY**

Petition to Change Transmission Cost Adjustment Mechanism Rates

Order Approving Change to Transmission Cost Adjustment Mechanism Rates

ORDER NO. 26,501

July 29, 2021

This order approves transmission cost adjustment mechanism rates for Eversource customers effective with services rendered on and after August 1, 2021. The overall average transmission cost adjustment mechanism rate is 2.785 cents per kWh.

I. PROCEDURAL HISTORY

On July 8, 2021, Public Service Company of New Hampshire, d/b/a Eversource Energy (Eversource), filed a petition to increase the Transmission Cost Adjustment Mechanism (TCAM) rate from the current overall average rate of 2.758 cents per kilowatt hour (kWh) to 2.785 cents per kWh, for effect on August 1. On July 20, 2021, Eversource filed a revised petition setting forth revisions to the petition to update its calculations. A hearing was held on July 22, 2021. The Commission approved Eversource's TCAM for the reconciliation and recovery of transmission expenses and revenues in Docket No. DE 06-028. *See Public Service Co. of N.H.*, Order No. 24,750 at 23 (May 25, 2007).

The petition and subsequent docket filings are posted on the Commission's website:

[New Hampshire Public Utilities Commission \(nh.gov\)](http://www.nh.gov)

II. POSITIONS OF THE PARTIES

A. Eversource

According to Eversource, the proposed average TCAM rate is based on a reconciliation of historic and forecasted transmission costs, using the latest transmission rates approved by FERC. Eversource asserts the TCAM allows it to set transmission rates for a defined future billing period based on transmission cost estimates, using current and forecast data, most of which is provided by ISO-NE. The TCAM rate also includes all actual cost and revenue data available from the previous year at the time of the filing, as well as over- or under-recoveries that are incorporated into the next TCAM rate.

Eversource requested approval of a forecasted retail transmission rate effective August 1, 2021, for a twelve-month billing period, as well as approval of the reconciliation of transmission costs and revenues for the period of January 2020 through July 2021. The overall average rate Eversource proposed for the TCAM is 2.785 cents per kWh.

Eversource represents that its TCAM rate calculation includes two groups of transmission costs. The first group consists of wholesale transmission costs regulated by FERC. The second group of costs includes Hydro-Quebec support costs offset by related revenues, and the TCAM working capital allowance. RNS costs support regional transmission infrastructure throughout New England. RNS costs are billed to each transmission owner in the region that has RNS load responsibilities, based on that entity's monthly peak load.

Eversource reported that the FERC approved RNS rate, effective June 1, 2021, is \$140.98 per kW per year, or approximately \$30.39 per MWh – an increase of \$3.95 per MWh. LNS costs include local transmission costs incurred by the Company's corporate parent that are not included in the RNS tariff, and are allocated to Eversource's affiliated distribution companies based on a load ratio share calculated using a rolling 12-month coincident peak. Eversource

reported the FERC approved LNS rate is \$4.05 per MWh. Eversource stated that it calculated the average rate in the same manner it has used since the approval of the settlement agreement in Docket No. DE 06-028. With the exception of the Backup Delivery Service Rate B (Rate B), the Company adjusts all transmission rates by an equal percentage to achieve the overall average 2.785 cents per kWh transmission rate.

The DE 06-028 settlement agreement provides that transmission costs for Rate B are recovered, in part, through a demand charge, and it splits the demand charge into base and incremental components. The settlement agreement describes the cost allocation for the base component and states that other transmission rates will be calculated through equal percentage adjustments. To calculate the base component, a portion of the TCAM costs is allocated to Rate B based on the class contribution to the Company's demand at the time of Eversource's monthly system peaks. The costs are reconciled against actual revenue for the class, with any resulting over- or under-collection flowing into the rate calculation. The incremental component of the rate is adjusted by the same percentage applied to all other rates.

As a result of the adjustments to the overall average rate, Eversource calculated a residential TCAM rate of \$0.03046 per kWh for effect August 1, 2021.

B. Department of Energy

The Department of Energy recommended approval of the proposed Transmission Cost Adjustment Mechanism as revised on July 20, 2021.

III. COMMISSION ANALYSIS

Based on the record before us, we find Eversource used the appropriate method to calculate the TCAM rates consistent with the terms of the settlement agreement approved by Order No. 24,750.

We are satisfied the transmission costs included in the filing, as revised, are consistent with the applicable FERC-approved tariffs and the resulting rates are just and reasonable pursuant to RSA 374:2 and RSA 378:7. Accordingly, we approve the Company's requested overall average TCAM rate of 2.785 cents per kWh, effective with service rendered on and after August 1, 2021.

While the Commission approves the rates in the filing, we noted a trend toward overly conservative forecasting, which has the effect of driving up TCAM rates. This results in over-collecting, and unless corrected, could have the effect of permanently benefiting Eversource and penalizing the ratepayer. We encourage a business process review in this area. The Commission is also closely watching the cash working capital (net days) and encourages business process improvement and close measurement in this area. Finally, the Commission encourages business process evaluation of a comprehensive line loss program for improved system efficiency.

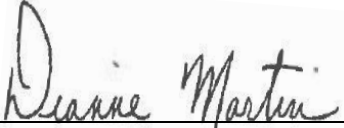
The Commission reminds the parties that due to recent statutory changes the Commission may not communicate with Department of Energy Staff on pending matters. *See* RSA 12-P:5, VI and, *see generally*, RSA 363:12. As a result, the Commission may lack access to information made available for Department of Energy unless it is directly filed in the Commission's relevant open docket.

Based upon the foregoing, it is hereby

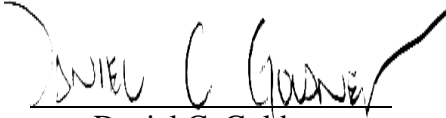
ORDERED, that the petition by Eversource for approval of an overall average transmission cost adjustment mechanism rate of 2.785 cents per kWh for effect August 1, 2021, is hereby APPROVED; and it is

FURTHER ORDERED, that Eversource file conforming tariff pages within 20 days of the date of this order pursuant to NH Admin. R., Puc PART 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth of
July, 2021.



Dianne Martin
Dianne Martin
Chairwoman



Daniel C. Goldner
Daniel C. Goldner
Commissioner

Service List - Docket Related

Docket# : 21-109

Printed: 7/29/2021

Email Addresses

ClerksOffice@puc.nh.gov
richard.t.chagnon@energy.nh.gov
jessica.chiavara@eversource.com
stephen.r.eckberg@energy.nh.gov
lynn.h.fabrizio@energy.nh.gov
thomas.c.frantz@energy.nh.gov
amanda.o.noonan@energy.nh.gov
ocalitigation@oca.nh.gov