

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 23-070**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a**

**EVERSOURCE ENERGY**

**2023 Transmission Cost Adjustment Mechanism**

**Order Approving 2023 Transmission Cost Adjustment Mechanism**

**O R D E R   N O.   26,888**

**September 20, 2023**

In this order the Commission approves an overall average TCAM rate of 2.701 cents per kilowatt hour (kWh), an increase over the current average rate of 2.179 cents per kWh. This results in a residential TCAM rate of 2.965 cents per kWh for effect October 1, 2023, an increase of 0.605 cents per kWh over the present rate of 2.360 cents per kWh. A residential customer using 600 kWh per month will see an increase of \$3.63 per month to the transmission component of their bill effective October 1, 2023.

**I.      PROCEDURAL HISTORY**

On July 11, 2023, Public Service Company of New Hampshire, d/b/a Eversource Energy (Eversource) filed a letter requesting the Commission open a docket for the 2023 adjustment to its Transmission Cost Adjustment Mechanism (TCAM) rate. Eversource stated that, consistent with Order No. 26,735 (November 28, 2022), it would submit its filing requesting a rate adjustment during the first week of August 2023.

The New Hampshire Department of Energy (DOE) filed an appearance on July 31, 2023, and the Office of Consumer Advocate (OCA) indicated that it would participate in this docket on August 1, 2023. On August 4, 2023, Eversource filed a petition (Petition) to increase its TCAM rate from the current average rate of 2.179 cents per kWh to an average rate of 2.701 cents per kWh for effect on October 1, 2023. Accompanying its petition, Eversource pre-filed the supporting direct testimonies of Marisa B. Paruta, James E. Mathews, Scott R. Anderson, and David J. Burnham.

On August 23, 2023, the Commission commenced an adjudicative proceeding and noticed a hearing to occur on September 5, 2023. On August 29, 2023, Eversource filed a revised petition with updated calculations of the proposed TCAM rate. The Commission held a duly noticed hearing on September 5, 2023.

The petition and subsequent docket filings are posted on the Commission's website: <https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-070.html>.

## **II. POSITIONS OF THE PARTIES**

### **A. Eversource**

Eversource requested approval of a forecasted retail transmission rate to be effective October 1, 2023, for a twelve-month billing period ending September 30, 2024, as well as approval of the reconciliation of transmission costs and recoveries for the period of August 1, 2022 through September 30, 2023. The reconciliation uses actual data for August 1, 2022 through June 30, 2023, and estimated data for July 1, 2023 through September 30, 2023. Eversource proposed an overall average rate for the TCAM of 2.701 cents per kWh, an increase from the currently effective average TCAM rate of 2.179 cents per kWh. According to Eversource, the increase in the average TCAM rate is driven by: (1) a decrease in Revenue Credits, which results in a lower benefit flowing through the TCAM Rate of approximately \$15.5 million; (2) an

increase in RNS costs of approximately \$13.7 million; (3) and a projected decrease in the retail transmission over-recovery, which results in a lower benefit flowing through the TCAM Rate of \$8.8 million.

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. The Petition describes the two components of the current TCAM as: (1) a request for approval of the calculated forecasted average retail transmission rate for October 1, 2023 to September 30, 2024; and, (2) a request for approval of the previous period over-recovery of \$16.3 million as a credit to 2023 TCAM rates, arising from a reconciliation of actual transmission costs and revenues against forecasted costs that were approved in the previous 2022 TCAM rate filing.

Eversource's proposal identified the main categories of expenses recovered through the TCAM as: (1) wholesale transmission expenses from ISO-New England, based on FERC-approved tariffs, which include Regional Network Service (RNS) \$200.6 million; Local Network Service (LNS) \$31.9 million; reliability \$7.7 million; and scheduling and dispatch costs: \$2.6 million; (2) subject to a contract with Hydro-Quebec (HQ), a net of Interconnection Capacity Credit and HQ support costs \$0.2 million; (3) return on working capital allowance -\$0.756 million; and (4) revenue credits -\$16.8 million. According to Eversource, these expense categories are then adjusted against the prior period over- or under- recovery to arrive at the proposed total forecasted TCAM costs of \$209 million for the October 1, 2023 through September 30, 2024 period.

Eversource reported that the FERC approved RNS rate for October 1, 2023 through December 31, 2023, is approximately \$29.51 per MWh – and \$34.16 per MWh for January 1, 2024 through September 30, 2024. Eversource also reported the FERC

approved LNS rate for October 1, 2023 through December 31, 2023 is \$4.32 per MWh, and for January 1, 2024 through September 30, 2024 is \$4.78 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. The Company adjusts all transmission rates by an equal percentage to achieve the overall average per kWh transmission rate, with the exception of the Backup Delivery Service Rate B (Rate B),

The settlement agreement in Docket No. DE 06-028 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. 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. Further, Eversource testified that in this filing it corrected a supporting work paper input error. As a result of this updated input the Company adjusted the Rate B allocation of TCAM rates, resulting in a reduction of Rate B TCAM rates of approximately 51.3 percent. Exh.1 at 63.

As a result of the adjustments to the overall average rate, Eversource calculated a residential TCAM rate of 2.965 cents per kWh for effect October 1, 2023, an increase of 0.605 cents per kWh as compared to the present rate of 2.360 cents per kWh. According to Eversource, a residential customer using 600 kWh per month will see an increase of \$3.63 per month to the transmission component of their bill relative to current rates, assuming no other rate changes. Exh. 1 at 65.

In response to Order No. 26,031 (June 28, 2017) in Docket No. DE 17-081, noting changes in the RNS rates resulting from changes in peak demand throughout New England, Eversource provided examples of energy efficiency measures as well as active demand reduction programs in place to reduce Eversource's New Hampshire peak demand.

Finally, Eversource attributed the increase in TCAM rates for 2023 as primarily driven by additional transmission investments placed into service in the New England region for RNS and in New Hampshire for LNS.

#### **B. Office of Consume Advocate**

The OCA supported the proposed TCAM rates and recommended approval. The OCA indicated that it would participate in future discussions of the current lead lag calculation methodology with Eversource.

#### **C. Department of Energy**

The DOE supported the proposed TCAM rates and recommended approval. The DOE expressed an interest in discussing the lead lag calculation methodology with Eversource.

### **III. COMMISSION ANALYSIS**

The Commission is authorized to fix rates after a hearing, upon determining that rates, fares, and charges are just and reasonable. RSA 378:7. In circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8. In determining whether rates are just and reasonable, the Commission must balance the customers' interest in paying no higher rates than are required against the investors' interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994). In this way, the Commission serves as arbiter between the interests of customers and

those of regulated utilities. See RSA 363:17-a; *see also EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,202 at 17 (March 10, 2011).

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). Based on the record before us, we find that Eversource used the appropriate method, consistent with the terms of the settlement agreement approved by Order No. 24,750, to calculate the TCAM rates for effect on October 1, 2023. We find that the testimony by Eversource witnesses as well as the supporting workpapers demonstrate the use of appropriate inputs for the rate calculations. Furthermore, in reliance on the DOE recommendation and the support of the resulting rates by the OCA, we find that the resulting TCAM rates are just and reasonable and accordingly approve the following rates for effect October 1, 2023.

Class	Block	Rate
R	All kWh	\$0.02965
Uncontrolled Water Heating	All kWh	\$0.02295
Controlled Water Heating	All kWh	\$0.02295
R-OTOD	On-peak kWh	\$0.02965
	Off-peak kWh	\$0.01936
RODOD-2	On-peak kWh	\$0.09955
	Off-peak kWh	\$0.01162
G	Over 5kW	\$7.65
	First 500 kWh	\$0.02765
	Next 1,000 kWh	\$0.01040

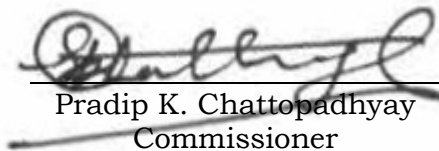
	All additional kWh	\$0.00558
Space Heating	All kWh	\$0.02765
G-OTOD	Load charge	\$5.04
LCS	Radio-controlled	\$0.02295
	8-hour	\$0.02295
	10 or 11-hour	\$0.02295
GV	First 100 kW	\$10.24
	All additional kW	\$10.24
EV-2	All kWh	\$0.14321
LG	Demand Charge	\$10.09
B	Demand Charge	\$1.61
OL, EOL	All kWh	\$0.02026

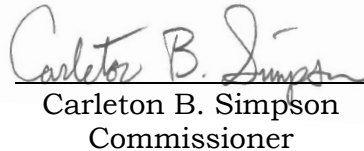
**Based upon the foregoing, it is hereby**

**ORDERED**, Eversource's request for an overall average TCAM rate of 2.701 cents per kilowatt-hour is **APPROVED**, effective October 1, 2023, as are the resulting rates for various customer classes shown in the chart above; and it is

**FURTHER ORDERED**, that Eversource shall file a conforming tariff showing the approved TCAM rates within 15 days of this order.

By order of the Public Utilities Commission of New Hampshire this twentieth day of September, 2023.

  
Pradip K. Chattopadhyay  
Commissioner

  
Carleton B. Simpson  
Commissioner

## Service List - Docket Related

Docket#: 23-070

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