

STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire  
d/b/a Eversource Energy

2024 Energy Service Solicitations

Docket No. DE 24-046

**EVERSOURCE RESPONSE TO MOTION FOR REHEARING  
OF THE COMMUNITY POWER COALITION OF NEW HAMPSHIRE  
AND THE NRG RETAIL COMPANIES**

Pursuant to Puc 203.07(f), Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”) hereby responds to the Motion for Rehearing (“Motion”) filed by the Community Power Coalition of New Hampshire (“CPCNH”) and the NRG Retail Companies<sup>1</sup> (together with CPCNH, the “Joint Movants”) on July 19, 2024. The Motion seeks rehearing of the Commission’s Order No. 27,022 issued on June 20, 2024 (the “Order”).

The Joint Movants’ Motion is premature and also misapprehends the nature and scope of Eversource costs that may be recovered through the Stranded Cost Recovery Charge (“SCRC”), applicable principles under the 1996 Electric Utility Restructuring Act, RSA 374-F (the “Restructuring Act”), and the basis for setting rates through reconciling rate mechanisms such as the Energy Service rate. In support of this response, the Company states as follows:

1. The Joint Movants argue in the Motion that the Commission’s failure to provide notice “that it was considering such a drastic change [to shift reconciliation

---

<sup>1</sup> The “NRG Retail Companies” are Direct Energy Services LLC; Direct Energy Business, LLC d/b/a NRG Business; NRG Business Marketing, LLC (f/k/a Direct Energy Business Marketing LLC); Reliant Energy Northeast LLC d/b/a NRG Home; and XOOM Energy New Hampshire, LLC.

balance cost recovery to the SCRC], . . . circumvented the due process rights of unnoticed parties, including but not limited to the Joint Movants, which stand to be potentially financially harmed by the Commission’s decision.” *See* Motion at 4-7. However, the Commission has not yet decided that under- or over-recoveries incurred by the Company in providing default service to any class of its customers should be recovered through the SCRC rate rather than through the Energy Service rate. Rather, the Commission has only directed the Company to place the approximately \$6.5 million Large Customer group under-collection balance into a deferral account, with tariff-specified carrying charges to be assessed, and also to “prepare a proposal for the integration of the ES Reconciliation Adjustment Factor charges into collection through the SCRC to be filed thirty (30) days in advance of the Company's next SCRC petition filing.” Order at 9.

2. The Company has not yet prepared or submitted the proposal for SCRC integration as directed by the Commission and may not do so for several months. When that proposal is filed, the Commission undoubtedly will issue a “Commencement of Adjudicative Proceeding and Notice of Hearing” in a new SCRC rate adjustment docket, and that issuance assuredly will provide sufficient notice that recovery of all or some portion of Energy Service under- or over-recoveries is proposed to be transferred for recovery through the SCRC. Indeed, the Commission confirmed in Order No. 27,034 (July 12, 2024) that its “intent was to have an adjudication of any such proposal in a future proceeding, with a separate order of notice.” Following such issuance in a new docket, potentially affected parties will have notice that the issue will be adjudicated in that docket, and they will have an opportunity to petition to intervene in that proceeding and protect their interests through their participation, if intervention is granted. The due process concerns raised by the Joint Movants in the Motion therefore are premature at

this time.

3. The Joint Movants, similar to the Office of the Consumer Advocate,<sup>2</sup> also assert that recovery of Energy Service cost under- and over-recoveries through the SCRC would violate the Restructuring Act, because they are not “stranded costs” as defined in RSA 374-F:2, IV. *See* Motion at 7-9. The Joint Movants’ argument misapprehends the nature and scope of Eversource costs that may be recovered through the SCRC.<sup>3</sup> Even assuming *arguendo* that the Joint Movants are correct that Energy Service cost reconciliation under- and over-recoveries do not come within the statutory definition of “stranded costs,” the cost items that may be reconciled and recovered through the SCRC are not limited to statutory “stranded costs.”

4. Instead, as noted by the Commission in 2021, the Company’s SCRC is “a nonbypassable charge that *includes* stranded costs pursuant to RSA 374-F *and other nonbypassable charges and credits as established by Commission order.*” *See* Order No. 26,450 (January 29, 2021) issued in Docket No. DE 20-136, at pages 7-8 (emphasis added).<sup>4</sup> Based on that Commission precedent and the terms of the 2015 Restructuring Agreement, the SCRC is not limited to recovery of “stranded costs,” as defined in the Restructuring Act, and may also include other cost components appropriate for recovery through a nonbypassable charge from all Eversource distribution customers.

---

<sup>2</sup> *See* Motion for Rehearing filed by the Office of the Consumer Advocate on July 11, 2024, at pages 5-7.

<sup>3</sup> It should be noted that the Company had proposed as a potential alternative “to recover the full amount of the ES Reconciliation Adjustment Factor, including all related over- and under-recoveries, from all distribution customers through the SCRC *or a similar reconciling rate mechanism.*” *See* Exhibit 1 at Bates 56; Direct Testimony of Yi-An Chen and Scott R. Anderson dated June 13, 2024, at page 15 of 24 (emphasis added). Recovery of such costs through the SCRC is not the only potential option.

<sup>4</sup> That order cited the “2015 PSNH Restructuring and Rate Stabilization Agreement” at 8 (definition of SCRC includes “... other costs and expenses ... as otherwise authorized by the Commission.”), approved by *Public Service Company of New Hampshire*, Order No. 25,920 (July 1, 2016). *See also Electric Utilities and Competitive Electric Service Providers*, Order No. 25,664 at 3-4 (May 9, 2014), which directed Eversource to credit RGGI auction proceeds to the SCRC.

5. Moreover, the Commission has already indicated it agrees with the Company's view that "having the ES Reconciliation Adjustment Factor costs assessed through the SCRC could be an equitable and reasonable approach, due to the "backstop" nature of ES." Order at 9. Accordingly, a proposal for recovering such reconciliation costs through the SCRC should be considered in the next SCRC docket upon filing of such a proposal by Eversource. And an interested party may seek intervention in that new SCRC docket where the Company's proposal will be considered; if its intervention is granted, then it would have the opportunity to participate actively in that new SCRC proceeding.

6. The Joint Movants further argue that deferring recovery of approximately \$6.5 million in Large Customer group default service costs to future ratepayers while excluding those costs from recovery in new Energy Service rates for the Large Customer group results in unjust and unreasonable rates. According to the Joint Movants, such deferral is inconsistent with cost causation principles, "artificially reducing those rates to the benefit of current ratepayers at the expense of future ratepayers" and also "is inherently anti-competitive and results in unjust and unreasonable rates . . . [as] Eversource should not be treated differently and preferentially to the disadvantage of Joint Movants and all customers and communities that have exercised electric generation supply choice." *See* Motion at 9-12. Instead, the Joint Movants ask the Commission to reconsider the Energy Service rates approved in the Order and "adjust those [rates] for the large customer class on a going forward basis to include the prior period under-recovery as soon as practical." Motion at 9.

7. It is important to note, however, that an electric utility such as the Company is not competing with the Joint Movants to provide energy supply service. Rather, the

Company and other electric distribution utilities are required to provide default service to their customers under RSA 374-F:2, I-a and RSA 374-F:3, V, and they do so on a straight pass-through basis with no return and no opportunity for profit. The Restructuring Act, at RSA 374-F:3, V(a) - (e), sets forth a number of principles for the provision of utility default service.<sup>5</sup> In particular, RSA 374-F:3, V(e) provides that:

Notwithstanding any provision of subparagraphs (b) and (c), as competitive markets develop, the commission may approve alternative means of providing transition or default services which are designed to minimize customer risk, not unduly harm the development of competitive markets, and mitigate against price volatility without creating new deferred costs, if the commission determines such means to be in the public interest.

The principles covered by that provision include customer risk reduction and price volatility mitigation, as well as avoiding undue harm to competitive markets.

8. As noted above, the Commission implicitly acknowledged the problem of large and growing cost under-recoveries for the Large Customer group due to load migration when it indicated agreement with the Company that “having the ES Reconciliation Adjustment Factor costs assessed through the SCRC could be an equitable and reasonable approach, due to the “backstop” nature of ES.” Order at 9. In order for mandated utility default service – which serves as a “backstop” service available at all times to all utility customers – to be provided on a sustainable basis, the public interest now requires consideration of an alternative in which default service cost over- and under-recoveries are collected from all distribution customers through the SCRC or a similar reconciling rate mechanism.<sup>6</sup> The potential transition to that new

---

<sup>5</sup> Note that most of these are “principles” (i.e., things that “should” be done) as opposed to binding obligations (i.e., things that “shall” or “must” be done); moreover, these principles in many cases must be balanced in their consideration as they may pull in different directions.

<sup>6</sup> This approach is consistent with how Eversource affiliate NSTAR Electric collects similar costs related to the provision of “basic service” in Massachusetts.

cost recovery mechanism warrants a near-term deferral of the current Large Customer group under-recovery balance for a limited period of time. Under these circumstances, the alternative ES Reconciliation Adjustment Factor cost recovery mechanism proposed by the Company is fully consistent with the fundamental principles described in the Restructuring Act and with the overriding public interest.

9. Finally, the Joint Movants call into question the amount of Eversource's Large Customer group under-recovery, asserting that "there should not be a material mismatch between revenue and expense due to customer migration" because "the vast majority of the costs incurred in providing default energy service should vary in direct proportion to the amount of load served and billed for." *See* Motion at 10-11. The Joint Movants assert that the Company's "substantial under-recovery merits further investigation, and should not be deferred for collection from future customers beyond the time necessary for such investigation," because "most of the cost of providing large customer energy service is directly proportional to the volume of sales." *Id.* at 11. But that argument fundamentally misapprehends the way in which reconciling rates are set and how reconciliations are administered.

10. In fact, the Energy Service rate, like other annually reconciling rate mechanisms, is set based on a combination of forward-looking projections and cost estimates for a future period of time, combined with reconciliations for prior periods once actual costs, sales, and revenues are known. If actual costs, sales, and revenues are close to what was estimated in advance based on the utility's historical experience, then the resulting under- or over-recovery balance to be reconciled should be relatively small. However, in circumstances where retail sales and associated revenues are substantially less than estimated when the rate was set, as may occur due to factors such as load

migration or unexpected weather conditions, then a substantial under-recovery balance may accrue and need to be recovered in subsequent rate periods. That is precisely what has occurred with the Energy Service Large Customer group as a result of significant load migration, as described in detail in the Company's pre-filed testimony and related attachments. *See* Exhibit 1 at Bates 53-55, 71; Direct Testimony of Yi-An Chen and Scott R. Anderson dated June 13, 2024, at pages 12-14 of 24, and Attachment YC/SRA-2, Page 2 of 5. The fact that *actual* costs are incurred based on the volume of sales is immaterial to the information known and *projections* made at the time the rate is set, to be in effect for a future 12-month period, in particular in the context where actual sales decline significantly as a result of ongoing load migration to community aggregation opt-out programs.

11. Accordingly, there is no need for further investigation of the causes of the Large Customer group under-recovery, because those causes are well known, and the question before the Commission is how and when that under-recovery amount will be collected from the appropriate set of customers. The Company intends to submit a proposal for recovery of Energy Service cost under- and over-recoveries through the SCRC, in compliance with the Order, and that question then will be squarely before the Commission for adjudication.

WHEREFORE, Eversource respectfully requests that the Commission consider this response and deny the Motion for Rehearing of Order No. 27,002 filed by the Joint Movants on July 19, 2024, and order such other and further relief as may be just and equitable in the circumstances.

Respectfully submitted,

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

Date: July 29, 2024

By: /s/ **David K. Wiesner**  
David K. Wiesner, Senior Counsel  
Public Service Company of New Hampshire  
d/b/a Eversource Energy  
780 North Commercial Street  
Manchester, NH 03101  
603-634-2961  
[David.Wiesner@eversource.com](mailto:David.Wiesner@eversource.com)



CERTIFICATE OF SERVICE

I hereby certify that, on the date written below, I caused the attached to be served pursuant to N.H. Code Admin. Rule Puc 203.11.

Date: July 29, 2024

/s/ David K. Wiesner  
David K. Wiesner