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DEPARTMENT OF ENERGY
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January 15, 2025

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street
Concord, NH 03301

Re: DE 24-112 Public Service Company of New Hampshire d/b/a Eversource Energy,
Petition for Adjustment of Stranded Cost Recovery Charge for Effect on February 1,
2025; **Department of Energy Preliminary Position Statement**

Dear Chairman Goldner:

On December 12, 2024, the Public Utilities Commission (Commission or PUC) issued a procedural order in the above captioned docket requesting the New Hampshire Department of Energy (Department) to file its position statement no later than close of business on January 15, 2025. On December 19, 2024, the Commission issued an order approving the proposed procedural schedule filed by the Department on December 18, 2024. That schedule called for the Department to file its position regarding Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company)'s petition on or before January 15, 2025, as reflected in the Commission's December 12, 2024 Order. At the time the proposed schedule was submitted to the Commission, the expected parties to the proceeding agreed to the schedule. Those parties were the Department, the Company, and the Office of Consumer Advocate (OCA). Subsequent to the procedural order's issuance, additional entities including the NRG Companies, Community Power Coalition of New Hampshire (CPCNH), Retail Energy Supply Association (RESA), and Colonial Power Group, Inc. (Colonial) have filed for intervention in the proceeding, which the Commission granted on January 10 and 13, 2025. On January 10, 2025, the PUC issued a procedural order, which ordered the Company to respond to several Commission issued record requests by January 17, 2025.

At this time, the Department identifies the following preliminary positions regarding the Company's petition for adjustment of its Stranded Cost Recovery Charge (SCRC) rate to be effective for the twelve-month period beginning February 1, 2025:

- 1) The Department's review of the Company's filing is ongoing. The Department has reviewed the original testimony and schedules of Company witnesses Ashley N. Botelho and Edward A. Davis and the updated filing made on January 10, 2025. The Department has issued discovery, reviewed the responses provided by the Company and participated in a Technical

Session with the Company and other parties.

- 2) The Department supports the Company's inclusion of the anticipated SCRC Part 1 costs; SCRC Part 2 costs resulting from the Company's divestiture of its generation assets; additional SCRC cost elements including Regional Greenhouse Gas Initiative (RGGI) refund; Environmental Remediation costs; and certain Net Metering costs. As stated above, the review of these amounts included in the filing is ongoing.
- 3) At hearing on June 18, 2024, in docket DE 24-046, the Department expressed its support for the proposal presented by the Company in the pre-filed testimony of its witnesses Yi-An Chen and Scott R. Anderson, which was the use of a single, combined reconciliation in the default service rate for the large and small customer groups as a way to spread the under-collection from the large customer group out over a larger pool of customers and reduce the rate impact of the under-collection on default service rates. See Testimony of Chen and Anderson (June 13, 2024) at Bates 55. The Department stated clearly that it "supports this approach for this one-year reconciliation period only..." See transcript at p. 123.
- 4) In the Commission's Order No. 27,034 (July 12, 2024), the Commission clarified that as previously ordered in Order No. 27,022 the Company is to place the \$6.5 million "arising from its ES [default energy] operations for the Large Customer Group, into a deferral account." p. 2. The Commission further reiterated that the Company was to "...prepare a proposal for the integration of this \$6.5 million under-collection into the forthcoming Eversource stranded cost recovery charge." p. 5. In light of the Company's proposal included in this SCRC docket, the DOE is now revisiting its position expressed at the June 18, 2024 hearing.
- 5) The Department has concerns about the Company's proposal, as filed, to integrate Energy Service Rate Reconciliation costs into the SCRC for both the large and small customer groups. One concern is whether the proposal aligns with Restructuring Policy Principles identified in RSA 374-F:3. These principles include "any prudently incurred costs arising from compliance with the renewable portfolio standards of RSA 362-F for default service [...] shall be recovered through the default service charge." RSA 374-F:3, V(c). To the extent that the \$6.5 million large customer group under-collection includes such renewable portfolio standard compliance costs, those costs should not be transferred to the SCRC. The Company should clarify this issue.
- 6) The Department has developed an alternative proposal for recovery of the \$6.5 million large customer default service under-collection for consideration by parties and the Commission. The Department proposes that the under-

collection amount be included in the SCRC but allocated in full to only the large customer group – the GV and LG rate groups – which are the default service rate groups from which the under-collection amount originated. No portion of the transferred under-collection amount would be allocated to the R, G, or OL rate groups. Currently, within the SCRC, different cost components are allocated differently, so such a differential allocation of this transferred under-collection amount is not a unique concept. The table below presents the Department’s estimated rate impact of this proposal as “Scenario 4” as compared to impacts of other possible recovery methods.

Scenario	Amount	12 Month kWh	Rate \$/kWh
1	\$6,500,000	109,953,000	\$0.05943
2	\$6,500,000	2,675,815,000	\$0.00243
3	\$6,500,000	7,654,208,000	\$0.00085
4	\$6,500,000	2,594,776,512	\$0.00266

Brief “Scenario” explanations are as follows:

1 = Status Quo. Recovery from Large Customer Energy Svc Group over 12 months in Def Svc Docket. Volume & Rate as forecast by Eversource in DE 24-046 in June 2024

2 = Recovery Spread over Small + Large Customer Energy Svc Group over 12 months in Def Svc Docket. Volumes as forecast by Eversource in DE 24-046 in June 2024

3 = Via SCRC and spread over all Distribution kWh as proposed/forecast by Eversource in DE 24-112 in Jan 2025

4 = Via SCRC ONLY to Large Cust Group (GV + LG) kWh volume so that Large Customers pay for their own reconciliation costs whether they are current or former Energy Service customers

The Department looks forward to discussing this proposal, and any others, with parties at the appropriate time in the near future.

The Department anticipates that it will provide its final position on the Company’s petition following review of information provided by the Company in response to the Commission’s Record Requests, and the presentation of evidence and cross examination of witnesses by the Department, other intervenors, and the Commission at the final hearing(s).

Sincerely,

/s/ *Molly M. Lynch*
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cc: Docket Service List