

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 19-108

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

Petition for Adjustment to Stranded Cost Recovery Charge Rate

Order Approving Adjustment

ORDER NO. 26,332

January 31, 2020

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; the Office of the Consumer Advocate by D. Maurice Kreis, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

This order approves an adjustment to the Stranded Cost Recovery Charge rate for Eversource's customers, effective with services rendered on and after February 1, 2020. For residential customers, the average charge will decrease from 1.882 cents per kilowatt hour (kWh) to 1.143 cents per kWh. That rate is further reduced by a rebate of 0.132 cents per kWh from proceeds associated with the Regional Greenhouse Gas Initiative. The overall bill impacts for effect February 1, 2020, include a decrease to the energy service charge approved by the Commission in Order No. 26,315 (December 12, 2019). Residential customers using 600 kWh per month and taking energy service from Eversource will see a 5.5 percent reduction in monthly bills, from \$121.36 to \$114.72.

I. PROCEDURAL HISTORY

On June 6, 2019, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a petition to adjust its Stranded Cost Recovery Charge (SCRC) rate for the six-month period starting August 1, 2019. The Office of the Consumer Advocate (OCA) filed a

letter of participation on June 18. On July 31, the Commission approved that adjustment to the SCRC in Order No. 26,277.

On December 10, 2019, Eversource filed a petition to adjust the rate for the six-month period beginning February 1, 2020. The Commission issued an order of notice on January 7, 2020. Eversource filed an updated SCRC rate on January 10, 2020. Subsequently, Eversource filed updated and corrected calculations of the SCRC rate on January 17, January 20, and January 22.

The SCRC recovery mechanism was initially established pursuant to the 1999 Agreement to Settle PSNH Restructuring in Docket No. DE 99-099 (1999 Agreement), which defined and separated stranded costs into three categories known as Part 1, Part 2, and Part 3. The original stranded costs associated with Part 1 and Part 3 have been fully recovered. In recent years, the only costs recovered through the SCRC rate mechanism have been Part 2 costs, which are “ongoing” stranded costs, consisting primarily of the over-market value of energy purchases from independent power producers (IPPs), and the amortization of payments previously made from IPP buy-downs and buy-outs approved by the Commission.

In *Public Service Company of New Hampshire d/b/a Eversource Energy*, Order No. 25,920 (July 1, 2016), the Commission approved the 2015 Restructuring and Rate Stabilization Agreement (2015 Agreement). The 2015 Agreement provided for the divestiture of Eversource’s generation assets and recovery of stranded costs associated with divestiture. Pursuant to the 2015 Agreement, a portion of the stranded costs associated with divestiture are recovered through Rate Reduction Bonds (RRBs) as a new Part 1 stranded cost, to be recovered from all Eversource customers through the SCRC rate. The 2015 Agreement also included various new costs in the calculation of the Part 2 stranded cost rate. The SCRC rate currently

includes those Part 1 and Part 2 costs. Eversource allocates the SCRC costs among customer classes pursuant to the 2015 Agreement.

In addition to stranded costs, Eversource includes the proceeds associated with the Regional Greenhouse Gas Initiative (RGGI) as a credit to the SCRC rate. Pursuant to RSA 125-O:23 and Commission Order No. 25,664, Eversource returns RGGI auction proceeds in excess of \$1.00 per allowance to all retail customers. This amount, which is referred to in the filing as the “RGGI adder,” is calculated as an equal per kWh credit across all customer classes. Eversource said it included a RGGI credit of 0.132 cents per kWh in the calculation of the SCRC rate.

In this filing Eversource, for the first time, includes in the calculation of the SCRC rate costs associated with the implementation of 2018 N.H. Laws, chapter 340, which effectively extends payment of over-market costs to Berlin Station for an additional three years.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested or granted by the Commission, are posted to the Commission’s website at <http://www.puc.nh.gov/Regulatory/Docketbk/2019/19-108.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

Eversource explained that new RRBs were issued in May 2018, and are included as Part 1 costs in the SCRC rate. Eversource said that it files the RRB true-up results annually in January, and, as a result, Part 1 RRB costs may change effective on a service rendered basis on February 1 of each year. Eversource stated that the estimated costs of the RRBs would increase on February 1, 2020, from an average residential RRB rate of 0.948 cents per kWh, to 1.005 cents per kWh. At hearing, Eversource submitted a document, marked for identification as

Hearing Exhibit 11, which provides a reconciliation to show the actual RRB remittances applied to the RRB payments as compared to the forecast used to develop the RRB rate.

Part 2 costs continue to include all costs and market revenues associated with the existing IPPs and the amortization of payments previously made for IPP buy-downs and buy-outs as approved by the Commission. In addition, Part 2 costs include: (1) the costs and market revenues associated with the Burgess and Lempster power purchase agreements (PPAs); (2) miscellaneous ISO New England costs; (3) losses or gains on sales of renewable energy certificates purchased under the Burgess and Lempster PPAs; and (4) excess deferred income taxes associated with the reduction in federal corporate income tax rates.

The 2015 Agreement also authorizes Eversource to recover prudently incurred decommissioning, environmental, and other residual costs or liabilities related to the divestiture of generation assets through Part 2 of the SCRC. The Part 2 SCRC rate in this filing does not include any recovery of those costs because Audit Staff is in the process of auditing those costs.

Eversource testified that SCRC rates proposed for February 1, 2020, represent a decrease for most customers. Eversource attributed the decrease in the SCRC rate to an over-collection of \$21.4 million in the prior period. Eversource said that factors contributing to the over-collection included: a credit for property taxes; residual pension credits related to generation; the sale of renewable energy certificates (RECs); a REC revenue transfer; lower energy and capacity costs; excess deferred taxes; and United States Department of Energy payments resulting from a FERC-approved settlement agreement related to the retirement of Yankee Atomic. This over-collection is applied as a credit to the calculation of SCRC rates, resulting in a reduction in average SCRC rates beginning with service rendered on and after February 1, 2020, as compared to the current period.

As part of the 2015 Agreement, the SCRC revenue requirement is allocated to each rate class according to the following percentages: 48.75 percent to residential customers (Rate Class R); 25 percent to general service customers (Rate Class G); 20 percent to primary general service customers (Rate Class GV); 5.75 percent to large general service customers (Rate Class LG); and 0.50 percent to outdoor lighting customers (Rate Class OL). In addition, there are various rates within each class. Applying this allocation methodology means that there is no longer a single SCRC rate for all customers, or even a uniform rate for all customers in a single rate class.

Pursuant to a Settlement Agreement filed in Docket No. DE 19-142, Eversource calculated the cost of the extension of over-market costs associated with the Burgess BioPlant on an equal cents per kWh basis across all customer classes, referred to in this docket as the “chapter 340 adder.” Eversource estimated the chapter 340 adder for the first year of the extension to be 0.435 cents per kWh. *See* Order No. 26,331, (January 31, 2020).

Factoring all of the above, excluding the RGGI credit, Eversource proposed average SCRC rates for customer classes as follows:

| Rate Class | Average SCRC Rates (cents per kWh) |
|-------------------|---|
| R | 1.143 |
| G | 1.086 |
| GV | 0.975 |
| LG | 0.635 |
| OL/EOL | 1.280 |

Hearing Exhibit 10. With the 0.132 cents per kWh RGGI credit, the average residential SCRC rate for Part 1 and Part 2 costs would be 1.011 cents per kWh, a decrease from the current average rate of 1.752 cents per kWh.

Eversource also proposed a change to energy service rates for effect on February 1, 2020. The result for a residential customer using 600 kWh per month and taking energy service from Eversource would be a monthly bill decrease of \$6.64 from current rates, or a reduction of 5.5 percent in monthly bills.

B. OCA

The OCA said that it supported the SCRC adjustment proposed by Eversource in its January 17, 2020, filing.

C. Staff

Staff said it reviewed the petition and determined that Eversource appropriately calculated the SCRC rate and the chapter 340 adder. Staff recommended that the Commission approve the petition.

III. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to determine the just, reasonable, and lawful rates to be charged by public utilities. Any recovery of stranded costs “should be through a nonbypassable, nondiscriminatory, appropriately structured charge that is fair to all customer classes, lawful, constitutional, limited in duration, consistent with the promotion of fully competitive markets, and consistent with [restructuring] policy principles.” RSA 374-F:3, XII(d).

We approve the rates for recovery of costs included in the SCRC calculation as proposed by Eversource in its January 17, 2020, filing. We find that Eversource appropriately calculated the SCRC rates to reflect updated actual and estimated costs, including the impact of changes in the forecasted market prices associated with energy purchases from IPPs, the RRBs, and the

RGGI and chapter 340 adders. We also find that the resulting rates are just and reasonable as required by RSA 374:2 and RSA 378:7.

The SCRC rate change, combined with adjustments to Eversource's energy service rate, both for effect February 1, 2020, will result in an overall 5.5 percent decrease in monthly bills for residential customers who use 600 kWh per month and take energy service from Eversource, as compared with bills based on rates for the period ending January 31, 2020. When compared with rates in effect for the same period last year (February 1 through July 31, 2020), the bills for those residential customers will be approximately 5.7 percent lower, primarily due to the decrease in the energy service charge.

Based upon the foregoing, it is hereby

ORDERED, that Eversource's average Stranded Cost Recovery Charge rate, including the Regional Greenhouse Gas Initiative and chapter 340 adders, for effect on a service-rendered basis for the six-month period beginning February 1, 2020, as depicted in Hearing Exhibit 10 is hereby APPROVED; and it is

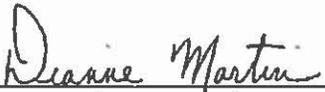
FURTHER ORDERED, that Eversource's allocation of stranded costs in rates among the various customer classes is hereby APPROVED; and it is

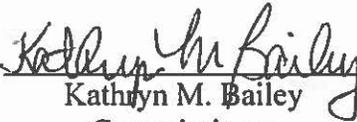
FURTHER ORDERED, that Eversource shall, on an ongoing basis, reconcile estimated Part 2 Stranded Cost Recovery Charge costs with actual costs, and include the reconciliation in subsequent rate calculations; and it is

FURTHER ORDERED, that all Part 2 Stranded Cost Recovery Charge costs shall be subject to Staff Audit and the accuracy and prudence of those costs will be reviewed in a subsequent proceeding; and it is

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

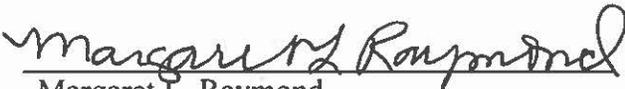
By order of the Public Utilities Commission of New Hampshire this thirty-first day of January, 2020.


Dianne Martin
Chairwoman


Kathryn M. Bailey
Commissioner


Michael S. Giaimo
Commissioner

Attested by:


Margaret L. Raymond
Assistant Secretary

ExecutiveDirector@puc.nh.gov

donald.kreis@oca.nh.gov

erica.menard@eversource.com

james.brennan@oca.nh.gov

jessica.chiavara@eversource.com

kristi.davie@eversource.com

marc.lemenager@eversource.com

ocalitigation@oca.nh.gov

robert.bersak@eversource.com

Todd.Bohan@eversource.com

matthew.fossum@eversource.com

amanda.noonan@puc.nh.gov

paul.dexter@puc.nh.gov

richard.chagnon@puc.nh.gov

Stephen.Eckberg@puc.nh.gov

suzanne.amidon@puc.nh.gov

tom.frantz@puc.nh.gov