

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 22-039

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

Petition for Adjustment to Stranded Cost Recovery Charge

Order Approving Adjustment to Stranded Cost Recovery Charge

ORDER NO. 26,768

January 30, 2023

In this order, the Commission approves an adjustment to the Stranded Cost Recovery Charge (SCRC) for Eversource's customers effective with services rendered on and after February 1, 2023. For residential class customers, the average SCRC rate will increase by 0.419 cents per kilowatt-hour (kWh) to 0.687 cents per kWh. The Company is also proposing revisions to its SCRC Tariff that will allow for annual adjustments to all components of the SCRC for effect on February 1, 2023, while also retaining the ability for interim adjustments to the Rate Reduction Bond charges component of the SCRC, as needed.

I. PROCEDURAL HISTORY

On December 16, 2022, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed a petition to adjust its SCRC rate for the rate period beginning February 1, 2023. On December 21, 2022, the Commission issued a procedural order scheduling a hearing for January 11, 2023. On January 4, 2023, in response to a Company request, the Commission rescheduled this hearing for January 17, 2023. The Company subsequently filed an updated version of its SCRC petition on January 11, 2023. *See* Hearing Exhibit 3.

The hearing was held as scheduled on January 17, 2023. In addition to the Company, representatives of the New Hampshire Department of Energy (DOE) also appeared. At the hearing, the Commission made inquiries related to certain data submitted as part of the Company's petition, which were memorialized in a Commission procedural order issued on January 18, 2023, for which Eversource provided responses on January 19, 2023. *See* Hearing Exhibits 4 and 5.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-039.html>

II. BACKGROUND

The SCRC is a non-bypassable charge and recovery mechanism established by the Restructuring Settlement Agreement dated August 2, 1999, in Docket No. DE 99-099 (Restructuring Agreement), which was revised and conformed in compliance with the Commission's Order No. 23,549 (September 8, 2000). Its original purpose was to recover a portion of Eversource's stranded costs, and other costs and expenses permitted by the Restructuring Agreement. Restructuring Agreement, Subsection V.B. These stranded costs were divided into three parts: Part 1 was the Rate Reduction Bonds (RRB) charge; Part 2 consisted of ongoing stranded costs associated with restructuring; and Part 3 costs were the remaining non-securitized stranded costs. *Id.* The original Part 1 and Part 3 stranded costs have been fully recovered. *Pub. Serv. Co. of N.H.*, Order No. 26,569, at 3 (January 25, 2022).

In Docket No. DE 14-238, the Commission approved the 2015 Restructuring and Rate Stabilization Agreement, filed on June 10, 2015, and amended January 26, 2016, which allowed Eversource to recover stranded costs associated with

Eversource's divestiture of its generation facilities as new Part 1 costs. *See* Order No. 26,569, at 3 (citing *Pub. Serv. Co. of N.H.*, Order No. 25,920 (July 1, 2016)). In addition, the 2015 Restructuring and Rate Stabilization Agreement provided that Eversource could recover, as Part 2 costs, ongoing independent power producer (IPP) costs and power purchase agreement (PPA) costs, such as Eversource's existing commitments involving the Burgess BioPower facility in Berlin, New Hampshire and the Lempster Wind Power Project in Sullivan County, New Hampshire. *See* Subsections II and III.A.

Pursuant to the 2015 Restructuring and Rate Stabilization Agreement, the SCRC is allocated to each rate class by different percentages, and there is no uniform SCRC rate charged to all customers or a uniform SCRC rate for each class. Order No. 26,569 at 3-4. The agreement required Eversource to calculate Part 2 costs for prospective 6-month periods. 2015 Restructuring and Rate Stabilization Agreement, Subsection III.A.2.

Eversource also uses the SCRC to recover and refund a number of other costs and revenues. Excess Regional Greenhouse Gas Initiative (RGGI) auction proceeds are refunded to Eversource customers through the SCRC pursuant to RSA 125-O:23, II and Order No. 25,664, at 4-5 (May 9, 2014), issued in Docket No. DE 14-048. Eversource was authorized to recover the over-market costs of electric energy purchased from Burgess BioPower facility (commonly known as "Chapter 340 Costs") for a three-year suspension period pursuant to the settlement agreement approved by the Commission in Order No. 26,333 (February 18, 2020), issued in Docket No. DE 19-142 in response to 2018 N.H. Laws, chapter 340. These arrangements were modified, updated, and extended pursuant to 2022 N.H. Laws, chapter 275:1 (also known as SB 271), and the Commission's Orders No. 26,665 (August 11, 2022) and

26,705 (October 14, 2022). In Docket No. DE 19-057, the Commission approved a settlement agreement permitting Eversource to recover certain environmental remediation costs through the SCRC. *Pub. Serv. Co. of N.H.*, Order No. 26,433 at 14, 22 (December 15, 2020). The Commission approved a settlement agreement in Docket No. DE 20-136 providing for an adder to the SCRC that would enable Eversource to recover net metering and group host costs. *Pub. Serv. Co. of N.H.*, Order No. 26,450, at 7-9 (January 29, 2021).

Eversource is currently billing residential customers an SCRC rate of 0.268 cents per kilowatt-hour (kWh), approved by the Commission in Order No. 26,658 (July 28, 2022), issued in this instant docket. In this proceeding, Eversource has proposed a residential SCRC rate of 0.687 cents per kWh, an increase of 0.419 cents per kWh.

III. POSITIONS

A. Eversource

The proposed February 1, 2023, average SCRC rates (including the RGGI rebate and all Chapter 340, net metering, and environmental remediation adders) are as follows (Ref. Hearing Exhibit 3, at Bates Page 4):

Rate Class	Current Rate (cents/kWh)	Proposed Rate (cents/kWh)	Change (cents/kWh)
Rate R (Residential)	0.268	0.687	0.419
Rate G	0.136	0.703	0.567
Rate GV	0.059	0.575	0.516
Rate LG	(0.172)	0.197	0.369
Rate OL/EOL	(0.154)	0.993	1.147

These proposed rates, supporting attachments, and further explanation were delineated and provided by the Company's witness Ms. Marisa B. Paruta (Director of New Hampshire and Connecticut Revenue Requirements for Eversource Energy Service Company). See Hearing Exhibit 3. Ms. Paruta also provided additional in-

person testimony in support of the Eversource SCRC petition at the January 17, 2023, hearing.

The overall increase in SCRC rates proposed for effect as compared to the current rates is due primarily to, as described in Ms. Paruta's testimony: (1) a decrease in Part 1 costs of (\$5.9) million; (2) an increase in Part 2 Above Market IPP and PPA costs of \$3.9 million; (3) an increase in other Part 2 costs of \$3.2 million; and (4) an increase due to the change in prior period over recovery, as compared to the current period over recovery, which amounted to \$9.5 million. Hearing Exhibit 3 at Bates Page 13. Ms. Paruta stated that the cumulative impact of these changes is an increase in the SCRC rates. *Id.*

The Company also proposed to revise its tariff to allow for annual (12-month), as opposed to the current six-month, adjustments to all components of the SCRC for effect on February 1, 2023, but to also retain the ability for interim adjustment of the Part 1 RRB rates, as needed. Hearing Exhibit 3 at Bates Page 27. Ms. Paruta explained that with respect to the Part 1 RRB charges, it is necessary for Eversource to be able to make mid-year adjustments as necessary to comply with its RRB bondholder agreements. Therefore, the components of the SCRC that would be shifted to an annual adjustment cycle would be Part 2 recovery of ongoing stranded costs, the RGGI Refund Adder, the Ch. 340 Burgess PPA Excess Energy Adder, the Environmental Remediation Adder, and the Net Metering Adder. The Company also proposed companion Tariff changes to implement these proposals. Hearing Exhibit 3 at Bates Page 26.

Throughout the SCRC petition, Eversource relied on actual and forecasted costs and revenues for its various SCRC rate components, so the Company noted that these calculations were subject to future reconciliation in future SCRC rate filings.

B. DOE

The DOE, in a statement made at hearing, stated that it supported the Company's SCRC proposals presented as part of its updated petition, including the shift to annual SCRC adjustments. The DOE also stated that it had reviewed the Company's calculation and allocations for its SCRC rate schedules, and found them satisfactory, and also supported the proposed SCRC rates as just and reasonable.

IV. 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 non-bypassable, non-discriminatory, 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). The Commission must determine whether categories of costs included within the proposed SCRC rates are consistent with the requirements of RSA 374-F:3, XII(d), or are appropriately included consistent with prior Commission orders concerning costs eligible for recovery.

We find that Eversource appropriately calculated the SCRC rates to reflect updated and actual costs for Part 1 and Part 2 as well as adder costs related to the RGGI rebate, net metering component, environmental remediation, and the Chapter 340 component, partly relying on estimated costs and revenues, subject to reconciliation. We find the resulting rates are just and reasonable as required by RSA 374:2 and RSA 378:7 and approve them.

Furthermore, we approve the Company's proposals to move to an annual adjustment paradigm for its SCRC rates, subject to the proviso that Part 1 RRB Charges may be subject to periodic adjustments, as appropriate, through petitions to

the Commission. We also approve the Company's proposal to adjust its Tariff to implement these changes.

Based upon the foregoing, it is hereby

ORDERED, that Eversource's SCRC rates, for effect on a service-rendered basis for the twelve-month period beginning February 1, 2023, as presented in the Company's petition, are hereby APPROVED; and it is

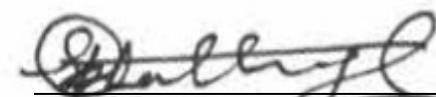
FURTHER ORDERED, that the Company's proposals for modification of the SCRC rate program to accommodate annual adjustments are hereby APPROVED, subject to the terms and conditions delineated by the Company and approved in this Order, including the ability of Eversource to propose mid-year adjustments to Part 1 RRB charges, as appropriate; and it is

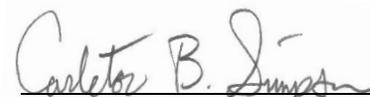
FURTHER ORDERED, that Eversource shall, on an ongoing basis, reconcile the estimated SCRC costs with actual costs, and include the reconciliation in subsequent SCRC rate calculations; and it is

FURTHER ORDERED, that Eversource shall file its calculations, allocations, and conforming tariff pages, all as approved herein, within 20 days of the date of this order, consistent with N.H. Code Admin. Rules, Puc 1603.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of January, 2023.


Daniel C. Goldner
Chairman


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 22-039

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