

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 11-216

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

Request to Extend Rate ADE

Order Approving Request

ORDER NO. 25,911

June 28, 2016

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

In this Order, the Commission approves the extension of the Alternate Default Energy Service Rate (Rate ADE) offered by Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) in its present form for either 12 months from July 1, 2016, or if divestiture is ordered, until such time as Eversource has transitioned to a competitive solicitation for its default service needs, consistent with the 2015 Restructuring and Rate Stabilization Agreement (2015 Agreement).¹

I. BACKGROUND

On March 31, 2016, Eversource filed a request to extend Rate ADE when the pilot period ends on June 30, 2016. The Commission authorized the implementation of Rate ADE in Order No. 25,488 (April 8, 2013), which approved a partial settlement agreement among Commission Staff (Staff), the Office of Consumer Advocate (OCA), and Eversource.

¹ The 2015 Agreement is currently under review in Dockets No. DE 11-250 and DE 14-238.

Under the terms of the settlement agreement, the pilot period was to run for 36 months from January 1, 2013, or such other implementation date as ordered by the Commission. Rate ADE was implemented on July 1, 2013. Accordingly, because the pilot period is to terminate July 1, 2016, Eversource made the extension filing as required by Section 2.4.3 of the settlement agreement. In its request, Eversource proposes to extend Rate ADE, in its present form, either for 12 months beginning July 1, 2016, or if divestiture is ordered, until such time as Eversource has transitioned to a competitive solicitation for its default service needs consistent with the 2015 Agreement. Eversource included in its filing a technical statement and related exhibits. The Commission issued a supplemental order of notice on May 5, 2016, scheduling a hearing for May 31, 2016.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, is posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2011/11-216.html>.

II. POSITIONS OF THE PARTIES

A. Eversource

Eversource made its original Rate ADE filing on September 23, 2011. The purpose of Rate ADE is to provide an option for customers who have been purchasing energy from a competitive supplier to return to Eversource for energy service at a price in excess of marginal costs while providing a contribution to fixed costs that will benefit all other customers. Specifically, Rate ADE applies to customers who take delivery service from Eversource under Primary General Service Rate GV, Large General Service Rate LG, or Backup Service Rate B (the rate classes for Eversource's largest customers) and who have returned to Eversource energy service after taking service from one or more competitive suppliers for at least twelve

consecutive months. Under the settlement agreement approved by Order No. 25,488, Eversource would determine Rate ADE on an annual basis at the same time that it set the price for default energy service (Rate DE).

Initially, Eversource set Rate ADE annually at the marginal cost of energy needed to serve Rate ADE customers, plus an adder equal to the non-operating costs of the wet flue gas desulphurization system (Scrubber) installed at Merrimack Station. Eversource applied the revenue it received from the Scrubber adder to offset default energy service costs. The Commission approved the settlement agreement, allowing Eversource to offer Rate ADE on a pilot project basis through July 1, 2016.²

On September 15, 2014, Eversource filed a proposal to amend Rate ADE, and on October 31, 2014, it filed a modified proposal. The Commission ultimately held a hearing on the proposed modification. In its 2014 filings, Eversource said that developing Rate ADE on a calendar year basis resulted in higher-than-market rates during the so-called “shoulder months” in spring and fall, and lower-than-market rates during the peak summer and winter months. During the winter months, many customers returned from competitive supply to default service to take advantage of Eversource’s lower winter prices, and then migrated back to competitive supply when market prices declined. This price-based movement placed an additional cost burden on remaining default service customers who did not migrate back and forth. To address the issue, Eversource proposed that any customer returning to Eversource from competitive supply would have to take service under Rate ADE. Eversource proposed to make additional changes to Rate ADE, including calculating a monthly Rate ADE that varies by month, based on a forecast of the marginal costs to provide full requirements service to the New Hampshire load zone, and other changes designed to provide benefits to customers remaining on Eversource Rate

² See Order No. 25,488 (April 8, 2013) for a more complete background regarding this proceeding.

DE. Following an adjudicated proceeding, the Commission approved those changes to Rate ADE by Order No. 25,739 (December 12, 2014).

Eversource now requests that the Commission extend Rate ADE for a period of 12 months, or until such time as Eversource has transitioned to a competitive solicitation for its default service needs, consistent with the 2015 Agreement, if it is approved. Eversource asks that Rate ADE remain in effect and that it continue to be calculated monthly and administered in the manner approved in Order No. 25,739. According to Eversource, the extension will allow sufficient time to determine whether Eversource will transition to a competitive solicitation for its default service needs as a result of the 2015 Agreement, or, in the event the 2015 Agreement is not approved, to determine if a permanent solution can be developed, which may include making Rate ADE permanent. Eversource said it would continue to provide the Commission with monthly rate updates, and an annual report summarizing costs and revenues of Rate ADE.

B. OCA

The OCA stated that since Rate ADE was reconfigured at the beginning of 2015, it has created net benefits for Eversource customers who have not migrated to competitive supply. On that basis the OCA recommended that the Commission approve Eversource's request.

C. Staff

Staff expressed its support for Eversource's request to continue the pilot as described in the filing, subject to the Company's continued reporting of monthly Rate ADE updates, and an annual report. Staff stated that the Commission has authority to approve the alternate rate design consistent with RSA 374-F:3, V(e).

III. COMMISSION ANALYSIS

Pursuant to RSA 365:28, the Commission is authorized to modify any order made by it after notice and hearing. In this case, Eversource requests that we modify the Rate ADE pilot program we approved in Order No. 25,488 and Order No. 25,739, by extending the program beyond the scheduled end of the pilot. We have reviewed the record and find that it is in the public interest to approve the extension of Rate ADE for a period of twelve months, or until such time that Eversource has transitioned to a competitive solicitation for its default service needs, consistent with the 2015 Agreement if it is approved.

In Order No. 25,739 we approved the monthly calculation of Rate ADE by using the marginal costs of servicing the load requirement, plus a fixed adder to recover a portion of the fixed costs of Eversource's generation, to be applied to offset costs borne by customers taking electric service from Eversource. This methodology will continue. We require Eversource to continue to file a compliance tariff each month that shows the rate applicable under Rate ADE for the following month, and rule that such filings will be considered compliance filings and will not be subject to notice and hearing. Finally, Eversource should continue to file an annual report of the costs and revenues associated with Rate ADE. In the event the 2015 Agreement is approved, Eversource shall file a final report, summarizing the Rate's results, once the transition to competitive solicitation for default service is completed.

Based upon the foregoing, it is hereby

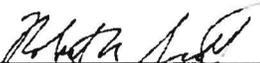
ORDERED, that Eversource's request to continue Rate ADE for 12 months from July 1, 2016, or until such time as the Company has transitioned to a competitive solicitation for its default service needs if the 2015 Agreement is approved, is hereby APPROVED; and it is

FURTHER ORDERED, that so long as Eversource continues to offer Rate ADE, Eversource shall continue to provide monthly rate updates, and an annual or final report as specified above.

By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of June, 2016.



Martin P. Honigberg
Chairman

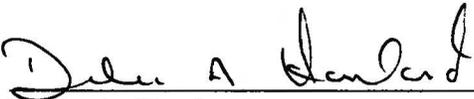


Robert R. Scott
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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