

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 14-236

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

Mid-Year Adjustment to the Stranded Cost Recovery Charge

Order Approving Adjustment

ORDER NO. 25,791

June 25, 2015

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 Susan W. Chamberlin, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

This Order approves a mid-year change in Eversource's average stranded cost recovery charge rate effective with services rendered on and after July 1, 2015. The average SCRC rate will increase from the current rate of 0.110 cents per kWh to 0.155 per kWh. This change, combined with changes to the Company's energy service, transmission cost adjustment mechanism and reliability program rates, all for effect July 1, 2015, will result in an overall decrease in monthly bills from \$118.33 to \$110.59 (a decrease of 6.5%) for the typical residential customer taking energy service from Eversource and using 625 kWh per month. For Eversource residential customers taking energy supply from a competitive supplier, the non-energy portion of the monthly bill will increase by approximately 4.1%.

I. PROCEDURAL HISTORY

On May 4, 2015, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or Company) filed a request, with supporting testimony and schedules, to make a mid-year adjustment to its average stranded cost recovery charge (SCRC) rate for effect with

services rendered on and after July 1, 2015. The SCRC recovery mechanism was established pursuant to the Agreement to Settle Public Service Company of New Hampshire Restructuring in Docket DE No. 99-099 (Restructuring Agreement). *See* Order No. 23,549 (September 8, 2000), 85 NH PUC 536.

The Commission approved the current average SCRC rate of 0.110 cents per kilowatt hour (kWh) in Order No. 25,742 (December 29, 2014) in the instant docket. The SCRC rate currently consists of an average SCRC rate of 0.223 cents per kWh, combined with a rebate of 0.113 cents per kWh associated with quarterly auctions related to the Regional Greenhouse Gas Initiative (RGGI). In its May 4th filing, Eversource projected the current average SCRC rate to increase to 0.294 cents per kWh, offset by a RGGI credit of 0.123 cents per kWh, for a net average SCRC rate of 0.171 cents per kWh. On June 11, 2015, Eversource updated its calculation of an average SCRC rate with actual data through April 2015, and an updated forecast for the remainder of 2015. The updated calculation resulted in an average SCRC rate of 0.155 cents per kWh when calculated to include the RGGI rebate amount estimated for the remainder of 2015.¹

The Office of Consumer Advocate (OCA) previously filed a letter of participation in the docket on September 18, 2014. The Commission issued an Order of Notice on May 12, 2015, scheduling a hearing on June 17, 2015.

II. POSITIONS OF THE PARTIES AND STAFF

A. EVERSOURCE

The Restructuring Agreement defined Public Service Company of New Hampshire's stranded costs and categorized them into three parts—Part 1, Part 2 and Part 3. Part 1 and Part 3

¹ On June 12, 2015, Eversource provided a correction to one of the exhibits included in the June 11 filing. The correction did not affect the calculation of the SCRC rate.

costs are fully recovered. Part 2 costs are the result of “ongoing” stranded costs consisting primarily of the over-market value of energy purchased from independent power producers (IPPs) and the amortization of payments previously made for IPP buy-downs and buy-outs approved by the Commission.

Eversource estimated the average Part 2 SCRC rate for the period July 1 through December 31, 2015, to be 0.300 cents per kWh. Eversource said that the proposed increase to the average SCRC rate from 0.223 cents per kWh to 0.300 cents per kWh is primarily due to higher actual above-market IPP costs for the period from January through April 2015, as well as higher forecasted above-market costs for the months of May through December 2015, as compared with the respective forecasts available in December 2014.

Eversource said that, pursuant to Order No 25,664 (May 9, 2014), the Company included in the calculation of the SCRC rate the amount it received from excess RGGI auction proceeds.² Eversource calculated the per kWh RGGI rebate for effect beginning July 1, 2015, to be 0.145 cents, which results in a total net average SCRC rate of 0.155 cents per kWh. Eversource attributed the change in the RGGI credit to higher than forecasted auction prices for allowances in the March and June 2015 auctions, and a forecast of similar auction prices for the September 2015 auction. When combined with the average Part 2 SCRC rate of 0.300 cents per kWh, the resulting average SCC rate for effect with services rendered on and after July 1, 2105, will be 0.155 cents per kWh, a decrease of 0.016 cents per kWh from the original May 2015 forecast. Eversource concluded by saying that the Company appropriately calculated the proposed SCRC rate and requested that the Commission approve the adjustment as presented in its June 11, 2015 update.

² As required by RSA 125-O:23, II, beginning January 1, 2014, any RGGI auction revenue in excess of one dollar received for each allowance is to be rebated to all electric customers on a per kWh basis as approved by the Commission.

B. OCA

The OCA stated that the SCRC rate is a function of the price of IPP contracts and has been part of customer rates for many years. The OCA said it accepts the Company's calculation of the SCRC rate.

C. Staff

Staff said that it had determined that the Company had appropriately calculated the SCRC costs. Staff concluded by saying it supported the Petition and recommended that the Commission approve rates for effect July 1, 2015.

III. COMMISSION ANALYSIS

RSA 378:7 authorizes us to determine the just, reasonable and lawful rates to be charged by utilities within our jurisdiction. With respect to stranded cost recovery, the legislature has specifically instructed that any recovery "should be non-bypassable, non-discriminatory, appropriately structured that is fair to all customer classes, lawful, constitutional, limited in duration, consistent with the promotion of fully competitive markets and consistent with the [restructuring policy] principles enumerated in the Electric Utility Restructuring Act. RSA 374-F:3, XII(d). We find that Eversource's proposal to adjust the SCRC rate to reflect current market conditions is appropriate, consistent with the legislature's guidance, and just and reasonable.

This is one of four dockets we are issuing orders in today for Eversource rates for effect with services rendered on and after July 1, 2015. The four dockets are: (1) the instant docket, to adjust the Company's average SCRC rate; (2) Docket No. DE 14-235, to adjust the Company's energy service rate; (3) Docket No. DE 15-136, to adjust the Company's average transmission cost adjustment mechanism rate; and (4) Docket No. 09-035, to adjust the rate recovering costs

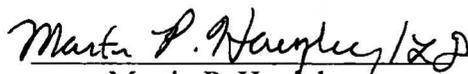
for the Company's reliability enhancement program. Overall, the average total bill impact of the four rate changes effective July 1, 2015, for residential customers using 625 kWh per month, the average monthly usage of Eversource customers who have not selected a competitive supplier, will be a decrease in monthly bills from \$118.33 to \$110.59, or 6.5%. Residential customers who take energy service from a competitive supplier will experience an increase of 4.1% in the non-energy portion of the bill. None of the four orders being issued today will have any effect on the energy portion of the bill for someone receiving energy from a competitive supplier.

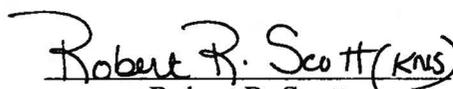
Based upon the foregoing, it is hereby

ORDERED, that the updated request by Eversource for a composite average SCRC rate of 0.155 cents per kWh for effect with services rendered on and after July 1, 2015, is hereby APPROVED; and it is

FURTHER ORDERED, that Eversource shall file tariff pages conforming to this order pursuant to Puc Part 1603 within 20 days of the date of this Order.

By order of the Public Utilities Commission of New Hampshire this twenty-fifth day of June, 2015.


Martin P. Hongberg
Chairman


Robert R. Scott
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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