

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 20-054

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

2020 Energy Service Solicitation

**Order Approving Adjustment to Energy Service Rate
for effect on February 1, 2021**

ORDER NO. 26,438

December 17, 2020

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; Lynn Fabrizio, Esq., on behalf of Commission Staff.

In this order, the Commission approves the results of Eversource's December 2020 solicitation for default energy service and rates for customers who have not elected to take energy service from a competitive supplier. The rates will apply to the six-month period beginning February 1, 2021, through July 31, 2021. For residential customers, the cost of default energy service will decrease for that period from the current fixed rate of 7.068 cents per kWh to 6.627 cents per kWh. The approved residential rate is 1.679 cents per kilowatt-hour lower than the energy service rate charged for the same period last year.

I. PROCEDURAL HISTORY

On April 22, 2020, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource, or the Company) filed a proposed schedule for a default energy service (ES) solicitation on behalf of its large and small customer groups for delivery beginning August 1, 2020, and February 1, 2021. Eversource made its filing pursuant to a settlement agreement (Settlement Agreement) approved in Order No. 26,092 (December 29, 2017). The Settlement

Agreement established the process by which Eversource procures energy service following divestiture of its generation assets.

On December 11, 2020, Eversource filed a Petition for Adjustment to the Energy Service Rate for effect on February 1, 2021, with supporting pre-filed testimony of Frederick B. White, Supervisor of Eversource's Electric Supply Department, and pre-filed testimony of Erica L. Menard, Manager of Revenue Requirements. On December 15, 2020, a hearing was held as scheduled.

The Office of the Consumer Advocate (OCA) filed a letter of participation in this proceeding pursuant to RSA 363:28 on April 28, 2020. The petition and subsequent docket filings, other than any information for which confidential treatment has been requested of or granted by the Commission, will be posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-054.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource Energy

Eversource submitted its default energy service petition pursuant to a settlement agreement approved in Order No. 26,092 issued on December 29, 2017, in Docket DE 17-113. The petition seeks approval of new energy service rates for the six month-period beginning February 1, 2021. Eversource based its filing on the results of its Request for Proposals (RFP) solicitation issued on October 29, 2020, for power supply to serve the Company's Large and Small Customer groups. The RFP was distributed to over 100 potential suppliers, including all members of the New England Power Pool Markets Committee. Eversource also posted the RFP on its website.

The RFP requested 100 percent of the required power supply for the Company's Small Customer Group in four tranches of equal size (approximately 100 MW per tranche) and 100 percent of the required power supply for its Large Customer Group in a single tranche. The RFP requested that bids be prepared on an as-delivered energy basis, with prices stated monthly on a fixed dollar per megawatt-hour (MWh) basis. While bidders could offer prices that varied by month, Eversource required that prices be uniform within each month and cover the entire six-month delivery period. For its Small Customer Group, Eversource solicited power supply requirements delivered into four staggered tranches, with rates established monthly for the six-month period beginning February 1, 2021. For its Large Customer Group, Eversource solicited 100 percent of power supply requirements for the six-month period beginning February 1, 2021, with pricing set as a monthly rate that will vary from month to month.

Eversource received bids on December 8, 2020. The Company evaluated the offers and selected winning suppliers based on the lowest price by customer group using a forecast of monthly ES load by customer group, compliance with non-price bidding requirements and bidder qualifications, risk relative to prices, and ability to serve load, all as specified in the RFP. In addition to price, Eversource considered qualitative factors such as experience in providing similar service to Eversource affiliates, demonstrated understanding of the market rules related to the provision of energy service, demonstrated understanding of obligations under the master power supply agreement, and past or present events that might adversely affect the supplier's ability to provide energy. Eversource ultimately selected the winning bids based on price, as all responding suppliers were qualified to provide energy service.

The Company entered into Transaction Confirmations for the period February 1, 2021, through July 31, 2021, with the winning suppliers for both the Large and Small Customer

groups. Together, a Transaction Confirmation and a Master Power Supply Agreement (MPSA), establish the terms for the purchase of Energy Service from a supplier; both documents have been executed with each of the winning suppliers. Eversource selected NextEra Energy Marketing, LLC (NextEra) for the four tranches of power required for the Small Customer Group. Eversource selected Exelon Generation Company, LLC to provide power for the Large Customer Group.

Based on the winning bids, Eversource calculated the energy service rate for its Small Customer Group for the six-month period beginning February 1, 2021, to be 6.627 cents per kWh; rates for the Large Customer Group varied monthly and ranged from 7.869 cents in February 2021 to 5.809 cents in June 2021.

Consistent with the Settlement Agreement approved by the Commission in Order No. 26,092 in Docket 17-113, Eversource includes in the energy service rate an amount that recovers costs that Eversource must pay for compliance with New Hampshire's Renewable Portfolio Standard (RPS) requirements under RSA 362:F. Eversource calculated the RPS adder based on current market prices for renewable energy certificates that comply with the RPS requirements. The result is a uniform RPS adder of 0.748 cents per kWh for both the Large and Small Customer Groups.

In addition to the RPS adder, Eversource also includes in its energy service rates an amount to recover Eversource's administrative and general expense costs related to the procurement of energy service for its customers, annual energy reconciliation adjustment factor in the calculation of energy service rates, and a cash working capital factor. Eversource calculated the recovery factor for administrative and general expenses to be 0.061 cents per kWh.

Including all adjustments, the final weighted average energy service rate for the Small Customer Group for the six-month period beginning February 1, 2021, is 6.627 cents per kWh.

The energy service rate for the Company's Large Customer Group will include the same adjustment factors, but the energy service rate will vary from month to month. Based on the winning bid, Eversource proposes monthly energy service rates (on a cents per kWh basis) for the six-month period beginning February 1, 2021, as follows:

<u>Month</u>	<u>(Cents/kWh)</u>
Feb. 2021	7.869
March 2021	7.140
April 2021	6.753
May 2021	6.280
June 2021	5.809
July 2021	6.332

Eversource seeks Commission approval of the outcome of its solicitation and resulting retail rates for Energy Service for the period of February 1, 2021, through July 31, 2021.

Eversource stated that the Company and Staff agreed that the adjustment to exclude Accumulated Deferred Income Taxes (ADIT) should be removed from the calculation of carrying charges on the over or under recovery associated with the Small and Large ES rates and RPS reconciliation components of the ES rates in future filings. Accordingly, that adjustment would be excluded in the upcoming 2021 filing for ES rates effective August 1, 2021, which is the next time the reconciliation rate elements would be updated.

B. Staff

Based on its review of the Company's filing, Staff concluded that the Company conducted its solicitation and selection of winning bids for default energy service in compliance with the Settlement Agreement and process approved by the Commission in Order No. 26,092 in Docket 17-113. Staff further concluded that the Company's selection of winning suppliers is a

reasonable outcome and based on a competitive procurement. Staff therefore supported approval of the rates as just and reasonable. Staff noted that it agreed with the Company that ADIT expenses should be removed from the calculations of carrying charges related to energy service rates and Renewable Portfolio Standards in the Company's next energy service rate filing expected in June 2021.

III. COMMISSION ANALYSIS

We find that Eversource's solicitation and bid evaluation procedures conform to the process approved by the Commission in Order No. 26,092. In that Order, the Commission approved a settlement agreement that generally established the process whereby Eversource would procure power supply for customers taking energy service from Eversource following Eversource's divestiture of its fossil fuel generation plants. Eversource's solicitation of bids and selection of Exelon Generation Company, LLC, and NextEra Energy Marketing, LLC, to provide power supply for the six-month period beginning February 1, 2021, is appropriate and satisfies the requirement that default energy service be procured through a competitive process that produces rates that are market based. *See* RSA 374-F:3, V(c). The proposed exclusion of ADIT expenses from the calculations of carrying charges related to ES and RPS will be addressed in the Company's next energy service filing. Based on the process and our review of the results, we find the resulting rates to be just and reasonable.

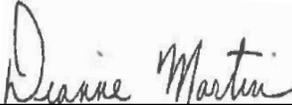
Based upon the foregoing, it is hereby

ORDERED, that the power supply agreements entered into between Eversource and Exelon Generation Company, LLC, and NextEra Energy Marketing, LLC, to provide power supply requirements for the six-month period beginning February 1, 2021, are hereby **APPROVED**; and it is

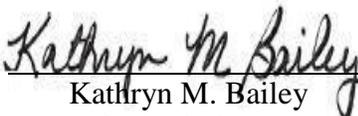
FURTHER ORDERED, that Eversource is authorized to recover the costs of the power supply agreements through the energy service rates proposed in this filing on a service-rendered basis for the six-month period beginning February 1, 2021; and it is

FURTHER ORDERED, that Eversource shall file a tariff as required by N.H. Admin. R., Part Puc 1603 conforming to this order within 20 days, and that the tariff shall demonstrate the calculation of the energy service rate and the various adjustments included in the calculation.

By order of the Public Utilities Commission of New Hampshire this seventeenth day of December, 2020.

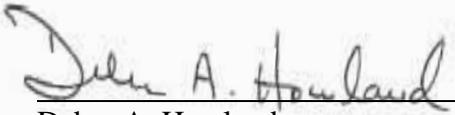


Dianne Martin
Chairwoman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket#: 20-054

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