

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 09-179**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**Petition for Mid-Year Adjustment to Stranded Cost Recovery Charge**

**Order Granting Adjustment to Stranded Cost Recovery Charge**

**ORDER NO. 25,120**

**June 28, 2010**

**Appearances:** Gerald M. Eaton, Esq. on behalf of Public Service Company of New Hampshire; Office of Consumer Advocate by Rorie E.P. Hollenberg, Esq. on behalf of residential ratepayers; and Suzanne Amidon, Esq. on behalf of Commission Staff.

**I. PROCEDURAL BACKGROUND**

On May 4, 2010, Public Service Company of New Hampshire (PSNH) filed a petition with supporting testimony and schedules requesting an interim adjustment to its 2010 stranded cost adjustment charge (SCRC) effective with service rendered on and after July 1, 2010.

The current average SCRC approved by the Commission in the instant docket is \$0.0118 per kilowatt-hour (kWh) and was effective with service rendered on and after January 1, 2010. *See*, Order No. 25,056 (December 22, 2009). In its filing, PSNH calculated the new average SCRC rate as \$0.0124 per kWh. PSNH attributed the increase of \$0.0006 per kWh in the average SCRC rate to lower market prices which, in turn, increased the over-market portion of purchases from the Independent Power Producers (IPPs) included in the SCRC rate. This estimate included actual costs through March 2010 and an updated forecast for the remainder of 2010. In its petition, PSNH said it would file updated cost projections and rate calculations prior to the hearing in this matter. The Company requested that the Commission issue an order on its

petition by June 28, 2010 to allow PSNH to test the rate change in its billing system before the change takes effect on July 1, 2010.

The SCRC recovery mechanism was established pursuant to the restructuring agreement approved in *Public Service Co. of New Hampshire*, Order No. 23,549, 85 NH PUC 536 (2000). The restructuring agreement categorized PSNH's stranded costs into three parts. Part 1 costs were defined as stranded costs that were securitized through the issuance of rate reduction bonds (RRBs). Part 2 costs included ongoing costs consisting of the over-market value of energy purchases from IPPs, the up-front payments made for IPP buy-downs and buy-outs of IPP rate orders and contracts previously approved by the Commission, and PSNH's share of the present value of the savings associated with those buy-downs and buy-out transactions. Part 3 costs comprised costs that had been deferred as regulatory assets on the books of PSNH, and for which PSNH assumed some risk of non-recovery under the terms of the agreement. Part 3 costs were fully recovered as of June 30, 2006. The restructuring agreement contemplated that, once Part 3 stranded costs were paid off, the SCRC would be set on a forecast basis every six months and would be reconciled to include any over- or under-recovery of Part 1 and Part 2 stranded costs from the previous period.

The Commission issued an Order of Notice on May 31, 2010. The Office of Consumer Advocate had previously filed a letter on October 1, 2009 informing the Commission that it would be participating in this docket on behalf of residential ratepayers pursuant to RSA 363:28. A hearing was held, as noticed, on June 23, 2010.

## **II. POSITIONS OF THE PARTIES**

### **A. Public Service Company of New Hampshire**

PSNH filed an update to its filing and related schedules on June 11, 2010, which included actual April and May 2010 revenues and costs, together with re-estimated forecasts for the period June through December 2010. PSNH's updated request for an interim adjustment to its average SCRC rate as filed was \$0.0121 per kWh, \$0.0003 less than proposed in its May 4, 2010 filing, which would result in an overall average increase of 2.11% from the existing SCRC rate. For residential customers, the SCRC rate would increase by 2.14% and for large general service customers, the SCRC rate would increase by 1.86%. Overall, PSNH said that the SCRC was increasing by a small increment as a result of slightly lower market prices and a slight drop in sales.

At the hearing, PSNH said that it had mistakenly omitted certain credits associated with an amount in a reserve account related to the RRB financing. According to PSNH, those credits amounted to approximately \$63,000 per month for the period June through December 2010 and would reduce the proposed average SCRC rate to \$0.0120 per kWh. PSNH testified that there were no new charges or costs added to the underlying SCRC costs that are part of the SCRC rate.

Staff asked how much longer the Company would be collecting the costs for the over-market portion of the Part 2 IPP obligations, which constitute about one-third of the SCRC rate. PSNH said that some of those obligations, although not significant in costs, continue until 2020. With regards to the Part 1 RRB costs, which constitute about two-thirds of the SCRC rate, PSNH said those costs are scheduled to end in May 2013.

PSNH noted that the proposed change to the SCRC was one of several changes proposed to various portions of its customer rates and introduced Exhibit No. 6 which depicted the proposed changes to the various rate components anticipated for effect July 1, 2010. PSNH said that taking into account all of the proposed rate changes and assuming approval of the rates, the overall rate impacts for all classes of customers would be an average increase of 4.84%. Residential customers would experience an average increase of 6.02%. In conclusion, PSNH asked that the Commission approve a new SCRC rate of \$0.0120 per kWh for effect with service rendered on and after July 1, 2010.

**B. Office of Consumer Advocate**

The OCA stated that it had no objection to PSNH's petition to modify its SCRC rate.

**C. Commission Staff**

Staff said that it had reviewed the filing and associated calculations and recommended that the Commission approve the request to adjust the SCRC rate to \$0.0120 per kWh, as revised by PSNH at hearing, for services rendered on and after July 1, 2010.

**III. COMMISSION ANALYSIS**

RSA 378:7 authorizes us to determine the just, reasonable and lawful rates to be charged by public utilities under our jurisdiction. With respect to the SCRC charge, the Legislature has specifically instructed that any recovery "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 [the restructuring policy] principles" enumerated in the Electric Utility Restructuring Act. See RSA 374-F:3, XII (d). We find that PSNH's proposal to adjust the SCRC to reflect current market

conditions meets the “just, reasonable and lawful” standard and is consistent with the Legislature’s guidance with respect to stranded cost recovery. Upon review of the record, we conclude that PSNH’s proposed adjustment of the SCRC to an average rate of \$0.0120 per kWh is supported by the evidence. Accordingly, we approve PSNH’s petition.

This is one of four orders we are issuing for PSNH rates for services rendered on and after July 1, 2010: in the instant docket, the SCRC; in Docket No. DE 09-180, an interim adjustment to PSNH’s energy service charge; in DE 10-158, an adjustment to PSNH’s transmission cost adjustment mechanism; and in DE 09-035, an adjustment to PSNH’s distribution rates. Overall, the average impact of these rate changes effective July 1, 2010 is an approximate increase of 4.84% for a PSNH customer not purchasing energy from a competitive supplier.

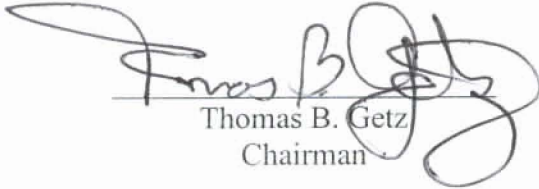
**Based upon the foregoing, it is hereby**


**ORDERED**, that the petition by Public Service Company of New Hampshire for an increase to the Company’s average stranded cost adjustment charge from \$0.0118 per kWh to \$0.0120 per kWh is hereby GRANTED; and it is

**FURTHER ORDERED**, that PSNH shall file tariff pages conforming with this Order pursuant to Puc Part 1603 within 30 days of the date hereof.


By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of

June, 2010.

  
Thomas B. Getz  
Chairman

  
Amy L. Ignatius  
Commissioner

Attested by:

  
Debra A. Howland  
Executive Director

