

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 10-256

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Petition for Mid-Year Adjustment of its Stranded Cost Recovery Charge

Order Granting Adjustment to Stranded Cost Recovery Charge

ORDER NO. 25,241

June 28, 2011

APPEARANCES: Gerald M. Eaton, Esq., on behalf of Public Service Company of New Hampshire; the Office of Consumer Advocate by Meredith A. Hatfield, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

I. PROCEDURAL BACKGROUND

On May 4, 2011, Public Service Company of New Hampshire (PSNH) filed a request, with supporting testimony and schedules, to make an interim adjustment to its 2011 stranded cost recovery charge (SCRC) effective with service rendered on and after July 1, 2011.

The current average SCRC rate is \$0.0117 per kilowatt hour (kWh) and was effective with service rendered on and after January 1, 2011. *See*, Order No. 25,188 (December 29, 2010). In its May 4, 2011 filing, PSNH calculated the new average SCRC rate as \$0.0110 per kWh. PSNH attributed the decrease in the average SCRC rate due to higher market prices which, in turn, decreased the over-market portion of the of purchases from the Independent Power Producers (IPPs) included in the SCRC. The estimated rate was based on actual results through March 2011 and an updated forecast for the remainder of 2011. As is customary in these cases, PSNH updated projections of costs and actual experience through May, 2011 for the hearing. The Company requested that the Commission issue a final decision by June 28, 2011, to allow the Company to adjust the rate beginning July 1, 2011.

The Office of Consumer Advocate (OCA) previously notified the Commission on October 5, 2010 of its participation in this docket on behalf of residential ratepayers consistent with RSA 363:28. An order of notice was issued on May 10, 2011 scheduling a hearing for June 23, 2011, which was held as scheduled.

II. POSITIONS OF THE PARTIES AND STAFF

A. Public Service Company of New Hampshire

PSNH explained that 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, only two of which are still being recovered.¹ Part 1 is composed of the Rate Reduction Bond Charge, which is calculated to recover the principal, net interest, and fees related to Rate Reduction Bonds. Part 2 costs are "ongoing" stranded costs consisting primarily of the over market value of energy purchased from IPPs and the amortization of payments previously made for IPP buy-downs and buy-outs as approved by the Commission.

PSNH updated its filing on June 13, 2011, providing actual April and May 2011 revenues and costs together with new forecasts for the period June through December 2011. PSNH's updated request was \$0.0109 cents per kWh, \$0.0001 per kWh less than proposed in its May 3, 2011 filing, which would result in an average SCRC decrease to all rate classes of 6.87% as compared to the existing SCRC rate of \$0.0117 per kWh.

The Company said that, as was the case with its initial filing, the primary reason for the proposed decrease in the rate to \$0.0109 per kWh was higher market prices which, in turn, decreased the over-market portion of purchases from the IPPs included in the SCRC.

¹ Part 3 costs, which were primarily the amortization of non-securitized stranded costs, were fully recovered in June 2006.

PSNH said that rate changes were also proposed for energy service (Docket No. DE 10-257), the transmission cost adjustment mechanism (Docket No. DE 11-133), and distribution rate, pursuant to the settlement agreement approved by the Commission in Docket No. DE 09-035, PSNH's most recent distribution rate proceeding. *See*, Order No. 25,123 (June 28, 2010). The distribution rate changes include recovery for exogenous events (Docket No. DE 11-070) and a step adjustment for additions to net plant (Docket No. DE 11-095). In addition, PSNH requested the recovery of wind storm costs (Docket No. DE 11-082) PSNH said that Docket No. DE 11-082 also includes a request to recover through distribution rates the incremental marketing costs associated with PSNH's renewable energy service option pursuant to a settlement agreement approved in Docket No. DE 09-186. *See*, Order No. 25,080 (March 5, 2010). PSNH requested all rate changes be effective July 1, 2011.

PSNH provided a schedule which showed that the average rate impact calculated for all rate classes resulting from all rate changes proposed for effect on July 1, 2011 is an average reduction of 1.27%.

B. Office of Consumer Advocate

The OCA stated that it had no position regarding PSNH's filing for an interim adjustment to its 2011 SCRC rate.

C. Staff

Staff stated that it had reviewed the filing and concluded that PSNH had calculated the average SCRC rate in a manner consistent with the Company's past SCRC rate filings and recommended that the Commission approve the Company's petition.

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 through a non-bypassable, 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. RSA 374-F:3, XII(d). We find that PSNH’s proposal to adjust the SCRC to reflect current market conditions is appropriate and consistent with the Legislature’s guidance.

Upon review of the record, we conclude that PSNH’s proposed adjustment of the SCRC rate to an overall average of 1.09 cents per kWh beginning with service rendered on and after July 1, 2011 is supported by the evidence and will result in an average SCRC rate that is reasonable and lawful. Accordingly, we approve PSNH’s petition as updated by its June 13, 2011 filing.

As noted at the hearing, we take administrative notice of the other rate adjustment dockets, DE 10-256, DE 10-257, DE 11-133, and DE 11-082. Finally, this is one of the six orders we are issuing for PSNH rates for services rendered on and after July 1, 2011: in the instant docket, a mid-year adjustment to PSNH’s average SCRC rate; in DE 10-257, a mid-year adjustment to PSNH’s energy service charge; in DE 11-070, an adjustment to distribution rates for exogenous events; in DE 11-082, recovery of wind storm costs and the incremental cost of marketing the renewable energy service option; in DE 11-095, a step increase to distribution rates for changes to net plant; and in DE 11-133, an adjustment to the transmission cost adjustment mechanism. Overall, the average impact of these rate changes is an approximate

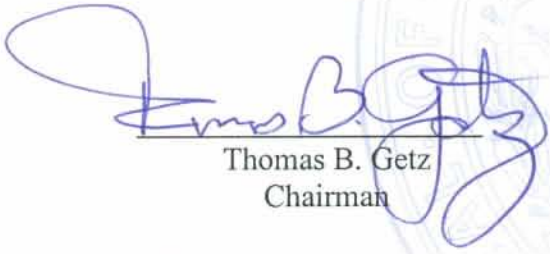
decrease of 1.27% for a PSNH customer that takes its energy service from PSNH (i.e. they are not purchasing energy from a competitive supplier).

Based upon the foregoing, it is hereby

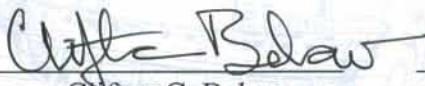
ORDERED, that the petition by Public Service Company of New Hampshire for a decrease to the Company's overall average stranded cost adjustment charge from \$0.0117 per kWh to \$0.0109 per kWh effective with service rendered on and after July 1, 2011 is hereby APPROVED; and it is

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, 2011.



Thomas B. Getz
Chairman

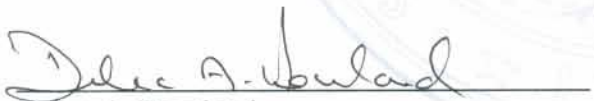


Clifton C. Below
Commissioner



Amy L. Ignatius
Commissioner

Attested by:



Debra A. Howland
Executive Director