

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 11-255

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Petition to Revise Renewable Default Energy Service Rate

Order Approving Renewable Default Energy Service Rate Revision

ORDER NO. 25,324

January 31, 2012

APPEARANCES: Sarah B. Knowlton, 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 Amidon, Esq., on behalf of Commission Staff.

I. PROCEDURAL HISTORY

On November 29, 2011, Public Service Company of New Hampshire (PSNH or Company) filed a petition to revise its renewable default energy service rate (Renewable Rate). With its filing, PSNH submitted supporting testimony and related exhibits, including a revised tariff. PSNH made the filing pursuant to Order No. 25,080 (March 5, 2010) in Docket No. DE 09-186. Order No. 25,080 approved a partial settlement agreement instituting PSNH's renewable default service option and Renewable Rate. Order No. 25,080 also approved the process whereby PSNH would change its Renewable Rate tariff on January 1, or July 1 of each year or on such dates as PSNH's default energy service rate changes. In the instant filing, the Company sought to revise the Renewable Rate effective January 1, 2012, coincident with its proposed change to its default energy service rate in Docket No. DE 11-215.

On December 15, 2011, the Commission issued Order No. 25,302 which suspended the Renewable Rate tariff and scheduled a prehearing conference for December 28, 2011. The

Office of Consumer Advocate (OCA) filed a letter on December 21, 2011 stating that it would participate in the docket on behalf of residential ratepayers pursuant to RSA 363:28. Following the prehearing conference Staff filed a proposed procedural schedule which the Commission approved on January 3, 2012.

On January 24, 2012, Staff filed a letter summarizing a technical session that was conducted with the OCA, PSNH, Unitil Energy Systems, Inc. and National Grid Electric Company d/b/a National Grid regarding the renewable energy service option programs offered by each company. The hearing was held on January 26, 2012.

I. POSITIONS OF THE PARTIES AND STAFF

A. Public Service Company of New Hampshire

PSNH testified that the Renewable Rate was established to comply with the requirements of RSA 374-F:3, V(f). PSNH offers three Renewable Rate options, allowing customers to match 100%, 50%, or 25% of their monthly kilowatt-hour (kWh) usage. The Renewable Rate is billed to participating customers as an additional charge (in cents per kWh) based on the selected renewable option. PSNH uses the revenue generated by the Renewable Rate to purchase and retire renewable energy certificates (RECs) from new renewable generation in New England. Under the program, PSNH purchases RECs from facilities that are certified or eligible to be certified as Class I (new) or Class II (solar) generation resources on behalf of participating customers. As of December 2011, PSNH had enrolled 123 customers in the Renewable Rate.

The current rates for each option, established by the Commission in Order No. 25,204 (March 15, 2011) in Docket No. DE 10-314, are as follows: for the 100% option, 1.972 cents per kWh; for the 50% option, 0.986 cents per kWh; and for the 25% option, 0.493 cents per kWh. In this filing, PSNH requested approval to set the Renewable Rate for the 100%, 50%, and 25%

options at 3.579 cents per kWh, 1.790 cents per kWh, and 0.89 cents per kWh, respectively. The proposed rates are about twice the rates currently in effect. PSNH estimated that residential customers using 500 kWh per month would pay \$17.90 per month for the 100% option, \$8.95 per month for the 50% option, and \$4.47 per month for the 25% option. Small business customers using 10,000 kWh per month would pay \$357.90 per month for customers choosing the 100% option, \$179.00 per month for the 50% option, and \$89.48 per month for the 25% option. PSNH said that the increases were based on the projected market prices of 2012 Class I and Class II RECs.

At hearing, PSNH provided actual 2011 year-end revenue and expense data for the Renewable Rate program. PSNH said it collected \$17,837 in revenues through the Renewable Rate and purchased RECs to match 711 megawatt hours (MWH) in 2011. At the time of the filing, the Company estimated that it would have an over-collection of \$1,169 at the end of 2011. PSNH proposed to maintain the over-collected amount in an escrow account until reconciled in the next 2012 Renewable Rate proceeding. Taking into account the actual data provided at hearing, PSNH stated that rather than over-collecting the Renewable Rate, the Company had actually experienced a year-end under-collection of \$1,185. PSNH proposed to reconcile the under-collection in the next Renewable Rate proceeding in 2012. PSNH testified that while the updated actual revenue and expense data resulted in some corrections in the number and cost of RECs purchased for 2011, the changes had no effect on the rates proposed in its filing.

At the hearing, the OCA asked the Company about Staff's January 24, 2012 letter summarizing the joint technical session that occurred on January 6, 2012. PSNH said it concurred with the letter's representation that, despite the relatively low participation in the Renewable Rate, the Company believed that it was worthwhile to continue the renewable service

option program for another year to see if participation rates improved. The OCA noted that Staff's letter represented that PSNH had agreed to use low-cost methods to advertise the Renewable Rate program and asked PSNH to summarize the available low-cost marketing opportunities. PSNH explained that the low-cost options included radio tags, interactive voice response for telephone calls to its customer service line, Facebook and Twitter accounts, its website, and trade shows. PSNH said it would also continue to use bill inserts and that its survey of customers participating in the Renewable Rate indicated that bill inserts were an effective marketing tool.

PSNH concluded by requesting the Commission approve its petition to adjust the Renewable Rates and requested a March 1, 2012 effective date for the new rates.

B. Office of Consumer Advocate

The OCA said that it had no objections to the Company's filing.

C. Staff

Staff stated that it had reviewed the petition and did not object to the Company's filing.

II. COMMISSION ANALYSIS

Although participation in PSNH's Renewable Rate program has been relatively low for the first twelve months of the program's operation, we agree with PSNH, Staff, and the OCA that it is worthwhile for PSNH to continue promoting the program to increase customer participation. We adopt the recommendations contained in Staff's January 24, 2012 letter and direct PSNH to file a report following the second 12-month period of operation of the Renewable Rate program for review by the OCA and Staff. We also approve PSNH's proposed use of low-cost marketing options to promote participation in the Renewable Rate program.

We have reviewed PSNH's filing and considered the testimony and hearing, and we find that the proposed changes to the Renewable Rate appear to be market based and are just and reasonable pursuant to RSA 378:5 and 8. We, therefore, approve the revised Renewable Rates for effect March 1, 2012.

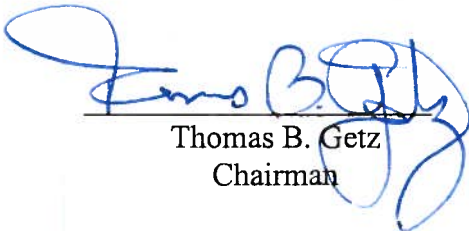
Based upon the foregoing, it is hereby

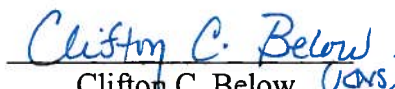
ORDERED, that the petition of Public Service Company of New Hampshire to revise its Renewable Rate for effect March 1, 2012 as described herein is hereby APPROVED; and it is

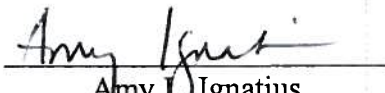
FURTHER ORDERED, that Public Service Company of New Hampshire file a report following the second 12-month period of operation of the Renewable Rate program for the OCA's and Staff's review; and it is

FURTHER ORDERED, that that Public Service Company of New Hampshire file a tariff conforming to this Order no later than 30 days hereof pursuant to N.H. Code Admin. Rules Puc 1603.03.


By order of the Public Utilities Commission of New Hampshire this thirty-first day of January, 2012.


Thomas B. Getz
Chairman


Clifton C. Below (JCS)
Commissioner


Amy L. Ignatius
Commissioner

Attested by:


Debra A. Howland
Executive Director