

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 14-235

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

Request for a Mid-Year Adjustment to the Default Energy Service Rate

Order Approving Mid-Year Adjustment

ORDER NO. 25,792

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 adjustment to Eversource's energy service rate to be effective with services rendered on and after July 1, 2015. The energy service rate will decrease from the current rate of 10.56 cents per kWh to 8.98 cents per kWh. This change, combined with changes to the Company's stranded cost recovery charge, transmission cost adjustment mechanism and REP 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, the average customer usage.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 to adjust its energy service rate to be effective with

¹This Order does not affect the bills of Eversource's distribution customers who take energy supply from competitive suppliers. For those customers, the other three orders issued today will increase the non-energy portion of the monthly bill by approximately 4.1%.

services rendered on and after July 1, 2015. Eversource filed supporting testimony and exhibits with its request. Eversource estimated that the energy service rate for effect for July 1, 2015, would be 8.94 cents per kilowatt hour (kWh), a decrease from the current energy service rate of 10.56 cents per kWh. The Commission approved the current average rate of 10.56 cents per kWh in Order No. 25,741 (Dec. 29, 2014) in the instant docket. Eversource attributed the estimated decrease to lower forecast market costs for power as compared with the associated December 2014 forecast.

On June 11, 2015, Eversource filed an updated estimate of the energy service rate that included actual costs through April 2014, and updated forecasts for the remainder of the calendar year. The updated calculation resulted in an estimated energy service rate of 8.98 cents per kWh for effect with services rendered on and after July 1, 2015.

The Office of Consumer Advocate (OCA) previously filed a letter of participation in this 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

A. EVERSOURCE

Pursuant to RSA 369-F:3, IV(b)(1)(A), customers taking energy service from the Company are billed an energy service rate equal to the Company's actual, prudent and reasonable costs of providing power, as approved by the Commission. Eversource's energy service costs contain the generation asset revenue requirements, entitlements, and purchased power obligations, including the cost of fuel used in generation. In addition, energy service costs include the costs and revenues from market purchases and sales, Independent System Operator-New England expenses and revenues, Renewable Portfolio Standard and Regional Greenhouse

Gas Initiative (RGGI) costs, and Independent Power Producers' power valued at market prices. Finally, energy service costs include non-fuel operation and maintenance costs, depreciation, property taxes and payroll taxes, uncollectible costs attributable to energy service, and a return on the net generation investment. The aforementioned costs do not include the temporary rate associated with recovery of the Merrimack wet flue gas desulfurization (Scrubber) costs.

Pursuant to Order No. 25,346 (April 10, 2012), Eversource is authorized to add to energy service rates a temporary rate of 0.98 cents per kWh to recover costs associated with the Scrubber.

Pursuant to the June 11, 2015, filing, the energy service (non-Scrubber) rate is estimated to decrease from 9.58 cents per kWh to 8.00 cents per kWh, based on actual results through April 2015, and the most current forecast of Eversource's costs of providing such power for the remainder of 2015. According to the updated forecast, Eversource would over-recover energy service revenues as of December 31, 2015, absent a change to the rate.

Eversource said that, as reflected in the updated filing, the energy portion of the proposed default service rate increased by 0.04 cents from the initial estimate of 7.96 cents per kWh filed in May. Eversource attributed the increase to (1) an increase in forecast migration from 49.5% to 50.4%, and (2) an increase in market prices. Eversource also projected an increase in RGGI compliance costs, due to a higher than forecast allowance clearing price experienced in the June 2015 RGGI auction. Eversource expects that higher allowance price to continue with the auction scheduled for September 2015.

The Company concluded by asking that the Commission approve the updated energy service rate of 8.98 cents per kWh for effect with services rendered on and after July 1, 2015.

B. OCA

The OCA said that the energy service rate proposed by the Company was prepared in a similar fashion to the manner in which energy service rate projections were made in the past, and that the resulting rate is reasonably reflective of the market. The OCA stated that it accepts the calculation as proposed.

C. COMMISSION STAFF

Staff said that it had determined that the Company had appropriately calculated the energy service rate. Based on its review, Staff recommended that the Commission approve the change as requested by the Company in its June 11th filing.

III. COMMISSION ANALYSIS

Pursuant to RSA 369-B:3, IV(b)(1)(A), the price for Eversource's energy service shall be PSNH's actual, prudent and reasonable costs of providing the power as approved by the Commission. Based on our review of the petition and the evidence in the record, we find that the calculations and related documentation support the Company's request for a mid-term adjustment to its energy service rates. The Company's actual 2015 energy service costs and revenues, along with its actual stranded cost recovery costs and revenues, will be reconciled in its 2015 reconciliation docket, which will be filed next year.

This is one of four orders we are issuing 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 non-scrubber energy service rate; (2) Docket No. DE 14-236, to adjust the Company's average stranded cost recovery charge rate; (3) Docket No. DE 15-136, to adjust the Eversource transmission cost adjustment mechanism rate; and (4) Docket No. DE 9-035, to adjust the rate recovering costs for the Company's reliability enhancement program. Overall, the

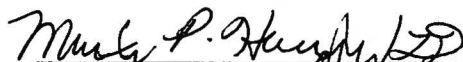
average total bill impact of these rate changes effective July 1, 2015, for residential customers taking energy service from Eversource and using 625 kWh per month, the average monthly usage, will be a decrease in monthly bills from \$118.33 to \$110.59, or 6.5%. Eversource residential customers who take energy service from a competitive supplier will experience an approximate 4.1% increase in the non-energy portion of their monthly bills. None of the four orders being issued today will have any effect on the energy portion of the bill for a customer receiving energy from a competitive supplier.


Based upon the foregoing, it is hereby

ORDERED, that Eversource's request to adjust the non-Scrubber portion of its energy service rate from 9.58 cents per kWh to 8.00 cents per kWh effective with services rendered on and after July 1, 2015, is hereby APPROVED; and it is

FURTHER ORDERED, Eversource shall file conforming tariffs pursuant to Part Puc 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. Honigberg
Chairman


Robert R. Scott
Commissioner

Attested by:


Debra A. Howland
Executive Director