

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 09-035, DE 11-250, and DE 14-238

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A
EVERSOURCE ENERGY**

Motion to Continue Reliability Enhancement Program

Order Granting Motion

ORDER NO. 25,793

June 25, 2015

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; Office of the Consumer Advocate by Susan W. Chamberlin, Esq., on behalf of residential ratepayers; F. Anne Ross, Esq., on behalf of Staff Advocates; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

In this Order, the Commission approves the continuation of Eversource's reliability enhancement program and approves a rate increase of 0.070 cents per kWh on a temporary basis, effective with services rendered on and after July 1, 2015, to allow the Company to reconcile costs and revenues for the program for the prior period. This change, combined with changes to the Company's energy service, stranded cost adjustment charge, and transmission cost adjustment mechanism rates 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. For residential customers taking energy supply from a competitive supplier, the non-energy portion of their monthly bills will increase by approximately 4.1%.

I. PROCEDURAL HISTORY

On June 10, 2015, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or Company) filed a motion for approval of the continuation of the Company's

reliability enhancement program (REP), together with testimony and supporting exhibits. The filing was made pursuant to a comprehensive settlement agreement, the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement (Settlement Agreement), that was also filed on June 10, 2015. The Settlement Agreement relates to the State's efforts to restructure the electric utility industry and Eversource's continued ownership of electric generation assets. The parties to the Settlement Agreement concurred that Eversource's REP should receive continued support, rather than lapse on June 30, 2015, and made specific provision for that continuation in the Settlement Agreement.

The Office of the Consumer Advocate previously filed a letter of participation on April 21, 2009. The Commission issued an Order of Notice on June 11, 2015, scheduling a hearing for June 17, 2015.

On March 23, 2015, the Commission designated F. Anne Ross, Esq., and Thomas C. Frantz as Staff Advocates in Docket Nos. 11-250 and 14-238 because of their participation in the negotiation of the Settlement Agreement. Both Ms. Ross and Mr. Frantz appeared at the hearing.

II. AGREEMENT

A. Background

The Commission approved the REP in the Company's 2006 distribution rate case to provide targeted funding for enhanced capital and operation and maintenance (O&M) spending intended to improve the reliability and resilience of Eversource's distribution system. In Docket No. 09-035, the Company's 2009 distribution rate case, the REP was expanded to allow the Company to develop and implement plans for specific projects. The targeted funding provided through the REP is scheduled to end on June 30, 2015, coincident with the expiration of Eversource's settlement agreement in Docket No. DE 09-035.

Following discussions among the parties to the Settlement Agreement, it was agreed that the continuation of Eversource's REP would be a part of the overall settlement.

B. Continuation of REP

Part 2 Section E of the Settlement Agreement addresses Eversource's distribution reliability funding. Pursuant to Section E, distribution reliability funding would continue per the following terms.

In June 2015, Eversource was required to and did make a filing with the Commission to reconcile the expenses and revenues relating to REP activities for the period April 1, 2013, and March 31 2015. As was required by the Settlement Agreement, Eversource included a forecast of activities for the period April 1, 2015, through June 30, 2016. The Settlement Agreement contemplates that, as of July 1, 2015, Eversource will continue to collect the annual revenue necessary to recover the revenue requirements associated with REP capital additions, and provide O&M spending, as available. In addition, rather than end the funding presently supporting recovery of the 2010 winter storms as identified in Section 7.2 of the rate settlement in Docket No. DE 09-035, Eversource will continue to collect the \$3 million in annual revenue attributable to recovery of costs relating to this storm, but will redirect the funding to support REP activities.

The Agreement further provides that, in April 2016, Eversource shall make a filing to reconcile the expenses and revenues relating to REP activities between April 1, 2015, and March 31, 2016, and shall include a forecast of activities for the period April 1, 2016, through June 30, 2017. Any rate change required to reconcile these amounts and account for the forecasted activities shall occur on July 1, 2016, and be subject to further reconciliation.

III. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

In its June 10, 2015, filing in Docket No. DE 09-035, Eversource requested that the Commission approve an REP- related distribution rate adjustment for all customers effective July 1, 2015. The adjustment represents the reconciliation of expenses and revenues relating to REP activities for the period between April 1, 2013, and March 31 2015, referenced in the Settlement Agreement. Eversource calculated that distribution rates would have to increase by 0.070 cents per kWh to reconcile the costs and expenses for this period. The Company provided exhibits and schedules that supported its calculation.

In addition, Eversource testified that safety metrics had improved since the time the Company commenced the REP program. According to the Company, since the start of the REP, there has been a steady decline in the average number of minutes the typical customer is without power and a similar reduction in the frequency of outages for the typical customer. Eversource said that details regarding its REP activities since 2013 are addressed in detail in its April 1, 2015, "Report to the Public Utilities Commission Detailing Eversource's' Reliability Enhancement Program Activities." In testimony, Eversource highlighted some of the work accomplished, and described planned activities for 2015.

Eversource concluded by requesting that the Commission grant its request for a temporary rate increase of 0.070 cents per kWh for effect with service rendered on and after July 1, 2015.

B. Staff Advocates

Staff Advocates said that they strongly support the reliability enhancement program and recognize that it is bringing reliability to the system. Staff Advocates said that the requested rate

increase would be a small one, and would be subject to reconciliation, so it would be appropriate for the Commission to approve it at this time. Staff Advocates also expressed support for continuing the REP because it is part of the Settlement Agreement filed with the Commission.

C. OCA

The OCA said it supports the Company's proposal. The OCA stated that any questions about the numbers used to calculate the rate could be addressed when the temporary rate is proposed as a permanent rate.

D. Staff

Staff said it supports the continuation of the REP and that the Commission should approve the proposed rate on a temporary basis effective July 1.

IV. COMMISSION ANALYSIS

Our support for Eversource's REP is long-standing and independent of the Settlement Agreement in DE 11-250 and DE 14-238. Although we approve the continuation of the REP in the manner stated in the Settlement Agreement, our approval should not be construed as approval of the Settlement Agreement itself. We find ample reason to continue the REP regardless of whether the Settlement Agreement is approved. As noted by the Company's witnesses, Eversource's reliability metrics have improved since the inception of the program, and customers have experienced tangible benefits in reduced frequency and duration of outages.

To reconcile past costs and revenues, the Company has requested a temporary rate increase of 0.070 cents per kWh. RSA 378:27 requires the Commission to set temporary rates at a reasonable level, and requires such rates to be supported by the reports of the utility filed with the Commission. We find that Eversource has provided adequate support for a temporary rate increase, no part of which is dependent upon the settlement in DE 11-250 or DE 14-238. We

therefore approve the rate increase of 0.070 cents per kWh, for effect with services rendered on and after July 1, 2015, subject to a later reconciliation.

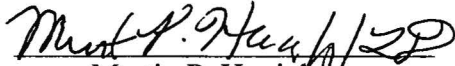
This is one of four dockets in which Eversource requested rates for effect with services rendered on and after July 1, 2015. The four dockets are: (1) this docket, to increase distribution rates to provide for reconciliation of past investments in REP; (2) Docket No. DE 14-235, to adjust the Company's energy service rate; (3) Docket No. DE 14-236, to adjust the Company's average stranded cost recovery charge rate; and (4) Docket No. 15-136, to adjust the transmission cost adjustment mechanism. As a result of rate changes in these four dockets, residential customers on default service will see a decrease in their monthly bills. The average total bill for residential customers using 625 kWh per month, the average monthly usage of Eversource customers who have not selected a competitive supplier, will be a decrease in monthly bills from \$118.33 to \$110.59, or 6.5%. None of the four orders being issued today will have any effect on the energy portion of the bill for customers receiving energy from competitive suppliers. Consequently, residential customers who take energy service from competitive suppliers will experience an increase of 4.1% in the non-energy portion of their bills.

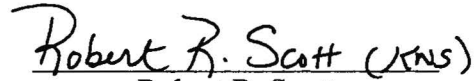
Based upon the foregoing, it is hereby

ORDERED, that Eversource's request for a temporary increase of 0.070 cents per kWh to distribution rates is hereby **APPROVED**, and shall be subject to later reconciliation; and it is

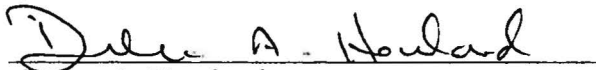
FURTHER ORDERED, that that Eversource shall file conforming tariff pages within 20 days of the date of this Order pursuant to Part Puc 1603.

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