

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 15-416

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

Petition for Adjustment to Stranded Cost Recovery Charge

Order Approving Adjustment

ORDER NO. 25,855

December 22, 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; and Suzanne Amidon, Esq., on behalf of Commission Staff.

In this Order, the Commission approves Eversource's proposed adjustment to the average stranded cost recovery charge (SCRC) rate. For services rendered on and after January 1, 2016, the SCRC rate will be a credit of 0.017 cents per kWh. All customers will experience a 2.0% decrease in the delivery service portion of their monthly bills, due to this reduction in the SCRC rate.

In separate orders, the Commission also approved adjustments to Eversource's default energy service rate, and the temporary rate recovering costs associated with the Scrubber. With all changes approved today, monthly bills for Eversource's residential energy service customers (i.e., those who have not elected to receive electricity service from a competitive supplier) will increase on average by 4.7%, compared to rates currently in effect. Eversource's typical residential energy service customer uses 625 kWh per month. This typical customer's monthly bill will increase from \$110.59 to \$115.79.

I. BACKGROUND AND PROCEDURAL HISTORY

The SCRC rate is paid by all Eversource customers. The SCRC is designed to compensate Eversource for certain costs that cannot otherwise be recovered as a result of the changes brought about by RSA 374-F, the electric industry restructuring statute. RSA 374-F:2 states that certain costs “will not be recovered as a result of restructured industry regulation that allows choice of electricity suppliers, unless a specific mechanism for such cost recovery is provided.” The SCRC is that specific mechanism.

The SCRC rate recovers certain costs under the Restructuring Settlement approved by the Commission in Orders No. 23,443 and 23,549. *See PSNH Proposed Restructuring Settlement*, 85 NH PUC 154 and 536 (2000). The Restructuring Settlement defined PSNH’s (now Eversource’s) stranded costs and categorized them into three parts. Part 1 and Part 3 costs have been fully recovered.¹ Part 2 includes “ongoing” costs consisting of the over-market value of energy purchased from independent power producers (IPPs), the up-front payments made for IPP buy-downs and buy-outs previously approved by the Commission, and Eversource’s share of the present value of the savings associated with those buy-down and buy-out transactions. The current average SCRC rate is 0.155 cents per kilowatt hour (kWh). Order No. 25,791 (June 25, 2015).

On September 28, 2015, Eversource filed the testimony and related exhibits of Christopher J. Goulding, Manager, Revenue Requirements for Eversource. The testimony supported the establishment of an average SCRC rate effective with service on and after January 1, 2016. Eversource calculated an average SCRC rate credit of 0.017 cents per kWh.²

¹ Part 1 recovered principle, interest and fees related to rate reduction bonds which were fully amortized as of May 1, 2013. Part 3 recovered non-securitized stranded costs which were fully recovered as of June 20, 2006.

² When a rate is calculated to be a credit, it reduces the customers’ bills.

Eversource said that it would update its estimate of the 2016 average SCRC rate with more current data prior to the merits hearing.

The Office of Consumer Advocate (OCA) filed a letter of participation in this docket on October 19, 2015 pursuant to RSA 363:28.

Eversource filed an updated estimate of the average 2016 SCRC rate on December 11, 2016.

II. POSITIONS OF THE PARTIES

A. EVERSOURCE

As stated above, Eversource initially estimated the average 2016 SCRC rate to be a credit of approximately 0.017 cents per kWh, a decrease from the current average SCRC rate of 0.155 cents per kWh. Eversource attributed the decrease to higher than expected auction proceeds related to the Regional Greenhouse Gas Initiative (RGGI). Pursuant to Order No. 25,664 (May 9, 2014), the Commission authorized Eversource to include in the calculation of the SCRC rate the amount Eversource customers receive from excess RGGI auction proceeds.³ Eversource preliminarily calculated the RGGI rebate to equal 0.198 cents per kWh, and an average SCRC rate of 0.181 cents per kWh, resulting in the estimated credit of 0.017 cents per kWh.

In its updated estimate of costs, Eversource calculated a 2016 SCRC rate of 0.211 cents per kWh. Eversource said that the SCRC rate increased from its initial filing due to an increase in the actual above-market IPP costs for September and October 2015, as well as a higher forecast above-market cost for the remainder of 2015 and for 2016. Eversource's update included an estimated 2016 RGGI rebate of 0.228 cents per kWh, higher than the initial estimate

³ Pursuant to RSA 125:O:23, II, beginning January 1, 2014, any RGGI auction revenue in excess of one dollar received for each allowance is to be rebated to all electric customers on a per kWh basis, as approved by the Commission.

of 0.198 cents per kWh. Eversource attributed the increased rebate amount to higher actual RGGI auction results than forecast for the December 2015 auction, and updated assumptions for the 2016 RGGI auctions. Though the elements of the rate changed, the resulting proposed average SCRC rate remained a credit of 0.017 cents per kWh.

B. OCA

The OCA expressed support for Eversource's requested adjustment to the SCRC rate.

C. STAFF

Staff stated that it believed that Eversource had appropriately calculated the average SCRC rate. Staff recommended that the Commission approve the petition.

III. COMMISSION ANALYSIS

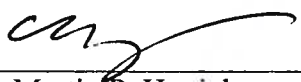
RSA 378:8 authorizes the Commission to determine the just, reasonable, and lawful rates to be charged by public utilities within its jurisdiction. The N.H. Legislature has instructed that any stranded cost recovery "should be through a non-bypassable, nondiscriminatory, appropriately structured charge 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." RSA 374-F:3, XII (d). We find that Eversource's proposal to adjust its SCRC rate to reflect changes in costs, including the impact of changes in the forecasted market prices, is appropriate and consistent with the Legislature's guidance. We also find that the resulting rate is just and reasonable as required by RSA 378:5. On that basis, we approve the adjustment requested by Eversource in its December 11, 2015, filing.

Based upon the foregoing, it is hereby

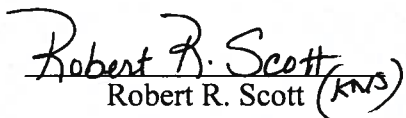
ORDERED, that the request of Eversource to adjust its stranded cost recovery charge to a credit of 0.017 cents per kWh for effect with services rendered on and after January 1, 2016, is hereby APPROVED; and it is

FURTHER ORDERED, that Eversource shall file tariffs conforming to this Order within 20 days consistent with N.H. Code Admin. Rules Puc 1600.


By order of the Public Utilities Commission of New Hampshire this twenty-second day of December, 2015.



Martin P. Honigberg
Chairman



Robert R. Scott (KMS)
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director