

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 15-416

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

Mid-Year Adjustment to the Stranded Cost Recovery Charge

Order Approving Adjustment

ORDER NO. 25,909

June 28, 2016

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; the Office of the Consumer Advocate by Donald M. Kreis Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

This Order approves a mid-year change in Eversource's average stranded cost recovery charge (SCRC) rate effective with services rendered on and after July 1, 2016. The average SCRC rate will increase from the current rate, a credit of 0.017 cents per kWh, to a charge of 0.084 cents per kWh. This change, combined with changes to the Company's energy service charge, transmission cost adjustment mechanism and reliability enhancement program rates, all for effect July 1, 2016, will result in an overall increase in monthly bills from \$115.79 to \$125.55, an increase of 8.4 percent, for the typical residential customer taking energy service from Eversource and using 625 kWh per month. For Eversource residential customers taking energy supply from a competitive supplier, the non-energy portion of the monthly bill will increase by approximately 7 percent.

I. PROCEDURAL HISTORY

On May 9, 2016, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or Company) filed a request, with supporting testimony and schedules, to make a

mid-year adjustment to increase its average stranded cost recovery charge (SCRC) rate to 0.072 cents per kilowatt hour (kWh). On June 17, 2016, Eversource revised its calculation of an average SCRC rate with actual data and an updated forecast for the remainder of 2016. The updated calculation resulted in an average SCRC rate of 0.084 cents per kWh, as compared with a current rate credit of 0.017 cents per kWh. Eversource requests this increase for services rendered on and after July 1, 2016, for a six month period ending December 31, 2016.

The Office of Consumer Advocate (OCA) previously filed a letter of participation in the docket on October 19, 2015. The Commission issued an Order of Notice on May 20, 2016, scheduling a hearing on June 23, 2016.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2015/15-416.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. EVERSOURCE

The SCRC recovery mechanism was established pursuant to the Agreement to Settle Public Service Company of New Hampshire Restructuring in Docket No. DE 99-099 (Restructuring Agreement). *See PSNH Proposed Restructuring Settlement*, Order No. 23,549 (September 8, 2000), 85 NH PUC 536. The Commission subsequently ordered that certain proceeds from Regional Greenhouse Gas Emissions (RGGI) auctions be rebated to customers through the SCRC. *See Electric Utilities and Competitive Electric Service Providers*, Order No. 25,664 at 4 (May 9, 2014). Eversource refers to this rebate as the "RGGI adder."

The Restructuring Agreement defined Public Service Company of New Hampshire's stranded costs and categorized them into three parts - Part 1, Part 2 and Part 3. Part 1 and Part 3

costs are fully recovered. Part 2 costs are the result of “ongoing” stranded costs consisting primarily of the over-market value of energy purchased from independent power producers (IPPs) and the amortization of payments previously made for IPP buy-downs and buy-outs approved by the Commission. In its update, Eversource said that the rate to recover revenue associated with the Part 2 costs is decreasing as compared to the rate for the current period, from 0.211 cents per kWh, to 0.200 cents per kWh.

Eversource said that, pursuant to Order No 25,664 and RSA 125-O:23, the Company includes in the calculation of the SCRC rate the amount it received from excess RGGI auction proceeds.¹ In its updated filing, Eversource calculated the per kWh RGGI adder for effect beginning July 1, 2016, to be negative 0.116 cents per kWh. Eversource attributed the change in the RGGI adder to lower than forecasted auction prices for allowances in the March and June 2016 auctions, and a forecast of similar auction prices for the September 2016 auction. When combined with the average SCRC rate of 0.200 cents per kWh, the resulting average SCRC rate for effect with services rendered on and after July 1, 2106, will be 0.084 cents per kWh. Eversource requested that the Commission approve the adjustment as presented in its June 17, 2016 update.

B. OCA

The OCA recommended approval of Eversource’s request to adjust the SCRC for rates effective July 1, 2016, and agreed that the resulting rates are just and reasonable.

¹ As required by 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.

C. Staff

Staff said that it had determined that the Company had appropriately calculated the SCRC costs. Staff concluded by saying it supported the Petition and recommended that the Commission approve rates for effect July 1, 2016.

III. COMMISSION ANALYSIS

RSA 378:7 and RSA 374:2 authorize 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 non-bypassable, non-discriminatory, appropriately structured 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 Eversource’s proposal to adjust the SCRC rate to reflect current market conditions is appropriate, consistent with the legislature’s guidance, and just and reasonable.

This is one of four dockets in which we are issuing orders today that adjust Eversource rates effective on a service rendered basis on and after July 1, 2016. The four dockets are (1) the instant docket, to adjust the stranded cost recovery charge; (2) DE 15-415, to adjust Eversource’s average energy service rate; (3) DE 16-566, to adjust the average transmission cost adjustment mechanism rate, and (4) DE 09-035, Eversource’s reliability and vegetation management program. Overall, the average total bill impact of the four rate changes for residential customers using 625 kWh per month who have not taken service from a competitive supplier is an 8.4 percent increase in monthly bills, from \$115.79 to \$125.55. Residential customers who take service from a competitive supplier will experience a 7 percent increase in the non-energy


portion of their bills. None of the four orders being issued today will have any effect on the energy portion of the bill for someone receiving energy from a competitive supplier.

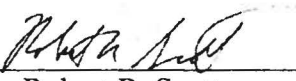
Based upon the foregoing, it is hereby


ORDERED, that the updated request by Eversource for an average SCRC rate of 0.084 cents per kWh for effect with services rendered on and after July 1, 2016, is hereby APPROVED; and it is

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

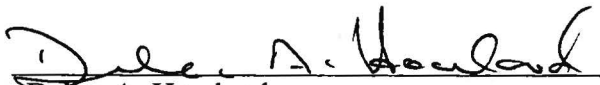
By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of June, 2016.


Martin P. Honigberg
Chairman


Robert R. Scott
Commissioner


Kathryn M. Bailey
Commissioner

Attested by:


Debra A. Howland
Executive Director