

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 21-117**

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

**Adjustment to Stranded Cost Recovery Charge**

**Order Approving Adjustment to Stranded Cost Recovery Charge**

**ORDER NO. 26,502**

**July 29, 2021**

In this order the Commission approves an adjustment to the Stranded Cost Recovery Charge for Eversource's customers effective with services rendered on and after August 1, 2021. For residential class customers, the average Stranded Cost Recovery Charge will decrease from 1.431 cents per kWh to 0.889 cents per kWh. The stranded cost charge is one of four rate components that will change on August 1, 2021.

**I. PROCEDURAL HISTORY**

On June 17, 2021, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a petition to adjust its Stranded Cost Recovery Charge (SCRC) for the six-month period beginning August 1, 2021. On June 24, 2021, the Commission issued an order of notice scheduling the final hearing in this matter. The hearing was held as scheduled on July 22, 2021. The petition and subsequent docket filings are posted on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2021/21-117.html>.

**II. BACKGROUND**

The SCRC recovery mechanism was initially established pursuant to the 1999 Agreement to Settle PSNH Restructuring in Docket No. DE 99-099 (1999 Agreement), which defined stranded costs and separated them into three categories: Part 1, Part 2, and Part 3. The original

stranded costs associated with Part 1 and Part 3 have been fully recovered. In recent years, the only costs recovered through the SCRC rate mechanism have been Part 2 costs, which are “ongoing” stranded costs, consisting primarily of the over-market value of energy purchases from independent power producers (IPPs), and the amortization of payments previously made from IPP buy-downs and buy-outs approved by the Commission. Part 2 costs continue to include all costs and market revenues associated with the existing IPPs and the amortization of payments previously made for IPP buy-downs or buy-outs.

*In Public Service Company of New Hampshire d/b/a Eversource Energy*, Order No. 25,920 (July 1, 2016), the Commission approved the 2015 Restructuring and Rate Stabilization Agreement (2015 Agreement). The 2015 Agreement provided for the divestiture of Eversource’s generation facilities and recovery of stranded costs associated with divestiture.

Pursuant to the 2015 Agreement, a portion of the costs associated with divestitures are recovered through Rate Reduction Bonds (RRBs) as a new Part 1 stranded cost, to be recovered through the SCRC. The RRBs were issued in May 2018 and related costs are now included in Part 1 stranded costs. Consistent with the 2015 Agreement, Eversource now includes a number of elements not previously included in the SCRC, in particular: costs and market revenues associated with existing IPPs; as well as estimated class specific RRB charges associated with securitization of stranded costs. Those additional elements to the SCRC were approved by Order No. 26,116 (March 29, 2018).

As part of the approved 2015 Agreement, the SCRC revenue requirement is now allocated to each rate class according to the following percentages: 48.75 percent to residential customers (rate class R); 25 percent to general service customers (rate class G); 20 percent to primary general service customer (rate class GV); 5.75 percent to large general service customers (rate class LG); and 0.5 percent to outdoor lighting customers (rate class OL). There are various rates within each

class and, as a result, there is no longer a single SCRC for all customers, or even a uniform rate for each class.

The Regional Greenhouse Gas Initiative (RGGI) credit based upon the amount of RGGI auction proceeds received by Eversource, above one dollar per allowance. Those excess RGGI proceeds are credited back to customers on a uniform per kilowatt hour basis pursuant to RSA 125-O:23.

On January 30, 2020, the Commission issued Order No. 26,331, approving an agreement to adjust the Purchase Power Agreement (PPA) between Eversource and Burgess BioPower to implement the terms of 2018 N.H. Laws, Chapter 340, “An Act requiring the public utilities commission to revise its order affecting the Burgess BioPower plant in Berlin.” As part of that adjustment the over-market costs in excess of the cap, as defined in the PPA, will be recovered in current rates. Recovery of those costs is accomplished through the “Chapter 340 Adder”.

On December 15, 2020, the Commission issued Order No. 26,433 in Docket No. DE 19-057 approving a settlement agreement relating to Eversource’s distribution rates. As part of that settlement, certain environmental remediation costs were removed from Eversource’s distribution rates and included within the SCRC. Those costs are included within this filing.

On January 29, 2021 the Commission issued Order 26,450 in docket DE 20-136 directing the collection of net metering costs through the SCRC rather than the Company’s Default Service rate. Pursuant to that Order Eversource has also included the identified net metering costs for recovery within the SCRC.

### **III. POSITIONS OF THE PARTIES**

#### **A. Eversource**

The proposed August 1, 2021 average SCRC rates (including the RGGI rebate and all Chapter 340, net metering, and environmental remediation adders) are:

<b>Rate Class</b>	<b>Current Rate (cents/kwh)</b>	<b>Proposed Rate (cents/kwh)</b>
R	1.431	0.889
G	1.476	0.990
GV	1.245	0.821
LG	0.677	0.443
OL/EOL	1.976	0.552

The proposed per kilowatt-hour SCRC rate for residential Rate R class for the upcoming period is 0.889 cents per kilowatt-hour, including the RGGI rebate and the Ch. 340, Environmental Remediation and Net Metering adders, representing a 38% decrease from the current rate. The decrease in the SCRC rates proposed for effect on August 1, 2021 as compared to the current rates is due primarily to: (i) a slight increase in Part 1 costs of \$0.8 million; (ii) a decrease in Part 2 above market IPP and PPA costs of (\$3.8) million; (iii) a decrease in other Part 2 costs of (\$12.8) million, and; (iv) an increase due to the change in prior period (over)/under recovery amount of (\$1.5) million.

Eversource proposed several rate changes for effect August 1, 2021, including: SCRC rates, Transmission Cost Adjustment Mechanism rates, Regulatory Reconciliation Adjustment rates, and a step increase in distribution rates.

### **B. Department of Energy**

At hearing, the Department of Energy represented that Eversource appropriately calculated SCRC rates to reflect updated actual and estimated costs, including the impact of changes in the forecasted market prices associated with energy purchases from IPPs, and the SCRC stranded costs related to RRBs, net metering costs, and the Chapter 340 Adder.

The Department of Energy recommended approval of the proposed rates as just and reasonable as required by RSA 374:2 and RSA 378:7.

#### IV. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to determine the just, reasonable, and lawful rates to be charged by public utilities. Any recovery of stranded costs “should be through a nonbypassable, 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 [restructuring] policy principles.” RSA 374-F:3, XII(d). The Commission must determine whether categories of costs included within the proposed SCRC rates are consistent with the requirements of RSA 374-F:3, XII (d), or are appropriately included consistent with prior Commission orders concerning costs eligible for recovery.

We find that Eversource appropriately calculated the SCRC rates to reflect updated actual and estimated costs, including the impact of changes in the forecasted market prices associated with energy purchases from IPPs, and the SCRC stranded costs related to the RRBs, the RGGI rebate, the net metering adder, the environmental remediation adder, and the Chapter 340 adder. We find the resulting rates are just and reasonable as required by RSA 374:2 and RSA 378:7 and approve them.

While the Commission approves the rates in this filing, we noted a trend toward overly conservative forecasting, which has the effect of driving up rates. This results in over-collecting, and unless corrected, could have the effect of permanently benefiting Eversource and penalizing the ratepayer. We encourage a business process review in this area.

During hearing, the parties referenced “live spreadsheets” provided to the Department of Energy in support of the calculations in the Petition. The Commission reminds the parties that due to recent statutory changes the Commission may not communicate with Department of Energy Staff on pending matters. *See* RSA 12-P:5, VI and, *see generally*, RSA 363:12. As a result, the Commission may lack access to information made available to Department of Energy unless it is

directly filed in the Commission's relevant open docket. Going forward, please include the live spreadsheets and other information supporting the financial calculations at the time of filing so that they can be made part of the record available to the Commission in a proceeding.

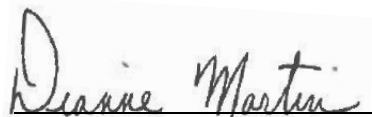
Based upon the foregoing, it is hereby:

**ORDERED**, Eversource's average SCRC rate, including the RGGI credit, for effect on a service-rendered basis for the six-month period beginning August 1, 2021, as depicted in Hearing Exhibit 1 Bates pages 10-11 is hereby approved; and it is


**FURTHER ORDERED**, that Eversource shall, on an ongoing basis, reconcile the estimated Part 2 SCRC costs with actual costs, and include the reconciliation in subsequent rate calculations; and it is

**FURTHER ORDERED**, that Eversource shall file its calculations, allocations, and conforming tariff pages pursuant to N.H. Admin. R., PART Puc 1603, within 20 days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of July, 2021.



Dianne Martin  
Chairwoman



Daniel C. Goldner  
Commissioner

# Service List - Docket Related

*Docket# : 21-117*

*Printed: 7/29/2021*

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