

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 20-095

**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. 26,451

January 29, 2021

APPEARANCES: Jessica A. Chiavara, Esq., on behalf of Public Service Company of New Hampshire d/b/a/ Eversource Energy; and F. Anne Ross, Esq., on behalf of Commission Staff.

This order approves an adjustment to the Stranded Cost Recovery Charge for Eversource's customers effective with services rendered on and after February 1, 2021. For residential class customers, the average Stranded Cost Recovery Charge will increase from 0.975 cents per kWh to 1.431 cents per kWh.

I. PROCEDURAL HISTORY

On December 17, 2020, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed a petition to adjust its Stranded Cost Recovery Charge (SCRC) for the six-month period beginning February 1, 2021. The Office of the Consumer Advocate (OCA) filed a letter of participation on June, 16, 2020. On January 8, 2021, Eversource filed an updated average SCRC rate for residential customers of 1.431 cents per kilowatt hour (kWh), an increase from the current average of 0.975 cents per kWh. This average SCRC rate includes a credit associated with the Regional Greenhouse Gas Initiative (RGGI) auction proceeds, a Chapter 340 Adder relating to certain over-market costs associated with the

Burgess BioPower Power Purchase Agreement,¹ an adder relating to environmental remediation, and an adder for net metering costs.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of, or granted by the Commission, are posted on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2020/20-095.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 remaining generation facilities and recovery of stranded costs associated with

¹ Recovery of those costs was approved in Docket No. DE 19-142 by Order No. 26,331 (January 31, 2020).

divestiture. Pursuant to the 2015 Agreement, a portion of the costs associated with divestiture are recovered through Rate Reduction Bonds (RRBs) as new Part 1 stranded costs, to be recovered through the SCRC. The RRBs were issued in May 2018.

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. As part of that adjustment, the over-market costs in excess of the cap, as defined in the PPA, are recovered in current rates. Recovery of those costs is accomplished through the “Chapter 340 Adder.”

The SCRC rate proposed to be billed to customers beginning February 1, 2021, includes recovery of the RGGI refund as required by RSA 125-O:23, II and Order No. 25,664 (May 9, 2014), directing Eversource to rebate RGGI auction revenue it receives through the SCRC rate. The rate also includes an amortization of environmental remediation costs approved in Docket No. DE 19-057 by Order No. 26,433 (December 15, 2020).

On December 17, 2020, the Commission approved an additional \$12,006,854 in stranded costs associated with divestiture to be included in the SCRC and amortized over a one-year term beginning February 1, 2021. *See* Order No. 26,434. Earlier this day, the Commission approved a settlement in docket DE 20-136 concerning the collection of net metering costs through the SCRC rather than the Company’s Default Service rate. *See* Order No. 26,450.

III. POSITION OF EVERSOURCE AND RECOMMENDATION OF STAFF

A. Eversource

Eversource explained that, historically, there was a single SCRC rate applied to all customers. As part of the approved 2015 Agreement, however, the SCRC revenue requirement for Part 1 and Part 2 costs 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. In addition to the SCRC rate allocations provided by the 2015 Agreement allocation, there are a number of adders to the SCRC that are applied on a uniform per kWh basis.

The Chapter 340 Adder calculated by Eversource for the period beginning February 1, 2021 is 0.266 cents per kWh for all customers. The SCRC rates also include a RGGI credit based on 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 (kWh) basis pursuant to RSA 125-O:23. Eversource calculated the RGGI credit to be (0.198) cents per kWh.

As a result of the settlement agreement submitted in DE 20-136, Eversource included net metering costs in the SCRC in the amount of 0.211 cents per kWh. Those costs are recovered on a uniform cents per kWh from all customers.

Based on the revenue requirement calculated in the January 8, 2021, update and the allocation percentages described above, Eversource estimated that residential customers would pay an average SCRC of 1.431 cents per kWh, an increase from the current average of 0.975 cents per kWh. The proposed SCRC rates for customer classes under the January 8, 2021, updated filing, including all adders and the RGGI credit, are as follows:

<u>Rate Class</u>	<u>Average SCRC Rate (cents per kWh)</u>
R	1.431
G	1.476
GV	1.245
LG	0.677
OL/EOL	1.976

B. Staff

Staff reviewed the Company's initial filing, updated filing, and subsequent corrections, and determined that the Company 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, the additional stranded costs resulting from divestiture, the SCRC stranded costs related to RRBs, environmental remediation, net metering costs, and the Chapter 340 Adder. Staff recommended approval of the proposed rates as revised and updated on January 8 and concluded the resulting rates are 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).

Eversource has recommended that net-metering and group host costs be recovered through the SCRC rather than through its energy service rate, beginning in February 2021. Docket DE 20-136 was opened to facilitate review of the issue. That docket resulted in a Settlement Agreement which would allow the Company to collect net metering and group host costs via an equal-cents-per-kWh charge to all customers to be included in the SCRC. The Settlement was approved in Order 26,450.

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, the additional stranded costs resulting from divestiture and approved by Order No. 26,434, the stranded costs related to the RRBs, the Chapter 340 Adder, the Environmental Remediation Adder, and the Net Metering Adder. We find the resulting rates are just and reasonable as required by RSA 374:2 and RSA 378:7 and approve them.

This SCRC rate change for effect February 1, 2021, will increase the bill for a residential customer using 600 kWh per month and taking energy service from Eversource by 2.5 percent. For a residential customer using 600 kWh per month and taking energy service from a competitive supplier, the delivery portion of the monthly bill would increase by approximately 4 percent.

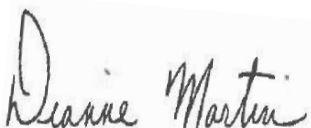
Based upon the foregoing, it is hereby

ORDERED, that Eversource's average SCRC rate, including the RGGI credit and other components as described above, for effect on a service-rendered basis for the six-month period beginning February 1, 2021, as depicted in Hearing Exhibit 5 Bates page 26 is hereby **APPROVED**; and it is

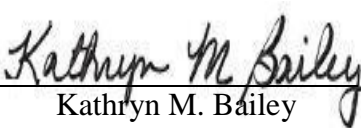
FURTHER ORDERED, that Eversource shall, on an ongoing basis, reconcile the estimated Part 2 SCRC costs with actual costs, and include the reconciliation in subsequent rate calculations; and it is

FURTHER ORDERED, that all Part 2 SCRC costs shall be subject to Staff Audit and that the accuracy of those costs will be reviewed in a subsequent proceeding.

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

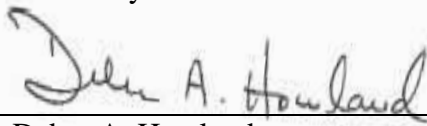


Dianne Martin
Chairwoman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

Service List - Docket Related

Docket#: 20-095

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