

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 16-823

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

Request for Adjustment to Stranded Cost Recovery Charge

Order Approving Stranded Cost Recovery Charge

ORDER NO. 25,975

December 23, 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.

In this order, the Commission approves a change in Eversource's stranded cost recovery charge (SCRC). For services rendered on and after January 1, 2017, the overall average SCRC rate will decrease to 0.027 cents per kilowatt hour (kWh).

In Dockets DE 16-822 and DE 14-216 respectively, the Commission approved increases to Eversource's energy service rate and the system benefits charge (SBC). As a result of the combined changes to the energy service, SCRC, and SBC rates, residential customers who take energy service from Eversource will experience an increase of approximately 0.9% in their total monthly bills. For a residential customer using an average of 625 kWh per month, monthly bills will increase by \$1.15 per month, from \$125.55 to \$126.70. Residential customers who have elected to receive service from a competitive electric supplier will see a decrease of approximately 0.4% in the delivery service portion of their bills as a result of the changes to Eversource's SCRC and SBC rates.

I. BACKGROUND PROCEDURAL HISTORY

The SCRC is paid by all customers of Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource). It 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, IV 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 recovers certain costs under the restructuring settlement approved by the Commission. *See PSNH Proposed Restructuring Settlement*, Order No. 23,443 (April 19, 2000); *PSNH Proposed Restructuring Settlement*, Order No. 23,549 (September 8, 2000). The restructuring settlement defined stranded costs and categorized them into three parts. Part 1 and Part 3 costs have been fully recovered.¹ Part 2 stranded costs include “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-downs and buy-out transactions. The current overall average SCRC rate is 0.084 cents per kWh.

On September 30, 2016, Eversource filed the testimony and related exhibits of David F. Bidmead, Senior Revenue Requirements Analyst-New Hampshire, supporting a proposed decrease to the overall average SCRC rate to 0.045 cents per kWh for services rendered on and after January 1, 2017. Eversource said it would update its estimate shortly before the merits hearing. On December 9, Eversource filed its update, proposing an overall average 2017 SCRC rate of 0.027 cents per kWh.

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

The Office of the Consumer Advocate (OCA) filed a letter of participation in this docket on October 10, 2016, pursuant to RSA 363:28.

The hearing was held on December 15, 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/2016/16-823.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

In its September filing, Eversource estimated the overall average 2017 SCRC rate would be 0.045 cents per kWh, a decrease from the current average SCRC rate of 0.084 cents per kWh. Eversource said that the primary cause for the decrease was a lower actual year-end deferral amount than was originally forecasted. The Commission authorized Eversource to include in the calculation of the SCRC rate the amount Eversource customers receive from excess Regional Greenhouse Gas Initiative (RGGI) auction proceeds.² *Electric Utilities and Competitive Electric Service Providers*, Order No. 25,664 at 4 (May 9, 2014). Eversource explained that the 0.045 cent per kWh rate was determined by taking the forecast Part 2 SCRC expense of 0.146 per kWh and subtracting the rebate of 0.101 cents per kWh related to RGGI.

In its updated estimate of 2017 costs and sales, Eversource calculated a Part 2 SCRC rate of 0.100 cents per kWh, and a RGGI credit of 0.073 cents per kWh. Eversource said that the decrease from its original estimate of Part 2 costs was attributable to the inclusion of

² Pursuant to RSA 125-O:23, II, beginning January 1, 2014, any RGGI auction revenue in excess of one dollar received for each allowance auction is to be rebated to all electric customers on a per kWh basis, as approved by the Commission.

Department of Energy (DOE) Litigation Phase III³ refunds in the calculation of the 2017 SCRC of 0.100 cents per kWh. The DOE Litigation proceeds to be refunded are estimated to be approximately \$3,025,000 and were not included in the September 2016 filing.

Eversource also updated its estimate of RGGI rebates for 2017, reducing the RGGI credit from 0.101 cents per kWh to 0.073 cents per kWh. Eversource said the change in the RGGI rebate was based on the actual results of the most recent RGGI allowance auction, which showed a lower per-allowance price. Eversource explained that the overall average SCRC rate of 0.027 cents per kWh includes the DOE refunds as well as the RGGI rebate amount.

Eversource said that it had appropriately calculated the average SCRC rate and that the resulting rates are just and reasonable. On that basis, Eversource requested Commission approval of the requested change to the SCRC.

B. OCA

The OCA said Eversource's calculation of the overall average SCRC rate for effect January 1, 2017, resulted in just and reasonable rates and recommended that the Commission approve the requested change.

C. Staff

Staff said it had investigated the petition and determined that Eversource appropriately calculated the SCRC. Staff recommended that the Commission approve the requested change.

III. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to determine the just, reasonable, and lawful rates to be charged by public utilities within its jurisdiction. The New Hampshire Legislature has

³ The DOE Litigation was brought by companies, including Eversource, to recover from the DOE certain sums of money collected for the purpose of storing nuclear waste. Because DOE never kept its commitment to build a repository for nuclear waste, the companies commenced the litigation to recover the amounts paid. In the past, Eversource had partial ownership of certain Yankee nuclear plants located in New England that paid money to DOE for nuclear waste storage.

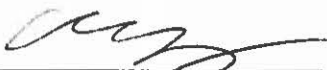
instructed that any recovery of stranded costs "should be through a non-bypassable, nondiscriminatory, appropriately structured charge that is fair to all customer classes, lawful, constitutional, limited in duration, consistent with the promotion of fully competitive markets, and consistent with [the restructuring policy] principles." RSA 374-F:3, XII (d). We find that Eversource's proposal to adjust its overall average 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 rates⁴ are just and reasonable as required by RSA 374:2, RSA 378:5 and RSA 378:7. On that basis, we approve the adjustment requested by Eversource in its December 9, 2016, filing and its December 14, 2016, update.

Based upon the foregoing, it is hereby


ORDERED, that the request of Eversource to adjust its overall average stranded cost recovery charge rate to 0.027 cents per kWh for effect with services rendered on and after January 1, 2017, 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.

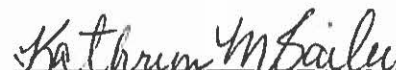
By order of the Public Utilities Commission of New Hampshire this twenty-third day of December, 2016.



Martin P. Honigberg
Chairman




Robert R. Scott
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Kimberly Nolin Smith
Assistant Secretary

⁴ Rates charged vary by customer class.

SERVICE LIST - EMAIL ADDRESSES- DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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