

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 12-291

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Mid-Year Adjustment to Stranded Cost Recovery Charge

Order Following Hearing

ORDER NO. 25,532

June 27, 2013

APPEARANCES: Matthew J. Fossum, Esq. on behalf of Public Service Company of New Hampshire; the Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

I. PROCEDURAL HISTORY

On May 2, 2013, Public Service Company of New Hampshire (PSNH or Company) filed a request, with supporting testimony and schedules, to make a mid-term adjustment to its Stranded Cost Recovery Charge (SCRC) rate on a service-rendered basis effective July 1, 2013. The SCRC recovery mechanism was established pursuant to the Agreement to Settle PSNH's Restructuring in Docket No. DE 99-099. *See*, Order No. 23,549, PSNH Proposed Restructuring Settlement, 85 NH PUC 536 (2000) (Restructuring Agreement). PSNH requested approval of the adjustment by June 27, 2013, to allow sufficient time to test its billing system for rate adjustments proposed for effect on and after July 1, 2013.

The Commission approved the current average SCRC rate of 0.737 cents per kilowatt-hour (kWh) in Order No. 25,477 (December 28, 2012). - In the current filing, PSNH projected a decrease in the average SC, in addition to actual costs for the months of January through March, PSNH RC rate from 0.737 cents per kWh to 0.385 cents per kWh. In its June 13, 2013, update

included actual costs for the months of April and May (which had been estimated in the May 2 filing) and an updated forecast for June and the remainder of 2013.

The Commission issued an Order of Notice on May 13, 2013, scheduling a hearing for June 20, 2013. The Office of Consumer Advocate (OCA) filed a letter on October 12, 2013, indicating that it would be participating in the proceeding on behalf of residential ratepayers pursuant to RSA 363:28.

On June 13, 2013, PSNH filed an update to the proposed average SCRC rate for effect July 1, 2013. In the update, the Company revised the proposed average SCRC rate from 0.385 cents per kWh to 0.272 cents per kWh.

At hearing, PSNH further revised the proposed average SCRC rate for effect July 1, 2013 from the updated average rate of 0.272 cents per kWh to 0.127 cents per kWh. Hearing Exhibit 7.

II. POSITIONS OF THE PARTIES AND STAFF

A. Public Service Company of New Hampshire

The Restructuring Agreement defined PSNH's stranded costs and categorized them into three different parts (Part 1, Part 2 and Part 3), all of which are recovered through the SCRC rate. Part 1 SCRC is calculated to recover the principal, net interest, and fees associated with rate reduction bonds (RRBs). Part 2 costs are "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. Part 3 costs, which were primarily the amortization of non-securities stranded costs, were fully recovered as of June 2006.

In its May 2, 2013, filing PSNH projected a decrease in the average SCRC rate from 0.737 cents per kWh to 0.385 cents per kWh. PSNH stated that the decrease resulted from higher than forecasted market prices for energy for the first six months of 2013 which, in turn, decreased the over-market portion of purchases from the IPPs included in the SCRC. In addition, PSNH said that the current average SCRC rate of 0.737 cents per kWh was set higher than necessary in order to satisfy the requirements of RSA 369-B:4 to provide for the full recovery of principal, interest, and credit enhancements associated with the RRBs. PSNH testified that the RRBs are now retired and consequently there is no need to continue to include the additional amount in the average SCRC rate level.

In its June 13, 2013, update PSNH included actual costs for the months of April and May and an updated forecast for June and the remainder of 2013. Based on its update, PSNH calculated the average SCRC rate level to be 0.272 cents per kWh. PSNH said that the further decrease resulted from a credit to customers of \$4.696 million representing PSNH's portion of refunds and reduced decommissioning costs resulting from the Federal Energy Regulatory Commission's settlements regarding treatment of litigation proceeds between the Department of Energy and the following nuclear plants: Connecticut Yankee, Yankee Atomic and Maine Yankee. In addition the Company proposed to credit customers the amount of \$2.868 that remained in various RRB sub-accounts after the full amortization of the RRBs on May 1, 2013.

At hearing, PSNH further updated the average SCRC rate proposed for effect on July 1, 2013. Hearing Exhibit 7. In the update, PSNH proposed an average SCRC rate of 0.127 cents per kWh. PSNH explained that in preparing the June 13, 2013 update, PSNH had determined that only \$2.868 million of the \$8.422 million remaining in certain RRB subaccounts should be credited back to customers. PSNH said that the updated calculation of the average

SCRC rate of 0.127 cents per kWh credited customers for the full amount remaining in the various subaccounts. PSNH stated that it expected further review of the appropriate disposition of the funds in the various RRB subaccounts in its calendar year 2013 reconciliation filing that will be filed in the second quarter of 2014.

Finally, PSNH concluded its testimony by affirming that the instant filing was consistent with its most recent least cost integrated resource plan on file with the Commission.

B. Office of Consumer Advocate

The OCA stated that it supported the updated SCRC rate of 0.127 cents per kWh proposed by PSNH at hearing, including the refund of the RRB subaccount funds.

C. Staff

Staff stated that it had reviewed the filing and supported the updated average SCRC rate of 0.127 cents per kWh. Staff said that it recognized that further review of the disposition of the balances in the RRB subaccounts would take place as part of the calendar year 2013 reconciliation docket; however, Staff said that, based on its review of the Restructuring Settlement Agreement, RSA 369-B (legislation governing the RRBs), and related orders, the average SCRC rate of 0.127 cents per kWh is appropriately calculated.

III. COMMISSION ANALYSIS

RSA 378:7 authorizes 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 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” enumerated in the Electric Utility

Restructuring Act. RSA 374-F:3, XII(d). We find that PSNH's proposal to adjust the SCRC to reflect current market conditions and to credit customers for any resulting over-collections is appropriate, consistent with the Legislature's guidance, and just and reasonable.

We also find that pursuant to RSA 378:41, PSNH's SCRC filing in the instant docket is consistent with its most recently filed least cost integrated resource plan found adequate by the Commission.

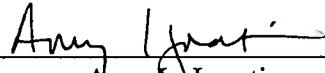
This is one of several orders we are issuing for PSNH rates for effect with services rendered on and after July 1, 2013: the instant docket, an adjustment to PSNH's stranded cost recovery charge; Docket No. DE 12-292, an adjustment to PSNH's energy service charge; Docket No. DE 13-127, an adjustment to distribution rates for additions to net plant and an adjustment to collections to be deposited in PSNH's major storm reserve; and Docket No. DE 13-167, an adjustment to PSNH's transmission cost adjustment factor. Overall, the average total bill impact of these rate changes effective July 1, 2013, is an approximate decrease of 5.3% for residential customers taking energy service from PSNH. We find that the resulting rates are just and reasonable.

Based upon the foregoing, it is hereby

ORDERED, that the updated petition by Public Service Company of New Hampshire for a decrease to the Company's overall average stranded cost recovery charge rate from 0.737 cents per kWh to 0.127 cents per kWh is hereby APPROVED; and it is

FURTHER ORDERED, that PSNH shall file tariff pages conforming to this order pursuant to Puc Part 1603 within 30 days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day
of June, 2013.



Amy Ignatius
Chairman



Michael D. Harrington
Commissioner

Attested by:



Debra A. Howland
Executive Director