

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 13-274

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Mid-Year Adjustment to Stranded Cost Recovery Charge

Order Approving Adjustment

ORDER NO. 25,681

June 27, 2014

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.

This order approves a mid-year change in PSNH's average stranded cost recovery charge rate effective with services rendered on and after July 1, 2014. The average SCRC rate will decrease from a charge of 0.350 cents per kWh to a credit of 0.221 cents per kWh. This change, combined with other adjustments approved today, will result in an overall decrease in monthly bills from \$114.26 to \$113.88 (a decrease of 0.33%) for the typical residential customer that has not switched to competitive supply.

I. PROCEDURAL HISTORY

On May 2, 2014, 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 average stranded cost recovery charge (SCRC) rate on a service-rendered basis effective July 1, 2014. 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 (September 8, 2000), 85 NH PUC 536.

The Commission approved the current average SCRC rate of 0.350 cents per kilowatt hour (kWh) in Order No. 25,610 (December 23, 2013) in the instant docket. In its May 2 filing, PSNH projected a decrease in the average SCRC rate from 0.350 cents per kWh to a credit of 0.060 per kWh. In its June 13 update which included actual data from April and May and an updated forecast for the remainder of 2014, PSNH projected a decrease in the average SCRC rate to a credit of 0.221 cents per kWh.

The Office of Consumer Advocate (OCA) previously filed a letter of participation in the docket on October 11, 2013. On May 20, 2014, the Commission issued an Order of Notice scheduling a hearing on June 24, 2014.

II. POSITIONS OF THE PARTIES AND STAFF

A. PSNH

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. SCRC Part 1 was calculated to recover the principal, net interest, and fees associated with rate reduction bonds (RRBs), which were fully amortized on May 1, 2013. Thus, there are no further Part 1 costs to be recovered. Part 3 costs, which were primarily the amortization of non-securitized stranded costs, were fully recovered as of June 2006. Part 2 costs are the only remaining category for payment and 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.

PSNH said that the proposed decrease in the average SCRC rate from a charge of 0.35 cents per kWh to a credit of 0.221 cents per kWh was primarily due to proceeds of

\$13.1 million from the Department of Energy Phase II litigation related to the decommissioning of Connecticut Yankee, Yankee Atomic, and Maine Yankee. In addition, PSNH said that, pursuant to Order No. 25,664 (May 9, 2014), the Company included the amount it received from excess Regional Greenhouse Gas Emissions (RGGI) auction proceeds in the calculation of the average SCRC rate. 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. PSNH said that it calculated the average SCRC rate to include the actual RGGI proceeds from the March and June 2014 auctions and estimated the auction proceeds for the September 2014 auction. PSNH stated that because December 2014 auction proceeds would likely be received in January 2015, those proceeds would go to the calculation of the average SCRC rate for 2015.

PSNH concluded by stating that the filing is consistent with the Company's most recently filed least cost integrated resource plan found adequate by the Commission.

B. OCA

The OCA stated that it did not object to the filing.

C. Staff

Staff stated that it had reviewed the filing and concluded that PSNH had appropriately calculated the average SCRC rate to be a credit of 0.221 cents per kWh.

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,

non-discriminatory, 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 rate to reflect current market conditions is appropriate, consistent with the legislature’s guidance, and just and reasonable.

We also find that pursuant to RSA 378:40, 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.

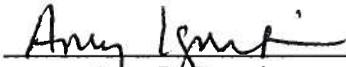
This is one of several orders we are issuing today for PSNH rates for effect with services rendered on and after July 1, 2014: the instant docket, an adjustment to PSNH’s average SCRC rate; Docket No. DE 13-275, an adjustment to PSNH’s default energy service rate; Docket No. DE 14-134, an adjustment to PSNH’s transmission cost adjustment mechanism rate, and Docket No. DE 09-035, an adjustment to PSNH’s distribution rate resulting from an earnings sharing agreement approved in its last distribution rate case. Overall, the average total bill impact of these rate changes effective July 1, 2014, for residential customers using 640 kWh per month, the average monthly usage of PSNH’s residential customers that have not selected a competitive supplier, will be a decrease in monthly bills from \$114.26 to \$113.88 (a decrease of 0.33%).

Based upon the foregoing, it is hereby

ORDERED, that the updated petition by Public Service Company Hampshire for a decrease to the Company’s overall average SCRC rate from a charge of 0.350 cents per kWh to a credit of 0.221 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, 2014.

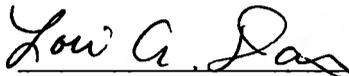


Amy L. Dignatius
Chairman



Martin P. Honigberg
Commissioner

Attested by:



Lori A. Davis
Assistant Secretary