

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 15-415

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

Request for Mid-Year Adjustment to the Default Energy Service Rate

Order Approving Mid-Year Adjustment

ORDER NO. 25,914

June 28, 2016

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; the Office of 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 mid-year adjustment to Eversource's energy service rate to be effective with services rendered on and after July 1, 2016. The energy service rate will increase from the current rate of 9.99 cents per kilowatt hour (kWh) to 10.95 cents per kWh. This change, combined with changes to the Company's stranded cost adjustment charge, transmission cost adjustment mechanism and reliability enhancement program rates, all for effect July 1, 2016, will result in an overall increase in monthly bills from \$115.79 to \$125.55, an increase of 8.4 percent, for the typical residential customer taking energy service from Eversource and using 625 kWh per month.

I. PROCEDURAL BACKGROUND

On May 9, 2016, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed a request to adjust its energy service rate to be effective with services rendered on and after July 1, 2016. Eversource filed supporting testimony and exhibits with its request. Eversource initially estimated that the energy service rate for effect on July 1,

2016, would be 10.94 cents per kWh, an increase from the current energy service rate of 9.99 cents per kWh. The Commission approved the current average rate of 9.99 cents per kWh in Order No. 25,853 (Dec. 22, 2015) in the instant docket. Eversource attributed the increase to the estimate to a higher than forecast under-recovery from the prior period, and higher than forecast operations and maintenance (O&M) costs. In addition, Eversource initially estimated the customer migration rate would increase from 54.9 percent to 55.2 percent for the period April through December 2016.

On June 17, 2016, Eversource filed an updated estimate of the energy service rate that included actual costs through May 2016 and revised forecasts for the remainder of the calendar year. The updated calculations resulted in an estimated energy service rate effective July 1, 2016, of 10.95 cents per kWh, an increase of 0.01 cents per kWh from its initial estimate.

The Office of Consumer Advocate previously filed a letter of participation in this docket on October 19, 2015. The Commission issued an Order of Notice on May 20, 2016, scheduling a hearing on June 23, 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/2015/15-415.html>.

II. POSITIONS OF THE PARTIES

A. Eversource

Eversource's energy service costs contain the generation asset revenue requirements, entitlements, and purchased power obligations, including the cost of fuel used in generation. In addition, energy service costs include the costs and revenues from market purchases and sales, Independent System Operator-New England expenses and revenues, Renewable Portfolio

Standard and Regional Greenhouse Gas Initiative (RGGI) costs, and Independent Power Producers' power valued at market prices. Finally, energy service costs include non-fuel operation and maintenance costs, depreciation, property taxes and payroll taxes, uncollectible costs attributable to energy service, and a return on net generation investment. Eversource also includes in the energy service rate 1.72 cents per kWh, a temporary rate to recover costs associated with the installation of a wet flue gas desulfurization unit (Scrubber) system at Merrimack Station.

Eversource said that, as reflected in the updated filing, the energy portion of the proposed rate is estimated to increase by an additional 0.01 cents per kWh, based on actual results through May 2016, and the most current forecast of Eversource's cost of providing such power for the remainder of 2016. Eversource attributed the increase in costs to a net decrease in actual and forecasted costs of \$0.4 million, and an increase in migration from 55.2 percent to 56.7 percent. As a result of customer migration, Eversource estimated a decrease of \$8.4 million in revenue for 2016. Also in the update, 2016 sales were estimated to be lower by 101 gigawatts. Eversource requested that the Commission approve the updated energy rates for effect with services provided on or after July 1, 2016.

B. OCA

The OCA expressed concern about the increased energy costs for residential customers who continue to take energy service from Eversource. The OCA, however, said that the Company's proposed energy service rate was just and reasonable, and should be approved by the Commission.

C. Commission Staff

Staff said that, based on its review, the Company had appropriately calculated the energy service rate. Staff recommended that the Commission approve the change as requested by the Company in its updated filing.

III. COMMISSION ANALYSIS

Pursuant to RSA 369-B:3, IV(b)(1)(A), the price for Eversource's energy service shall be its actual, prudent and reasonable costs of providing the power, as approved by the Commission. Based on our review of the petition and the evidence in the record, we find that the calculations and related documentation support the Company's request for a mid-term adjustment to its energy service rate. The Company's actual 2016 energy service costs and revenues, along with its actual stranded cost recovery charge and revenues, will be reconciled in its 2016 reconciliation docket, which will be filed next year. In addition, we direct Eversource to conduct a lead/lag study, in consultation with Staff and the OCA, to be completed within a time to allow the results of the study to be applied to its proposed 2017 energy service rate calculation. Those results shall also be applicable to Eversource's next energy service rate filing.

This is one of four dockets in which we are issuing orders today that adjust Eversource rates effective on a service rendered basis on and after July 1, 2016. The four dockets are (1) the instant docket, to adjust the Company's average energy service rate; (2) DE 15-416, to adjust Eversource's average stranded cost recovery charge; (3) DE 16-566, to adjust the average transmission cost adjustment mechanism rate, and (4) DE 09-035, Eversource's reliability enhancement and vegetation management program. Overall, the average total bill impact of the four rate changes for residential customers using 625 kWh per month who have not taken service from a competitive supplier is an 8.4 percent increase in monthly bills, from \$115.79 to \$125.55.

None of the four orders being issued today will have any effect on the energy portion of the bill for someone receiving energy from a competitive supplier.

Based on the foregoing, it is hereby

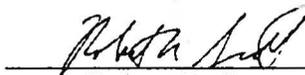
ORDERED, that Eversource's request to adjust its energy service rate from 9.99 cents per kWh to 10.95 cents per kWh effective with services rendered on and after July 1, 2016, is hereby APPROVED; and it is

FURTHER ORDERED, that Eversource shall file conforming tariffs pursuant to Puc 1603 within 20 days of the date of this Order.

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



Martin P. Honigberg
Chairman

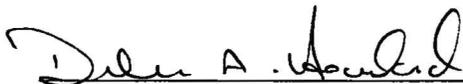


Robert R. Scott
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

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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RECEIVE ORDERS, NOTICES OF HEARINGS ONLY

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