

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

**DE 15-415
DE 15-416
DE 16-566**

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

**Mid-Year Adjustment to Energy Service Rates
Mid-Year Adjustment to Average Stranded Cost Recovery Charge Rate
Adjustment to Transmission Cost Recovery Charge Rate**

ORDER OF NOTICE

Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) makes an annual filing in May, proposing mid-year adjustments to its energy service (ES) rate and its average stranded cost recovery charge (SCRC) rate, for effect with services delivered on and after July 1. Eversource develops an estimate of the ES and SCRC rates in its May filing, and updates those estimates before the merits hearing. Also in May, Eversource files a petition to change its transmission cost adjustment mechanism (TCAM) rate. Eversource typically receives complete information on transmission costs early in June, and files testimony and the proposed TCAM rate once that information is received.

On May 9, 2016, Eversource filed petitions to adjust its ES and SCRC rates, and on May 13, 2016, Eversource filed a petition to change the TCAM rate, all for effect on July 1, 2016.

A. ES RATE

Pursuant to RSA 369-B:3, IV(b)(I)(A), energy service by Eversource shall be priced at its actual, prudent and reasonable cost of providing power, as approved by the Commission. ES costs include generation asset revenue requirements, entitlements, and purchased power

obligations. ES costs also include the costs of compliance with the New Hampshire renewable portfolio standard (RSA 362-F) and the Regional Greenhouse Gas Initiative (RGGI) RSA 125-O:19-28) as well as power purchased from independent power producers (IPPs) at market price, non-fuel operation and maintenance (O&M) costs, property taxes and payroll taxes, depreciation, uncollectible costs attributable to energy service, and a return on generation investment.

As of May 9, 2016, Eversource estimated that the July 1, 2015 ES rate would be an increase of 0.95 cents per kilowatt hour (kWh) from 9.99 cents per kWh, to 10.94 cents per kWh. This rate includes 1.72 cents set as a temporary rate for recovery of costs associated with the wet flue gas desulfurization (Scrubber) installed at Merrimack Station. Order No. 25,854 (Dec. 22, 2015).

Eversource states that the increase in rates is due to a projected ES under-recovery resulting from higher actual than forecasted costs for O&M, and a higher than forecasted prior year under-recovery. Actual costs for November and December 2015 resulted in an under-recovery of \$8.5 million, higher than the Company's initial estimate of \$4.4 million, due to the removal of the Domestic Manufacturing Deduction credit and lower actual revenue than forecast. Eversource said it would update its estimate before the merits hearing.

B. SCRC RATE

The SCRC recovery mechanism was established pursuant to an agreement to settle Eversource's restructuring in Docket No. DE 99-099 (Restructuring Agreement). The Restructuring Agreement defined Eversource's stranded cost and categorized them into three parts—Part 1, Part 2 and Part 3. Part 1 and Part 3 costs have been fully recovered. The remaining stranded costs are Part 2 costs, which represent "ongoing" stranded costs, and consist of the over-market value of energy purchased from IPPs, and the amortization of payments previously made for IPP buy-downs and buy-outs as approved by the Commission. In addition,

the Commission authorized Eversource to use the SCRC rate as the mechanism to rebate certain proceeds from the quarterly RGGI auctions to all customers. See Order No. 25,664 (March 28, 2014). In its May 9, 2016 filing, Eversource estimates that, effective with services rendered on and after July 1, 2016, the average SCRC rate will increase to 0.072 cents per kWh from the current rate, which is a credit of 0.017 cents per kWh. Eversource attributed the increase to updated 2016 actual and forecasted RGGI auction clearing prices, based on the March 2016 auction results.

C. TCAM

Pursuant to Order No. 24,750 (May 25, 2007), Eversource requests approval of a forecasted retail TCAM rate to be effective July 1, 2016 for a 12-month billing period, as well as approval of the reconciliation of actual transmission costs and recoveries for calendar year 2015. These costs are allocated pursuant to a tariff approved by the Federal Energy Regulatory Commission. Eversource will file testimony and exhibits in support of its proposed rates after it receives complete information on wholesale transmission rates, which it expects to receive early in June 2016. Although Eversource does not currently have a calculation of a proposed TCAM rate, Eversource expects that the overall average rate will vary from the current overall average TCAM rate of 1.785 cents per kWh.

The petitions and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at www.puc.nh.gov.

The filing raises, inter alia, issues related to whether the ES rate is based on Eversource's actual, prudent and reasonable costs of providing such service consistent with RSA 369-B:3, IV(b)(I)(A); whether Eversource's assumptions and estimates of stranded costs and revenues are

reasonable; whether Eversource's reconciliation and forecasted transmission costs are reasonable and whether the proposed rates are reasonable and calculated in a manner consistent with prior Commission orders; and whether the ES rate, the average SCRC rate, and the TCAM rate are just and reasonable as required by RSA 378:5 and 378:7. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, hearings be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 23, 2016 at 9:00 a.m., in the following order: DE 15-416, DE 15-415 and DE 16-566; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Eversource shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than June 2, 2016, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 21, 2016; and it is

FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Eversource and the Office of the Consumer Advocate on or before June 21, 2016, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before June 23, 2016.

By order of the Public Utilities Commission of New Hampshire this twentieth day of

May, 2016.

A handwritten signature in cursive script that reads "Debra A. Howland". The signature is written in black ink and is positioned above a horizontal line.

Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

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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Docket #: 16-566-1 Printed: May 20, 2016

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**