



**Public Service
of New Hampshire**

A Northeast Utilities Company

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May 2, 2013

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord NH 03301

RE: DE 11-216, Alternative Default Energy Service Rate
Conditional Approval of Rate ADE in Order No. 25,488



Dear Ms. Howland,

On April 8, 2013 the Commission issued Order No. 25,488 approving a settlement agreement between Commission Staff ("Staff") the Office of Consumer Advocate ("OCA") and Public Service Company of New Hampshire ("PSNH") (collectively, the "Settling Parties"), regarding PSNH's proposal to implement an alternative default energy service rate, Rate ADE. That settlement agreement provided that PSNH would implement Rate ADE as a pilot program for a period of 36 months beginning upon implementation of the rate.

Upon implementation, a customer who has received service from a competitive supplier for at least 12 consecutive months would return to default service with PSNH under Rate ADE, rather than standard default service under Rate DE. The price of Rate ADE would be based upon PSNH's marginal cost plus an "adder" equal to the non-operating costs of the scrubber in service at Merrimack Station. The price of Rate ADE could be greater or less than the price of Rate DE depending upon the prevailing market prices and would be set semi-annually following Commission approval of the price. In addition, if market prices rose by an amount defined in the settlement agreement, Rate ADE would close to new customers until the market changed or the Commission set a new price. Due to differences in PSNH's billing systems for large and small customers, Rate ADE would initially be available only to large customers, but PSNH would make Rate ADE available to all customers when its billing systems are updated, and, in any event, within 9 months of implementation.

In approving the settlement agreement in this case, the Commission concluded, in part:

There may be some customers who through no action of their own find themselves returned to default service because their competitive supplier has defaulted. For this group of customers we believe it would be appropriate for

PSNH to enroll them on the lower of standard Rate DE or the alternative Rate ADE, once enrollment of residential customers on Rate ADE can be implemented. Should the signatories to the Settlement accept this condition, we find that the creation of Rate ADE on a pilot basis to be in the public interest.

Order No. 25,488 at 19. Based upon this conclusion, the Commission ordered:

ORDERED, the Partial Settlement Agreement entered into by Public Service Company of New Hampshire, the Office of Consumer Advocate and Staff is hereby **APPROVED**, as conditioned herein, upon notification no later than 30 days from the date of this order that the Settling Parties accept our condition regarding customers whose competitive supplier has defaulted

Id. at 20.

The Settling Parties have met and discussed the condition described by the Commission, and on behalf of the Settling Parties, PSNH provides the following response as contemplated in Order No. 25,488. The Settling Parties understand the Commission's order to have approved the implementation of Rate ADE in line with the settlement agreement in all respects except for the specific condition referenced above. Regarding that condition, the Settling Parties understand that the requirement to enroll customers on the lower of Rate DE or Rate ADE if their supplier defaults would not apply in the event Rate ADE has been closed to new customers pursuant to the terms of the settlement agreement. Moreover, the Settling Parties understand the condition would apply only to large customers until PSNH is able to make the required changes to its billing system to apply Rate ADE to all customers, at which time it would apply to all customers. Lastly, the Settling Parties understand that the requirement to enroll customers on the lower of Rate DE or Rate ADE if their supplier defaults would apply to all customers whose supplier had defaulted, regardless of whether the customers otherwise met the requirement that they receive service from a competitive supplier for a period of 12 consecutive months. Based upon these understandings, the Settling Parties would accept the Commission's condition and, absent direction from the Commission otherwise, would implement Rate ADE consistent with the settlement agreement, Order No. 25,488 and this notification. PSNH would seek to have Rate ADE available to large customers on July 1, 2013, the same date as PSNH's semi-annual adjustment to Rate DE.

For illustrative purposes and to provide clarity, PSNH provides the following examples of situations that may occur, and how they would be addressed in light of the Commission's condition:

1. For any customer placed on Rate ADE as a result of the default of his or her existing supplier, consistent with the term of service in the settlement agreement, that customer will be eligible for service under Rate ADE for 12 months, if he or she would not otherwise have qualified for Rate ADE.

2. For any customer who is placed on Rate ADE as a result of the default of his or her existing supplier and who would otherwise have qualified for service under Rate ADE (*i.e.*, the

customer had taken service from a supplier for 12 consecutive months), that customer will also be eligible for service under Rate ADE for the next 12 months.

3. For any customer placed on Rate ADE as a result of the default of his or her existing supplier, and who had previously been on Rate ADE such that his or her 12-month eligibility clock was running at the time of the default, that customer will remain eligible for Rate ADE for the remaining months of that 12-month period.

4. If, at the time a supplier defaults, Rate ADE is closed, any customer of that supplier returning to service from PSNH will be placed on Rate DE. At the time the customer is transferred to PSNH's service, the customer will be considered eligible for Rate ADE and his or her 12-month clock will begin to run. Once Rate ADE re-opens, if the customer is still on Rate DE, the customer will be automatically transferred to Rate ADE and will remain eligible for service thereunder for the remainder of the 12-month period.

Lastly, the settlement agreement, at section 2.4.2, stated "Should the Commission approve an implementation date other than January 1, 2013, PSNH, Staff, and the OCA shall discuss whether to amend the date by which the annual report [on Rate ADE] shall be filed and shall report the results of such discussions to the Commission." In that the Commission approved an implementation date other than January 1, 2013, the Settling Parties discussed whether to amend the date for PSNH's annual report. The Settling Parties have determined that the date should remain at December 1, as contemplated in the settlement agreement.

Thank you for your assistance with this matter. Please do not hesitate to contact me should you have any questions.

Sincerely,



Matthew J. Fossum
Counsel