



A Northeast Utilities Company

March 28, 2014

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Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301-2429

RE: DE 14-048, Rebate of Excess Regional Greenhouse Gas Initiative Allowance Auction  
Proceeds to all Electric Ratepayers

Additional Comments of PSNH

Dear Director Howland:

On March 6, 2014, Public Service Company of New Hampshire ("PSNH"), and others, attended a public hearing to discuss the appropriate method to refund certain Regional Greenhouse Gas Initiative ("RGGI") proceeds to all customers following the 2013 enactment of HB 306, which modified RSA chapter 125-O. In its comments, PSNH proposed refunding the RGGI proceeds to customers through the System Benefits Charge ("SBC"). PSNH noted that the SBC is PSNH's only "pure" kWh charge and that because the legislation requires that refunds be made on a "per-kilowatt-hour basis," RSA 125-O:23, II, the SBC was the most appropriate charge in which to include the refund. The OCA expressed concern about addressing the refund through the SBC because that charge had historically been relatively constant on customer bills and is the same across all distribution utilities in the state.

In their comments, other utilities and the Staff favored including the refund amounts in other charges, such as periodically adjusted transmission charges, and not the SBC. At the time, PSNH indicated that it did not have a strong preference about including the refund in its Transmission Cost Adjustment Mechanism ("TCAM") charge, but did note that the TCAM rate is only adjusted annually. Following internal discussions and further review, PSNH does not agree that its TCAM provides an appropriate method for refunding the RGGI proceeds to customers, and provides these additional comments on that issue.

Through the TCAM, PSNH recovers transmission revenues via a combination of demand and per-kWh charges. However, PSNH's rates G-OTOD, GV, LG and B do not have per-kWh charges for transmission. Therefore, providing refunds on a per-kWh basis as required by the statute would require creating new rate components for rates G-OTOD, GV, LG and B. Additionally, to ensure that the refunds are included within the per-kWh charges, PSNH would need to have a "tracker within a tracker." More particularly, PSNH would need to calculate the per-kWh portion of the TCAM rate without the RGGI refund amount as has previously been done, and then would need to calculate a RGGI refund amount that would apply to all classes on

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top of the “regular” transmission charges. In the future, that would also involve a separate reconciliation for the RGGI proceeds outside of the normal TCAM reconciliation to ensure that all RGGI proceeds are returned to customers on a per-kWh basis. In addition, this calculation could result in PSNH having some positive transmission demand charges and some negative transmission kWh charges. Additionally, PSNH might have an additional complication with the calculation of the Rate B TCAM charges, which were part of the settlement in Docket No. DE 06-028.

In light of the rate complications discussed above, as well as the comments at the March 6 session, PSNH believes it may be appropriate to seek legislative changes to the specific requirement to make refunds of RGGI proceeds through the use of per-kWh charges. The bill impacts for each customer resulting from the refunding of the excess RGGI proceeds will be minimal; PSNH is loath to erode those minimal impacts by having to spend significant amounts of time developing new rates, seeking Commission approval of those rates, reprogramming billing software in two different billing systems, and then having to explain to confused customers what these complex rate changes are.

Hence, PSNH recommends that the Commission seek, and PSNH would support, necessary legislative changes that would allow it flexibility in administering the RGGI proceeds refunding process.