

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 09-035

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Reduction to Distribution Revenue

Order Approving Filing

ORDER NO. 25,682

June 27, 2014

APPEARANCES: Matthew J. Fossum, Esq. on behalf of Public Service Company of New Hampshire; Office of Consumer Advocate by Susan W. Chamberlin, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

In this order, the Commission approves a decrease in distribution revenue pursuant to an earnings sharing provision in the settlement agreement in PSNH's most recent distribution rate case. As a result of this order, PSNH's distribution revenue will decrease by \$1.312 million for effect from July 1, 2014, through June 30, 2015. The decrease will be reflected in distribution rates. This change, 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 BACKGROUND/POSITIONS OF THE PARTIES

On June 9, 2014, Public Service Company of New Hampshire (PSNH) made a filing pursuant to a settlement agreement approved by the Commission in Order No. 25,123 (June 28, 2010). Section 4 of the settlement agreement described the terms of an earnings sharing arrangement. Pursuant to Section 4.1, PSNH must report on a quarterly basis its actual 12-month

rolling average return on equity (ROE) on its distribution rate base. Section 4.4 of the settlement agreement provides as follows:

If PSNH's 12-month rolling average ROE for distribution is greater than ten percent, the revenues equaling seventy-five percent of such difference will be deferred and refunded to customers over a 12-month period. PSNH will calculate the amount of annual change to its distribution revenue that would be necessary to reduce its ROE to ten percent. PSNH's annual distribution revenue will then be reduced by seventy-five percent of that amount. Such reduction to PSNH's distribution revenues will take place coincident with other adjustments to PSNH's rates, will remain in effect for one year and will be applied equiproportionally to all customer classes.

For the twelve months ending in its first quarter of 2014, PSNH reported that its ROE exceeded 10% and notified the Commission of a proposed reduction to its distribution revenues consistent with the terms of Section 4.4 of the settlement agreement. Pursuant to the calculation required by Section 4.4, PSNH proposed to reduce its distribution revenue by \$1.312 million for effect July 1, 2014, through June 30, 2015. PSNH provided the calculation of the resulting rates with its filing.

The Commission held a hearing on the filing on June 24, 2014. Staff said that it had reviewed the filing and determined that PSNH had appropriately calculated the earnings sharing adjustment. The OCA and Staff expressed support for the reduction in distribution revenue.

II. COMMISSION ANALYSIS

We have reviewed the filing and considered PSNH's testimony at hearing. Based on our review, we have determined that the \$1.312 million reduction in distribution revenue is consistent with the terms of the settlement agreement approved in Order No. 25,123, and find that the reduction in revenue is just, reasonable, and in the public interest pursuant to RSA 378:7. Therefore, we approve PSNH's distribution revenue reduction.

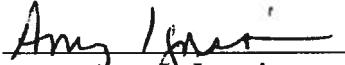
This is one of several orders we are issuing today for PSNH rates for effect with services rendered on and after July 1, 2014: the instant proceeding, an adjustment to distribution rates pursuant to an earnings sharing agreement approved in PSNH's most recent distribution rate case; Docket No. DE 14-134, an adjustment to PSNH's transmission cost recovery mechanism rate; Docket No. DE 13-274, an adjustment to PSNH's stranded cost recovery charge; and Docket No. DE 13-275, an adjustment to PSNH's energy service charge. Overall, the average total bill impact of these rate changes effective July 1, 2014, for residential customers using 640 kWh per month, the monthly usage of a typical PSNH residential customer that has 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, Public Service Company of New Hampshire's request to reduce its distribution revenue by \$1.312 million for the period from July 1, 2014, through June 30, 2015 is hereby APPROVED; and it is

FURTHER ORDERED, that Public Service Company of New Hampshire shall file tariffs conforming to this order within 30 days hereof pursuant to New Hampshire Code Admin. Rules Puc 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of June, 2014.



Amy Ignatius
Chairman



Martin P. Honigberg
Commissioner

Attested by:



Lori A. Davis
Assistant Secretary