

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 17-151

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

Petition for Adjustment to Stranded Cost Recovery Charge Rate

Order Approving Petition

ORDER NO. 26,090

December 27, 2017

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; Consumer Advocate D. Maurice Kreis, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

In this Order, the Commission approves a change to Eversource's stranded cost recovery charge (SCRC) rate. For services rendered on and after January 1, 2018, the overall average SCRC rate will be 0.042 cents per kilowatt hour (kWh), an increase from the current SCRC rate credit of 0.092 cents per kWh. Eversource attributed the increase to the fact that the current rate includes a credit associated with a large over-recovery from the prior period that is expiring.

This is one of three orders we are issuing today to change Eversource's rates effective on a service rendered basis on and after January 1, 2018. The three orders pertain to: (1) the instant docket, to adjust the stranded cost recovery charge; (2) Docket No. DE 17-150, to adjust the default energy service rate; and (3) Docket No. DE 17-160, to recover annual assessment and consulting costs. Overall, the average total monthly bill impact of the three rate changes for residential customers who take energy supply service from Eversource and use 600 kWh per month is a 0.7 percent decrease from \$124.50 to \$123.64. Residential customers using 600 kWh per month who take service from a competitive supplier will experience a 2.9 percent increase in

the delivery-service portion of their bills. None of the three orders being issued today will have any effect on the energy portion of the bill for those receiving energy from competitive suppliers.

I. PROCEDURAL HISTORY

On October 2, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed the testimony and related exhibits of David F. Bidmead, Senior Revenue Requirements Analyst-New Hampshire, in support of an overall average SCRC rate of 0.022 cents per kWh for the energy service period beginning January 1, 2018. Eversource said it would update its estimate shortly before the hearing on the merits. On December 8, 2017, Eversource filed its update, proposing an overall average 2018 SCRC rate of 0.042 cents per kWh.

The SCRC is paid by all customers of Eversource, and is designed to compensate Eversource for certain costs that cannot otherwise be recovered as a result of the changes brought about by the electric industry restructuring statute, RSA Chapter 374-F. RSA 374-F:2, IV specifically states that certain costs “will not be recovered as a result of restructured industry regulation that allows choice of electricity suppliers, unless a specific mechanism for such cost recovery is provided.” The SCRC rate is that specific mechanism.

The SCRC rate recovers certain costs under the restructuring settlement approved by the Commission. *See* PSNH Proposed Restructuring Settlement, Order No. 23,443 (April 19, 2000); and PSNH Proposed Restructuring Settlement, Order No. 23,549 (September 8, 2000). The restructuring settlement defined stranded costs and categorized them into three parts. Part 1 and Part 3 costs have been fully recovered.¹ Part 2 stranded costs include “ongoing” costs consisting of the over-market value of energy purchased from Independent Power Producers (IPP), the up-

¹ Part 1 recovered principle, interest, and fees related to rate reduction bonds that were fully amortized as of May 1, 2013. Part 3 recovered certain non-securitized stranded costs that were fully recovered as of June 20, 2006.

front payments made for IPP buy-downs and buy-outs previously approved by the Commission, and Eversource's share of the present value of the savings associated with those buy-downs and buy-out transactions.

The Office of Consumer Advocate (OCA) filed a letter of participation in this docket on October 2, 2017. The Commission issued an Order of Notice on October 11, 2017, scheduling a hearing on December 19, 2017.

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/2017/17-151.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

Eversource said that the proposed SCRC rate includes the amount Eversource customers receive from excess Regional Greenhouse Gas Initiative (RGGI) proceeds.² Eversource explained that the increase in the rate resulted from the end of a large prior year over-recovery which was credited back to ratepayers in 2017. In addition, the proposed 2018 rate includes a small prior year under-recovery. In its September filing, Eversource estimated the overall average 2018 SCRC rate would be 0.022 cents per kWh which consisted of a Part 2 SCRC rate of 0.146 cents per kWh and an estimated RGGI credit of 0.124 cents per kWh.

In its updated estimate filed in December, Eversource calculated a Part 2 SCRC average rate of 0.147 cents per kWh, and a RGGI credit of 0.105 cents per kWh, for a net SCRC rate of 0.042 cents per kWh for the 12-month period beginning January 1, 2018. Eversource attributed the change to a reduction in the forecasted 2018 RGGI auction values based on the results of the

² Pursuant to RSA 125-O:23, II, beginning January 1, 2014, any RGGI auction revenues in excess of one dollar received for each allowance auctioned is to be rebated to all electric customers on a per kWh basis, as approved by the Commission.

December RGGI 2017 auction. Eversource said it had appropriately calculated the average SCRC rate and that the resulting rates are just and reasonable, and should be approved by the Commission.

B. OCA

The OCA concluded that the adjustment to the SCRC rate proposed by Eversource would result in just and reasonable rates.

C. Staff

Staff said it had reviewed the filing and determined that Eversource had appropriately calculated the updated average SCRC rate. Staff recommended that the Commission approve the requested change.

III. COMMISSION ANALYSIS

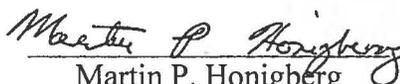
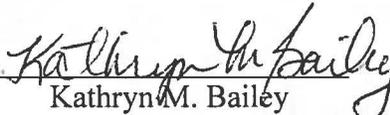
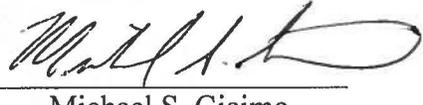
RSA 378:7 authorizes the Commission to determine the just, reasonable, and lawful rates to be charged by public utilities within its jurisdiction. The New Hampshire legislature has instructed that any recovery of stranded costs “should be through a non-bypassable, nondiscriminatory, appropriately structured charge that is fair to all customer classes, lawful, constitutional, limited in duration, consistent with the promotion of fully competitive markets, and consistent with [the restructuring policy] principles.” RSA 374-F:3, XII(d). We find that Eversource’s proposal to adjust its overall average SCRC rate to reflect changes in costs, including the impact of changes in the forecasted market prices, is appropriate and consistent with the Legislature’s guidance. We also find that the resulting rates, which vary by customer class, are just and reasonable as required by RSA 374:2, RSA 378:5, and RSA 378:7. On that basis, we approve the adjustment requested by Eversource in its December updated filing.

Based upon the foregoing, it is hereby

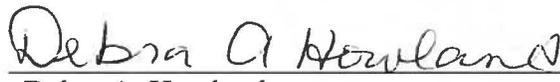
ORDERED, that the request of Eversource to adjust its overall average stranded cost recovery charge rate to 0.042 cents per kWh for effect with services rendered on and after January 1, 2018, is hereby APPROVED; and it is

FURTHER ORDERED, that Eversource shall file a tariff conforming to this Order within 10 days consistent with N.H. Code Admin. Rule Puc 1600.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of December, 2017.

		
Martin P. Honigberg Chairman	Kathryn M. Bailey Commissioner	Michael S. Giaimo Commissioner

Attested by:


Debra A. Howland
Executive Director *mes*