

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 18-002

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

Solicitation of Energy Service

Order Approving Solicitation Process and Resulting Rates

ORDER NO. 26,147

June 15, 2018

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 the results of Eversource's solicitation for power supply for customers that have not elected to take energy service from a competitive supplier for the six-month period beginning August 1, 2018. For residential customers, energy service costs will increase from 7.903 cents per kWh to 9.412 cents per kWh effective August 1, 2018. The overall customer monthly bill impact effective August 1 will be determined after the Commission conducts its review of the stranded cost recovery charge rate and transmission cost adjustment mechanism in Docket Nos. DE 18-023 and DE 18-089, respectively.

I. PROCEDURAL HISTORY

On June 8, 2018, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed the results of the power supply solicitation for its energy service customers for the six-month period beginning August 1, 2018. With its petition, Eversource filed supporting testimony and related exhibits that explained the request for proposal (RFP) process, the results of the solicitation, and the required adjustments used to calculate retail

rates. Eversource requested confidential treatment of certain information filed with its petition pursuant to N.H. Code Admin. Rules Puc 201.06 and 201.07.

Eversource issues RFPs for energy service twice a year, for rates effective February 1 and August 1. This is the second solicitation in 2018. The Commission issued an Order of Notice on January 22, 2018, to open this docket and schedule a hearing for the first solicitation's results. The Office of the Consumer Advocate (OCA) filed a letter of participation on January 23, 2018, pursuant to RSA 363:28.

On April 26, 2018, Eversource notified the Commission of the schedule for the second power supply solicitation and the Commission issued a letter on May 23, 2018, scheduling a hearing for June 12, 2018. 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/2018/18-002.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

Eversource said that it made the filing pursuant to the terms of the Settlement Agreement approved in Order No. 26,092 (December 29, 2017). Eversource issued its RFP on May 9, 2018, for power supply for both its Large Customer Group¹ and its Small Customer Group.²

Eversource confirmed that the RFP had wide distribution throughout the New England energy supply marketplace. Eversource distributed the filing to about 230 potential suppliers including

¹ The Large Customer Group includes the following rate classes: Primary General Services Rate GV, Large General Service Rate LG, Backup Service Rate B, and any private lighting associated with those accounts billed under Outdoor Lighting Rate OL.

² The Small Customer Group includes the following rate classes: Residential Rates R, Rate-OTOD, General Services Rate G, and G-OTOD, and any outdoor lighting associated with those accounts billed under Outdoor Lighting Rate OL and municipal lighting on Outdoor Lighting Rates OL and EOL.

all members of the New England Power Pool Markets Committee, and posted the RFP to its website.

Eversource explained that the RFP requested that bids be prepared on an “as-delivered” energy basis with prices stated monthly on a fixed dollar per-megawatt hour (MWh) basis. While bidders could offer prices that vary from month to month, Eversource required that prices be uniform for the entire month and cover the entire six-month term.

The RFP requested power supply for its Large Customer Group in a single tranche, and power supply for the Small Customer Group in four tranches of equal size. Bids were delivered on June 6, 2018, winning suppliers were selected the same day, and transaction confirmations were executed the next day.

Eversource said it evaluated the offers and selected winning suppliers based on the lowest price by customer group, compliance with non-price bidding requirements and bidder qualifications, risk relative to prices, and ability to serve load, as specified in the RFP. In addition to price, Eversource considered qualitative factors such as experience in providing similar service to Eversource affiliates, demonstrated understanding of the market rules related to the provision of energy service, demonstrated understanding of obligations under the power supply agreement, and past or present events that might adversely affect the supplier’s ability to provide energy service. Eversource ultimately selected the winning bids based on price, as all the responding suppliers were qualified to provide energy service.

Eversource selected Exelon Generation Company, LLC (Exelon), to provide power supply for the Large Customer Group, and for all four tranches comprising the Small Customer Group. On June 7, 2018, Eversource entered into a transaction confirmation and master power supply agreement with Exelon.

Based on the winning bids, Eversource calculated the base energy rate for the Small Customer Group for the period beginning August 1, 2018, to be 8.957 cents per kilowatt hour (kWh). Consistent with the Settlement Agreement, Eversource included an adder to the base rate to recover costs associated with compliance with its renewable portfolio standard (RPS) obligation, a hydro-adjuster to account for costs and revenues associated with its continued ownership of certain hydro units, and an adder to recover the costs associated with Eversource's administrative and general expenses.

Eversource calculated the RPS adder based on renewable energy certificate (REC) requirements, current market price information as of the full requirements power supply RFP due date, and the cost of any RECs in its existing inventory. The result was a uniform RPS adder of 0.369 cents per kWh for both Customer Groups. Eversource calculated the hydro-adjuster to be a credit or reduction of 0.028 cents per kWh for both Customer Groups, and the administrative and general expense adder of 0.114 cents per kWh for both Customer Groups. The addition of those adjustments to the base energy rate resulted in an energy service rate for the Small Customer Group of 9.412 cents per kWh, for the for the six-month period beginning August 1, 2018. Going forward after this solicitation, Eversource will include an annual energy service reconciliation adjustment factor in the calculation of energy service rates beginning August 1, 2019.

The rate for the Large Customer Group includes the same adjustments to the rate as the Small Customer Group, but the base energy service rate varies from month to month. Based on the winning bid, the resulting monthly energy service rates (on a cents per kWh basis) for the six-month period beginning August 1, 2018, proposed by Eversource are as follows:

August 2018	September	October	November	December	January 2019
7.771	8.475	9.180	8.894	10.257	12.321

Eversource concluded by requesting that the Commission approve its solicitation, evaluation, and selection process as complying with the terms of the settlement agreement and allow Eversource to recover energy service costs with the proposed rates.

B. OCA

The OCA said it had reviewed the filing and that the resulting rates are just and reasonable. Aside from the concerns regarding the extent of the redaction, the OCA recommended approval.

C. Staff

Staff said it had reviewed the filing and it appeared that Eversource followed the appropriate process in soliciting the power and selecting the winning bidder. Staff concluded that the resulting rates are market based and just and reasonable, and that the Commission should approve the filing.

III. COMMISSION ANALYSIS

We find that Eversource's solicitation and bid evaluation procedures conform to the process approved by the Commission in Order No. 26,092. In that order, the Commission approved a settlement agreement generally describing the process whereby Eversource would procure power supply for customers taking energy service from Eversource following Eversource's divestiture of its fossil fuel generation plants. Eversource's selection of Exelon to provide power supply for both the Small Customer Group and the Large Customer Group for the six-month period beginning August 1, 2018, is appropriate and satisfies the requirement that default energy service be procured through a competitive process that produces rates that are market based. *See* RSA 374-F:3, V(c). Based on the process and our review of the results, we find the rates to be just and reasonable.

Based upon the foregoing, it is hereby

ORDERED, that the power supply agreement entered into between Eversource and Exelon to provide 100 percent of the power supply requirements for both the Small Customer Group and the Large Customer Group is hereby APPROVED; and it is

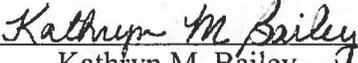
FURTHER ORDERED, that Eversource is authorized to recover the costs of the power supply agreement through the energy service rates proposed in this filing on a service-rendered basis for the six-month period beginning August 1, 2018; and it is

FURTHER ORDERED, that Eversource shall file a tariff as required by N.H. Code Admin. Rules Puc part 1603, conforming to this order within 20 days; and the tariff filing shall demonstrate the calculation of the energy service rate by showing the base energy service rate, the RPS adder, the administrative and general services adder, the hydro adder, and any energy service reconciliation adjustment factor.

By order of the Public Utilities Commission of New Hampshire this fifteenth day of June, 2018.



Martin P. Honigberg
Chairman



Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director