

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 21-119

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

Proposed Tariff Amendments to Residential Time-of-Day Rate

**Order Approving Settlement Agreement and Resulting
Time-of-Day Rate Tariff Changes**

ORDER NO. 26,648

July 15, 2022

In this order, the Commission approves a settlement agreement updating Public Service Company of New Hampshire d/b/a Eversource Energy's (Eversource) residential time-of-day (TOD) delivery service offering. Residential time-of-day service offerings encourage residential customers to reduce on-peak period electricity usage by switching loads to off-peak periods of lower utility and system costs. Key updates to Eversource's residential time-of-day service offering include reducing the on-peak period from 13 to 6 hours, to run from 1 p.m. to 7 p.m. on non-holiday weekdays, and lowering the customer charge from the presently effective \$32.08 to \$16.50 each month. In conjunction with the updated time-of-day rates approved herein, we look forward to further engagement on technology improvements including advanced metering data processing, and behind the meter data sharing to enable acceptance of mainstream time-of-day delivery service.

I. PROCEDURAL HISTORY AND BACKGROUND

Pursuant to the settlement agreement on permanent rates in Docket No. DE 19-057, approved by the Commission in Order No. 26,433 (December 15, 2020), Eversource filed a proposal to modify its existing residential optional time-of-day rate (R-OTOD) on June 15, 2021. Eversource proposed a new residential time-of-day rate

(R-OTOD-2) to supersede the existing R-OTOD rate. In support of its proposal, Eversource pre-filed the written direct testimony and attachments of Edward Davis, Director, Rates at Eversource Energy Service Company.

On July 12, 2021, the Office of the Consumer Advocate (OCA) filed a letter of participation.

On September 1, 2021, Clean Energy New Hampshire filed a petition for intervention, which was granted by the Commission on September 14, 2021.

On March 4, 2022, the New Hampshire Department of Energy (DOE) pre-filed the written rebuttal testimony of Elizabeth Nixon, Electric Director of the DOE's Regulatory Support Division. Accompanying and referenced in Dir. Nixon's pre-filed rebuttal testimony, the DOE filed excerpts of pre-filed direct testimony of Sanem Sergici in Docket No. DE 20-170 relating to electric vehicle time of use rates and discovery responses from Eversource.

On April 18, 2022, Eversource pre-filed the written rebuttal testimony of Dir. Davis.

On June 2, 2022, Eversource filed a Settlement Agreement for Revision of Eversource Time of Day Rate (Settlement Agreement), entered into by all parties in this matter.

On June 9, 2022, the Commission held a duly noticed hearing to consider the Settlement Agreement and resulting tariff amendments.

Eversource's request for amendments to its R-OTOD rate and subsequent docket filings are posted on the Commission's website at:

<https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-119.html>.

II. POSITIONS OF THE PARTIES

a. Summary of Eversource's June 15, 2021, pre-filed direct testimony

Eversource proposed changing the duration and pricing of its current residential time varying rates offered under Rate R-OTOD from a 13-hour peak period (7 a.m. to 8 p.m.) to a new rate R-OTOD-2 featuring a seven-hour peak period (12 Noon to 7 p.m.) during non-holiday weekdays. Eversource stated that its proposal is a revenue-neutral rate offering based on estimates of marginal costs using existing metering and billing capabilities.

According to Eversource, depending upon the percentage of peak usage, higher usage customers would have lower bills under R-OTOD-2, but lower usage customers would also have lower bills under Rate R. Eversource represented that it planned to work with customers to help them understand and evaluate their options during a transition period.

Eversource stated that approximately 45 customers receive service under the R-OTOD service offering. Eversource stated that its proposal meets the requirements of the settlement agreement on permanent rates in Docket No. DE 19-057, and noted that a meter replacement may be required for current R-OTOD customers who switch to R-OTOD-2 or Rate R, or for Rate R customers switching to R-OTOD-2.

b. Summary of DOE's March 4, 2022, pre-filed rebuttal testimony

The DOE agreed that Eversource's initially proposed R-OTOD-2 rate is an improvement over the R-OTOD rate and meets the minimum requirements of the settlement agreement on permanent rates in Docket No. DE 19-057. The DOE stated that the new TOD rate offering should become effective 30 days after approval, or no later than six months after approval if additional time is needed to modify customer billing systems.

The DOE went on to identify five ways in which the R-OTOD-2 rate could be further enhanced:

1) Peak to Off-Peak Ratio – DOE recommended a peak to off-peak ratio of at least 3 to 1 for the all-in rate in order to provide a greater incentive for customers to shift electricity usage from the peak period to the off-peak period;

2) Peak Period Duration – DOE recommended that a shorter peak period of 5 hours would better allow customers to shift load through a shorter duration peak period;

3) Customer Charge – DOE recommended a monthly customer charge reflecting the marginal customer costs only (at about \$16.50), more similar to the residential non-TOD customer charge rate of \$13.81; or alternatively, the customer charge could match the Rate R customer charge;

4) Seasonally-Adjusted TOD Rates – DOE recommended a seasonally-adjusted TOD rate would also improve price signals, as summer peak periods are the primary driver for distribution system capacity costs; and

5) Time-Varying Generation Component – DOE recommended that the TOD rate should also include a time-varying generation (i.e., energy supply service) component.

c. Summary of Eversource's April 18, 2022, pre-filed rebuttal testimony

Eversource opposed the DOE's proposed modifications to its proposed R-OTOD-2 rate, arguing that such modifications are inconsistent with the settlement agreement on permanent rates in Docket No. DE 19-057. The Company argued that imposing theoretical design changes construed for a completely different end-use service (i.e., electric vehicle charging) onto the cost-of-service for the entire residential rate class would not adhere to cost-of-service ratemaking principles and may result in unfair cost shifting. Eversource addressed each of the DOE's proposed rate

enhancements and argued that they were outside of the scope with respect to the limited purposes of this proceeding and not substantiated by a level of analysis required to substantiate such changes.

d. Summary of June 2, 2022, Settlement Agreement

Eversource, the DOE, the OCA, and Clean Energy New Hampshire (the Settling Parties) agreed on a set of modifications to Eversource's proposed R-OTOD-2 rate. In the interest of implementing the R-OTOD-2 rate quickly and with minimal incremental costs, the Settling Parties agreed that the R-OTOD-2 should continue to have two time-varying components: transmission and distribution. According to the Settling Parties, these time-varying rate components reflect marginal cost differentials for on-peak and off-peak periods, maintain pricing reflective of cost-of-service, and ensure that no cross subsidization occurs. Based on current rates, the on-peak period rate for transmission would be \$0.08572/kWh and for distribution would be \$0.06500/kWh. The off-peak rate for transmission would be \$0.01572/kWh and for distribution would be \$0.04762/kWh.

The proposed on-peak period for R-OTOD-2 will be one hour shorter than initially proposed, running from 1 p.m. to 7 p.m. on non-holiday weekdays. The Settling Parties agreed that the shorter on-peak period should encourage ratepayers to shift their usage to the off-peak period, resulting in more customer enrollment and greater savings for participants, while mitigating impacts to the grid during on-peak period hours.

As another measure to increase participation in the R-OTOD-2 rate, the \$32.08 customer charge included in Eversource's original proposal would be reduced to \$16.50 by moving the remainder of that charge to the volumetric portion of the rate. If the proposed shift in fixed charges to the volumetric portion of the rate ultimately

results in a significant over- or under-collection of revenue, the Company would reevaluate the customer charge in its next distribution rate case.

Under the terms of the Settlement Agreement, Eversource will engage in outreach to all residential customers to inform them of the option to enroll in R-OTOD-2 rate and assist them in analyzing potential savings based on their electric energy usage. Outreach would occur by email, social media, publishing information on Eversource.com, as well through messages on customer bills inserts.

Under the terms of the Settlement Agreement, the R-OTOD-2 would be effective and available to the Eversource's residential customers on the first day of the month that begins at least 30 days following Commission's approval the Settlement Agreement, and the existing R-OTOD rate would be discontinued.

III. COMMISSION ANALYSIS

Pursuant to the August 9, 2021 order of notice issued by the Commission in this matter, the Commission evaluates whether the proposed R-OTOD-2 rate proposal is consistent with the settlement agreement on permanent rates approved by the Commission in Order No. 26,433 (December 15, 2020); whether the proposed R-OTOD-2, if approved, would result in rates that are just and reasonable, as required by RSA 374:2, and by RSA 378:5 and :7; and, if the proposed R-OTOD-2 is approved, when it should be implemented and what customer outreach should be required.

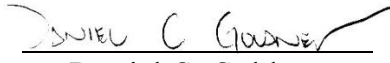
Following the hearing on June 9, 2022, and based on our consideration of the record in this matter, we agree that the R-OTOD-2 rate as proposed in the Settlement Agreement meets the above-noted criteria and the Settlement Agreement and resulting changes to Eversource's residential time-of-use rate are just and reasonable and serve the public interest. *See* N.H. Code Admin. R. Puc 203.20(b).

Based upon the foregoing, it is hereby

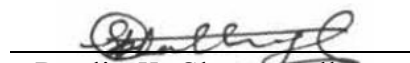
ORDERED, that the Settlement Agreement filed June 2, 2022 and resulting changes to Public Service Company of New Hampshire d/b/a Eversource Energy's residential time-of-use offering are APPROVED; and it is

FURTHER ORDERED, Eversource shall file clean and annotated revised tariff pages within 20 days of this order.

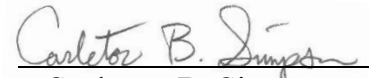
By order of the Public Utilities Commission of New Hampshire this fifteenth day of July, 2022.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 21-119

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