

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 22-034

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

**Petition for Approval of Change in Transmission Cost
Adjustment Mechanism Rate**

Order Approving Change to Transmission Cost Adjustment Mechanism Rate

ORDER NO. 26,651

July 22, 2022

This order approves transmission cost adjustment mechanism rates for Eversource customers effective with services rendered on and after August 1, 2022. The overall average transmission cost adjustment mechanism rate is 2.179 cents per kWh.

I. PROCEDURAL HISTORY

On May 26, 2022, Public Service Company of New Hampshire, d/b/a Eversource Energy (Eversource) filed a letter requesting the Commission open a docket for the 2022 adjustment to its Transmission Cost Adjustment Mechanism (TCAM) rate. Eversource stated that it would submit its filing requesting a rate adjustment in a manner consistent with past practice.

On June 2, 2022, the Commission commenced an adjudicative proceeding and noticed a hearing to occur on July 7, 2022, to address Eversource's 2022 TCAM rate adjustment.

On June 20, 2022, Eversource filed a petition to decrease its TCAM rate from the current average rate of 2.785 cents per kilowatt hour (kWh) to an average rate of 2.179 cents per kWh, for effect on August 1, 2022. Accompanying its petition,

Eversource pre-filed the supporting direct testimonies of Marisa B. Paruta and James E. Mathews; Edward A. Davis; and David J. Burnham.

The Commission held a duly noticed hearing on July 7, 2022.

The petition and subsequent docket filings are posted on the Commission's website: <https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-034.html>.

II. POSITIONS OF THE PARTIES

A. Eversource

Eversource requested approval of a forecasted retail transmission rate to be effective August 1, 2022, for a twelve-month billing period, as well as approval of the reconciliation of transmission costs and recoveries for the period of August 2021 through May 2022, including estimated results for June through July 2022.

Eversource proposed an overall average rate for the TCAM of 2.179 cents per kWh, a decrease from the currently effective TCAM rate of 2.785 cents per kWh. According to Eversource, the decrease in the average TCAM rate is driven by higher projected revenue credits associated with the Hydro-Québec (HQ) support contract and a projected retail transmission over-recovery of approximately \$25.1 million as of July 31, 2022.

According to Eversource, the proposed average TCAM rate is based on a reconciliation of historic and forecasted transmission costs, using the latest transmission rates approved by FERC. Eversource stated the TCAM allows it to set transmission rates for a defined future billing period based on transmission cost estimates, using current and forecast data, most of which is provided by ISO-NE. The TCAM rate also includes actual cost and revenue data available from the previous year at the time of the filing, as well as over- or under-recoveries that are incorporated into the next TCAM rate.

Eversource's TCAM rate calculation is derived from groups of transmission costs including wholesale transmission costs regulated by FERC, HQ support costs offset by related revenues, and the TCAM working capital allowance. Regional Network Service (RNS) costs support regional transmission infrastructure throughout New England. RNS costs are billed to each transmission owner in the region that has RNS load responsibilities, based on that entity's monthly peak load. Eversource reported that the FERC approved RNS rate, effective August 1, 2022, is \$142.78 per kW per year, or approximately \$31.02 per MWh – an increase of \$0.63 per MWh per year over the same period (i.e., August – December) in the prior year. Eversource also reported that the FERC approved RNS rate, effective January 1, 2023, will be \$140.94 per kW per year, or approximately \$30.62 per MWh – a decrease of \$2.78 per kWh per year over the same period in the prior year. Local Network Service (LNS) costs include local transmission costs incurred by the Eversource Energy Service Company that are not included in the RNS tariff, and are allocated to Eversource based on a load ratio share calculated using a rolling 12-month coincident peak. Eversource reported the FERC approved LNS rate effective August 1, 2022 is \$4.25 per MWh, and the FERC approved LNS rate for effect January 1, 2023 is \$4.50 per MWh.

Eversource stated that it calculated the average rate in the same manner it has used since the approval of the settlement agreement in Docket No. DE 06-028. With the exception of the Backup Delivery Service Rate B (Rate B), the Company adjusts all transmission rates by an equal percentage to achieve the overall average per kWh transmission rate.

The Docket No. DE 06-028 settlement agreement provides that transmission costs for Rate B are recovered, in part, through a demand charge, and it splits the demand charge into base and incremental components. The settlement agreement

describes the cost allocation for the base component and states that other transmission rates will be calculated through equal percentage adjustments. To calculate the base component, a portion of the TCAM costs is allocated to Rate B based on the class contribution to the Company's demand at the time of Eversource's monthly system peaks. The costs are reconciled against actual revenue for the class, with any resulting over- or under-collection flowing into the rate calculation. The incremental component of the rate is adjusted by the same percentage applied to all other rates.

As a result of the adjustments to the overall average rate, Eversource calculated a residential TCAM rate of \$0.02360 per kWh for effect August 1, 2022, a decrease of \$0.00686 as compared to the presently effective rate of \$0.03046 per kWh. According to Eversource, a residential customer using 600 kWh per month will see a decrease of \$4.12 per month to the transmission component of their bill relative to current rates, assuming no other rate changes.

B. Department of Energy

The Department of Energy (DOE) stated that it reviewed Eversource's filing in detail and supports the filing as proposed and further described at hearing. DOE recommended the Commission approve the filing and resulting rates for effect August 1, 2022.

III. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to determine the just, reasonable, and lawful rates to be charged by public utilities. RSA 374:2 requires that all charges made or demanded by any public utility for any service rendered by it shall be just and reasonable and not more than is allowed by law or by order of the Commission. The Commission approved Eversource's TCAM for the reconciliation and recovery of

transmission expenses and revenues in Docket No. DE 06-028. *See Public Service Co. of N.H.*, Order No. 24,750 at 23 (May 25, 2007). Based on the record before us, we find Eversource used the appropriate method, consistent with the terms of the settlement agreement approved by Order No. 24,750, to calculate the TCAM rates for effect on August 1, 2022.

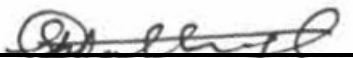
Accordingly, we approve the Company's requested overall average TCAM rate of 2.179 cents per kWh, effective with service rendered on and after August 1, 2022.

Based upon the foregoing, it is hereby


ORDERED, that the petition by Eversource for approval of an overall average transmission cost adjustment mechanism rate of 2.179 cents per kWh for effect August 1, 2022, is hereby APPROVED; and it is

FURTHER ORDERED, that Eversource file conforming clean and annotated tariff pages within 20 days of the date of this order pursuant to NH Admin. R., Puc PART 1603.

By order of the Public Utilities Commission of New Hampshire this twenty-second day of July, 2022.



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 22-034

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