

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-091

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

Petition for Adjustment to Stranded Cost Recovery Charge

**Order Approving Adjustment to Stranded Cost Recovery Charge on
Partially-Provisional Basis**

O R D E R N O. 26,938

January 26, 2024

In this order, the Commission approves an adjustment to the Stranded Cost Recovery Charge (SCRC) for Eversource's customers effective with services rendered on and after February 1, 2024. For residential class customers, the average SCRC rate will increase by 0.563 cents per kilowatt-hour (kWh) to 1.250 cents per kWh. The Commission will schedule a further review proceeding to consider Part 2 and Chapter 340 SCRC costs and resultant rates associated with Eversource's contract with the Burgess-Berlin Biomass power plant (Burgess); in light of this, all SCRC costs and rates other than those for Part 1 of the SCRC are being approved on a provisional basis in this Order.

I. PROCEDURAL HISTORY

On December 15, 2023, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed a petition to adjust its SCRC rate for the rate period beginning February 1, 2024. On December 22, 2023, the Commission issued a Commencement of Adjudicative Proceeding and Notice of Hearing Order scheduling a hearing for January 19, 2024. Within the terms of this December 22 Order, the Commission also scheduled a Status Conference regarding Burgess matters for January 11, 2024, due to recent legislative developments

impacting Burgess being referenced in the Company's SCRC testimony, *i.e.*, the Governor's recent veto of House Bill 142 that was later upheld by the House of Representatives of the General Court. The December 22 Order also propounded three Commission data requests, for which Eversource filed responses on December 29, 2023. On January 5, 2024, as requested by the Commission in its December 22 Order, the New Hampshire Department of Energy (DOE) filed a Technical Statement of Mr. Stephen Eckberg (Utility Analysis, Division of Regulatory Support) regarding the Company's SCRC rate proposal.

The Company subsequently filed an updated version of its SCRC petition on January 8, 2024. *See* Hearing Exhibit 2. The Burgess status conference was held as scheduled on January 11, 2024, where representatives of the Company, the DOE, and the Office of the Consumer Advocate (OCA) appeared. *See* Transcript of January 11, 2024 Status Conference, *passim*.

The hearing was held as scheduled on January 19, 2024. In addition to the Company, representatives of the DOE and the Office of the Consumer Advocate (OCA) also appeared. At the hearing, the Commission made extensive inquiries related to the Burgess matters, and other calculations presented by the Company as part of its SCRC rate proposal. On January 23, 2024, the Company filed a motion for confidential treatment, pursuant to the terms of RSA Chapter 91-A and the Commission's rules, regarding certain data presented with the Company's responses to the Commission's data requests within the December 22 Order.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-091.html>

II. BACKGROUND

The SCRC is a non-bypassable charge and recovery mechanism established by the Restructuring Settlement Agreement dated August 2, 1999, in Docket No. DE 99-099 (Restructuring Agreement), which was revised and conformed in compliance with the Commission's Order No. 23,549 (September 8, 2000). Its original purpose was to recover a portion of Eversource's stranded costs, and other costs and expenses permitted by the Restructuring Agreement. Restructuring Agreement, Subsection V.B. These stranded costs were divided into three parts: Part 1 was the Rate Reduction Bonds (RRB) charge; Part 2 consisted of ongoing stranded costs associated with restructuring; and Part 3 costs were the remaining non-securitized stranded costs. *Id.* The original Part 1 and Part 3 stranded costs have been fully recovered. *Pub. Serv. Co. of N.H.*, Order No. 26,569, at 3 (January 25, 2022).

In Docket No. DE 14-238, the Commission approved the 2015 Restructuring and Rate Stabilization Agreement, filed on June 10, 2015, and amended January 26, 2016, which allowed Eversource to recover stranded costs associated with Eversource's divestiture of its generation facilities as new Part 1 costs. *See* Order No. 26,569, at 3 (citing *Pub. Serv. Co. of N.H.*, Order No. 25,920 (July 1, 2016)). In addition, the 2015 Restructuring and Rate Stabilization Agreement provided that Eversource could recover, as Part 2 costs, ongoing independent power producer (IPP) costs and power purchase agreement (PPA) costs, such as Eversource's existing commitments involving the Burgess BioPower facility in Berlin, New Hampshire and the Lempster Wind Power Project in Sullivan County, New Hampshire. *See* Subsections II and III.A.

Pursuant to the 2015 Restructuring and Rate Stabilization Agreement, the SCRC is allocated to each rate class by different percentages, and there is no uniform

SCRC rate charged to all customers or a uniform SCRC rate for each class. Order No. 26,569 at 3-4. The agreement required Eversource to calculate Part 2 costs for prospective 6-month periods. 2015 Restructuring and Rate Stabilization Agreement, Subsection III.A.2.

Eversource also uses the SCRC to recover and refund a number of other costs and revenues. Excess Regional Greenhouse Gas Initiative (RGGI) auction proceeds are refunded to Eversource customers through the SCRC pursuant to RSA 125-O:23, II and Order No. 25,664, at 4-5 (May 9, 2014), issued in Docket No. DE 14-048. Eversource was authorized to recover the over-market costs of electric energy purchased from Burgess BioPower facility (commonly known as "Chapter 340 Costs") for a three-year suspension period pursuant to the settlement agreement approved by the Commission in Order No. 26,333 (February 18, 2020), issued in Docket No. DE 19-142 in response to 2018 N.H. Laws, chapter 340. These arrangements were modified, updated, and extended pursuant to 2022 N.H. Laws, chapter 275:1 (also known as SB 271), and the Commission's Orders No. 26,665 (August 11, 2022) and 26,705 (October 14, 2022). In Docket No. DE 19-057, the Commission approved a settlement agreement permitting Eversource to recover certain environmental remediation costs through the SCRC. *Pub. Serv. Co. of N.H.*, Order No. 26,433 at 14, 22 (December 15, 2020). The Commission approved a settlement agreement in Docket No. DE 20-136 providing for an adder to the SCRC that would enable Eversource to recover net metering and group host costs. *Pub. Serv. Co. of N.H.*, Order No. 26,450, at 7-9 (January 29, 2021).

Eversource is currently billing residential customers an SCRC rate of 0.687 cents per kilowatt-hour (kWh), approved by the Commission in Order No. 26,768 (January 30, 2023), issued in Docket No. DE 22-039. In this proceeding, Eversource

has proposed a residential SCRC rate of 1.250 cents per kWh, an increase of 0.563 cents per kWh. Order No. 26,768 also approved the Company's proposal to adjust all components of the SCRC on an annual basis, beginning February 1, 2023.

As mentioned above, the Governor's veto of House Bill 142 commences significant changes in the treatment of Burgess-related accounting in the SCRC for this upcoming year. In summary, there exists an approximately \$71 million Excess Cumulative Reduction Factor (ECRF) balance due back to Eversource's ratepayers, representing the above-market energy costs that have accumulated through the operation of the Burgess plant (since the commencement of its operations in October 2013), above the level of \$100 million in above-market costs. See December 22 Order at 3. The ECRF balance is to be refunded to the Company's customers through the SCRC, as an offset to the energy costs due to the Burgess plant from the Company in each operating year. *Id.*

III. POSITIONS

A. Eversource

The updated proposed February 1, 2024, average SCRC rates (including the RGGI rebate and all Chapter 340, net metering, and environmental remediation adders) are as follows (Ref. Hearing Exhibit 2, at Bates Pages 91-92):

Rate Class	Current Rate (cents/kWh)	Proposed Rate (cents/kWh)	Change (cents/kWh)
Rate R (Residential)	0.687	1.250	0.563
Rate G	0.703	1.253	0.550
Rate GV	0.575	1.169	0.594
Rate LG	0.197	0.967	0.770
Rate OL/EOL	0.993	1.478	0.485

These proposed rates, supporting attachments, and further explanation were delineated and provided by the Company's witness Ms. Yi-An Chen (Director of New

Hampshire Revenue Requirements for Eversource Energy Service Company, Eversource's service-company affiliate), and Mr. Edward Davis (Director, Rates, Energy Service Company). See Hearing Exhibits 1 and 2. Ms. Chen and Mr. Davis also provided additional in-person testimony in support of the Eversource SCRC petition at the January 11, 2024 Burgess status conference and at the January 19, 2024 hearing.

Throughout the SCRC petition, Eversource relied on actual and forecasted costs and revenues for its various SCRC rate components, so the Company noted that these calculations were subject to future reconciliation in future SCRC rate filings.

In response to Commission inquiries at the January 19, 2024 hearing, including inquiries regarding the Company's compliance filings pertaining to Burgess operations in Docket No. DE 19-142, the testimony of Ms. Chen and Mr. Davis revealed certain areas of uncertainty and potential discrepancies in the data presented by the Company regarding the Burgess plant's operational profile, ECRF accounting, and other technical matters. While recommending Commission approval of the SCRC rates presented in its updated petition, the Company did not object at hearing to a provisional Commission approval of non-Part 1 SCRC costs and rates, to accommodate further review of Burgess-related accounting in a subsequent hearing.

B. DOE

The DOE did not object at hearing to a provisional Commission approval of the Company's SCRC rate proposals to accommodate further Burgess, with the proviso that Part 1 costs and rates be carved out of such provisional approval, to avoid uncertainty in connection with the Company's servicing of its RRB obligations. The DOE also did not object to the Company's motion for confidential treatment.

C. OCA

The OCA, in statements made at hearing, expressed its opposition to the Company's SCRC rate proposals, in light of the significant uncertainties surrounding the accounting for Burgess plant issues, expressing grave concerns regarding these matters. The OCA did not object to the Company's motion for confidential treatment.

IV. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to determine the just, reasonable, and lawful rates to be charged by public utilities. Any recovery of stranded costs "should be through a non-bypassable, non-discriminatory, 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 [restructuring] policy principles." RSA 374-F:3, XII(d). The Commission must determine whether categories of costs included within the proposed SCRC rates are consistent with the requirements of RSA 374-F:3, XII(d), or are appropriately included consistent with prior Commission orders concerning costs eligible for recovery.

In this instance, we are confronted with significant uncertainties relating to the Burgess ECRF accounting, which implicate tens of millions of dollars of aggregated costs and offsets within the SCRC structure, with an impact on the Part 2 rates and the Chapter 340 component. Although we acknowledge that further investigation of these rate elements is necessary, we also, as the arbiter of the interests of the Company and its ratepayers, do recognize the need to avoid uncertainties relating to RRB servicing requirements (*i.e.*, Part 1 costs), and the need to fund ongoing environmental remediation efforts and other reconcilable SCRC rate elements on a timely basis. Therefore, pursuant to our authority under RSA Chapters 374 and 378, we will approve the Company's proposed SCRC rates effective February 1, 2024 on a

provisional basis, with the exception that Part 1-related costs and rates shall not be provisional, pending further investigation and rulings by the Commission, with a specific focus on the matters related to the Burgess plant and their accounting. We will schedule a continued hearing in late February or early March regarding this matter through a subsequent Order issued within this instant Docket No. DE 23-091 in the near future. We will also expect to issue data requests within this proceeding regarding the Burgess matters in advance of this future hearing, and furthermore, we will take the Company's January 23, 2024 motion for confidential treatment under advisement and issue a ruling on it within the future Order referenced above.

Based upon the foregoing, it is hereby

ORDERED, that Eversource's SCRC rates, for effect on a service-rendered basis for the twelve-month period beginning February 1, 2024, as presented in the Company's petition, are hereby APPROVED on a PROVISIONAL basis, pending further review and hearing in this instant Docket, with the proviso that the costs and rate elements under Part 1 of the SCRC are APPROVED herein, subject to reconciliation; and it is

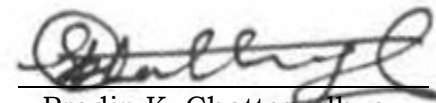
FURTHER ORDERED, that Eversource shall, on an ongoing basis, reconcile the estimated SCRC costs with actual costs, and include the reconciliation in subsequent SCRC rate calculations; and it is

FURTHER ORDERED, that Eversource shall file its calculations, allocations, and conforming tariff pages, all as approved herein, within 20 days of the date of this order, consistent with N.H. Code Admin. Rules, Puc 1603.

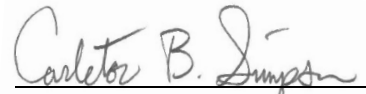
By order of the Public Utilities Commission of New Hampshire this twenty-sixth day of January, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 23-091

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