**THE STATE OF NEW HAMPSHIRE**
**PUBLIC UTILITIES COMMISSION**

**DE 14-120**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**Reconciliation of 2013 Energy Service and Stranded Costs**

**ORDER OF NOTICE**

On May 1, 2014, Public Service Company of New Hampshire (PSNH) filed testimony and schedules in support of its proposed reconciliation of revenues and costs associated with its energy service and stranded cost recovery charge (SCRC) for calendar year 2013. The Commission approved the relevant stranded cost recovery mechanism as set forth in Agreement to Settle PSNH's Restructuring in Docket No. DE 09-099 (Restructuring Agreement). *See* PSNH Proposed Restructuring Settlement, 85 NH PUC 154, 85 NH PUC 536 and 85 NH PUC 645 (2000).

Through January 31, 2006, the reconciliation of PSNH's energy service and revenues was included as a subset of the SCRC reconciliation, with the difference between energy service costs and revenues included as an adjustment to PSNH's Part 3 stranded costs. Beginning February 1, 2006, the energy service reconciliation amounts are no longer applied to stranded costs, but rather are applied to future energy service rates as directed by the Commission in Order No. 24,579 (January 20, 2006) 91 NH PUC 17.

The filing covers (1) the reconciliation between revenues and expenses included in the SCRC and energy service charges, (2) the performance of PSNH's fossil and hydro generation facilities, and (3) how PSNH met its energy and capacity requirements during calendar year 2013.

The filing states that PSNH experienced an under-recovery in energy service costs of $93.3 million at December 31, 2013. This net adjusted under-recovery was due primarily to deferred costs of the wet flue gas desulphurization system (Scrubber) at Merrimack Station which are being recovered at a temporary rate level pending completion of the investigation into Scrubber costs in Docket No. DE 11-250. The Scrubber costs incurred in excess of the temporary rate recovery accounts for $79.9 million of PSNH's under-recovery. Because the Scrubber costs are being examined in DE 11-250, PSNH did not include those costs in the reconciliation. The following items also contributed to the under-recovery: $6.3 million in actual energy costs that were higher than forecast; $4.5 million in operation and maintenance costs which were also higher than forecast; and $2.6 million in Regional Greenhouse Gas auction proceeds that were expected to be received in 2013 but were not received until 2014.

For the SCRC, PSNH experienced under-recovery of $6.8 million. The under-recovery primarily relates to PSNH crediting to customers $5.7 million of cash held in Rate Reduction Bonds trust accounts at the time of the maturity of those bonds. According to the filing, PSNH contributed the $5.7 million to the trust account and PSNH claimed recovery of that amount through the 2013 reconciliation.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-120.html.

The filing raises, inter alia, issues related to issues related to the prudence of generation outages that are reflected in PSNH's energy service costs for the period; the prudence of PSNH's use of its generation resources during the period as well as the prudence of the market purchases used to supplement those resources; the prudence and reasonableness of PSNH's incurred capital

costs; whether it is appropriate for PSNH to recover from ratepayers $5.7 million in funds from the Rate Revenue Bonds trust accounts; and whether PSNH has otherwise appropriately accounted for and reconciled its energy service and stranded costs and any offsetting revenues for the period in accordance with the Restructuring Agreement and applicable law. Each party has the right to have an attorney represent the party at the party's own expense.

**Based upon the foregoing, it is hereby**

**ORDERED**, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 3, 2014 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15; and it is

**FURTHER ORDERED**, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

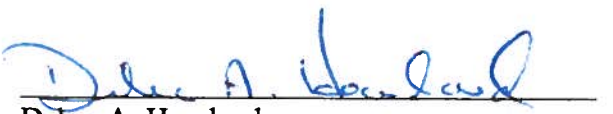
**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than May 24, 2014, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before May 29, 2014; and it is

**FURTHER ORDERED**, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to PSNH and the Office of the Consumer Advocate on or before May 29, 2014, such Petition stating the facts demonstrating how its rights,

duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before June 3, 2014.

By order of the Public Utilities Commission of New Hampshire this twentieth day of May, 2014.



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

## SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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**FILING INSTRUCTIONS:**

a) **Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:** DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

b) **Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**

c) **Serve a written copy on each person on the service list not able to receive electronic mail.**