

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

**DE 16-542**

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

**Annual Reconciliation of Energy Service and Stranded Cost for 2015**

**ORDER OF NOTICE**

On May 2, 2016, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed testimony and related 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 2015. The Commission approved the relevant stranded cost recovery mechanisms as set forth in the Agreement to Settle PSNH's Restructuring, Docket No. DE 09-099. *See* PSNH Proposed Restructuring Settlement (Restructuring Settlement), 85 NH PUC 154, 85 NH PUC 536 and 85 NH PUC 645 (2000).

The Restructuring Settlement categorized stranded costs into 3 Parts—Part 1, Part 2 and Part 3. Part 1 and Part 3 costs have been fully paid. The only remaining stranded costs are Part 2 costs which consist of the over-market costs of power produced by Independent Power Producers (IPPs), and buy-outs and buy-downs of IPP contracts approved by the Commission.

Through January 31, 2006, the reconciliation of Eversource's energy service costs 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 the Company'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 Eversource's fossil and hydro generation facilities and (3) how Eversource met its energy and capacity requirements during calendar year 2015.

The filing states that Eversource experienced an under-recovery in energy service revenue of \$129.8 million as of December 31, 2015. The under-recovery is due primarily to \$123.8 million in deferred costs associated with the installation of a wet flue gas desulphurization unit (Scrubber) installed at Merrimack Station. The 2015 energy service under-recovery net of the Scrubber deferral is \$6.0 million, attributed by Eversource to lower than forecasted revenue primarily because of increased customer migration to competitive electric suppliers.

For the SCRC, Eversource experienced an under-recovery of \$3.6 million. Eversource attributed the under-recovery to the addition of certain cash remaining in certain revenue rate bonds at the time of the maturity of such bonds. In Docket No. DE 14-120, the Commission approved an agreement that allowed Eversource to collect about \$2.8 million in rate revenue bond expense from customers beginning with rates effective January 1, 2016. Order No. 25,825 (Sept. 9, 2015). The remainder of the under-recovery is due to higher than forecast above-market Part 2 IPP costs.

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/2016/16-542.html>.

The filing raises, *inter alia*, issues related to the prudence of generation outages that are reflected in Eversource's energy service cost for the period; the prudence of the Company'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 Eversource's incurred capital costs; and whether the Company 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 September 12, 2016 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, Eversource, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition; and it is

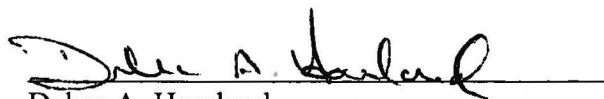
**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, Eversource shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than August 22, 2016, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before September 9, 2017; 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 Eversource and the Office of the Consumer Advocate on or before September 9, 2016, 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 September 12, 2016.

By order of the Public Utilities Commission of New Hampshire this fifteenth day of August, 2016.



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**

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**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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Docket #: 16-542-1      Printed: August 15, 2016

**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.**