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**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**  
**2014 ALTERNATE ENERGY SERVICE RATE CALCULATION**  
 (Dollars in 000's)

<b>Summary of Forecasted Alternate Energy Service</b>			<b>Reference</b>
<b>Cost For January 2014 Through December 2014</b>			
<hr/>			
<b>Scrubber Cost</b>			
Merrimack Scrubber Depreciation Expense	\$	15,606	Page 2
Merrimack Scrubber Property Tax Expense		216	Page 2
Merrimack Scrubber Return on Rate Base		<u>35,350</u>	Page 3
Total Forecasted Merrimack Scrubber Non-Operating Cost	\$	51,172	
Forecasted Retail MWh Sales		<u>3,682,376</u>	MWh
Forecasted Energy Service Merrimack Scrubber Rate Impact cents Per KWH (Line 19 / Line 22)		1.39	c/kWh
<b>Marginal Cost</b>			
Marginal Cost of Serving Energy Service		<u>7.78</u>	c/kWh Attachment 2
<b>Alternate Default Energy Service Rate ADE</b>		9.17	c/kWh

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
2014 ENERGY SERVICE RATE CALCULATION  
MERRIMACK SCRUBBER DEPRECIATION AND PROPERTY TAXES  
JANUARY 2014 - DECEMBER 2014  
(Dollars in 000's)

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	January 2014 Estimate	February 2014 Estimate	March 2014 Estimate	April 2014 Estimate	May 2014 Estimate	June 2014 Estimate	July 2014 Estimate	August 2014 Estimate	September 2014 Estimate	October 2014 Estimate	November 2014 Estimate	December 2014 Estimate	Total
<b>Merrimack Scrubber Depreciation &amp; Property Taxes</b>													
Merrimack Scrubber Depreciation Cost	1,298	1,298	1,299	1,299	1,300	1,300	1,301	1,301	1,302	1,302	1,303	1,303	15,606
Merrimack Scrubber Property Taxes (1)	18	18	18	18	18	18	18	18	18	18	18	18	216
Total Merrimack Scrubber Depreciation and Property Taxes	\$ 1,316	\$ 1,316	\$ 1,317	\$ 1,317	\$ 1,318	\$ 1,318	\$ 1,319	\$ 1,319	\$ 1,320	\$ 1,320	\$ 1,321	\$ 1,321	\$ 15,822

(1) Merrimack Scrubber related property tax impact represents the projection of the non-exempt portion of the project

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
ENERGY SERVICE RATE CALCULATION  
MERRIMACK SCRUBBER RETURN ON RATE BASE  
JANAURY 2014 - DECEMBER 2014  
(Dollars in 000's)

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	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	Total
<b>Merrimack Scrubber</b>													
<b>Return on Rate Base</b>	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
<b>Rate base</b>													
Net Plant	\$ 381,842	\$ 380,703	\$ 379,563	\$ 378,423	\$ 377,282	\$ 376,141	\$ 374,999	\$ 373,857	\$ 372,714	\$ 371,570	\$ 370,427	\$ 369,282	
Working Capital Allow. (45 days of O&M)	616	616	616	616	616	616	616	616	616	616	616	616	
Deferred Taxes	(43,395)	(48,400)	(53,405)	(58,410)	(63,415)	(68,420)	(73,425)	(78,430)	(83,435)	(88,440)	(93,445)	(98,450)	
Total Rate Base (L15 thru L18)	339,063	332,919	326,774	320,629	314,483	308,337	302,190	296,043	289,895	283,746	277,598	271,448	
Average Rate Base ( prev + curr month)	342,135	335,991	329,847	323,702	317,556	311,410	305,264	299,117	292,969	286,821	280,672	274,523	
x Return	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	
Merrimack Scrubber Return (L21 x L22)	\$ 3,269	\$ 3,210	\$ 3,151	\$ 3,093	\$ 3,034	\$ 2,975	\$ 2,917	\$ 2,858	\$ 2,799	\$ 2,740	\$ 2,682	\$ 2,623	\$ 35,350

Amounts shown above may not add due to rounding.

**PSNH Proposed Rate ADE - Docket DE 11-216**  
**Marginal Cost to Serve Incremental Sales - January thru December, 2014**

	<u>MWh</u>	<u>c/kWh</u>	<u>Notes</u>
Sales Increment	795,330		(1)
<u>Marginal Costs to Serve Incremental Sales:</u>			(2)
	<u>\$(000)</u>		
Energy	\$ 48,719	6.13	(3)
Capacity	7,984	1.00	(4)
Ancillaries	1,063	0.13	(5)
RPS	3,108	0.39	(6)
ISO Expenses	<u>1,010</u>	0.13	
Total	\$ 61,884		
	<u>¢/kWh</u>		
Marginal cost to serve incremental sales	7.78	7.78	(7)

Notes:

- 1) The incremental annual peak at the meter is 170 MW.
- 2) Marginal costs are consistent with the modeling and assumptions used in PSNH's December, 2013 ES rate filing in Docket DE 13-275.
- 3) As per note 2), based on NYMEX 11/20/13 forward energy market prices.
- 4) Forecasted costs associated with 2,602 MW-months of capacity in ISO-NE's forward capacity market.
- 5) Ancillaries include regulation and reserves.
- 6) Based on January thru December, 2014 REC volume requirements and price quotations.
- 7) The marginal cost does not include any costs/adders for the coverage of risk or for profit.

ALTERNATE DEFAULT ENERGY SERVICE RATE ADE

AVAILABILITY

Subject to the Terms and Conditions of the Tariff of which it is a part, this rate is for energy and capacity in conjunction with the applicable Delivery Service Rate Schedule. It is available to Customers who are receiving Delivery Service under Primary General Delivery Service Rate GV, Large General Delivery Service Rate LG, and Backup Delivery Service Rate B. Service under this rate is mandatory for and only available to Customers who are either:

- (1) Terminating Supplier Service or Self-Supply Service following at least twelve consecutive months of receipt of such service; or
- (2) Terminating Supplier Service due to default of the Supplier, if the price under this rate at the time of such termination is lower than the price under Default Energy Service Rate DE.

Once a Customer terminates Supplier Service or Self-Supply Service as described above, any energy and capacity service taken from the Company during the next twelve months must be taken under this rate, unless this rate is temporarily closed. Notwithstanding the availability requirements specified in (1) and (2) above, in the event of a temporary closure of this rate, any Customer returning to energy and capacity service from the Company during the period that this rate is closed must take such service under Default Energy Service Rate DE. Once this rate is re-opened, such Customers will be transferred to service hereunder. Service under Default Energy Service Rate DE during the period that this rate is closed shall be deemed to be part of the twelve month period described above.

By the 15<sup>th</sup> day of each month, the Company will file with the Commission the Company's revised projections of marginal costs for the remaining months of the current annual period. Such revised projections will then be compared to the original projections of marginal costs used to determine the currently-effective price under this rate. This rate shall be closed to new Customers as of the first day of the next succeeding month if such revised projections exceed the original projections by at least seventy-five percent of the amount of the adder used to determine the currently-effective price under this rate. Upon closure, this rate will only be available to Customers who are receiving service hereunder at that time and who continuously receive service hereunder during the period of closure.

This rate shall be re-opened if the Company's subsequent monthly filings with the Commission show that its revised projections as compared to the original projections are within seventy-five percent of the amount of the adder used to determine the currently-effective price under this rate. This rate shall also be re-opened if the Commission approves an adjustment to the price under this rate.

Notwithstanding any other Tariff provision or Special Contract terms, no discount shall be applied to this rate.

RATE PER MONTH

	Energy Charge	<u>Per Kilowatt-Hour</u> 9.17¢
Issued:	December 12, 2013	Issued by: <u>/s/ William J. Quinlan</u> William J. Quinlan
Effective:	January 1, 2014	Title: <u>President and Chief Operating Officer</u>