

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: 22 December 2014

AT (OFFICE): NHPUC

FROM: Tom Frantz *TF(ab)*

SUBJECT: DE 14-339: Public Service Company of New Hampshire Petition for Approval of a Special Contract with Westinghouse Electric Company, LLC

TO: Chairman Honigberg and Commissioner Scott
Executive Director Howland

NHPUC 22DEC14AM10:32

On November 24, 2014, PSNH filed, pursuant to RSA 378:18, Puc 202.01 (a), Puc 203.06 and part of Puc 1606, a petition with the Commission for approval of a special contract, NHPUC-145, with Westinghouse Electric Company, LLC (Westinghouse). PSNH requests in its petition that the new special contract be approved in advance of the termination of the existing special contract, NHPUC-144. Special Contract NHPUC-144 expires December 31, 2014. It was approved by the Commission on December 8, 2004 (*see* Order No. 24,411 in DE 04-202). Staff has reviewed the petition and the pre-filed testimony of Charles R. Goodwin, Director of Rates and Load Forecasting for Northeast Utilities Service Company, who filed on behalf of PSNH. Staff also notes that it has conferred with the Office of Consumer Advocate (OCA) concerning this petition and the OCA takes no position on the new special contract, NHPUC-145, to replace the expiring special contract, NHPUC-144. Staff recommends approval of Special Contract NHPUC-145 with a *nisi* order effective before January 1, 2015.

As Mr. Goodwin points out in his testimony, PSNH has provided service to Westinghouse or its predecessors under special contracts with similar terms and conditions as this contract for the past thirty-six years. The main feature of the special contract is the ability of PSNH to directly control and instantaneously terminate electric service to Westinghouse's pump testing facilities in Newington. Westinghouse's pump testing facilities place a large load on the PSNH distribution system when the pumps are tested as these are pumps manufactured by Westinghouse for use at nuclear power plants. The ability of PSNH to control the load and the information provided by Westinghouse concerning how much load Westinghouse expects to put use and when allows PSNH to plan for and operate its system with certainty and reliability and without the need for additional distribution upgrades to serve this load.

Under this three-year contract, PSNH will provide electric service to Westinghouse in accordance with its Delivery Service Tariff and the specific provisions of Rate LG, except that the maximum billing demand under Rate LG will be based on one-half of the

highest billed kilovolt-ampere (kVA) demand of the current billing period. The demand ratchet in Rate LG will not apply to the special contract. The energy pricing under Special Contract NHPUC-145 allows Westinghouse to take service from PSNH under Default Energy Service Rate DE, enroll with a competitive supplier or take self-supply service directly from ISO-NE. If Westinghouse decides to take energy service from PSNH, the energy rate will be based on the hourly real-time zonal price in the New Hampshire zone plus an adder. The other non-interruptible load at Westinghouse will continue to be served by PSNH under standard tariff rates, primarily Rate GV.

PSNH estimates that Westinghouse's 2015 electric bill would be approximately 120% higher under standard tariff pricing than it will be under Special Contract NHPUC 145. PSNH also points out that the special contract will provide significant distribution revenue during the three-year term of the contract and that Westinghouse has indicated that it will consider other options for its manufacturing and testing facility in Newington absent approval of this special contract. It is difficult to confirm what actions Westinghouse would or would not invoke absent this special contract, but Staff believes the contract should be approved based on the sound economics and pricing of the contract. Special Contract NHPUC 145 allows PSNH to manage a large load without incurring any upgrade costs on the system, contribute to the distribution revenues of the system benefiting both PSNH and its customers while allowing the customer to choose from whom it buys its electricity supply. If Westinghouse chooses PSNH to provide its supply service, default supply customers benefit from the additional contribution to fixed costs and the adder means that there will be a contribution to the recovery of the costs of the scrubber.

If you have any questions concerning this recommendation, please contact me.

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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Docket #: 14-339-1 Printed: December 22, 2014

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
EXECUTIVE 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.