

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

**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY
FOR APPROVAL OF A POWER PURCHASE AGREEMENT**

Docket No. DE 16-_____

Pursuant to RSA 374:57 and Puc 202.01(a) and Puc 203.06, Public Service Company of New Hampshire d/b/a Eversource Energy (“PSNH” or “the Company”) hereby petitions the New Hampshire Public Utilities Commission (“Commission”) for a proceeding to review and approve a power purchase agreement (“PPA”) between PSNH and Hydro Renewable Energy Inc. (“HRE”), as well as for approval of an appropriate ratemaking treatment of that PPA. In support of this Petition, PSNH states the following:

1. HRE is a corporation created under the laws of the State of Delaware and an indirect wholly-owned subsidiary of Hydro-Québec, an electric generation, transmission and distribution utility owned by the government of Québec, Canada. HRE is registered to do business in New Hampshire and is a business in good standing. PSNH is a public utility organized and existing under the laws of the State of New Hampshire that provides electric generation, transmission and distribution services in New Hampshire. HRE and PSNH have entered into a PPA for a term of 20 years under which HRE would sell and PSNH would buy approximately 100 megawatts (MW) of electric energy. The energy purchased pursuant to this PPA would be delivered over the to-be-constructed Northern Pass Transmission¹ line (“NPT line”), a high voltage electric transmission line proposed to be built to convey hydroelectricity produced by Hydro-Québec to New Hampshire and the New England electric markets.

¹ The NPT line is proposed to be constructed by Northern Pass Transmission, LLC (“NPT”), a wholly owned subsidiary of Eversource Energy and a corporate affiliate of PSNH. NPT is not a party to this proposed transaction and holds no interest in the PPA. A petition is currently pending before the New Hampshire Site Evaluation Committee for the siting and construction of the NPT line. The effectiveness of this PPA is conditioned upon the successful completion of that proceeding and other regulatory proceedings relating to NPT.

2. As described more specifically in the PPA, subject to obtaining all required approvals and permits, and the successful construction of the NPT line, HRE would sell to PSNH approximately 100 MW of firm, on-peak energy delivered to PSNH's Deerfield Substation, at prices based on the MA Hub NYMEX forwards adjusted for delivery to the delivery point. Moreover, PSNH shall be entitled to receive at no additional cost all of the environmental attributes associated with the Hydro-Québec renewable resources for the delivered energy over the term of the PPA. HRE shall have the obligation of ensuring that the energy to be supplied is available and that its processes for providing that energy meet the requirements of the regional grid operator, ISO-New England.

3. The accompanying testimony of James G. Daly, PSNH's Vice President – Energy Supply, describes the terms of the PPA and the manner in which it would be implemented. The accompanying testimony of Eric H. Chung, Director Revenue Requirements for New Hampshire and Regulatory Projects at Eversource Energy, describes the proposed ratemaking treatment for the PPA, particularly in light of the proposed divestiture of PSNH's generating assets and the attendant changes to PSNH's default energy supply process, presently under review in Docket No. DE 14-238.

4. Under RSA 374:57:

Each electric utility which enters into an agreement with a term of more than one year for the purchase of generating capacity, transmission capacity or energy shall furnish a copy of the agreement to the commission no later than the time at which the agreement is filed with the Federal Energy Regulatory Commission pursuant to the Federal Power Act or, if no such filing is required, at the time such agreement is executed. The commission may disallow, in whole or part, any amounts paid by such utility under any such agreement if it finds that the utility's decision to enter into the transaction was unreasonable and not in the public interest.

Pursuant to this authority, and while recognizing that the PPA will not take effect until all conditions precedent have been fulfilled, including the receipt of all required permits and

approvals for the NPT line, by this petition PSNH requests that the Commission conclude that the PPA is reasonable and in the public interest.²

5. In reviewing other PPAs in the past, the Commission has considered numerous elements in determining whether those PPAs would conform with the public interest, including aspects of “RSA 378:37, RSA 362-A:1, RSA 374-F:3, RSA 362-F:1, and RSA 362-F:9.” *Public Service Company of New Hampshire, et al.*, Order No. 25,305 (December 20, 2011) at 29. While each of those statutes may not be directly applicable here, a review of the state’s policies as contained in the relevant statutes demonstrates that this proposed PPA is consistent with the public interest.

A. Specifically, the proposed PPA is consistent with the policies described in the State’s restructuring statute, particularly: RSA 374-F:3, V (ensuring the availability of universal electric service); RSA 374-F:3, VIII (encouragement of environmental improvement); RSA 374-F:3, XI (ensuring that New Hampshire’s electric rates are competitive with other regional rates); RSA 374-F:3, XII (requiring utilities to take all reasonable measures to mitigate stranded costs); and RSA 374-F:3, XIII (encouraging regional solutions to issues relating to electric restructuring).

B. Furthermore, the proposed PPA is consistent with the obligation to plan for adequate resources to meet the expected demands of electric customers. *See, e.g.*, RSA 378:37, :38.

C. Additionally, this proposed PPA would bring a new, and renewable, source of electric supply to the state and the region in conformance with the state’s policy to “meet the energy needs of the citizens and businesses of the state at the lowest reasonable cost while providing for the reliability and diversity of energy sources.” RSA 378:37.

² *See Public Service Company of New Hampshire, et al.*, Order No. 25,305 (December 20, 2011) at 28-29: “RSA 374:57 contemplates the possibility of the Commission’s disallowance of costs. We will treat the petition as a request, made in advance of costs being incurred under the PPAs, that the Commission not disallow the costs and instead find that PSNH’s entry into the PPAs is reasonable and in the public interest. Because a decision on whether PSNH’s entry into the PPAs is reasonable and in the public interest does not depend on future events or information only available in the future, we conclude that it may properly be made now based on the record before us, consistent with RSA 374:57.” *See also EnergyNorth Natural Gas, Inc.*, Order No. 24,825 (February 29, 2008).

D. Moreover, by bringing hydro-electric power into New Hampshire, this PPA would provide for a new energy source that is not dependent upon fossil fuels. Providing a diversity of fuel source in contrast to the region's substantial reliance upon natural gas is also consistent with the State's 10-Year Energy Strategy,³ as well as the State Energy Strategy set forth in RSA 4-E:1, I, (c), that requires consideration of renewable energy and fuel diversity.

E. Further, the PPA is consistent with the intent of the Legislature as set forth in RSA 362-A:1, which find diversified sources of supplemental electrical power (which lessen the state's dependence upon other sources that may, from time to time, be uncertain) and the use of indigenous and renewable fuels (which have beneficial impacts on the environment and public health) to be in the public interest.

F. And, per RSA 362-F:1, the PPA meets the public interest by providing energy produced by renewable energy technology, providing fuel diversity to the state via the use of low emission forms of such technologies that reduce the amount of greenhouse gases, nitrogen oxides, and particulate matter emissions transported into New Hampshire and also generated in the state, thereby improving air quality and public health, and mitigating against the risks of climate change.⁴

5. Beyond its conformance with state policies and plans, and its furtherance of the interests of the interests of the citizens of New Hampshire, the proposed PPA presents other benefits to New Hampshire. As described in the testimony of Mr. Daly, the PPA is expected to produce economic benefits to PSNH's customers that will mitigate stranded costs to consumers, and provides for PSNH to receive all environmental attributes for the energy at no additional charge, with all resulting value also credited to PSNH's customers.

³ See New Hampshire 10-Year Energy Strategy at 15 ("New Hampshire must continue to engage in these regional efforts to both protect our state's interests, and to ensure that there is a diverse and affordable supply of energy for our homes and businesses. In addition to engaging in regional efforts, the State must also continue to take steps on our own to address fuel diversity, cost and supply within our State.") and 37 ("As a result, there is a need for focused efforts to reduce New Hampshire's vulnerability to price volatility and supply disruptions, and increase our flexibility and resiliency. Diversifying our fuel portfolio and increasing the use of in-state resources will be critical tools in achieving those goals, in combination with increased efficiency."). Available at: <http://www.nh.gov/oep/energy/programs/documents/energy-strategy.pdf>.

⁴ See also RSA 374-G:1, which, citing to RSA 362-F:1, requires consideration of energy security and diversity resulting from generation sources that eliminate, displace, or better manage traditional fossil fuel energy.


6. As discussed in the testimony of Mr. Chung, PSNH proposes that for ratemaking purposes, the PPA be accounted for via the Company's Stranded Cost Recovery Charge. Such a ratemaking treatment is consistent with the terms of the 2015 PSNH Restructuring and Rate Stabilization Agreement that the Commission is considering in Docket No. DE 14-238, and prevents any distortion of PSNH's default energy service price.

7. The pricing terms of the PPA are the product of confidential negotiations and include confidential, commercial, financial information as set forth in RSA 91-A:5, IV. Copies of the PPA and the testimony of Mr. Daly are being filed in redacted form with this Petition. Unredacted copies of the PPA and that testimony are being filed separately along with a Motion for Confidential Treatment Pursuant to RSA Chapter 91-A and N.H. Code Admin. Rules Puc § 203.08.

WHEREFORE, PSNH respectfully requests that the Commission review the PPA between PSNH and HRE and find that it is reasonable and consistent with the public interest under RSA 374:57; approve the proposed ratemaking treatment for the PPA; and, order such further relief as may be just and equitable.

Respectfully submitted this 28th day of June, 2016.

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

By: _____

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