



MARGARET WOOD HASSAN
GOVERNOR

**STATE OF NEW HAMPSHIRE
OFFICE OF ENERGY AND PLANNING**

107 Pleasant Street, Johnson Hall
Concord, NH 03301-3834
Telephone: (603) 271-2155
Fax: (603) 271-2615



www.nh.gov/oep

November 12, 2015

NHPUC NOV12'15 AM11:21

Debra A. Howland, Executive Director
Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: DE 11-250, PSNH Motion to Amend Temporary Rate

Dear Ms. Howland:

I am writing to express the Office of Energy and Planning's (OEP's) support for PSNH's November 2, 2015 Motion to Amend Temporary Rates related to recovery of the costs of the mercury scrubber at Merrimack Station. While OEP is not an intervenor in Docket DE 11-250, OEP is a signatory to the proposed Settlement Agreement in Docket DE 14-238, and achieving savings for customers related to scrubber cost recovery is a key part of that settlement.

OEP supports PSNH's motion for several reasons. Most importantly, amending the temporary rate to include full scrubber cost recovery, including recovery of the deferral, will reduce the total costs paid by customers by ending the continued growth of the deferral and beginning to pay down the current deferred balance. This is true whether or not the Commission approves the proposed Settlement Agreement. If the Commission approves the settlement, or otherwise orders divestiture, deferred scrubber costs increase the amount of stranded costs that will be paid for by all customers. Therefore, reducing the size of the deferral will limit the amount of stranded costs.

If the Commission does not approve the settlement and we return to litigating the scrubber docket and the divestiture docket, customers still benefit from reducing the total deferral sooner. Each day that the company under-recovers, its deferral continues to grow, and customers will eventually end up paying a greater amount when the scrubber docket is finally resolved. This is true even if the Commission ultimately disallows a large portion of the scrubber costs, as the deferral amount will be larger if allowed to continue to accrue.

Another important reason to increase the temporary rate recovery for the scrubber and related deferral is to avoid rate shock. Waiting and allowing the deferral to continue to grow could result in a larger rate increase in the future, once the final scrubber recovery amount is approved by the Commission. Importantly, because temporary rates are fully reconcilable, ratepayers will be made whole if the Company over recovers under a higher temporary rate.

For these reasons, OEP supports PSNH's motion requesting an increase to the temporary rate. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read 'M. Hatfield'.

Meredith A. Hatfield
Director

cc: Service list (via email)