

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

DE 16-241

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

**Petition for Approval of Gas Capacity Contract with Algonquin Gas Transmission, LLC,
Gas Capacity Program Details, and Distribution Rate Tariff for Cost Recovery**

ORDER OF NOTICE

On February 18, 2016, Public Service Company of New Hampshire d/b/a Eversource (Eversource) filed a petition with the New Hampshire Public Utilities Commission (Commission) for approval of a proposed 20-year contract between Eversource and Algonquin Gas Transmission, LLC (Algonquin) for natural gas capacity on Algonquin's Access Northeast Project, and recovery of associated costs through a new distribution rate tariff, to be assessed on all Eversource customers. Eversource filed supporting testimony and related exhibits with the petition. 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/2016/16-241.html>.

Eversource is a public utility operating under the laws of the State of New Hampshire as an electric distribution company (EDC), headquartered in Manchester, New Hampshire. Algonquin is an owner-operator of an interstate gas pipeline located in New England; Algonquin is owned by a parent company, Spectra Energy Corp (Spectra), a publicly-traded corporation headquartered in Houston, Texas. Algonquin has partnered with Eversource's parent company, Eversource Energy, headquartered in Boston, Massachusetts, and Hartford, Connecticut, and National Grid to develop the Access Northeast Project. In general terms, Eversource Energy's

EDC subsidiaries in Connecticut, Massachusetts, and New Hampshire and National Grid's EDC subsidiaries in Rhode Island and Massachusetts are individually seeking regulatory approval of gas capacity on the Access Northeast Project. National Grid EDC subsidiaries are also seeking approval of gas capacity on Tennessee Gas Pipeline's Northeast Energy Direct pipeline project.

In total, the Access Northeast project will provide 500,000 MMBtu/day of incremental gas transportation capacity and 400,000 MMBtu/day of incremental liquefied natural gas (LNG) storage deliverability. Under the proposed Access Northeast contract, Eversource will hold contractual entitlements for firm gas transportation and storage deliverability up to a Maximum Daily Transportation Quantity of 66,600 MMBtu/day or 7.4% of the total capacity of the project. Eversource states that this contract quantity reflects the electric load share of Eversource within the load served by all investor-owned EDCs in New England. Eversource asserts that energy cost savings resulting from the increased supply of gas capacity to New England electric generators will exceed contract-related costs by a 3:1 ratio, excluding any consideration of capacity-release revenues that will be credited to Eversource customers, thereby offering Eversource customers significant benefits justifying the recovery of the contract costs through rates. Eversource further asserts that this proposed acquisition of gas capacity on the Access Northeast Project was developed through a Request for Proposals (RFP) process that met all requirements of New Hampshire law, including the Commission's affiliate-transaction rules of N.H. Code Admin. Rules Puc 2100, and the requirements specified by the Commission in Order No. 25,860 (January 19, 2016). Eversource requests approval of the proposed contract and related mechanisms by October 1, 2016.

In its petition, Eversource seeks approval of: (1) a 20-year interstate pipeline transportation and storage contract providing natural gas capacity for use by electric generation

facilities in the New England region (Access Northeast Contract); (2) an Electric Reliability Service Program (ERSP) to set parameters for the release of capacity and the sale of LNG supply made available to electric generators through the Access Northeast Contract; and (3) a Long-Term Gas Transportation and Storage Contract (LGTSC) tariff for Eversource rates, to be applied through uniform cents-per-kWh rate on all retail electric customers served by Eversource, to provide for recovery of costs associated with the Access Northeast Contract. If Eversource were to receive the approval of the Commission, Eversource would release the natural gas capacity to the electric generation market in accordance with an Algonquin Electric Reliability Service tariff, approved by the Federal Energy Regulatory Commission (FERC) as a wholesale gas tariff, that would reflect the ERSP structure approved by the Commission.

Eversource, in support of its petition, also asserts that: (1) Eversource's participation in the Access Northeast Contract does not violate the Restructuring Principles of RSA Chapter 374-F; (2) the corporate powers granted to Eversource by RSA Chapter 374-A and RSA 374:57 appear to encompass and authorize such contract execution; (3) the exercise of Commission authority is in the public interest under RSA 374:57; (4) Eversource's participation in a contract designed to improve regional and state electric reliability is consistent with the planning principles set out in RSA 378:37 and 378:38 as well as the New Hampshire 10-Year State Energy Strategy; and (5) cost recovery through rates charged to all Eversource distribution customers is allowed by and consistent with New Hampshire law, including RSA 374:57 and the provisions of RSA Chapter 374-A, as well as the Commission's plenary authority with respect to utility rates.

The filing raises, inter alia, issues related to whether Eversource has the corporate authority to enter into the Access Northeast Contract under RSA Chapter 374-A and RSA

374:57; whether Eversource's entering into the Access Northeast Contract, development of the ERSP, and assessment of the LGTSC would violate the Restructuring Principles of RSA Chapter 374-F, or any other New Hampshire law, or any federal law, including the Federal Power Act; whether the LGTSC assessment would be permitted under RSA Chapter 374-A, RSA 374:57, and RSA Chapter 378, and Commission precedential standards for ratemaking, as just, reasonable and in the public interest; whether the RFP process presented by Eversource in support of its selection of the Access Northeast Contract comports with the requirements of N.H. Code Admin. Rules Puc 2100, Order No. 25,860, and the standards of prudence applied by the Commission for such contracting; whether the assertions made by Eversource regarding expected benefits and costs of its participation in the Access Northeast Contract are supported by the evidence, including evidence of economic, engineering, and environmental costs, benefits, and feasibility; and whether ERSP and companion FERC tariff filing comport with relevant federal law, including the Natural Gas Act, and whether FERC approval should be a condition precedent for the enactment of any Commission approval.

As indicated by the Commission in Order No. 25,860, issued in Docket No. IR 15-124, the Commission will divide its review of this petition into two phases. In the first phase, the Commission will review briefs submitted by Eversource, Staff and other parties regarding whether the Access Northeast Contract, and affiliated program elements, is allowed under New Hampshire law. If the Commission were to rule against the legality of the Access Northeast Contract, this petition will be dismissed. If the Commission were to rule in the affirmative regarding the question of legality, it will then open a second phase of the proceeding to examine the appropriate economic, engineering, environmental, cost recovery, and other factors presented by Eversource's proposal. This Order of Notice opens the first phase of this review proceeding.

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 April 13, 2016 at 1:30 p.m., at which each party will provide a preliminary statement of its position with regard to the question of Eversource's legal authority to enter into the Access Northeast Contract, and the legality of other features of Eversource's proposal, and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15; and it is

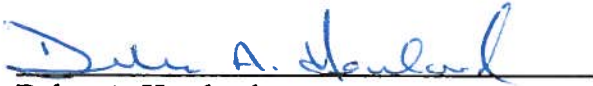
FURTHER ORDERED, that Eversource, the Staff of the Commission, and any interested persons file legal briefs regarding the legality of Eversource's proposal no later than April 28, 2016, with reply briefs due no later than May 12, 2016; and it is

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 March 30, 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 April 11, 2016; 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 April 11, 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 April 13, 2016.

By order of the Public Utilities Commission of New Hampshire this twenty-fourth day of March, 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

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 #: 16-241-1 Printed: March 24, 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.