



**2015 Public Service Company of New Hampshire
Restructuring and Rate Stabilization Agreement**

June 10, 2015

88 **II. DEFINITIONS**

89 **Affected Employees:** Employees of PSNH or Eversource whose primary employment duties
90 included support of PSNH's generation assets and whose employment is terminated or
91 significantly negatively affected as a direct result of the divestiture of PSNH's generating
92 assets.

93 **Agreement:** This 2015 Public Service Company of New Hampshire Restructuring and Rate
94 Stabilization Agreement, including the appendix.

95 **Commission:** The New Hampshire Public Utilities Commission.

96 **Default Service:** The provision of electric energy by PSNH to customers who are not
97 purchasing electricity from a Competitive Supplier as defined in N.H. Admin. Rule PART
98 Puc 2002. Default service is designed to provide a safety net for customers and to assure
99 universal access and system integrity as set forth in RSA 374-F:3,V(c), and PSNH will
100 continue to have an obligation to provide default service after divestiture.

101 **Delivery Charge:** The delivery portion of the unbundled retail distribution bill related to
102 distribution.

103 **Distribution:** The portion of PSNH's delivery system subject to the regulatory jurisdiction of
104 the Commission.

105 **Eversource Energy or Eversource:** PSNH's parent organization and a trade name used by
106 its subsidiaries, including PSNH.

107 **Exogenous Events Rate Adjustment Threshold:** A total distribution revenue impact
108 (positive or negative) as set forth in Section III, G that exceeds \$1,000,000 in any calendar
109 year beginning with 2015, and continuing until PSNH's next general distribution rate case.

110 **Exempt Wholesale Generator:** Any entity who qualifies for Exempt Wholesale Generator
111 status as defined in 15 U.S. Code Sec. 79z-5a and 18 CFR 366.1.

357 **F. Storm Funding**

358 The Major Storm Cost Reserve (“MSCR”) shall continue at the current funding levels
359 of \$12 million for the reserve, along with the dedicated funding for the December 2008 ice
360 storm. Per Section 7.2 of the rate settlement in Docket No. DE 09-035, any unamortized
361 balance of costs relating to the December 2008 ice storm will accrue carrying charges at an
362 annual rate of 4.5%. For other MSCR costs, per the PSNH 1999 Restructuring Settlement
363 Agreement and Commission Order No. 24,750, any negative balance in the MSCR will accrue
364 carrying charges at the Stipulated Rate of Return. PSNH may seek a modification to the
365 storm funding level should additional major storms occur.

366 **G. Exogenous Events**

367 During the term of this Agreement, PSNH will be allowed upon Commission approval
368 to adjust distribution rates upward or downward as a result of Exogenous Events, as defined
369 below. For any of the events defined as State Initiated Cost Change, Federally Initiated Cost
370 Change, Regulatory Cost Reassignment, or Externally Imposed Accounting Rule Change
371 PSNH will be allowed to adjust distribution rates upward or downward (to the extent that the
372 revenue impact of such event is not otherwise captured through another rate mechanism that
373 has been approved by the Commission) if the total distribution revenue impact (positive or
374 negative) of all such events exceeds \$1,000,000 (Exogenous Events Rate Adjustment
375 Threshold) in any calendar year beginning with 2015, until PSNH’s next general distribution
376 rate case.

377 1. “State Initiated Cost Change” shall mean any externally imposed
378 changes in state or local law or regulatory mandates or changes in other precedents governing
379 income, revenue, sales, franchise, or property or any new or amended regional, state or locally
380 imposed fees (but excluding the effects of routine annual changes in municipal, county and
381 state property tax rates and revaluations), which impose new obligations, duties or
382 undertakings, or remove existing obligations, duties or undertakings, and which individually
383 decrease or increase PSNH’s distribution costs, revenue, or revenue requirement.

384 2. “Federally Initiated Cost Change” shall mean any externally imposed
385 changes in the federal tax rates, laws, regulations, or precedents governing income, revenue,
386 or sales taxes or any changes in federally imposed fees, which impose new obligations, duties
387 or undertakings, or remove existing obligations, duties or undertakings, and which
388 individually decrease or increase PSNH’s distribution costs, revenue, or revenue requirement.

389 3. “Regulatory Cost Reassignment” shall mean the reassignment of costs
390 and/or revenues now included in the generation, transmission, or distribution functions to or
391 away from the distribution function by the Commission, FERC, NEPOOL, ISO-NE or any
392 other official agency having authority over such matters.

393 4. “Externally Imposed Accounting Rule Change” shall be deemed to
394 have occurred if the Financial Accounting Standards Board or the Securities and Exchange
395 Commission adopts a rule that requires utilities to use a new accounting rule that is not being
396 utilized by PSNH as of January 1, 2015.

397 No later than March 31 of each year until PSNH’s next distribution rate case filing,
398 PSNH shall file with the Commission, Staff and OCA a Certification of Exogenous Events for
399 the prior calendar year. If, in the prior calendar year, PSNH incurs any changes in distribution
400 costs, revenue, or revenue requirement in excess of the Exogenous Events Rate Adjustment
401 Threshold in connection with any Exogenous Event as defined in this section, PSNH shall
402 provide specific and sufficient detail supporting each change and the Exogenous Event(s)
403 associated with each change for the Commission, Staff and OCA to assess the proposed
404 Exogenous Event rate adjustment. If no Exogenous Events causing changes in excess of the
405 Exogenous Events Rate Adjustment Threshold occurred during the prior calendar year, PSNH
406 shall certify that fact in its annual Certification of Exogenous Events. On or before May 1 of
407 each year until PSNH’s next distribution rate case filing, the Staff and the OCA may make a
408 filing requesting an Exogenous Event rate decrease or contesting an Exogenous Event rate
409 increase proposed by PSNH. Any adjustments to revenue requirements for Exogenous
410 Events:

411 1. shall be subject to review and approval as deemed necessary by the
412 Commission;

413 2. shall be implemented for usage on and after July 1 of that year; and

414 3. shall be allocated among PSNH's rate classes on a proportional basis
415 based on total distribution revenue by class in effect at the time of the adjustment. Any such
416 filings are limited to one per calendar year, provided that any costs incurred or saved due to
417 such Exogenous Events shall be deferred for consolidation in the single filing.

418 Any Exogenous Event adjustment made during the term of this Agreement will remain
419 in rates only through the effective date of new rates set as a result of PSNH's next general
420 distribution rate proceeding.

421 **H. Delivery Charge**

422 PSNH's next general distribution rate case may not have rates that take effect prior to
423 July 1, 2017. PSNH shall be entitled to adjust distribution rates on July 1, 2015 to recognize
424 the end of the overearnings refund required by Commission Order No. 25,682, and as
425 necessary to implement the Distribution Reliability Funding, Storm Funding, and Exogenous
426 Events provisions set forth above.

427 **IV. DIVESTITURE**

428 **A. General**

429 For the economic benefit of customers, the Commission and PSNH shall expeditiously
430 pursue divestiture of PSNH's owned generation fleet upon the later of the enactment of the
431 legislation contained in Appendix A hereto and final Commission approval of the settlement
432 agreement reflecting the provisions of this Agreement. This divestiture will take place
433 through several processes including the sale of its existing power generation facilities at
434 auction. The goals of the asset auctions are to maximize the net Total Transaction Value
435 ("TTV"), which reflects all of the cash and non-cash elements of the transaction(s), realized
436 from the sale(s) in order to minimize Stranded Costs, to provide a market-based determination
437 of Stranded Costs, and to establish a competitive energy market, while at the same time
438 providing certain employee and host community protections as set forth herein.

907 2. Docket No. DE 14-238, "Determination Regarding PSNH's Generation Assets."

908 The Settling parties request that following closure of Docket No. DE 14-238, the
909 Commission open a docket with appropriate ongoing proceedings to address the
910 administration of the divestiture auction, issuance of a finance order implementing RRBs, and
911 calculation and reconciliation of the stranded costs recovery charge.

912 **XI. CONDITIONS FOR IMPLEMENTING THE SETTLEMENT**

913 All conditions set forth in this section must be met to the satisfaction of all Settling
914 Parties as a condition precedent to implementation of this Agreement, and the Settling Parties
915 hereby agree to take all reasonable measures to ensure fulfillment of these conditions. The
916 failure of any of these conditions to be fulfilled will result in termination of the Agreement,
917 subject to the provisions of Section XII (D).

918 A. The Commission must approve this Agreement by a Final Order, without condition
919 or modification, unless otherwise agreed to by the Settling Parties as provided in Section XII
920 (D).

921 B. Legislation must be enacted as set forth in Appendix A hereto, or in such other
922 form as is acceptable to PSNH and Eversource.

923 C. All parties to the PSNH 1999 Restructuring Settlement Agreement must agree that
924 the PSNH 1999 Restructuring Settlement Agreement is rescinded and superseded upon
925 satisfaction of the conditions set forth in Section XI, A & B, above.

926 **XII. MISCELLANEOUS**

927 **A. Applicable Law**

928 This Agreement shall be governed by the laws of the State of New Hampshire. The
929 Settling Parties agree that any disputes regarding this Agreement will be subject to the
930 jurisdiction of the Commission and the appellate jurisdiction of the New Hampshire Supreme
931 Court.

932 **B. Successors and Assigns**

933 The rights conferred and obligations imposed on the Settling Parties to this Agreement
934 shall be binding on or inure to the benefit of their successors in interest or assignees as if such
935 successor or assignee was itself a Signatory hereto.

936 **C. Entire Agreement**

937 This Agreement contains the entire agreement among the Settling Parties respecting
938 the subject matter herein. Conditioned upon Commission approval of this Agreement, and the
939 consent of all the parties to the PSNH 1999 Restructuring Settlement Agreement, this
940 Agreement supersedes all prior agreements and understandings between the Settling Parties,
941 including all prior Term Sheets and the PSNH 1999 Restructuring Settlement Agreement.
942 The agreements contained herein are interdependent and not severable, and they shall not be
943 binding upon, or deemed to represent positions of, the Settling Parties if they are not approved
944 in full and without modification or condition by the Commission subject to subsection D of
945 this section, below.

946 **D. General Provisions**

947 If the Commission does not approve this Agreement in its entirety and without
948 modification or condition, the Settling Parties shall have an opportunity to amend or terminate
949 this Agreement. If terminated, this Agreement shall be deemed withdrawn and shall not
950 constitute a part of the record in any proceeding or be used for any purpose.

951 This Agreement is the product of settlement negotiations. The content of those
952 negotiations shall be privileged and all offers of settlement and all documents or discussions
953 related thereto shall be without prejudice to the position of any party or participant presenting
954 such offer.

955 The Settling Parties agree to support this Agreement before the Commission and in
956 any related legal proceedings or legislative inquiries or hearings, to oppose legislation
957 inconsistent with this Agreement, and to take all such action as is necessary to secure approval
958 and implementation of the provisions of this Agreement.