

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 12-116

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Reconciliation of Energy Service and Stranded Costs for Calendar Year 2011

Order Defining Scope of the Proceeding and Granting Motion to Intervene

ORDER NO. 25,375

June 18, 2012

APPEARANCES: Sarah B. Knowlton, Esq. on behalf of Public Service Company of New Hampshire; Orr & Reno P.A. by Douglas L. Patch, Esq. on behalf of TransCanada Power Marketing Ltd. and TransCanada Hydro Northeast Inc.; the Office of Consumer Advocate by Rorie E.P. Hollenberg, Esq. on behalf of residential ratepayers; and Suzanne G. Amidon, Esq. on behalf of Commission Staff.

I. PROCEDURAL BACKGROUND

On May 1, 2012, Public Service Company of New Hampshire (PSNH) filed testimony and schedules in support of its proposed reconciliation of revenues and costs associated with its energy service charge and stranded cost recovery charge (SCRC) for calendar year 2011. The Commission issued an Order of Notice on May 7, 2012, scheduling a prehearing conference and subsequent technical session on June 5, 2012.

The Office of Consumer Advocate (OCA) filed a letter on May 9, 2012, informing the Commission of its intent to participate in this docket pursuant to RSA 363:28. PSNH filed its affidavit of publication for the order of notice on May 29, 2012. On May 31, 2012, TransCanada Power Marketing Ltd. and TransCanada Hydro Northeast Inc. (collectively, "TransCanada"), filed a petition to intervene. PSNH filed an objection to TransCanada's petition to intervene on June 5, 2012.

The prehearing conference was held as scheduled on June 5, 2012, before Hearings Examiner Alexander F. Speidel, Esq. The technical session was also held as scheduled on June 5, 2012, with PSNH, OCA, Staff, and TransCanada participating. On June 6, 2012, Staff filed a report of the technical session that followed the prehearing conference and submitted a proposed procedural schedule for the docket, as follows (with the agreement of all participants):

Data Requests (Set 1) on Filing	June 26, 2012
Responses to Set 1 Data Requests	July 17, 2012
Data Requests (Set 2)	July 31, 2012
Responses to Set 2 Data Requests	August 14, 2012
Technical Session	September 6, 2012, at 9:00 a.m.
Staff/OCA/Intervenor Testimony	October 19, 2012
Data Requests on Staff <i>et. al.</i> Testimony	October 26, 2012
Responses to Testimony Data Requests	November 9, 2012
Technical Session	November 13, 2012, at 9:00 a.m.
Rebuttal Testimony	November 20, 2012
Hearing on the Merits	December 4, 2012, at 10:00 a.m.

Hearings Examiner Speidel filed a report regarding the prehearing conference on June 7, 2012. In his report, Hearings Examiner Speidel recommended that TransCanada's petition to intervene be granted and that the scope of the proceeding be limited appropriately, in line with the order of notice and past precedent.

II. POSITIONS OF THE PARTIES

A. PSNH

PSNH opposed TransCanada's petition to intervene, as outlined in its written objection to TransCanada's petition filed on June 5, 2012. PSNH argued that TransCanada had failed to state particular grounds for its right to intervene, aside from conclusory statements related to TransCanada's purported status as a competitor of PSNH, and its participation in past proceedings of this type. PSNH also expressed its concern with the potential for an inappropriate

expansion of the scope of this proceeding, including the scope of discovery, if TransCanada's petition to intervene were granted. According to PSNH, expanding the scope could impair the orderly conduct of the proceeding.

B. TransCanada

TransCanada argued that its competitive position in the electricity market vis-à-vis PSNH could be negatively affected by the outcome of this proceeding, as a consequence of the Commission's potential decisions related to the prudence of PSNH's market purchases and incurred capital costs. TransCanada thereby argued that its participation in this proceeding was required to adequately protect its competitive position, and that it had standing under RSA 541-A:32 to propound discovery regarding the prudence of PSNH's operations in 2011, including PSNH's supplemental power purchases and use of its own generation resources during the year. TransCanada also pointed to its past participation in similar proceedings involving PSNH, and argued that its participation in this proceeding would be in the interest of justice and would not impair the orderly and prompt conduct of the proceedings.

C. OCA

OCA indicated that it had no initial position regarding PSNH's filing. OCA also stated that it had no objection to TransCanada's petition to intervene.

D. Staff

Staff indicated that it had no initial position regarding PSNH's filing, aside from its support for the formulation of a procedural schedule. Staff also stated that it had no position regarding TransCanada's petition to intervene.

III. COMMISSION ANALYSIS

RSA 541-A:32, II provides for discretionary intervention when “such intervention would be in the interests of justice and would not impair the prompt and orderly conduct of the proceeding.” We hereby grant TransCanada intervention under RSA 541-A:32, II because TransCanada may raise certain issues that are relevant to this proceeding that will not necessarily be addressed by other parties and, in the Commission’s discretion, will serve the purposes of justice if pursued. As further discussed below, however, we clarify the scope of this proceeding and the proper areas of inquiry, which should ensure that TransCanada’s intervention will not impair the prompt and orderly conduct of the proceeding.

The subject of this docket is the annual filing by PSNH to reconcile the revenues and expenses associated with its stranded cost recovery and the power generation and supplemental power purchases for 2011. The reconciliation is necessary because PSNH is authorized to recover its “actual, prudent, and reasonable costs” of providing service as approved by the Commission. RSA 369-B:3, IV(b)(1)(A). Each December, the Commission establishes energy service and SCRC rates for PSNH customers based on a review of PSNH’s estimates of what costs will be in the next twelve months. The reconciliation filings allow PSNH to compare its estimated revenues and expenses with those actually incurred for the prior calendar year, and either credit an over-recovery back to customers or include an under-recovery amount in rates. When these reconciliation filings are made, a prudence review is conducted to determine whether the Company should recover from ratepayers the costs claimed for a prior year.

In connection with PSNH’s generation fleet, the Commission reviews the planned outages and associated power purchases to determine if PSNH acted in a prudent and reasonable

manner. Similarly, with unplanned outages, the Commission investigates the cause of the outages and the associated replacement power purchases to assess whether PSNH could have taken reasonable steps to avoid the outages and to understand whether PSNH made purchases for replacement power that provided reasonable value to its customers. In so doing, the Commission also determines the extent to which costs claimed by PSNH should be recovered from customers. Therefore, 2011 plant performance, plant outages, replacement power purchases, and other purchases of power and capacity and stranded cost recovery are included in the scope of this docket. Also, the prudence and reasonableness of PSNH's incurred capital costs, and whether PSNH has otherwise appropriately accounted for and reconciled its energy service and stranded costs and any offsetting revenues for the period considered in accordance with the Restructuring Agreement and applicable law, are included in the scope of this docket.

Issues regarding PSNH's planning process or forecasts of power needs, costs or related factors are considered in the context of PSNH's least cost integrated resource plan (LCIRP) filed pursuant to RSA 378:37 and 378:38, and will be considered in the context of the LCIRP docket or in a future energy service rate setting docket, as appropriate, and are beyond the scope of the instant proceeding. This docket involves a retrospective analysis of revenues and expenses associated with PSNH's stranded cost recovery and the power generation and supplemental power purchases for 2011. Likewise, environmental-compliance issues associated with the operation of PSNH's generation fleet are beyond the scope of this docket. (The New Hampshire Department of Environmental Services is responsible for enforcing environmental laws, including laws regulating air emissions).

We understand that the proposed procedural schedule contemplates that discovery will be issued on June 26, 2012. To the extent that discovery exceeds the scope of the proceeding as defined in this Order and PSNH files an objection, we will promptly act on such objections. We have determined that the proposed schedule is in the public interest, and therefore approve it.

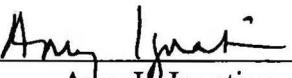
Based upon the foregoing, it is hereby

ORDERED, that the scope of the proceeding shall be as specified in the body this Order; and it is

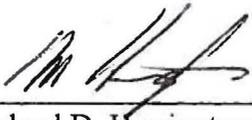
FURTHER ORDERED, that the procedural schedule proposed by Staff on June 6, 2012, is hereby APPROVED; and it is

FURTHER ORDERED, that TransCanada's petition to intervene is hereby GRANTED.

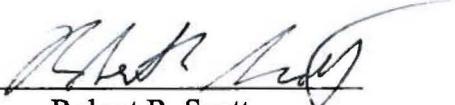
By order of the Public Utilities Commission of New Hampshire this eighteenth day of June, 2012.



Amy L. Ignatius
Chairman

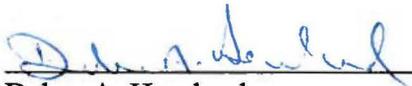


Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director