

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

DE 13-108

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

**Reconciliation of Energy Service and Stranded Costs
For Calendar Year 2012**

ORDER OF NOTICE

On May 9, 2013, 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 2012. The Commission approved the relevant stranded cost recovery mechanism as set forth in the Agreement to Settle PSNH Restructuring in Docket No. DE 09-099 (Restructuring Agreement). *See, PSNH Proposed Restructuring Settlement*, 85 NH PUC 154, 85 NH PUC 536 and 85 NH PUC 645 (2000).

Through January 31, 2006, the reconciliation of PSNH's energy service and revenues was included as a subset of the SCRC reconciliation, with the difference between energy service costs and revenues included as an adjustment to PSNH's Part 3 stranded costs. Beginning February 1, 2006, the energy service reconciliation amounts are no longer applied to stranded costs, but rather are applied to future energy service rates as directed by the Commission in Order No. 24,579 (January 20, 2006) 91 NH PUC 17.

The filing covers (1) the reconciliation between the revenues and expenses included in the SCRC and energy service charges, (2) the performance of PSNH's fossil and hydro

generation facilities and (3) how PSNH met its energy and capacity requirements during calendar year 2012.

The filing states that PSNH experienced an under-recovery in energy service costs of \$66.6 million as of December 31, 2012, less an adjustment of \$9.3 million associated with reduced costs to comply with the N.H. Renewable Portfolio Standard (RPS) requirement and a reduction of \$0.1 million in associated carrying costs, for a net under-recovery of \$57.2 million. According to PSNH, \$50.1 million of the \$57.2 million relates to the deferral of costs associated with the wet flue gas desulfurization system (Scrubber) at Merrimack Station which are being recovered at a temporary rate level pending completion of the investigation into Scrubber costs in Docket No. 11-250. The \$50.1 million represents the Scrubber costs incurred in excess of the temporary rate recovery. Because the Scrubber costs are being examined in DE 11-250, PSNH does not address those costs in this reconciliation. As for non-Scrubber related costs, PSNH explained that the remaining \$7.1 million under-recovery was the result of an \$11.7 million under-recovery due to additional customer migration as compared to the amount forecasted in the 2012 mid-year rate adjustment combined with an over-recovery of \$4.6 million due to changes from forecasted revenues and expenses during 2012.

For the SCRC, PSNH experienced a net over-recovery of \$8.1 million, primarily due to lower than forecasted above-market Independent Power Producer costs, higher than forecasted sales and a disgorgement refund from Constellation Energy that was not in the forecast.

The petition and subsequent docket filings, other than 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/2013/13-108.html>.

The filing raises, inter alia, issues related to the prudence of generation outages that are reflected in PSNH's energy service costs for the period; the prudence of PSNH's use of its generation resources during the period as well as the prudence of market purchases used to supplement those resources; the prudence and reasonableness of PSNH's incurred capital costs; and the question of whether PSNH has otherwise appropriately accounted for and reconciled its energy service and stranded costs and any offsetting revenues for the period in accordance with the Restructuring Agreement and applicable law. 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 June 13, 2013 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than May 24, 2013, 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 June 10, 2013; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to PSNH and the Office of the Consumer Advocate on or before June 10, 2013, 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 June 13, 2013.

By order of the Public Utilities Commission of New Hampshire this fifteenth day of May, 2013.



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.

Executive.Director@puc.nh.gov

amanda.noonan@puc.nh.gov

Christina.Martin@oca.nh.gov

elizabeth.tillotson@nu.com

grant.siwinski@puc.nh.gov

kristi.davie@nu.com

matthew.fossum@nu.com

stephen.hall@nu.com

Stephen.R.Eckberg@oca.nh.gov

steve.mullen@puc.nh.gov

susan.chamberlin@oca.nh.gov

suzanne.amidon@puc.nh.gov

tom.frantz@puc.nh.gov

william.smagula@psnh.com