

ORIGINAL	
N.H.P.U.C. Case No.	DE 13-108
Exhibit No.	13
Witness	S Eckberg
DO NOT REMOVE FROM FILE	

DE 13-108  
Public Service Company of New Hampshire  
2012 Energy Service/Stranded Cost Recovery Charge Reconciliation  
OCA's Response to Technical Session Data Request

**Date Received: December 13, 2012**  
**Request No.: TS 3-1**

**Date of Response: December 20, 2012**  
**Witness: Stephen R. Eckberg**

**Request:** Please provide the work papers supporting the OCA's calculation of the \$18.4million reduction in return on rate base shown in testimony of Eckberg at page 14, line 17.

**Response:** Please see the attached pages. The work papers provided show a reduction in return on rate base of \$8.4 million rather than the \$18.4 million stated in the testimony. The difference results from removing the Net Plant corresponding to the Clean Air Project from the original calculation presented in testimony. In the process of reviewing and finalizing this response the OCA realized that the Company had included the net plant values related to the Clean Air Project in the reconciliation filing. The OCA will offer a clarification or correction to the amount stated in testimony at hearing.

It is my understanding that costs related to the Clean Air Project are under review in Docket DE 11-250. To the extent that the OCA has any recommendations to the Commission related to the used and usefulness of the Clean Air Project those recommendations will be made in the appropriate forum.

OCA Calculation of reduced return on PSNH Fossil Generating Assets using Reduced Net Plant based on used and useful fraction.

- A. The basis for calculation of reduced return is Attachment MLS-4 page 12 which shows the Company's calculation of Return on Rate Base as filed. The Company has included the plant value of the Clean Air Project (CAP, Scrubber) on line 2 "Net Plant" in this Schedule. This needs to be removed as costs/plant value related to the scrubber will be ruled on by the Commission in DE 11-250 which is in process. Information needed for this step is available in DE 11-250 Supplemental Technical Statement of Hall & Shelnitz Attachment 1 page 2 of 2 filed 2/20/2013 (Hall & Shelnitz Att. 1 p2 of 2).
- B. Modify MLS-4 page 12 by adding 2 rows under Line 2. Enter Monthly "Net Scrubber amount included in rate base" values from Hall & Shelnitz Att. 1 p2 of 2. Subtract monthly Scrubber value from Net Plant values shown on MLS-4 page 12 to get "Net Plant w/o CAP" for each month:
- C. I now have starting point for monthly Net Plant to which I will do the next 2 steps which are to disaggregate the monthly Net Plant into 4 values: MK, NEW, SCH, OTHER. Then, I apply the used and useful fraction to each of the 3 fossil generation assets (MK = Merrimack, NEW = Newington, SCH = Schiller). OTHER will contain the remainder of monthly Net Plant value after the other 3 amounts are disaggregated (separated out).
- D. The source of estimates used to disaggregate the monthly Net Plant into MK, NEW, SCH is Company response to OCA 1-20 in DE 13-275. The Company provided a disaggregation of Net Plant to show values of these, other generation assets, and other items included in EHC-2 page 6, row 15 of Company's filing in DE 13-275. The Jan 2014 disaggregation is used to estimate portion of Net Plant attributable to each of MK, NEW, SCH. Thus, for example,  $MK = 105,329 \div 287,165 = 37\%$ . This percentage will be applied in Step C to disaggregate monthly 2012 Net Plant amounts.
- E. Used and Useful Fractions presented in Table 2 of Eckberg Testimony at page 13 for MK and SCH are combined using numerical average as the disaggregation is done by plant (for example MK) rather than by unit (example MK1 and MK2). So, the used and useful fraction for MK will be  $(75.5\% + 70.6\%) \div 2 = 73\%$ . For SCH the average value will be  $(68.3\% + 100\% + 64.7\%) \div 3 = 77\%$ . NEW is a single unit so the used and useful fraction in Eckberg testimony Table 2 is used as presented = 15.5%.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
2012 ENERGY SERVICE AND STRANDED COST RECOVERY RECONCILIATION

SUMMARY FOR THE 12 MONTHS ENDED DECEMBER 31, 2012

000s

	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	Total
1 Return on Rate Base													
2 Net Plant	669,032	669,032	698,244	698,244	698,244	706,166	706,166	706,166	698,301	698,301	698,301	698,301	
3 Working Capital Allow. (45 days of O&M)	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	
4 Fossil Fuel Inventory	67,674	67,674	57,505	57,505	57,505	50,015	50,015	50,015	44,611	44,611	44,611	44,611	
5 Mat'ls and Supplies	53,406	53,406	54,547	54,547	54,547	50,349	50,349	50,349	51,469	51,469	51,469	51,469	
6 Prepayments - Insurance / RGGI	2,590	2,590	2,243	2,243	2,243	1,884	1,884	1,884	892	892	892	892	
7 Deferred Taxes	(37,966)	(37,966)	(41,682)	(41,682)	(41,682)	(50,140)	(50,140)	(50,140)	(52,625)	(52,625)	(52,625)	(52,625)	
8 Other Regulatory Obligations - ARO/RPS	(15,391)	(15,391)	(22,055)	(22,055)	(22,055)	(12,624)	(12,624)	(12,624)	(16,913)	(16,913)	(16,913)	(16,913)	
9 Total Rate Base-Adjusted (sum L2 thru L8)	749,477	749,477	758,934	758,934	758,934	755,783	755,783	755,783	735,867	735,867	735,867	735,867	
10 Average Rate Base (prev + curr month)	750,806	749,477	754,205	758,934	758,934	757,359	755,783	755,783	745,825	735,867	735,867	735,867	
11 x Return	0.9235%	0.9235%	0.9235%	0.9186%	0.9186%	0.9166%	0.9166%	0.9166%	0.9166%	0.9217%	0.9217%	0.9217%	
12 Return-Adjusted (L10 x L11) (1)	\$ 6,933	\$ 6,921	\$ 7,077	\$ 6,972	\$ 6,972	\$ 6,928	\$ 6,950	\$ 6,950	\$ 6,676	\$ 6,783	\$ 6,763	\$ 6,783	\$ 82,727

(1) Line 12 includes a quarterly true-up adjustment.

Amounts shown above may not add due to rounding.

MLS-4 page 12 with CAP Net Plant Removed  
 Version 12-20-13  
 Adjusting TOTAL Net Plant to remove CAP Net Plant

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
1 Return on Rate Base (A)													
2 Net plant (B)	669,032	669,032	698,244	698,244	698,244	706,166	706,166	706,166	698,301	698,301	698,301	698,301	
3 CAP Net Plant (C)	363,085	361,937	394,840	393,589	392,329	404,848	403,552	402,257	401,880	400,584	399,287	397,701	
4 Net Plant w/o CAP	305,947	307,095	303,404	304,655	305,915	301,318	302,614	303,909	296,421	297,717	299,014	300,600	
5 Working Capital Allowance	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	
6 Fossil Fuel Inventory	67,674	67,674	57,505	57,505	57,505	50,015	50,015	50,015	44,611	44,611	44,611	44,611	
7 Materials & Supplies	53,406	53,406	54,547	54,547	54,547	50,349	50,349	50,349	51,469	51,469	51,469	51,469	
8 Prepayment - Insurance/RGGI	2,590	2,590	2,243	2,243	2,243	1,884	1,884	1,884	892	892	892	892	
9 Deferred Taxes	(37,966)	(37,966)	(41,682)	(41,682)	(41,682)	(50,140)	(50,140)	(50,140)	(52,625)	(52,625)	(52,625)	(52,625)	
10 Other Regulatory Obligations ARO/RPS	(15,391)	(15,391)	(22,055)	(22,055)	(22,055)	(12,624)	(12,624)	(12,624)	(16,913)	(16,913)	(16,913)	(16,913)	
11 TOTAL Rate Base Adjusted (Sum L4 - L10)	386,392	387,540	364,094	365,345	366,605	350,934	352,230	353,525	333,987	335,283	336,580	338,166	
12 Avg Rate Base	386,392	386,966	375,817	364,720	365,975	358,770	351,582	352,878	343,756	334,635	335,932	337,373	
13 x Return	0.9235%	0.9235%	0.9235%	0.9186%	0.9186%	0.9186%	0.9196%	0.9196%	0.9196%	0.9217%	0.9217%	0.9217%	
14 Return-Adjusted	3,568	3,574	3,471	3,350	3,362	3,296	3,233	3,245	3,161	3,084	3,096	3,110	39,550

NOTES

- A. This Schedule based on DE 13-108 Shelnitz Attachment MLS-4 Page 12
- B. Includes Merrimack Clean Air Project
- C. DE 11-250 Supplemental Tech Statement of Hall & Shelnitz 2/20/13 Attachment 1 page 2 of 2

Version 12-20-13

Adjusting TOTAL Net Plant without CAP Net Plant by applying Used & Useful Fraction

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
1												
2 Net plant (B)	669,032	669,032	698,244	698,244	698,244	706,166	706,166	706,166	698,301	698,301	698,301	698,301
3 CAP Net Plant (C)	363,085	361,937	394,840	393,589	392,329	404,848	403,552	402,257	401,880	400,584	399,287	397,701
4 Net Plant w/o CAP	305,947	307,095	303,404	304,655	305,915	301,318	302,614	303,909	296,421	297,717	299,014	300,600
5 MK Portion of Net Plant (37%)	113,200	113,625	112,259	112,722	113,189	111,488	111,967	112,446	109,676	110,155	110,635	111,222
6 Used and Useful Fraction of MK (73%)	82,636	82,946	81,949	82,287	82,628	81,386	81,736	82,086	80,063	80,413	80,764	81,192
7 Newington Portion of Net Plant (11%)	33,654	33,780	33,374	33,512	33,651	33,145	33,288	33,430	32,606	32,749	32,892	33,066
8 Used & Useful Fraction of NEW (15.5%)	5,216	5,236	5,173	5,194	5,216	5,137	5,160	5,182	5,054	5,076	5,098	5,125
9 Schiller Portion of Net Plant (26%)	79,546	79,845	78,885	79,210	79,538	78,343	78,680	79,016	77,069	77,406	77,744	78,156
10 Used & Useful Fraction of SCH (77%)	61,251	61,480	60,741	60,992	61,244	60,324	60,583	60,843	59,343	59,603	59,863	60,180
11 Other Net Plant (L4 net of MK, NEW, SCH)	79,546	79,845	78,885	79,210	79,538	78,343	78,680	79,016	77,069	77,406	77,744	78,156
12 Used & Useful Fraction of Other Net Plant (100%)	79,546	79,845	78,885	79,210	79,538	78,343	78,680	79,016	77,069	77,406	77,744	78,156
13 Total Used & Useful Fraction of Net Plant (L6+L8+L10+L12)	228,649	229,507	226,749	227,684	228,626	225,190	226,159	227,126	221,530	222,499	223,468	224,653

NOTES

B. Includes Merrimack Clean Air Project

C. DE 11-250 Supplemental Tech Statement of Hall & Shelnitz 2/20/13 Attachment 1 page 2 of 2

Re-Calculate Return on Net Plant w/o CAP and w/U&U Fraction  
 Version 12-20-13  
 Adjusting TOTAL Net Plant to remove CAP Net Plant

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
1 Return on Rate Base (A)													
2 Net plant (B)	669,032	669,032	698,244	698,244	698,244	706,166	706,166	706,166	698,301	698,301	698,301	698,301	
3 CAP Net Plant (C)	363,085	361,937	394,840	393,589	392,329	404,848	403,552	402,257	401,880	400,584	399,287	397,701	
4 Net Plant w/o CAP	305,947	307,095	303,404	304,655	305,915	301,318	302,614	303,909	296,421	297,717	299,014	300,600	
5 U-U Fraction of Net Plant w/o CAP	228,649	229,507	226,749	227,684	228,626	225,190	226,159	227,126	221,530	222,499	223,468	224,653	
6 Working Capital Allowance	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	
7 Fossil Fuel Inventory	67,674	67,674	57,505	57,505	57,505	50,015	50,015	50,015	44,611	44,611	44,611	44,611	
8 Materials & Supplies	53,406	53,406	54,547	54,547	54,547	50,349	50,349	50,349	51,469	51,469	51,469	51,469	
9 Prepayment - Insurance/RGGI	2,590	2,590	2,243	2,243	2,243	1,884	1,884	1,884	892	892	892	892	
10 Deferred Taxes	(37,966)	(37,966)	(41,682)	(41,682)	(41,682)	(50,140)	(50,140)	(50,140)	(52,625)	(52,625)	(52,625)	(52,625)	
11 Other Regulatory Obligations ARO/RPS	(15,391)	(15,391)	(22,055)	(22,055)	(22,055)	(12,624)	(12,624)	(12,624)	(16,913)	(16,913)	(16,913)	(16,913)	
12 TOTAL Rate Base Adjusted (Sum L4 - L10)	309,094	309,952	287,439	288,374	289,316	274,806	275,775	276,742	259,096	260,065	261,034	262,219	
13 Avg Rate Base	309,094	309,523	298,696	287,906	288,845	282,061	275,290	276,258	267,919	259,581	260,549	261,627	
14 x Return	0.9235%	0.9235%	0.9235%	0.9186%	0.9186%	0.9186%	0.9196%	0.9196%	0.9196%	0.9217%	0.9217%	0.9217%	
15 Return-Adjusted	2,854	2,858	2,758	2,645	2,653	2,591	2,532	2,540	2,464	2,393	2,401	2,411	31,102

Impact of SRE's Issue #4 Proposal is the difference between Company's calculation of return on Attachment MLS-4 page 12 and my calculation of return shown on this page. That is

	39,550,016
minus	<u>31,101,719</u>
	8,448,297

NOTES

- A. This Schedule based on DE 13-108 Shelnitz Attachment MLS-4 Page 12
- B. Includes Merrimack Clean Air Project
- C. DE 11-250 Supplemental Tech Statement of Hall & Shelnitz 2/20/13 Attachment 1 page 2 of 2