

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

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2013 Least Cost Integrated Resource Plan

Docket No. DE 13-177

SETTLEMENT AGREEMENT

This Settlement Agreement concerning Least Cost Integrated Resource Planning (“Settlement Agreement”) is entered into this 26th day of March 2014, by and between Public Service Company of New Hampshire (“PSNH”), and the Staff of the New Hampshire Public Utilities Commission (“Staff”) (together, “the Settling Parties”), and is intended to resolve all outstanding issues in the above-captioned docket.

I. INTRODUCTION AND PROCEDURAL HISTORY

1.1. On June 21, 2013, PSNH filed its 2013 Least Cost Integrated Resource Plan (“LCIRP”) in accordance with RSA 378:38. Pursuant to Order No. 25,459 (January 29, 2013) in Docket No. DE 10-261 and RSA 378:38-a, PSNH’s LCIRP was limited to issues relating to transmission and distribution only.

1.2. The filing described PSNH’s planning for its distribution system and specifically its: operation and maintenance of its poles and wires; services for connecting new customers; planning for and construction of distribution plant to meet customers’ peak demand requirements; and offering of energy efficiency and demand side management opportunities to all of its distribution customers. It also described PSNH’s system peak load forecasting methodology and how the forecast is used to assess future distribution system needs.

The transmission portion of the LCIRP filing described how PSNH, as a subsidiary of Northeast Utilities, provides transmission service regulated by the Federal Energy Regulatory Commission and administered by ISO-New England. That section of the LCIRP also covers PSNH's transmission plans consistent with ISO-NE's Regional System Plan.

1.3. By letter dated July 3, 2013, the Office of Consumer Advocate ("OCA") notified the Commission that it would be participating in this proceeding on behalf of residential ratepayers consistent with RSA 363:28. There were no other interveners in the docket.

1.4. On July 18, 2013, the Commission issued an Order of Notice requiring that a Prehearing Conference be held before the Commission on September 19, 2013 to be immediately followed by a Technical Session. Following the prehearing conference the Settling Parties met in a technical session and agreed upon a Procedural Schedule which was approved by secretarial letter dated September 27, 2013.

1.5. On January 10, 2014, the OCA submitted a letter requesting changes to the service list and on January 24 and February 7, 2014, the OCA requested changes in the procedural schedule which the Commission granted by a February 11, 2013 secretarial letter.

1.6. PSNH, Staff and the OCA engaged in discovery and technical sessions and on February 21, 2014 the OCA submitted the direct testimony of James Brennan on which further discovery was conducted.

1.7. Thereafter Staff, the OCA and PSNH met to discuss proposed settlement of the matters in issue related to PSNH's LCIRP filing.

II. TERMS OF SETTLEMENT

2.1 The Settling Parties agree that PSNH's LCIRP filing meets the requirements of RSA 378:38 and Order No. 25,459 and that the Commission should find that the LCIRP is adequate pursuant to RSA 378:39. The Settling Parties are generally aware that there is legislation

pending before the New Hampshire General Court which, if approved, would amend the LCIRP statute. Accordingly, the Settling Parties will defer to the Commission regarding the timing and content of PSNH's next LCIRP filing.

2.2. Assuming no change to the LCIRP statute, the Settling Parties agree that the next LCIRP filing shall, in addition to the information provided in PSNH's 2013 LCIRP, provide the following information:

- a. A revised description of the methodology of how it conducts distribution planning;
- b. A narrative description of how PSNH integrates least cost objectives into its planning process, and a business process model (graphic) that identifies: (i) the PSNH personnel and departments responsible for each stage of distribution planning; (ii) the inputs involved in each stage; (iii) the outputs produced; and (iv) a detailed annotated calendar that matches the achieved milestones of the planning process; and
- c. An updated assessment of demand-side energy management programs, including conservation, efficiency improvement, and load management programs.

2.3. The Settling Parties acknowledge that there may be benefits to PSNH and its customers through the addition of "Smart Grid"¹ and, in particular, distribution automation technologies, to PSNH's distribution system. Accordingly, the Settling Parties agree that PSNH will incorporate consideration of such issues in the context of its next LCIRP.

III. GENERAL PROVISIONS

¹ By "Smart Grid" the Settling Parties understand that term to mean the definition provided by the Electric Power Research Institute, namely: "A Smart Grid is one that incorporates information and communications technology into every aspect of electricity generation, delivery and consumption in order to minimize environmental impact, enhance markets, improve reliability and service, and reduce costs and improve efficiency." See <http://www.smartgrid.epri.com/>.

3.1. This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and any of the Settling Parties is unable to agree with the changes, conditions or findings, this Settlement Agreement shall be deemed to be withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.

3.2. Under this Settlement Agreement, the Settling Parties agree to this joint submission to the Commission, which represents a compromise and liquidation of all issues in this proceeding.

3.3. The Settling Parties agree that the Commission's acceptance of this Settlement Agreement does not constitute continuing approval of, or precedent for, any particular issue in this proceeding. Acceptance of this Settlement Agreement by the Commission shall not be deemed to constrain the Commission's exercise of its authority to promulgate future orders, regulations or rules that resolve similar matters affecting other parties in a different fashion.

3.4. The resolution of any specific issue in this Settlement Agreement does not indicate the Settling Parties' agreement to such resolution for purposes of any future proceedings.

3.5. The rights conferred and the obligations imposed on the Settling Parties by this Settlement Agreement shall be binding on or inure to the benefit of any successors in interest or assignees as if such successor or assignee was itself a signatory party. The Settling Parties agree to cooperate in advocating that this Settlement Agreement be approved by the Commission in its entirety and without modification.

3.6. This Settlement Agreement is the product of confidential settlement negotiations. The content of these negotiations, including any documents prepared during such negotiations for the purpose of reaching a settlement, shall be privileged and all offers of settlement shall be without prejudice to the position of any party presenting such offer.

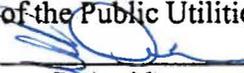
3.7. This Settlement Agreement may be executed in multiple counterparts, which together shall constitute one agreement.

IV. CONCLUSION

The Settling Parties affirm that the proposed Settlement Agreement is reasonable, and consistent with the public interest and the requirements of RSA 378:38 and Order No. 25,459.

Date: March 26, 2014

Staff of the Public Utilities Commission

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Date: March 26, 2014

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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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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
EXECUTIVE 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.