



**Public Service
of New Hampshire**

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A Northeast Utilities Company

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IR 13-233

December 16, 2013

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Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: Docket No. IR 13-233
Complaint of PNE Energy Supply, LLC

Dear Director Howland:

On February 14, 2013, ISO-NE informed Public Service Company of New Hampshire ("PSNH") that PNE Energy Supply, LLC ("PNE") had defaulted on its obligations under the ISO-NE Tariff. In that same communication, per the terms of that same FERC-jurisdictional tariff, ISO-NE stated that PNE had waived its right to cure its default, and as agent for PNE, ISO-NE directed PSNH to assume load responsibility for the customer load held by PNE by February 19, 2013.

PSNH complied with ISO-NE's directives and successfully assumed the load responsibility for approximately 8,500 retail customers, transferring their retail energy service from PNE to PSNH's default energy service. PSNH's response to this situation was performed in cooperation with, and following myriad communications with, the Commission's Staff and the Office of Consumer Advocate.

At the time, PNE described its default as being a voluntary business decision and stated that it "suffered from cash flow issues, stemming from record market volatility." In light of these statements by PNE, PSNH withheld payments otherwise due PNE in order to ensure that PSNH's customers and shareholders were protected from potential damages caused by PNE's business decisions.

By the end of February, the market volatility that led to PNE's default had subsided and PSNH determined that withholding the sum of \$100,000 would be sufficient protection; all sums due PNE above this amount were paid to PNE by PSNH at that time. The \$100,00 retention was set-off from payment to PNE to cover two general categories of expenses: i. tariff-related Competitive Supplier Charges owed by PNE to PSNH; and, ii. amounts incurred by PSNH as a result of the actions required to assume PNE's customer load. The precise amounts claimed by PSNH for these two general matters were calculated to be \$54,391.39 for the tariff-related Competitive Supplier Charges and \$38,570 for PSNH's load responsibility assumption costs. Amounts held by PSNH in excess of the sum of these two amounts were paid to PNE in early May.

On June 21, 2013, PNE filed a complaint against PSNH with the Commission seeking immediate payment of the funds withheld by PSNH as well as PNE's legal expenses related to the complaint. PSNH responded to that complaint per the Commission's direction.

Ultimately, the Commission directed that the parties participate in Staff-assisted mediation on December 11 to determine whether this complaint docket could be consensually resolved. As part of the Commission's decision that PSNH and PNE participate in mediation, the Commission concluded that PNE was not entitled to reimbursement of its legal expenses. As noted in the mediator's report to the Commission dated December 12, 2013, PNE and PSNH did not reach a settlement of the dispute during the mediation process.

On December 13, 2013, the Commission issued Order No. 25,603 in Docket No. DE 12-295, "PNE Petition for Review of PSNH Service Charges to Competitive Electric Suppliers." In that Order, the Commission ruled on the Competitive Supplier Charges in PSNH's tariff that were the basis for the Company's retention of \$54,391.39 from PNE. Also in that Order, among other things, the Commission denied requests made by PNE and other CEPS that PSNH be required to refund or rebate tariff-related revenues previously collected through the Competitive Supplier Charges and that any changes to PSNH's tariff relating to those charges would be effective on or after December 13.

As a result of the Commission's decision in Order No. 25,603 not to order any refund of charges owed pursuant to PSNH's tariff prior to December 13, 2013, only the \$38,570 for costs incurred by PSNH to comply with ISO-NE's direction to assume PNE's load responsibility remain in dispute. In light of this, PSNH has determined that the costs of continuing this docket are no longer justified. Hence, PSNH is remitting payment of the \$38,570 amount to PNE.

PSNH informed counsel for PNE of its decision on Friday, December 13, 2013, following receipt of Order No. 25,603.

In light of the actions discussed herein, including the remittance of the only funds that had remained in dispute, PSNH hereby requests that the Commission close its investigation in this docket.

Thank you for your assistance with this matter. Please let me know if you have any questions.

Sincerely,



Matthew J. Fossum
Counsel

cc: Service List, Docket No. IR 13-233