

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

DE 13-275

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2014 Default Energy Service Rate

ORDER OF NOTICE

On September 27, 2013, Public Service Company of New Hampshire (PSNH) filed a petition to set its default energy service (ES) rate for effect with service rendered on and after January 1, 2014. Pursuant to RSA 369-B:3,IV(b)(1)(A), customers who take ES from PSNH will be billed at a rate equal to PSNH's actual, prudent and reasonable costs of providing the power, as approved by the Commission. In support of its petition, PSNH filed the testimony of Eric H. Chung with related schedules and exhibits. PSNH stated that adjusting its ES rate will be in conformity with PSNH's least cost integrated resource plan most recently filed and found adequate by the Commission. Pursuant to Order No. 25,353 (June 27, 2013), PSNH also filed supplemental information regarding its review of costs associated with its generation assets. PSNH filed both a redacted copy of the supplemental information and an unredacted copy. PSNH requested confidential treatment for the information redacted from the public filing.

PSNH testified that its ES cost categories include the revenue requirements for owned generation assets and the cost of purchased power obligations. PSNH further explained that those costs include the fuel costs associated with its generation assets; the costs from supplemental energy and capacity purchases; certain Independent System Operator-New England ancillary service charges; and the cost of compliance with New Hampshire's Renewable Portfolio Standard (RPS) and the Regional Greenhouse Gas Initiative (RGGI). PSNH's

generation revenue requirements also include non-fuel costs of generation including non-fuel operation and maintenance costs, allocated administrative and general costs, depreciation, property taxes, payroll taxes and a return on the net investment in its fossil and hydroelectric generating plants. PSNH's energy costs include estimated costs for Independent Power Producer (IPP) generation that is used to help meet PSNH's load requirements. IPP power costs included in the estimated ES rate are based on projected market costs of energy and capacity. PSNH stated that the estimated market costs associated with five Wood IPP contracts approved by the Commission in Order No. 25,305 (December 20, 2011) in Docket DE 11-184 are included in the initial calculation of the ES rate. In addition, PSNH included a discussion of the ISO-New England Winter Reliability Program that was put in place for the 2013-2014 winter period and rate effects related to that program.

PSNH said that all of the enumerated energy costs exclude any impact of the wet flue gas desulphurization installation (Scrubber) at Merrimack Station which is the subject of a separate docket (DE 11-250). Pursuant to Order No. 25,346 (April 10, 2012) in Docket DE 11-250, the Commission established a temporary Scrubber cost recovery rate of 0.98 cents per kilowatt-hour (kWh). The overall ES rate includes the non-Scrubber energy cost recovery component plus the temporary Scrubber cost recovery rate.

In its filing, PSNH provided its preliminary calculation of non-Scrubber ES rate of 7.98 cents per kWh for service rendered on and after January 1, 2014. PSNH stated that the preliminary rate was calculated using the latest available information and would represent an increase of 0.34 cents per kWh from the current non-Scrubber ES rate of 7.64 cents per kWh approved in Order No. 25,535 (June 27, 2013). When the current temporary cost recovery component for the Scrubber is included, the total estimated ES rate would be 8.96 cents per

kWh. The Company said that as with prior ES rate filings, it would update the calculation of the non-Scrubber ES rate prior to the hearing in this docket.

PSNH also filed a petition to set its 2013 stranded cost recovery charge rate (Docket No. DE 13-274) on September 27, 2013. The prehearing conference for Docket DE 13-274 will be held at 10:00 a.m. on October 28, 2013 and the prehearing conference in the instant docket will be held at 10:30 a.m. on October 28, 2013, followed by a joint technical session for both dockets. The petition and subsequent docket filings, other than any 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/2013/13-275.html>.

The filing raises, *inter alia*, issues related to whether the energy service rate is based on PSNH's actual, prudent and reasonable costs of providing such service consistent with RSA 369-B:3, IV(b)(1)(A), whether the costs associated with RPS and RGGI compliance are reasonable and should be included in rates and whether the resulting rates are just and reasonable as required by RSA 378:5 and 387:8. 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 October 28, 2013 at 10:30 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 October 15, 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 October 23, 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 October 23, 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 October 28, 2013.

By order of the Public Utilities Commission of New Hampshire this ninth day of October, 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.

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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
EXEC 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.