

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

**DE 13-275**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**Request for Adjustment to Default Energy Service Rate**

**ORDER OF NOTICE**

On May 2, 2014, Public Service Company of New Hampshire (PSNH) filed a request with supporting testimony and schedules to adjust its energy service rate effective with service rendered on and after July 1, 2014. The proposed energy service rate does not include costs associated with the wet flue gas desulphurization system (Scrubber) installed at PSNH's Merrimack Station. At the time of the filing, PSNH estimated that the revised non-Scrubber portion of the energy service rate would be 9.00 cents per kilowatt hour (kWh), an increase of 0.75 cents per kWh from the current non-Scrubber rate of 8.25 cents per kWh.

Pursuant to RSA 369-B:3, IV(b)(I)(A), the price for PSNH's energy service shall be PSNH's actual, prudent and reasonable costs of providing the power, as approved by the Commission. Energy service costs include generation asset revenue requirements, entitlements and purchased power obligations, including the fuel used for generation, costs and revenues associated with market purchases and sales; N.H. Renewable Portfolio Standard (RPS) compliance costs (RSA 362-F); Regional Greenhouse Gas Initiative (RGGI) costs (RSA 125-O:19-28; independent power producer (IPP) power valued at market prices; and non-fuel operation and maintenance costs, property taxes and payroll taxes, depreciation, uncollectible costs attributable to energy service, and a return on generation investment.

The Commission established the current non-Scrubber energy service rate of 8.25 cents per kWh in Order No. 25,614 (December 27, 2013) in the instant docket. The Commission

approved a temporary rate of 0.98 cents per kWh for recovery of costs associated with the Scrubber in Order No. 25,346 (April 10, 2012) in Docket No. 11-250. The temporary Scrubber rate of 0.98 cents per kWh added to the estimated non-Scrubber energy service rate of 9.00 cents per kWh results in a total energy service rate of 9.98 cents per kWh. The estimated rate would be an increase of 0.75 cents per kWh from the current total energy service rate of 9.23 cents per kWh. PSNH said that it would revise its estimate based on updated forecasts shortly before the hearing. According to PSNH, the increase in the energy service rate is due to higher actual and forecasted market prices compared to the forecasted market prices in the December filing along with 2013 operation and maintenance costs that were higher than forecasted.

PSNH said that it included Black Start and Voltage Adjustment Reliability (VAR) revenues in its calculation of energy service rates. PSNH explained that PSNH receives Black Start payment from the Independent System Operator-New England (ISO-NE) because certain PSNH generating units have demonstrated their ability to start and energize the electrical grid without relying on the external electric power transmission networks to start. PSNH also receives VAR payments because certain PSNH generation units qualify as reactive sources to maintain transmission voltages to meet operating requirements for the New England Transmission System. PSNH said it previously included these revenues in its transmission cost adjustment mechanism (TCAM), and that the revenues are more appropriately aligned with generation.

The Office of Consumer Advocate previously filed a letter of participation in this docket on October 11, 2013.

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 it is appropriate for PSNH to include Black Start and VAR revenues in its calculation of the energy service rate, 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)(I)(A), and whether the resulting rates are just and reasonable as required by RSA 378:5 and 8. Each party has the right to have an attorney represent the party at the party's own expense.

In addition to the proposed adjustment to its energy service rates, PSNH proposes for effect July 1, 2014 a mid-term adjustment to its stranded cost recovery charge in Docket No. DE 13-274 and a change to its TCAM (no filing as yet), all of which have hearings scheduled for June 24, 2014. The hearing in Docket No. DE 13-274 is scheduled for 10:00 a.m. followed by a hearing in the instant docket at 10:30. The hearing in the TCAM docket is scheduled for June 24, 2014 at 1:30 p.m.

**Based upon the foregoing, it is hereby**

**ORDERED**, that a Hearing, pursuant to N.H. Code Admin. Rules Puc 203.12, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 24, 2014 at 10:30 a.m.; and it is

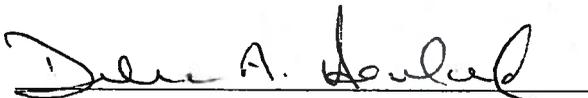
**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than May 27, 2014, in a newspaper with general circulation in those portions of

the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 20, 2014; and it is

**FURTHER ORDERED**, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, 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 20, 2014, 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 24, 2014.

By order of the Public Utilities Commission of New Hampshire this nineteenth day of May, 2014.



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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Docket #: 13-275-1 Printed: May 19, 2014

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.