

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

DE 16-693

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY

Petition for Approval of a Power Purchase Agreement with Hydro Renewable Energy Inc.

ORDER OF NOTICE

On June 28, 2016, Public Service Company of New Hampshire d/b/a Eversource (Eversource) filed a petition, pursuant to RSA 374:57, with the New Hampshire Public Utilities Commission (Commission) for approval of a proposed 20-year Purchase Power Agreement (PPA) contract between Eversource and Hydro Renewable Energy Inc. (HRE), an indirect wholly-owned subsidiary of Hydro-Quebec. The power that is the subject of the PPA is to be delivered to Eversource by HRE over the proposed Northern Pass Transmission (NPT) line. Eversource proposes that for ratemaking purposes, the PPA would be accounted for through Eversource's Stranded Cost Recovery Charge (SCRC) established by the 2015 Restructuring Settlement Agreement and approved by the Commission by Order No. 25,920 (July 1, 2016) in Docket Nos. DE 11-250 and DE 14-238. The SCRC is assessed on all Eversource customers. Eversource filed supporting testimony and related exhibits with the petition. 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/2016/16-693.html>.

Eversource is a public utility operating under the laws of the State of New Hampshire as an electric distribution company headquartered in Manchester, New Hampshire. HRE is a Delaware corporation registered to do business in New Hampshire, and is an indirect wholly-owned subsidiary of Hydro-Quebec, an electric generation, transmission and distribution utility

owned by the provincial government of Quebec, Canada. HRE is to sell, and Eversource is to buy, approximately 100 megawatts (MW) of firm, on-peak electric energy delivered to Eversource's Deerfield Substation over the proposed NPT transmission line. This energy would be delivered to Eversource subject to the terms of a 20-year PPA, and then will be sold into the ISO-New England energy market by Eversource. Eversource contends that a primary goal of the PPA is to provide greater price stability for its customers. Net gains, and net losses, from the sale of this energy would be accounted for under the terms of Eversource's proposal through the SCRC rate feature. Aside from Eversource's primary reliance on RSA 374:57 for entering into the PPA with HRE, Eversource cites to a number of New Hampshire statutes in support of its proposal, including the Restructuring Principles of RSA Chapter 374-F, the least cost planning statutes of RSA 378:37 *et seq.*, RSA 362-A:1, and RSA 362-F:1.

The filing raises, inter alia, issues related to whether Eversource has the corporate authority to enter into the Eversource-HRE PPA under RSA 374:57; notwithstanding any corporate authority, whether Eversource's entering into the Eversource-HRE PPA would violate the Restructuring Principles of RSA Chapter 374-F, or any other New Hampshire law, or any federal law, including the Federal Power Act, especially in light of the Commission's recent ruling in Docket No. DE 16-241, Order No. 25,950 (October 6, 2016), relating to an Eversource proposal to acquire gas capacity in which the Commission dismissed the petition as violating the Restructuring Principles of RSA Chapter 374-F; whether the inclusion of Eversource-HRE PPA costs in the SCRC would be permitted under RSA Chapter 374-F, RSA 374:57, RSA Chapter 378, the terms of the 2015 Restructuring Settlement, and Commission precedential standards for ratemaking, as just, reasonable, and in the public interest; whether Eversource's decision to forego a competitive solicitation process to identify and select the least cost supplier of products

and services reflected in the HRE PPA comports with the requirements of N.H. Code Admin. Rules Puc 2100, and the standards of prudence applied by the Commission for such contracting; whether the assertions made by Eversource regarding expected benefits and costs of its participation in the HRE PPA are supported by the evidence, including evidence of economic and engineering costs, benefits, and feasibility.

The Commission will divide its review of this petition into two phases. In the first phase, the Commission will review briefs submitted by Eversource, Staff and other parties regarding whether the Eversource-HRE PPA, and affiliated program elements, is allowed under New Hampshire law. If the Commission were to rule against the legality of the Eversource-HRE PPA, this petition will be dismissed. If the Commission were to rule in the affirmative regarding the question of legality, it will then open a second phase of the proceeding to examine the appropriate economic, engineering, cost recovery, and other factors presented by Eversource's proposal. This Order of Notice opens the first phase of this review proceeding.

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 November 7, 2016 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the question of Eversource's legal authority to enter into the HRE PPA, and the legality of other features of Eversource's proposal, and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15; and it is

FURTHER ORDERED, that Eversource, the Staff of the Commission, and any interested persons file legal briefs regarding the legality of Eversource's proposal no later than November 21, 2016, with reply briefs due no later than December 5, 2016; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Eversource shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than October 29, 2016, 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 November 2, 2016; 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 Eversource and the Office of the Consumer Advocate on or before November 2, 2016, 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 November 7, 2016.

By order of the Public Utilities Commission of New Hampshire this twenty-fifth day of
October, 2016.



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.