

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

DE 17-075

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

Annual Reconciliation of Energy Service and Stranded Costs for 2016

ORDER OF NOTICE

On May 2, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed testimony and related schedules in support of its proposed reconciliation of revenues and costs associated with its energy service and stranded cost recovery charge (SCRC) for calendar year 2016. The Commission approved the relevant stranded cost recovery mechanisms as set forth in Agreement to Settle PSNH's Restructuring, Docket No. DE 99-099. See PSNH Proposed Restructuring Settlement, 85 NH PUC 154, 85 NH PUC 536 and 85 NH Puc 645 (2000). 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/2017/17-075.html>.

This filing covers (1) the reconciliation between revenues and expenses included in the SCRC and energy service charges, (2) a review of the performance of Eversource's fossil and hydro generation facilities, (3) how Eversource met its energy and capacity requirements during calendar year 2016, and (4) whether the costs incurred by Eversource in providing energy service are the actual, prudent and reasonable costs of providing such power pursuant to RSA 369-B:3, IV (b)(1)(A).

Until January 31, 2006, the reconciliation of Eversource's energy service costs and revenues was included as a subset of the SCRC reconciliation, with the difference between

energy service costs and revenues included as an adjustment to the Company's Part 3 stranded costs. Beginning February 1, 2006, the energy service reconciliation amounts are no longer applied to stranded costs, but rather are applied to future energy service rates as directed by the Commission. *See* Order No. 24,579 (January 20, 2006).

The filing states that Eversource experienced an under-recovery of \$14.2 million in energy service revenue. This under-recovery does not include the under-recovery associated with the installation of a wet flue gas desulfurization (Scrubber) unit at Merrimack Station. The Scrubber costs are being recovered through a separate, temporary rate pursuant to Order No. 25,920 (July 1, 2016).

The \$14.2 million under-recovery is primarily driven by (1) \$2.7 million in lower revenue due to higher than forecasted customer migration, (2) a \$3.4 million contract settlement related to a coal transport contract, (3) \$8.9 million in higher than forecasted fossil fuel expense, (4) net purchases that were \$2.3 million higher than forecasted, (5) a \$1.3 million higher than forecasted return on rate base, and (6) and expenses of \$0.8 million higher than forecasted.

In the Restructuring Agreement, the Commission categorized stranded costs into 3 Parts—Part 1, Part 2 and Part 3. As of 2016, the only remaining costs are Part 2 costs, consisting of the over-market costs of power produced by Independent Power Producers (IPPs), and buy-outs and buy-downs of IPP contracts approved by the Commission.

Eversource stated that in calendar year 2016, the net SCRC balance on December 31, 2016 is an over-recovery of \$8.9 million. This over-recovery primarily relates to Department of Energy Litigation Refund of \$3.9 million received in December 2016, as well as a reduction in budgeted Yankee Atomic Plan Obligations of \$4.8 million.

The filing raises, inter alia, issues related to the prudence of generation outages that are reflected in Eversource's energy service cost for the period; the prudence of the Company's use of its generation resources during the period as well and the prudence of the market purchases used to supplement those resources; the prudence and reasonableness of Eversource's incurred capital costs; and whether the transactions that effect energy service costs were prudently conducted; and whether the Company has otherwise appropriately accounted for and reconciled its energy service and stranded costs and any offsetting revenues for the period in accordance with the Restructuring Agreement and applicable law. 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 July 27, 2017 at 10:00 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; and it is

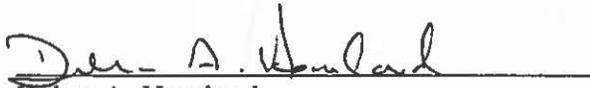
FURTHER ORDERED, that, immediately following the Prehearing Conference, Eversource, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition; and it is

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 July 14, 2017, 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 July 24, 2017; 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 July 24, 2017, 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 it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before July 27, 2017.

By order of the Public Utilities Commission of New Hampshire this seventh day of July, 2017.


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.**