

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
2014 ALTERNATE ENERGY SERVICE RATE CALCULATION
(Dollars in 000's)

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**Summary of Forecasted Alternate Energy Service
Cost For January 2014 Through December 2014**

Reference

Scrubber Cost

Merrimack Scrubber Depreciation Expense	\$	15,606		Page 2
Merrimack Scrubber Property Tax Expense		216		Page 2
Merrimack Scrubber Return on Rate Base		<u>35,350</u>		Page 3
Total Forecasted Merrimack Scrubber Non-Operating Cost	\$	51,172		
Forecasted Retail MWh Sales		<u>3,682,376</u>	MWh	
Forecasted Energy Service Merrimack Scrubber Rate Impact cents Per KWH (Line 19 / Line 22)		1.39	c/kWh	
Marginal Cost				
Marginal Cost of Serving Energy Service		<u>7.78</u>	c/kWh	Attachment 2
Alternate Default Energy Service Rate ADE		9.17	c/kWh	

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 2014 ENERGY SERVICE RATE CALCULATION
 MERRIMACK SCRUBBER DEPRECIATION AND PROPERTY TAXES
 JANUARY 2014 - DECEMBER 2014
 (Dollars in 000's)

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	January 2014 Estimate	February 2014 Estimate	March 2014 Estimate	April 2014 Estimate	May 2014 Estimate	June 2014 Estimate	July 2014 Estimate	August 2014 Estimate	September 2014 Estimate	October 2014 Estimate	November 2014 Estimate	December 2014 Estimate	Total
Merrimack Scrubber Depreciation & Property Taxes													
Merrimack Scrubber Depreciation Cost	1,298	1,298	1,299	1,299	1,300	1,300	1,301	1,301	1,302	1,302	1,303	1,303	15,606
Merrimack Scrubber Property Taxes (1)	18	18	18	18	18	18	18	18	18	18	18	18	216
Total Merrimack Scrubber Depreciation and Property Taxes	\$ 1,316	\$ 1,316	\$ 1,317	\$ 1,317	\$ 1,318	\$ 1,318	\$ 1,319	\$ 1,319	\$ 1,320	\$ 1,320	\$ 1,321	\$ 1,321	\$ 15,822

(1) Merrimack Scrubber related property tax impact represents the projection of the non-exempt portion of the project

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
ENERGY SERVICE RATE CALCULATION
MERRIMACK SCRUBBER RETURN ON RATE BASE
JANAURY 2014 - DECEMBER 2014
(Dollars in 000's)

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	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	Total
Merrimack Scrubber													
Return on Rate Base	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
Rate base													
Net Plant	\$ 381,842	\$ 380,703	\$ 379,563	\$ 378,423	\$ 377,282	\$ 376,141	\$ 374,999	\$ 373,857	\$ 372,714	\$ 371,570	\$ 370,427	\$ 369,282	
Working Capital Allow. (45 days of O&M)	616	616	616	616	616	616	616	616	616	616	616	616	
Deferred Taxes	(43,395)	(48,400)	(53,405)	(58,410)	(63,415)	(68,420)	(73,425)	(78,430)	(83,435)	(88,440)	(93,445)	(98,450)	
Total Rate Base (L15 thru L18)	339,063	332,919	326,774	320,629	314,483	308,337	302,190	296,043	289,895	283,746	277,598	271,448	
Average Rate Base (prev + curr month)	342,135	335,991	329,847	323,702	317,556	311,410	305,264	299,117	292,969	286,821	280,672	274,523	
x Return	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	0.9554%	
Merrimack Scrubber Return (L21 x L22)	\$ 3,269	\$ 3,210	\$ 3,151	\$ 3,093	\$ 3,034	\$ 2,975	\$ 2,917	\$ 2,858	\$ 2,799	\$ 2,740	\$ 2,682	\$ 2,623	\$ 35,350

Amounts shown above may not add due to rounding.

PSNH Proposed Rate ADE - Docket DE 11-216
Marginal Cost to Serve Incremental Sales - January thru December, 2014

	<u>MWh</u>	<u>c/kWh</u>	<u>Notes</u>
Sales Increment	795,330		(1)
<u>Marginal Costs to Serve Incremental Sales:</u>			(2)
	<u>\$(000)</u>		
Energy	\$ 48,719	6.13	(3)
Capacity	7,984	1.00	(4)
Ancillaries	1,063	0.13	(5)
RPS	3,108	0.39	(6)
ISO Expenses	<u>1,010</u>	0.13	
Total	\$ 61,884		
	<u>¢/kWh</u>		
Marginal cost to serve incremental sales	7.78	7.78	(7)

Notes:

- 1) The incremental annual peak at the meter is 170 MW.
- 2) Marginal costs are consistent with the modeling and assumptions used in PSNH's December, 2013 ES rate filing in Docket DE 13-275.
- 3) As per note 2), based on NYMEX 11/20/13 forward energy market prices.
- 4) Forecasted costs associated with 2,602 MW-months of capacity in ISO-NE's forward capacity market.
- 5) Ancillaries include regulation and reserves.
- 6) Based on January thru December, 2014 REC volume requirements and price quotations.
- 7) The marginal cost does not include any costs/adders for the coverage of risk or for profit.