

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 17-177

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

Petition for Approval of a Special Contract with Westinghouse Electric Company, LLC

Order Approving Special Contract

ORDER NO. 26,083

December 11, 2017

In this Order, the Commission approves a special contract between Eversource and Westinghouse. The approval of the five-year special contract continues a longstanding arrangement whereby Eversource offers Westinghouse a discount to tariffed interruptible service for Westinghouse's pump testing operation in Newington, New Hampshire.

I. PROCEDURAL HISTORY

On November 15, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a petition for approval of special contract NHPUC-146 (Special Contract) with Westinghouse Electric Company, LLC (Westinghouse), together with supporting testimony and related exhibits. Eversource made the filing pursuant to RSA 378:18 and RSA 378:18-a; and New Hampshire Code Admin. Rules Puc 202.01(a), Puc 203.06, and Puc 1606.02(a) and (b).

Eversource stated that the purpose of the Special Contract is to provide interruptible power at a special rate to Westinghouse for its pump testing operation in Newington, New Hampshire. If approved the Special Contract would continue the rate Eversource currently offers Westinghouse in existing special contract NHPUC-145, which has been in effect since January 1, 2015, and expires on December 31, 2017. *See* Order No. 25,748 (December 31, 2014).

Commission Staff filed a memorandum on November 28, 2017, recommending approval of the Special Contract. A complete procedural history and all documents filed in this docket, other than any information for which confidential treatment is requested of or granted by the Commission, can be found at <http://www.puc.nh.gov/Regulatory/Docketbk/2017/17-177.html>.

II. SUMMARY OF PETITION

According to the petition, Westinghouse's Newington facility manufactures a variety of steel components for the nuclear power industry in addition to performing pump tests.

Westinghouse employs about 230 workers at the facility. The pump testing portion of the facility currently receives service under the existing contract, NHPUC-145, which expires on December 31, 2017. The petition states that the contract proposed in the instant filing contains terms similar to those of the expiring special contract and would take effect on January 1, 2018, or the date when the Commission orders approval of the contract. Under the Special Contract, Eversource will provide interruptible power up to the level required to test a 13,500 horsepower pump on terms that differ from Eversource's Large General Service Rate LG (Rate LG). The terms that represent a departure from Rate LG relate to the maximum demand for billing purposes and the charges for energy service. Pursuant to the Special Contract, the maximum demand for billing purposes will be based on 50 percent of the highest kilovolt-ampere demand during the current monthly billing period only, instead of a demand ratchet that includes the current and previous eleven billing periods. According to Eversource, under the expiring special contract, the Company has been providing interruptible service to Westinghouse on the same maximum demand billing terms as proposed in the Special Contract.

The petition states that the interruptible service provided to Westinghouse is different from interruptible service options offered to Eversource's customers, such as through the

Voluntary Interruption Program (Rate VIP). Under Rate VIP, Eversource relies on the customer to terminate its designated interruptible load when requested, and cannot verify that the customer has complied with the request until later, after the customer's meter is read. With respect to service offered under the Special Contract, Eversource will have direct control of Westinghouse's circuit switcher from Eversource's electric system control center in Manchester. An Eversource control room operator will have the ability to instantaneously terminate electric service to Westinghouse's pump testing operation. This direct control arrangement provides Eversource with the assurance that it does not need to plan capacity to meet Westinghouse's load requirements and allows Eversource to maintain a higher system load factor, resulting in a more efficient use of Eversource's facilities.

According to Eversource, because it controls interruption of service to Westinghouse, such service should be priced lower than service under Rate VIP. Further, based on Westinghouse's pump testing load for the period November 2016 through October 2017, and rates effective July 1, 2017, Westinghouse's annual electric bill would be more than 140% higher under standard Rate LG pricing than pricing under the proposed Special Contract. Eversource does not offer a direct controlled interruptible service rate under its Delivery Service Tariff, so departure from the standard tariff pricing under a special contract arrangement is necessary to define the terms and conditions and pricing provisions of this unique interruptible service arrangement.

As required by Puc 1606.02(b), Eversource attached to its filing a letter from Westinghouse describing the special circumstances that justify the departure from the existing tariff. Westinghouse's letter says that it has multiple facilities across the globe, and without a contract in place for electrical costs incurred during the testing process, other facilities would be

evaluated for the pump testing work. The letter emphasizes that if Westinghouse does not retain the work at Newington, approximately 230 jobs will be in jeopardy, and many local area vendors such as machine shops, industrial painters, hotels, restaurants, and transportation companies could be adversely affected. According to the letter, the approval of the Special Contract "is critical to the continued existence of the Westinghouse facility in Newington."

The petition asserts that the unique load characteristic presented by Westinghouse's operations and the unique control Eversource possesses to interrupt Westinghouse's service, constitute special circumstances that make departure from Eversource's general schedules just and reasonable and in the public interest, meeting the standard of RSA 378:18.

Eversource's petition points out that the Special Contract also provides benefits to Eversource and its customers. To the extent that Eversource retains delivery sales that would not exist absent the Special Contract, its customers benefit from the retained contribution to fixed costs, which lowers rates for all other customers. Using Westinghouse's pump testing load for the period November 2016 through October 2017 as a proxy for future loads, and based on distribution rates effective July 1, 2017, Eversource would receive approximately \$972,000 in distribution revenue over the five-year contract period. In addition, Eversource would receive approximately \$433,000 in distribution revenue over the five-year contract period from Westinghouse's other manufacturing load requirements currently being served under standard tariff pricing.

III. STAFF RECOMMENDATION

In its memorandum, Staff recommended that the Commission approve the Special Contract. According to Staff, while it is difficult to confirm what actions Westinghouse would take absent the Special Contract, the contract should be approved based on the economics and

pricing of the Special Contract. Staff said that the Special Contract allows Eversource to manage a large load without incurring any upgrade costs on the systems, and maintains Westinghouse's contribution to distribution revenues that benefit Eversource and its customers, even if Westinghouse takes energy from a competitive supplier. Staff recommended that the Commission approve the five-year Special Contract prior to the termination date of the existing special contract on December 31, 2017.

IV. COMMISSION ANALYSIS

Pursuant to RSA 378:18, a public utility may make a "contract for services at rates other than those fixed by its schedules of general application, if special circumstances exist" as found by order of the Commission. RSA 378:18-a provides that "new special contracts designed to retain load shall be available to an electric utility customer only if the utility represents that the load would otherwise have left the utility, the contract is approved pursuant to RSA 378:18, and the commission determines that no tariffed rate is sufficient to retain load."

To confirm that conditions warrant a special contract, a utility must file with its petition for a special contract a written statement of the customer to the special contract that the tariffed rate will not meet its needs. New Hampshire Code Admin. Rule Puc 1606.02(a)(5). In addition, a utility must submit a copy of the special contract.

Based on our review of Eversource's request, the Special Contract, Westinghouse's letter, and Staff's recommendation, we have determined that the Special Contract conforms to RSA 378:18 and 378:18-a, and to the special contract provisions of Puc 1606. We agree with Eversource and Staff, that special circumstances exist warranting a deviation from tariffed rates. Westinghouse has stated that the Special Contract is "critical" and "essential" to its Newington operation, implying strongly that it would close Newington or dramatically shift production


away from Newington if the Special Contract were not approved. Either action would reduce Eversource's income and affect business activity generally in and around Newington.

In addition, the contract is unique and beneficial to Eversource and Eversource's other customers because: (1) Eversource has direct control of Westinghouse's circuit switcher at the utility's Electric System Control Center in Manchester; (2) Westinghouse contacts the utility directly to coordinate its preferred timing and anticipated load requirements of interruptible load for testing its pumps; and (3) Eversource has the ability to instantaneously interrupt that load at any time if necessary. With the Special Contract, Westinghouse will continue to contribute to the distribution revenues of the system, benefiting both Eversource and its customers. Finally, the Special Contract does not prevent Westinghouse from selecting an energy supplier of its choice. Accordingly, we approve Special Contract NHPUC-146.

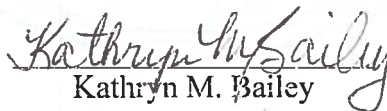
Based upon the foregoing, it is hereby

ORDERED, that Special Contract NHPUC-146 between Eversource and Westinghouse is hereby APPROVED.

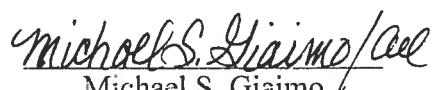
By order of the Public Utilities Commission of New Hampshire this eleventh day of December, 2017.



Martin P. Honigberg
Chairman

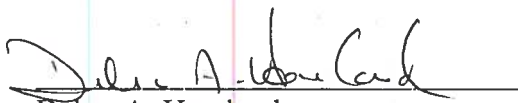


Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director