

155 FERC ¶ 61,136
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, Tony Clark,
and Colette D. Honorable.

ISO New England Inc.
NSTAR Electric Company
The Connecticut Light and Power Company
Public Service Company of New Hampshire
Western Massachusetts Electric Company

Docket Nos. ER16-1023-000
ER16-1023-001

ORDER ACCEPTING AND SUSPENDING PROPOSED RATE SCHEDULE AND
ESTABLISHING HEARING AND SETTLEMENT JUDGE PROCEDURES

(Issued May 3, 2016)

1. On February 26, 2016, as modified on March 1, 2016, Eversource Energy Service Company (Eversource Service), through ISO New England Inc. (ISO-NE) and pursuant to section 205 of the Federal Power Act (FPA),¹ filed an application to recover transaction-related costs incurred in connection with the 2012 merger between Northeast Utilities and NSTAR. Eversource Service proposes to recover the Commission-jurisdictional, transmission-related portion of these costs through proposed revisions to the Eversource Companies' ISO-NE transmission formula rates.² In this order, we accept Eversource Service's proposed "Option B" tariff revisions for filing,³ suspend them for a

¹ 16 U.S.C. § 824d (2012).

² The Eversource Companies are NSTAR Electric Company, The Connecticut Light and Power Company, Public Service Company of New Hampshire, and Western Massachusetts Electric Company.

³ ISO New England Inc., ISO New England Inc. Transmission, Markets and Services Tariff, Schedule 1, Schedule 1 Scheduling, System Control and Dispatch Service (3.0.0); Schedule 21 - NSTAR, Schedule 21 - NSTAR (8.0.0); Schedule 21 - NU, Schedule 21 - NU (14.0.0); Attachment F, Attachment F Annual Transmission Revenue Requirements (13.0.0). Eversource Service's proposed "Option A" tariff revisions are rejected as moot.

nominal period, to be effective June 1, 2016, subject to refund, and establish hearing and settlement judge procedures.

I. Background

2. On July 6, 2011, the Commission authorized a transaction pursuant to FPA section 203⁴ under which NSTAR, the parent of NSTAR Electric Company, would become a wholly-owned subsidiary of Northeast Utilities.⁵ The transaction between NSTAR and Northeast Utilities was consummated on April 10, 2012,⁶ and Northeast Utilities changed its name to Eversource Energy on April 30, 2015.⁷ In the Merger Order, the Commission accepted the merger applicants' five-year hold harmless commitment, restricting the companies from recovering transaction-related costs from transmission and wholesale requirements customers during that period.⁸

3. The Merger Order provided, however, that if the merger applicants sought to recover transaction-related costs through their wholesale power or transmission rates within the next five years, they must submit a filing that details how they are satisfying the hold harmless commitment. In particular, the "[merger applicants] must: (1) specifically identify the transaction-related costs they are seeking to recover, and (2) demonstrate that those costs are exceeded by the savings produced by the transaction, in addition to any requirements associated with filings made under section 205."⁹

II. Eversource Service's Application

4. Eversource Service, a service company subsidiary of Eversource Energy, submitted the instant filing seeking to recover transaction-related costs through the

⁴ 16 U.S.C. § 824b (2012).

⁵ *NSTAR*, 136 FERC ¶ 61,016 (2011) (Merger Order).

⁶ Transmittal at 2.

⁷ ISO-NE, Transmittal, Docket No. ER16-348-000, at 2 (filed Nov. 18, 2015).

⁸ Merger Order, 136 FERC ¶ 61,016 at P 62.

⁹ *Id.* P 63 (citing *ITC Midwest LLC*, 133 FERC ¶ 61,169, at PP 24-25 (2010); *FirstEnergy Corp.*, 133 FERC ¶ 61,222, at P 63 (2010); *PPL Corp.*, 133 FERC ¶ 61,083, at PP 26-27 (2010)).

Eversource Companies' existing formula rates.¹⁰ Eversource Service states that its analysis shows that the transaction-related savings that the Eversource Companies have already realized exceed transaction-related costs by a substantial margin.¹¹ Specifically, Eversource Service states that, as of September 30, 2015,¹² the merger has produced enterprise-wide transaction-related savings of \$239.3 million, as compared to \$124.4 million of transaction-related costs. Eversource Service states that, as related to transmission customers specifically, the merger has created \$58.7 million in savings as of September 30, 2015, compared to \$37.4 million in transaction-related costs.¹³ Thus, Eversource Service states that, as demonstrated in its filed testimony, it has satisfied the Commission's requirements for recovering transaction-related costs through transmission rates.

5. Eversource Service states that retail regulators in Connecticut and Massachusetts have reviewed the transaction-related costs and benefits, and have determined that the benefits outweighed the costs. Eversource Service states that the categories of transaction-related costs are the same as those presented in the state proceedings, and that savings are calculated in the same manner as they were in the state proceedings.¹⁴

6. Eversource Service states that the Commission allows recovery of transaction-related costs in a section 205 filing if the applicants (1) identify the transaction-related costs they are seeking to recover; and (2) demonstrate that those costs are exceeded by the savings produced by the merger. Eversource Service states that applicants must demonstrate the use of appropriate internal controls and procedures for proper identification, accounting, and rate treatment of all transaction-related costs. Eversource Service states that the types of recoverable costs include both transaction-related costs—those incurred to explore, agree to and consummate the merger—and transition-related

¹⁰ Eversource Service also submitted the filing, for informational purposes only, in Docket No. EC11-35-000, the docket in which the merger was authorized, and in Docket Nos. RT04-2-000, ER07-549-000, ER04-157-000, ER04-116-000, ER03-1247-000, EL07-71-000, and EC06-126-000, the dockets in which the Commission approved the Eversource Companies' formula rates.

¹¹ Transmittal at 16 (citing Ex. ES-103, Table 1).

¹² Eversource Service states that it used September 30, 2015 as a cut-off date for merger-related costs and savings in order to provide the Commission with the most current data while allowing for sufficient time to prepare this filing. *Id.* at 5, n.3.

¹³ *Id.* at 5.

¹⁴ *Id.* at 19, 29.

costs, those incurred to integrate individuals and assets into the acquiring utility and costs to achieve merger synergies.¹⁵ Eversource Service states that transaction-related savings must be realized prior to, or concurrent with, any authorized recovery of transaction-related costs. Eversource Service notes that the Commission has previously stated that the demonstration of savings can be made with reasonable documentation and estimates of the costs avoided. Eversource Service states that it has met the Commission's conditions to request merger cost recovery on behalf of the Eversource Companies.¹⁶

7. Eversource Service states that the Eversource Companies began to incur transaction-related costs in 2010, when the merger was beginning to be evaluated, and that they continued to incur these costs through September 30, 2015. Eversource Service states that, on an enterprise-wide basis, Eversource Energy incurred \$124.4 million in incremental transaction-related costs and that it is seeking recovery of \$38.9 million in transaction-related costs as allocated to transmission,¹⁷ which includes the transmission-related portion of costs already incurred, as well as \$1.5 million in estimated future transmission transaction-related costs.¹⁸ Eversource Service states that the transaction costs to consummate the merger include bankers' fees, lawyers' fees, registration fees, consulting fees, and regulatory process costs.¹⁹ Eversource Service states that the transition costs related to the merger include separation program costs, system integration costs, separation assistance costs, and other transition costs.²⁰ Eversource Service states

¹⁵ We note that our use of the term "transaction-related costs" elsewhere in this order is intended to include both merger-related costs and transition-related costs.

¹⁶ *Id.* at 17-18 (citing Merger Order, 136 FERC ¶ 61,016 at P 63; *Exelon Corp.*, 149 FERC ¶ 61,148, at PP 106-07, 149-50 (2014); *Wisc. Energy Corp.*, 151 FERC ¶ 61,015, at P 56 (2015) (*Wisc Energy*); *Pennsylvania Elec. Co.*, 154 FERC ¶ 61,109, at P 49 (2016)).

¹⁷ Eversource Service states that transmission transaction-related costs are those which would have been borne by customers were it not for the hold harmless commitment, and that these costs represent approximately 30 percent of Eversource's enterprise-wide transaction-related costs. Transmittal at 19, 27-28; Ex. ES-200 at 5-6.

¹⁸ *Id.* at 18-19 (citing Ex. ES-200 § III). Eversource Service states that it will submit a compliance filing no later than thirty days following the April 10, 2017 close of the hold harmless period identifying the costs incurred as part of the \$1.5 million future costs. *Id.* at 27.

¹⁹ *Id.* at 20-23 (citing Ex. ES-200 § III.B and Ex. ES-202 through ES-208).

²⁰ *Id.* at 20-21, 24-25 (citing Ex. ES-200, § III.C).

that all of these costs are Administrative and General expenses that would normally be recoverable in the Eversource Companies' transmission formula rates but for the hold harmless commitment.²¹

8. Eversource Service states that, in accordance with its hold harmless commitment, Eversource Energy instituted controls, including using a separate activity code and subaccount, to segregate transaction-related costs so that they could be both tracked and excluded from customers' rates. Eversource Service also states that Northeast Utilities and NSTAR worked with a management consulting firm to prepare for readiness and integration for the merged company.

9. Eversource Service states that it functionalized incremental transaction-related costs (i.e., costs external to Eversource Energy) using gross plant ratios. Eversource Service explains that this asset-based allocation is a reasonable methodology, because the costs were incurred in order to achieve the merger of the corporate assets. Eversource Service states that it allocated non-incremental internal costs (i.e., costs internal to Eversource Energy) to the transmission function using the same methodology as that used in the Eversource Companies' transmission formula rates.²²

10. Eversource Service states that it analyzed transaction-related savings from April 2012 through September 30, 2015, and that it identified savings in the following categories: corporate and administrative labor, benefits administration, information systems, insurance, professional services, contract services, external directors/trustees fees, materials and supply procurement, administrative and general overhead, association dues, shareholder services, and advertising. Eversource Service states that the savings were determined in each year in which the cost reduction occurred, and then escalated by an inflation rate. Eversource Service states that it used allocators from each cost category to determine the amount of enterprise-wide merger benefits that were related to the transmission function. Eversource Service states that the enterprise-wide customer savings for the examined functional areas total \$239.3 million, with \$58.7 million of those savings related to transmission.²³

11. Eversource Service proposes to revise the formula rates set forth in Attachment F, Schedule 21-NSTAR, Schedule 21-ES, and Schedule 1 of the ISO-NE Transmission, Markets and Services Tariff (Tariff) to provide for the recovery of the transaction-related

²¹ Eversource Service states that it is not seeking recovery of the transmission portion of goodwill, executive severance and retention costs, and branding costs.

²² *Id.* at 27-28.

²³ *Id.* at 26-29.

costs from transmission customers.²⁴ Eversource Service requests a one-year amortization period for its proposed cost recovery, and states that, should the Commission permit a one-year amortization, the Eversource Companies will “waiv[e] the recovery of carrying charges, as well as . . . the inclusion of the unamortized balance in transmission rate base while the amortization proceeds.”²⁵ Eversource Service states that the Commission reviews amortization periods on a case-by-case basis, and that it has previously shortened the amortization period in order to reduce carrying charges for customers.²⁶ Eversource Service states that the savings to customers resulting from a one-year amortization amount will reduce the costs recovered from transmission customers by \$11.3 million, or 30 percent.²⁷ Eversource Service proposes “Option A” tariff records that would implement this approach.

12. Eversource Service states that, in the event the Commission does not accept its proposal to amortize and recover transmission transaction-related costs over a one-year period, then Eversource Service proposes that the transmission transaction-related costs be amortized over a three-year period, that carrying charges be applied until amortization of the transmission transaction-related costs commences, and that the unamortized balance of transmission transaction-related costs be included in transmission rate base while the amortization proceeds. Eversource Service states that, under the three-year proposal, carrying charges at the Eversource Companies’ Allowance for Funds Used During Construction rate would be added to the transmission transaction-related costs until the amortization begins. Eversource Service states that the formula rates would

²⁴ Eversource Service states that the majority of the costs associated with the regional Pool Transmission Facilities (PTF) are recovered through Regional Network Service (RNS) rates, and that these rates are calculated under a formula rate included as Attachment F to the ISO-NE Tariff. Eversource Service states that any NSTAR Electric Company PTF costs not recovered under RNS rates, as well as the costs of non-PTF, are recovered under Schedule 21-NSTAR of the ISO-NE Tariff. Eversource Service states that any PTF costs incurred by The Connecticut Light and Power Company, Public Service Company of New Hampshire, and Western Massachusetts Electric Company not recovered under RNS rates, as well as non-PTF costs, are recovered under Schedule 21-ES of the ISO-NE Tariff. Eversource Service states that the Eversource Companies recover their costs for providing Scheduling, System Control and Dispatch Service under the ISO-NE Tariff Schedule 1, Appendices A and C.

²⁵ *Id.*

²⁶ *Id.* at 40 (citing *PJM Interconnection L.L.C.*, 140 FERC ¶ 61,197, at P 27 (2012); *S. Cal. Edison Co.*, 137 FERC ¶ 61,252, at P 27 (2011)).

²⁷ *Id.* at 41.

need to be further revised in order to allow the calculation of “Other Regulatory Assets/Liabilities” to include the Eversource Companies’ unamortized balance of transaction-related transmission costs in FERC Account No. 182.3.²⁸ Eversource proposes “Option B” tariff records that would implement this approach.

13. Eversource Service requests an effective date of June 1, 2016 for the tariff revisions incorporating cost recovery for transmission transaction-related costs.

III. Notice of Filing and Responsive Pleadings

14. Notice of the initial filing was published in the *Federal Register*, 81 Fed. Reg. 11,787 (2016), with interventions and protests due on or before March 21, 2016. Notice of the filing of the amendment was published in the *Federal Register*, 81 Fed. Reg. 11,787 (2016), with interventions and protests due on or before March 22, 2016.

15. Notices of intervention were filed by the Connecticut Public Utilities Regulatory Authority and the Maine Public Utilities Commission. Timely motions to intervene were filed by New Hampshire Office of Consumer Advocate (NH Consumer Advocate), Massachusetts Attorney General (MA Attorney General), Central Maine Power Company and the United Illuminating Company, Eastern Massachusetts Consumer Owned Systems (EMCOS),²⁹ Attorney General for the State of Connecticut (CT Attorney General), New Hampshire Electric Cooperative, and Connecticut Office of Consumer Counsel (CT Consumer Counsel).

16. MA Attorney General and CT Attorney General (Attorneys General) and CT Consumer Counsel filed comments. EMCOS filed a protest. NH Consumer Advocate filed a motion for an extension of time for discovery and protest. Eversource Service and EMCOS filed motions for leave to answer and answers.

IV. Responsive Pleadings

17. CT Consumer Counsel states that Eversource Service’s voluminous filing includes several items of testimony and numerous exhibits containing various factual claims regarding transaction-related costs and savings. Based on the substantial dollars at stake and the details involved, CT Consumer Counsel urges the Commission to allow for a discovery process and hearings on this filing in order to determine whether cost recovery

²⁸ *Id.* at 42-43.

²⁹ EMCOS is comprised of Braintree Electric Light Department, Concord Municipal Light Plant, Hingham Municipal Lighting Plant, Town of Norwood Light & Broadband Department, and Reading Municipal Light Department.

would be just and reasonable.³⁰ NH Consumer Advocate states that it concurs with CT Consumer Counsel and urges the Commission to allow for a discovery process and hearings on Eversource Service's application to determine whether the transmission transaction-related costs submitted by Eversource Services were prudently calculated and warrant recovery under the Commission's interpretation of the Company's hold-harmless commitment.³¹

18. The Attorneys General request the Commission set this matter for hearing, noting that the filing is nearly two thousand pages in length and raises a number of factual and legal issues that require discovery and the opportunity to cross-examine witnesses. The Attorneys General argue that the issues include how the claimed merger costs and savings are calculated, whether the Eversource Companies may recover future estimated costs based upon estimates of future savings, and whether the costs sought to be recovered have been appropriately assigned to the transmission affiliates, and state that the resolution of these and other issues is essential to determine whether Eversource Service has met its burden of proof under section 205 of the FPA, as well as under the recovery criteria previously set forth by the Commission.³²

19. EMCOS argues that there are no real savings to transmission customers resulting from the merger and that the savings claimed in the Eversource Service filing are either overstated or premised on inaccurate or unsupported factual assertions. Specifically, EMCOS argues that transmission customer costs have actually increased since the merger. It notes that the Eversource Companies do not show a net reduction in either operation and maintenance or administrative and general expenses from 2011 through 2014.³³

20. EMCOS also argues that Eversource Service has failed to demonstrate any actual merger-related savings. It argues that Eversource Service's reported Corporate and Administrative Labor Savings and Information System Savings rely on estimated wage growth factors, generic incentive pay percentages, and generic benefits loaders that unjustifiably inflate Eversource's claimed merger-related savings.³⁴ EMCOS argues that Eversource Service has failed to make a credible showing that any of the corporate or

³⁰ CT Consumer Counsel Comments at 3.

³¹ NH Consumer Advocate Comments at 3.

³² MA Attorney General Comments at 3; CT Attorney General Comments at 3.

³³ EMCOS Protest at 11

³⁴ *Id.* at 13-14.

administrative labor savings it is capitalizing would have been dedicated to construction activities. EMCOS also asserts that Eversource Service's reported savings include categories of costs, such as association dues, that are not recoverable through transmission rates.³⁵ EMCOS argues that Eversource Service's claims disclose apparently long-standing misapplications of the transmission formula rate contained in Attachment F to the ISO-NE Tariff, and EMCOS requests that the Commission institute a section 206 investigation to determine the extent to which refunds of past overcharges for ISO-NE transmission rates may be due.³⁶

21. In its answer, Eversource Service states that it used a reasonable and appropriate model to demonstrate savings to its transmission customers, and that EMCOS's arguments are without merit. In response to arguments that transmission customers' costs have increased since the merger, Eversource Service states that protestors fail to consider the costs that would have been charged absent the merger and asserts that the Eversource Companies' transmission rates would have increased to an even higher level but for the merger.³⁷ Eversource Service argues that, notwithstanding the inability for one to know with certainty what the Eversource Companies would look like absent the merger, Eversource Service has provided reasonable documentation and estimates of the costs avoided.³⁸

22. With respect to intervenors' requests that this filing be set for hearing and settlement judge procedures, Eversource Service argues that such action is inappropriate.³⁹ It argues that a hearing is not necessary where there are no issues of material fact in dispute, and states that there are no such issues here. Regarding EMCOS's request that the Commission institute a section 206 investigation, Eversource Service argues that EMCOS has failed to justify such an investigation as it provides no evidence that Eversource has recovered expenses that should be excluded from its formula rates.⁴⁰

³⁵ *Id.* at 18-19.

³⁶ *Id.* at 20-21.

³⁷ Eversource Service Answer at 7.

³⁸ *Id.* at 10.

³⁹ *Id.* at 21-22.

⁴⁰ *Id.* at 25.

23. In its answer, EMCOS states that it has demonstrated that the operation and maintenance costs and administrative and general costs allocated to RNS customers do not reflect any net savings to transmission customers. EMCOS also argues that Eversource Service failed to meet the standard for proof of claimed merger-related savings. Finally, EMCOS argues that Eversource Service mischaracterizes the grounds for EMCOS's request for initiation of a section 206 investigation concerning the inclusion of certain costs.⁴¹

V. Discussion

A. Procedural Matters

24. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁴² the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

25. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure prohibits an answer to a protest unless otherwise ordered by the decisional authority.⁴³ We will accept Eversource Service's and EMCOS's answers because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

26. We find that Eversource Service's transaction-related cost recovery application raises issues of material fact that cannot be resolved based on the record before us, and that are more appropriately addressed in the hearing and settlement judge procedures ordered below.

27. Our preliminary analysis indicates that Eversource Service has not shown that the transaction-related costs are just and reasonable and that such costs may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Accordingly, we accept the Eversource Companies' "Option B" tariff records, suspend them for a nominal period, to be effective June 1, 2016, subject to refund, and establish hearing and settlement judge procedures. Although we are setting for hearing and settlement judge procedures the entirety of Eversource Service's transaction-related cost recovery proposal, including the period over which costs should be amortized, we accept the

⁴¹ EMCOS Answer at 2-5.

⁴² 18 C.F.R. § 385.214 (2015).

⁴³ 18 C.F.R. § 385.213(a)(2) (2015).

Eversource Companies' tariff records that would amortize costs over a three-year period ("Option B" tariff record). Accepting this set of tariff records will lower the monthly amount charged as of the effective date, as compared to the one-year amortization of "Option A," and thereby minimize the immediate impact on transmission customers while the issues are being resolved at hearing.

28. To assist parties to this proceeding in identifying transaction-related costs and savings, we reiterate several points with respect to transaction-related cost recovery, as explained in prior Commission orders. First, the applicant must demonstrate its use of appropriate internal controls and procedures for proper identification, accounting, and rate treatment of all transaction-related costs.⁴⁴ Second, transaction-related savings must be realized prior to, or concurrent with, any authorized recovery of transaction-related costs.⁴⁵ Third, the applicant must demonstrate the level of transaction-related "savings produced by the merger and realized by jurisdictional customers;"⁴⁶ that is, the savings must be shown to have a nexus with the transaction and must directly benefit (i.e., be passed on to) transmission customers. Fourth, the applicant's filing must be shown to be just and reasonable in light of all the other factors underlying the new rate.⁴⁷ Finally, the applicant must demonstrate that the transaction-related costs are exceeded by the savings produced by the transaction.⁴⁸

29. We also take this opportunity to provide guidance on other points with respect to transaction-related cost recovery. Only costs that would have been eligible for inclusion in the then-existing transmission rates, but for the hold harmless commitment, will be eligible for cost recovery. Moreover, transaction-related savings should not be calculated based on an after-the-fact reconstruction of costs that would have been incurred absent

⁴⁴ *Exelon Corp.*, 149 FERC ¶ 61,148, at P 150 (2014) (*Exelon*).

⁴⁵ *Wisc. Energy*, 151 FERC ¶ 61,015 at P 56 (citing *National Grid, USA*, Docket No. FA09-10-000 at 55 (Feb. 11, 2011) (delegated letter order); *Ameren Corp.*, 140 FERC ¶ 61,034, at PP 36-37 (2012)).

⁴⁶ *Exelon*, 149 FERC ¶ 61,148 at P 107.

⁴⁷ Merger Order, 136 FERC ¶ 61,016 at P 63 ("Applicants must . . . demonstrate that those costs [comport with] any requirements associated with filings made under section 205."); *see also Exelon*, 149 FERC ¶ 61,148 at P 106.

⁴⁸ Merger Order, 136 FERC ¶ 61,016 at P 63; *see also Exelon*, 149 FERC ¶ 61,148 at PP 106-07; *Wisc. Energy*, 151 FERC ¶ 61,015 at P 56; *Pennsylvania Elec. Co.*, 154 FERC ¶ 61,109 at P 49.

the transaction, but instead should be based on a comparison of costs known prior to consideration of the transaction compared against actual spending.

30. Because we are setting this matter for hearing and settlement judge procedures, we dismiss as moot NH Consumer Advocate's motion for an extension of time for discovery and protest. Finally, we dismiss as outside the scope of this proceeding EMCOS's request to institute a section 206 investigation into alleged misapplication of the transmission formula rate contained in Attachment F to the ISO-NE Tariff. However, if EMCOS believes that certain transaction-related costs may be inappropriately recovered through the Eversource Companies' transmission formula rates, it may make such arguments at hearing.

31. While we are setting these matters for a trial-type evidentiary hearing, we encourage the participants to make every effort to settle their dispute before hearing procedures commence. To aid the participants in their settlement efforts, we will hold the hearing in abeyance and direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.⁴⁹ If the participants desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding; otherwise the Chief Judge will select a judge for this purpose.⁵⁰ The settlement judge shall report to the Chief Judge and the Commission within 30 days of the date of the appointment of the settlement judge, concerning the status of settlement discussions. Based on this report, the Chief Judge shall provide the participants with additional time to continue their settlement discussions or provide for commencement of a hearing by assigning the case to a presiding judge.

The Commission orders:

(A) The Eversource Companies' "Option B" tariff records are hereby accepted for filing and suspended for a nominal period, to become effective June 1, 2016, as requested, subject to refund, as discussed in the body of this order.

(B) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and the FPA, particularly sections 205 and 206

⁴⁹ 18 C.F.R. § 385.603 (2015).

⁵⁰ If the participants decide to request a specific judge, they must make their joint request to the Chief Judge by telephone at (202) 502-8500 within five days of this order. The Commission's website contains a list of Commission judges available for settlement proceedings and a summary of their background and experience (<http://www.ferc.gov/legal/adr/avail-judge.asp>).

thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the FPA (18 C.F.R. Chapter I), a public hearing shall be held concerning the justness and reasonableness of Eversource's transaction-related cost recovery application, as discussed in the body of this order. However, the hearing shall be held in abeyance to provide time for settlement judge procedures, as discussed in Ordering Paragraphs (C) and (D) below.

(C) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2015), the Chief Judge is hereby directed to appoint a settlement judge in this proceeding within fifteen (15) days of the date of this order. Such settlement judge shall have all powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge designates the settlement judge. If the participants decide to request a specific judge, they must make their request to the Chief Judge within five (5) days of the date of this order.

(D) Within thirty (30) days of the appointment of the settlement judge, the settlement judge shall file a report with the Commission and the Chief Judge on the status of the settlement discussions. Based on this report, the Chief Judge shall provide the participants with additional time to continue their settlement discussions, if appropriate, or assign this case to a presiding judge for a trial-type evidentiary hearing, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every sixty (60) days thereafter, informing the Commission and the Chief Judge of the participants' progress toward settlement.

(E) If settlement judge procedures fail and a trial-type evidentiary hearing is to be held, a presiding judge, to be designated by the Chief Judge, shall, within fifteen (15) days of the date of the presiding judge's designation, convene a prehearing conference in these proceedings in a hearing room of the Commission, 888 First Street, NE, Washington, DC 20426. Such a conference shall be held for the purpose of establishing a procedural schedule. The presiding judge is authorized to establish procedural dates, and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.