

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

DE 08-066

ORDER OF NOTICE

On May 1, 2008, Public Service Company of New Hampshire (PSNH) filed testimony and schedules with the Commission in support of its proposed reconciliation of revenues and costs associated with its energy service (ES) charge and stranded cost recovery charge (SCRC) for calendar year 2007. The Commission approved the relevant stranded cost recovery mechanism, which is set forth in the Agreement to Settle PSNH Restructuring (Restructuring Agreement), in Docket No. DE 99-099. See *PSNH Proposed Restructuring Settlement*, 85 NH PUC 154, 85 NH PUC 536 and 85 NH PUC 645 (2000). Through January 31, 2006, the reconciliation of PSNH's ES costs and revenues was included as a subset of the SCRC reconciliation, with the difference between ES costs and revenues included as an adjustment to PSNH's Part 3 stranded costs. Beginning February 1, 2006, the ES reconciliation amounts are no longer applied to stranded costs, but rather are applied to future ES rates as directed by the Commission in Order No. 24,579 (January 20, 2006) 91 NH PUC 17.

The filing covers 1) the reconciliation between the revenues and expenses included in the SCRC and ES; 2) the performance of PSNH's fossil and hydro generation facilities, and 3) how PSNH met its energy and capacity requirement during the 2007 reporting period.

According to PSNH, 2007 ES revenues exceeded the related costs, resulting in an over-recovery of \$1.4 million. PSNH attributed the over-recovery primarily to lower than expected energy costs for the period. PSNH calculated that the average cost of providing energy service for calendar year 2007 was approximately 8.19 cents per kilowatt-hour (kWh). This compares to

the 8.59 cents per kWh ES rate in effect for the months of January through June 2007 and the 7.83 cents per kWh ES rate applicable from July through December 2007.

Regarding the SCRC, PSNH reported that SCRC revenues exceeded the related costs by \$6.8 million, with this over-recovery mainly related to recovery of a prior year under-recovered balance.

Finally, PSNH included in the ES reconciliation a December 2007 adjustment that increases overall net costs by \$1.941 million. According to PSNH, this adjustment removes the 2007 wholesale distribution service revenues that PSNH received from Unitil Energy Systems, Inc. (Unitil) that were incorrectly credited to ES costs in PSNH's 2007 quarterly ES filings. PSNH stated that this error also appeared in the 2005 and 2006 reconciliation dockets, but PSNH only seeks to correct the 2007 error as the 2005 and 2006 dockets have already been adjudicated and closed. If the correction is not made, PSNH said, customers would effectively be credited with the Unitil wholesale revenue twice as the revenue was also included in PSNH's most recent distribution rate case, DE 06-028.

The filing raises, inter alia, issues related to the prudence of generation outages that are reflected in PSNH's ES costs for the period; the prudence of PSNH's use of its generation resources during the period as well as the prudence of market purchases used to supplement those resources; the prudence and reasonableness of PSNH's incurred capital costs; and the question of whether PSNH has otherwise appropriately accounted for and reconciled its 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 them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 26, 2008 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. Admin. Rule Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than June 9, 2008, 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 June 26, 2008; and it is

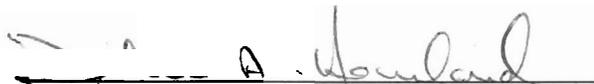
FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to PSNH and the Office of the Consumer Advocate on or before June 23, 2008, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. 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 June 26, 2008.

06/04/08
DE 08-066

By order of the Public Utilities Commission of New Hampshire this fourth day of

June, 2008.



Debra A. Howland
Executive Director & Secretary

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.

