**Public Service of New Hampshire**

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Public Service Company of New Hampshire
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The Northeast Utilities System

ORIGINAL
N.H.P.U.C. Case No. DE 09-180
Exhibit No. 24
Witness Panel
DO NOT REMOVE FROM FILE

June 11, 2010

RECEIVED
JUN 11 2010
NH PUBLIC UTILITIES COMMISSION

Debra A. Howland
Executive Director and Secretary
State of New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

Re: PSNH - Default Energy Service Rate - Mid Term Adjustment - Docket No. DE 09-180

Dear Secretary Howland:

Enclosed please find an original and six copies of the revised attachments to the pre-filed Direct Testimony of Robert A. Baumann. Based upon more recent actual data through the end of May and newly forecasted data through December 31, 2010, Public Service Company of New Hampshire ("PSNH") is requesting a decrease in the Default Energy Service Rate ("ES") effective July 1, 2010. PSNH calculates that there will be a decrease from the current ES rate of 8.96 cents per kilowatt-hour to an ES rate of 8.78 cents per kilowatt-hour.

Also enclosed are seven copies of the prefiled Technical Statement of Robert A. Baumann and Frederick B. White explaining the factors contributing to the decrease ES rate. Copies of this filing have been provided to the persons on the attached service list pursuant to Puc §203.02 and Puc §203.11.

Very truly yours,

Gerald M. Eaton

Gerald M. Eaton
Senior Counsel

Enclosures
cc: Service List

OS0101 REV. 11-09

# Service List
## Docket DE 09-180

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Attachment RAB-1
Page 1

1 **PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**
2 **2010 ENERGY SERVICE RATE CALCULATION**
3 **(Dollars in 000's)**
4
5
6
7
8 **Traditional Approach**
9

| Line | Summary of Actual and Forecasted Energy Service Cost For January 2010 Through December 2010 | TOTAL COST | Cents per KWH (2) | Reference |
|---|---|---|---|---|
| 10 | **Summary of Actual and Forecasted Energy Service** | | | |
| 11 | **Cost For January 2010 Through December 2010** | TOTAL COST | Cents per KWH (2) | Reference |
| 12 | | | | |
| 13 | Fossil energy costs | $ 165,321 | 3.09 | Attachment RAB-2, page 2 |
| 14 | F/H O&M, depreciation & taxes | 133,721 | 2.50 | Attachment RAB-2, page 2 |
| 15 | Return on rate base | 40,788 | 0.76 | Attachment RAB-2, page 2 |
| 16 | ISO-NE ancillary | 2,317 | 0.04 | Attachment RAB-2, page 2 |
| 17 | Capacity | 14,212 | 0.27 | Attachment RAB-2, page 2 |
| 18 | NH RPS | 10,963 | 0.21 | Attachment RAB-2, page 2 |
| 19 | RGGI costs | 6,672 | 0.12 | Attachment RAB-2, page 2 |
| 20 | Vermont Yankee | 7,108 | 0.13 | Attachment RAB-2, page 2 |
| 21 | IPP costs (1) | 28,592 | 0.53 | Attachment RAB-2, page 2 |
| 22 | Purchases and sales | 75,624 | 1.41 | Attachment RAB-2, page 2 |
| 23 | Return on ES Deferral | 348 | 0.01 | Attachment RAB-2, page 2 |
| 24 | Merrimack projected O&M insurance proceeds | (6,500) | (0.12) | Attachment RAB-2, page 2 |
| 25 | Merrimack projected RPC insurance proceeds | (8,700) | (0.16) | Attachment RAB-2, page 2 |
| 26 | Company Use | (689) | (0.01) | Attachment RAB-2, page 2 |
| 27 | 2009 Actual ES under/(over) recovery | 4,442 | 0.08 | Attachment RAB-2, page 2 |
| 28 | | | | |
| 29 | Total Updated Energy Service Cost | $ 474,218 | 8.87 | |
| 30 | Total Updated Revenue at 8.96 cents per kwh | 478,964 | | |
| 31 | Energy Service (Over)/Under Recovery | (4,746) | | |
| 32 | | | | |
| 33 | Forecasted Retail MWH Sales July-December 2010 | 2,693,785 | | |
| 34 | | | | |
| 35 | Increase in Energy Service Rate - cents per kwh (L31/L33) | (0.18) | | |
| 36 | | | | |
| 37 | Energy Service Rate as approved in DE 09-180 - cents per kwh | 8.96 | | |
| 38 | | | | |
| 39 | Updated Energy Service Rate - cents per kwh | 8.78 | | |

(1) The IPP costs represent the forecasted market value of IPP generation.

(2) Cents per KWH was calculated using the 2010 actual and forecasted sales from Attachment RAB-2, page 2, line 34.

Amounts shown above may not add due to rounding.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**
**2010 ENERGY SERVICE RATE CALCULATION**
**(Dollars in 000's)**

| <u>Energy Service Cost</u> | January 2010 Actual | February 2010 Actual | March 2010 Actual | April 2010 Actual | May 2010 Actual | June 2010 Estimate | Reference |
|---|---|---|---|---|---|---|---|
| Fossil energy costs | $ 17,238 | $ 16,427 | $ 16,134 | $ 11,963 | $ 12,131 | $ 13,839 | RAB-2, P3 |
| F/H O&M, depreciation & taxes | 10,525 | 9,974 | 10,983 | 12,916 | 12,836 | 11,231 | RAB-2, P5 |
| Return on rate base | 3,512 | 3,509 | 3,205 | 3,338 | 3,338 | 3,369 | RAB-2, P6 |
| ISO-NE ancillary (inc. Congestion and Loss Adj.) | (591) | 124 | 154 | (142) | 109 | 245 | RAB-2, P3 |
| Capacity | 2,290 | 1,673 | 1,779 | 1,086 | 1,264 | 853 | RAB-2, P3 |
| NH RPS | 994 | 994 | 994 | 994 | 994 | 821 | RAB-2, P3 |
| RGGI costs | 550 | 528 | 538 | 493 | 466 | 632 | RAB-2, P3 |
| Vermont Yankee | 646 | 563 | 655 | 485 | 46 | 623 | RAB-2, P3 |
| IPP costs (1) | 3,743 | 2,244 | 2,089 | 2,315 | 2,340 | 2,011 | RAB-2, P4 |
| Purchases and sales | 9,062 | 5,537 | 4,264 | 6,501 | 8,400 | 4,329 | RAB-2, P3 |
| Return on ES Deferral | 15 | 18 | 22 | 26 | 32 | 37 | |
| Merrimack projected O&M insurance proceeds | - | - | - | - | - | - | |
| Merrimack projected RPC insurance proceeds | - | - | - | - | - | - | |
| Company Use | - | - | - | - | - | - | |
| 2009 Actual ES under/(over) recovery | 4,442 | - | - | - | - | - | |
| Total Energy Service Cost Re-estimate | $ 52,426 | $ 41,591 | $ 40,818 | $ 39,975 | $ 41,956 | $ 37,990 | |
| Total Energy Service Revenue at 8.96 | 47,803 | 39,681 | 39,333 | 34,987 | 37,497 | 38,300 | |
| ES Under/(Over) Recovery | 4,623 | 1,910 | 1,485 | 4,988 | 4,459 | (310) | |
| Retail MWH Sales | 533,440 | 442,851 | 438,928 | 390,467 | 418,512 | 427,458 | |
| Energy Service Cost - cents per kwh | 9.83 | 9.39 | 9.30 | 10.24 | 10.03 | 8.89 | |

(1) January 2010 IPP costs include $305k of ES true-up to actual.

Amounts shown above may not add due to rounding.

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Attachment RAB-2
Page 2

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**
**2010 ENERGY SERVICE RATE CALCULATION**
**(Dollars in 000's)**

| Energy Service Cost | July 2010 Estimate | August 2010 Estimate | September 2010 Estimate | October 2010 Estimate | November 2010 Estimate | December 2010 Estimate | Total | Reference |
|---|---|---|---|---|---|---|---|---|
| Fossil energy costs | $ 14,316 | $ 14,558 | $ 11,257 | $ 7,721 | $ 14,394 | $ 15,343 | $ 165,321 | RAB-2, P3 |
| F/H O&M, depreciation & taxes | 10,473 | 10,038 | 15,925 | 9,752 | 9,230 | 9,837 | 133,721 | RAB-2, P5 |
| Return on rate base | 3,396 | 3,391 | 3,381 | 3,371 | 3,432 | 3,546 | 40,788 | RAB-2, P6 |
| ISO-NE ancillary (inc. Congestion and Loss Adj.) | 196 | 221 | 112 | 463 | 710 | 716 | 2,317 | RAB-2, P3 |
| Capacity | 853 | 853 | 853 | 769 | 769 | 1,168 | 14,212 | RAB-2, P3 |
| NH RPS | 940 | 936 | 813 | 800 | 793 | 891 | 10,963 | RAB-2, P3 |
| RGGI costs | 653 | 659 | 510 | 339 | 635 | 668 | 6,672 | RAB-2, P3 |
| Vermont Yankee | 656 | 640 | 624 | 663 | 648 | 670 | 7,108 | RAB-2, P3 |
| IPP costs | 2,221 | 2,001 | 1,613 | 2,081 | 2,690 | 3,243 | 28,592 | RAB-2, P4 |
| Purchases and sales | 7,318 | 7,060 | 7,656 | 10,077 | 2,028 | 3,392 | 75,624 | RAB-2, P3 |
| Return on ES Deferral | 36 | 32 | 34 | 38 | 36 | 22 | 348 | |
| Merrimack projected O&M insurance proceeds | - | - | - | - | - | (6,500) | (6,500) | |
| Merrimack projected RPC insurance proceeds | - | - | - | - | - | (8,700) | (8,700) | |
| Company Use | (115) | (115) | (115) | (115) | (115) | (115) | (689) | |
| 2009 Actual ES under/(over) recovery | - | - | - | - | - | - | 4,442 | |
| Total Energy Service Cost Re-estimate | $ 40,943 | $ 40,274 | $ 42,664 | $ 35,959 | $ 35,251 | $ 24,181 | $ 474,218 | |
| Total Energy Service Revenue at 8.96 | $ 43,845 | $ 43,677 | $ 37,920 | $ 37,347 | $ 37,010 | $ 41,565 | $ 478,964 | |
| ES Under/(Over) Recovery | $ (2,902) | $ (3,402) | $ 4,745 | $ (1,388) | $ (1,758) | $ (17,384) | $ (4,746) | |
| Retail MWH Sales | 489,341 | 487,465 | 423,209 | 416,820 | 413,057 | 463,893 | 5,345,441 | |
| Energy Service Cost - cents per kwh | 8.37 | 8.26 | 10.08 | 8.63 | 8.53 | 5.21 | 8.87 | |

Amounts shown above may not add due to rounding.

## PUBLIC SERVICE RATE COMPANY OF NEW HAMPSHIRE
## 2010 ENERGY SERVICE RATE CALCULATION

### PSNH Generation (GWh) and Expense ($000)
### IPP's Priced at Market Rate

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | Jun-10 | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Total |
| 2 | Hydro: | Energy | | 28.327 | 22.178 | 19.888 | 16.457 | 23.078 | 32.32 | 31.206 | 173.454 |
| 3 | | | | | | | | | | | |
| 4 | Coal: | Energy | | 332.076 | 343.145 | 343.145 | 267.834 | 178.355 | 333.690 | 344.813 | 2,143.058 |
| 5 | | Energy Expense | $ | 13,510 | 13,976 | 13,976 | 10,928 | 7,359 | 14,044 | 14,512 | 88,303 |
| 6 | | | | | | | | | | | |
| 7 | Wood: | Energy | | 25.435 | 26.283 | 26.283 | 25.435 | 27.951 | 27.050 | 27.951 | 186.388 |
| 8 | | Energy Expense | $ | 1,263 | 1,305 | 1,305 | 1,263 | 1,388 | 1,343 | 1,388 | 9,252 |
| 9 | | Revenue Credit | $ | (933) | (964) | (964) | (933) | (1,025) | (992) | (1,025) | (6,838) |
| 10 | | | | | | | | | | | |
| 11 | Nuclear: | Energy | | 14.285 | 15.029 | 14.664 | 14.314 | 15.207 | 14.846 | 15.349 | 103.694 |
| 12 | | Energy Expense | $ | 623 | 656 | 640 | 624 | 663 | 648 | 670 | 4,524 |
| 13 | | | | | | | | | | | |
| 14 | Newington: | Energy | | 0.000 | 0.000 | 3.200 | 0.000 | 0.000 | 0.000 | 6.400 | 9.600 |
| 15 | | Energy Expense | $ | - | - | 242 | - | - | - | 469 | 711 |
| 16 | | | | | | | | | | | |
| 17 | IPP's: | Energy | | 44.571 | 42.889 | 37.866 | 33.454 | 42.086 | 51.937 | 56.294 | 309.097 |
| 18 | | Energy Expense | $ | 1,864 | 2,074 | 1,854 | 1,466 | 1,850 | 2,459 | 3,012 | 14,579 |
| 19 | | ICAP | $ | 147 | 147 | 147 | 147 | 231 | 231 | 231 | 1,282 |
| 20 | | | | | | | | | | | |
| 21 | Peak Purchase: | Energy | | 5.703 | 26.009 | 12.647 | 35.505 | 41.030 | 0.000 | 0.955 | 121.849 |
| 22 | | Expense | $ | 374 | 1,735 | 845 | 1,826 | 2,098 | - | 79 | 6,957 |
| 23 | | | | | | | | | | | |
| 24 | Known Purchases | Energy | | 80.606 | 77.794 | 80.194 | 78.206 | 79.133 | 80.150 | 86.612 | 562.695 |
| 25 | | Expense | $ | 6,729 | 6,700 | 6,936 | 6,493 | 6,545 | 6,595 | 7,171 | 47,169 |
| 26 | | | | | | | | | | | |
| 27 | Offpeak Purchase: | Energy | | 2.615 | 12.781 | 15.561 | 18.603 | 53.444 | 0.370 | 2.571 | 105.945 |
| 28 | | Expense | $ | 122 | 664 | 801 | 804 | 2,243 | 21 | 167 | 4,822 |
| 29 | | | | | | | | | | | |
| 30 | Surplus Energy Sales | Energy | | (81.281) | (48.287) | (37.613) | (41.969) | (19.204) | (103.266) | (81.259) | (412.879) |
| 31 | | (Credit) | $ | (2,896) | (1,781) | (1,522) | (1,467) | (809) | (4,588) | (4,025) | (17,088) |
| 32 | | | | | | | | | | | |
| 33 | Congestion and Loss Adjustment | | $ | 98 | 49 | 45 | (35) | (147) | 182 | 188 | 379 |
| 34 | | | | | | | | | | | |
| 35 | Total Energy GWH | | | 452.337 | 517.821 | 515.835 | 447.839 | 441.080 | 437.097 | 490.892 | 3,302.901 |
| 36 | Total Energy Expense | | $ | 20,900 | 24,559 | 24,304 | 21,116 | 20,394 | 19,942 | 22,835 | 154,051 |
| 37 | | | | | | | | | | | |
| 38 | | | | | | | | | | | |
| 39 | ISO-NE Ancillary | | $ | 147 | 147 | 175 | 147 | 610 | 528 | 528 | 2,284 |
| 40 | NH RPS | | $ | 821 | 940 | 936 | 813 | 800 | 793 | 891 | 5,993 |
| 41 | RGGI Costs | | $ | 632 | 653 | 659 | 510 | 339 | 635 | 668 | 4,097 |
| 42 | | | | | | | | | | | |
| 43 | Capacity (sold)/bought MW-mo | | | 190 | 190 | 190 | 190 | 171 | 171 | 260 | 1,360 |
| 44 | Capacity (sold)/bought Cost ($000) | | $ | 853 | 853 | 853 | 853 | 769 | 769 | 1,168 | 6,120 |

Amounts shown above may not add due to rounding.

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**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**
**2010 ENERGY SERVICE RATE CALCULATION**

1 **<u>Forecasted PSNH IPP Market Value - June - December 2010</u>**
2

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 3 | | | IPP Energy at | | | | | |
| 4 | | IPP | Mkt Value | Capacity | ICAP Value | ICAP | Total | Total |
| 5 | Month | GWh | ($000) | MW | $/kw-mo | ($000) | ($000) | $/MWh |
| 11 | June | 44.571 | 1,864 | 32.8 | 4.5 | 147 | 2,011 | 45.13 |
| 12 | July | 42.889 | 2,074 | 32.8 | 4.5 | 147 | 2,221 | 51.80 |
| 13 | August | 37.866 | 1,854 | 32.8 | 4.5 | 147 | 2,001 | 52.86 |
| 14 | September | 33.454 | 1,466 | 32.8 | 4.5 | 147 | 1,613 | 48.23 |
| 15 | October | 42.086 | 1,850 | 51.3 | 4.5 | 231 | 2,081 | 49.44 |
| 16 | November | 51.937 | 2,459 | 51.3 | 4.5 | 231 | 2,690 | 51.79 |
| 17 | December | 56.294 | 3,012 | 51.3 | 4.5 | 231 | 3,243 | 57.60 |
| 18 | Total | 309.097 | 14,579 | | | 1,282 | 15,861 | 51.31 |

Amounts shown above may not add due to rounding.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**
**2010 ENERGY SERVICE RATE CALCULATION**
**Fossil / Hydro O&M, Depreciation & Taxes Detail**
**(Dollars in 000's)**

| **Fossil / Hydro O&M, Depr. & Taxes** | January 2010 Actual | February 2010 Actual | March 2010 Actual | April 2010 Actual | May 2010 Actual | June 2010 Estimate | July 2010 Estimate | August 2010 Estimate | September 2010 Estimate | October 2010 Estimate | November 2010 Estimate | December 2010 Estimate | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| F/H Operation & Maintenance Cost | $ 7,812 | $ 7,297 | $ 8,200 | $ 10,262 | $ 10,111 | $ 8,435 | $ 7,694 | $ 7,353 | $ 13,126 | $ 7,083 | $ 6,595 | $ 7,026 | $ 100,995 |
| F/H Depreciation Cost | 1,752 | 1,750 | 1,753 | 1,748 | 1,748 | 1,773 | 1,789 | 1,790 | 1,792 | 1,797 | 1,794 | 1,831 | 21,317 |
| F/H Property Taxes | 720 | 720 | 773 | 687 | 795 | 723 | 723 | 723 | 723 | 723 | 723 | 723 | 8,756 |
| F/H Payroll Taxes | 205 | 171 | 194 | 173 | 136 | 187 | 267 | 172 | 168 | 149 | 118 | 139 | 2,079 |
| Amort. of Asset Retirement Obligation | 36 | 36 | 63 | 46 | 46 | 113 | - | - | 116 | - | - | 118 | 574 |
| | | | | | | | | | | | | | |
| Total F/H O&M, Depr. and Taxes | $ 10,525 | $ 9,974 | $ 10,983 | $ 12,916 | $ 12,836 | $ 11,231 | $ 10,473 | $ 10,038 | $ 15,925 | $ 9,752 | $ 9,230 | $ 9,837 | $ 133,721 |

Amounts shown above may not add due to rounding.

1 **PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**
2 **2010 ENERGY SERVICE RATE CALCULATION**
3 **FOSSIL/HYDRO RETURN ON RATE BASE**
4 **(Dollars in 000's)**

| Line | Return on Rate Base | January 2010 Actual | February 2010 Actual | March 2010 Actual | April 2010 Actual | May 2010 Actual | June 2010 Estimate | July 2010 Estimate | August 2010 Estimate | September 2010 Estimate | October 2010 Estimate | November 2010 Estimate | December 2010 Estimate | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12 | | | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | | | |
| 14 | Rate base | | | | | | | | | | | | | |
| 15 | Net Plant | 283,340 | 283,340 | 277,517 | 277,517 | 277,517 | 282,773 | 281,837 | 281,035 | 281,702 | 281,655 | 295,480 | 304,837 | |
| 16 | | | | | | | | | | | | | | |
| 17 | Working Capital Allow. (45 days of O&M) | 12,020 | 12,020 | 12,020 | 12,020 | 12,020 | 12,605 | 12,605 | 12,605 | 12,605 | 12,605 | 12,605 | 12,605 | |
| 18 | Fossil Fuel Inventory | 81,748 | 81,748 | 65,480 | 65,480 | 65,480 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | |
| 19 | Mat'ls and Supplies | 53,616 | 53,616 | 53,762 | 53,762 | 53,762 | 53,885 | 53,937 | 54,001 | 54,164 | 54,221 | 54,403 | 54,873 | |
| 20 | Prepayments | 2,428 | 2,428 | 2,292 | 2,292 | 2,292 | 1,789 | 1,789 | 1,789 | 1,789 | 1,789 | 1,789 | 1,789 | |
| 21 | Deferred Taxes | (20,454) | (20,454) | (18,780) | (18,780) | (18,780) | (21,748) | (20,591) | (19,121) | (20,487) | (20,105) | (18,856) | (16,535) | |
| 22 | Other Regulatory Obligations | (12,409) | (12,409) | (15,521) | (15,521) | (15,521) | (7,606) | (8,665) | (9,705) | (11,055) | (11,946) | (12,846) | (13,643) | |
| 23 | Total Rate Base (L15 thru L22) | 400,289 | 400,289 | 376,770 | 376,770 | 376,770 | 383,698 | 382,912 | 382,604 | 380,718 | 380,219 | 394,575 | 405,926 | |
| 24 | | | | | | | | | | | | | | |
| 25 | Average Rate Base ( prev + curr month) | 400,662 | 400,289 | 388,530 | 376,770 | 376,770 | 380,234 | 383,305 | 382,758 | 381,661 | 380,469 | 387,397 | 400,251 | |
| 26 | x Return | 0.8765% | 0.8765% | 0.8765% | 0.8860% | 0.8860% | 0.8860% | 0.8860% | 0.8860% | 0.8860% | 0.8860% | 0.8860% | 0.8860% | |
| 27 | Return (L25 x L26) | $ 3,512 | $ 3,509 | $ 3,205 | $ 3,338 | $ 3,338 | $ 3,369 | $ 3,396 | $ 3,391 | $ 3,381 | $ 3,371 | $ 3,432 | $ 3,546 | $ 40,788 |

Amounts shown above may not add due to rounding.

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

Public Service Company of New Hampshire
Energy Service Rate Mid-year Adjustment
Docket No. DE 09-180

Joint Technical Statement of Robert A. Baumann and Frederick B. White

June 11, 2010

## A. Purpose of Technical Statement

This technical Statement is being submitted to explain the changes to PSNH's proposed Default Energy Service (ES) Rate effective July 1, 2010. This filing updates PSNH's ES filing that was submitted on May 4, 2010.

## B. Proposed Rate

On May 4, 2010, PSNH filed a proposed mid-year ES rate of 8.57¢/kWh to be effective for the six month period July 1 through December 31, 2010. In this filing, PSNH is proposing a mid-year ES rate of 8.78¢/kWh to be effective July 1, 2010, which is a decrease of 0.18 cents from the currently effective ES rate of 8.96¢/kWh.

The increase from the May 4, 2010 filing to the June 11, 2010 filing is attributable to net additional actual and forecasted costs of $6.2 million [a $13.8 million revenue decrease, net of cost decrease of $7.6 million]. The forecasted revenue decrease is primarily due to additional customer migration. The forecasted cost decrease is also primarily attributable to additional customer migration, offset in part with higher forward market electricity prices as of June 4, 2010.

## C. Changes From May 4, 2010 Filing (Attachment RAB-2, page 3)

For the forecast period June through December 2010, the impact of updated higher forward market electricity prices and additional migration is an $8.3 million decrease to overall ES costs, as explained below:

1. Forecasted coal costs are lower by $1.3 million and coal generation is unchanged. $2.3 million of lower costs is due to a credit for non-delivery and resale of previously scheduled contract coal. The initial filing reflected this resale in May 2010 but it will now occur in the June-December forecast period. This cost reduction is offset by the increase in cost in May (see item 11 below), resulting in no impact on the change to the rate as compared to the May 4, 2010 filing. This credit was partially offset by $1.05 million of higher net coal costs at Merrimack and Schiller due to higher coal prices.

2. Wood costs are lower by $0.9 million due to lower wood prices.

3. The table below shows the forward market electricity prices used in the May, 2010 filing, and current values for June through December, 2010, and the change for each month.

**Forward Electricity Prices and Changes Between May, 2010 Filing and June, 2010 Forecasts ($/MWh)**

| | May-10 | | Jun-10 | | Change | |
|---|---|---|---|---|---|---|
| | Peak | Off-peak | Peak | Off-peak | Peak | Off-peak |
| Jun-10 | 43.33 | 33.17 | 47.75 | 36.16 | 4.42 | 2.99 |
| Jul-10 | 49.69 | 36.38 | 56.05 | 42.04 | 6.36 | 5.66 |
| Aug-10 | 49.69 | 36.38 | 57.08 | 41.66 | 7.39 | 5.28 |
| Sep-10 | 44.13 | 34.02 | 50.70 | 37.82 | 6.57 | 3.80 |
| Oct-10 | 44.60 | 35.13 | 50.06 | 38.95 | 5.46 | 3.82 |
| Nov-10 | 48.40 | 38.13 | 53.60 | 41.89 | 5.20 | 3.76 |
| Dec-10 | 54.03 | 43.30 | 58.65 | 48.48 | 4.62 | 5.18 |

4. IPP costs "at market" are higher by $1.5 million reflecting higher forward electricity market prices, while volumes remain the same.

5. The cost of purchases, sales and congestion changed as follows:
a. Peak and off-peak purchased power costs are lower by $1.6 million and volumes are lower by 62 GWh.
b. Surplus energy sales revenues are higher by $4.5 million and volumes are higher by 70 GWh.
c. Congestion and loss adjustment costs are higher by $0.3 million.

These changes are a result of lower ES loads due to slightly lower forecasted sales, additional migration and forward market price changes. Changes in forward market electricity prices are shown above, and changes in the sales forecast and migration are shown below.

6. RPS costs are lower by $0.3 million reflecting lower ES loads.

7. Capacity costs are lower by $1.5 million resulting from lower capacity obligations due to lower loads.

8. Total ES sales are lower by 125 GWh. The table below shows the forecasted sales and migration (non-ES sales) used for the May filing and for this update. For consistency with rate setting, values are shown as measured at the customer meter. The amount of migration modeled in the update is as of May, 2010 and is 31.9% of forecasted total retail delivery sales. Overall, June through December 2010 sales are lower by 3.9% from the estimate which was used for calculating the ES Rate in PSNH's May filing.

## Changes to PSNH ES Sales Forecast

| | May, 2010 Filing (MWh) | | | June, 2010 Update (MWh) | | | Change From May, 2010 (MWh) | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | PSNH Sales | Non-ES Sales | ES Sales | PSNH Sales | Non-ES Sales | ES Sales | PSNH Sales | Non-ES Sales | ES Sales | % ES Sales Change |
| Jun-10 | 629,292 | 186,670 | 442,622 | 627,692 | 200,234 | 427,458 | (1,600) | 13,564 | (15,164) | -3.4% |
| Jul-10 | 722,162 | 214,218 | 507,944 | 718,562 | 229,221 | 489,341 | (3,600) | 15,003 | (18,603) | -3.7% |
| Aug-10 | 718,329 | 213,081 | 505,248 | 715,807 | 228,342 | 487,465 | (2,522) | 15,261 | (17,783) | -3.5% |
| Sep-10 | 625,986 | 185,689 | 440,297 | 621,452 | 198,243 | 423,209 | (4,534) | 12,554 | (17,088) | -3.9% |
| Oct-10 | 618,109 | 183,352 | 434,757 | 612,071 | 195,251 | 416,820 | (6,038) | 11,899 | (17,937) | -4.1% |
| Nov-10 | 617,816 | 183,266 | 434,550 | 606,545 | 193,488 | 413,057 | (11,271) | 10,222 | (21,493) | -4.9% |
| Dec-10 | 683,790 | 202,836 | 480,954 | 681,194 | 217,301 | 463,893 | (2,596) | 14,465 | (17,061) | -3.5% |
| Subtotal | 4,615,484 | 1,369,112 | 3,246,372 | 4,583,323 | 1,462,080 | 3,121,243 | (32,161) | 92,968 | (125,129) | -3.9% |

## D. Other Cost Changes ($0.7 million cost increase)

9. Actual and forecasted F/H O&M costs decreased by a net of $1.2 million. This is due to actual F/H O&M decreasing by $2.7 million from the 5/4/10 filing. In addition, this filing has been updated to reflect increase in costs of $1.5 million associated with the transfer of the NHPUC Assessment and increased portion of uncollectible expense into the ES rate calculation consistent with the distribution rate case Settlement pending before the Commission. The costs from August 2009 – June 2010 (recoupment period) have been included reflecting a one year period of recovery consistent with the recovery of the recoupment balance in distribution rates.

10. Anticipated insurance proceeds associated with Merrimack have been updated using the latest amounts that have been or will be submitted as part of PSNH's claim to the insurer. Consistent with past filings, these amounts have been reduced by approximately 20% to reflect timing and/or recovery of the insurance proceeds. This resulted in an additional credit of $3.4 million.

11. All other actual costs increased by $5.3 million. One major reason for this increase was the delay in the coal resale that was anticipated to take place in May 2010 but has been delayed, accounting for $2.3 million of this variance. (See the discussion in item 1 above.)

## E. Revenue Changes ($13.8 million revenue decrease)

12. The 2010 updated ES revenues decreased by $13.8 million due to additional customer migration.

## F. Customer Migration Update

13. The 6/11/2010 updated ES rate assumes a 31.9% migration level which represents the actual current migration level on PSNH's system as of May 31, 2010. PSNH also computed two alternative ES migration scenarios. The results of our calculations are as follows:

| Average migration percentage | ES rate |
|---|---|
| 31.9% | 8.78 cents/kWh (as filed & proposed) |
| 35.6% | 8.90 |
| 28.2% | 8.68 |