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Filed Electronically and
Hand-Delivered

Ms. Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: DE 06-⁰¹⁵~~615~~, New Hampshire Electric Cooperative, Inc.
Least Cost Integrated Resource Plan



Dear Ms. Howland:

On behalf of New Hampshire Electric Cooperative, Inc. ("NHEC"), I am writing in response to the Commission's directives in your letter of April 13, 2009 in the above-captioned docket. In that letter the Commission directed NHEC to file descriptions of the following:

- NHEC's current least cost planning process for transmission and distribution activities; and
- NHEC's plans for complying with the requirements of RSA 378:38, *et seq.*, on a going forward basis.

NHEC's responsive descriptions are set out below.

As a preliminary matter, and as described in more detail below, NHEC is currently engaged in the process of developing newly-updated long-range planning studies which will provide the basis for both a new LRP (discussed below) and an up-to-date Least Cost Integrated Resource Plan ("LCIRP") consistent with the provisions of RSA 378:38 and 378-a. Among other things, these studies will include an updated load forecast. NHEC anticipates that the necessary in-house and outside engineering and analytical work will be completed so that NHEC can file a 2009 LCIRP with the Commission by September 30, 2009.

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NHEC's Current Least Cost Planning Process for Transmission and Distribution

NHEC's current least cost planning process for its transmission and distribution activities ("T&D") is significantly influenced by the requirements of the federal program under which it was created. NHEC was originally chartered as a beneficiary under the federal Rural Electrification Act of 1939. Historically, NHEC obtained most of its debt financing by borrowing from the U.S. Department of Agriculture Rural Electrification Administration ("REA") (now named the Rural Utilities Service, or "RUS"). Beginning in the 1970's NHEC supplemented REA borrowings with loans from a non-government bank created by and for the nation's rural electric cooperatives ("RECs"), the National Rural Utilities Cooperative Finance Corporation ("CFC").

REA/RUS promulgates guidance and requirements for its borrowers in many aspects of their rural electric utility functions, among them T&D system planning. Simply stated, the REA/RUS requirements called for each cooperative to prepare and file two forms of T&D planning studies. Approximately every two years, borrowers prepared a Two Year Construction Work Plan ("CWP") to guide short-horizon capital construction and funding requirements (which provided the basis for REA/RUS and CFC construction financing). CWP build out plans were guided by periodic long-horizon planning studies called Long-Range Plans ("LRPs"). The planning time frame for LRPs was nominally the earlier of 20 years, or four times current system load level. New LRPs were generally prepared when the a current LRP became less effective as a planning tool as a result of actual load growth rates or geographic patterns deviating from those assumed. Depending on local conditions, some RECs might require a new LRP no more frequently than once every 10 years while other RECs, for example serving suburbs of growing cities, might undertake a new LRP every two to four years.

After 1991 NHEC began financing 100% of its new borrowing through CFC. CFC generally requires its borrowers to submit a new financial forecast and a CWP as part of the package for new financing requests. However, CFC is not as prescriptive as to the form, format, or timing of CWP and LRP updates.

The current LRP that NHEC is using was produced in 2003 and covers a planning horizon out to 2023. As an example of the scope and detail of NHEC's LRP processes, copies of an illustrative portion of NHEC's current LRP are included with this filing. A complete copy of the 327-page LRP is included with NHEC's electronic version of this filing.

In 2008, NHEC determined that a new LRP was desirable and accordingly it has budgeted the funds necessary to produce that plan and to develop a new long-term load forecast in 2009. NHEC is current working with the same outside engineering, analytical and planning team which participated in the production of NHEC's current LRP as well as past NHEC LCIRPs. This work will be used to provide the information about NHEC's T&D planning for the LCIRP filing required under RSA 378:38, which NHEC intends to submit by September 30, 2009.

NHEC's Plans for Complying with the Requirements of RSA 378:38, *et seq.*, on a Going Forward Basis

NHEC requested that the instant docket be opened because it concluded that it had erroneously discontinued periodic LCIRP filings subsequent its filing with the Commission a Certificate of Deregulation pursuant to RSA 301:57 and because the intervening enactment of electric utility restructuring and changes in NHEC's regulatory status had raised significant uncertainties concerning the scope and content of any LCIRP which NHEC would file. Subsequent developments in the dockets dealing with other utilities' LCIRP filings, communications with Commission Staff, and the Commission's letter of April 13, 2009 have provided NHEC with sufficient guidance so as to permit it to move forward with the filing of a LCIRP modeled after those which the Commission has approved in DE 05-098 and DE 07-052. As indicated above, NHEC believes that its ongoing load forecasting and LRP development activities will be completed on a timeline which will allow for the filing by NHEC of a LCIRP by September 30, 2009, and biennially thereafter.

I hope and trust that this letter is responsive to the Commissions directives as set out in your letter. If you have any questions or comments, please do not hesitate to contact me.

Sincerely,



Mark W. Dean