

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 11-250

Investigation of Scrubber Costs and Cost Recovery

DE 14-238

Determination Regarding PSNH's Generation Assets

Motion for Reconsideration

Intervener Terry Cronin respectfully moves that the Commission reconsider its Orders numbered 25,831 and 25,837 in the captioned dockets for the reason that the rights as an intervener have been substantially impaired by the limitations imposed by those orders.

Statement of Position

1. *The Order limiting intervener Cronin's participation in docket DE 11-250 to comments that "must be grounded in the existing record that is before the Commission and available on the Commissions website" not only ignores the record before the Commission in the docket, the evidence available in the docket casts substantial doubt regarding the prudence of the scrubber costs and whether the costs were legally incurred under RSA 369-B: 3-a.*

Documents are available in the docket that show that PSNH examined generation upgrades at Merrimack Station. The documents include "Merrimack Station Unit 2 Boiler Replacement Feasibility Study", dated November, 2004, prepared by Burns & McDonnell; "Preliminary Permit Plan Analysis-Critical Path Issues, Multi-Pollutant Control Strategy Options", dated July 26, 2005, prepared by GZA Geo Environmental, Inc.; and, "Merrimack Boiler Study", dated February 1, 2007, prepared by Sargent & Lundy, LLC. Commission staff entered the studies into the record of DE 11-250 (Tab 38), but the studies were not used by docket interveners or Commission staff to examine whether monies were spent as recommended in the studies.

The studies provide powerful circumstantial evidence that the cost over runs incurred during the scrubber project were caused by generation upgrades and other projects beyond the scrubber itself.

Each of the studies was commissioned by PSNH and were located by the New Hampshire Sierra Club in a FOIA request on Region 1, United States Environmental Protection Agency and in discovery in NHDES-Air Resources Council docket 09-10.

The studies were Merrimack Station life extension studies that examined the engineering, capital costs, operation and maintenance cost projections, and, environmental permitting requirements for various life extension options for Merrimack Station, including replacement of the MK2 boiler, projects that are substantially more extensive than the scrubber project.

The studies suggest that PSNH, during the installation of the scrubber, increased the generating capacity of Merrimack Station.

The November 2004 Burns & McDonnell study is of particular note. That study, at page 5-2, provides a Table that details the costs of upgrades to Merrimack Station. Option 1 details the costs to replace the MK2 boiler and add the scrubber. That project would increase the generating capacity to 365 MW gross. Option 2 details the costs to add the scrubber without the boiler replacement. That project would increase the gross output to 343 MW. Both options cost the turbine-generator erection at \$7,500,000. (Table 2 is attached hereto).¹

¹ PSNH needed to increase generating capacity at Merrimack to offset the parasitic load of the scrubber. If not done, the project made no sense whatever. No intelligent utility management would spend in excess of \$420,000,000 only to lose substantial generating capacity to parasitic loads.

PSNH insists that it did not do Option 1, that is, replace the boiler, but did accomplish Option 2, that is, replace the MK2 turbine and construct the scrubber.

The cost differential of the two options is dramatic. Option 1, in 2008 dollars projects the cost at \$413,683,000. Option 2, the work that PSNH asserts it did during the scrubber project, was projected at \$139,478,000.

How the cost of the scrubber jumped from the projected \$134,478,000 to \$422,000,000 goes to the heart of the unresolved prudence determination.

2. The record before the Commission in docket DE 11-250 regarding the costs of the scrubber project is manifestly deficient. Contrary to the Order denying interveners motions to compel, the issues are not well developed because the only evidence before the Commission regarding the scrubber project and the project cost overruns is secret.

The only evidence before the Commission about the project itself is the study commissioned by the Public Utilities Commission entitled the “Jacobs Consultancy Report”. The Jacobs Consultancy Report is a multiple paged description of the contracting process but includes little, except in general terms, regarding the project itself. The engineering, plans and specifications and the construction contracts are not part of the Report.

The Report does not address the specifics of the cost over runs. There is no item by item analysis of the actual work done that caused the over runs.²

² It would have been useful if staff or the interveners used the studies, particularly the Sargent & Lundy study to examine the project specifics. That study offered multiple proposals to increase generating capacity and improve plant efficiency.

The Jacobs Consultancy work was based upon Data Requests to PSNH that addressed engineering and construction aspects of the projects. Although Data Request 3 asked for the “major RFPs and contracts”, it is not known what, if any, assessment the Jacobs Consultancy made regarding gross plant generating capacity, the parasitic power consumption of the scrubber and whether the increased generating capacity needed to support the operation of the scrubber exceeded the statutory authorization set forth in RSA 125-O: 13, IV.

The PSNH responses to the Data Requests are secret, not available to the public. Further, the responses to the Data Requests were not disclosed to the Commission or Commission staff.

The secrecy is unacceptable in a public forum.

Wherefore, intervener Terry Cronin for himself and other rate payers similarly situated requests that Orders 25,831 and 25,837 be vacated and that he be permitted to proceed as a full intervener in docket DE 11-250 and that PSNH be ordered to provide the information requested in docket DE 14-238.

11/6/15

Respectfully submitted,

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Certificate of Service

This motion was filed and served in accordance with Puc 203.11.

A handwritten signature in black ink, appearing to be 'A. B. Cunningham', written in a cursive style.

Arthur B. Cunningham