

DE 02-064
Through
DE 02-074

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Hydro Power Supply Arrangements

Order Following Prehearing Conference

O R D E R N O. 23,978

May 24, 2002

APPEARANCES: Gerald M. Eaton, Esq. for Public Service Company of New Hampshire; Michael Holmes, Esq. for the Office of Consumer Advocate; Jack K. Ruderman, Esq. for the Governor's Office of Energy and Community Services; and Edward N. Damon, Esq. for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On April 19, 2002, Public Service Company of New Hampshire (PSNH) filed with the New Hampshire Public Utilities Commission (Commission) a series of motions seeking approval of renegotiated power purchase arrangements with eleven small hydro-electric facilities from which PSNH currently purchases power pursuant to long term rate orders or power purchase contracts previously approved by the Commission.

The restructured arrangements would consist of eight buyouts and three buydowns, as reflected in motions to terminate rate orders in dockets DE 02-064 (Fiske Mill Hydro), DE 02-066 (Golden Pond Hydro), DE 02-067 (Pittsfield Mill), DE 02-068 (Union Village Dam) and DE 02-073 (China Mills Dam);

motions to terminate contracts for the purchase and sale of electric energy in dockets DE 02-065 (Boston Felt Hydro), DE 02-069 (Bell Mill/Elm Street Hydro) and DE 02-072 (Wyandotte Hydro); motions to amend rate orders in dockets DE 02-071 (Noone Falls) and DE 02-074 (Steel Ponds Hydro); and a motion to approve an amendment to contract for the purchase and sale of electric energy in docket DE 02-070 (Old Nash Dam).

According to the Order of Notice issued on April 22, 2002, the proceedings have been provisionally consolidated for purposes of hearing, although the Commission will ultimately consider each motion separately and may exercise its authority to segregate any or all of these proceedings if appropriate, either on its own motion or upon request of a party.

Pursuant to the Order of Notice, PSNH filed an affidavit dated May 1, 2002 with the Commission confirming that publication of the Order of Notice was made in *The Union Leader* on April 25, 2002.

The Office of Consumer Advocate (OCA) notified the Commission by letter dated April 25, 2002 that it will be participating in this docket on behalf of residential ratepayers. The Governor's Office of Energy and Community

Services (GOECS) filed a motion for intervention dated April 26, 2002.

As provided in the Order of Notice, a prehearing conference was held on May 10, 2002, commencing at 10 a.m. at the offices of the Commission. A technical session was held immediately following the prehearing conference.

Staff filed a letter dated May 20, 2002 setting forth the procedural schedule which the parties attending the prehearing conference and technical session on May 10 agreed to recommend to the Commission.

II. PRELIMINARY POSITIONS OF THE PARTIES AND STAFF

A. PSNH

PSNH summarized the renegotiated hydro power supply arrangements. PSNH made the same offers to substantially all the small hydro-electric power producers from which it is currently obligated to purchase power. These offers resulted in eight proposed buyouts, involving five rate orders and three contracts, and three proposed buydowns, involving two rate orders and one contract.

Under the buyout arrangements, a lump sum payment will be made and the rate order or contract will be terminated. Under the buydown arrangements, the rate order or

contract will be amended to provide for energy charges of five cents per kilowatt hour (kWh) with no capacity charges.

Under the federal Public Utilities Regulatory Policies Act of 1978 and the state Limited Electrical Energy Producers Act, RSA 362-A, PSNH will still be obligated to buy power from the hydro-electric facilities at PSNH's short term avoided cost rates. Alternatively, the power could be sold on the open market. PSNH estimated that the power which might be sold into the market would be roughly 900 kWh and around 500 kWh in the summer. PSNH said it was not aware of the owners' plans for continued operation of the hydro-electric facilities.

PSNH noted that the calculations of savings from the renegotiated arrangements assume a September 1, 2002 closing date and if for some reason the closing(s) were postponed, the savings would have to be recalculated.

B. GOECS

GOECS indicated that its concerns in this docket are the same as those it had in the dockets in which the Commission reviewed modifications to PSNH's arrangements with wood-fired generators, including issues related to fuel mix,

tax base and environmental quality. GOECS said it intends to monitor the dockets.

C. OCA

OCA stated that it ordinarily would support filings such as these. OCA is, nevertheless, concerned about the possibility of legislation which would re-subsidize the small hydro-electric facility power industry.

D. Staff

Staff indicated that it was actively reviewing the filings and took no position on the merits of the filings at this time.

III. PROCEDURAL SCHEDULE AND RULING ON GOECS' MOTION FOR INTERVENTION

At the technical session following the prehearing conference, the parties and Staff agreed to recommend the following procedural schedule, which Staff provided to the Commission in a letter dated May 20, 2002:

May 31, 2002	Data requests by parties to PSNH
June 7	PSNH responses to data requests
June 20	Technical session/settlement discussions (11 am)
June 28	Testimony by parties or settlement stipulation(s) filed
July 9	Commission hearing (11 am)

July 31 Anticipated order

September 1 Anticipated closing(s) of the
 arrangements if settlement(s) or
 favorable order

We believe this scheduling proposal is consistent with the public interest and we will therefore approve it. In addition, there was no objection to GOECS' motion for intervention and accordingly we will grant it.

Based upon the foregoing, it is hereby

ORDERED, the procedural schedule set forth above is approved; and it is

FURTHER ORDERED, GOECS' motion for intervention is granted.

DE 02-064
Though
DE 02-074

-7-

By order of the Public Utilities Commission of New
Hampshire this twenty-fourth day of May, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary