

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF ROBERT A. BAUMANN
2009 STRANDED COST RECOVERY CHARGE RATE CHANGE
Docket No. DE 08-____

1 **Q. Please state your name, business address and position.**

2 A. My name is Robert A. Baumann. My business address is 107 Selden Street, Berlin,
3 Connecticut. I am Director, Revenue Regulation & Load Resources for Northeast
4 Utilities Service Company (NUSCO). NUSCO provides centralized services to the
5 Northeast Utilities (NU) operating subsidiaries, including Public Service Company of
6 New Hampshire (PSNH), The Connecticut Light and Power Company, Yankee Gas
7 Services Company and Western Massachusetts Electric Company.

8

9 **Q. Have you previously testified before the Commission?**

10 A. Yes. I have testified on numerous occasions before the Commission.

11

12 **Q. What is the purpose of your testimony?**

13 A. The purpose of my testimony is: (1) to provide an overview of this filing; and (2) to seek
14 the necessary approvals to set the average Stranded Cost Recovery Charge (SCRC)
15 rate that will take effect January 1, 2009.

1 **Q. Please describe the components of the SCRC and their application to this rate**
2 **request.**

3 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-
4 F and 369-B. The PSNH Restructuring Settlement, approved in Order No. 23,549,
5 defined PSNH's stranded costs and categorized them into three different parts (i.e., Part
6 1, 2 and 3). Part 1 is composed of the RRB Charge which is calculated to recover the
7 principal, net interest, and fees related to Rate Reduction Bonds. Part 2 costs are
8 "ongoing" stranded costs consisting primarily of the over-market value of energy
9 purchased from independent power producers (IPPs) and the amortization of payments
10 previously made for IPP buy-downs and buy-outs as approved by the Commission. In
11 addition, the SCRC has a return component, consisting primarily of the stipulated return
12 on deferred taxes related to securitized stranded costs. The return is a benefit to
13 customers which reduces the overall SCRC level. Part 3 costs, which were primarily the
14 amortization of non-securitized stranded costs, were recovered in June 2006.

15 On April 21, 2008, PSNH filed a petition with supporting testimony and schedules
16 requesting a mid-term adjustment to its average SCRC rate effective July 1, 2008
17 through December 31, 2008. Pursuant to Order No. 24,872 issued in Docket No. DE 07-
18 097, PSNH is currently billing an average SCRC rate of 0.65 ¢/kWh for the period July 1,
19 2008 through December 31, 2008.

20 **Q. Please describe the detailed support for the calculation of the average SCRC rate**
21 **provided in Attachments RAB-1 and RAB-2.**

1 A. Attachment RAB-1, pages 1-3, provides a summary of 2009 cost information related to
2 Part 1 and Part 2 costs, amortization of securitized assets and ongoing cost activity.
3 Pages 4 through 7 provide the detailed cost information by month related to Part 1,
4 amortization of securitized assets and Part 2, ongoing costs. Attachment RAB-2, Pages
5 1 through 7 provide the detailed cost and revenue components relating to the 2008
6 SCRC reconciliation.

7 **Q. Is PSNH currently proposing a specific SCRC rate at this time?**

8 A. No, we are not. Attachment RAB-1 provides a preliminary rate calculation; however,
9 prior to the anticipated hearing in November 2008, PSNH plans to update the SCRC rate
10 for changes attributable to IPP over-market costs and will include an update of 2008
11 actual data. This update will be consistent with the market price assumptions embedded
12 in the Energy Service (ES) update and will be filed at the same time as the 2009 ES rate
13 update. The preliminary 2009 SCRC rate provided in this filing is 0.90 cents per kWh
14 and is 0.25 cents per kWh higher than the current rate of 0.65 cents per kWh.

15 **Q. What are the reasons for the SCRC rate increase?**

16 A. The primary reason for the SCRC rate increase effective January 1, 2009 is the
17 expiration of the amortization of (i) \$11.6 million in net credits relating to Clean Air Act
18 equipment, (ii) SO₂ allowance sale proceeds, and (iii) McLane Dam buyout costs.
19 These credits were reflected in 2008 SCRC rates as approved in Docket DE 07-097, and
20 will be fully refunded to customers as of December 31, 2008. Also contributing to the

1 increase in the SCRC rate were higher above market IPP costs and the inclusion of \$3.5
2 million in IPP costs relating to the proposed Settlement Agreement with Hemphill Power
3 and Light Company in DE 07-122.

4 **Q. Please explain the \$3.5 million settlement amount in Docket DE 05-122.**

5 A. On November 9, 2007, PSNH filed a petition for clarification of certain orders regarding
6 its purchase obligations with a wood-fired small power producer, Hemphill Power and
7 Light Company ("Hemphill"). There was a dispute between PSNH and Hemphill
8 regarding the correct rate to be paid from October 27, 2006 through October 26, 2007.
9 Rather than embark on a full adjudicatory proceeding, Hemphill and PSNH entered into
10 settlement discussions. Those discussions produced a settlement which was submitted
11 for approval by the Commission in Docket DE 07-122 on September 2, 2008. Under the
12 settlement, PSNH has agreed to pay Hemphill \$3.5 million subject to Commission
13 approval of PSNH recovery of this settlement payment from customers.

14 **Q. If the Settlement Agreement with Hemphill is approved by the Commission, why is**
15 **PSNH proposing that the settlement payment be collected through the Stranded**
16 **Cost Recovery Charge?**

17 A. PSNH paid Hemphill the short term rate for power supplied by Hemphill during the year
18 long period in question. The short term rate is the ISO New England real time hourly
19 locational marginal price at the New Hampshire zone ("NH LMP"). PSNH's settlement
20 payment to Hemphill would be in addition to the payments already made to Hemphill at

1 the NH LMP; therefore, the settlement payment to Hemphill would be above the market
2 price. Above market payments to small power producers are collected through Part 2
3 Stranded Costs.

4 **Q. Does PSNH plan to minimize cost deferrals for the SCRC through a mid-term**
5 **adjustment?**

6 A. Yes, if a rate adjustment is deemed necessary, PSNH could file a petition for such a
7 change in a manner and on schedule consistent with the modifications to the Energy
8 Service Rate. The Commission could revisit the SCRC rate in an abbreviated
9 investigation. PSNH will submit actual and estimated data on a date specified by the
10 Commission to allow the parties and Staff sufficient time to address the need for an
11 interim adjustment during the 2009 SCRC year.

12 **Q. Does PSNH require Commission approval of this rate by a specific date?**

13 A. Yes, PSNH would needs final approval of the proposed SCRC rate by December 31,
14 2008, in order to implement the new rate for service rendered on and after January 1,
15 2009. Therefore, PSNH requests that the Commission commence a proceeding so that
16 the procedural schedule can be set to review this filing and approve the SCRC rate in a
17 timely manner.

18 **Q. Does this conclude your testimony?**

19 A. Yes, it does.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PROJECTED JANUARY THROUGH DECEMBER 2009 SCRC RATE CALCULATION

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	Total 2009 Stranded Cost	Source
1 Part 1 - Rate recovery bonds (RRB)	\$ 62,056	Attachment RAB-1, Page 3
2 Part 2 - Ongoing SCRC Costs	5,413	Attachment RAB-1, Page 3
3 Part 2 - 2008 estimated SCRC under/(over) Recovery	<u>7,185</u>	Attachment RAB-2, Page 1
4 Total Updated SCRC Cost (L1+L2+L3)	\$ 74,654	
5 Forecasted Retail MWH Sales	8,276,709	
6 Forecasted SCRC Rate - cents per kWh	<u><u>0.90</u></u>	

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PROJECTED JANUARY THROUGH DECEMBER 2009 SCRC RATE CALCULATION

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SCRC Cost	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	Total for the six months ended 6/30/09	Source
1 SCRC Part 1 Costs	\$ 5,109	\$ 5,252	\$ 5,252	\$ 5,252	\$ 5,007	\$ 5,007	\$ 30,881	Attachment RAB-1, Page 4
2 SCRC Part 2 Costs	136	202	550	718	720	526	2,853	Attachment RAB-1, Page 6
3 2008 estimated SCRC under(over) Recovery	7,185	-	-	-	-	-	7,185	Attachment RAB-2, Page 1
4 Total SCRC Cost	\$ 12,431	\$ 5,454	\$ 5,803	\$ 5,970	\$ 5,727	\$ 5,534	\$ 40,919	
5 Total SCRC Revenue @ .90 cents/kwh	6,631	5,936	6,214	5,693	5,751	6,025	36,250	
6 SCRC under/(over) Recovery	\$ 5,799	\$ (482)	\$ (412)	\$ 277	\$ (23)	\$ (491)	\$ 4,669	
7 Retail MWH Sales	736,824	659,504	690,488	632,567	638,966	669,438	4,027,787	

8 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PROJECTED JANUARY THROUGH DECEMBER 2009 SCRC RATE CALCULATION

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<u>SCRC Cost</u>	<u>July 2009</u>	<u>August 2009</u>	<u>September 2009</u>	<u>October 2009</u>	<u>November 2009</u>	<u>December 2009</u>	<u>Total for the twelve months ended 12/31/09</u>	<u>Source</u>
1 SCRC Part 1 Costs	\$ 5,007	\$ 5,334	\$ 5,334	\$ 5,334	\$ 5,083	\$ 5,083	\$ 62,056	Attachment RAB-1, Page 5
2 SCRC Part 2 Costs	277	335	425	460	524	538	5,413	Attachment RAB-1, Page 7
3 2008 estimated SCRC under(over) Recovery	-	-	-	-	-	-	7,185	Attachment RAB-2, Page 1
4 Total SCRC Cost	\$ 5,284	\$ 5,669	\$ 5,759	\$ 5,794	\$ 5,607	\$ 5,621	\$ 74,654	
5 Total SCRC Revenue @ .90 cents/kwh	6,810	6,756	5,942	6,153	6,076	6,503	74,490	
6 SCRC under/(over) Recovery	\$ (1,526)	\$ (1,087)	\$ (183)	\$ (359)	\$ (469)	\$ (881)	\$ 164	
7 Retail MWH Sales	756,714	750,673	660,210	683,670	675,127	722,528	8,276,709	

8 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PROJECTED JANUARY THROUGH DECEMBER 2009 SCRC RATE CALCULATION

SECURITIZED COSTS

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SCRC Part 1 Amortization of Securitized Assets	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	Total for the six months ended 6/30/09
1 Principal							
2 Amortization of Seabrook cost	\$ 3,562	\$ 3,756	\$ 3,756	\$ 3,756	\$ 3,584	\$ 3,584	\$ 21,998
3 Amortization of MP 3	113	119	119	119	114	114	698
4 Amortization of RRB1 financing cost	84	88	88	88	84	84	517
5 Total	3,759	3,963	3,963	3,963	3,782	3,782	23,214
6 Interest and Fees							
7 RRB1 Interest	1,270	1,209	1,209	1,209	1,145	1,145	7,186
8 Net RRB fees	80	80	80	80	80	80	481
9 Total	1,350	1,289	1,289	1,289	1,225	1,225	7,667
10 Total SCRC Part 1 cost	\$ 5,109	\$ 5,252	\$ 5,252	\$ 5,252	\$ 5,007	\$ 5,007	\$ 30,881

11 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PROJECTED JANUARY THROUGH DECEMBER 2009 SCRC RATE CALCULATION

SECURITIZED COSTS

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SCRC Part 1	July	August	September	October	November	December	Total for the
Amortization of Securitized Assets	2009	2009	2009	2009	2009	2009	twelve months
							ended
							12/31/09
1 Principal							
2 Amortization of Seabrook cost	\$ 3,584	\$ 3,952	\$ 3,952	\$ 3,952	\$ 3,779	\$ 3,779	\$ 44,996
3 Amortization of MP 3	114	125	125	125	120	120	1,428
4 Amortization of RRB1 financing cost	84	93	93	93	89	89	1,058
5 Total	3,782	4,170	4,170	4,170	3,987	3,987	47,482
6 Interest and Fees							
7 RRB1 Interest	1,145	1,083	1,083	1,083	1,016	1,016	13,612
8 Net RRB fees	80	80	80	80	80	80	962
9 Total	1,225	1,164	1,164	1,164	1,096	1,096	14,574
10 Total SCRC Part 1 cost	\$ 5,007	\$ 5,334	\$ 5,334	\$ 5,334	\$ 5,083	\$ 5,083	\$ 62,056

13 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PROJECTED JANUARY THROUGH DECEMBER 2009 SCRC RATE CALCULATION

PART 2 ONGOING COSTS

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SCRC Part 2 Ongoing Costs	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	Total for the six months ended 06/30/09
1 Ongoing Costs - IPP							
2 Amortization and return on IPP							
3 Buydown/Buyout Savings	\$ 233	\$ 233	\$ 232	\$ 231	\$ 231	\$ 230	\$ 1,390
4 IPP Ongoing costs:							
5 Total IPP Cost	3,952	3,839	4,225	4,524	4,265	3,461	24,266
6 less: IPP at Market Cost	3,362	3,191	3,238	3,381	3,132	2,532	18,836
7 Above Market IPP Cost	590	648	987	1,143	1,133	929	5,430
8 Total Part 2 Costs	<u>\$ 823</u>	<u>\$ 881</u>	<u>\$ 1,219</u>	<u>\$ 1,374</u>	<u>\$ 1,364</u>	<u>\$ 1,159</u>	<u>\$ 6,820</u>
Ongoing Costs - Return							
9 Return on ADIT - Securitized							
10 Stranded Costs	(656)	(644)	(633)	(621)	(610)	(599)	(3,763)
11 Return on Yankee Decommissioning							
12 Obligations and CVEC, net of deferred taxes	(61)	(60)	(59)	(57)	(56)	(55)	(348)
13 Return on SCRC deferred balance	29	25	23	22	23	22	144
14 Total Part 2 Return	<u>\$ (687)</u>	<u>\$ (679)</u>	<u>\$ (669)</u>	<u>\$ (656)</u>	<u>\$ (643)</u>	<u>\$ (633)</u>	<u>\$ (3,967)</u>
15 Total Part 2 Ongoing Costs and Return	<u>\$ 136</u>	<u>\$ 202</u>	<u>\$ 550</u>	<u>\$ 718</u>	<u>\$ 720</u>	<u>\$ 526</u>	<u>\$ 2,853</u>
16 Amounts shown above may not add due to rounding.							

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PROJECTED JANUARY THROUGH DECEMBER 2009 SCRC RATE CALCULATION

PART 2 ONGOING COSTS

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SCRC Part 2 Ongoing Costs	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	Total for the twelve months ended 12/31/09
1 Ongoing Costs - IPP							
2 Amortization and return on IPP							
3 Buydown/Buyout Savings	\$ 229	\$ 229	\$ 228	\$ 227	\$ 227	\$ 226	\$ 2,757
4 IPP Ongoing costs:							
5 Total IPP Cost	3,103	2,831	2,750	3,203	3,806	4,283	44,242
6 less: IPP at Market Cost	2,430	2,106	1,945	2,374	2,924	3,396	34,011
7 Above Market IPP Cost	673	725	805	829	882	887	10,231
8 Total Part 2 Costs	<u>\$ 902</u>	<u>\$ 954</u>	<u>\$ 1,033</u>	<u>\$ 1,056</u>	<u>\$ 1,109</u>	<u>\$ 1,113</u>	<u>\$ 12,988</u>

Ongoing Costs - Return

9 Return on ADIT - Securitized							
10 Stranded Costs	(588)	(577)	(564)	(552)	(540)	(529)	(7,113)
11 Return on Yankee Decommissioning							
12 Obligations and CVEC, net of deferred taxes	(54)	(53)	(52)	(51)	(49)	(48)	(655)
13 Return on SCRC deferred balance	17	11	8	7	5	2	194
14 Total Part 2 Return	<u>\$ (625)</u>	<u>\$ (618)</u>	<u>\$ (608)</u>	<u>\$ (596)</u>	<u>\$ (585)</u>	<u>\$ (575)</u>	<u>\$ (7,575)</u>
15 Total Part 2 Ongoing Costs and Return	<u>\$ 277</u>	<u>\$ 335</u>	<u>\$ 425</u>	<u>\$ 460</u>	<u>\$ 524</u>	<u>\$ 538</u>	<u>\$ 5,413</u>

16 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RECONCILIATION

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	<u>Stranded Cost</u>	<u>Source</u>
1 Part 1 - Rate recovery bonds (RRB)	\$ 62,786	Attachment RAB-2, Page 3
2 Part 2 - Ongoing SCRC Costs	7,676	Attachment RAB-2, Page 3
3 Amortization of CAAA, McLane Dam, SO2 allowances	(11,638)	DE 07-097, S. E. Mullen Testimony, Attachment SEM-1
4 Part 2 - 2007 Actual SCRC under/(over) Recovery	<u>3,913</u>	Attachment RAB-2, Page 3
5 Total Updated SCRC Cost (L1+L2+L3+L4)	\$ 62,737	
6 Total Updated SCRC Revenue	<u>55,552</u>	Attachment RAB-2, Page 3
7 Total 2008 estimated SCRC under/(over) Recovery (L5 - L6)	<u><u>7,185</u></u>	

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RECONCILIATION

000's

<u>SCRC Cost</u>	<u>Actual January 2008</u>	<u>Actual February 2008</u>	<u>Actual March 2008</u>	<u>Actual April 2008</u>	<u>Actual May 2008</u>	<u>Actual June 2008</u>	<u>Total for the six months ended 6/30/08</u>	<u>Source</u>
1 SCRC Part 1 Costs	\$ 5,874	\$ 5,187	\$ 5,230	\$ 5,222	\$ 4,977	\$ 4,995	\$ 31,486	Attachment RAB-2, Page 4
2 SCRC Part 2 Costs	19	1,456	1,316	(55)	(259)	(236)	2,242	Attachment RAB-2, Page 6
3 Amortization of CAAA, McLane Dam, SO2 allowances (1)	(11,638)	-	-	-	-	-	(11,638)	
4 2007 Actual SCRC under(over) Recovery	3,913	-	-	-	-	-	3,913	
5 Total SCRC Cost	\$ (1,831)	\$ 6,644	\$ 6,546	\$ 5,167	\$ 4,718	\$ 4,759	\$ 26,002	
6 Total SCRC Revenue @ .72 cents/kwh	5,236	4,628	4,800	4,361	4,439	4,615	28,080	
7 SCRC under/(over) Recovery	\$ (7,067)	\$ 2,016	\$ 1,745	\$ 806	\$ 279	\$ 144	\$ (2,078)	
8 Retail MWH Sales	729,549	651,644	673,814	614,613	617,122	675,909	3,962,651	

9 (1) See DE 07-97, S.E. Mullen Testimony, Attachment SEM-1

10 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RECONCILIATION

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<u>SCRC Cost</u>	Actual			Estimate			Total	Source
	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	for the twelve months ended 12/31/08	
1 SCRC Part 1 Costs	\$ 4,990	\$ 5,357	\$ 5,357	\$ 5,357	\$ 5,120	\$ 5,120	\$ 62,786	Attachment RAB-2, Page 5
2 SCRC Part 2 Costs	53	319	393	380	463	3,826	7,676	Attachment RAB-2, Page 7
3 Amortization of CAAA, McLane Dam, SO2 allowances (1)	-	-	-	-	-	-	(11,638)	
4 2007 Actual SCRC under(over) Recovery	-	-	-	-	-	-	3,913	
5 Total SCRC Cost	\$ 5,042	\$ 5,676	\$ 5,750	\$ 5,737	\$ 5,583	\$ 8,946	\$ 62,737	
6 Total SCRC Revenue @ .65 cents/kwh	<u>4,939</u>	<u>4,855</u>	<u>4,284</u>	<u>4,380</u>	<u>4,346</u>	<u>4,668</u>	55,552	
7 SCRC under/(over) Recovery	\$ 103	\$ 821	\$ 1,467	\$ 1,357	\$ 1,236	\$ 4,278	\$ 7,185	
8 Retail MWH Sales	753,059	746,900	659,042	673,819	668,683	718,085	8,182,239	

9 (1) See DE 07-97, S.E. Mullen Testimony, Attachment SEM-1

10 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RECONCILIATION

SECURITIZED COSTS

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SCRC Part 1 Amortization of Securitized Assets	Actual January 2008	Actual February 2008	Actual March 2008	Actual April 2008	Actual May 2008	Actual June 2008	Total for the six months ended 6/30/08
1 Principal							
2 Amortization of Seabrook cost	\$ 3,348	\$ 3,553	\$ 3,553	\$ 3,553	\$ 3,374	\$ 3,374	\$ 20,755
3 Amortization of MP 3	106	113	113	113	107	107	659
4 Amortization of RRB1 financing cost	79	84	84	84	79	79	489
5 Amortization of RRB2-Whitefield	844	-	-	-	-	-	844
6 Total	4,377	3,750	3,750	3,750	3,560	3,560	22,747
7 Interest and Fees							
8 RRB1 Interest	1,416	1,353	1,399	1,391	1,336	1,357	8,252
9 RRB2 Interest-Whitefield	(8)	(8)	(1)	(1)	(1)	(1)	(20)
10 Net RRB fees	89	92	82	83	82	78	506
11 Total	1,497	1,437	1,480	1,472	1,417	1,435	8,739
12 Total SCRC Part 1 cost	\$ 5,874	\$ 5,187	\$ 5,230	\$ 5,222	\$ 4,977	\$ 4,995	\$ 31,486

13 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RECONCILIATION

SECURITIZED COSTS

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SCRC Part 1	Actual	Estimate			November	December	Total for the
		July	August	September			
Amortization of Securitized Assets	2008	2008	2008	2008	2008	2008	12/31/08
1 Principal							
2 Amortization of Seabrook cost	\$ 3,374	\$ 3,733	\$ 3,733	\$ 3,733	\$ 3,562	\$ 3,562	\$ 42,452
3 Amortization of MP 3	107	119	119	119	113	113	1,349
4 Amortization of RRB1 financing cost	79	88	88	88	84	84	1,000
5 Amortization of RRB2-Whitefield	-	-	-	-	-	-	844
6 Total	3,560	3,940	3,940	3,940	3,759	3,759	45,645
7 Interest and Fees							
8 RRB1 Interest	1,351	1,326	1,326	1,326	1,270	1,270	16,121
9 RRB2 Interest-Whitefield	(1)	-	-	-	-	-	(21)
10 Net RRB fees	80	91	91	91	91	91	1,041
11 Total	1,430	1,417	1,417	1,417	1,361	1,361	17,141
12 Total SCRC Part 1 cost	\$ 4,990	\$ 5,357	\$ 5,357	\$ 5,357	\$ 5,120	\$ 5,120	\$ 62,786

13 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RECONCILIATION

PART 2 ONGOING COSTS

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<u>SCRC Part 2 Ongoing Costs</u>	<u>Actual January 2008</u>	<u>Actual February 2008</u>	<u>Actual March 2008</u>	<u>Actual April 2008</u>	<u>Actual May 2008</u>	<u>Actual June 2008</u>	<u>Total for the six months ended 06/30/08</u>
1 Ongoing Costs - IPP							
2 Amortization and return on IPP							
3 Buydown/Buyout Savings	\$ 240	\$ 251	\$ 257	\$ 250	\$ 237	\$ 222	\$ 1,457
4 IPP Ongoing costs:							
5 Total IPP Cost	7,540	7,438	6,902	4,888	5,366	2,480	34,614
6 less: IPP at Market Cost	5,798	5,352	4,984	4,366	5,049	2,139	27,688
7 Above Market IPP Cost	1,741	2,086	1,918	522	316	342	6,926
8 Total Part 2 Costs	<u>\$ 1,981</u>	<u>\$ 2,337</u>	<u>\$ 2,175</u>	<u>\$ 772</u>	<u>\$ 553</u>	<u>\$ 564</u>	<u>\$ 8,383</u>
Ongoing Costs - Return							
9 2007 Adjustment	(15)	-	-	-	-	-	(15)
10 Return on ADIT - Securitized							
11 Stranded Costs	(785)	(774)	(763)	(739)	(729)	(719)	(4,509)
12 Return on Yankee Decommissioning							
13 Obligations and CVEC, net of deferred taxes	(110)	(80)	(78)	(75)	(74)	(72)	(489)
14 Yankee Contract Obligations Adjustment (1)	(1,044)	-	-	-	-	-	(1,044)
15 Return on SCRC deferred balance	(7)	(27)	(19)	(13)	(10)	(9)	(85)
16 Total Part 2 Return	<u>\$ (1,962)</u>	<u>\$ (881)</u>	<u>\$ (860)</u>	<u>\$ (827)</u>	<u>\$ (812)</u>	<u>\$ (800)</u>	<u>\$ (6,141)</u>
17 Total Part 2 Ongoing Costs and Return	<u>\$ 19</u>	<u>\$ 1,456</u>	<u>\$ 1,316</u>	<u>\$ (55)</u>	<u>\$ (259)</u>	<u>\$ (236)</u>	<u>\$ 2,242</u>

18 Amounts shown above may not add due to rounding.

(1) Reflects adjustments to decommissioning funding obligations under FERC-approved contracts for CYACP and MYAPC.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2008 SCRC RECONCILIATION

PART 2 ONGOING COSTS

000's

SCRC Part 2 Ongoing Costs	Actual	Estimate			Estimate		Total for the twelve months ended 12/31/08
	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	
1 Ongoing Costs - IPP							
2 Amortization and return on IPP							
3 Buydown/Buyout Savings	\$ 214	\$ 244	\$ 244	\$ 243	\$ 242	\$ 241	\$ 2,885
4 IPP Ongoing costs:							
5 Total IPP Cost (1)	3,536	2,750	2,684	3,065	3,590	7,680	57,919
6 less: IPP at Market Cost	2,907	1,899	1,776	2,189	2,649	3,400	42,508
7 Above Market IPP Cost	629	851	908	876	941	4,280	15,411
8 Total Part 2 Costs	\$ 843	\$ 1,095	\$ 1,152	\$ 1,119	\$ 1,183	\$ 4,521	\$ 18,297
Ongoing Costs - Return							
9 2007 Adjustment	-	-	-	-	-	-	(15)
10 Return on ADIT - Securitized							
11 Stranded Costs	(712)	(701)	(690)	(678)	(667)	(657)	(8,613)
12 Return on Yankee Decommissioning							
13 Obligations and CVEC, net of deferred taxes	(71)	(69)	(67)	(65)	(63)	(62)	(886)
14 Yankee Contract Obligations Adjustment	-	-	-	-	-	-	(1,044)
15 Return on SCRC deferred balance	(9)	(7)	(1)	5	11	23	(64)
16 Total Part 2 Return	\$ (791)	\$ (776)	\$ (758)	\$ (739)	\$ (720)	\$ (695)	\$ (10,621)
17 Total Part 2 Ongoing Costs and Return	\$ 53	\$ 319	\$ 393	\$ 380	\$ 463	\$ 3,826	\$ 7,676

18 Amounts shown above may not add due to rounding.

(1) December IPP cost reflects an additional \$3.5m for the pending settlement in DE 07-122 between Hemphill Power & Light Company and PSNH.

THE STATE OF NEW HAMPSHIRE

BEFORE THE

PUBLIC UTILITIES COMMISSION

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PETITION FOR ADJUSTMENT OF STRANDED COST RECOVERY CHARGE
FOR EFFECT ON JANUARY 1, 2009**

Docket No. DE 08-

Pursuant to Puc § 202.01(a) and Puc §203.06, Public Service Company of New Hampshire (“PSNH” or “the Company”) hereby petitions the New Hampshire Public Utilities Commission (“Commission”) for a proceeding to establish a Stranded Cost Recovery Charge for effect on January 1, 2009 pursuant to the requirements of RSA 374-F:3 and RSA 369-B:3 and the Agreement to Settle PSNH Restructuring (Revised and Conformed) in Docket No. DE 99-099 (“Restructuring Settlement”). In support of its Petition, PSNH says the following:

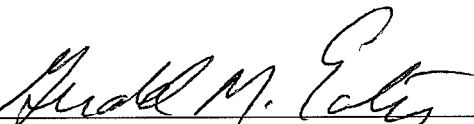
1. The Stranded Cost Recovery Charge (“SCRC”) was established under the Restructuring Settlement, originally capped at an average of 3.40 cents per kilowatt hour. When Part 3 Stranded Costs are fully collected, the Restructuring Settlement provides that the SCRC will be set on a forecasted basis every six months and will include any over- or under-recovery of Part 1 and Part 2 stranded costs from the previous period. Restructuring Settlement at 25.

2. In Order No. 24,641, the Commission approved the reduction of the SCRC from 3.55 cents per kilowatt-hour to 1.55 cents per kilowatt-hour on average beginning July 1, 2006 to reflect the complete recovery of Part 3 Stranded Costs. In Docket No. DE 07-097, the Commission approved a new average SCRC for effect on January 1, 2008 of 0.72 cents per kilowatt-hour. Order No. 24,807 (December 17, 2007) On June 27, 2008, the Commission issued Order No, 24,872 approving an interim adjustment to the SCRC with an average rate of 0.65 cents per kilowatt-hour for effect on July 1, 2008. This current SCRC rate will expire on December 31, 2008.

3. Enclosed with this Petition are the pre-filed testimony, attachments and exhibits of Robert A. Baumann supporting a change in the average SCRC rate. Based upon the data contained in those attachments and exhibits, PSNH currently estimates an average SCRC rate for effect on January 1, 2009 of 0.90 cents per kilowatt-hour. PSNH is not requesting approval of a specific rate at this time, but the Company will update its estimates with more recent data before a hearing on the merits is held.

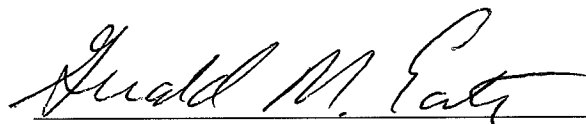
WHEREFORE, PSNH respectfully requests that the Commission open a proceeding, provide for an order of notice, schedule a procedural hearing where the conduct of this proceeding may be established and intervention requests ruled, and order such further relief as may be just and equitable.

Respectfully submitted this twelfth day of September, 2008.
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By: 
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Manchester, NH 03101
603-634-2961

Certificate of Service

I hereby certify that copies of the attached Petition have been served this day upon persons on the attached Service List pursuant to the requirements of Rules Puc §203.02 and §203.11.


Gerald M. Eaton