

THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 09-091

ORDER OF NOTICE

On May 1, 2009, Public Service Company of New Hampshire (PSNH) filed testimony and schedules with the Commission in support of its proposed reconciliation of revenues and costs associated with its energy service charge and stranded cost recovery charge (SCRC) for calendar year 2008. The Commission approved the relevant stranded cost recovery mechanism, which is set forth in the Agreement to Settle PSNH Restructuring (Restructuring Agreement), in Docket No. DE 99-099. See *PSNH Proposed Restructuring Settlement*, 85 NH PUC 154, 85 NH PUC 536 and 85 NH PUC 645 (2000). Through January 31, 2006, the reconciliation of PSNH's energy service and revenues was included as a subset of the SCRC reconciliation, with the difference between energy service costs and revenues included as an adjustment to PSNH's Part 3 stranded costs. Beginning February 1, 2006, the energy service reconciliation amounts are no longer applied to stranded costs, but rather are applied to future energy service rates as directed by the Commission in Order No. 24,579 (January 20, 2006) 91 NH PUC 17.

The filing covers 1) the reconciliation between the revenues and expenses included in the SCRC and energy service charges, 2) the performance of PSNH's fossil and hydro generation facilities, and 3) how PSNH met its energy and capacity requirements during this reporting period.

According to the petition, as a result of lower than expected costs in 2008, energy service costs were lower than energy service revenues, resulting in a \$20.7 million energy service over-recovery for calendar year 2008. PSNH explained that the over-recovery was primarily due to

two unanticipated adjustments: 1) a physical coal inventory adjustment of \$12.7 million which was calculated and booked in December 2008; and 2) \$6 million in insurance proceeds that were booked in December 2008 associated with the Merrimack Unit 2 turbine damage.

With respect to the reconciliation of the SCRC revenues and costs, PSNH reported \$53.9 million in SCRC revenues during 2008. According to the Company, the revenues did not fully recover its SCRC expenses, resulting in an under-recovery of \$6.4 million.

The filing raises, inter alia, issues related to the prudence of generation outages that are reflected in PSNH's energy service costs for the period; the prudence of PSNH's use of its generation resources during the period as well as the prudence of market purchases used to supplement those resources; the prudence and reasonableness of PSNH's incurred capital costs; and the question of whether PSNH has otherwise appropriately accounted for and reconciled its stranded costs and any offsetting revenues for the period in accordance with the Restructuring Agreement and applicable law. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on July 23, 2009 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin. Rule Puc 203.15 shall be considered; and it is

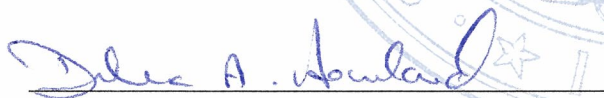
FURTHER ORDERED, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than July 9, 2009, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before July 23, 2009; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to PSNH and the Office of the Consumer Advocate on or before July 20, 2009, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before July 23, 2009.

By order of the Public Utilities Commission of New Hampshire this sixth day of July, 2009.



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.