

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 09-180

ORDER OF NOTICE

On September 24, 2009, Public Service Company of New Hampshire (PSNH) filed a petition to establish its default energy service rate for effect with service rendered on and after January 1, 2010. Pursuant to RSA 369-B:3, IV(b)(1)(A), customers who take energy service from PSNH will be billed at a rate equal to PSNH's actual, prudent and reasonable costs of providing the power, as approved by the Commission. With its petition, PSNH filed the supporting testimony of Robert A. Baumann with related exhibits and schedules.

According to PSNH, the major costs categories in the energy service filing are the revenue requirements for owned generation assets and the costs of purchase power obligations. In addition, PSNH's energy service costs include the fuel costs associated with its generation assets, the costs from supplemental energy and capacity purchases, certain ISO-New England ancillary service charges and the cost of compliance with New Hampshire's Renewable Portfolio Standard (RPS) and the Regional Greenhouse Gas Initiative (RGGI). PSNH states that the generation revenue requirements include non-fuel costs of generation, including non-fuel operation and maintenance costs, allocated administrative and general costs, depreciation, property taxes, payroll taxes, and a return on the net investment in its fossil and hydroelectric generating plants.

At the time of the filing, PSNH provided its preliminary calculation of an energy service rate of \$0.0931 per kilowatt hour (kWh) for effect beginning January 1, 2010. That preliminary rate would represent an increase of \$0.0028 cents per kWh over the current energy service rate of

\$0.0903 per kWh. According to PSNH, it is not asking the Commission to approve a particular rate at this time, and it plans to revise its calculations prior to the hearing on its petition to reflect the most recent estimates of fuel and energy prices.

PSNH says the filing uses the current actual level of customer migration to competitive supply options of approximately 23 percent. PSNH states that it used an assumed migration level of 18 percent in developing the existing rates that were effective beginning August 1, 2009. PSNH says increased migration levels have put upward pressure on the energy service rate, and that the estimated rate in the filing is approximately 5 percent higher than it would have been absent migration. According to PSNH, customer migration to competitive energy suppliers results in one general group of customers shouldering additional costs because of the inability of that group to move to competitive supply options. PSNH did not offer a solution to this problem and said the issue should be vetted by all interested parties through technical session discussions.

The filing raises, inter alia, issues related to whether the energy service rate is based on PSNH's actual, prudent and reasonable costs of providing such service consistent with RSA 369-B:3, V(b)(1)(A), whether the costs associated with RPS and RGGI compliance are reasonable and should be included in rates, whether the resulting rates are just and reasonable as required by RSA 378:5 and 8, whether and how to address the rate impacts resulting from customer migration, and whether those impacts are consistent with the restructuring principles of RSA 374-F. 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 October 19, 2009 at 10:30 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

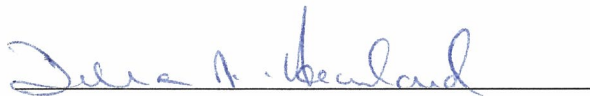
FURTHER ORDERED, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

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 October 8, 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 October 19, 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 October 16, 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 October 19, 2009.

By order of the Public Utilities Commission of New Hampshire this fifth day of October
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.

