

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

DE 11-184

Public Service Company of New Hampshire, Bridgewater Power Company, L.P., Pinetree Power, Inc., Pinetree Power-Tamworth, Inc., Springfield Power LLC, DG Whitefield, LLC d/b/a Whitefield Power & Light Company, and Indeck-Alexandria, LLC et al.

Joint Petition for Approval of Power Purchase Agreements and Settlement Agreement

ORDER OF NOTICE

On August 23, 2011, Public Service Company of New Hampshire (PSNH), Bridgewater Power Company, L.P., Pinetree Power, Inc., Pinetree Power-Tamworth, Inc., Springfield Power LLC, DG Whitefield, LLC d/b/a Whitefield Power & Light Company, and Indeck-Alexandria, LLC (collectively, independent wood-fired power producers, or Wood IPPs), the New Hampshire Department of Resources and Economic Development (DRED) and certain Staff of the Commission (the Advocate Staff) (collectively, the Joint Petitioners) filed with the Commission a petition for approval of (i) five power purchase agreements (Wood PPAs) between PSNH and the Wood IPPs excluding Whitefield Power & Light Company, pursuant to RSA 374:57 and the Public Utilities Regulatory Policies Act, 16 U.S.C. 824a-3, (ii) a settlement, release and support agreement (settlement agreement) between PSNH, the Wood IPPs and Berlin Station, LLC, Laidlaw Berlin BioPower, LLC (Laidlaw) and Cate Street Capital, Inc., and (iii) a proposal for the ratemaking treatment relating to the costs of the Wood PPAs.

The petition was accompanied by the pre-filed testimony of George M. Bald, Commissioner of DRED, Thomas C. Frantz, Director of the Commission's Electric Division, and Richard C. Labrecque, Supplemental Energy Resources Manager for PSNH. A motion for confidential treatment of certain information in the Wood PPAs and an attachment to the settlement agreement was also filed. The petition and subsequent docket filings, other than

information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2011/11-184.html>.

The filing follows the Wood IPPs' appeals to the New Hampshire Supreme Court from Order No. 25,239 (June 23, 2011), approving an amended power purchase agreement between PSNH and Laidlaw and denying the Wood IPPs' motion for rehearing, and Order No. 25,213 (April 18, 2011), which had conditionally approved the original power purchase agreement between PSNH and Laidlaw. According to the petition, the Wood PPAs are part of a transaction to resolve the Supreme Court appeals, which is necessary for the construction and operation of the Laidlaw facility in Berlin to go forward, and support the continued operation of the Wood IPPs' generating facilities and related economic benefits.

The Wood PPAs provide for the sale of the energy output of the Wood IPPs' generation facilities on a unit contingent basis. The PPAs are structured similarly, but have varying terms with regard to pricing, quantities and duration. In addition, each of the PPAs includes a fuel price adjustment mechanism, which consists of an initial wood price and a formula for adjusting the wood price up or down. According to the pre-filed testimony, although the energy prices are expected to be above-market over the term of the agreements in the total amount of approximately \$20 million assuming no changes in wood prices, the agreements accomplish the public policy objectives described in the testimony and are just and reasonable in the context of the overall settlement.

The settlement agreement includes mutual releases by the parties and provides for the withdrawal of the court appeals subject to escrow terms. Under the proposed ratemaking treatment, the costs of the Wood PPAs would be recovered as part of PSNH's energy (default)

service rate payable by its energy service customers. However, in order to avoid an increase in the energy service rate, PSNH would transfer a liquidated sum of \$8.5 million of costs associated with certain uncollectible and administrative expenses from its energy service rate to its distribution rate, thereby necessitating an increase to the distribution rate payable by PSNH's distribution customers, with such increase included as one of the requested approvals. To the extent the above-market costs exceed \$8.5 million, the Commission is requested to defer the excess, plus accrued interest, for future recovery in the energy service rate.

According to the testimony, the overall rate impact of the Wood PPAs is estimated to be approximately \$0.00111 per kWh, while the total distribution rate is expected to increase by 1.66%. For a residential customer using 500 kWh per month, the effect would be a monthly increase of \$0.55.

On August 23, 2011, Commissioner Amy L. Ignatius filed a letter stating that she disqualifies herself from this proceeding for the reasons stated in the letter. In addition, because Commission Staff members Thomas C. Frantz and F. Anne Ross have been directly and actively involved in negotiating the Wood PPAs on behalf of the state and are one of the Joint Petitioners, they are hereby designated as staff advocates pursuant to RSA 363:32.

The filing raises, inter alia, issues related to whether the Wood PPAs, including the initial wood prices set forth therein, the settlement agreement and the proposed ratemaking treatment relating to the costs of the Wood PPAs are lawful, just and reasonable and in the public interest and should be approved. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on September 9, 2011 at 2 p.m., at which each party will provide a preliminary statement of its position with regard to the petition and the pending motion for confidential treatment and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15 shall be considered, including proposals for a procedural schedule; and it is

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

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Joint Petitioners shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than August 29, 2011, 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 September 9, 2011; and it is

FURTHER ORDERED, that pursuant to N.H. Code 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 Joint Petitioners and the Office of the Consumer Advocate on or before September 6, 2011, 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. Code Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

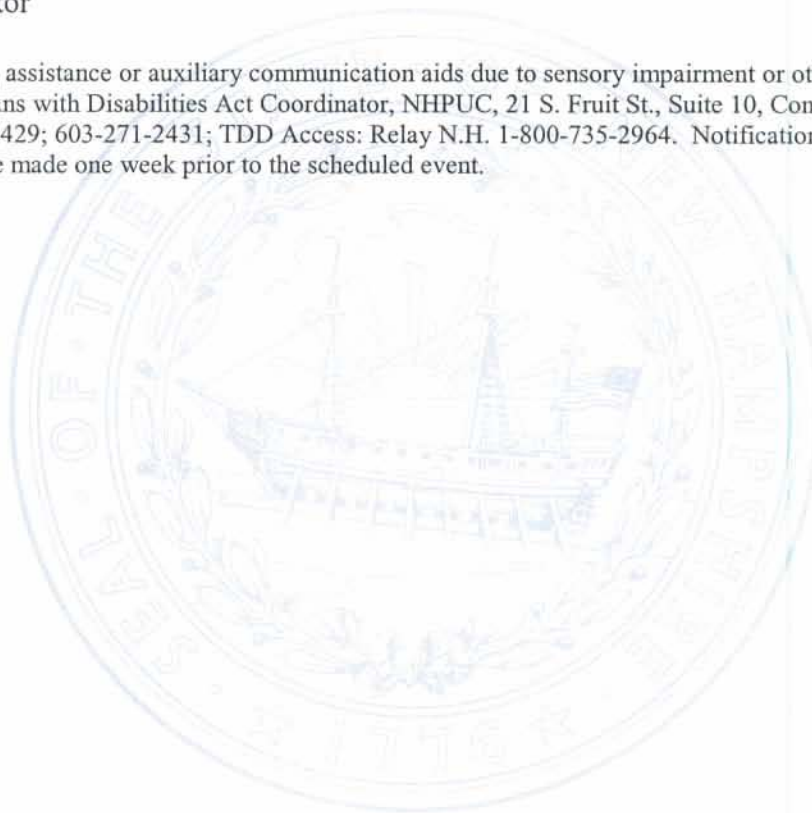
FURTHER ORDERED, that any party objecting to a Petition to Intervene make said
Objection on or before September 9, 2011.

By order of the Public Utilities Commission of New Hampshire this twenty-fifth day of
August, 2011.



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.



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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

DEBRA A HOWLAND
EXEC DIRECTOR & SECRETARY
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.