Public Service Company of New Hampshire
Docket No. DE 11-250

Date Request Received: 09/21/2012 **Date of Response: Dated: 09/21/2012**
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Request from: New Hampshire Public Utilities Commission Staff

Witness: William H. Smagula

Request:
Please provide any analysis that was performed to justify construction of a truck wash.

Response:
A historic analysis document is not available; however, the economic basis for the truck wash is discussed below.

The truck wash facility was sent out for bid in 2009 and was awarded in early 2010. At that time, a review of coal truck traffic in 2008 and 2009 revealed about 8,500 truck deliveries per year. To move the contracted gypsum quantity, approximately 4,200 trucks per year would be needed. Based on trucking rates known for travel to/from Bow to Newington, the annual trucking cost for dedicated trucks would be over $1 Million per year. The alternative, often referred to as back hauling, would be to use coal trucks which would otherwise be returning to the seacoast empty. This was estimated to save approximately $4/ ton in trucking cost. Using the approximately 4,200 trucks each hauling about 30 tons, the savings associated with back hauling was determined to be over $500,000 per year. However, to ensure the quality of the gypsum product, the dump compartments of the coal trucks would have to be cleaned before loading gypsum. Discoloration and coal dust contamination is not acceptable to the gypsum purchaser. The final cost of the truck wash was $2,293,725. The revenue requirement in the initial years is between $350,000 and $400,000 (depending on the specific assumptions and then declining over time) which results in a lower annual customer cost compared to the $500,000 trucking cost per year. Based on these basic economics, the cost of the truck wash was an economic benefit for customers. Furthermore, this would eliminate wasteful use of fuel and unneeded vehicle emissions.