

State of New Hampshire
Before the
Public Utilities Commission

**Public Service Company of New Hampshire
Transmission Cost Adjustment Mechanism**

Prepared Technical Statement of Robert A. Baumann and Stephen R. Hall

Docket No. DE 08-069

June 18, 2008

Purpose of Technical Statement:

This Technical Statement is being submitted to explain the changes to Public Service Company's proposed annual Transmission Cost Adjustment Mechanism (TCAM) rate effective July 1, 2008. On June 16, 2008, PSNH filed Exhibits 4, 5 and 6 in response to record requests made at the June 11, 2008 hearing. During a conference call between the parties held on June 17, 2008, the parties requested that PSNH provide explanations for the changes to RNS and LNS costs, and to the Rate B contribution to system peak, both included in the June 16, 2008 filing, as compared to the information contained in PSNH's June 6, 2008 filing. This filing updates Exhibits 4 and 5 that were included in PSNH's TCAM filing on June 16, 2008.

RNS and LNS Cost Changes:

On May 13, 2008, PSNH filed a proposed annual TCAM rate to be effective July 1, 2008, based on the most recent budget and forecast data available and actual cost data through March 2008. The filing was updated on June 6, 2008 for updated FERC RNS rates received from ISO-NE that went into effect June 1, 2008, a \$4.5 million estimated true up for 2007 LNS billing, as well as an additional month of actual cost data through April 2008. The updated LNS rates effective June 1, 2008 were unavailable at the time of the June 6, 2008 filing. The actual true up for 2007 LNS billing will be completed by June 30, 2008 as required by the ISO-NE OATT, Schedule 21-NU.

On June 16, 2008, PSNH filed Exhibit 4 which updated the LNS rates effective June 1, 2008 and updated for an additional month of actual cost data through May 2008. In addition, the RNS costs were also updated for latest known changes as several Participating Transmission Owners (PTOs) submitted corrections to their RNS revenue requirements subsequent to the circulation of the rates package which was used for PSNH's June 6, 2008 filing. The updated values contained in this filing produce a

proposed average TCAM rate of 0.935 cents per kWh which is an increase from the current average rate in effect of 0.752 cents per kWh. The increase in rates reflects the ongoing investment in regional transmission reliability projects. This proposed increase in the TCAM rate is an overall average increase of approximately 1.3 % to PSNH's overall rate level.

Rate B Contribution to System Peak

Under the settlement in PSNH's last rate case (Docket No. DE 06-028), costs are allocated to the Rate B base demand charge based on the Rate B class contribution to the NU monthly system peaks. At the time of the June 6, 2008 filing, PSNH did not have information on when the NU system peak for May, 2008 had occurred. In that filing, PSNH made an estimate of the Rate B customers' loads at system peak based upon only partial month's load data and assumed that this load information represented the Rate B class contribution to system peak for that month. When PSNH made its June 16, 2008 filing, it had information that NU's May 2008 system peak occurred late in the month. The Rate B class actual load at system peak was lower than the assumed load in the June 6, 2008 filing. Therefore, in the June 16, 2008 filing, PSNH adjusted the Rate B class contribution to system peak, resulting in a reduction to the Rate B contribution to system peak for the month of May, 2008.