



CONFIDENTIAL
MATERIAL
IN COMM FILE

April 9, 2010

Debra A. Howland
Executive Director and Secretary
Public Utilities Commission
21 South Fruit Street
Concord, NH 03301-2429



Re: Public Service Company of New Hampshire, Docket No.08-103

Dear Secretary Howland:

We represent the New Hampshire Sierra Club [NHSC]. On March 31, 2010, we attended the Public Service Company of New Hampshire [PSNH] informational presentation "Clean Air Project, Merrimack Station".

The information presented by PSNH was insufficient to ensure that PSNH is complying with RSA 125-O; and, the information presented does not satisfy the terms of your letter sent on February 19, 2010, prescribing the agenda for the March 31, 2010, informational session. You note in your letter, that the Commission would continue its "review of the documents already presented by PSNH, require additional documentation as necessary, and keep this docket open to monitor PSNH's actions as it proceeds with installation of the scrubber technology".

The need for additional information is manifest. The "Clean Air Project" presentation provided only general information; describes broad categories of contracts, without specific detail. The much discussed \$457,000,000, cast as hard costs for the scrubber, has become a "budget".

NHSC believes that PSNH is engaged in a major life extension project of the 50 year old Merrimack Station; a project that exceeds the mandate of RSA 125-O, which requires only that PSNH install flue gas desulphurization equipment to control SO₂ and Hg. NHSC believes that PSNH is in the process of upgrading the plant generation capacity and incrementally de-bottlenecking the balance of plant equipment, all under the guise of the scrubber legislation.

NHSC is engaged in Clean Air Act litigation with PSNH before the New Hampshire Department of Environmental Services, Air Resources Council in Docket Nos. 09-010 and 09-011. In the course of that litigation, NHSC obtained documents that prove PSNH has engaged in a comprehensive review of life extension projects for Merrimack Station. The documents include "Merrimack Station Unit 2 Boiler Replacement Feasibility Study", dated November, 2004, prepared by Burns & McDonnell; "Preliminary Permit Plan Analysis-Critical Path Issues, Multi-Pollutant Control Strategy Options",

The Sierra Club's members are 700,000 of your friends and neighbors. Inspired by nature, we work together to protect our communities and the planet. The Club is America's oldest, largest and most influential grassroots environmental organization.

New Hampshire Sierra Club 40 North Main Street, Second Floor Concord, NH 03301
603/224-8222 FAX: 603/224-4719

www.sierraclub.org

www.nhsierraclub.org

dated July 26, 2005, prepared by GZA GeoEnvironmental, Inc.; and, "Merrimack Boiler Study", dated February 1, 2007, prepared by Sargent & Lundy, LLC. [The documents are attached hereto as Exhibits 1, 2 and 3]

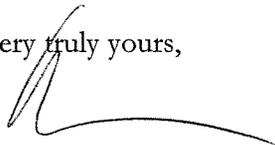
The documents thoroughly examine the engineering, capital costs, operation and maintenance cost projections, and, environmental permitting requirements for various life extension options for Merrimack Station, including replacement of the boiler, projects that are substantially more extensive than the scrubber project.¹

These engineering and planning documents were available at the time of the opening of Docket No.08-103.² The documents should have been posted in the docket because they strongly suggest that the \$457,000,000 includes more than the installation of pollution control equipment.

The Commission must demand that PSNH produce the plans and specifications and each and every contract that support the \$457,000,000 "Budget" as represented by PSNH in the March 31, 2010, "Clean Air Project, Merrimack Station" presentation. The plans and specifications and contracts must be subjected to intense scrutiny by disinterested professionals. There must be an independent audit of the costs and project scope by both engineering and accounting firms with expertise in power plant construction and accounting.

The public, including the NHSC constituency that has grave concerns about the health effects of emissions from Merrimack Station for another 50 years, and, the rate-payers who must pay the \$457,000,000 for what PSNH claims is only pollution control equipment, will never be satisfied about the integrity of the project until PSNH stops hiding behind its sweeping confidentiality claims and provides all the documents to the Commission.

Very truly yours,



Arthur B. Cunningham
NH Sierra Club Attorney



Catherine M. Corkery
NH Sierra Club Chapter Director

cc: Attorney Bersak, PSNH
Attorney Ross, PUC
Attorney Hatfield, OCA

¹ Interestingly, the Burns & McDonnell study, at page 5.2, projects the capital cost of replacing the MK2 boiler, in 2008\$, with APC [scrubber], to be \$413,683,000 and the cost of adding just the APC [scrubber], in 2006\$ at \$139,476,000. Both options include the MK2 turbine replacement.

² Indeed, the Burns & McDonnell study was in the possession of PUC staff and PUC staff at least knew about the Sargent & Lundy study. See DE 06-097, Data Request LIBERTY-01, dated June 30, 2006.