

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

DE 08-113

ORDER OF NOTICE

On September 12, 2008, Public Service Company of New Hampshire (PSNH) filed a petition to establish its default energy service (ES) rate for bills rendered on or after January 1, 2009. 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.

According to PSNH, its energy service costs include the generation asset revenue requirements, costs for supplemental energy and capacity purchases, purchased power obligations, fuel costs associated with PSNH's generation, revenues from market sales of electricity, Independent System Operator-New England (ISO-NE) ancillary service charges and the cost of compliance with the New Hampshire Renewable Portfolio Standard (RPS). PSNH states that the generation revenue requirements include non-fuel costs of generation, including non-fuel operations and maintenance costs, allocated administrative and general costs, depreciation, property taxes and payroll taxes, and a return on the net fossil/hydro investment. In addition, PSNH's ES rate also reflects the ES portion of uncollectible expenses. *See*, Docket No. DE 06-013, *Public Service Company of New Hampshire*, Order No. 24,750 (May 25, 2007). PSNH has also included costs associated with compliance with the Regional Greenhouse Gas Initiative, RSA 125-O:19-128.

While PSNH is not proposing a specific ES rate at this time, based on preliminary data, it estimates an ES rate of 10.51 cents per kilowatt hour (kWh) for effect with service-rendered on

and after January 1, 2009. PSNH states that this estimate is 0.94 cents per kWh higher than the current ES rate of 9.57 cents per kWh. According to PSNH, the increase in the ES rate is due to higher forecasted fuel and purchased power costs, increases in the cost of compliance with RPS as designated in RSA 362-F, and new costs associated with RGGI compliance.

PSNH included approximately \$13.2 million in projected costs necessary to comply with the Renewable Portfolio Statute, RSA 362-F. Pursuant to RSA 362-F, PSNH is obligated to purchase Renewable Energy Credits (RECs), one REC for each megawatt of power sold, in amounts that represent a certain percentage of its total electricity sales. For 2009, RSA 362-F requires PSNH to purchase three classes of RECs totaling 6% of its electricity supply, as compared to two classes of RECs totaling 5% of its electricity supply in 2008. In addition, PSNH included \$15.4 million in estimated costs related to its compliance with the RGGI statute. PSNH based its estimate on projected emissions of approximately 4 million tons of CO₂ from its fossil-fuel fired power plants with generating capacities greater than 25 MW.

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 power consistent with RSA 369-B:3, V(b)(1)(A), whether the costs associated with the RPS and RGGI statutes are reasonable and should be included in rates, whether PSNH should apply the new rates on a service rendered basis, and whether the resulting rates are just and reasonable as required by RSA 378:5 and 8. 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 6, 2008 at 1:30 p.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 September 26, 2008, 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 6, 2008; 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 1, 2008, 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 6, 2008.

By order of the Public Utilities Commission of New Hampshire this twenty-second day
of September, 2008.



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.

