

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

DE 08-114

ORDER OF NOTICE

On September 12, 2008, Public Service Company of New Hampshire (PSNH) filed a petition for adjustment of its Stranded Cost Recovery Charge (SCRC). In support of its petition, PSNH filed the testimony of Robert A. Baumann along with related exhibits and attachments. The SCRC recovery mechanism was established pursuant to the Agreement to Settle PSNH Restructuring in Docket No. DE 99-099 (Restructuring Agreement). PSNH states the Restructuring Agreement defined PSNH's stranded costs and categorized them into three different parts (Part 1, Part 2 and Part 3). The SCRC, which recovers costs for all three parts, was originally capped in the Restructuring Agreement at an overall average rate of 3.40 cents per kilowatt-hour (kWh). According to PSNH, it fully recovered its Part 3 Stranded Costs as of June 30, 2006. Once Part 3 Stranded Costs are fully collected, PSNH states that the Restructuring Agreement provides that the SCRC will be set on a forecasted basis every six months and will include any over or under recoveries of Part 1 and Part 2 stranded costs from the previous period.

Pursuant to *Public Service Co. of N.H.*, Order No. 24,872 (June 27, 2008), PSNH is currently billing an average SCRC rate of 0.65 cents per kWh for the six-month period July 1, 2008 through December 31, 2008. By its petition, PSNH is seeking to adjust the SCRC rate to be charged to customers beginning with service rendered on and after January 1, 2009. PSNH provided an estimate of an average SCRC rate for effect on January 1, 2009 and stated that it will update the SCRC rate prior to the hearing on its petition. PSNH stated that if updated data

supports a revised rate, it will submit the updated rate and supporting information before the hearing in this docket.

PSNH estimates the average SCRC rate for the period beginning January 1, 2009 to be 0.90 cents per kWh, which is 0.25 cents more than the current average SCRC rate. PSNH attributes the estimated increase primarily to the expiration of the amortization of \$11.6 million in net credits relating to the Clean Air Act equipment, SO₂ allowance sale proceeds, and the McLane Dam buyout costs. PSNH states that these credits were reflected in the 2008 SCRC rates as approved in Docket No. DE 07-097, and will be fully refunded to customers as of December 31, 2008.

According to PSNH, another contributing factor to the estimated increase of the SCRC rate is higher above market Independent Power Producer (IPP) costs, as well as the inclusion of \$3.5 million in IPP costs relating to a proposed settlement agreement with Hemphill Power and Light Company (Hemphill) which was filed on September 2, 2008 in Docket No. DE 07-122 and for which PSNH is currently seeking Commission approval in that docket. The settlement agreement resolves a dispute between Hemphill and PSNH regarding the correct rate to be paid for the period from October 27, 2006 through October 26, 2007. Because the settlement payment is above market price, PSNH proposes to recover the costs through Part 2 Stranded Costs in rates effective January 1, 2009.

The filing raises, inter alia, issues related to the whether PSNH's assumptions and estimates of costs and revenues are reasonable, and whether the resulting rates are just and reasonable as required by RSA 378:5 and RSA 378:8. 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 1:00 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.

