

Public Service Company of New Hampshire
Docket No. DE 10-160

Data Request STAFF-01
Dated: 08/13/2010
Q-STAFF-002
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Witness: David A. Errichetti
Request from: New Hampshire Public Utilities Commission Staff

Question:

Reference Baumann testimony, page 4, lines 15-18. Please quantify the annual costs attributable to "purchase power arrangements that were entered into to minimize future market exposure risk" for the years 2006 - 2010. For 2010, please provide actual amounts up to the most recent date available and forecasted amounts for the remainder of the year. For each year, please also provide the above-market portion of the total costs.

Response:

Please see table below for the requested information. The analysis looked at firm bilateral energy purchases of one month or greater duration which were typically captured in the rate setting proceedings and were meant to lock in power supply costs so as to minimize future market exposure risk. The above-market costs were calculated as the difference between the firm bilateral energy purchase price and the day-ahead energy market clearing price at the contract delivery point times the contract quantity.

Year	Purchase Costs	Above-Market Costs
2006	242,378,478	89,793,546
2007	158,999,248	24,381,473
2008	178,366,008	(21,831,297)
2009	226,684,760	127,277,461
2010 (actual thru July)	33,300,000	13,464,423
2010 (est. Aug thru Dec)	24,300,000	10,061,800

* August to December, 2010 market value estimates are based on 7/30/10 broker quotes.

While comparing the contract price to the day-ahead energy market clearing price reflects what the contracts would be paid in the ISO-NE energy market settlement system, it is not necessarily indicative of how a third party buying power for a customer's future needs would act. As an alternative the 2009 calculation was redone assuming the firm bilateral energy purchases were made on the last day the contract term was traded. For example a 2009 calendar year purchase was priced based on end of December 2008 prices and a June 2009 purchase was priced based on end of May 2009 pricing. The 2009 above-market cost using this alternative market value approach would then be calculated as \$93.4 million.

The analysis did not consider any firm bilateral energy sales of one month or greater that may have been made during this period.