

STATE OF NEW HAMPSHIRE
before the
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 09-033

Public Service Company of New Hampshire
Petition for Financing Approval

OBJECTION OF
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
TO OFFICE OF CONSUMER ADVOCATE'S
MOTION FOR REHEARING

Pursuant to Rule Puc 203.07 (e), Public Service Company of New Hampshire ("PSNH") hereby objects to the Office of Consumer Advocate's ("OCA") "Motion for Rehearing of Order No. 25,021" (the "OCA Motion for Rehearing") dated November 4, 2009. The bases for this objection are that the OCA Motion for Rehearing (i) fails to state good reason for such rehearing as required by RSA 541:3 and (ii) fails to demonstrate that the decision or order complained of is unlawful or unreasonable as required by RSA 541:4.

In support of this objection, PSNH states the following:

1. In the OCA Motion for Rehearing, OCA argues that rehearing is warranted because the Commission has allegedly failed to find that PSNH's financing request is consistent with the public good. In particular, the OCA claims that the provision in RSA 369:1 which reads, "approval shall extend to the amount of the issue authorized and the purpose or purposes to which the securities or the proceeds thereof are to be applied, and shall be subject to such reasonable terms and conditions as the commission may find to be necessary in the public interest;" requires the Commission to review in detail each and every capital expenditure for which a utility might use the proceeds of a financing that is subject to RSA Chapter 369 approval. Such a reading of the law is incorrect and would lead to absurd results which would prevent this state's utilities from rendering safe and reliable service in an economic manner.

2. The OCA Motion for Rehearing revisits for at least the third time issues that were already considered by the Commission. The very same arguments contained in the OCA Motion for Rehearing were presented in the April 10, 2009 “Brief of the Office of Consumer Advocate” concerning the scope of the review required in this case, and again during the hearing in this docket held on August 11, 2009. Transcript of, pp. 60-64, 67. Indeed, several significant substantive portions of the OCA Motion for Rehearing are taken substantially verbatim from the OCA’s earlier April 10 Brief. Hence, the Commission has already twice before dealt with the issues contained in the OCA Motion for Rehearing: first in the “Order Defining Scope of the Proceeding” (Order No. 24,979 dated June 19, 2009); and second in the “Order Approving Petition” (Order No. 25,021 dated October 5, 2009).

3. In Order No. 25,021 (the “Order,”) the Commission expressly noted the arguments made by OCA during the August 11, 2009 hearing, which have been repeated in the OCA Motion for Rehearing. In the Order, the Commission acknowledged the statutory requirements set forth in RSA Chapter 369 for review and approval of a utility’s financing application. Order at 11. The Commission expressly noted that it had a duty to consider the purpose or purposes to which the proceeds are to be applied – the very issue complained of in the OCA Motion for Rehearing. *Id.*

4. The Order expressly discusses the Commission’s findings regarding this issue:

We have reviewed the filing and determine that it is consistent with the public good to authorize PSNH to issue long-term financing for the reasons set forth in its petition, namely, to refinance existing short-term debt, finance anticipated capital expenditures and pay for issuance costs. Based upon the record, PSNH incurs short-term debt to fund working capital needs and pay capital expenditures, periodically issues long-term debt, and receives equity contributions from and makes dividend payments to its parent, NU, thereby allowing PSNH to maintain an appropriate capital structure. Further, identification of the various capital projects to be undertaken with these funds for the distribution, transmission and generation segments of PSNH’s business supports a finding that the

purposes, uses or objectives of the financing are reasonably required by PSNH to discharge its obligations as an electric utility. *See* Ex. 3 at 8-19

Id. at 12.

5. The OCA Motion for Rehearing relies upon the Supreme Court's decision in *Appeal of Easton*, 125 N.H. 205, 211 (1984). In *Easton*, the court noted that "the PUC has a duty to determine whether, under all the circumstances, the financing is in the public good-a determination which includes considerations beyond the terms of the proposed borrowing." The *Easton* decision does not require the Commission to conduct an item-by-item review of each-and-every capital expenditure for which the proceeds of a utility financing may be used.

6. One of the best summaries of the Commission's responsibility under Chapter 369 appears in the court's decision in *Appeal of Conservation Law Foundation of New England, Inc.*:

The scope of the commission's responsibility rests upon the mandate of RSA 369:1 and :4, which require the commission's approval for the issuance of a utility's securities and which condition the granting of that approval on a finding that the amount and objects of the proposed financing will be in the "public good," *id.*, as being "reasonable taking all interests into consideration." *Grafton Etc. Co. v. State*, 77 N.H. 539, 542, 94 A. 193, 195 (1915). Thus, in *Appeal of Easton*, 125 N.H. at 205, 480 A.2d at 88, we followed longstanding law in holding that a financing in the public good must be one "reasonably to be permitted under all the circumstances of the case." **658 *Id.* at 212, 480 A.2d at 91 (quoting *Grafton, supra*, 77 N.H. at 540, 94 A. at 194). Accordingly, we emphasized that the express statutory concern for the public good comprises more than the terms and conditions of the financing itself and we held that the commission was obligated to determine whether the object of the financing was reasonably required for use in discharging a utility company's obligation, which is to provide safe and reliable service, *id.*, 125 N.H. at 211, 480 A.2d at 90. Moreover, we specifically decided that the commission was obliged to determine whether the company's plans to accomplish that object were economically justified when measured against any adequate alternatives; and whether the capitalization

resulting from the utility company's plans would be supportable. *Id.* at 212-13, 480 A.2d at 91.

Appeal of Conservation Law Foundation of New England, Inc. 127 N.H. 606, 614 (1986).

7. In Order No. 25,021, the Commission completely complied with all the requirements set forth by the court in *Appeal of CLF*.

8. OCA asserts that the Commission failed to conduct an analysis of whether PSNH's planned uses of the financing requested are economically justified compared to other options available. OCA suggests that *Easton* may require project-specific financing applications in order for the requisite Commission review to be properly accomplished. A review of the contents of Hearing Exhibit 3 (which the Commission references in its Order at 12 and which is attached hereto as Attachment 1) demonstrates that the OCA's suggestion is neither reasonable nor workable. Exhibit 3 includes over 300 separate line items describing matters within PSNH's construction budget for which the proceeds of the financing are intended to be used. The filing of 300 individual "project financing" applications in order to determine whether PSNH's planned use of the proceeds of the financing requested is economically justified compared to other options available would overwhelm the Commission as it deals with hundreds of dockets, within each of which OCA would have the Commission compare each capital expenditure with other options that may be available; would be more costly to PSNH's customers; and would prevent PSNH from efficiently and swiftly accessing the capital markets. The Commission had an adequate record before it and relied upon information in sufficient detail for it to perform its duty concerning this issue, including the testimony presented and the various exhibits entered into the record at hearing, when it approved PSNH's financing application.

9. Pursuant to RSA 541:3, the Commission may grant a rehearing when the motion states good reason for such relief. Good reason may be shown by identifying specific matters that were either "overlooked or mistakenly conceived" by the deciding tribunal.

See Dumais v. State, 118, N.H. 309, 311 (1978) and *Public Service Co. of New Hampshire*, Docket No. DE 08-077, Order No. 24,982 (June 25, 2009), *slip op.* at 7. As the OCA Motion for Rehearing asserts issues which have already been considered and ruled upon by the Commission twice before in this proceeding, it fails to raise specific matters that were either "overlooked or mistakenly conceived". In addition, a successful motion does not merely reassert prior arguments and request a different outcome. *See Connecticut Valley Electric Co.*, 88 NH PUC 355, 356 (2003) and *Public Service Co. of New Hampshire*, Docket No. DE 07-108, Order No. 24,966 (May 1, 2009), *slip op.* at 5. As the OCA Motion for Rehearing reasserts prior arguments for the third time in this proceeding, requesting a different outcome than it received on the prior two occasions, its motion should be denied.

WHEREFORE, OCA has failed to state good reason for granting rehearing as required by RSA 541:3 and also failed to demonstrate that the decision or order complained of is unlawful or unreasonable as required by RSA 541:4; hence, PSNH respectfully requests that the Commission expeditiously deny OCA's Motion for Rehearing.

Respectfully submitted this 5th day of November, 2009.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By: 

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CERTIFICATE OF SERVICE

**I certify that on this 5th day of November, 2009,
I caused PSNH's Objection to Motion for Rehearing
to be served pursuant to N.H. Code Admin. Rule Puc 203.11
on the following service list:**

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

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Attachment 1

Hearing Exhibit 3

Filed on: 04/03/2009
Public Service Company of New Hampshire
Docket No. DE 09-033

Data Request NSTF-01
Dated: 03/27/2009
Q-STAFF-017
Page 1 of 1

Witness: Randy A. Shoop
Request from: New Hampshire Public Utilities Commission Staff

Question:

Please explain why PSNH uses a more general approach to long-term debt financing rather than an approach of using project-specific financings.

Response:

PSNH, along with the majority of regulated utilities, uses a more general approach to long-term debt financing because the use of proceeds, terms and conditions, covenants and structure are not uniquely identifiable to a specific project or end-use which would be more restrictive. Additionally, the investor base for general utility debt is much different (resulting in more attractive pricing and structures for utility debt) than the investor base for project specific financing.

Workpaper #1
Incremental Cost Impact of the \$150M FMB
on Energy Service Rates

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(in \$s)

		<u>2009</u>	
Average Rate Base in \$s	A	<u>\$ 384,115,727</u>	Budget
Incremental incr(decr) in weighted average cost of capital	B	<u>0.04%</u>	From W/P # 2
Increase/decrease in revenue requirements in \$s	A * B = C	<u>\$ 163,610</u>	
Sales in kWh	D	<u>7,963,325,000</u>	Budget
Impact on Energy Service rate (per kWh)	C/D = E	<u><u>\$ 0.00002</u></u>	

Workpaper #2
Incremental Cost Impact of the \$150M FMB

(000's)

	[A]	[B]	[C]	[D]	[E]	[F]
		Capitalization	Embedded	Weighted Avg.	Tax Gross-up	Tax-Adjusted
Weighted Average Cost of Capital	Balance-LTD	Percentage	Cost/ Return	[B] * [C]	[D]/ [1-TR]	Return
Per budget, incl New Issue \$150M FMB						
Capitalization---						
Net Debt	757,455	51.85%	5.43%	2.82%	N/A	2.82%
Equity	703,403	48.15%	9.81%	4.72%	7.94%	7.94%
Total	1,460,858	100.00%		7.54%		10.76%
Per budget, excl New Issue \$150M FMB						
Capitalization---						
Net Debt per W/P #3	608,751	51.85%	5.35%	2.77%	N/A	2.77%
Equity	565,310	48.15%	9.81%	4.72%	7.94%	7.94%
Total	1,174,061	100.00%		7.50%		10.71%
Difference in the WACC					To W/P #1	0.04%

Notes: This adjustment assumes that PSNH would adjust its equity contributions to meet targeted debt/equity levels.

The tax rate used for the tax gross-up is the statutory tax rate--

40.525%

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Workpaper #3
Calculation of Embedded LTD Costs Excluding the \$150M FMB

(000's)

1. Calculation -Effective interest rate for \$150M New Issue (NI)

[A] Amount	[B] Issuance Expense	[C] Net Balance [A] + [B]	[D] Annual Amor Issuance	[E] Nominal Int Rate (1)	[F] Ann. Int. Exp. [A] X [E]	[G] Total Ann. Int.Exp. [D] + [F]	[H] Eff. Int. Rate [G]/[C]
150,000	(1,296)	148,704	130	6.78%	10,170	10,300	6.93%

2. Calculation -Budgeted interest costs excluding NI costs

[A] Net Avg. LTD	[B] Embed Cost %	[A] * [B] = [C] Calc Int Cost	[D] =1 [G] above Less: NI Int. Exp	[C] - [D] = [E] Adj. Int. Cost
757,455	5.66%	42,854	10,300	32,555

3. Calculation -Budgeted net average LTD excluding \$150M NI

[A] Net Avg. LTD	[B] =1 [C] above NI Net Balance	[A] - [B] = [C] Adj. Net Avg. LTD
757,455	148,704	608,751

4. Calculation -Embedded cost of LTD excluding \$150M NI

[A] =2 [E] above Adj. Int. Cost	[B] =3 [C] above Adj. Net Avg. LTD	[A]/[B] = [C] Adj. Embed Cost %
32,555	608,751	5.35% To W/P #2

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Public Service Company of New Hampshire
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Data Request OCA SET 1
Dated: 03/27/2009
Q-NOCA SET 1-010
Page 1 of 4

Witness: Stephen R. Hall, Randy A. Shoop
Request from: Office of Consumer Advocate

Question:

What is the estimated rate impact on Energy Service for 2010, 2011, 2012, and 2013 if these financings are approved? Please provide the relevant work papers.

Response:

PSNH calculated the incremental impact of the \$150 million FMB issue on the Energy Service (ES) rate for 2009 and determined that the cost of the financing would be immaterial (approximately two one-thousandths of a cent per kWh). The cost of the bond issue would have a similar immaterial impact on future years' ES rates assuming PSNH's capital structure remains the same.

Please see the attached workpapers.

PSNH FORECAST - 2009 NET PLANT

Projected PSNH Short-term debt balance if long-term debt of \$150 million is postponed to Q3 2009

Amounts in (000's)

	Feb 2009	Mar 2009	Apr 2009	May ⁽³⁾ 2009	June ⁽³⁾ 2009	July 2009	August ⁽³⁾ 2009	Sept. ⁽³⁾ 2009	Oct 2009	Nov 2009	Dec 2009
NET PLANT ⁽¹⁾	\$1,402,801	\$1,406,853	\$1,410,678	\$1,435,819	\$1,457,198	\$1,472,105	\$1,474,114	\$1,477,072	\$1,478,585	\$1,487,106	\$1,519,069
@ 10%	\$140,280	\$140,685	\$141,068	\$143,582	\$145,720	\$147,210	\$147,411	\$147,707	\$147,859	\$148,711	\$151,907
Short-term Debt - Start	\$37,827	\$70,547	\$65,310	\$81,587	\$123,354	\$111,900	\$115,600	\$125,700	\$0	\$0	\$29,100
Short-term Debt - End	\$70,547	\$65,310	\$81,587	\$123,354	\$111,900	\$115,600	\$125,700	\$0	\$0	\$29,100	\$24,400
Available Short-term Debt Authority ⁽²⁾	\$69,733	\$70,138	\$59,481	\$20,228	\$22,366	\$31,610	\$21,711	\$22,007	\$147,859	\$119,611	\$122,807

(1) Net Plant does not include CWIP.

(2) Determined relative to the higher of the Starting or Ending STD (excludes impact of intra-month peaks which may be higher).

(3) PSNH is projected to be closely approaching its short-term debt limit of 10 percent of net fixed plant.

PSNH FORECAST - 2009 NET PLANT

Projected PSNH Short-term debt balance if long-term debt of \$150 million is postponed to Q4 2009

Amounts in (000's)

	Feb 2009	Mar 2009	Apr 2009	May ⁽³⁾ 2009	June ⁽³⁾ 2009	July 2009	August ⁽³⁾ 2009	Sept. ⁽³⁾ 2009	Oct. ⁽³⁾ 2009	Nov ⁽⁴⁾ 2009	Dec ⁽⁴⁾ 2009
NET PLANT ⁽¹⁾	\$1,402,801	\$1,406,853	\$1,410,678	\$1,435,819	\$1,457,198	\$1,472,105	\$1,474,114	\$1,477,072	\$1,478,585	\$1,487,106	\$1,519,069
@ 10%	\$140,280	\$140,685	\$141,068	\$143,582	\$145,720	\$147,210	\$147,411	\$147,707	\$147,859	\$148,711	\$151,907
Short-term Debt - Start	\$37,827	\$70,547	\$65,310	\$81,587	\$123,354	\$111,900	\$115,600	\$125,700	\$139,400	\$139,200	\$179,100
Short-term Debt - End	\$70,547	\$65,310	\$81,587	\$123,354	\$111,900	\$115,600	\$125,700	\$139,400	\$139,200	\$179,100	\$24,400
Available Short-term Debt Authority ⁽²⁾	\$69,733	\$70,138	\$59,481	\$20,228	\$22,366	\$31,610	\$21,711	\$8,307	\$8,459	(\$30,389)	(\$27,193)

- (1) Net Plant does not include CWIP.
(2) Determined relative to the higher of the Starting or Ending STD (excludes impact of intra-month peaks which may be higher).
(3) PSNH is projected to be closely approaching its short-term debt limit of 10 percent of net fixed plant.
(4) PSNH is projected to exceed its short-term debt limit of 10 percent of net fixed plant.

Witness: Randy A. Shoop
Request from: Office of Consumer Advocate

Question:

In its cover letter with its filing the company requests approval in order to close the transaction by June 30, 2009. Why does the company need to close on or before June 30, 2009? What would the impact be of a delay in approval? What would the impact be if only the long term debt approval was delayed? How long could PSNH proceed with its normal business operations and planned capital expenditures from a cash flow prospective without some additional financing approval? Please provide the cash flow analysis supporting your response and specify all assumptions.

Response:

a. Why does the company need to close on or before June 30, 2009?

The June 30, 2009 date is consistent with PSNH's 2009 Budget.

b. What would the impact be of a delay in approval ?

As shown in the table on page 2 attached, if the long-term debt of \$150 million as requested is postponed to the third quarter of 2009, PSNH's end-of-month short-term debt balances are expected to be approaching (but not exceeding) the current limit based on 10% of Net Plant. However, intra-month peaks and the possibility of unforeseen and unpredictable events could cause PSNH's short-term debt needs to exceed its short-term debt limit and that is why the Company is requesting additional short-term debt authority.

c. What would the impact be if only the long term debt approval was delayed ?

As shown in the table on page 3 attached, if the long-term debt of \$150 million as requested is postponed to the fourth quarter of 2009, PSNH's end-of-month short-term debt balances are expected to exceed the current limit based on 10% of Net Plant in November and December 2009. Even with the requested additional \$60 million in short-term debt authority, intra-month peaks and the possibility of unforeseen and unpredictable events could cause PSNH's short-term debt needs to exceed its short-term debt limit.

d. How long could PSNH proceed with its normal business operations and planned capital expenditures from a cash flow prospective without some additional financing approval ? Please provide the cash flow analysis supporting your response and specify all assumptions .

Please refer to responses in (b) and (c) above.

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Data Request OCA SET 1
Dated: 03/27/2009
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Witness: Randy A. Shoop
Request from: Office of Consumer Advocate

Question:

On p. 7 of Mr. Shoop's testimony he states that the company "proposes to issue and sell up to \$150 million" in long term debt. What are the purposes or uses of the long term debt? Please describe the uses and associated amounts of long term debt allocated to each of those uses.

Response:

The proceeds of the issuance of \$150 million in new long-term debt will be used for refinancing our short-term debt previously incurred in the ordinary course of business, which includes financing capital expenditures for the transmission, distribution and generation businesses, and funding working capital, including the possibility of unforeseen or unpredictable events such as emergency storm restoration.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

CONSTRUCTION BUDGET FOR YEAR 2009

SUMMARY

1	EXPENDITURES TO COMPLETE PROJECTS IN PROGRESS	
2	Schedule 1 - Projects Started In Prior Years	208,106,894
3	NEW PROJECTS BUDGETED FOR 2009	
4	Schedule 2 - Annual Projects	62,884,903
5	Schedule 3 - Projects Under \$50,000	528,326
6	Schedule 4 - Projects \$50,000 And Over	30,571,889
7	Schedule 5 - Unbudgeted Projects	<u>956,029</u>
8	TOTAL NEW PROJECTS BUDGETED FOR 2009	<u>94,941,147</u>
9	ESTIMATED TOTAL CONSTRUCTION BUDGETED FOR YEAR	<u>303,048,041</u>
10	Less Estimated Non-Cash Items	
11	Allowance For Funds Used During Construction	8,953,564
12	Contributions And Reimbursements	<u>-24,335</u>
13	Total Non-Cash Items	<u>8,929,229</u>
14	ESTIMATED CASH REQUIREMENTS FOR 2009 CONSTRUCTION	<u><u>294,118,812</u></u>

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET

PROCESS SUMMARY

<u>Budget Item</u>	<u>Total</u>	<u>Distribution</u>	<u>Generation</u>	<u>Transmission</u>
Schedule 1 - Projects Started In Prior Years	208,106,894	32,634,188	130,088,388	45,384,318
Schedule 2 - Annual Projects	62,884,903	49,273,639	8,956,519	4,654,745
Schedule 3 - Projects Under \$50,000	528,326	400,368	81,422	46,536
Schedule 4 - Projects \$50,000 And Over	30,571,889	8,303,452	14,787,879	7,480,558
Schedule 5 - Unbudgeted Projects	<u>956,029</u>	<u>956,029</u>	<u>0</u>	<u>0</u>
Estimated Total Construction Authorized For Year	303,048,041	91,567,676	153,914,208	57,566,157
Less: Estimated Non-Cash Items	<u>8,929,229</u>	<u>1,050,032</u>	<u>6,097,569</u>	<u>1,781,628</u>
Estimated Cash Requirements for 2009 Construction	<u><u>294,118,812</u></u>	<u><u>90,517,644</u></u>	<u><u>147,816,639</u></u>	<u><u>55,784,529</u></u>

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

CUSTOMER OPERATIONS/ENERGY DELIVERY

Line Item Number	Project Description	2009 Budget
	SCHEDULE 1 - PROJECTS STARTED PRIOR TO 2009	
2001	Rebuild Swanze Substation, Swanze	3,760,101
2002	Renovation and Construction at 1250 Hooksett Road, Hooksett	3,610,204
2003	Rebuild New London Substation, New London	2,468,925
2004	Rebuild Hancock Substation, Hancock	2,289,295
2005	Porcelain Change-out, Various Locations	1,899,133
2006	Rebuild Blue Hill Substation, Nashua	1,899,022
2007	Replace Obsolete Poles, Various Locations	1,898,996
2008	Construct New 34.5/12.47KV 5MVA Substation, New Boston	1,300,006
2009	Rebuild 34.5 KV Bus at Brook Street Substation, Manchester	949,604
2010	Construct Line 3235 From Monadnock Substation, Peterborough	895,053
2011	Reconductor 319 Line Concord to Loudon	889,702
2012	Replace Direct Buried Cable, Various Locations	712,269
2013	Capital Work Resulting from NESCRC Inspections, Various Locations	664,762
2014	Add Second 34.5/12.47MVA Transformer at North Rochester Substation, Rochester	625,089
2015	Install New Line and Convert 22H1, Hancock Substation, Hancock	617,296
2016	Upgrade Radio System	600,072
2017	Install Critical Infrastructure Protection, Various Substations	489,156
2018	Replace Legacy ASW Pole Top Radio Transmitting Units, Various Locations	417,878
2019	Replace Capacitor Switcher at Hudson Substation, Hudson	379,864
2020	34.5KV Circuit Breaker Replacement Program, Various Substations	379,832
2021	Install Mobile Hook-up at Mammoth Road Substation, Londonderry	350,093
2022	Replace Troubled Protection Equipment, Various Substations	332,455
2023	Replace Legacy REDAC 70 Radio Transmitting Units, Various Substations	327,650
2024	Construct and Reconfigure 353 & 1001 Lines at Blue Hill Substation, Nashua	308,672
2025	Construct New 34.5/12.47KV Frost Substation, Derry	300,043
2026	Air Brake Switch Replacement Program, Various Locations	284,990
2027	Replace Vault Tops, Transformers and Protectors, Manchester	284,930
2028	Install 34.5/12.47KV 10MVA Transformer at Valley Street Substation, Manchester	284,926
2029	Retrofit Capacitor Bank Controls, Keene	269,991
2030	Replace Obsolete Underground Oil Switches Downtown Portsmouth	261,361
2031	Construct New Barrington Substation, Barrington	250,088
2032	Construct New 34.5KV 3701 Line From Derry Substation, Derry	238,017
2033	Purchase Land for New 34.5KV Circuit and Snake Pond Substation, Center Ossipee	235,096
2034	Generation Real Estate Strategic Transactions	200,088
2035	Replace Load Break Switch 17J3 and 17J4 on 3171 Line, Portsmouth	199,422
2036	Rebuild Brook Street Substation, Manchester	189,894
2037	Replace Brown Glass Substation Insulators, Various Substations	189,803
2038	Enable Radio Transmitting Units to Connect to Windsor Server Center, Manchester	183,461
2039	Construct 115/34.5KV Thornton Substation, Merrimack	150,011
2040	Convert 9H2, 1H13, 1H19 to 12KV, Keene	142,553
2041	Retrofit Capacitor Banks, Various Locations	142,500
2042	Replace Wood Structure at Lowell Rd Substation, Hudson	100,099
2043	Construct New 115/34.5KV Shields Brook Substation, Derry	100,086
2044	Install Signal 60 Voltage Reduction Equipment, Various Substations	99,971
2045	Replace Steel Towers, Various Locations	95,056
2046	Install New Line to Offload North Hampton Substation, North Hampton	85,654
2047	Construct 34.5KV Line Position to Feed NHEC, No Woodstock	50,047

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

CUSTOMER OPERATIONS/ENERGY DELIVERY

Line Item Number	Project Description	2009 Budget
	SCHEDULE 1 - PROJECTS STARTED PRIOR TO 2009 (continued)	
2048	Install Mobile Hook-up at Dunbarton Substation, Manchester	50,015
2049	Construct New 115/34.5KV Substation in the Candia Road Area, Manchester	50,008
2050	Upgrade Blaine Street Substation, Manchester	47,531
2051	Add Second 115/34.5kV Transformer at Portsmouth Substation, Portsmouth	25,038
2052	Purchase PMI Voltage Current Power Meters	24,192
2053	Construct New 115/34.5KV Portland Street Substation, Rochester	23,780
2054	Line Terminal Addition at Monadnock Substation, Peterborough	10,073
2055	Various Projects	335
	TOTAL SCHEDULE 1	32,634,188
	SCHEDULE 2 - ANNUAL PROJECTS	
2056	Provide Service to New and Existing Customers	12,542,806
2057	Purchase Transformers and Regulators	9,816,998
2058	Replace Obsolete/Damaged Facilities, Various	8,028,549
2059	Install Secondary Services (less than 600V)	5,349,427
2060	Enhanced Tree Trimming	2,000,002
2061	Line Relocations, Various	1,976,132
2062	Purchase Meters	1,510,960
2063	Distribution Substations Additions, Various	1,054,680
2064	Capitalization of Exclusionary Storm Material Costs	1,040,000
2065	NHDOT Additions/Changes	789,291
2066	ROW Distribution Annual	759,536
2067	Reliability Improvements, Various	712,710
2068	Maintain Voltage, Various	699,991
2069	Purchase Tools and Equipment	572,973
2070	Non-Roadway Lighting	444,549
2071	2009 Facilities Modifications	384,922
2072	Purchase Hardware	380,428
2073	Telephone Additions/Changes	296,388
2074	Wide Area Network Changes and Additions	200,011
2075	High Pressure Sodium Lighting Additions and Changes	197,432
2076	Cable TV Projects Annual	128,613
2077	Storm Capitalization	114,400
2078	Local Area Network Changes and Additions	75,086
2079	Real Estate Annual, Properties Inc	51,065
2080	Telecommunications Additions	50,096
2081	Environmental Annual	50,043
2082	Cascade Ruggedized PC Replacement Program	24,060
2083	Purchase Office Furniture and Equipment	16,160
2084	Real Estate Annual, Economic Development	6,331
	TOTAL SCHEDULE 2	49,273,639

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

CUSTOMER OPERATIONS/ENERGY DELIVERY

Line Item Number	Project Description	2009 Budget
	SCHEDULE 3 - PROJECTS UNDER \$50,000	
2085	Install Viper on 399X15, Dover	47,571
2086	Reconductor 368 Line Laconia Substation to Messier St. Substation, Laconia	47,553
2087	Rebuild 317 Line Penacook Substation to Davisville Substation, Penacook	47,537
2088	CSF Upgrade to Pernova Designer	46,578
2089	Construct New 34.5KV 3349 Line From PSNH to NHEC, Tuftonboro	30,002
2090	Install Second 44.8MVA Transformer at Kingston Substation, Kingston	25,082
2091	Install Capacitor Bank and Bus Tie Breaker Addition at Long Hill Substation, Nashua	25,019
2092	Construct New 34.5KV Getaway Lines at Thornton Substation, Thornton	20,078
2093	Construct New 34.5KV/12.47KV Substation Osgood Road Substation, Milford	20,073
2094	Replace Transformer at Rye Substation, Rye	19,028
2095	Replace Transformer at Lafayette Road Substation, Portsmouth	19,028
2096	Replace Transformer at East Northwood Substation, Strafford	19,015
2097	Reconductor 3114X Line, Alexandria	19,001
2098	Reconductor 319 Line, Loudon	9,561
2099	Purchase Personal Computer Equipment	5,040
2100	Various	202
	TOTAL SCHEDULE 3	400,368
	SCHEDULE 4 - PROJECTS \$50,000 AND OVER	
2101	GIS - Automated Mapping	1,000,014
2102	New Business Specific Projects, Various Locations	626,931
2103	Construct New 12.47kV Distribution Lines from Valley Street Substation, Manchester	500,087
2104	Replace Getaway Cables, Various Substations	474,897
2105	Add Two Phases on the 19W1 Circuit West Hollis, Brookline	374,996
2106	Install Mobile Substation Connection at Jackman Substation, Hillsborough	350,047
2107	Purchase Meter Lab Tools, Hooksett	299,954
2108	Replace Cables 19X5/19X6, Manchester	284,915
2109	Replace Circuit Switchers at Lost Nation Substation, Northumberland	237,501
2110	Construct New Line and Convert 46H1 Line, New London	237,450
2111	Replace Circuit Switchers at Keene Substation, Keene	237,339
2112	Replace Regulators at Meredith Substation, Meredith	229,919
2113	Replace Tower and Equipment Sheds, Various Locations	200,027
2114	Construct New Line and Swap Load from 55H1 to 313X4, Peterborough	190,099
2115	Replace 336 Spacer Cable on the W1 Circuit, Keene	189,997
2116	Replace Failed Cable, Various Locations	189,924
2117	Install New Underfrequency Relays, Various Substations	189,739
2118	Rebuild 386 Line from North Rochester to Farmington Substation, Rochester	164,416
2119	Install 1500 Feet of 795 MCM W185 Circuit, Keene	150,003
2120	Construct Pine Hill Line Hooksett to Manchester	150,000
2121	C2 Data Warehouse Development	116,427
2122	Rebuild 7H1 Circuit on New Hinkley Road, New Hampton	113,951
2123	Install Radio Controlled Reclosers on 388 & 320 Lines, Valley St Substation, Manchester	113,947
2124	Customer System Requirements	112,352
2125	Getaway Work for Blue Hill Substation, Nashua	100,175
2126	Customer Systems Web Enhancements	100,111
2127	Call Manager Upgrades	100,064

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

CUSTOMER OPERATIONS/ENERGY DELIVERY

Line Item Number	Project Description	2009 Budget
	SCHEDULE 4 - PROJECTS \$50,000 AND OVER (continued)	
2128	Construct New Norris Rd. S/S, Weare	100,025
2129	Thornton & Nashua Area Solutions	99,961
2130	Rebuild and Construct Additional Phase on 5W1, Davisville Substation, Contoocook	95,098
2131	Replace Two Switches Keene Underground, Keene	95,054
2132	Replace Obsolete Equipment, Various Substations	95,028
2133	Install Step Transformer and Regulator at North Swanzev Substation, Swanzev	95,009
2134	Reconductor 3601 Line, Farmington	80,699
2135	Install New Viper Recloser OCR 37, Route 4, Lee	68,378
2136	Rebuild 3171 & 3111 Lines, Portsmouth	66,583
2137	Install Viper on 392X, Flagg Road, Rochester,	66,486
2138	Install Step Transformers on Memorial Street, Offload Franklin Substation, Tilton	61,070
2139	Install New 12.47 KV Line from Norris St. Substation, Weare	60,077
2140	Install New Viper Recloser on 3157X1 Line, Middleton	60,010
2141	Rebuild 313 Line, Source Feed to Hancock Substation, Hancock	58,515
2142	Rebuild 316 Line, Source Feed to New London Substation, New London	57,907
2143	Virtual Hold Software for Call Center	58,214
2144	Customer Relationship Management	50,056
	TOTAL SCHEDULE 4	8,303,452
	SCHEDULE 5 - CONTINGENT PROJECTS	
2145	Provision for Unbudgeted Information Technology Projects	1,256,100
2146	Provision for Unbudgeted Distribution Projects	-300,071
	TOTAL SCHEDULE 5	956,029
	ESTIMATED GROSS CONSTRUCTION BUDGETED FOR 2009	91,567,676
	Less Estimated Non-Cash Items:	
	Allowance For Funds Used During Construction	1,074,367
	Contributions and Reimbursements	-24,335
	Total Non-Cash Items	1,050,032
	ESTIMATED CASH REQUIREMENTS FOR 2009 CONSTRUCTION	90,517,644

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

GENERATION

Line Item Number	Project Description	2009 Budget
	SCHEDULE 1 - PROJECTS STARTED PRIOR TO 2009	
5001	Wet Flue Gas Desulphurization System, Merrimack	122,967,097
5002	Install Flue Gas SO3 Reduction System Unit 2, Merrimack	2,748,148
5003	Upgrade Dock Coal Unloader, Schiller	1,035,425
5004	Expand Wood Yard, Schiller	1,019,410
5005	Replace Dock Fender System, Schiller	912,362
5006	Mercury Removal Pilot Program, Merrimack	448,315
5007	FERC Relicensing, Canaan	137,353
5008	Replace Exciter Rotor Unit 2, Merrimack	122,671
5009	Replace Coal Sampler, Merrimack	119,850
5010	Provide Minimum Flow Provisions, Amoskeag	115,429
5011	Install Critical Infrastructure Protection at Various Hydro Sites	112,048
5012	Install Critical Infrastructure Protection at Various Combustion Turbine Sites	110,181
5013	Replace Breakers, Merrimack	101,000
5014	Install Headgate Debris Handler, Garvins	81,016
5015	Replace Motor Control Center Unit 2, Merrimack	58,083
	TOTAL SCHEDULE 1	130,088,388
	SCHEDULE 2 - ANNUAL PROJECTS	
5016	Replacement of Large Equipment Annual, Merrimack	2,955,260
5017	Replacement of Large Equipment Annual, Schiller	1,446,623
5018	Replacement of Large Equipment Annual, Newington	1,101,704
5019	Capital Annual, Schiller	1,007,110
5020	Capital Annual, Newington	858,800
5021	Capital Annual, Hydro	701,866
5022	Capital Annual, Merrimack	397,880
5023	Capital Annual, Wyman	175,000
5024	Capital Annual, Material Only Purchases, Merrimack	120,960
5025	Capital Annual, Machine Shop	113,702
5026	Capital Annual, Staff	77,614
	TOTAL SCHEDULE 2	8,956,519
	SCHEDULE 3 - PROJECTS UNDER \$50,000	
5027	Replace Voltage Regulator on Combustion Turbine Unit 2, Merrimack	45,844
5028	Replace Fuel Nozzle Unit 1, Merrimack	35,578
	TOTAL SCHEDULE 3	81,422
	SCHEDULE 4 - PROJECTS \$50,000 AND OVER	
5029	Replace Penstock, Canaan	2,001,072
5030	Replace System 50 13.8kV Switchgear, Schiller	1,622,224
5031	Purchase Front-end Loader and Dump Truck, Merrimack	900,000
5032	Boiler Improvements Unit 5, Schiller	779,541

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

GENERATION

Line Item Number	Project Description	2009 Budget
	SCHEDULE 4 - PROJECTS \$50,000 AND OVER (continued)	
5033	Replace System 50 Transformers, Schiller	758,382
5034	Station Improvements, Various Hydro Sites	705,521
5035	Fuel Facility Improvements, Schiller	675,835
5036	Structural Improvements, Schiller	629,178
5037	Replace Valves Unit 2, Merrimack	536,244
5038	Breaker Replacement Program, Merrimack	516,578
5039	Purchase Air Compressor, Merrimack	416,011
5040	Replace Generator Step-up Unit, Jackman	412,182
5041	Administration Office Improvements, Schiller	304,650
5042	Install Forced Draft Fan Silencer Unit 2, Merrimack	278,207
5043	Replace TB19 Transformer, Ayers	258,293
5044	Purchase Trailers, Merrimack	234,543
5045	Replace Crusher House Transformer, Merrimack	223,747
5046	Replace Reclaim Hoppers, Merrimack	216,208
5047	Replace Lower Shot Hopper Unit 2, Merrimack	162,103
5048	Replace Selective Catalytic Reduction Expansion Joints Unit 2, Merrimack	157,038
5049	Replace Air Heater Cold End Tubes Unit 2, Merrimack	151,972
5050	Replace Baghouse Bags Unit 5, Schiller	151,773
5051	Purchase Spare Forced Draft Fan Motor Unit 5, Schiller	151,671
5052	Replace Turbine Lube Oil Cooler Unit 4, Schiller	151,671
5053	Replace Turbine Lube Oil Cooler Unit 5, Schiller	151,671
5054	Replace Condensate Polisher Controls Unit 2, Merrimack	136,350
5055	Replace Gates at Upper Gatehouse, Gorham	132,265
5056	Replace Turbine Lube Oil Cooler Unit 6, Schiller	130,489
5057	Install Forced Draft Fan Silencer Unit 1, Merrimack	127,259
5058	Install Vacuum System for Coal Handling, Merrimack	122,383
5059	Replace SCADA System Remote Terminal Units, Schiller	122,367
5060	Replace Valve Unit 5, Schiller	121,259
5061	Substation Device Replacement Program, Various Substations	102,837
5062	Install Homeland Site Security, Merrimack	102,647
5063	Replace Brown Glass in Switchyard, Various Hydros	102,333
5064	Install Upstream and Downstream Fish Passage, Canaan	101,606
5065	Replace Air Ejectors Unit 6, Schiller	101,419
5066	Replace Selective Catalytic Reduction Reactor and D02 Roof Unit 2, Merrimack	101,315
5067	Replace Electronic Dispatch Control Box at Control Center, Manchester	80,827
5068	Replace Station Batteries, Smith	79,805
5069	Replace Electronic Dispatch Control Box, Merrimack	73,882
5070	Replace Air Heater Basin Pump, Schiller	65,724
5071	Install Waste Water Treatment Control Programmable Logic Controller Unit 2, Merrimack	60,789
5072	Replace Pavement Schiller	60,669
5073	Replace Wood Handling Conveyor Belts Unit 5, Schiller	56,948

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

GENERATION

Line Item Number	Project Description	2009 Budget
	SCHEDULE 4 - PROJECTS \$50,000 (continued)	
5074	Replace Hot End Air Heater Basket Unit 6, Schiller	55,613
5075	Install Animal Guards, Various Hydros	50,713
5076	Replace Ventilation Louver, Newington	50,691
5077	Replace Roof, Newington	50,687
5078	Replace Expansion Joint, Newington	50,687
	TOTAL SCHEDULE 4	<u>14,787,879</u>
	SCHEDULE 5 - CONTINGENT PROJECTS	
5079	Provision for Contingencies	<u>0</u>
	TOTAL SCHEDULE 5	<u>0</u>
	ESTIMATED GROSS CONSTRUCTION BUDGETED FOR 2009	153,914,208
	Less Estimated Non-Cash Items:	
	Allowance For Funds Used During Construction	6,097,569
	Contributions and Reimbursements	<u>0</u>
	Total Non-Cash Items	<u>6,097,569</u>
	ESTIMATED CASH REQUIREMENTS FOR 2009 CONSTRUCTION	<u><u>147,816,639</u></u>

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

TRANSMISSION

Line Item Number	Project Description	2009 Budget
	SCHEDULE 1 - PROJECTS STARTED PRIOR TO 2009	
6001	Install Phase Shifting Transformer and Breaker at Saco Valley S/S, Conway	9,651,078
6002	Install 345/115KV Autotransformer at Deerfield Substation, Deerfield	6,000,098
6003	Install 345/115KV Autotransformer at Fitzwilliam Substation, Fitzwilliam	4,746,266
6004	Install 230/115KV Autotransformer at Littleton Substation, Littleton	2,999,957
6005	Replace 115KV Relays, Various Substations	2,585,446
6006	Construct New 115KV Eastport Substation, Rochester	2,300,190
6007	Static Line Replacement Various Lines from Scobie Pond S/S to Schiller S/S	2,245,070
6008	Reconductor M183 Line, Dover	1,615,030
6009	Construct New 115/34.5KV Thornton Substation, Merrimack	1,501,937
6010	Replace 115KV Breakers at Keene Substation, Keene	1,379,039
6011	Install Critical Infrastructure Protection, Various Substations	1,263,050
6012	Replace 115KV Breakers at Lost Nation Substation, Northumberland	1,228,082
6013	Rebuild L175 Line, Deerfield Substation to Madbury Substation	1,142,047
6014	Purchase Land for Thornton Substation, Merrimack	750,026
6015	Install Capacitor Bank at Jackman Substation, Hillsborough	737,389
6016	Rebuild V182 Line, Garvins Substation to Webster Substation	722,029
6017	Install Backup Generators at Merrimack, Newington and Schiller Substations	538,050
6018	Construct New 345KV Line, Maine to New Hampshire	535,096
6019	Replace 345KV Breakers at Scobie Pond Substation, Londonderry	487,136
6020	Replace 115KV Breaker at Eddy Substation, Manchester	398,036
6021	Install Digital Fault Recorders, Various Substations	388,039
6022	Replace 115KV Breaker at Littleton Substation, Littleton	300,081
6023	Install Protection Separation Upgrade at Merrimack Substation, Bow	299,962
6024	Install Critical Infrastructure Protection at ESCC, Manchester	296,173
6025	Install Bus Expansion and Protection & Control Upgrades Madbury Substation, Madbury	280,137
6026	Install Frequency Meters, Various Substations	255,009
6027	Rebuild A152 Line, Keene Substation to Swanzey Substation	249,945
6028	Protection and Control Work at Greggs Substation, Goffstown	205,127
6029	Replace 115KV Breaker at Schiller Substation, Portsmouth	201,178
6030	Construct New 115KV Q195 Line from Whitefield Substation to Moore Substation	159,912
6031	Rebuild C129 Line, Madbury Substation to Deerfield Substation	155,078
6032	Purchase Spare Autotransformer Fitzwilliam Substation, Fitzwilliam	138,122
6033	115KV Terminal Upgrades at Three Rivers Substation, Eliot, Maine	122,084
6034	Install 345/115KV Autotransformer at Scobie Pond Substation, Londonderry	100,249
6035	Construct New 345/115KV Gosling Road Substation, Portsmouth	100,134
6036	Purchase Furniture, Manchester	75,043
6037	Construct Capacitor Bank at Webster Substation, Franklin	52,055
6038	379 Line Split at Fitzwilliam Substation, Fitzwilliam	50,095
6039	Add Breakers and Transformers at Long Hill Substation, Nashua	50,093
6040	Add Breakers and Transformers at Monadnock Substation, Troy	46,747
6041	Purchase Transmission Billing Database Software	30,028
6042	Replace Batteries at Scobie Pond, Londonderry	27,775
6043	Replace 115KV Bus and Conductor Keene Substation, Keene	18,029

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

TRANSMISSION

Line Item Number	Project Description	2009 Budget
	SCHEDULE 1 - PROJECTS STARTED PRIOR TO 2009 (continued)	
6044	Construct New 115-34.5KV Weare Substation, Weare	14,927
6045	Replace 115KV Breakers, Various Substations	12,337
6046	Replace Switches at Swanzey Tap, Swanzey	10,076
6047	Replace Relay at Monadnock Substation, Troy	-49,995
6048	Install Protection and Control on M127 Line, Webster Substation, Franklin	-60,095
6049	Breakers and Bus Expansion at Bridge Street Substation Upgrades, Nashua	-969,079
	TOTAL SCHEDULE 1	45,384,318
	SCHEDULE 2 - ANNUAL PROJECTS	
6050	Transmission ESCC Information Technology Annual	2,350,036
6051	Transmission Line Additions	1,050,002
6052	Transmission Crossarm Replacement	646,388
6053	Transmission Substation Additions	410,154
6054	Purchase Construction, Test & Maintenance Tools	146,147
6055	Transmission Information Technology Additions	50,000
6056	Transmission Real Estate Purchases and Sales	2,018
	TOTAL SCHEDULE 2	4,654,745
	SCHEDULE 3 - PROJECTS UNDER \$50,000	
6057	Construct New 115KV Line Broad St Substation to Bridge St Substation, Nashua	25,444
6058	Upgrade M183 Line Protection and Control, Dover	11,083
6059	Bus Expansion at Broad Street Substation, Nashua	10,009
	TOTAL SCHEDULE 3	46,536
	SCHEDULE 4 - PROJECTS \$50,000 AND OVER	
6060	Construct New 115KV Candia Road Substation, Manchester	1,430,047
6061	Construct New Direct Current Line Hydro Quebec to New Hampshire	1,300,092
6062	Replace 345KV Relays, Various Substations	800,060
6063	Replace 115KV Breaker at Jackman Substation, Hillsborough	695,858
6064	Construct Deerfield-Webster-Coolidge 115KV Line to Serve NH-VT Interconnection	600,089
6065	Construct New 345KV Line Scobie Substation to Tewksbury	600,024
6066	Replace 115KV Breakers at Greggs Substation, Goffstown	575,032
6067	Rebuild Northern 115KV Loop	500,078
6068	Replace 345KV Breakers at Scobie Pond Substation, Londonderry	470,073
6069	Purchase Software for Transmission Outage Application	250,000
6070	Construct New 115KV/34.5KV Shields Brook Substation, Derry	125,099
6071	Construct Foundation for Spare Autotransformer at Merrimack Substation, Bow	67,130
6072	Upgrade 373 Line Relay at Scobie Pond Substation, Londonderry	66,976
	TOTAL SCHEDULE 4	7,480,558

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

2009 CONSTRUCTION BUDGET DETAILS

TRANSMISSION

<u>Line Item Number</u>	<u>Project Description</u>	<u>2009 Budget</u>
	SCHEDULE 5 - CONTINGENT PROJECTS	
6073	Provision for Contingencies	<u>0</u>
	TOTAL SCHEDULE 5	<u>0</u>
	ESTIMATED GROSS CONSTRUCTION BUDGETED FOR 2009	57,566,157
	Less Estimated Non-Cash Items:	
	Allowance For Funds Used During Construction	1,781,628
	Contributions and Reimbursements	<u>0</u>
	Total Non-Cash Items	<u>1,781,628</u>
	ESTIMATED CASH REQUIREMENTS FOR 2009 CONSTRUCTION	<u><u>55,784,529</u></u>

Public Service Company of New Hampshire
Docket No. DE 09-033

Data Request OCA SET 1
Dated: 03/27/2009
Q-NOCA SET 1-002
Page 1 of 13

Witness: Randy A. Shoop
Request from: Office of Consumer Advocate

Question:

On p. 6 of Mr. Shoop's testimony he refers to the company's "growing capital expenditure program." Please describe in detail this program and what projects are included within the program.

Response:

The attached spreadsheet details the capital program for 2009, which was previously filed with the Commission on February 27, 2009 pursuant to Order No. 23,122 under Docket No. IR 90-218, NU/PSNH Monitoring Docket.

Filed on: 04/03/2009
Public Service Company of New Hampshire
Docket No. DE 09-033

Data Request OCA SET 1
Dated: 03/27/2009
Q-NOCA SET 1-001
Page 1 of 1

Witness: Randy A. Shoop
Request from: Office of Consumer Advocate

Question:

On p. 5 of Mr. Shoop's testimony he states that PSNH's short term debt limit is \$139 million (as of 12/31/08), and he states that the company seeks authority to increase that limit by "an additional fixed amount of \$60 million." Please describe the purposes or uses of the additional short term debt. Is PSNH proposing an end date for the additional \$60 million of STD approval? If so, what is it?

Response:

PSNH will utilize additional short-term debt capacity for the same purposes as the existing authority which includes financing capital expenditures for the transmission, distribution and generation businesses, and funding working capital, including the possibility of unforeseen or unpredictable events such as emergency storm restoration.

PSNH is not proposing an end date for the additional \$60 million of short-term debt approval. However, the Company will revisit this limit at the time of the next long-term debt authority request.

Witness: William H. Smagula, Steve Johnson S.D.MGR, Randy A. Shoop
Request from: Office of Consumer Advocate

Question:

The response to OCA 1-002 includes the Construction budget for 2009. The following questions relate to that budget:

- a) Why is line item 2060, Enhanced Tree Trimming of \$2,000,002, included in the Capital budget?
- b) Please explain line item 2076, Cable TV projects annual of \$128,613?
- c) Why is line item 2101, GIS Automated Mapping of \$1,000,014, included?
- d) Why is line item 2124, Customer Service Requirements of \$112,352, included?
- e) Line items 2145 and 2146 in Schedule 5 refers to Contingent or Unbudgeted projects. Please explain the process required to get a project approved and included in Schedules 1-4 versus approved under Schedule 5? Please also itemize and explain line 2145 "Provision for Unbudgeted Information Technology Projects."
- f) Please provide additional detail for line items 5016-5018, Replacement of Large Equipment Annual at Merrimack, Schiller, and Newington Stations respectively.
- g) Please provide additional detail for line items 5019 through 5026, related to "Capital Annual" for various plants and other items.
- h) Line 5031 lists "Purchase Front-end Loader and Dump Truck, Merrimack" at a cost of \$900,000. Please explain why these two pieces of equipment cost this much, and whether PSNH used an RFP process to seek the lowest cost for this equipment. Are these replacements or new equipment required for a particular project?
- i) Please explain how line item 6001, to Install Phase Shifting Transformer and Breaker at Saco Valley S/S Conway for \$9,651,078 is cost effective.
- j) Please explain why it is necessary to spend \$2,350,036 for line item 6050, for Transmission ESCC Information Technology Annual.
- k) Please explain why it is necessary to spend \$1,300,092 for line item 6061, to Construct New Direct Current Line Hydro Quebec to New Hampshire.

Response:

- a) Preventative and corrective vegetation management activities are maintenance expense, while Enhanced Tree Trimming (ETT) is a separate and distinct program and is deemed a capital expense. ETT costs are considered to represent a substantial addition to existing overhead distribution line investment.
- b) The Cable TV projects annual is for work on PSNH's distribution facilities that is needed to be performed by PSNH to accommodate cable television attachments to distribution poles and that work is not reimburseable to PSNH.
- c) PSNH has an ongoing study team investigating the use of GIS systems and technology. This line item represents the cost of a pilot program if the company were to adopt a GIS initiative. Expansion of GIS beyond a pilot would be substantial in time and cost.
- d) This item is included to fund the Customer System (C2) new functionality in support of regulatory requirements and customer experience enhancements.
- e) PSNH's capital committee reviews and approves contingent or unbudgeted capital projects based on business need. The "Provision for Unbudgeted Information Technology Projects" is

included because the capital committee may approve and allocate contingent budget funds to respond to unforeseen IT projects required to support business needs.

- f) The Construction Budget category "Replacement of Large Equipment - Annual" is for projects that are estimated to cost more than \$50,000 per project. If there is more than one project for a station, they are grouped together by station. This category of budget is for projects which are required for safe, reliable and efficient operation.
- g) The Construction Budget category "Capital Annual" is for projects that are estimated to cost under \$50,000 per project. If there is more than one project for a station, they are grouped together by station. Some examples of projects in this category are: replacement of Continuous Emission Monitoring probes, replacement of a battery charger, eel passage modifications, instrument and control replacements, window replacements, installation of a vehicle barrier, replacement of laboratory equipment, and replacement over current relays.
- h) The Front-end Loader and Dump Truck for Merrimack Station are two large pieces of new equipment to replace existing rental equipment. The equipment is needed for reliable operation of the two units. They are critical to bunkering coal into the station during periods where wet snow or rain make bulldozing or pushing the coal undesirable due to potential wet coal equipment problems which can result in unit outages. Moving coal to the reclaim hopper for conveyance to silos is done with a wheeled front-end loader and an articulated dump truck to minimize reliability problems caused by wet fuel. This bunkering practice began a few years ago with resultant unit reliability improvements. PSNH will comply with standard NUSCO purchasing guidelines in the procurement of these items.
- i) This project is a transmission project under the jurisdiction of the FERC. The project will improve East - West power transfers. The ISO-New England has already approved the technical merits of the project and is currently assessing other aspects of the project.
- j) In 2009, there is a need to upgrade the ESCC Energy Management System.
- k) This is for initial design and planning for a potential HVDC connection to Canada.

Witness: Randy A. Shoop
Request from: Office of Consumer Advocate

Question:

Please refer to the response to OCA 1-002.

- a. Which of the listed projects are related to the scrubber?
- b. Which of the listed projects are not related to the scrubber, but which may be funded through the proposed financing?

Response:

a. The item listed on page 7, line 5001, "Wet Flue Gas Desulphurization System, Merrimack" is the scrubber project. No other projects are related to the scrubber.

b. PSNH does not engage in project specific financing. As indicated in PSNH's response to q-NOCA-Set 1-008, it is not practical for PSNH to identify specific long-term debt proceeds that would be used to fund specific capital expenditures. PSNH uses the NU system money pool to the extent available to manage its' working capital requirements and also has access to a revolving credit facility if NH System money pool funds are unavailable. PSNH expects to use the proceeds from the planned \$150 million issuance to repay its short-term debt balances under the NU system money pool and revolving credit facility.

On a daily basis, PSNH manages its working capital by balancing receipts with disbursements. On the receipts side, PSNH receives millions of dollars in the form of revenues from customers. PSNH uses this cash to pay its ongoing costs of doing business including but not limited to expenditures for items such as fuel; phone bills; waste disposal and office supplies; capital expenditures for items such as poles, wires, transformers, and generation station equipment; employee salaries and expenses; interest expense; insurance costs and federal and state taxes. When cash balances are greater than requirements, PSNH generally pays down short-term debt balances as appropriate.

If long-term debt proceeds were to be larger than the amount of current NU System money pool and revolving credit facility balances, PSNH would invest these excess funds in the NU System money pool, where it can both be used by other NU System companies and earn interest for the benefit of PSNH. All amounts received and paid are accounted for in accordance with Generally Accepted Accounting Principles (GAAP) and the FERC Uniform System of Accounts. However, there is no practical way for PSNH to track a specific dollar received to a specific dollar paid out. Therefore, it is not possible for PSNH to identify the long-term debt proceeds with specific capital expenditures.