

<b>ORIGINAL</b>	
N.H.P.U.C. Case No.	DE 10-261
Exhibit No.	TransCanada #12
Witness	Panel 6
DO NOT REMOVE FROM FILE	

Public Service Company of New Hampshire  
Docket No. DE 10-261

Data Request TC-04  
Dated: 12/16/2011  
Q-TC-012  
Page 1 of 2

Witness: Richard L. Levitan  
Request from: TransCanada

**Question:**

With respect to Mr. Levitan's joint testimony dated October 26, 2011 on Page 18, lines 10 - 12, lines 17 - 34, lines 39-44, and Page 19 lines 1-3,

- i. please provide data supporting Mr. Levitan's statement that "Mr. Hachey's analysis and results hinge on the presumption that the Reconfiguration Auctions ("RA") will continue to clear at very low prices";
- ii. in Mr. Levitan's CUO analysis, did he assume that Vermont Yankee was retired? If not, why not?
- iii. in Mr. Levitan's CUO analysis, did he assume that AES Thames failed "to emerge from bankruptcy"? If not, why not?
- iv. is it Mr. Levitan's view that Entergy desires to retire Vermont Yankee? If not, what is the basis for Mr. Levitan's view that Vermont Yankee may retire? How does a view on the future of Vermont Yankee and its future status differ from a view or an assumption relative to the permitting of NPT in a study analysis?
- v. Generally and hypothetically speaking, might the retirement of Vermont Yankee enhance the value of Newington's continuing operation and the permitting and construction of the NPT project undermine the value of Newington?
- vi. is Mr. Levitan aware of any generating units or generating stations in NEPOOL, or owners of such generating units or stations, that have filed for bankruptcy which did not result in a loss of generating capacity? If so, please list all such bankruptcies and the generating unit(s) involved;
- vii. is Mr. Levitan aware of any generating units or generating stations in NEPOOL, or owners of such generating units or stations, that have filed for bankruptcy which did result in a loss of generating capacity? If so, please list all such bankruptcies and the generating unit(s) involved;
- viii. for each year Mr. Levitan believes Mr. Hachey made "tenuous" assumptions with respect to the value at which Reconfiguration Auctions would clear, please provide Mr. Levitan's view of the net surplus or net deficient position of NEPOOL relative to installed capability requirements prior to any adjustments for Vermont Yankee or AES Thames;
- ix. for each year Mr. Levitan believes Mr. Hachey made "tenuous" assumptions with respect to the value at which Reconfiguration Auctions would clear, please provide Mr. Levitan's view of the price at which Reconfiguration Auctions would clear;
- x. regarding Exhibit LAI-8, is it Mr. Levitan's opinion that his calculation of "net retirement disbenefit" is an appropriate valuation of the retirement benefit or cost to PSNH customers of Newington?
- xi. if the answer to x) above is no, please explain why not;
- xii. regarding Exhibit LAI-8, does this exhibit account in any way for the ongoing costs of operating Newington?

**Response:**

i) See Hachey Testimony, lines 231-235, where Mr. Hachey bases his estimate of the Newington Station retirement revenue on the presumption that the RA price will continue to be from \$1.00/kW-month to \$1.50/kW-month. In LAI's view, this level of prices, although consistent with the historical clearing prices in the previous RA, is unreasonably low for the purpose of the future RA clearing price projection.

ii) No. Vermont Yankee was not assumed retired because at the time of preparing and locking in the CUO modeling assumptions there was not a high level of certainty that Vermont Yankee would be retired. Retirement of Vermont Yankee is a concern and a risk factor rather than a confirmed case.

iii) No. The assumption that AES Thames failed to emerge from bankruptcy was not made in the CUO. AES Thames' failure to emerge from bankruptcy is a concern and a risk factor.

iv) LAI is aware that Entergy does not desire to retire Vermont Yankee, but the decision to retire Vermont Yankee is beyond Entergy's management control. Entergy has requested that the Nuclear Regulatory Commission renew Vermont Yankee's operating license for an additional twenty years, and its license was renewed in March. However, Entergy's purchase of the plant gave the State of Vermont the right to approve or deny its continued operation after the initial operating license expires, and such approval has not been granted. There is currently a suit pending in federal court on this issue, the outcome of which is unknown. LAI's approach to the treatment of Vermont Yankee is consistent with our treatment of the NPT project.

v) In a general and hypothetical sense, the answer is yes. The actual impact of either Vermont Yankee's retirement or the commercialization of NPT may be distinctly different from a general and hypothetical characterization based on many events and circumstances associated with replacement generation in Vermont, and many factors related to NPT that are difficult to envision at this early stage in NPT's project development.

vi) LAI is not aware of any such generating units or generation stations in NEPOOL, or owners of such generating units or stations.

vii) LAI is not aware of any such generating units or generation stations in NEPOOL, or owners of such generating units or stations.

viii) LAI did not perform analysis or projection of the net surplus or net deficiency in NEPOOL capacity relative to the ICR with or without Vermont Yankee and/or AES Thames. As a threshold matter, LAI believes that NEPOOL cannot be in a deficient position relative to the ICR. Procurement of the capacity in the amount of ICR is the objective of the FCM. Further, prior to any adjustment for Vermont Yankee or AES Thames, the surplus relative to the ICR has been provided by ISO-NE in its FCM reports through May 31, 2015. These reports are available at the ISO-NE web site.

ix) LAI did not perform analysis or projection of the RA clearing prices. Also see response to part (viii).

x) The purpose of the analysis presented in Exhibit LAI-8 was to estimate how under certain assumptions the net revenues of Newington shedding its capacity supply obligations would differ from the revenues received under the continued operation scenario. This is a simple rough estimate that shows significant retirement disbenefits compared to the continued operation scenario. LAI believes that this analysis is appropriate for the purpose of the CUO study. However, valuation of the retirement benefit or cost to PSNH customers would probably require a more complex type of analysis that goes beyond the scope of this proceeding.

xi) Benefits and costs to PSNH customers involve consideration of many factors, such as mark-to-market benefits, environmental compliance costs and other related issues, etc. A complete analysis would be a formidable research undertaking requiring the use of simulation techniques. LAI respectfully submits that this type of analysis has no purpose in the present context.

xii) No.