

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Petition for Approval of Final Reconciliation of Fuel and
Purchased Power Adjustment Clause (FPPAC) Charges

Order Following Prehearing Conference

O R D E R N O. 23,772

September 7, 2001

APPEARANCES: Gerald M. Eaton, Esq. for Public Service Company of New Hampshire; Meredith M. Hatfield, Esq. for the Governor's Office of Energy and Community Services; Senator Theodore Gatsas, *pro se*; Jennifer Orsi, Esq. of Brown, Olson and Wilson, P.C.; Office of Consumer Advocate by Michael M. Holmes, Esq. on behalf of residential ratepayers; and Donald M. Kreis, Esq. and Edward N. Damon, Esq. for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On July 27, 2001, Public Service Company of New Hampshire (PSNH) filed with the New Hampshire Public Utilities Commission (Commission) a petition seeking the Commission's approval of the final reconciliation of PSNH's Fuel and Purchased Power Adjustment Clause (FPPAC) charges. An Order of Notice dated August 7, 2001 was issued, requiring, among other things, PSNH to publish a copy of the Order of Notice in a statewide newspaper.

By letter dated August 16, 2001, Robert A. Olson, Esq. of Brown, Olson and Wilson, P.C. asked that his name be added to the service list for receipt of filings, discovery and orders.

As provided in the Order of Notice, a Prehearing Conference was held on August 22, 2001, commencing at 10 a.m. at the offices of the Commission. PSNH confirmed that newspaper publication was made in accordance with the Order of Notice.

The following intervention requests were granted, there being no objection: the Robert McLaughlin Trust, Senator Theodore Gatsas and the Governor's Office of Energy and Community Services (GOECS). Staff reported that it had been in communication with Representative Jeb E. Bradley, who indicated an intention to submit a written intervention petition. The presiding commissioner indicated that, upon receipt of such petition, the Commission would grant Rep. Bradley's request.

II. PRELIMINARY POSITIONS OF THE PARTIES AND STAFF

A. Public Service Company of New Hampshire

PSNH stated that FPPAC is eliminated as of May 1, 2001 pursuant to the PSNH Restructuring Settlement Agreement. According to PSNH, the Settlement Agreement sets forth the standard of prudence for FPPAC costs subject to review, which are those incurred during the period August 2, 1999 through April 30, 2001. PSNH's position is that its generating plants, as well as the plants to which it has entitlements, were operated in a prudent manner. Of the \$209 million approximate FPPAC balance shown in its filing, PSNH believes that \$105 million is in

controversy here, after taking into account the \$70 million balance on August 2, 1999 and the \$34 million in undercollections regarding the so-called Light Loading Docket which was closed with prejudice as part of the Settlement Agreement. PSNH clarified that the \$209 million figure reflects an offset for off-system power sales.

B. Governor's Office of Energy and Community Services

The Governor's Office of Energy and Community Services (ECS) expressed its intent to monitor this case and to become more involved if necessary

C. Office of Consumer Advocate

Office of the Consumer Advocate (OCA) noted certain items it expects to raise, namely, the small power producers and Light Loading questions, matters relating to spare parts for the cancelled Unit 2 at the Seabrook nuclear plant, and others.

D. Staff

Commission Staff expressed the view that PSNH's filing was incomplete in certain respects, including the lack of any evidence regarding excess power sales, and generally that PSNH's filing was leaner and less complete than it had been in the past. The Staff desires to defer establishing a full procedural schedule until the filing is complete. Staff intends to conduct a thorough and exacting review of all plant outages.

E. Senator Theodore Gatsas

Senator Gatsas indicated that he wants to make sure that consumers get the low rates they were promised under the PSNH Restructuring Settlement Agreement, and only to pay for prudent costs, as agreed to. He said he and many others in the legislature were under the impression that PSNH's FPPAC costs were going to be significantly less than \$200 million.

III. PROCEDURAL SCHEDULE

At their technical session following the pre-hearing conference, the parties and Staff agreed not to recommend a full procedural schedule to the Commission at this time. Rather, there was agreement that (1) PSNH would submit additional prefiled testimony on or before September 5, 2001 on the issue of PSNH's off-system power sales and purchases, (2) Staff would conduct a series of site visits to PSNH generation facilities during the week of September 4, 2001 and (3) that the parties and Staff would convene for a second technical session on September 14, 2001 at which time they would seek agreement on a procedural schedule to govern the remainder of the proceeding. We believe that this interim scheduling proposal is consistent with the public interest and we will therefore approve it.

Based upon the foregoing, it is hereby

ORDERED, that the interim procedural schedule described above is APPROVED.

By order of the Public Utilities Commission of New Hampshire this seventh day of September, 2001.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary