

THE STATE OF NEW HAMPSHIRE

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January 7, 2008

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: Docket No. DE 07-122
Public Service Company of New Hampshire
Petition re Hemphill Power and Light Co.



Dear Ms. Howland:

Please treat this letter as Staff's report of the technical session that followed today's prehearing conference in the above-referenced docket.

In addition to Staff, participating in the technical session were representatives of Public Service Company of New Hampshire (PSNH), Hemphill Power and Light Co. (Hemphill) and the Office of Consumer Advocate (OCA). The focus of the discussion was the potential for seeking a negotiated resolution of the dispute while motions to stay are pending at the Commission and in Superior Court, where parallel civil litigation instituted by Hemphill is pending and where at least some discovery has already been conducted.

The discussion was inconclusive because counsel to PSNH indicated that he would have to confer with officials of his client before stating whether PSNH would be willing to participate in settlement discussions at this time. The PSNH attorney agreed to provide an answer to that query to the other participants by Wednesday. He also agreed to provide Staff and OCA with copies of the discovery materials furnished by Hemphill to PSNH in the civil case. Hemphill did not object to PSNH taking that step.

As noted at the prehearing conference, the Superior Court has scheduled a hearing for Friday, January 11, 2008 in connection with PSNH's motion to stay the civil case and Hemphill's countervailing motion that the Court enjoin PSNH from proceeding before the Commission. As also noted at the prehearing conference, should the proceedings

here not be stayed, Hemphill intends to file suit in federal court to contest the Commission's jurisdiction on the ground of federal preemption.

In Staff's judgment, such legal jousting, potentially before three different tribunals, seems a poor use of resources for all concerned. It is therefore Staff's hope that we, OCA, PSNH and Hemphill will, prior to Friday, be in a position to ask both the Superior Court and the Commission to hold this dispute in abeyance pending settlement discussions. In Staff's opinion, there is reason to believe settlement can be achieved.

I am available at 603.271.6006 if there are any questions about the foregoing.

Sincerely,

A handwritten signature in dark ink, appearing to read "DKreis", is written over a light gray rectangular background. The signature is fluid and cursive.

Donald M. Kreis
General Counsel

Cc: Service List