

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
2010 ENERGY SERVICE RATE CALCULATION  
(Dollars in 000's)

Traditional Approach

Summary of Forecasted Energy Service

Cost For January 2010 Through December 2010	TOTAL COST	Cents per KWH	Reference
Fossil energy costs	\$ 166,979	\$ 2.97	Attachment RAB-2, page 2
F/H O&M, depreciation & taxes	140,129	2.49	Attachment RAB-2, page 2
Return on rate base	44,262	0.79	Attachment RAB-2, page 2
ISO-NE ancillary	5,205	0.09	Attachment RAB-2, page 2
Capacity	17,986	0.32	Attachment RAB-2, page 2
NH RPS	11,313	0.20	Attachment RAB-2, page 2
RGGI costs	7,040	0.13	Attachment RAB-2, page 2
Vermont Yankee	7,397	0.13	Attachment RAB-2, page 2
IPP costs (1)	29,993	0.53	Attachment RAB-2, page 2
Purchases and sales	93,768	1.67	Attachment RAB-2, page 2
Return on ES Deferral	71	0.00	Attachment RAB-2, page 2
Merrimack projected O&M insurance proceeds	(4,000)	(0.07)	Attachment RAB-2, page 2
Merrimack projected RPC insurance proceeds	(7,800)	(0.14)	Attachment RAB-2, page 2
Total Forecasted Energy Service Cost	\$ 512,343	\$ 9.10	
2009 ES Over/Under Recovery	6,294	0.11	Attachment RAB-3, page 1
Net Forecasted Energy Service Cost	\$ 518,637		
Forecasted Retail MWH Sales	5,630,709	9.21	
Forecasted Energy Service Rate - cents Per KWH (line 32 / Line 34)	\$ 9.21		

ES Rate Under Method 2 as proposed in PSNH's 11/23/09 testimony (2)

Net Forecasted Energy Service Cost (Line 32)	\$ 518,637
Less: Bio Energy Above Market costs	12,507
Less: Reliability costs for VAR support	1,420
Total Forecasted Energy Service Cost	504,710
Forecasted Retail MWH Sales (line 34)	5,630,709
Alternate Energy Service Rate	\$ 8.96

(1) The IPP costs represent the forecasted market value of IPP generation.

(2) Consistent with the testimonies of R.A. Baumann of 11/23/09 and S.E. Mullen of 12/2/09 regarding certain costs which could be shifted to other rate components, PSNH has removed the above market Bio-Energy replacement costs and reliability costs for VAR support from Energy Service. Company use costs related to Energy Service are proposed to be removed effective 7/1/10 in conjunction with the Distribution segment rate change.

For informational purposes only, PSNH has calculated a "no migration" (method 1) ES rate as discussed in R. A. Baumann testimony filed on 11/23/09. This "no migration" ES rate is 8.47 cents/kWh or 0.49 cents/kWh lower than the Alternate ES rate of 8.96 cents/kWh.

	PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE						
	2010 ENERGY SERVICE RATE CALCULATION						
	(Dollars in 000's)						
	January	February	March	April	May	June	
	2010	2010	2010	2010	2010	2010	
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Reference
10 <u>Energy Service Cost</u>							
11							
12 Fossil energy costs	\$ 17,092	\$ 15,049	\$ 13,473	\$ 12,040	\$ 12,454	\$ 14,362	RAB-2, P3
13 F/H O&M, depreciation & taxes	10,063	9,428	15,579	16,693	11,088	10,812	RAB-2, P5
14 Return on rate base	3,727	3,692	3,639	3,608	3,622	3,665	RAB-2, P6
15 ISO-NE ancillary (inc. Congestion and Loss Adj.)	405	354	356	398	327	627	RAB-2, P3
16 Capacity	1,890	1,890	1,594	1,594	1,594	1,328	RAB-2, P3
17 NH RPS	1,047	935	931	842	852	903	RAB-2, P3
18 RGGI costs	699	619	588	531	532	616	RAB-2, P3
19 Vermont Yankee	674	631	674	521	343	627	RAB-2, P3
20 IPP costs (1)	3,712	2,734	2,776	2,820	2,696	1,969	RAB-2, P4
21 Purchases and sales	5,342	6,115	6,832	6,595	6,046	6,765	RAB-2, P3
22 Return on ES Deferral	3	(7)	(5)	4	10	11	
23 Merrimack projected O&M insurance proceeds	-	-	-	-	-	-	
24 Merrimack projected RPC insurance proceeds	-	-	-	-	-	-	
25							
26 Total Energy Service Cost	\$ 44,653	\$ 41,442	\$ 46,435	\$ 45,646	\$ 39,565	\$ 41,684	
27							
28 Forecasted Retail MWH Sales	521,345	465,338	463,480	418,998	423,990	449,419	
29							
30 Energy Service Cost - cents per kwh	8.56	8.91	10.02	10.89	9.33	9.28	

(1) The IPP costs represent the forecasted market value of IPP generation.

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
2010 ENERGY SERVICE RATE CALCULATION  
(Dollars in 000's)

	July 2010 Estimate	August 2010 Estimate	September 2010 Estimate	October 2010 Estimate	November 2010 Estimate	December 2010 Estimate	Total	Reference
<b>Energy Service Cost</b>								
Fossil energy costs	\$ 18,299	\$ 14,840	\$ 11,806	\$ 8,310	\$ 14,387	\$ 14,868	\$ 166,979	RAB-2, P3
F/H O&M, depreciation & taxes	10,505	10,181	15,302	10,227	9,846	10,403	140,129	RAB-2, P5
Return on rate base	3,675	3,664	3,689	3,713	3,752	3,817	44,262	RAB-2, P6
ISO-NE ancillary (inc. Congestion and Loss Adj.)	631	529	468	150	488	471	5,205	RAB-2, P3
Capacity	1,328	1,328	1,328	1,244	1,244	1,623	17,986	RAB-2, P3
NH RPS	1,059	1,040	900	891	901	1,012	11,313	RAB-2, P3
RGGI costs	729	636	497	333	619	640	7,040	RAB-2, P3
Vermont Yankee	660	644	629	668	652	674	7,397	RAB-2, P3
IPP costs (1)	2,184	1,780	1,452	1,987	2,611	3,271	29,993	RAB-2, P4
Purchases and sales	8,029	10,939	10,595	13,407	5,291	7,813	93,768	RAB-2, P3
Return on ES Deferral	10	7	10	14	13	1	71	
Merrimack projected O&M insurance proceeds	-	-	-	-	-	(4,000)	(4,000)	
Merrimack projected RPC insurance proceeds	-	-	-	-	-	(7,800)	(7,800)	
<b>Total Energy Service Cost</b>	<b>\$ 47,110</b>	<b>\$ 45,590</b>	<b>\$ 46,677</b>	<b>\$ 40,944</b>	<b>\$ 39,804</b>	<b>\$ 32,793</b>	<b>\$ 512,343</b>	
Forecasted Retail MWH Sales	527,105	517,420	447,873	443,376	448,417	503,948	5,630,709	
Energy Service Cost - cents per kwh	8.94	8.81	10.42	9.23	8.88	6.51	9.10	

(1) The IPP costs represent the forecasted market value of IPP generation.

Amounts shown above may not add due to rounding.

PUBLIC SERVICE RATE COMPANY OF NEW HAMPSHIRE  
2010 ENERGY SERVICE RATE CALCULATION

PSNH Generation (GWh) and Expense (\$000)  
IPP's Priced at Market Rate

		Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
1														
2	Hydro:	Energy	31.766	27.28	35.147	40.26	38.066	28.616	21.572	19.5	17.124	23.635	32.697	314.71
3														347.134
4	Coal:	Energy	340.974	306.091	313.475	283.281	283.620	328.360	339.306	339.306	264.999	177.524	329.975	340.974
5		Energy Expense	\$ 14,385	12,897	12,990	11,902	12,008	13,923	14,387	14,387	11,367	7,827	13,921	14,385
6														154,379
7	Wood:	Energy	27.951	25.246	27.951	8.002	25.885	25.435	26.283	26.283	25.435	27.951	27.050	27.951
8		Energy Expense	\$ 1,530	1,381	1,530	438	1,416	1,392	1,438	1,438	1,392	1,530	1,480	1,530
9		Revenue Credit	\$ (1,047)	(946)	(1,047)	(300)	(970)	(953)	(985)	(985)	(953)	(1,047)	(1,014)	(1,047)
10														(11,294)
11	Nuclear:	Energy	15.349	14.374	15.334	11.86	7.807	14.285	15.029	14.664	14.314	15.207	14.846	15.349
12		Energy Expense	\$ 674	631	674	521	343	627	660	644	629	668	652	674
13														168,418
14	Newington:	Energy	31.600	24.000	0.000	0.000	0.000	0.000	49.200	0.000	0.000	0.000	0.000	0.000
15		Energy Expense	\$ 2,224	1,717	-	-	-	-	3,459	-	-	-	-	-
16														7,400
17	IPP's:	Energy	55.338	41.653	49.698	51.040	50.933	38.251	36.569	31.546	27.134	35.766	45.617	49.974
18		Energy Expense	\$ 3,363	2,385	2,427	2,471	2,347	1,822	2,037	1,633	1,305	1,756	2,380	3,040
19		ICAP	\$ 349	349	349	349	349	147	147	147	147	231	231	231
20														3,027
21	Peak Purchase:	Energy	5.170	3.694	3.449	5.069	1.601	13.829	20.160	31.210	43.911	51.613	1.375	9.281
22		Expense	\$ 364	248	206	280	85	792	1,272	2,028	2,456	2,903	97	739
23														11,470
24	Known Purchases	Energy	87.071	82.692	91.593	88.871	83.723	86.927	86.514	86.514	84.527	85.454	86.471	92.932
25		Expense	\$ 8,115	7,827	8,407	8,147	7,666	8,131	8,352	8,343	7,897	7,949	8,004	8,596
26														97,434
27	Offpeak Purchase:	Energy	16.314	13.969	7.660	6.286	10.001	7.002	21.835	27.740	28.724	67.441	4.212	9.818
28		Expense	\$ 1,058	888	410	320	484	366	1,279	1,623	1,382	3,166	260	672
29														11,908
30	Surplus Energy Sales	Energy	(57.662)	(44.539)	(51.760)	(49.220)	(50.870)	(64.978)	(56.353)	(26.828)	(30.099)	(13.320)	(65.703)	(42.322)
31		(Credit)	\$ (4,195)	(2,848)	(2,191)	(2,152)	(2,189)	(2,524)	(2,874)	(1,055)	(1,140)	(611)	(3,070)	(2,194)
32														(553,654)
33	Congestion and Loss Adjustment		\$ 166	115	87	61	58	85	90	(12)	(73)	(196)	142	125
34														648
35	Total Energy GWH		553.871	494.460	492.547	445.449	450.766	477.727	560.115	549.935	476.069	471.271	476.540	535.428
36	Total Energy Expense		\$ 26,985	24,645	23,841	22,037	21,597	23,808	29,263	28,192	24,409	24,175	23,083	26,751
37														298,785
38														
39	ISO-NE Ancillary		\$ 239	239	269	336	269	542	542	542	542	346	346	346
40	NH RPS		\$ 1,047	935	931	842	852	903	1,059	1,040	900	891	901	1,012
41	RGGI Costs		\$ 699	619	588	531	532	616	729	636	497	333	619	640
42														7,040
43	Capacity (sold)/bought MW-mo		461	461	389	389	389	295	295	295	295	277	277	361
44	Capacity (sold)/bought Cost (\$000)		\$ 1,890	1,890	1,594	1,594	1,594	1,328	1,328	1,328	1,328	1,244	1,244	1,623
														4,183
														17,986

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
2010 ENERGY SERVICE RATE CALCULATION

1 Forecasted PSNH IPP Market Value - January - December 2010

IPP Energy at							
Month	IPP GWh	Mkt Value (\$000)	Capacity MW	ICAP Value \$/kw-mo	ICAP (\$000)	Total (\$000)	Total \$/MWh
January	55.338	3,363	85.2	4.1	349.0	3,712	67.08
February	41.653	2,385	85.2	4.1	349.0	2,734	65.64
March	49.698	2,427	85.2	4.1	349.0	2,776	55.86
April	51.040	2,471	85.2	4.1	349.0	2,820	55.25
May	50.933	2,347	85.2	4.1	349.0	2,696	52.93
June	38.251	1,822	32.8	4.50	147.5	1,969	51.49
July	36.569	2,037	32.8	4.50	147.5	2,184	59.74
August	31.546	1,633	32.8	4.50	147.5	1,780	56.44
September	27.134	1,305	32.8	4.50	147.5	1,452	53.53
October	35.766	1,756	51.3	4.50	230.7	1,987	55.55
November	45.617	2,380	51.3	4.50	230.7	2,611	57.23
December	49.974	3,040	51.3	4.50	230.7	3,271	65.45
Total	513.519	26,966			3,027	29,993	58.41

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
2010 ENERGY SERVICE RATE CALCULATION  
Fossil / Hydro O&M, Depreciation & Taxes Detail  
(Dollars in 000's)

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	January 2010 Estimate	February 2010 Estimate	March 2010 Estimate	April 2010 Estimate	May 2010 Estimate	June 2010 Estimate	July 2010 Estimate	August 2010 Estimate	September 2010 Estimate	October 2010 Estimate	November 2010 Estimate	December 2010 Estimate	Total
<b>Fossil / Hydro O&amp;M, Depr. &amp; Taxes</b>													
F/H Operation & Maintenance Cost	\$ 7,442	\$ 6,819	\$ 12,711	\$ 14,043	\$ 8,379	\$ 8,051	\$ 7,832	\$ 7,531	\$ 12,533	\$ 7,459	\$ 7,168	\$ 7,576	\$ 107,544
F/H Depreciation Cost	1,776	1,776	1,777	1,777	1,780	1,794	1,796	1,796	1,799	1,825	1,825	1,849	21,570
F/H Property Taxes	688	688	688	734	734	734	734	734	734	734	734	734	8,673
F/H Payroll Taxes	157	145	292	139	195	119	144	120	120	209	119	126	1,884
Amort. of Asset Retirement Obligation	-	-	111	-	-	113	-	-	116	-	-	118	458
<b>Total F/H O&amp;M, Depr. and Taxes</b>	<b>\$ 10,063</b>	<b>\$ 9,428</b>	<b>\$ 15,579</b>	<b>\$ 16,693</b>	<b>\$ 11,088</b>	<b>\$ 10,812</b>	<b>\$ 10,505</b>	<b>\$ 10,181</b>	<b>\$ 15,302</b>	<b>\$ 10,227</b>	<b>\$ 9,846</b>	<b>\$ 10,403</b>	<b>\$ 140,129</b>

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
2010 ENERGY SERVICE RATE CALCULATION  
FOSSIL/HYDRO RETURN ON RATE BASE  
(Dollars in 000's)

	January 2010 Estimate	February 2010 Estimate	March 2010 Estimate	April 2010 Estimate	May 2010 Estimate	June 2010 Estimate	July 2010 Estimate	August 2010 Estimate	September 2010 Estimate	October 2010 Estimate	November 2010 Estimate	December 2010 Estimate	Total
Return on Rate Base													
Rate base													
Net Plant	286,383	284,841	283,593	283,714	288,499	287,484	286,088	285,513	295,458	294,171	303,317	306,699	
Working Capital Allow. (45 days of O&M)	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259	
Fossil Fuel Inventory	80,868	76,713	75,776	75,816	75,876	72,701	72,806	72,893	72,981	73,068	73,191	73,331	
Mat'ls and Supplies	54,673	54,699	54,773	54,866	55,094	55,331	55,383	55,454	55,554	55,607	55,709	56,061	
Prepayments	376	376	376	376	376	376	376	376	376	376	376	376	
Deferred Taxes	(12,683)	(13,322)	(13,875)	(15,598)	(13,799)	(16,675)	(15,086)	(14,085)	(16,173)	(15,136)	(13,540)	(11,729)	
Other Regulatory Obligations	(20,269)	(21,487)	(22,872)	(24,015)	(25,169)	(14,865)	(16,503)	(18,128)	(19,653)	(20,869)	(22,089)	(23,550)	
Total Rate Base (L15 thru L22)	402,607	395,079	391,030	388,417	394,136	397,610	396,322	395,282	401,802	400,476	410,223	414,447	
Average Rate Base ( prev + curr month)	402,607	398,843	393,054	389,724	391,276	395,873	396,966	395,802	398,542	401,139	405,349	412,335	
x Return	0.9257%	0.9257%	0.9257%	0.9257%	0.9257%	0.9257%	0.9257%	0.9257%	0.9257%	0.9257%	0.9257%	0.9257%	
Return (L25 x L26)	\$ 3,727	\$ 3,692	\$ 3,639	\$ 3,608	\$ 3,622	\$ 3,665	\$ 3,675	\$ 3,664	\$ 3,689	\$ 3,713	\$ 3,752	\$ 3,817	\$ 44,262

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
ENERGY SERVICE RATE CALCULATION  
(Dollars in 000's)

Summary of Forecasted Energy Service			
Cost For January 2009 Through December 2009	TOTAL COST		Reference
Fossil energy costs	\$ 146,405		Attachment RAB-3, page 2B
F/H O&M, depreciation & taxes	136,646		Attachment RAB-3, page 2B
Return on rate base	42,933		Attachment RAB-3, page 2B
Seabrook costs/(credits)	(303)		Attachment RAB-3, page 2B
ISO-NE ancillary	4,548		Attachment RAB-3, page 2B
Capacity	27,982		Attachment RAB-3, page 2B
NH RPS	9,633		Attachment RAB-3, page 2B
RGGI costs	6,928		Attachment RAB-3, page 2B
Vermont Yankee	7,391		Attachment RAB-3, page 2B
IPP costs	22,066		Attachment RAB-3, page 2B
Purchases and sales	247,861		Attachment RAB-3, page 2B
Merrimack projected RPC insurance proceeds	-		Attachment RAB-3, page 2B
Return on ES deferral	(478)		Attachment RAB-3, page 2B
2008 actual ES under/(over) recovery	(41,475)		Attachment RAB-3, page 2B
Total Estimated Energy Service Cost	\$ 610,137		Attachment RAB-3, page 2B
Total Estimated Revenue	603,844		Attachment RAB-3, page 2B
2008 Energy Service Estimated Under/(Over) Recovery	\$ 6,294		

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
ENERGY SERVICE RATE CALCULATION  
(Dollars in 000's)

	Actual January 2009	Actual February 2009	Actual March 2009	Actual April 2009	Actual May 2009	Actual June 2009	Reference
<u>Energy Service Cost</u>							
Fossil energy costs	\$ 24,336	\$ 15,179	\$ 17,189	\$ 13,637	\$ 12,500	\$ 14,200	
F/H O&M, depreciation & taxes	11,748	9,116	10,227	12,431	9,625	9,603	RAB-3, P5
Return on rate base	3,516	3,507	3,487	3,509	3,509	3,507	RAB-3, P6
Seabrook costs/(credits)	-	-	-	-	-	(208)	
ISO-NE ancillary	461	782	727	616	448	470	
Capacity	3,525	3,143	3,028	2,812	2,589	2,891	
NH RPS	988	988	988	988	884	164	
RGGI costs	771	626	681	628	619	562	
Vermont Yankee	635	581	590	626	630	548	
IPP costs (1)	3,708	1,445	2,139	2,154	1,754	1,258	
Purchases and sales	16,598	17,924	17,481	19,988	15,547	18,893	
Return on ES deferral	(69)	(58)	(58)	(55)	(53)	(48)	
Merrimack projected RPC insurance proceeds	-	-	-	-	-	-	
2008 actual ES under/(over) recovery (2)	(41,475)	-	-	-	-	-	
Total Energy Service Cost	\$ 24,742	\$ 53,233	\$ 56,479	\$ 57,334	\$ 48,050	\$ 51,840	
Total Energy Service Revenue (3)	\$ 69,283	\$ 55,110	\$ 56,133	\$ 49,585	\$ 48,311	\$ 48,557	
ES Under/ (Over) Recovery	\$ (44,541)	\$ (1,877)	\$ 346	\$ 7,749	\$ (261)	\$ 3,283	
Retail MWH Sales	706,849	548,954	566,142	500,446	487,320	489,306	

(1) The IPP costs represent the actual and forecasted market value of IPP generation.  
January 2009 also reflects the 2008 annual ES true up of \$210 thousand.

(2) See PSNH May 1, 2009 Annual Reconciliation filing in DE 09-091, Attachment RAB-4, page 6.

(3) The ES rate was set at \$0.0992 per KWH from January through July 30, 2009. The ES rate was reset to its current rate of \$0.0903 per KWH effective August 1, 2009.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
ENERGY SERVICE RATE CALCULATION  
(Dollars in 000's)

	Actual July 2009	Actual August 2009	Actual September 2009	Actual October 2009	Re-estimate November 2009	Re-estimate December 2009	Total	Reference
<b>Energy Service Cost</b>								
Fossil energy costs (1)	\$ 13,585	\$ 3,072	\$ 5,720	\$ 7,899	\$ 5,500	\$ 13,588	\$ 146,405	RAB-3, P3 (5)
F/H O&M, depreciation & taxes	16,627	10,511	4,252	11,801	16,366	14,341	136,646	RAB-3, P5
Return on rate base	3,578	3,578	3,669	3,648	3,648	3,778	42,933	RAB-3, P6
Seabrook costs/(credits)	-	-	(95)	-	-	-	(303)	RAB-3, P3 (5)
ISO-NE ancillary	223	(17)	(77)	118	290	508	4,548	RAB-3, P3 (5)
Capacity	1,391	1,833	1,662	1,477	1,680	1,950	27,982	RAB-3, P3 (5)
NH RPS	594	809	843	843	736	807	9,633	RAB-3, P3 (5)
RGGI costs	606	481	446	474	265	770	6,928	RAB-3, P3 (5)
Vermont Yankee	639	613	598	652	628	650	7,391	RAB-3, P3 (5)
IPP costs (2)	1,796	1,769	953	1,256	1,569	2,266	22,066	RAB-3, P3 (5)
Purchases and sales	19,108	28,492	26,894	27,275	23,539	16,121	247,861	RAB-3, P3 (5)
Return on ES deferral	(43)	(43)	(40)	(24)	(4)	17	(478)	
Merrimack projected RPC insurance proceeds (6)	-	-	-	-	-	-	-	
2008 actual ES under/(over) recovery (3)	-	-	-	-	-	-	(41,475)	
<b>Total Energy Service Cost</b>	<b>\$ 58,105</b>	<b>\$ 51,098</b>	<b>\$ 44,825</b>	<b>\$ 55,419</b>	<b>\$ 54,216</b>	<b>\$ 54,796</b>	<b>\$ 610,137</b>	
<b>Total Energy Service Revenue (4)</b>	<b>\$ 53,485</b>	<b>\$ 55,032</b>	<b>\$ 39,226</b>	<b>\$ 40,328</b>	<b>\$ 42,367</b>	<b>\$ 46,428</b>	<b>\$ 603,844</b>	
<b>Total Energy Service Under/ (Over) Recovery</b>	<b>\$ 4,621</b>	<b>\$ (3,934)</b>	<b>\$ 5,599</b>	<b>\$ 15,091</b>	<b>\$ 11,849</b>	<b>\$ 8,368</b>	<b>\$ 6,294</b>	
<b>Retail MWH Sales</b>	<b>539,102</b>	<b>593,947</b>	<b>450,879</b>	<b>446,954</b>	<b>469,177</b>	<b>514,148</b>	<b>6,313,224</b>	

(1) August reflects \$5 million physical inventory adjustment for Merrimack coal.

(2) The IPP costs represent the actual and forecasted market value of IPP generation.

(3) See PSNH May 1, 2009 Annual Reconciliation filing in DE 09-091, Attachment RAB-4, page 6.

(4) The ES rate was set at \$0.0992 per KWH from January through July 30, 2009. The ES rate was reset to its current rate of \$0.0903 per KWH effective August 1, 2009.

(5) Supporting detail for re-estimate data only.

(6) No RPC insurance proceeds are anticipated until 2010.

**PUBLIC SERVICE RATE COMPANY OF NEW HAMPSHIRE  
ENERGY SERVICE RATE CALCULATION**

**PSNH Generation (GWh) and Expense (\$000)  
IPP's Priced at Market Rate**

			Nov 09	Dec 09	Total
Hydro:	Energy		32.325	31.009	63.334
Coal:	Energy		104.959	305.133	410.092
	Energy Expense	\$	4,922	12,991	17,913
Wood:	Energy		27.540	28.458	55.998
	Energy Expense	\$	1,595	1,648	3,243
	Revenue Credit	\$	(1,017)	(1,051)	(2,068)
Nuclear:	Energy		14.846	15.349	30.195
	Energy Expense	\$	628	650	1,278
Newington:	Energy		0.000	0.000	0.000
	Energy Expense	\$	-	-	-
IPP's:	Energy		34.052	38.403	72.455
	Energy Expense	\$	1,220	1,917	3,137
	ICAP	\$	349	349	698
Peak Purchase:	Energy		7.734	19.041	26.775
	Expense	\$	359	1,154	1,513
Known Purchases	Energy		295.336	158.973	454.309
	Expense	\$	23,728	17,055	40,783
Offpeak Purchase:	Energy		7.897	7.699	15.596
	Expense	\$	322	407	729
Surplus Energy Sales	Energy		(28.058)	(57.053)	(85.111)
(Credit)		\$	(870)	(2,495)	(3,365)
Total Energy GWH			496.631	547.012	1,043.643
Total Energy Expense		\$	31,236	32,625	63,861
ISO-NE Ancillary (inc.Congestion & Loss Adj.)		\$	290	508	798
NH RPS			736	807	1,543
RGGI			265	770	1,035
Capacity (sold)/bought MW-mo			410	476	886
Capacity (sold)/bought Cost (\$000)		\$	1,680	1,950	3,630

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
ENERGY SERVICE RATE CALCULATION

1 Forecasted PSNH IPP Market Value - November - December 2009

2							
3		IPP Energy at					
4		IPP	Mkt Value	Capacity	ICAP Value	ICAP	Total
5	Month	GWh	(\$000)	MW	\$/kw-mo	(\$000)	(\$000) \$/MWh
6	November	34.052	1,220	85.2	4.1	349.0	1,569 46.08
7	December	38.403	1,917	85.2	4.1	349.0	2,266 59.01
8	Total	72.455	3,137			698.0	3,835 52.93

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
ENERGY SERVICE RATE CALCULATION  
Fossil / Hydro O&M, Depreciation & Taxes Detail  
(Dollars in 000's)

	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Re-Estimate	Re-Estimate	
<b>Fossil / Hydro O&amp;M, Depr. &amp; Taxes</b>													
F/H Operation & Maintenance Cost (1)	\$ 9,190	\$ 6,573	\$ 7,407	\$ 9,941	\$ 7,439	\$ 6,885	\$ 13,988	\$ 7,958	\$ 1,542	\$ 9,250	\$ 13,832	\$ 11,673	\$ 105,677
F/H Depreciation Cost	1,710	1,712	1,715	1,719	1,722	1,732	1,728	1,730	1,732	1,738	1,763	1,774	20,775
F/H Property Taxes	684	684	684	729	690	690	690	690	690	734	647	647	8,259
F/H Payroll Taxes	164	147	318	42	(226)	191	221	133	180	79	124	130	1,503
Amortization of Asset Retirement Obligation	-	-	103	-	-	105	-	-	107	-	-	117	432
<b>Total F/H O&amp;M, Depr. and Taxes</b>	<b>\$ 11,748</b>	<b>\$ 9,116</b>	<b>\$ 10,227</b>	<b>\$ 12,431</b>	<b>\$ 9,625</b>	<b>\$ 9,603</b>	<b>\$ 16,627</b>	<b>\$ 10,511</b>	<b>\$ 4,251</b>	<b>\$ 11,801</b>	<b>\$ 16,366</b>	<b>\$ 14,341</b>	<b>\$ 136,646</b>

(1) September 2009 reflects \$10.0M credit for MK2 Insurance Reimbursement for O&M costs.

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
ENERGY SERVICE RATE CALCULATION  
FOSSIL/HYDRO RETURN ON RATE BASE  
(Dollars in 000's)

	January 2009 Actual	February 2009 Actual	March 2009 Actual	April 2009 Actual	May 2009 Actual	June 2009 Actual	July 2009 Actual	August 2009 Actual	September 2009 Actual	October 2009 Actual	November 2009 Estimate	December 2009 Estimate	Total
Return on Rate Base													
Net Plant	277,119	277,119	276,979	276,979	276,979	277,164	277,164	277,164	276,426	276,426	276,426	292,607	
Working Capital Allow. (45 days of O&M)	12,467	12,467	12,467	12,467	12,467	12,467	12,467	12,467	12,467	12,467	12,467	12,467	
Fossil Fuel Inventory	73,769	73,769	70,428	70,428	70,428	72,561	72,561	72,561	81,439	81,439	81,439	74,321	
Mat'ls and Supplies	53,221	53,221	52,028	52,028	52,028	51,883	51,883	51,883	52,277	52,277	52,277	59,999	
Prepaid Property Taxes	376	376	1,190	1,190	1,190	975	975	975	874	874	874	376	
Deferred Taxes	(16,817)	(16,817)	(15,763)	(15,763)	(15,763)	(17,651)	(17,651)	(17,651)	(20,190)	(20,190)	(20,190)	(8,941)	
Other Regulatory Obligations	(10,509)	(10,509)	(10,608)	(10,608)	(10,608)	(10,832)	(10,832)	(10,832)	(10,193)	(10,193)	(10,193)	(28,357)	
Total Rate Base-Adjusted (sum L15 thru L22)	389,626	389,626	386,721	386,721	386,721	386,567	386,567	386,567	393,100	393,100	393,100	402,472	
Average Rate Base ( prev + curr month)	390,677	389,626	388,174	386,721	386,721	386,644	386,567	386,567	389,834	393,100	393,100	397,786	
x Return	0.9001%	0.9001%	0.9001%	0.9073%	0.9073%	0.9073%	0.9257%	0.9257%	0.9257%	0.9279%	0.9279%	0.9279%	
Return-Adjusted (L25 x L26)	\$ 3,516	\$ 3,507	\$ 3,487	\$ 3,509	\$ 3,509	\$ 3,507	\$ 3,578	\$ 3,578	\$ 3,669	\$ 3,648	\$ 3,648	\$ 3,778	\$ 42,933

Amounts shown above may not add due to rounding.

THE STATE OF NEW HAMPSHIRE  
BEFORE THE  
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

**Public Service Company of New Hampshire  
Energy Service Rate – Revised Estimate**

**Docket No. DE 09-180**

**Joint Technical Statement of  
Robert A. Baumann and David A Errichetti**

**December 7, 2009**

**1. Purpose of Technical Statement**

This Technical Statement is being submitted to explain the changes to Public Service Company's proposed Default Energy Service (ES) Rate effective January 1, 2010. This filing updates the Company's ES filing that was submitted on September 24, 2009.

**2. Proposed Rate**

On September 24, 2009, PSNH filed a preliminary 2010 ES rate of 9.31cents/kWh to be effective for the 12 month period January 1 through December 31, 2010. In this filing, PSNH is proposing an ES rate of 8.96 cents/kWh to be effective January 1, 2010, which is a decrease of 0.07 cents/kWh from the currently effective ES rate of 9.03 cents/kWh.

The decrease in the ES rate from the September 24, 2009 filing to this December 7, 2009 filing is attributable to a net decrease in actual and forecasted costs of \$20.9 million [a decrease of \$52.1 million in expense, net of a revenue decrease of \$31.2 million] which is contained in Attachment RAB-1.

The forecasted cost changes are contained in Attachment RAB-2, page 3, and are specifically referenced below. The forecasted cost and revenue changes are attributable to a slight change in forward electricity prices as of November 30, 2009, loss of load due to lower sales primarily due to customer migration and other changes as noted below.

**3. Changes from September 24, 2009 Filing**

Attachment RAB-2, Page 3:

For the forecast period January through December 2010, the impact of updated forward electricity prices, coal prices, oil prices, migration, RPS compliance, RGGI, etc. is to lower the overall ES costs by \$39.1 million. Following is a line by line discussion of what changed and why.

Lines 4 and 5 – Coal generation increased by 6.2GWh reflecting a net reduction in forecasted maintenance and expense decreased \$5.8 million reflecting lower dispatch prices despite greater generation.

Lines 7 through 9 – Wood generation is down 6.3 GWh due to increased forecasted maintenance which reduces fuel expense by \$0.3 million and reduces revenue credits by \$0.2 million.

Lines 14 and 15 – Newington fuel expense increased by \$6.7 million reflecting increased operation of 98.8 GWh. The change in operation reflects dispatching on current oil inventory and starting-up on natural gas as opposed to replacement oil for both. Based on the forward electricity prices used in this update, Newington's generation provides a net benefit of \$1.6 million; \$7.4 million in expense versus \$9.0 million in revenue.

Lines 18 and 19 – IPP Energy Expense decreased by \$0.1 million due to forward electricity price changes and, for June through December, the removal of the two ipp resources noted in STAFF-01, Q-STAFF-016- SP01 (0.53 MW). The \$0.02 million reduction in capacity expense is also attributable to these two resources being removed. A table showing forecasted forward electricity prices is provided at the end of this technical statement. On a simple average basis over all hours forward electricity prices are lower by 0.6%.

Line 21 and 22 – Peak Purchases decreased by 199.1 GWh primarily due to lower sales requirements (sales forecast and migration) lowering expenses by \$13.6 million. As noted above forecast forward electricity prices are little changed. A supplement to STAFF-01, Q-STAFF-006 is being filed showing the updated sales forecast, the preliminary sales forecast, migration levels and the changes between the two filings.

Line 27 and 28 – Off peak Purchases decreased by 83.4 GWh primarily due to lower sales requirements (sales forecast and migration) lowering expenses by \$4.7 million. As noted above forecasted forward electricity prices are little changed. A supplement to STAFF-01, Q-STAFF-006 is being filed showing the updated sales forecast, the preliminary sales forecast, migration levels and the changes between the two filings.

Line 30 and 31 – Surplus Energy Sales increased by 190.3 GWh primarily due to lower sales requirements (sales forecast and migration) increasing revenues by \$11.5 million. As noted above forecasted forward electricity prices are little changed. A supplement to STAFF-01, Q-STAFF-006 is being filed showing the updated sales forecast, the preliminary sales forecast, migration levels and the changes between the two filings.

Line 33 – Congestion and Loss Adjustment increased by \$0.8 million due to reduced sales requirements that result in fewer peak and off peak ISO-NE energy purchases and increased surplus sales, all of which are priced at the Massachusetts hub but moved to or from the New Hampshire load zone as appropriate.

Line 39 – ISO-NE Ancillary costs decreased \$0.1 million due to updated migration.

Line 40 – New Hampshire RPS expense decreased by \$1.2 million. This change encompasses both the impact of reduced sales requirements (sales forecast and migration) and the error identified STAFF-01, Q-STAFF-014. A supplement to STAFF-01, Q-STAFF-006 is being filed showing the updated sales forecast, the preliminary sales forecast, migration levels and the changes between the two filings.

Line 41 – RGGI costs decreased \$1.8 million consistent with lower RGGI allowance price estimates and updated CO<sub>2</sub> emissions estimates.

Line 43 and 44 – Capacity costs decreased by \$7.7 million. In addition to capturing updated migration the following refinements were made. For January through May 2010 the estimate has been updated using historical data through October 2009. For June through December the MWs credited to PSNH were reduced for the two resources noted in STAFF-01, Q-STAFF-016- SP01 (0.53 MW) for CORE activity as discussed in OCA-01, Q-OCA-006, 25.25 MW after pro ration and increased by 128.68 MWs (June through November) to account for the impact of HQ ICCs on PSNH's capacity payments.

The following table compares forward electricity prices used in the September 24, 2009 filing to those used in this update. The updated prices were as of November 30, 2009.

	Forward Electricity Prices for Delivery at Massachusetts Hub											
	Sept Filing			Dec Filing			Change					
	Peak	Off Peak	All hrs *	Peak	Off Peak	All hrs *	Peak		Off Peak		All Hrs	
	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	%	\$/MWh	%	\$/MWh	%
Jan-10	62.96	51.25	56.81	65.75	53.05	59.08	2.79	4.4%	1.80	3.5%	2.27	3.5%
Feb-10	62.96	51.25	56.81	65.75	53.05	59.08	2.79	4.4%	1.80	3.5%	2.27	3.5%
Mar-10	54.47	43.75	48.84	54.50	43.22	48.58	0.03	0.1%	-0.53	-1.2%	-0.26	-0.5%
Apr-10	54.47	43.75	48.84	54.50	43.22	48.58	0.03	0.1%	-0.53	-1.2%	-0.26	-0.5%
May-10	52.25	41.45	46.58	52.30	40.30	46.00	0.05	0.1%	-1.15	-2.8%	-0.58	-1.1%
Jun-10	55.95	42.22	48.74	55.15	40.58	47.50	-0.80	-1.4%	-1.64	-3.9%	-1.24	-2.2%
Jul-10	62.47	45.92	53.78	62.21	44.93	53.14	-0.26	-0.4%	-0.99	-2.2%	-0.64	-1.0%
Aug-10	62.47	45.92	53.78	62.21	44.93	53.14	-0.26	-0.4%	-0.99	-2.2%	-0.64	-1.0%
Sep-10	55.58	42.92	48.93	54.84	42.00	48.10	-0.74	-1.3%	-0.92	-2.1%	-0.83	-1.5%
Oct-10	58.58	45.44	51.68	55.52	43.46	49.19	-3.06	-5.2%	-1.98	-4.4%	-2.49	-4.5%
Nov-10	62.91	48.81	55.51	58.89	46.10	52.17	-4.03	-6.4%	-2.71	-5.6%	-3.34	-5.7%
Dec-10	67.03	52.00	59.14	68.74	53.81	60.90	1.72	2.6%	1.81	3.5%	1.76	2.6%
simple avg	59.34	46.22	52.45	59.20	45.72	52.12	-0.15	-0.2%	-0.50	-1.1%	-0.33	-0.6%

\* assumes 47.5% of hours are peak and 52.5% of hours are off peak

Other Changes:

Removal of Bio Energy over market costs and reliability VAR support costs, as proposed in Method 2 described in PSNH's testimony, reduced the ES costs by another \$13.927 million as noted on Attachment RAB-1, line 40. All other 2009 actual and forecasted expense changes totaled about \$0.9 million.

The 2010 PSNH retail sales were reduced by 348 GWH to reflect lower forecasted sales, primarily due to additional migration, which reduced projected revenues by \$31.2 million.