

Witness: Robert A. Baumann, William H. Smagula  
Request from: Office of Consumer Advocate

**Question:**

Page 1, lines 24 and 25 of Attachment RAB-1 relate to Merrimack insurance proceeds. Please provide any updates regarding these insurance issues since the December 2009 hearings.

**Response:**

Merrimack Unit 2 completed its planned outage on December 6, 2009. With the completion of the outage and subsequent turbine testing performed, the costs associated with the outage were reviewed. Unit/turbine testing resulted in a new operating capability of 332 megawatts and a claimed capability of 337 megawatts. These actual performance results were used to finalize replacement power calculations for the period beginning July 2008 through the end of 2009. The insurance claim documentation for both the boiler and machinery property damage costs and the replacement power costs have been assembled and submitted as summarized below.

**Replacement Power**

total	\$ 13,871,020	RPC- Jul 08 - Dec 09	\$3M	Received
	\$ 13,871,020	all submitted	\$10.87M	Outstanding

**Boiler and Machinery**

total	\$ 21,053,117	Property damage	\$13M	Received
	\$ 19,288,261	previously submitted		
	\$ 1,764,856	final amount to be submitted	\$8.053M	Outstanding*

\*less \$1M deductible

<b>ORIGINAL</b>	
N.H.P.U.C. Case No.	DE 09-180
Exhibit No.	#25
Witness	Panel 1
DO NOT REMOVE FROM FILE	



**Public Service  
of New Hampshire**

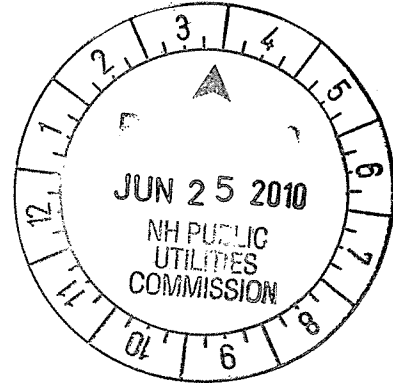
PSNH Energy Park  
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Public Service Company of New Hampshire  
P.O. Box 330  
Manchester, NH 03105-0330  
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The Northeast Utilities System

June 25, 2010

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



Re: DE 09-180 – Proposed Default Energy Service Rate - 2010

Dear Ms. Howland:

At the hearing on June 23, 2010, the Commission requested that PSNH provide an update regarding whether the \$1.764 million insurance claim shown in Exhibit 25 (Response to OCA Request 2 in Set No. 2) had been submitted to PSNH's insurance carriers. The claim has not yet been submitted for the reasons specified below:

- The expenses are predominantly for PSNH's labor, overheads and other direct costs. This cost data includes many smaller items and internal costs that were incurred through the end of 2009. Extracting and compiling this data takes more time to review fully to insure completeness and accuracy, as compared to a few larger contractor invoices.
- The financial analyst at Merrimack Station who extracts and compiles the appropriate data retired in early 2010. Her replacement is now becoming more familiar with the detailed work involved to gather and compile this type of information in addition to the many other tasks to which he has been assigned.
- PSNH's turbine engineer responsible for the technical work and contract execution of the entire turbine project was required to oversee turbine and generator spring overhaul inspections and repairs that were completed at Schiller Station (two unit outages), and other locations. This individual must review all of the information in any claims sent to the insurance carriers in order to ensure that such information is accurate and complete. The high priority outage activities prevented the turbine engineer from focusing full attention to the effort of reviewing all claims information.

If you have any further questions regarding this update, please contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gerald M. Eaton". The signature is fluid and cursive, with the first name "Gerald" being more prominent and the last name "Eaton" following in a similar style.

Gerald M. Eaton  
Senior Counsel

cc: Service List

**Service List**  
**Docket DE 09-180**

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