

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
2008 ENERGY SERVICE RATE CALCULATION  
(Dollars in 000's)

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10 **Summary of Forecasted Energy Service**

11 <b>Cost For January 2008 Through December 2008</b>	TOTAL COST	Reference
12		
13 Fossil energy costs	\$ 169,656	Attachment RAB-2, page 2
14 F/H O&M, Depreciation & Taxes	133,872	Attachment RAB-2, page 2
15 Return on rate base	38,678	Attachment RAB-2, page 2
16 Ancillary, ISO-NE, Uplift, RPS & Capacity Costs	43,890	Attachment RAB-2, page 2
17 Vermont Yankee	6,852	Attachment RAB-2, page 2
18 IPP costs (1)	50,564	Attachment RAB-2, page 2
19 Purchases and Sales	295,642	Attachment RAB-2, page 2
20 Return on ES Deferral	(114)	Attachment RAB-2, page 2
21 ES Uncollectible Expense	1,218	Attachment RAB-2, page 2
22 2007 Actual ES Overrecovery	<u>(20,800)</u>	Attachment RAB-2, page 3
23 Total Updated Energy Service Cost	\$ 719,458	Attachment RAB-2, page 2
24 Total Updated Revenue at 8.82 cents per kwh	<u>689,305</u>	Attachment RAB-2, page 2
25 Energy Service Under/(Over) Recovery	\$ 30,153	
26 Forecasted Retail MWH Sales - July - December 2008	<u>4,043,131</u>	Attachment RAB-2, page 2
27 Increase in Energy Service Rate - cents per kwh (L25/26)	\$ 0.75	
28 Energy Service rate as approved in DE 06-096 - cents per kwh	<u>\$ 8.82</u>	
29 Updated Energy Service rate effective 7/1/08 - cents per kwh	\$ 9.57	

30 (1) The IPP costs represent the forecasted Market Value of IPP generation.

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**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**  
**2008 ENERGY SERVICE RATE CALCULATION**  
(Dollars in 000's)

	January 2008 Actual	February 2008 Actual	March 2008 Actual	April 2008 Actual	May 2008 Actual	June 2008 Re-estimate	Reference
<b>Energy Service Cost</b>							
Fossil Energy Costs	\$ 16,636	\$ 13,653	\$ 13,937	\$ 7,190	\$ 8,993	\$ 14,780	RAB-2, P3
F/H O&M, Depreciation & Taxes	9,507	9,407	10,623	15,612	11,627	9,443	RAB-2, P5
Return on Rate Base	2,992	3,003	2,908	2,933	2,933	3,172	RAB-2, P6
Ancillary, ISO-NE, Uplift, RPS & Capacity Costs	3,174	3,052	3,468	3,173	2,820	3,979	RAB-2, P3
Vermont Yankee	655	605	567	573	650	607	RAB-2, P3
IPP Costs	5,647	5,352	4,984	4,366	5,049	3,581	RAB-2, P4
Purchases and Sales	18,069	17,691	18,974	27,684	21,610	21,346	RAB-2, P3
Return on ES Deferral	(74)	(68)	(73)	(53)	(35)	(29)	
ES Uncollectible Expense	-	-	-	-	-	174	
2007 Actual ES Over-recovery	(20,800)	-	-	-	-	-	
<b>Total Energy Service Cost Re-estimate</b>	<b>\$ 35,806</b>	<b>\$ 52,694</b>	<b>\$ 55,388</b>	<b>\$ 61,479</b>	<b>\$ 53,647</b>	<b>\$ 57,053</b>	
<b>Total Energy Service Revenue @ 8.82</b>	<b>\$ 61,543</b>	<b>\$ 56,104</b>	<b>\$ 57,537</b>	<b>\$ 50,355</b>	<b>\$ 51,472</b>	<b>\$ 55,689</b>	
<b>ES Under/(Over) Recovery</b>	<b>\$ (25,737)</b>	<b>\$ (3,410)</b>	<b>\$ (2,149)</b>	<b>\$ 11,124</b>	<b>\$ 2,175</b>	<b>\$ 1,364</b>	
<b>Retail MWH Sales</b>	<b>697,877</b>	<b>636,122</b>	<b>652,440</b>	<b>570,922</b>	<b>583,589</b>	<b>631,391</b>	
<b>Energy Service Cost - cents per kwh</b>	<b>5.13</b>	<b>8.28</b>	<b>8.49</b>	<b>10.77</b>	<b>9.19</b>	<b>9.04</b>	

Amounts shown above may not add due to rounding.

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**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**  
**2008 ENERGY SERVICE RATE CALCULATION**  
(Dollars in 000's)

	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	Total	Reference
<b>Energy Service Cost</b>	Re-estimate	Re-estimate	Re-estimate	Re-estimate	Re-estimate	Re-estimate		
Fossil Energy Costs	\$ 20,356	\$ 18,512	\$ 12,698	\$ 12,342	\$ 14,982	\$ 15,576	\$ 169,656	RAB-2, P3
F/H O&M, Depreciation & Taxes	10,523	9,836	13,948	14,293	9,252	9,802	133,872	RAB-2, P5
Return on Rate Base	3,410	3,438	3,465	3,471	3,473	3,479	38,678	RAB-2, P6
Ancillary, ISO-NE, Uplift, RPS & Capacity Costs	3,928	3,761	3,577	3,862	4,459	4,637	43,890	RAB-2, P3
Vermont Yankee	627	627	607	344	364	627	6,852	RAB-2, P3
IPP Costs	3,285	3,084	2,790	3,436	4,091	4,899	50,564	RAB-2, P4
Purchases and Sales	28,704	31,766	28,332	31,652	22,754	27,059	295,642	RAB-2, P3
Return on ES Deferral	(18)	1	24	53	73	84	(114)	
ES Uncollectible Expense	174	174	174	174	174	174	1,218	
2007 Actual ES Over-recovery	-	-	-	-	-	-	(20,800)	
<b>Total Energy Service Cost</b>	<b>\$ 70,989</b>	<b>\$ 71,200</b>	<b>\$ 65,614</b>	<b>\$ 69,627</b>	<b>\$ 59,623</b>	<b>\$ 66,337</b>	<b>\$ 719,458</b>	
<b>Total Energy Service Revenue @ 8.82</b>	<b>\$ 63,842</b>	<b>\$ 63,090</b>	<b>\$ 55,490</b>	<b>\$ 56,700</b>	<b>\$ 56,466</b>	<b>\$ 61,017</b>	<b>689,305</b>	
<b>ES Under/(Over) Recovery</b>	<b>\$ 7,148</b>	<b>\$ 8,110</b>	<b>\$ 10,125</b>	<b>\$ 12,927</b>	<b>\$ 3,157</b>	<b>\$ 5,320</b>	<b>30,153</b>	
<b>Forecasted Retail MWH Sales</b>	<b>723,829</b>	<b>715,306</b>	<b>629,136</b>	<b>642,854</b>	<b>640,201</b>	<b>691,805</b>	<b>7,815,472</b>	
<b>Energy Service Cost - cents per kwh</b>	<b>9.81</b>	<b>9.95</b>	<b>10.43</b>	<b>10.83</b>	<b>9.31</b>	<b>9.59</b>	<b>9.21</b>	

Amounts shown above may not add due to rounding.

**PUBLIC SERVICE RATE COMPANY OF NEW HAMPSHIRE  
2008 ENERGY SERVICE RATE CALCULATION**

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

		Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total	
1										
2	Hydro:	Energy	28.043	20.382	18.664	16.544	23.186	31.518	30.355	168.692
3										
4	Coal:	Energy	321.389	340.894	327.280	271.526	267.065	326.022	339.890	2194.066
5		Energy Expense	\$ 14,064	14,901	14,330	11,982	11,826	14,266	14,836	96,205
6										
7	Wood:	Energy	29.160	30.132	30.132	29.160	21.020	29.160	30.132	198.896
8		Energy Expense	\$ 1,635	1,689	1,689	1,635	1,178	1,635	1,689	11,150
9		Revenue Credit	(919)	(949)	(949)	(919)	(662)	(919)	(949)	(6,266)
10										
11	Nuclear:	Energy	14.64	15.128	15.128	14.64	8.296	8.784	15.128	91.744
12		Energy Expense	\$ 607	627	627	607	344	364	627	3,803
13										
14	Newington:	Energy	0.000	46.281	33.943	0.000	0.000	0.000	0.000	80.224
15		Energy Expense	\$ -	4,715	3,442	-	-	-	-	8,157
16										
17	IPP's:	Energy	32.225	26.384	24.238	24.137	28.431	34.672	39.067	209.154
18		Energy Expense	\$ 3,434	3,138	2,937	2,643	3,147	3,802	4,610	23,711
19		ICAP	\$ 147	147	147	147	289	289	289	1,455
20										
21	Peak Purchase:	Energy	51.167	82.760	68.466	65.912	97.802	52.446	73.463	492.016
22		Expense	\$ 4,847	9,540	8,121	6,881	10,724	5,511	8,523	54,147
23										
24	Known Purchases	Energy	180.704	169.877	167.477	197.504	153.877	143.904	152.277	1165.620
25		Expense	\$ 15,166	14,967	14,709	16,197	12,813	11,913	12,651	98,416
26										
27	Offpeak Purchase:	Energy	36.583	48.167	81.603	57.831	82.218	52.816	53.861	413.079
28		Expense	\$ 3,310	5,361	9,687	6,105	8,115	5,363	5,932	43,873
29										
30	Surplus Energy Sales	Energy	(24.071)	(12.276)	(8.218)	(9.896)	0.000	(0.333)	(0.487)	(55.281)
31		(Credit)	\$ (1,977)	(1,164)	(751)	(851)	0	(33)	(47)	(4,823)
32										
33	Congestion and Loss Adjustment		\$ 84	(38)	(196)	(297)	(474)	20	(61)	(962)
34										
35	Total Energy GWH		669.840	767.729	758.713	667.358	681.895	678.989	733.686	4,958.210
36	Total Energy Expense		\$ 40,398	52,934	53,793	44,129	47,301	42,211	48,100	328,866
37										
38	Other Expense & Capacity									
39	ISO-NE, Uplift, Reserve & Regulation,		\$ 1,450	1,522	1,513	1,429	1,272	1,270	1,319	9,775
40	RPS and Ancillary									
41	Newington Capacity Revenue		\$ (142)	(142)	(142)	(142)	(142)	-	-	(710)
42										
43	Capacity (sold)/bought MW-mo		690	690	690	690	855	845	901	5,360
44	Capacity (sold)/bought Cost (\$000)		\$ 2,587	2,587	2,587	2,587	3,206	3,169	3,379	20,100

Amounts shown above may not add due to rounding.

1 **Forecasted PSNH IPP Market Value**

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4	IPP	IPP at	Capacity	ICAP Value	ICAP	Total	Total
5	Month	Mkt Value	MW	\$/kw-mo	(\$000)	(\$000)	\$/MWh
6		(\$000)					
7	June	3,434	39.1	3.75	147.0	3,581	111.12
8	July	3,138	39.1	3.75	147.0	3,285	124.51
9	August	2,937	39.1	3.75	147.0	3,084	127.24
10	September	2,643	39.1	3.75	147.0	2,790	115.59
11	October	3,147	77.1	3.75	289.0	3,436	120.85
12	November	3,802	77.1	3.75	289.0	4,091	117.99
13	December	4,610	77.1	3.75	289.0	4,899	125.40
14	Total	23,711			1,455	25,166	120.32

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**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**  
**2008 ENERGY SERVICE RATE CALCULATION**  
**Fossil / Hydro O&M, Depreciation & Taxes Detail**  
(Dollars in 000's)

	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2007	Total
<b>Fossil / Hydro O&amp;M, Depr. &amp; Taxes</b>	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
F/H Operation & Maintenance Cost	\$ 7,006	\$ 6,991	\$ 8,106	\$ 13,193	\$ 9,273	\$ 7,064	\$ 7,850	\$ 7,220	\$ 11,213	\$ 11,675	\$ 6,642	\$ 7,043	\$ 103,277
F/H Depreciation Cost	1,648	1,657	1,658	1,658	1,655	1,786	1,815	1,828	1,840	1,846	1,850	1,855	21,097
F/H Property Taxes	612	617	663	616	612	668	668	668	668	668	668	668	7,797
F/H Payroll Taxes	240	141	91	145	86	102	190	120	102	104	92	109	1,523
Amort. of Asset Retirement Obligation	-	-	104	-	-	123	-	-	125	-	-	127	479
2008 SO2 Auction Proceeds	-	-	-	-	-	(300)	-	-	-	-	-	-	(300)
<b>Total F/H O&amp;M, Depr. and Taxes</b>	<b>\$ 9,507</b>	<b>\$ 9,407</b>	<b>\$ 10,623</b>	<b>\$ 15,612</b>	<b>\$ 11,627</b>	<b>\$ 9,443</b>	<b>\$ 10,523</b>	<b>\$ 9,836</b>	<b>\$ 13,948</b>	<b>\$ 14,293</b>	<b>\$ 9,252</b>	<b>\$ 9,802</b>	<b>\$ 133,872</b>

Amounts shown above may not add due to rounding.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**  
**2008 ENERGY SERVICE RATE CALCULATION**  
**FOSSIL/HYDRO RETURN ON RATE BASE**  
(Dollars in 000's)

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	January 2008 Actual	February 2008 Actual	March 2008 Actual	April 2008 Actual	May 2008 Actual	June 2008 Estimate	July 2008 Estimate	August 2008 Estimate	September 2008 Estimate	October 2008 Estimate	November 2008 Estimate	December 2007 Estimate	Total
<b>Return on Rate Base</b>	<hr/>												
<b>Rate base</b>	<hr/>												
Net Plant	238,148	238,148	237,797	237,797	237,797	266,994	266,747	273,591	272,548	274,528	275,114	274,802	
Working Capital Allow. (45 days of O&M)	13,476	13,476	13,476	13,476	13,476	12,733	12,733	12,733	12,733	12,733	12,733	12,733	
Fossil Fuel Inventory	43,067	43,067	37,073	37,073	37,073	54,270	54,270	54,270	54,270	54,270	54,270	54,270	
Mat'ls and Supplies	42,426	42,426	44,438	44,438	44,438	40,267	40,031	39,758	39,449	38,875	39,109	42,986	
Prepaid Property Taxes	2,068	2,068	164	164	164	2,028	2,028	2,028	2,028	2,028	2,028	2,028	
Deferred Taxes	(14,097)	(14,097)	(12,939)	(12,939)	(12,939)	(4,858)	(4,821)	(4,819)	(4,070)	(3,726)	(5,689)	(6,767)	
Other Regulatory Obligations	(1,373)	(1,373)	(1,472)	(1,472)	(1,472)	(972)	(972)	(972)	(972)	(972)	(972)	(972)	
<b>Total Rate Base (L15 thru L22)</b>	<b>323,716</b>	<b>323,716</b>	<b>318,537</b>	<b>318,537</b>	<b>318,537</b>	<b>370,461</b>	<b>370,015</b>	<b>376,589</b>	<b>375,986</b>	<b>377,736</b>	<b>376,593</b>	<b>379,080</b>	
Average Rate Base ( prev + curr month)	322,483	323,716	321,126	318,537	318,537	344,499	370,238	373,302	376,287	376,861	377,164	377,836	
x Return	0.9276%	0.9276%	0.9276%	0.9209%	0.9209%	0.9209%	0.9209%	0.9209%	0.9209%	0.9209%	0.9209%	0.9209%	
<b>Return (L25 x L26)</b>	<b>\$ 2,992</b>	<b>\$ 3,003</b>	<b>\$ 2,908</b>	<b>\$ 2,933</b>	<b>\$ 2,933</b>	<b>\$ 3,172</b>	<b>\$ 3,410</b>	<b>\$ 3,438</b>	<b>\$ 3,465</b>	<b>\$ 3,471</b>	<b>\$ 3,473</b>	<b>\$ 3,479</b>	<b>\$ 38,678</b>

Amounts shown above may not add due to rounding.

**Forward Market Prices (\$/MWH) for On-Peak Bilateral Energy  
delivered July - Dec 2008**

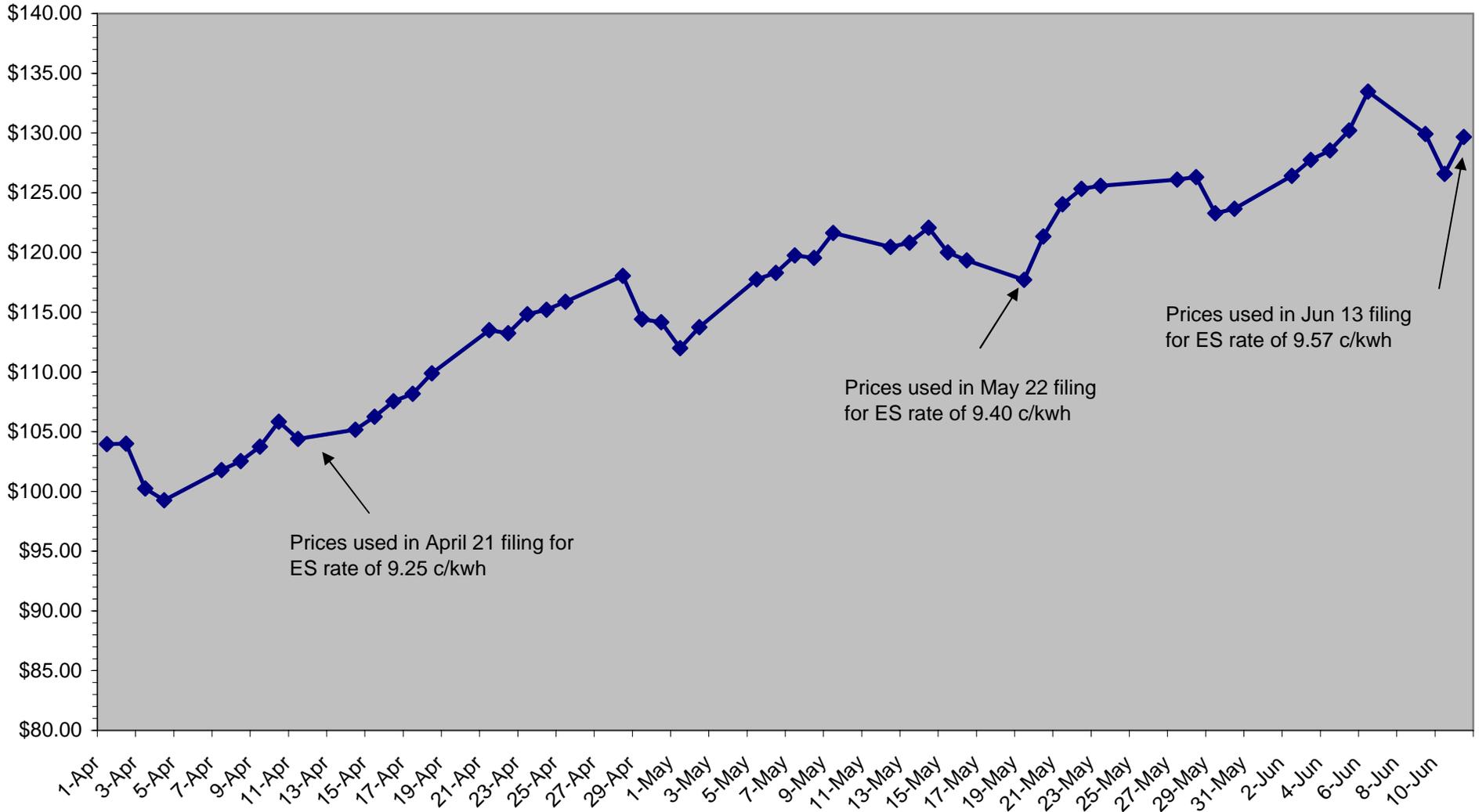


Table of Forward Market Prices  
for On-Peak Bilateral Energy Purchases  
delivered July - Dec 2008

Date	On-Peak (\$/MWH) Jul - Dec 2008
04/01/2008	\$103.96
04/02/2008	\$104.00
04/03/2008	\$100.25
04/04/2008	\$99.26
04/07/2008	\$101.78
04/08/2008	\$102.54
04/09/2008	\$103.75
04/10/2008	\$105.83
04/11/2008	\$104.39
04/14/2008	\$105.17
04/15/2008	\$106.26
04/16/2008	\$107.54
04/17/2008	\$108.17
04/18/2008	\$109.88
04/21/2008	\$113.50
04/22/2008	\$113.25
04/23/2008	\$114.83
04/24/2008	\$115.21
04/25/2008	\$115.88
04/28/2008	\$118.04
04/29/2008	\$114.42
04/30/2008	\$114.17
05/01/2008	\$112.00
05/02/2008	\$113.75
05/05/2008	\$117.75
05/06/2008	\$118.29
05/07/2008	\$119.75
05/08/2008	\$119.54
05/09/2008	\$121.63
05/12/2008	\$120.46
05/13/2008	\$120.81
05/14/2008	\$122.08
05/15/2008	\$120.00
05/16/2008	\$119.33
05/19/2008	\$117.72
05/20/2008	\$121.33
05/21/2008	\$124.04
05/22/2008	\$125.33
05/23/2008	\$125.58
05/27/2008	\$126.09
05/28/2008	\$126.30
05/29/2008	\$123.29
05/30/2008	\$123.67
06/02/2008	\$126.42
06/03/2008	\$127.75
06/04/2008	\$128.55
06/05/2008	\$130.21
06/06/2008	\$133.46
06/09/2008	\$129.92
06/10/2008	\$126.58
06/11/2008	\$129.68

State of New Hampshire  
Before the  
Public Utilities Commission

**Public Service Company of New Hampshire  
Default Energy Service Rate Mid-Year Adjustment**

**Prepared Technical Statement of  
Robert A. Baumann and Richard C. Labrecque**

**Docket No. DE 07-096**

**June 13, 2008**

**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 July 1, 2008. This filing updates the Company's latest ES filing that was submitted on May 22, 2008.

**2. Proposed Rate**

On May 22, 2008, PSNH filed a proposed mid-year ES rate of 9.4 cents/kWh to be effective for the six month period July 1 through December 31, 2008. As discussed at the hearing in this docket on June 11, 2008, PSNH's concern over rising energy prices supported a revised filing of the ES rate using the most current forward market pricing information available. To that end, PSNH has updated May 2008 for actual data and has re-estimated the energy costs for the June through December 2008 period using available price data as of June 11, 2008.

In this submittal, PSNH is proposing a mid-year ES rate of 9.57 cents/kWh to be effective July 1, 2008. This is an increase of 0.75 cents above the currently effective ES rate of 8.82 cents/kWh and an average overall rate increase of 5.5%. The increase is attributable to an additional net \$6.6 million of forecasted costs to be recovered in the second half of the year above the forecasted costs used to calculate the May 22 proposed rate of 9.4 cents/kWh. Forecasted generation cost increases of \$10.9 million are contained in Attachment RAB-2, Page 3, and are specifically referenced below. In addition, there is a decrease in costs of \$0.2 million associated with lower projected return in June 2008 due to the change in average rate base from adding May actual data. Finally, May actual results came in better than projected by \$4.1 million. The May actual results are primarily due to lower fossil/hydro O&M and return of \$2 million, \$3.5 million in savings due to 80 GWh of additional coal generation which avoided more expensive purchases and created surplus sale revenues, offset partially by \$1.5 million of additional IPP costs due to higher market prices.

### **3. Changes From May 22 Filing**

#### Attachment RAB-2, Page 3:

Line 5 - Coal Energy Expense increased by \$1,846K based on a revised estimate of the diesel fuel surcharge impact on coal transportation charges.

Line 15 - Newington Energy Expense increased by \$236K based on a revised estimate of #2 oil costs during unit startups.

Line 18 - IPP Energy Expense increased by \$2,376K due to higher forward energy market prices.

Line 22 - Peak Purchase Expense increased by \$3,302K due to higher forward energy market prices.

Line 28 - Off peak Purchase Expense increased by \$3,741K due to higher forward energy market prices.

Line 31 - Surplus Energy Sales Revenues increased by (\$448K) due to higher forward energy market prices.

Line 33 - Congestion and Loss Adjustment Expenses decreased by (\$167K) due to higher forward energy market prices. Note: this line item is used to convert forward market prices, which are price quotes applicable to the Mass. HUB delivery location, to the equivalent New Hampshire load zone price (which is historically lower than the Mass. HUB price). The adjustment is a percentage of the market price. Therefore, as the Mass. HUB market price increases, this adjustment factor will also increase and create an additional expense reduction.

#### Attachment RAB-2, Page 6:

Line 27 – Lower projected return in June 2008 of \$187K due to the change in average rate base impacted by May actual data.