

THE STATE OF NEW HAMPSHIRE

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November 15, 2011

Re: DE 11-215, Public Service Company of New Hampshire  
Default Energy Service Rate for 2012  
DE 11-216, Public Service Company of New Hampshire  
Alternate Default Energy Service Rate  
Project Scrubber Costs

To the Parties:

On October 14, 2011 Public Service Company of New Hampshire (PSNH) filed the joint testimony of Robert A. Baumann and William H. Smagula indicating that the wet flue gas desulfurization system (Scrubber Project) at Merrimack Station was placed in service on September 28, 2011. The joint testimony included forecasted costs of the Scrubber Project from September 28, 2011 through 2012 and increased the proposed default energy service rates resulting from inclusion of those costs from 8.39 cents per kWh to 9.57 cents per kWh.

On November 4, 2011 Commission Staff filed a letter requesting that the Commission either assign a separate docket for consideration of the Scrubber Project costs, or extend the time within the current dockets for consideration of those costs. Staff noted that questions exist concerning whether any estimated Scrubber Project costs should be included in default energy service rates as of January 1, 2012, but did not provide a recommendation on that point. Staff indicated that all parties except PSNH agreed with its recommendations.

PSNH filed its response to Staff's recommendations on November 4, 2011, and indicated that it agreed that the prudence of and amount of Scrubber Project costs could be determined by the Commission in a separate docket. Nonetheless, PSNH argued that it was in the best interest of PSNH customers to place the estimated Scrubber Project costs into rates as of January 1, 2012 rather than to defer recovery of an estimated \$61 million in costs while the separate docket proceeded.

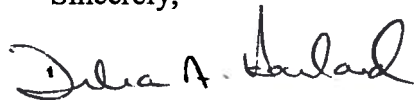
The Commission has reviewed the filings and has determined that it will open a separate docket in which to consider the in-service status, PSNH's prudence, the appropriate rate treatment and the costs of the Scrubber Project. The October 14, 2011 filing will be treated as PSNH's petition initiating the separate docket. As soon as is reasonably possible, given notice and due process requirements, the Commission will issue an Order of Notice opening the new docket and scheduling a prehearing conference at which the Commission will consider, among

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other things, the propriety of setting temporary rates for recovery of the Scrubber Project costs and a schedule for further testimony from PSNH, if needed, as well as responsive testimony and discovery. Accordingly, the Commission will not consider any costs of the Scrubber Project in the above dockets setting default energy service rates and alternative default energy service rates for effect on January 1, 2012.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra A. Howland". The signature is fluid and cursive, with a large initial "D" and a stylized "H".

Debra A. Howland  
Executive Director

cc: Docket File

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SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

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Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 11-215-1 Printed: November 15, 2011

**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
- DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.