

STATE OF NEW HAMPSHIRE

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October 11, 2013

Debra Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-7319

RE: DE 11-250 Public Service Company of New Hampshire
Prudence and Recovery of Scrubber Costs at Merrimack Station
Compliance with September 26, 2013 Secretarial Letter

Dear Ms. Howland:

Regarding the procedural schedule in the above-captioned case, there are several interrelated events, including the timetable for resolving this proceeding, that threaten a severe impact on the majority of New Hampshire's residential ratepayers. State law requires the costs of Public Service Company of New Hampshire's (PSNH) generation, including the Scrubber, be recovered from PSNH default energy service customers, the majority of which are residential customers. This unfair cost burden exists now on PSNH default residential customers and continues to grow over time.

Here are the conditions brewing for a perfect storm against PSNH default service residential ratepayers:

- 1) *No ruling on the prudence of Scrubber Costs at Merrimack Station.*

With the schedule suspended, the December hearing dates are canceled. The delay could outlast the 2014 legislative session. To date there are no legislative proposals to change the allocation of costs to PSNH default residential ratepayers. Unlike customers of Liberty and Unitil, whose default rates are chosen through a competitive bid process, PSNH default customers pay all of the costs of PSNH owned generation, including any Scrubber costs approved in the future;

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2) *Loss of PSNH customers to competitive suppliers.*

The last reported figure for customer migration shows 55% of total KWH sales have left PSNH as an energy supplier. Energy supply for large commercial and industrial customers is supplied 98% from suppliers other than PSNH. A new migration report will be out shortly which will show if migration is continuing in an upward slope. Continued migration increases the cost shift to default ratepayers.

3) *Scrubber costs continue to accrue.*

There is a buildup of uncollected Scrubber costs and carrying charges. Absent a legislative change, these costs will fall on remaining PSNH default customers, the majority of which are residential customers. If approved by the PUC as prudent and included in rate base, the Scrubber costs include \$38 million dollars annually of return to PSNH shareholders for the Scrubber investment.

In light of these facts, I request the Commission save dates in the adjudication calendar so DE-11-150 can go to hearing as soon as possible. In the event the New Hampshire Supreme Court rejects the PSNH appeal, I propose the following schedule be reserved:

Staff Intervenor Testimony:	Nov 22
Data Requests on Testimony:	Dec 6
Objections Responses to Data Requests:	Dec 20
Rebuttal Testimony:	Jan 8
Settlement Discussions:	Jan 15
Filing of Settlement, if any:	Jan 21
Merits Hearing:	Jan 28, 29, 30, 31

Respectfully submitted,



Susan W. Chamberlin
Consumer Advocate

cc: Service List via electronic mail