

<b>ORIGINAL</b>	
N.H.P.U.C. Case No.	DE 13-108
Exhibit No.	7
Witness	Panel 1
DO NOT REMOVE FROM FILE	

Public Service Company of New Hampshire  
Docket No. DE 13-108

Date Request Received: 08/26/2013  
Request No. Q-OCA-016  
Request from: Office of Consumer Advocate

Date of Response: 08/26/2013  
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Witness: Frederick White, William H. Smagula

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**Request:**

Reference response to Staff 2-7 in DE 11-215 dated 6-14-12. The response states in part that "Regarding the Merrimack units, for the January through March actual period the units ran serving load for both economics and scrubber shakedown/verification tests." Please identify the dates when the Merrimack units ran out of economic merit for the purposes of "scrubber shakedown/verification tests" and identify the over-market costs to ratepayers on each day (24 hour period) when out of merit operation occurred.

**Response:**

PSNH had planned to run the Merrimack units during January through March of 2012 to serve load during the typical high priced winter months. Unusually warm weather developed as we moved through this period leading to a natural gas over-supply and low natural gas and energy prices. It is PSNH's judgment that the Merrimack units would have run to serve load in January regardless of any required scrubber testing. Then as low energy prices took hold, generation during February and March generally occurred due to scrubber shakedown/verification testing. Attached is a table of daily over-market costs due to Merrimack operations during February and March

The Clean Air Project (Scrubber) at Merrimack Station had been placed in operation in September 2011 with Unit 1. In November 2011 Unit 2 was tied into the scrubber. The initial months of operation with these two units exhausting into the scrubber is the most critical phase in the commissioning of all scrubber equipment and systems. Necessary tuning and testing on hundreds of small and very large items, all in operation as a single large project is needed to complete important performance testing as well as reliability testing. Not performing or delaying testing places risk on the company's obligations to verify contract commitments and could jeopardize supplier commitments to PSNH and place tens of millions of dollars or more at risk. With such a large and complex project, it is critical for the Project Team to fulfill its obligations and identify any actual or potential deficiencies. These tests span a multi-month period.

During this operation and testing period, certain items were identified as needing to be addressed including the limestone reclaim system, scrubber feed pumps reduction gear, and the absorber anodic corrosion protection system, all of which were paid for by others. With the effort in February and March repairs could be made or replacement parts or equipment could be ordered and installed to insure reliability for the upcoming summer 2012 higher load period. These systems are all operating well in 2013. Testing, tuning, optimizing and repairs if necessary lead to reliable operation, all steps needed and essential in any large project commissioning and necessary to meet the NH legislative mandate of operation by July 1, 2013.

Daily Over-Market Costs Primarily Due to  
Scrubber Operations During January thru March, 2012

<u>Date</u>	<u>Cost</u> <u>\$</u>
2/1/12	133,293
2/2/12	129,204
2/3/12	109,507
2/4/12	112,056
2/5/12	117,636
2/6/12	95,313
2/7/12	107,069
2/8/12	79,965
2/9/12	94,601
2/10/12	113,100
2/11/12	70,308
2/12/12	55,453
2/13/12	42,419
2/14/12	115,114
2/15/12	158,971
2/16/12	135,622
2/17/12	47,204
2/22/12	74,531
2/23/12	254,141
2/24/12	247,366
2/25/12	274,190
2/26/12	261,614
2/27/12	223,061
2/28/12	232,093
2/29/12	239,500
3/1/12	261,349
3/2/12	238,050
3/3/12	198,104
3/4/12	161,486
3/5/12	101,294
3/6/12	97,926
3/7/12	42,402
3/8/12	44,976
3/9/12	49,842
3/10/12	48,454
3/11/12	47,429
3/12/12	46,869
3/13/12	54,838
3/14/12	54,680
3/15/12	51,062
3/16/12	56,748
3/17/12	57,817
3/18/12	59,890
3/19/12	51,022
3/20/12	56,599
3/21/12	57,466
3/22/12	38,309