

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 11-184

Public Service Company of New Hampshire, Bridgewater Power Company, L.P., Pinetree Power, Inc., Pinetree Power-Tamworth, Inc., Springfield Power LLC, DG Whitefield, LLC d/b/a Whitefield Power & Light Company, and Indeck-Alexandria, LLC et al.

Joint Petition for Approval of Power Purchase Agreements and Settlement Agreement

Supplemental Order Approving Initial Wood Price for Springfield Power LLC Power Purchase Agreement

ORDER NO. 25,411

September 14, 2012

On August 23, 2011, Public Service Company of New Hampshire (PSNH), Springfield Power LLC (Springfield) and certain other independent wood-fired power producers (collectively, Wood IPPs), the New Hampshire Department of Resources and Economic Development and Advocate Staff of the Commission (collectively, the Joint Petitioners) filed with the Commission a petition for approval of (i) five power purchase agreements (PPAs) between PSNH and the Wood IPPs (Whitefield Power & Light Company did not petition for a PPA), pursuant to RSA 374:57 and the Public Utilities Regulatory Policies Act, 16 U.S.C. 824a-3, (ii) a settlement, release and support agreement between PSNH, the Wood IPPs and Berlin Station, LLC, Laidlaw Berlin BioPower, LLC and Cate Street Capital, Inc., and (iii) a proposal for the ratemaking treatment relating to the costs of the PPAs. The pricing of power generated by the Wood IPPs and sold to PSNH under the PPAs depends in part on the “initial wood prices” set forth in the PPAs.

In *Public Service Company of New Hampshire*, Order No. 25, 305 (December 20, 2011), the Commission ordered that (i) the PPAs, with the initial wood prices stated therein, are

approved, (ii) the initial wood price for the PPA between PSNH and Springfield shall be established as set forth in the order, (iii) cost recovery by PSNH shall be on the terms set forth in the order, and (iv) PSNH's entry into the settlement agreement is approved. In *Public Service Company*, Order No. 25,294 (November 23, 2011), the Commission granted the Wood IPPs' August 23, 2011 motion for confidential treatment insofar as it sought confidential treatment for the initial wood prices in the PPAs. *Id.* at 14, 21.

Each PPA required that the applicable initial wood price was to be subject to verification, review and approval by the Commission. Because the term of the PPA between PSNH and Springfield did not commence until after Order No. 25,305 was issued, the order provided that a verification process similar to the verification process for the other PPAs would take place at a later time to establish the initial wood price within the range set forth in the Springfield PPA. Pursuant to the order, Non-Advocate Staff was to conduct a review of the initial wood price proposed for the Springfield PPA and file a report with the Commission regarding the results of the review and verification of the initial wood price. In addition, the order specified that the initial wood price applicable to the Springfield Power PPA will be subject to Commission approval.

By memorandum filed with the Commission on July 27, 2012, Non-Advocate Staff member Steven E. Mullen described the process he followed in reviewing the delivered wood price information applicable to the Springfield PPA and its calculation of the initial wood price. He also made a recommendation to approve the initial wood price. Consistent with Order No. 25,294, two versions of the memorandum were filed, a confidential version including the initial wood price information and a redacted version with such information blacked out.

His review was conducted at the law offices of Olson & Gould, PC in the company of Stephen Eckberg, representing the Office of Consumer Advocate. As Mr. Mullen described the review process,

Historic delivered wood price information was reviewed for the six-month period December 1, 2011 through May 31, 2012. During that period of time, Springfield used three different types of wood fuel: whole tree chips, pulp wood (whole logs requiring on-site chipping) and grindings from a nearby sawmill operation, with the vast majority of the fuel supplied as whole tree chips. The supporting information provided included a list of shipments by vendor, with further details including the date, ticket number, tonnage, material cost and amount paid for each shipment. For each of the fuel types, certain shipments were selected for further review of supporting documentation which included Springfield's accounts payable information, information regarding account adjustments, a printout of the check issued to the vendor and a copy of the check endorsed by the vendor. The information was well organized and [he] did not have any concerns that information supplied for the wood fuel deliveries was inadequate, nor [is he] aware of any such concerns by Mr. Eckberg.

According to Mr. Mullen,

Springfield calculated the Initial Wood Price two ways, both with and without including the chipping costs as part of the cost of pulp wood. Given the words "average delivered wood price to the facility" [in the definition of initial wood price in the Springfield PPA] along with the fact that the chipping costs are within the control of Springfield and include the use of estimates, Non-Advocate Staff recommends that the Initial Wood Price [in dollars per ton set forth in the confidential version of the memorandum] calculated without the inclusion of chipping costs be approved by the Commission with respect to the Springfield PPA. That price is within the range of Initial Wood Prices set forth in the PPA and previously approved by the Commission. In addition, the calculation of that Initial Wood Price was verified through review of documentation provided for the relevant six-month period.

In terms of procedure, and given that the Commission has previously approved the Springfield PPA subject to verification of the Initial Wood Price, Non-advocate Staff recommends the Commission issue a supplemental order approving the Initial Wood Price [in dollars per ton set forth in the confidential version of the memorandum] for the Springfield PPA.

We have reviewed the confidential version of Staff's memorandum and find that the initial wood price as verified and recommended by Non-Advocate Staff for the Springfield PPA is appropriately based on historic wood fuel deliveries, is consistent with the PPA terms and Order No. 25,305, and is otherwise reasonable. Because we previously approved the Springfield PPA subject to verification of the initial wood price in Order No. 25,305, we will also grant final approval of the Springfield PPA.


Based upon the foregoing, it is hereby

ORDERED, that the initial wood price as verified and recommended by Non-Advocate Staff in its July 27, 2012 memorandum for the PPA between PSNH and Springfield is approved and the PPA with such initial wood price is finally approved.

By order of the Public Utilities Commission of New Hampshire this fourteenth day of September, 2012.

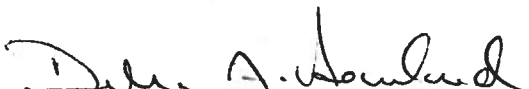


Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director