

August 22, 2008

Mr. Robert A. Bersak, Esq.
Assistant General Counsel
Public Service Company of New Hampshire
P.O. Box 330
Manchester, NH 03105

Re: DE 08-103, Public Service Company of New Hampshire
Merrimack Station Scrubber Project
Request for Information

Dear Mr. Bersak:

In the quarterly earnings report (10-Q) filed by Public Service Company of New Hampshire's (PSNH) parent company Northeast Utilities (NU) with the Securities and Exchange Commission on August 7, 2008, NU reported that it was moving forward with a project to install a wet flue gas desulphurization system, commonly referred to as "scrubber" technology, at Merrimack Station in Bow for the purpose of achieving reductions in mercury emissions as required by RSA 125-O:11 through 18. In its 10-Q, NU identified an estimated project cost of \$457 million, which represents approximately an 80 percent increase over the original estimate of \$250 million.

The Commission has determined pursuant to RSA 365:5 and 365:19 to inquire into: the status of PSNH's efforts to install scrubber technology; the costs of such technology; and the effect installation would have on energy service rates (previously referred to as the default service charge) for PSNH customers. Accordingly, PSNH is directed to file, by September 12, 2008, a comprehensive status report on its installation plans, a detailed cost estimate for the project, an analysis of the anticipated effect of the project on energy service rates, and an analysis of the effect on energy service rates if Merrimack Station were not in the mix of fossil and hydro facilities operated by PSNH.

RSA 125-O:11, enacted in 2006, requires PSNH to install new scrubber technology at Merrimack Station by July 1, 2013 that will achieve at least an 80 percent reduction in mercury emissions. In addition, subsection VI provides: "The installation of such technology is in the public interest of the citizens of New Hampshire

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and the customers of affected sources.” RSA 369-B:3-a, enacted in 2003, authorizes PSNH to modify its generation assets only if the Commission first finds “that it is in the public interest of retail customers of PSNH to do so.” In light of a potential conflict between these statutory provisions, PSNH is directed to file, also by September 12, 2008, a memorandum of law addressing the nature and extent of the Commission’s authority relative to the Merrimack Station scrubber project.

Docket No. DE 08-103, Investigation of PSNH’s Installation of Scrubber Technology, has been assigned as the repository for the materials to be filed by PSNH. To the extent PSNH contends any portions of its filings are confidential, it shall file an appropriate motion. PSNH shall provide a copy of its filings to the Office of Consumer Advocate, who may also file a memorandum of law by September 12, 2008. The Commission will consider further actions after it has the opportunity to review the filings.

Sincerely,

Debra A. Howland
Executive Director

cc: Office of Consumer Advocate