

Michael P. Nolin
Chairman

Thomas B. Getz, Esquire
Vice-Chairman

The State of New Hampshire
Site Evaluation Committee



January 29, 2004

Christopher J. Allwarden, Esq.
Senior Legal Counsel
Public Service of New Hampshire
780 North Commercial Street
Manchester, N.H. 03101

Re: PSNH/Schiller Wood Conversion Project
SEC Docket No. 2003-02

Dear Mr. Allwarden:

On September 3, 2003, the New Hampshire Site Evaluation Committee (Committee) received a letter from you concerning the proposal of Public Service Company of New Hampshire (PSNH) to replace a coal fired electric generating unit at the Schiller Generating Station in Portsmouth with a wood burning unit utilizing a fluidized bed technology (Replacement Unit). The Replacement Unit would be capable of burning either wood or coal. Your letter advised the Committee that the proposal did not trigger the jurisdictional requirements of RSA 162-H.

On December 1, 2003, the Committee considered your proposal at a public meeting. Further consideration of the proposal was deferred until January 23, 2004. On January 20, 2004, you filed additional information regarding the proposal and a memorandum of law supporting your position. On January 23, 2004, at a public meeting, the Committee again considered the proposal. As you know, PSNH was permitted to make presentations to the Committee at both public meetings.

After careful consideration, the Committee voted to allow me to respond to your request in the following fashion.

Based upon the representations contained in your letter of September 3, 2003; the material filed by you on January 20, 2004; and, the information provided at the public meetings on December 1, 2003, and January 23, 2004, it appears that the replacement of one coal-burning unit with the proposed wood burning unit at the Schiller Generating Station, does not trigger the jurisdiction of the Committee under

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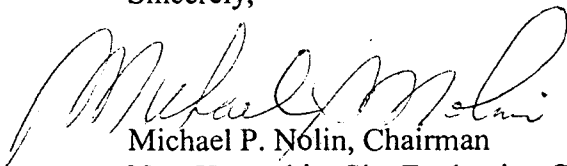
RSA 162-H. The Committee understands that PSNH intends to retire boiler unit number 5 which is presently a coal fired unit and replace it with a new fluidized bed boiler which will be capable of burning either wood or coal. The new unit will be of similar size to the retired coal burner and will have a similar operating capacity. The Committee further understands that any and all construction necessary to the proposed conversion will occur within the confines of the presently existing site. Since the facility will not sizably increase either in size or in generating capacity, the Committee does not find that the replacement detailed in your request is a sizeable addition to the facility requiring the filing of a formal application and compliance with the statutory mandates of RSA 162-H.

Nothing contained in this letter should be construed as an adoption of your theory that the Schiller Generating Station is somehow "grandfathered" and therefore excluded from the statutory framework of RSA 162-H.

You should be advised that the Committee's action in this regard is based upon the representations made by PSNH. Should some change of circumstances occur, the Committee might, indeed, advise PSNH that a formal application and compliance with the requirements of RSA 162-H is required. Please note that the decision contained in this letter should not be considered as precedent and may not be relied upon by PSNH with regard to future construction at Schiller Station or any other facility.

Please note that nothing contained in this letter should be construed to relieve PSNH from the applicable requirements of other existing state, federal and local regulatory agencies, including but not limited to regulations administered by the United States Environmental Protection Agency, the State of New Hampshire Department of Environmental Services, and the City of Portsmouth.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael P. Nolin".

Michael P. Nolin, Chairman
New Hampshire Site Evaluation Committee