

EX. 2

THE STATE OF NEW HAMPSHIRE
 before the
 PUBLIC UTILITIES COMMISSION
 Public Service Company of New Hampshire
 Merrimack Station Scrubber Project

ORIGINAL	
N.H.P.U.C. Case No.	DE 11-250
Exhibit No.	#2
Witness	Panel 1
DO NOT REMOVE FROM FILE	

Docket No. DE 08-103

Progress Report

November 10, 2011

Public Service Company of New Hampshire ("PSNH") is pleased to provide this status update regarding the Clean Air Project ("Project") involving the legislatively mandated installation of a Wet Flue Gas Desulfurization ("FGD") System (i.e., "Scrubber" technology) by PSNH at its Merrimack Generating Station. This report will provide:

- I. A status report on Project construction, equipment installation and start-up progress to date.
- II. A summary of the Project's in-service status and performance to date.
- III. An update on Project cost.
- IV. A summary of operational and maintenance activities of the Project.
- V. Review of Legislative Mandate.

This Report is an update on the substantive Project itself, and does not include a discussion of the Project's effect on rates. That information is included in the on-going PSNH Proposed Default 2012 Energy Service Rate proceeding, Docket No. DE 11-215.

I. SCRUBBER CONSTRUCTION, EQUIPMENT INSTALLATION AND START-UP PROGRESS

Since our previous report provided last October, 2010, exceptional progress has been made on the Project. The quick and successful construction program has led to the early commissioning, start-up, and operation of the Project, with an official in-service date for the Scrubber of September 28, 2011. This milestone was achieved in accordance with the statutory mandate and finding that "It is in the public interest to achieve significant reductions in mercury emissions at the coal-burning electric power plants in the state as

The table below provides a list of the Project's major islands and supporting work that have been installed and which were operating and placed in-service on or before September 30, 2011. Also listed are the costs incurred and placed in-service consistent with completion of this work.

Clean Air Project – including	Total Dollars In-service as of 9/30/11 (in millions)
Scrubber system	
Chimney Island	
Material Handling systems	
Wastewater Treatment system	
BOP- Civil / Structural	
BOP Electrical	
BOP Mechanical	
	\$324.6
Warehouse	\$1.1
Yellow Meeting Place Building	\$2.0
FGD 115 kV switchyard and sub-station	\$17.0
TOTAL	\$344.7

The Unit 2 outage is expected to be completed during the third week of November, 2011. Upon that Unit's start-up the ductwork and booster fan equipment associated with Unit 2 will be placed into operation, and officially placed in-service upon their respective successful operational demonstration. PSNH will notify the Commission upon the successful placement in-service of the Project's Unit 2 facilities.

Though material and equipment is installed and functioning, the majority of the Project's contracts have a number of performance requirements to be demonstrated, operational requirements to be fulfilled, and resolution of any remaining punchlist items before final payments will be made. This effort will continue through 2012. By contract, at least one performance payment is not scheduled until early 2013, following at least 1 year of successful operation.

Construction efforts that are on-going as of September 30, 2011 include: tie-in and start-up of the Unit 2 specific equipment (ductwork, booster fans, etc.), the truck wash building, and the truck scales. These items are all expected to be in-service in 2011. The secondary wastewater treatment equipment is expected to be completed and placed in-service in phases during the last quarter of 2011 and the first half of 2012.