Bill as Introduced

HB 1238 – AS INTRODUCED

2012 SESSION

12-2534
09/01

HOUSE BILL ***1238***

AN ACT relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.

SPONSORS: Rep. Holden, Hills 4; Rep. Ohm, Hills 26

COMMITTEE: Science, Technology and Energy

ANALYSIS

This bill requires Public Service of New Hampshire (PSNH) to divest its fossil, hydro, and biomass generation assets by December 1, 2013.

Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

HB 1238 – AS INTRODUCED

12-2534
09/01

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twelve

AN ACT relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Divestiture of PSNH Generation Assets. Amend RSA 369-B:3-a to read as follows:

369-B:3-a Divestiture of PSNH Generation Assets. [~~The sale of PSNH fossil and hydro generation assets shall not take place before April 30, 2006.~~]

I. Notwithstanding RSA 374:30, [~~subsequent to April 30, 2006,~~] PSNH [~~may~~] ***shall*** divest its ***fossil, hydro, and biomass*** generation assets [~~if the commission finds that it is in the economic interest of retail customers of PSNH to do so, and provides~~] ***by December 31, 2013. The commission shall provide*** for the cost recovery of such divestiture. Prior to any divestiture of its generation assets, PSNH may modify or retire such generation assets if the commission finds that it is in the public interest of retail customers of PSNH to do so, and provides for the cost recovery of such modification or retirement.

II. PSNH shall submit to the commission by October 15, 2012 a plan for the divestiture of the generation assets. The plan shall provide for an open and fair process for buyers to compete for the purchase of the assets. The plan shall require the approval or conditional approval of the commission. The plan shall not address issues of cost recovery or the application of sales revenues.

2 Restructuring Policy Principles; Regulation and Unbundling of Services and Rates. Amend RSA 374-F:3, III to read as follows:

III. Regulation and Unbundling of Services and Rates. When customer choice is introduced, services and rates should be unbundled to provide customers clear price information on the cost components of generation, transmission, distribution, and any other ancillary charges. Generation services should be subject to market competition and minimal economic regulation and [~~at least functionally~~] separated from transmission and distribution services which should remain regulated for the foreseeable future. However, distribution service companies should not be absolutely precluded from owning small scale distributed generation resources as part of a strategy for minimizing transmission and distribution costs. Performance based or incentive regulation should be considered for transmission and distribution services. Upward revaluation of transmission and distribution assets is not a preferred mechanism as part of restructuring. Retail electricity suppliers who do not own transmission and distribution facilities, should, at a minimum, be registered with the commission.

3 Effective Date. This act shall take effect 60 days after its passage.

Amendments

Rep. Kaen, Straf. 7
February 6, 2012
2012-0626h
09/10

Not Adopted

Amendment to HB 1238

Amend the title of the bill by replacing it with the following:

AN ACT relative to divestiture or retirement of Public Service of New Hampshire (PSNH) generation assets.

Amend the bill by replacing all after the enacting clause with the following:

1 Divestiture of PSNH Generation Assets. Amend RSA 369-B:3-a to read as follows:

369-B:3-a Divestiture of PSNH Generation Assets. [~~The sale of PSNH fossil and hydro generation assets shall not take place before April 30, 2006.~~]

I. Notwithstanding RSA 374:30, [~~subsequent to April 30, 2006,~~] PSNH [~~may~~] ***shall*** divest ***or retire*** its ***fossil, hydro, and biomass*** generation assets [~~if~~] ***when*** the commission finds that it is in the economic interest of retail ***default service*** customers of PSNH to do so, and provides for the cost recovery of such divestiture. Prior to any divestiture of its generation assets, PSNH may ***only*** modify [~~or retire~~] ***or make additional significant ratepayer-funded investments in*** such generation assets if the commission finds that it is in the [~~public~~] ***economic*** interest of retail ***default service*** customers of PSNH to do so[~~, and provides for the cost recovery of such modification or retirement~~] ***in advance of any such investments.***

II. The commission shall open a docket by August 1, 2012 to consider whether all or some of PSNH's generation assets should be divested or retired. The docket should consider the rate impacts of any sale or retirement, the rate impacts of continued ownership, the potential market value of the assets, and the impact of energy supply and demand on PSNH's future ownership of the plants, if appropriate.

III. If the commission finds that it is in the interest of PSNH's default service customers to divest or retire some or all of its generation assets, PSNH shall develop a divestiture or retirement plan within one year of the commission's order. The plan shall require the approval or conditional approval of the commission. The commission shall oversee an open and fair process for buyers to compete for the purchase of the assets. Upon the sale or divestiture of any assets, the commission may approve prudent cost recovery and the application of revenues from any sales to the benefit of PSNH's customers.

2 Restructuring Policy Principles; Regulation and Unbundling of Services and Rates. Amend RSA 374-F:3, III to read as follows:

III. Regulation and Unbundling of Services and Rates. When customer choice is introduced, services and rates should be unbundled to provide customers clear price information on the cost components of generation, transmission, distribution, and any other ancillary charges. Generation services should be subject to market competition and minimal economic regulation and [~~at least functionally~~] separated from transmission and distribution services which should remain regulated for the foreseeable future. However, distribution service companies should not be absolutely precluded from owning small scale distributed generation resources as part of a strategy for minimizing transmission and distribution costs. Performance based or incentive regulation should be considered for transmission and distribution services. Upward revaluation of transmission and distribution assets is not a preferred mechanism as part of restructuring. Retail electricity suppliers who do not own transmission and distribution facilities, should, at a minimum, be registered with the commission.

3 Effective Date. This act shall take effect upon its passage.

Rep. J. Garrity, Rock. 6
February 21, 2012
2012-0928h
06/04

need from Jim original copies

told Jim please remind Jim

Amendment to HB 1238

Amend the title of the bill by replacing it with the following:

AN ACT relative to cost recovery of Public Service of New Hampshire fossil, hydro, or biomass generation assets.

Amend the bill by replacing all after the enacting clause with the following:

1 Divestiture of PSNH Generation Assets. Amend RSA 369-B:3-a to read as follows:

369-B:3-a Divestiture of PSNH Generation Assets.

I. The sale of PSNH fossil and hydro generation assets shall not take place before April 30, 2006. Notwithstanding RSA 374:30, subsequent to April 30, 2006, PSNH may divest its generation assets if the commission finds that it is in the economic interest of retail customers of PSNH to do so, and provides for the cost recovery of such divestiture. Prior to any divestiture of its generation assets, PSNH may modify or retire such generation assets if the commission finds that it is in the public interest of retail customers of PSNH to do so, and provides for the cost recovery of such modification or retirement.

II. In order to maintain true unbundling of rates and services and to provide customers with clear price information on the cost components of generation under RSA 374-F:3, III, all costs associated with any PSNH fossil, hydro, or biomass generation asset shall only be recoverable from retail customers through ~~the~~ PSNH's default service rate or rates as long as such asset has not been divested or retired.

2 Effective Date. This act shall take effect 60 days after its passage.

Amendment to HB 1238
- Page 2 -

2012-0928h

AMENDED ANALYSIS

This bill limits recovery of costs associated with any Public Service of New Hampshire fossil, hydro, or biomass generation asset, that has not been divested or retired, from retail customers only through Public Service of New Hampshire's default service rate.

Rep. Kaen, Straf. 7
March 12, 2012
2012-1194h
09/10

Not Adopted

Amendment to HB 1238

Amend the bill by replacing all after the enacting clause with the following:

1 Divestiture of PSNH Generation Assets. RSA 369-B:3-a is repealed and reenacted to read as follows:

369-B:3-a Divestiture of PSNH Generation Assets.

I. Notwithstanding RSA 374:30, PSNH shall divest or retire any fossil, hydro, or biomass generation asset for which the commission finds that it is in the economic interest of retail default service customers of PSNH to do so. The commission shall provide for the cost recovery of such divestiture or retirement. Prior to any divestiture or retirement of its generation assets, PSNH may only modify such generation assets if the commission finds that it is in the economic interest of retail default service customers of PSNH to do so. The commission shall provide for the cost recovery of such modification.

II. The commission shall open a docket by August 1, 2012 to consider whether all or some of PSNH's generation assets should be divested or retired. The docket should consider, at a minimum, the potential market value of the assets, the potential rate impacts of any divestiture or retirement, and the potential rate impacts of continued ownership and operation.

III. If the commission finds in the docket opened under paragraph II or any subsequent docket that it is more likely than not in the economic interest of PSNH's default service customers to divest or retire some or all of its generation assets, then:

(a) PSNH shall develop a plan to put into effect such divestiture or retirement and submit it to the commission within 6 months of the commission's order. The plan shall not address issues of cost recovery or the application of sales revenues. The plan shall require the approval or conditional approval of the commission. The commission shall oversee an open and fair process for buyers to compete for the purchase of the assets if divestiture is required.

(b) In a separate proceeding, the commission shall provide for cost recovery of the divestiture or retirement, as required under paragraph I, and the application of any sales revenues or other benefits that exceed those needed for cost recovery, to the benefit of PSNH's customers.

2 Effective Date. This act shall take effect upon passage.

2012-1194h

AMENDED ANALYSIS

This bill establishes requirements for Public Service of New Hampshire (PSNH) to divest its fossil, hydro, and biomass generation assets.

Rep. Levasseur, Hills. 11
March 14, 2012
2012-1242h
09/10

Amendment to HB 1238

Not Adopted

Amend the title of the bill by replacing it with the following:

AN ACT requiring the legislative oversight committee on electric utility restructuring to make an annual report on electric utility restructuring and competitive electricity markets.

Amend the bill by replacing all after the enacting clause with the following:

1 Legislative Oversight Committee; Duties; Report. RSA 374-F:6, III is repealed and reenacted to read as follows:

III. Providing an annual report on or before November 1 to the governor, the speaker of the house of representatives, the senate president, the state library, and the public utilities commission on the status of electric utility restructuring; competitive electricity markets, including, but not limited to, structure, effectiveness, impacts to wholesale and retail electricity markets for New Hampshire, and effects of regulated ownership of generation on electricity rates and on the markets; and regional cooperation, standards, oversight, supply, and reliability issues.

2 Effective Date. This act shall take effect upon its passage.

2012-1242h

AMENDED ANALYSIS

This bill requires the legislative oversight committee on electric utility restructuring to make an annual report on electric utility restructuring and competitive electricity markets.

Rep. J. Garrity, Rock. 6
March 16, 2012
2012-1284h
06/09

Amendment to HB 1238

Not Adopted

Amend the title of the bill by replacing it with the following:

AN ACT relative to cost recovery and divesture of Public Service of New Hampshire fossil, hydro, or biomass generation assets and relative to the duties of the legislative oversite committee on electric restructuring.

Amend the bill by replacing all after the enacting clause with the following:

1 Divestiture of PSNH Generation Assets. Amend RSA 369-B:3-a to read as follows:

369-B:3-a Divestiture of PSNH Generation Assets.

I. The sale of PSNH fossil and hydro generation assets shall not take place before April 30, 2006. Notwithstanding RSA 374:30, subsequent to April 30, 2006, PSNH may divest its generation assets if the commission finds that it is in the economic interest of retail customers of PSNH to do so, and provides for the cost recovery of such divestiture. Prior to any divestiture of its generation assets, PSNH may modify or retire such generation assets if the commission finds that it is in the public interest of retail customers of PSNH to do so, and provides for the cost recovery of such modification or retirement.

II. In order to maintain true unbundling of rates and services and to provide customers with clear price information on the cost components of generation under RSA 374-F:3, III, all costs associated with any PSNH fossil, hydro, or biomass generation asset shall only be recoverable from retail customers through the PSNH default service rates as long as such asset has not been divested or retired.

2 Divestiture of PSNH Generation Assets. Amend RSA 369-B:3, IV(b)(1)(A) to read as follows:

(1)(A) From competition day until the completion of the sale of PSNH's ownership interests in fossil and hydro generation assets located in New Hampshire, PSNH shall supply [~~all~~], except as modified pursuant to RSA 374-F:3, V(f), [~~transition service and~~] default service offered in its retail electric service territory from its generation assets and[~~, if necessary,~~] through [~~supplemental~~] power purchases in a manner approved by the commission. The price of such default service shall be ***all of*** PSNH's actual, prudent, and reasonable costs of providing such power, as approved by the commission;

3 Existing Cost Allocations. Any costs associated with supplying default service power to PSNH customers that are not included in the price of such default service, as approved by an order or orders of the public utilities commission issued prior to January 1, 2012, need not be included in the

price of such default service under this act for the time period authorized in the order or orders. If such costs are stranded costs as defined in RSA 374-F:2 and identified as such by the commission in the order or orders, then exclusion from the price of default service may continue until the identified stranded costs no longer exist, as determined by the commission.

4 New Paragraph; Legislative Oversight Committee on Electric Utility Restructuring; Duties. Amend RSA 374-F:6 by inserting after paragraph IV the following new paragraph:

V. Working with the commission to determine if partial or full divestiture of PSNH generation assets is in the economic interest of retail customers of PSNH after accounting for the cost recovery of such divestiture.

5 Effective Date. This act shall take effect upon its passage.

2012-1284h

AMENDED ANALYSIS

This bill:

I. Limits recovery of costs associated with any Public Service of New Hampshire fossil, hydro, or biomass generation asset, that has not been divested or retired, from retail customers only through Public Service of New Hampshire's default service rate.

II. Changes certain requirements for divestiture of PSNH generation assets.

III. Adds a duty to the legislative oversight committee on electric utility restructuring.

Rep. Levasseur, Hills. 11
March 20, 2012
2012-1342h
09/04

Not Adopted

Amendment to HB 1238

Amend the title of the bill by replacing it with the following:

AN ACT relative to divestiture or retirement of Public Service of New Hampshire (PSNH) generation assets.

Amend the bill by replacing all after the enacting clause with the following:

1 Divestiture of PSNH Generation Assets. Amend RSA 369-B:3-a to read as follows:

369-B:3-a Divestiture of PSNH Generation Assets. ~~[The sale of PSNH fossil and hydro generation assets shall not take place before April 30, 2006.]~~

I. Notwithstanding RSA 374:30, [~~subsequent to April 30, 2006,~~] PSNH may divest ***or retire any of*** its ***fossil, hydro, and biomass*** generation assets if the commission finds that it is in the economic interest of retail ***default service*** customers of PSNH to do so, and provides for the cost recovery of such divestiture. Prior to any divestiture of its generation assets, PSNH may ***only*** modify [~~or retire~~] ***or make additional ratepayer-funded investments, other than investments for routine maintenance, in*** such generation assets if the commission finds that it is in the [~~public~~] ***economic*** interest of retail ***default service*** customers of PSNH to do so, and provides for the cost recovery of such modification or retirement.

II. The commission shall open a docket by August 1, 2012 to consider whether all or some of PSNH's generation assets should be divested or retired. The docket should consider the rate impacts of any sale or retirement, the rate impacts of continued ownership, the potential market value of the assets, and the impact of energy supply and demand on PSNH's future ownership of the plants, if appropriate.

III. The commission shall prepare and submit a report of its findings under paragraph II to the speaker of the house of representatives and the senate president.

2 Effective Date. This act shall take effect upon its passage.

2012-1342h

AMENDED ANALYSIS

This bill establishes certain requirements if Public Service of New Hampshire (PSNH) divests or retires any of its fossil, hydro, and biomass generation assets.

Rep. J. Garrity, Rock. 6
March 20, 2012
2012-1358h
09/01

Amendment to HB 1238

Amend the title of the bill by replacing it with the following:

AN ACT relative to cost recovery and divesture of Public Service of New Hampshire fossil, hydro, or biomass generation assets and relative to the duties of the legislative oversight committee on electric restructuring.

Amend the bill by replacing all after the enacting clause with the following:

1 Divestiture of PSNH Generation Assets. RSA 369-B:3-a is repealed and reenacted to read as follows:

369-B:3-a Divestiture of PSNH Generation Assets.

I. Notwithstanding RSA 374:30, PSNH shall divest or retire any fossil, hydro, or biomass generation asset for which the commission finds that it is in the economic interest of retail default service customers of PSNH to do so. The commission shall provide for the cost recovery of such divestiture or retirement. Prior to any divestiture or retirement of its generation assets, PSNH may only modify such generation assets if the commission finds that it is in the economic interest of retail default service customers of PSNH to do so. The commission shall provide for the cost recovery of such modification.

II. The commission shall open a docket by August 1, 2012 to consider whether all or some of PSNH's generation assets should be divested or retired. The docket should consider, at a minimum, the potential market value of the assets, the potential rate impacts of any divestiture or retirement, and the potential rate impacts of continued ownership and operation.

III. If the commission finds in the docket opened under paragraph II or any subsequent docket that it is more likely than not in the economic interest of PSNH's default service customers to divest or retire some or all of its generation assets, then:

(a) PSNH shall develop a plan to put into effect such divestiture or retirement and submit it to the commission within 6 months of the commission's order. The plan shall not address issues of cost recovery or the application of sales revenues. The plan shall require the approval or conditional approval of the commission. The commission shall oversee an open and fair process for buyers to compete for the purchase of the assets if divestiture is required.

(b) In a separate proceeding, the commission shall provide for cost recovery of the divestiture or retirement, as required under paragraph I, and the application of any sales revenues or other benefits that exceed those needed for cost recovery, to the benefit of PSNH's customers.

IV. In order to maintain true unbundling of rates and services and to provide customers with clear price information on the cost components of generation under RSA 374-F:3, III, all costs associated with any PSNH fossil, hydro, or biomass generation asset shall only be recoverable from retail customers through the PSNH default service rates as long as such asset has not been divested or retired.

2 Divestiture of PSNH Generation Assets. Amend RSA 369-B:3, IV(b)(1)(A) to read as follows:

(1)(A) From competition day until the completion of the sale of PSNH's ownership interests in fossil and hydro generation assets located in New Hampshire, PSNH shall supply [~~all~~], except as modified pursuant to RSA 374-F:3, V(f), [~~transition service and~~] default service offered in its retail electric service territory from its generation assets and[~~, if necessary,~~] through [~~supplemental~~] power purchases in a manner approved by the commission. The price of such default service shall be ***all of*** PSNH's actual, prudent, and reasonable costs of providing such power, as approved by the commission;

3 Existing Cost Allocations. Any costs associated with supplying default service power to PSNH customers that are not included in the price of such default service, as approved by an order or orders of the public utilities commission issued prior to January 1, 2012, need not be included in the price of such default service under this act for the time period authorized in the order or orders. If such costs are stranded costs as defined in RSA 374-F:2 and identified as such by the commission in the order or orders, then exclusion from the price of default service may continue until the identified stranded costs no longer exist, as determined by the commission.

4 New Paragraph; Legislative Oversight Committee on Electric Utility Restructuring; Duties. Amend RSA 374-F:6 by inserting after paragraph IV the following new paragraph:

V. Working with the commission to determine if partial or full divestiture of PSNH generation assets is in the economic interest of retail default service customers of PSNH after accounting for the cost recovery of such divestiture.

5 Effective Date. This act shall take effect upon its passage.

2012-1358h

AMENDED ANALYSIS

This bill:

I. Limits recovery of costs associated with any Public Service of New Hampshire fossil, hydro, or biomass generation asset, that has not been divested or retired, from retail customers only through Public Service of New Hampshire's default service rate.

II. Changes certain requirements for divestiture of PSNH generation assets.

III. Adds a duty to the legislative oversight committee on electric utility restructuring.

Speakers

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 1238 Date 2-2-12

Committee ST & E

**** Please Print All Information ****

Name	Address	Phone	Representing	(check one) Pro	Con
Marie VAN Luling	152 Bamford Rd	800-324-8012	PSNH		✓
Christine Colantuono	45 Francestown Rd Nottingham	436-7708 x5328	PSNH		✓
Dan Fortin	145 Hollis St. Unit C Merrimack, NH	Brookline NH			✓
Rep. Janet G Wall	Strafford #7				✓
Rep Carl P Christensen	Hills Dist 27				✓
Rep Timothy Twombly	Hills Dist 25				✓
Linda Twombly	Nashua NH				✓

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 1238 Date 2-2-12

Committee ST&E

**** Please Print All Information ****

Name	Address	Phone	Representing	Pro	Con
Harold Keyes	Bow, NH	224-3188	PSNH		✓
Mark Duke	Bow, NH	224-1338	PSNH		✓
Nicholas Loiselle	Barrington NH	603-312-2329	PSNH		✓
Gerald Duval	Bedford, NH	603-472-8418	PSNH		✓
David Cribbie	Belmont, NH	603-528 2904	PSNH		✓
Tom Frantz			NHPUC		
Paul Grenier	492 [illegible] Berlin	752-4693	City of Berlin		✓
Rick White	Berlin, CT	860-828-5820	PSNH		✓
Mark Sandler	Bow, NH	603-545-5755	PSNH		✓

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 1238 Date 2-2-12

Committee ST & E

** Please Print All Information **

Name	Address	Phone	Representing	(check one) Pro	Con
Ed GARDNER	414 CYPRESS ST	603 296-7666	PSNH		X
RICHARD ROY	475 SHAKER RD	603-226-3824	PSNH		X
BRIAN CASEY	451 SHAKER LA	603 229-0027	PSNH		X
RAY HORTON	36 GALAXY DRIVE	6036699582	PSNH		X
Doug Peterson	18 Elm Dr.	(603)529 8117	PSNH		X
Will Stewart	54 Hanover St, Manch.	603-729-4107	Manchester Chamber		X
Linda T Lands	50 Ridge Rd., Concord	603-224-3423	PSNH		X
RICHARD T. CHAGNON	20 STONEY BROOK RD	BOW, NH	PSNH		X
Michael Moran	72 Dunlap St,	Manchester NH			X
John M. Smith	335 Academy Rd.,	Pembroke, NH			X
Mark A Easter	308 River rd	Weare NH 03281	PSNH		✓
Marcus Hayes	113 Indian Rock Rd	Merrimack NH 03054	603-305-9475 PSNH		✓
Tim Panozzi	70 High St	Goffstown NH 03045	603 660 2345		✓
Dave Emanuel	145 Hollis St	Manchester NH 03101			✓

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 1238 Date 2-2-12

Committee ST & E

** Please Print All Information **

Name	Address	Phone	Representing	(check one) Pro	Con
P. Smith	Manchester		PSNH		X
Ken Martin	Sanbornton	387-0879	Hampton Inn		X
Erica Menard	Deerfield	463-3070	PSNH		X
Tom Ryan	Dover	743-1652	IBEW		X
Kurt Ehrenberg	Hooksett	623-7302	NH AFL-CIO		X
David Pelletier	Dunbarton NH	494-1774	u 131		X
Tim Sink	Concord	Greater Concord Chamber of Commerce			X
Randy J. Perkins	Gilmanton	267-1278	PSNH		X
Elizabeth L. LaRocca	~~Hooksett~~ Londonderry, NH		PSNH		X

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 1238 Date 2-2-12

Committee ST & E

** Please Print All Information **

Name	Address	Phone	Representing	(check one) Pro	Con
Rep Marc D Tremblay			COOS		✓
JOHN MACDONALD	Amherst	(603) 634-2236	PSNH		✓
DAVID FINK	Windham	603 421-0145	PAN Am Rail		✓
JODY TENBROCK	WATERFORD	860 716 2711	PSNH		✓
Richard Branch	Gilmanton	603-364-1636			✓
~~TOM KEAN~~					
STEVEN ELDREDGE	241 RESERVOIR ROAD, FARMINGTON	603-866-0130			X
REP SANDRA KEANS		STAFFOR 1			X

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 1238 Date 2-2-12

Committee ST & E

**** Please Print All Information ****

Name	Address	Phone	Representing	(check one) Pro	Con
Robert Clegg			SMALL BUSINESS SMALL IND		✓
James Shultz		Manchester			✓
Dan Sullivan		Nashua			✓
Casey Reich		Hanover			✓
Stephen Dendartog		Hanover			✓
Davinder Sodhi		Hanover			✓
Kurt Feyer		Hanover			✓
Karen Sheldon		Hanover			✓
Richard Sheldon		Hanover			✓
Mary Allen		Hanover			✓
Clayton Delaney		Lebanon			✓
Rosemary Churchill		Lebanon			✓
Erling Heistad		Lebanon			✓
Gloria Rizzeti		Lebanon			✓
Jessie Rios		Lebanon			✓
Mary Skinner		Lebanon			✓

Opposition

Hearing Minutes

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

PUBLIC HEARING ON HB 1238

BILL TITLE: relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.

DATE: February 2, 2012

LOB ROOM: Representatives Hall **Time Public Hearing Called to Order:** 8:30 am

Time Adjourned: 3:02 pm

(please circle if present)

Committee Members: Reps. Garrity, Holden, Introne, Cataldo, Devine, Remick, Rappaport, Bradley, MacMahon, O'Connor, Panek, Parison, Summers, Kaen, Cali-Pitts, Read, Levasseur and Pastor.

Bill Sponsors: Reps. Holden and Ohm

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Frank Holden, prime sponsor – Bill is being brought forward to learn more of any issues of divestiture.

Rep. Mark Tremblay - Opposes the bill. See handout 1 and 1a.

Chairman Jim Garrity – Handouts numbers 2,3,4, and 5 distributed by Chairman Garrity. Note: $700,000 dollars is total value of PSNH if sold.

Terry Large & Donna Gamache, PSNH – Oppose the bill. See handouts #6 & 7.

Q: Rep. Lawrence Rappaport – Handout taken as book value?

A: Net assets for PUC for value.

Q: Are book values?

A: Assets are what is invested.

Q: Rep. Jacqueline Cali-Pitts – If plant is sold will it operate in New Hampshire?

A: Anything can be possible and/or operate in New Hampshire, is up to the buyer.

Q: What is the value that a foreign entity will purchase?

A: None.

Q: Rep. James Summers - Price of electricity; why higher than rest of state?

A: New England is higher; few condition resources since we have to import; including transportation cost. Coal is not abundant.

Q: Stranded costs, i.e. shortfall, and what would be the magnitude of cost?

A: Will present that to you by the end of the day.

Q: Rep. Robin Read – What/how are your plants operating?

A: 60%-65% range of operation within 5% of that operation – ISONE dispatched to call on the plants power. Some base load units may operate daily and high and low depending upon ISO's need.

Q: How does this capacity affect the customer rates?

A: Our turnaround operates less or more as required.

Q: Rep. Bill O'Connor – On page 3 of handout – is the numbers regulated?

A: Unregulated.

Q: Rep. Naida Kaen – If plant not running and fuel in storage, do you make any profit?

A: Regulated compact by 150.

Q: Stranded costs?

A: Value of assets is based upon the market prices.

Q: Would market price project the future value?

A: Future markets are not predictable.

Q: Rep. Nickolas Levasseur – Chart on page 4, line appears to converge in 2010 – any savings?

A: Small savings are possible.

Q: Rep. Cali-Pitts – Transmission – if we deregulate will selling the plants get rid of cost on transmission lines?

A: The company that purchases that utility will pick up cost of transmission line, etc.

***Cleve Kapala, TransCanada**- Supports bill as written; see written testimony.

Q: Rep. Beatriz Pastor – Would divestiture have an impact on jobs?

A: PSNH docket before PUC customers may be affected and note scrubber cost will not be transferred to customers and employment may or may not be affected.

Q: Rep. Remick – In reference to sixth bullet-this action left NH, etc.?

A: Redundant as applied to all electric generation.

Q: If Newington standard cost be effective by stranded costs if purchased by another company?

A: Not known.

Q: Rep. Summers - Does average person lose from stranded costs?

A: PSNH wired customer's rates are not affected.

***Bill Massaey, COMPETE Coalition** – Supports the bill. Handout #9. Hybrid model is best example; prices are determined by competition by number of suppliers.

Q: Rep. O'Connor – What will affect of natural gas prices do to the public?

A: Prices at this time are low. Do you want the fuel rates determined by the government or by the market?

Q: Rep. Pastor – Questionable to purchase a company. How will divestiture compare to now?

A: When market is fairly structured and an invested market makes a favorable field renewable resources are fair to all the customers.

Q: Rep. Cali-Pitts – The playing field is level when all are low; how does a new company coming in stay level? Just by selling?

A: There are arguments to changes by policy makers. A monopoly exists and no need for this model. A well structured market presents are not a monopoly by increasing the market of competition. Monopoly rates are higher than standard market rates. The same is occurring here and lots of regulation are set and urge this body to look at this proposal.

Q: Rep. Rappaport – If this bill was passed, and a customer of PSNH, you can buy from other customers, how does this service the people?

A: It lets other suppliers buy and may become cheaper and get more suppliers; you own the wires and generation in a fully involved market they own the wires. The price will be more competitive.

Q: Rep. Remick – PSNH is a monopoly?

A: No, they have an investiture of on a monopoly and more competition will bring lower prices.

Q: PSNH regulated do they get their rate of return?

A: Yes, cost of service is part of the reasonable rate of return in that model. Operational efficiency gives you a fair market value to the share holders.

Q: Rep. Levasseur – Current system by removing PSNH; will it lower the prices?

A: In the market it's the competition that sets the prices; monopoly is an old fashioned system and plenty of room because the market is managed well.

Q: Rep. Cali-Pitts – With regulation, explain benefit.

A: My understanding that regulation and transmission that generation is a model for robust demand response reduces demand on government and/or private parties can best give better prices.

Q: Rep. Introne – The testimony we have heard from states that have been deregulated-explain?

A: California is on hold and other states are considering the market approach and we understand the market behavior. Large companies are looking at prices vs. services. If you want a level playing field and companies want to come in to help in lowering these prices.

Q: Are we in the path of a well structured path?

A: You are on a well structured wholesale market. Your commissioner is doing the job and I believe you can have a better competitive market and prices.

Q: Rep. Rappaport – Are you considering a well regulated market a fiscal market?

A: All markets have a structure; you make the choice of a monopoly or open regulated market.

Q: Rep. Summers – Do we have enough energy in New Hampshire?

A: We have inadequacies of any transmission grid and limits the resources cost from our local ISO or other ISO's that you use.

***Jay Littlefield, PSNH** – Opposes the bill. See handout #12.

***Rebecca Johnson, PSNH** – This bill will cause a lot of uncertainty. See handout #13.

***Michael Scavotto, Hampton Inn** – Opposes the bill. See handout #14.

***Randy Herk, PSNH** – Opposes the bill; he is an employee and customer. See handout #15.

***Mark Boucher, PSNH** – Opposes the bill. See handout #16.

***Ray Ramsey of Pittsfield, NH, representing self** – Opposes the bill. See handout # 17.

***Ben Redden of Newmarket, NH, representing self** – Opposes the bill. See handout #18.

***Alan Marquis, PSNH** – Opposes the bill; see handout #19.

***Jonathan Meissner, PSNH** – Opposes the bill; see handout #20.

***Craig, Kalway, PSNH** – An electrician. Opposes the bill; see handout #21.

***Jeff Makholm, PSNH** – Opposes the bill; see handout #22.

***James Davis, PSNH** - Opposes the bill; see handout #22.

***Craig Buchanan of Manchester, representing self** – Opposes the bill; see handout #23.

*A. Robert Baker, of Columbia, NH, representing self – Supports the bill. PSNH should continue in its wholesale and I believe that PSNH is higher than the other rate payers in its electric rates. Deregulation is on efficient market and if alternative energy is viable. The market place has proven that it is more reliable because of the market place today. Stranded costs should not be assessed by the regulators of this state and I believe that the free market is feasible. See handout #24.

*Brent Soule, PSNH – Opposes the bill; see handout #25.

William Allaire, PSNH – Opposes the bill. I speak as a customer. Other suppliers will have to have scrubbers if we want clean air; any plants that have no scrubbers will close down companies are going overseas and I see coal plants shutting down and workers losing their jobs. My neighbor had 3 jobs in past 2 years. I believe this committee will ITL this bill. Special interest groups will continue to try and shut down PSNH; 86-year-old company has a fantastic history with its customers, the community and to its state. It has survived many lawsuits and when we speak, we speak for New Hampshire. If it's not broken, don't fix it.

Chris Williams, Nashua Chamber of Commerce – Opposes the bill. Competition is good and so is the free market. But this bill will have consequences. Eloquent speakers who support this bill representing and supporting this bill. Employers and 78,000 businesses will be impacted if this bill passes. We will have higher rates and owners of other companies will make rates increase.

John Dingle, Thorndike Landing consultant – No position on bill. Divestiture affects jobs; different scenarios are not fundamental across the spectrum within each state. This is New Hampshire. PSNH is in a market competitive. Some foreign entities are involved with some companies. There are value's and the values lie with the company assets.

Q: Rep. Rappaport – We heard today about standard benefits vs. stranded costs; your thoughts?

A: Right now many are eager to come into the market.

Q: Chairman Garrity – What's up with coal plants with scrubbers?

A: Several coal plants are now up for sale and not sold. There are no values at present with mandated plants.

Q: Rep. Cali-Pitts - Mandated plants – explain.

A: Many mandated plants are being sold; as the assets are sold and stranded costs are regulated by the PUC.

Q: Chairman Garrity – Have you seen states where conditional divestitures apply?

A: Yes and no; price and scenarios vary.

Q: Rep. Read – Have you seen conditions where assets have been taken via the PUC?

A: Net assets from the sale generally pays off debt; not sure, have not seen any.

*Ronald Breton, GZA GeoEnvironmental Inc. – Opposes the bill; see written testimony #30.

*Michael Licata, BIA – Opposes the bill. A study committee should be formed to further study these issues.

*David Alokonis, City of Manchester/Nashua – Opposes the bill. See handout #32.

Honorable Robert Clegg, Small Business/ Small Industry Assn. – Opposes the bill. See handouts a,b,c, and k.

*Dr. Lisa Shapiro, PSNH – Chief economist. Opposes the bill. See written testimony #34.

Note: Handouts, not speaking, #35, #36, #37,#38.

Respectfully Submitted:

Sam Cataldo

Sam Cataldo, Clerk

(1)

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

PUBLIC HEARING ON HB 1238

BILL TITLE: relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.

DATE: 2-2-12

LOB ROOM: ~~304~~ **Time Public Hearing Called to Order:** 8:30

Time Adjourned: 3, 2

(please circle if present)

Committee Members: Reps. Garrity, Holden, Introne, Catalde, Devine, Remick, Rappaport, MacMahon, O'Connor, Panek, Parison, Summers, Kaen, Cali-Pitts, Read, Levasseur and Paston, BRADLEY

Bill Sponsors: Rep. Holden, Hills 4; Rep. Ohm, Hills 26

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

(1) Rep. Holden - prime Sponsor -
Bill is being brought forward to learn more
of any issues of divestiture

(2) Mark Toomey - opposed
Representative
(1) handout
(1a)

(2) Handout by Sharon Gourley
(3) Rep Gourley "
(4) " "
(5) " "

NOTE! 700 million dollars is total value of PSNH if sold

(3) Tony ~~Lip~~ LARGE
Donna Gamache
(PSNH)

- Handout (6) + (7)

~~(4)~~ Rep Rappaport — Q) handout taken as book value?

A) Set assets by PUC for value

Q) are book values

A) assets are what is invested

Rep Cali-Pitts — Q) if plant is sold which it operates in NH?

A) anything can be possible and/or operate in NH is up to the buyer

Q) ~~any~~ what is the value that a foreign entity will purchase

A) none.

Rep. Summers — Q) Price of electricity - why higher than rest of State

A) New England is higher - fewer condition resources since we have to import; including transportation cost

A) coal is most abundant

Rep Lawrence Q) Standard costs i.e shortfall + what would be the magnitude of cost

A) will present that to you by the end of today

~~Rep Reed N/A~~

Rep Reed Q) what / how are your plants operate?

A) 60 - 65% range of ~~operation~~ OPERATION, within 5% of THAT operation - ISONE dispatch to call on the plants power. Some base load units may operate daily & high & low depending on ISO'S NEED

Q) How does the capacity effect the customer rates

A) Our turn around ~~operate~~ operate less or more as required

Rep O'Connor Q) on page 3 of handout - is the number's regulated?

A) unregulated

Rep Kaan - Q) if plant not running & fuel in storage do you make any profit

A) regulated company by law

Q) Strickland cat?

A) value of assets is valued on the market price.

Q) would market price project the future value

A) future markets are not predictable

Rep Jawan Q) chart on page 4 - ~~time~~ appear to converge in 2010 - any savings? LINES

A) small savings are possible

Rep Culi-D,Ts Q) Transmission - if we deregulate will selling the plants get rid of cost on transmission lines

A) the company that purchases that ~~utility~~ utility will pick up cost of transmission line, etc

4 Clive Kapalee - TransCanada
Handout 8

Rep. Pastens — Q) would duplication have an impact on jobs
A) PSNH docket before PUC customers may be affected + note scrubber cost will not be transferred to customers + employment may or may not be affected

Rep. Remick — Q) sixth bullet - This action left NH - etc
A) redundant as applies to all electric generation
A) if newington standard cost be effected by standard costs if purchased by another Company
Q) not known.

Rep Summers — Q) does average person lose from standard cost
A) PSNH wired customers rates are not affected

5 Bill Massey - Handout #9

Hybrid model is best example: Prices are determined by competition by number of suppliers

Rep. O'connor Q) what will effect natural gas prices do to the public

A) prices at this time is low. DO you want the fuel rates determined by the government or by the market.

Rep Postier Q) Questions to purchase a company. How will divestiture compare to now

A) when market is fairly structed and an investor market makes a favorable field - re-newable resources are fair to all to the customers.

Rep Cali-Pitts Q) The playing field is level when all are level - how does a new company coming in stay level? Just by selling?

A) There are arguments to changes by policy makers. A monopoly exists and no need for this model. A well structured markets present can not a monopoly by increasing the market of competition:

Monopoly rates are higher than standard market rates. The same is occurring here and lots of regulations are set and urge this body to look @ this proposal

Rep Rappaport Q) If this Bill was passed - and a customer of PSNH goes can buy from other customers - how does this serves the PEOPLE

A) Let other suppliers ~~by~~ buy and may become cheaper & get more suppliers - you own the wires & generation - in a fully covered market they own the wires & the price will be more competitive.

Rep Renick Q) PSNH is a monopoly?

A) No they have an investment of an a monopoly... and more competition ~~is~~ will bring lower prices

Q PSNH regulated do they set their rate of return?

A) YES - cost of service is part of the reasonable rat of return in that model

- Operational efficiency in the market gives you a fair market value to the shareholders.

Rep Javaras Q) current system - by removing PSNH will it lower the prices

A) in the market its the competition that sets the prices - monopoly is an old fashioned system + plenty of room because the market is managed well.

Rep Cali-Pitts Q) with regulation explain benefit?

A) my understanding that regulation and transmission that Generation is a model for robust demand response ~~is~~ reduces demand on Gov. and or private parties can best gives better prices

Rep Inthran Q) The testimony we have heard that states that have been deregulated - explain?

A) California is on hold + other states are considering the market approach + we understand the market behaviors

- Large companies are looking at prices vs services. If you want a level playing field + companies want to come in to help in lowering these prices

Q) are we on the path of a well structured path

A) you are on a well structured wholesale market. your commission is doing it job and I believe you can have a better competition market and prices

Rep Rapp. Q) Are you considering a well regulated market ~~fiscal~~ a fiscal market
A) all markets have a ~~fiscal~~ ~~markets~~ ~~and~~ structure - you make the choice of a monopoly or open regulated market

Rep Summers Q) Do we have enough energy in NH
A) We have inadequacies of ~~~~ any transmission grid + limits the resources cost from our local ISO or other ISO's that you use

(7) Steve [illegible] – IBEW – a company that cares for its employees. Returns to its shareholders is what any company that purchases PSNH. We are not a burden to our customers.

(8) Felicia Giordano – at Shell we are a corporate neighbor. We have generated over a million mw to our customers. We have received the Shell states many awards + rewarded from our governor the most clean power plant – ref. handout.

(8) Tom Ryan – great company, wages + in this present economy and if this plant is closed it will not be a NH company or a foreign company like in connecticut. We are moving away from the NH advantages. Our employees live here.

IBEW 1837

(9) Paul Gremer – Handout #(1)

City of Berlin
mayor

(10) JAY LITTLEFIELD - oppose - PSNH
Handout (12)

(11) Rebecca Johnson - PSNH - OPPOSE
This Bill will cause a lot of uncertainty
Handout (13)

(12) mr. SCAVOTTO - HAMPTON INN - oppose
Handout (14)

(13) Randy Heck - PSNH an employee & customer - oppose
Handout (15)

(14) Mark Boucher - PSNH - oppose
Handout (16)

(15) Ray Ramsey - SELF - oppose
Handout (17)

(16) Ben Redden - SELF - oppose
Handout (18)

(17) Alan Marquis - PSNH - oppose
Handout (19)

(18) Jonathon Meissaes - Wells Me. PSNH - oppose
Handout (20)

(19) - CRAIG KALWAY - PSNH - ELECTRICITY* - OPPOSE
handout #1

(20) JEFF MARKHOLM - PSNH - OPPOSE
NOTE ~~handout #3~~ company will supply documentation

(21) JAMES DAVIS - PSNH - oppose
Handout #22

(22) CRAIG BUCHANAN - SELF - OPPOSE
Handout #23

(23) A. ROBERT BAKER - Support - SELF
PNSH should continue on its wholesale - I believe that PSNH is higher in the other rate payers in its electric rates. - Deregs is an efficient market and if alternative energy is viable. The market place has proven that it is more reasonable because of the market place today. Standard costs should not be assessed by the regulators of this state. I believe that the free market is feasible.
Handout (24)

(19) Brent Sowle - PSNH - Oppose
Handout (25)

(20) (William Lahmire) PSNH - Oppose

I speak as a customer - other suppliers will have to have scrubbers if we want clean air - any plants that have no scrubbers will close down. Companies are going overseas + I see coal plants shutting down and workers losing their jobs. My neighbor had 3 jobs in past 2 yrs. I believe this committee will ITL this Bill. Special interest groups will continue to try and shut down PSNH.
86 year old company has a fantastic history with its customers, the community and to its State. Its survived many lawsuits and when we speak, we speak for N.H.
If its not ~~bro~~ broke don't fix it.

21 - CHRIS WILLIAM'S - OPPOSE - Nashua Chamber of Commerce

- Competition is good & so is the free market. But this Bill will have consequences.
- Elequent speakers who support this Bill representing and supporting this Bill.
- Employers & 78000 business's will be impacted if this Bill ~~[illegible]~~ passes.
- We will have higher rates and owners of other companies will make rates increase

22 - John Dingle - No position
consultant - ~~Th~~ Thorndick Landing
- Divestiture effects jobs - different seneris are not ~~fundat~~ fundamental accross the sprectrum within each State. This is New Hampshire
- PSNH is in a ~~competitive~~ ~~COMPETATIVE~~ Competitive market
- Some foreign entities are involved with some companies. There are value's and the value's lie with the company assets

Rep Rappa Q) We heard today about stranded benefits vs stranded costs your

thoughts.

A) right now many are eager to come into the market.

~~Rep Reed~~ ~~Q)~~

Rep Garrity Q) whats up with coal plants w/ scrubber

A) Several coal plants are now up for sale and not sold There are no value's ~~etc~~ at present with mandated plants

Rep Colli-pitts Q) Mandated plants - explain

A) Many mandated plants are being sold - as the assets are sold and standard costs are regulated by the PUC

Rep Garrity Q) have you seen States where conditional divestitures apply

A) YES & NO ; price and ~~bad bad~~ scenerios vary

Rep Reed Q) Have you seen conditions where assets have been taken via the PUC.

A) Net assets from the sale generally pays off ~~debt~~ DEBT not sure - have not seen any

(23) Josen Stoch - Handout (26)
NH Timberlans Owners

Cali-Pitts Q) ~~How~~ How many people or workers would be ~~[illegible]~~ involved is the Bill passes
A) from what I've seen jobs will be lost as to the 500 green tixs will not be ~~[illegible]~~ lost.

(24) Dan Dolan } New England
Sandi Hennigan } Power Generations
Handout (27)

(25) Hon. Ted Morrison - Self - oppose
- Handout (28)

Rep Lauer Q) what rate was produced after dereg.
A) money was the factor to de-regulate and did not work and the rates are lower after not de-regulating - cost ~~[illegible]~~ went up w/ deregulation

(26) Dan Allegretti
Constilation/RESA
Handout #(29)

Rep Cataldo Q) what % does constellation provide Electricity to NH. + can you give that info to this committee
A) YES - and not known @ the moment

(27) Ronald Bretton - GZA GEO environmental INC
Handout (30)

(28) Michael Lecalo - opposed
BIA (31)

NOTE: a study committee should be formed to further study this issue.

(29) David ALUKONIS - representing city of Mansfield + City of NASHUA
Handout (32)

(30) Hon Robert Clegg
SB51A
Handout (33) a b + c ~~d~~ K

(31) Dr Lisa Shapiro - chief Economist G G & S
Handout (34) OPPOSE

NOTE: Handouts - Not speaking 35-36-37-38

Sub-Committee Minutes

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

SUBCOMMITTEE WORK SESSION ON HB 1238

BILL TITLE: relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.

DATE: 3-6-12

Subcommittee Members: Reps. Garrity, Holden, Catlado, Lavasseur, Devine, Remick, Rappaport, Bradley, O'Connor, Parison, Kaen, Cali-Pitts, and Pastor

Comments and Recommendations: Considered two draft amendments #0928h (Rep. Garrity) and # 0626h (Rep. Kaen).

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep. Sam Cataldo
Subcommittee Chairman/Clerk

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

SUBCOMMITTEE WORK SESSION ON HB 1238

BILL TITLE: relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.

DATE: ~~2-3-12~~ 3-6-12

Subcommittee Members: Reps. GARRITY - HOLDEN - CATALDO - LAVASSEUR - DIVENE - REHICK - RAPPAPORT - BRADLEY - O'CONNOR - PARISON - KAEN CALI-PITTS, LAVASSEUR - PASTOR, CALI-PITTS

Comments and Recommendations: # 0626 Discussed; no vote

Drafts: 0928h

Amendments:

Sponsor: Rep. Kaen OLS Document #: 2012-0626 h

Sponsor: Rep. GARRITY OLS Document #: 2012-0928 h

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep. Sam Cataldo

Subcommittee Chairman/Clerk

Testimony

(1)

Good Morning Mr. Chairman and Honorable members of the committee I'm Marc D. Tremblay representing the communities of Berlin and Milan in Coos County and rise in opposition to HB 1238

- HB 1238 will result in a new "tax" placed on utility customers. This "divestiture tax" comes from the stranded cost of the "forced" sale of the generating plants

- New Hampshire is already "deregulated" with the "New Hampshire advantage" of customers having the right to choose power from PSNH or a competitive power supplier (currently the best of both worlds) . Selling power plants will "reduce" competition for our customers

- Only 15 states across the US deregulated back in the early 2000s. Since then 4 states have "price caps", 7 states suspended deregulation altogether, 2 states (Maryland &Virginia) are looking to go back to full regulation to reverse the damage of deregulation. HB 1238 would expose our customers to more deregulation resulting in higher prices, and potential lost jobs.
As history has shown us deregulation of the electric industry didn't work in other states...why would it work here in NH?

- - Keeping our power plants has saved NH customers millions of dollars since 2003 - dollars spent in NH. Competitive power suppliers (many owned by out of state companies) are looking to get PSNH out of generation so they can dictate the price of electricity in NH in order to make more profits and take the money out of state.

In closing, haven't we learned what happens when we deregulate an industry with a inelastic supply and demand, high capital cost and prohibitively expensive transaction cost with no State government regulators officiating over wholesale electric markets? We leave the electric generation market in a handful of "unregulated" energy companies!
- selling PSNH power plants will create economic uncertainty for NH business as well as residential customers in the future.

- Now is not a good time for more uncertainty for NH businesses.

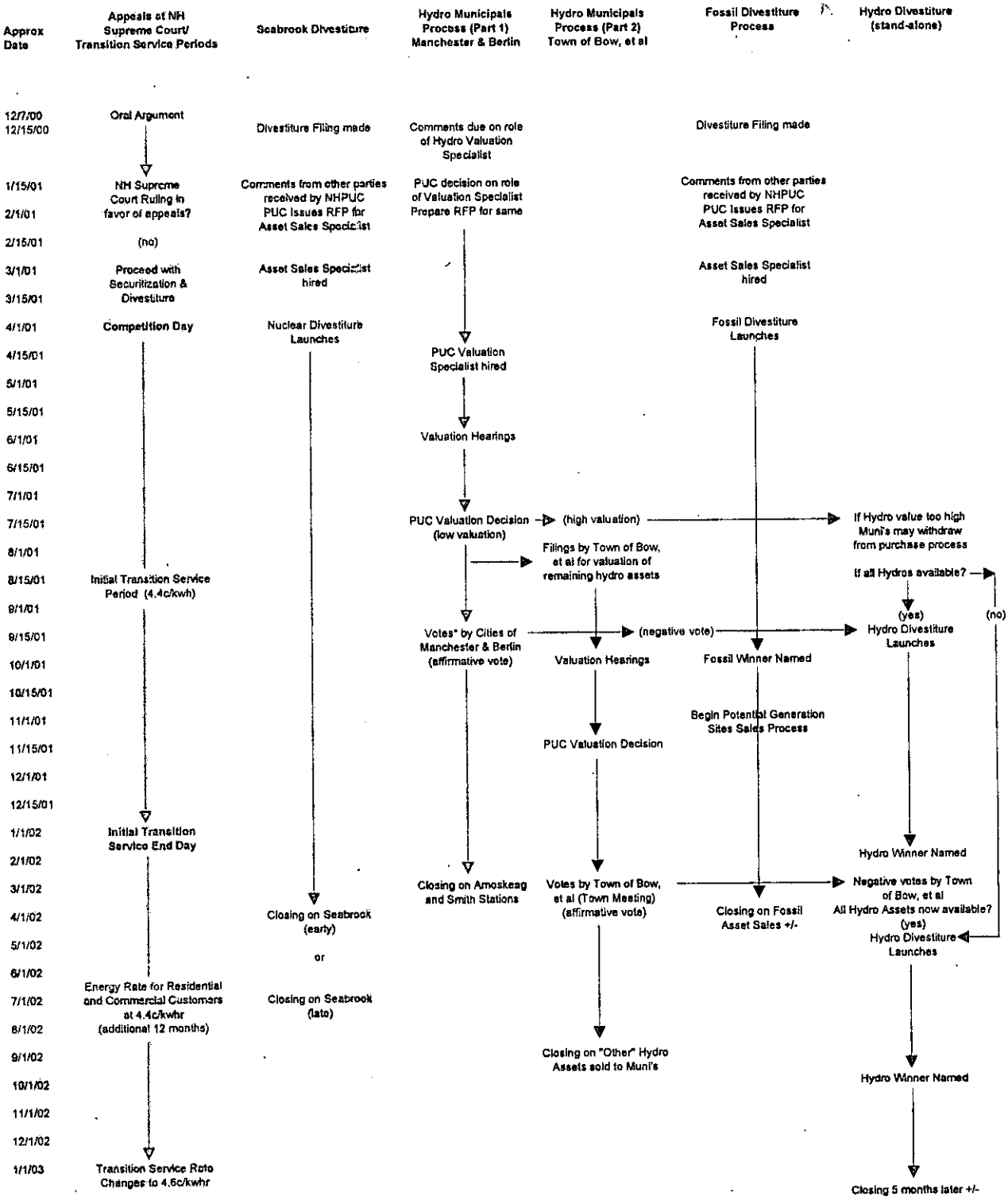
Thank you for listening to my testimony Mr. Chairman and due to committee responsibilities I can only make myself available later today to answer any questions.

DE 00-272

2

PSNH Asset Divestiture Logic Tree/Timeline (revised)

Attachment 4



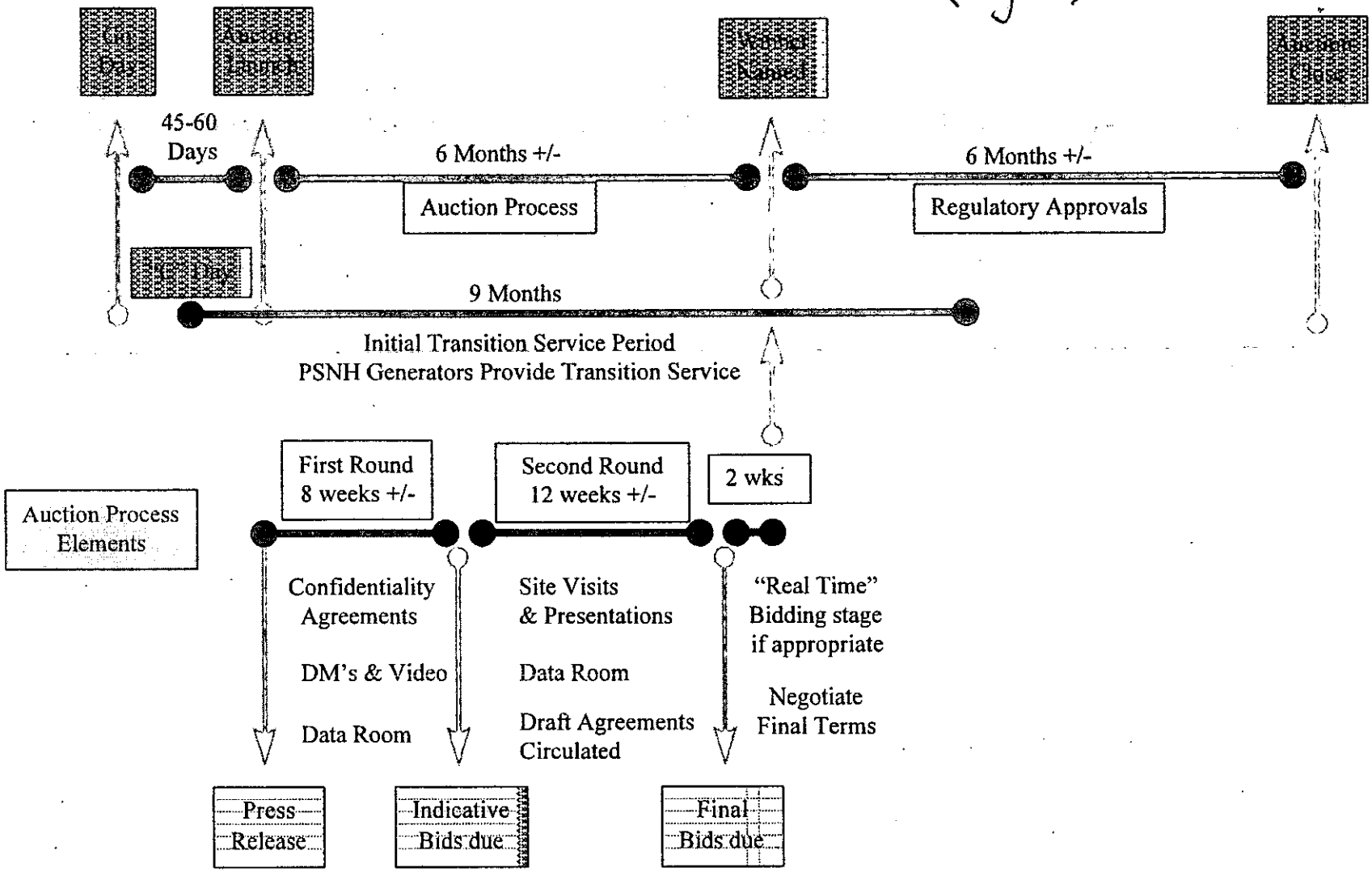
* Date for vote cited by Cities of Manchester and Berlin during 11/30 pre-hearing conf

T.J.Large
12/15/2000

DE 99-099 (PSNH Proposed Restructuring Settlement)

Attachment 2

FOSSIL AUCTION PROCESS TIMELINE (original)



Definition: GO DAY - Date that Asset Sale Specialist is "on board" and all parties commence to make final preparations for Auction Launch. Auction Launch will occur only after all intervenor appeals are exhausted at the New Hampshire Supreme Court. Auction Launch may occur before or after "C" Day, depending upon Asset Sale Specialist readiness.

12

4

Public Service Company of New Hampshire

Least Cost Integrated Resource Plan

September 30, 2010

(Partial excerpt of part V of document)

Public Service
of New Hampshire
A Northeast Utilities Company

V. Assessment of Supply Resources

This section assesses PSNH's supply resources beginning with an overview of PSNH's diversified mix of generating resources including hydroelectric, coal, oil, natural gas, combustion turbines, as well as purchases from independent power producers and purchased power contracts. This section also outlines PSNH's future renewable power resources and discusses how PSNH creates a balanced portfolio using a mix of owned generation and power purchases.

A. Existing Generation Supply

PSNH's generation supply portfolio is comprised of a balanced mix of resource types including three fossil fuel-fired stations, nine hydroelectric facilities, five fossil fuel combustion turbines and long- and short-term purchased power contracts or rate orders. In 2009, PSNH supplied 68 percent of the energy needs and 69 percent of the capacity needs of its default energy service requirements using owned generation, IPPs and long-term purchases. PSNH's owned and operated generating facilities can produce more than 1,110 megawatts of electric power. Specific descriptions of PSNH's supply portfolio resources are provided in the sections below.

A.1. Fossil Fuel Generating Resources

PSNH operates three existing fossil fuel-fired generating stations. Currently Merrimack Station and Schiller Station's two coal fired units are used as base load resources and Newington Station is used as an oil-fired or gas-fired peaking and intermediate resource. Historically, PSNH has relied upon these three stations to meet a major portion of the load requirements of its default energy service customers and has continually invested in maintaining the facilities. Equipment such as turbines, blades and generator rotors, boiler components and auxiliary equipment have been installed as required to maintain reliability, and PSNH has demonstrated its commitment to the environment through a very significant and sustained investment in pollution reduction equipment at these stations. Exhibit V-1 describes PSNH's fossil fuel stations. The sections below describe each facility in greater detail.

Exhibit V-1: PSNH's Fossil Fuel Stations

Units	Fuel Type	Winter Capacity Rating (MW)	Summer Capacity Rating (MW)	Energy (MWh) (Avg '05-'09)
Merrimack 1 (MK1)	Coal	114.000	112.500	858,632
Merrimack 2 (MK2)	Coal	337.200	338.375	2,106,400
Schiller (SR4)	Coal/Oil	48.000	47.500	310,626
Schiller (SR6)	Coal/Oil	48.580	47.938	312,087
Newington (NT1)	Oil/Gas	400.200	400.200	401,589
Total		**947.980**	**946.513**	**3,989,334**

Merrimack Station

Merrimack Station, located in Bow, New Hampshire, is PSNH's primary base load plant. Merrimack Station has two coal-fired, wet bottom cyclone boilers (MK1 and MK2 or Unit 1 and Unit 2), two combustion turbines (CT1 and CT2) typically operated during periods of highest seasonal peak demand, a temporary auxiliary boiler, an emergency generator and the necessary support equipment to generate electricity.

MK1 began commercial operation in 1960. At full load, Unit 1 consumes approximately 1,000 tons of coal per day. The unit burns crushed coal in the Babcock & Wilcox-designed boiler's three cyclone burners. These cyclones are attached to the front of the boiler and burn the coal efficiently at temperatures in excess of 3,500° F. A regenerative type air heater is employed on Unit 1. Unit 1 produces 815,000 pounds of steam per hour at 1,800 psi and 1,000° F. This steam is supplied to the Westinghouse turbine generator, with one return to the boiler for reheating back to 1,000° F. The turbine generator is a tandem compound design with a double flow low pressure turbine. The turbine consists of 37 stages, and operates at 3,600 rpm. The Westinghouse generator is directly connected to the turbine and produces output of 133,689 kVA at 5,360 amps at a 0.85 power factor. The step-up transformer located outside of the turbine room wall increases the voltage to 115 kV for its interconnection with the New England transmission system in the adjacent switchyard.

MK2 began commercial operation in 1968. At full load, Unit 2 can consume approximately 3,000 tons of coal per day in a Babcock & Wilcox-designed boiler, with seven cyclone burners, four on the front of the boiler and three on the rear. The same types of crushed coal used in Unit 1 can be used in Unit 2. The universal pressure boiler produces 2,332,000 pounds of steam per hour at 2,400 psi and 1,000°F. Unit 2 employs a tubular air preheater. As with Unit 1, steam is supplied to a Westinghouse turbine. After use in the high pressure turbine section, steam is reheated in the boiler, returning it to a temperature of 1,000° F before being used in the intermediate and low pressure turbine sections. The Unit 2 turbine is of a tandem compound design, with two double flow low pressure sections, and a total of 24 stages. The Westinghouse generator is directly connected to the turbine and produces output of 384,000 kVA at 9,238 amps at a 0.90 power factor. The step-up transformer located outside the turbine room wall increases the voltage to 115 kV for interconnection with the New England transmission system in the adjacent switchyard. In the spring of 2008, a new, more-efficient high pressure/intermediate pressure (HP/IP) turbine was installed on Merrimack Unit 2. The HP/IP project involved the replacement of one of the six steam turbine components with a functionally equivalent component. The new, state-of-the-art turbine blades are more energy efficient resulting in more generation for the same amount of fuel burned.

PSNH has aggressively pursued fuel switching and fuel blending at Merrimack Station in order to reduce sulfur dioxide (SO_2) emissions. PSNH is currently blending a mix of low sulfur domestic and foreign coals in order to achieve an effective sulfur content of approximately 1.0 percent to 1.2 percent on each unit. Restricted to coals with inherently-low fusion temperatures, Merrimack Station's fuel supply consists of domestic coal from Pennsylvania, West Virginia, Ohio, and Virginia as well as foreign coal, primarily from South America.

More than $50 million has been invested in environmental initiatives at Merrimack Station since 1989. MK1 and MK2 are each equipped with two electrostatic precipitators (ESPs), operated in series, for the control of particulate emissions, and a selective catalytic reduction system, for the control of NOx emissions.

MK1 and MK2 were designed and constructed with original ESPs. However, supplemental ESPs were installed on MK1 and MK2 in 1989 and 1998, respectively, significantly reducing particulate emissions even further.

In 1995, MK2 became the first coal-fired utility boiler in the United States to install a selective catalytic reduction (SCR) system for the reduction of nitrogen oxide (NOx) emissions. In addition, a selective non-catalytic reduction system (SNCR) was installed on MK1 to reduce NOx emissions. In 1999, in order to achieve even greater NOx emissions reductions, the SNCR on MK1 was replaced with an SCR system. The installation of SCR systems on MK1 and MK2 has resulted in reductions in NOx emissions greater than 85 percent from each unit.

Merrimack Station is currently constructing a wet flue-gas desulfurization system (wet scrubber) to reduce mercury and sulfur emissions from Merrimack Unit 1 and Unit 2. The New Hampshire legislature passed RSA 125-O:13 in 2006 requiring PSNH to install a wet scrubber at Merrimack Station no later than July 1, 2013. The project is currently expected to be completed by July 1, 2012, a year early.

Schiller Station

Schiller Station, located in Portsmouth, New Hampshire, is comprised of three utility boilers (SR4, SR5, and SR6 or Unit 4, Unit 5, or Unit 6), a combustion turbine presently operating as a load shaving unit (CT1), an emergency generator, a primary coal crusher, and the necessary support equipment to generate electricity. Schiller Station's Unit 5 was modified in 2006 with the construction of a new wood boiler to replace the existing coal/oil boiler and is described in further detail in the Biomass section.

Schiller's steam units have historically served a base load or intermediate load role for NEPOOL. The units have the capability of starting up and shutting down daily if needed, but they have also effectively served in the base load role.

Originally completed in 1949, Schiller Station is PSNH's third largest generating plant. Its three existing units were built in 1952 (Unit 4), 1955 (Unit 5), and 1957 (Unit 6). Units 4 and 5 were originally designed to burn coal, and did so for the first six months of their operation. Both were then converted to burn oil as the primary fuel. Unit 6 was designed to burn oil originally. In 1984, Units 4, 5 and 6 were converted to burn coal. Units 4 and 6 continue to be able to burn coal and/or oil as boiler fuel, making them adaptable to changing fuel markets.

Schiller's coal supply consists of low sulfur (typically 1 percent sulfur or lower) coal from Venezuela and Colombia. Occasionally, domestic coal is delivered by barge to Schiller in order to maintain adequate inventory levels. Due to its boiler characteristics, Schiller Station is better able to burn a wider range of available coals than Merrimack Station.

Schiller Station has undergone millions of dollars in environmental optimizations and improvements over the years. The emission controls for each unit at Schiller Station consist of low-NOx burners, a SNCR system and over fire air system for the reduction of NOx emissions and an ESP for the reduction of particulate emissions.

In 1999, SR4 and SR6 were retrofitted with burner equipment that reduces nitrogen oxide (NOx) emission levels by 50 percent. Subsequently, a selective non-catalytic reduction system and an over fire air system were installed. Further NOx reductions were obtained with burner replacements on Unit 4 in the fall of 2006 and on Unit 6 in the spring of 2007 for total NOx reductions of greater than 70 percent.

Newington Station

Newington Station, located in Newington, New Hampshire, was designed as a peaking unit for quick start up and load change capability. Newington Station is comprised of one utility boiler (NT1 or Unit 1), two auxiliary boilers, an emergency generator, and the necessary support equipment to generate electricity.

NT1 is PSNH's largest single generating unit. Newington Unit 1 was originally designed to burn crude oil and No. 6 fuel oil. The unit was designed for fast response and startup, making it an attractive unit for intermediate or daily cycling service.

The station began commercial operation in 1974 and was modified to burn natural gas in 1992. At full load the unit consumes nearly 17,000 barrels of oil per day in the Combustion Engineering-designed tangentially-fired boiler. Four elevations of burners, located in the boiler corners, provide the combustion process for the unit. Newington Unit 1 produces 3 million pounds of steam per hour at 1,800 psi and 950° F. This steam is supplied to a Westinghouse turbine generator, with one return to the boiler for reheating back to 950° F. The turbine generator is of a tandem compound design with a double flow low pressure section. The turbine consists of 18 stages and operates at 3,600 rpm. The Westinghouse generator is directly connected to the turbine and produces output of 24 kV at 12,000 amps at a 0.90 power factor. The step-up transformer located outside the turbine room wall increases the voltage to 345 kV for interconnection with the New England transmission system in the adjacent switchyard.

Emissions reductions at Newington Station began with the installation of new gas lines and burners in 1992. The emissions control system on NT1 includes an ESP, for the reduction of particulate emissions, and various NOx emissions controls including water wall soot blowers, arch blowers, low-NOx burners, a boiler tempering skid and an over fire air system. Employing these various methods, PSNH has been able to reduce the amount of nitrogen oxide emitted by NT1 by more than 50 percent. A new control system and fly ash collection system was also installed at Newington Station during its spring 2005 outage.

A.2. Combustion Turbines

PSNH operates five combustion turbines, two of which are standalone. The combustion turbines are utilized to produce power during high demand periods. Merrimack Station's two combustion turbines operate during periods of highest seasonal peak demand or when

quick response in generation is required to maintain electrical system reliability. Schiller Station has a separate combustion turbine, a jet engine capable of burning either AV Jet Kero II or natural gas. The two standalone combustion turbines, Lost Nation and White Lake, are managed by a single management and support organization and are utilized to produce power during high demand periods and/or to maintain electrical system reliability. Exhibit V-2 describes PSNH's five combustion turbines.

Exhibit V-2: PSNH's Combustion Turbines

Name	Winter Capacity Rating (MW)	Summer Capacity Rating (MW)	Energy (MWh) (Avg '05-'09)
Merrimack CT1	21.676	16.826	228
Merrimack CT2	21.304	16.804	195
Schiller CT	19.500	17.621	408
Lost Nation	18.082	14.069	292
White Lake	22.397	17.447	551
Total	**102.959**	**82.767**	**1,674**

A.3. Hydroelectric Generating Stations

PSNH owns nine hydroelectric stations with 20 units that supply approximately 4 percent of PSNH's default energy service needs. Exhibit V-3 summarizes the details surrounding each facility. The hydroelectric facilities are managed by a single management and support organization. Coordinated operation of the units is essential to achieve maximized value. Three of these units share a common waterway, which can impact production output between the sites. In addition, Hooksett Station provides the cooling water impoundment required for once-through cooling of the Merrimack Station.

Smith, Gorham and Canaan hydroelectric generating stations are located in an "Upper Hydro" location. Ayers Island and Eastman Falls hydroelectric generating stations are referred to as the "Middle Hydro" location. Amoskeag, Hooksett, Garvins Falls and Jackman hydroelectric generating stations are located in the "Lower Hydro" area.

Each hydroelectric facility is an unmanned station and is monitored and controlled by supervisory control from the ESCC in Manchester, New Hampshire. Of the nine facilities, eight operate under the jurisdiction of FERC licenses. The ninth facility, Jackman Station, is not a FERC-jurisdictional project, but is subject to applicable state regulations. Three of the lower hydro units (Amoskeag, Hooksett and Garvins Falls named the "Merrimack Project") received a 40-year FERC license renewal in 2007 and Canaan received a 30-year FERC license renewal in 2009. The licenses for four of the hydroelectric facilities operated under FERC licenses are long-lived and expire between 2018 and 2036.

In 2006, a new renewable project was completed at Smith Hydro. The $2.75 million project replaced the water turbine or "runner" with a runner of a new, more efficient design. Smith Hydro, installed in 1948, is PSNH's largest single hydro unit, located in Berlin, New Hampshire. The project resulted in 8 percent more efficiency as a result of the new runner using less water flow per kilowatt and increasing the annual output of renewable hydro power to 17.6 MW.

Exhibit V-3: PSNH's Licensed Hydroelectric Facilities

Licensed facilities	Winter Capacity Rating (MW)	Summer Capacity Rating (MW)	Energy (MWh) (Avg '05-'09)	License issued	License expiration date	FERC project no.
Amoskeag	17.500	15.818	99,017	2007	2047	1893
Garvins Falls/ Hooksett	14.000	11.595	56,703	2007	2047	1893
Eastman Falls	6.470	5.132	28,914	1/26/1988	1/1/2018	2457
Ayers Island	9.080	7.899	49,870	4/1/1996	4/1/2036	2456
Smith	17.600	11.469	114,079	8/1/1994	8/1/2024	2287
Gorham	2.050	1.951	12,227	8/1/1994	8/1/2024	2288
Canaan	1.100	1.100	7,353	8/1/2009	8/1/2039	7528
Jackman[14]	3.305	3.550	9,933	N/A	N/A	N/A
Total	**71.105**	**58.514**	**378,097**			

Note: Amoskeag, Hooksett and Garvins Falls are currently covered under one FERC operating license designated the Merrimack River Project.

A.4. Biomass

Schiller Station's Unit 5 (SR 5) was modified in 2006 with the construction of a new wood-fired boiler to replace the existing coal/oil-fired boiler. PSNH replaced a 50 megawatt coal-fired boiler at Schiller Station with a new boiler system which uses wood chips and other clean, low-grade wood materials for fuel. This conversion, named Northern Wood Power (NWP), allows PSNH to economically produce cleaner electric energy from environmentally sound renewable resources. Northern Wood Power serves in a base load role to meet PSNH's default energy service customer requirements.

PSNH's current portfolio of owned and operated power plants uses coal, oil, natural gas, water (hydro), and wood as fuels. Wood-fired generation is one step in providing more diversity to PSNH's fuel mix, and will help ensure a reliable supply of affordable electric energy for customers of PSNH. Exhibit V-4 lists the operating details for PSNH's biomass facility.

Exhibit V-4: PSNH's Biomass Facilities

Name	Winter Capacity Rating (MW)	Summer Capacity Rating (MW)	Energy (MWh) (Avg '06-'09)
Schiller 5 (SR5)	45.816	43.082	241,230
Total	**45.816**	**43.082**	**241,230**

[14] On May 26, 1988, FERC issued an order finding that the project is not subject to FERC jurisdiction.

A.5. Jointly Owned and Generation Purchased Power Contracts

In addition to the generation resources described above, PSNH holds an ownership interest in Wyman 4 located in Yarmouth, Maine and a power purchase agreement with Vermont Yankee ending in 2012 and receives a portion of the power produced by those facilities. Exhibit V-5 describes PSNH's ownership and entitlement contracts.

Exhibit V-5: PSNH's Ownership and Entitlement Contracts

Name	Type	PSNH's Share	Winter Entitlement (MW)	Summer Entitlement (MW)
Vermont Yankee	Nuclear	3.32%	20.878	20.088
Wyman 4	Oil	3.14%	19.186	18.970
Total			**40.064**	**39.058**

A.6. Independent Power Producer Contracts and Rate Orders

Under the Public Utility Regulatory Policies Act (PURPA), PSNH is required to interconnect and purchase the generation from Qualifying Facilities (QF). The Qualifying Facilities or Independent Power Producer (IPP) contracts and rate orders include a mix of resources fueled by water, wind, wood, landfill gas and trash and account for 5 percent of PSNH's resource mix. Exhibit V-3 describes PSNH's IPP contract and rate order obligations as of June 2010.

Exhibit V-3: PSNH's Long-Term IPP Contract and Rate Order Obligations, June 2010

Name	Type	Winter Capacity Rating (MW)	Summer Capacity Rating (MW)	Annual Energy (MWh)	Rate Order/ Contract End Date
West Hopkinton Hydro	Hydro	1.250	0.396	3,300	Oct-2012
Garland Mill	Hydro	0.000	0.000	33	Oct-2012
Penacook Lower Falls	Hydro	4.615	2.803	18,800	Sep-2013
Rollinsford Hydro	Hydro	1.500	0.774	6,000	Sep-2013
Great Falls Lower	Hydro	1.100	0.366	3,400	Apr-2014
Newfound Hydro	Hydro	1.367	0.649	6,000	Aug-2014
Nashua Hydro	Hydro	0.840	0.803	4,300	Dec-2014
Steels Pond Hydro	Hydro	0.975	0.190	2,600	Dec-2014
Watson Dam	Hydro	0.250	0.049	1,000	Jan-2015
Sugar River Hydro	Hydro	0.150	0.000	600	Dec-2015
Four Hills Landfill	Landfill Gas	0.307	0.000	4,800	Mar-2016
Peterborough Lower Hydro	Hydro	0.284	0.000	900	Dec-2017
Peterborough Upper Hydro	Hydro	0.400	0.000	1,100	Dec-2017
WES Concord MSW	Trash	3.600	1.938	103,000	Dec-2018
Penacook Upper Falls	Hydro	5.000	2.588	13,900	Dec-2021

Name	Type	Winter Capacity Rating (MW)	Summer Capacity Rating (MW)	Annual Energy (MWh)	Rate Order/ Contract End Date
Briar Hydro	Hydro	3.000	2.101	21,100	Dec-2022
Errol Dam	Hydro	23.500	2.629	17,000	Dec-2023
Lempster Wind	Wind	12.761	12.159	63,000	Sep-2027
Total Long-Term IPP Contracts and Rate Orders		**60.899**	**27.445**	**268,382**	
Total IPP Replacement Power Contracts		1.250	0.396	75,842	

Note: Capacity Rating is Seasonal Claimed Capacity (SCC) as reported to ISO-New England.

B. Load Resource Balance

As a load-holding entity, PSNH is responsible for having sufficient energy to meet the hourly needs of its default energy service customers and is also required to pay its share of the ISO-New England capacity requirement, net of revenues received for its capacity resources. PSNH meets its energy requirements through its owned generation, PURPA-mandated purchases under short term rates and long term rate orders, long-term IPP contracts, and through supplemental purchases of energy from the market. In 2009, PSNH supplied 68 percent of total energy requirements through its owned generation, IPPs and other long-term entitlements and 32 percent through spot market and bilateral energy purchases. Appendix D provides detail on the specific supply resources used to serve PSNH's 2009 default energy service requirement. In 2009, PSNH supplied 69 percent of total capacity requirements through its owned generation, IPPs and other long-term entitlements (including Hydro-Quebec interconnection capacity credits) and 31 percent through payments in the ISO-New England administered market. Appendix E provides detail on the resources used to serve PSNH's 2009 ISO-New England capacity obligation.

B.1. Existing Power Supply Resource Portfolio

Exhibit V-7 lists the existing generating resource portfolio PSNH will use to serve its customers' default energy service requirements during the planning period. As shown in the exhibit, PSNH's existing supply resources during this period total about 1,207 MW for the summer months. The portfolio is comprised of the following resource groups (numbers may not add due to rounding):

- Coal (546 MW from Merrimack and Schiller Stations)
- Oil (419 MW from Newington and Wyman-4)
- Hydroelectric (59 MW from nine stations)
- Combustion turbines (83 MW from five units)
- Wood (43 MW from Schiller Unit 5)
- Nuclear (20 MW from the Vermont Yankee purchased power arrangement)
- Non-utility generation (27 MW from IPPs under rate orders or contracts and 10 MW from an IPP replacement contract)

IPPs that may or may not continue to provide power to PSNH under short-term rates are not listed and are not considered PSNH's supply resources for forward looking purposes of this planning document.

Exhibit V-7: PSNH Resource Portfolio

Name	Fuel Type	Winter Rating (MW)	Summer Rating (MW)	Interest	Winter Entitlement (MW)	Summer Entitlement (MW)
Amoskeag	Hydro	17.500	15.818	100.00%	17.500	15.818
Ayers Island	Hydro	9.080	7.899	100.00%	9.080	7.899
Caanan	Hydro	1.100	1.100	100.00%	1.100	1.100
Eastman Falls	Hydro	6.470	5.132	100.00%	6.470	5.132
Garvins Falls/Hooksett	Hydro	14.000	11.595	100.00%	14.000	11.595
Gorham	Hydro	2.050	1.951	100.00%	2.050	1.951
Jackman	Hydro	3.305	3.550	100.00%	3.305	3.550
Smith	Hydro	17.600	11.469	100.00%	17.600	11.469
Vermont Yankee	Nuclear	628.000	604.250	3.32%	20.878	20.088
Merrimack Unit 1	Coal	114.000	112.500	100.00%	114.000	112.500
Merrimack Unit 2	Coal	337.200	338.375	100.00%	337.200	338.375
Schiller Unit 4	Coal/Oil	48.000	47.500	100.00%	48.000	47.500
Schiller Unit 6	Coal/Oil	48.580	47.938	100.00%	48.580	47.938
Newington	Oil/Natural Gas	400.200	400.200	100.00%	400.200	400.200
Wyman 4	Oil	610.375	603.488	3.14%	19.186	18.970
Schiller Unit 5	Wood	45.816	43.082	100.00%	45.816	43.082
Merrimack CT 1	Jet Fuel	21.676	16.826	100.00%	21.676	16.826
Merrimack CT 2	Jet Fuel	21.304	16.804	100.00%	21.304	16.804
Schiller CT	Jet Fuel	19.500	17.621	100.00%	19.500	17.621
Lost Nation	Jet Fuel	18.082	14.069	100.00%	18.082	14.069
White Lake	Jet Fuel	22.397	17.447	100.00%	22.397	17.447
West Hopkinton Hydro	Hydro	1.250	0.396	100.00%	1.250	0.396
Garland Mill	Hydro	0.000	0.000	100.00%	0.000	0.000
Penacook Lower Falls	Hydro	4.615	2.803	100.00%	4.615	2.803
Rollinsford Hydro	Hydro	1.500	0.774	100.00%	1.500	0.774
Great Falls Lower	Hydro	1.100	0.366	100.00%	1.100	0.366
Newfound Hydro	Hydro	1.367	0.649	100.00%	1.367	0.649
Nashua Hydro	Hydro	0.840	0.803	100.00%	0.840	0.803
Steels Pond Hydro	Hydro	0.975	0.190	100.00%	0.975	0.190
Watson Dam	Hydro	0.250	0.049	100.00%	0.250	0.049
Sugar River Hydro	Hydro	0.150	0.000	100.00%	0.150	0.000
Four Hills Landfill	Landfill Gas	0.307	0.000	100.00%	0.307	0.000
Peterborough Lower Hydro	Hydro	0.284	0.000	100.00%	0.284	0.000
Peterborough Upper Hydro	Hydro	0.400	0.000	100.00%	0.400	0.000
Penacook Upper Falls	Hydro	3.600	1.938	100.00%	3.600	1.938
Briar Hydro	Hydro	5.000	2.588	100.00%	5.000	2.588
Errol Dam	Hydro	3.000	2.101	100.00%	3.000	2.101
Lempster Wind	Wind	23.500	2.629	90.00%	21.150	2.366
WES Concord MSW	Trash	12.761	12.159	100.00%	12.761	12.159
IPP Replacement Power		10.000	10.000	100.00%	10.000	10.000
Totals		**2,477.134**	**2,376.059**		**1,276.473**	**1,207.116**

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
DETAIL OF BALANCE SHEET - UTILITY PLANT
November 30, 2011

	(A)	(B)	(C)	(D)	(E)
	Gross	Depreciable	Accumulated Provision For Depreciation	Net Plant	% Reserve To Depreciable Plant
FUEL PLANT					
NEWINGTON	144,650,745	144,267,363	110,975,386	33,675,359	76.92%
MERRIMACK	608,655,918	608,556,133	135,346,733	473,309,184	22.24%
SCHILLER	212,818,621	212,678,854	118,390,922	94,427,699	55.67%
WYMAN	6,765,207	6,747,500	6,174,646	590,561	91.51%
OTHER	10,942,829	10,930,619	9,815,486	1,127,343	89.80%
TOTAL FUEL PLANT	983,833,319	983,180,469	380,703,173	603,130,146	38.72%
HYDRO PLANT					
AMOSKEAG	12,679,443	12,310,959	3,754,673	8,924,770	30.50%
AYERS ISLAND	5,115,661	207,356,533	2,144,567	2,971,094	1.03%
GARVINS FALLS	11,627,829	11,548,180	4,643,442	6,984,387	40.21%
SMITH	8,063,067	7,649,703	3,126,725	4,936,343	40.87%
EASTMAN FALLS	9,213,544	8,943,556	3,544,991	5,668,553	39.64%
OTHER	13,385,105	13,013,954	3,573,477	9,811,628	27.46%
TOTAL HYDRO PLANT	60,084,649	260,822,885	20,787,875	39,296,774	7.97%
GENERAL PLANT					
LAND AND BUILDINGS	72,553,730	68,644,606	9,344,345	63,209,385	13.61%
OTHER GENERAL PLANT	98,807,512	98,807,512	41,385,948	57,421,564	41.89%
AUTOMOTIVE EQUIPMENT	24,306,277	24,306,277	4,508,851	19,797,427	18.55%
TOTAL GENERAL PLANT	195,667,520	191,758,396	55,239,144	140,428,376	28.81%
TRANSMISSION	481,370,008	455,392,308	97,931,778	383,438,230	21.51%
DISTRIBUTION PLANT	1,243,516,759	1,238,713,100	370,880,174	872,636,585	29.94%
OTHER PLANT	38,752,939	38,707,882	13,131,153	25,621,786	33.92%
TOTAL PLANT	3,003,225,194	3,168,575,041	938,673,297	2,064,551,897	29.62%
ASSET RETIREMENT OBLIGATIONS	1,391,598	1,391,598	825,070	566,528	
PLANT HELD FOR FUTURE USE	14,477,874	528,419	63,592	14,414,282	
PROPERTY UNDER CAPITAL LEASE	1,244,545			1,244,545	
TOTAL UTILITY PLANT IN SERVICE	3,020,339,212	3,170,495,058	939,561,959	2,080,777,253	29.64%
CONSTRUCTION WORK IN PROGRESS	84,712,809			84,712,809	
ACCOUNT 12200			229,305		
UTILITY PLANT, OTHER	1,025,729				
NET UTILITY PLANT	3,106,077,751	3,170,495,058	$939,791,264	2,166,286,487	

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Public Service of New Hampshire

Donna M. Gamache
Director - Governmental Affairs

Public Service Company
of New Hampshire
P.O. Box 330
Manchester, NH 03105-0330

780 No. Commercial Street
Manchester, NH 03101
(603) 634-2881
FAX (603) 634-2213
gamacdm@nu.com

The Northeast Utilities System

Regulated Utilities – Frequently Asked Questions

Why are utilities regulated?

Utilities are granted exclusive rights to serve certain geographical areas called franchise areas or service territories. The reason is practical; society doesn't want more than one entity digging up the streets to lay gas mains or more than one company stringing high voltage electric lines along the roads to carry electricity. Though there are changes to this model in the telecommunications industry because of cable and wireless, and in some respects with the generation of (not delivery) electricity, New Hampshire maintains a hybrid electric system which is unique in the nation.

What is the "duty to serve"?

In exchange for the opportunity to serve everyone, regulated utilities are **required** to serve everyone. Utilities may not discriminate among good customers or bad. Rates must be uniform unless there are objective criteria, such as the cost to serve, justifying a different rate from one class to another. No undue preference can be afforded any customer or groups of customers.

Why must the public utilities commission set the rates that the utility charges?

Because the utilities have little or no competition, they cannot be allowed to charge whatever they want. Regulation of utility rates **substitutes** for the market. Utilities rates are set through a rate setting process at the public utilities commission.

How does the public utilities commission set the rates?

EXPENSES
Utilities are allowed to recover their expenses of operation provided those expenses are just and reasonable. In the context of a general rate case, the utility presents an historic year's worth of actual expenses and known adjustments to those expenses which the utility projects will take place in the future. If the utility acted imprudently or the expenses were unreasonable, some or all of their costs would not be included in rates to customers. For example, if the utility used its employees to paste first class stamps on all of its bills, the commission would be justified in lowering the utility's mailing expenses for setting rates. A reasonable and prudent utility management would mechanize the postage process with a postage meter and would pre-sort all of those bills to obtain the lowest bulk postage rate from the U.S. Postal Service.

Utilities make no profit on their expenses. A general rate case started in 2011 would review the utility's actual expenses incurred in 2010. The Commission would approve those expenses to be collected through new rates beginning in 2012. The new rates would not ordinarily change the 2010 expenses unless there was a clear reason to change those numbers. For example, if postal rates were to increase between 2010 and 2012, the utility would be allowed to include the higher cost of postage in its rates to reflect this known and measurable change in expense.

RATE OF RETURN (PROFIT) Utilities make no profit on their expenses, but they earn a return on the investments that make in poles, wires, gas mains, water mains meters, substations, and generating stations. These long term investments are called the utility's rate base.

Utilities collect a return **of** their investment and a return **on** their investment. Here's how it works using one utility pole as a proxy for the entire rate base. Year one: the utility installs the pole, attaches electric cables, and the installed cost of the pole, including labor for that job, is added to the rate base. If the pole has a fifty year life span, the utility is allowed to recover from its customers one fiftieth of the cost of the pole each year for fifty years. This payment is called depreciation and represents the return **of** the investment.

Most of the investment in the pole has not been recovered in year one, so the utility is allowed to earn a return **on** its remaining investment in the pole at its allowed rate of return until the pole is completely depreciated. The total of the company's undepreciated investments in the poles, wires, gas mains, water mains meters, substations, and generating stations is known as the company's rate base. The rate base is constantly changing as new investments go into service, as depreciation is deducted from the original cost of the investments in rate base, and as utility plant is retired and removed from rate base because it has no longer used to serve the public.

How does the Commission establish a regulated rate of return?

An investor-owned utility issues shares of stock and borrows money from investors who purchase the utility's bonds. With a combination of the funds borrowed from lenders, by purchasers of stock and by retention of earnings that are not paid out as dividends to stockholders, the utility installs the poles, wires, gas mains, water mains, meters, substations, and generating stations – its rate base. The utility's rates must be adequate to not only cover the expenses but must also provide a return to the investors who purchased the utility's stocks and bonds. The interest rates on the bonds are established when the bonds are sold, after the Commission approved the terms of the bond sales. The return the common shareholder earns is established by the commission in each rate case. The return on equity is a judgment call by the commission, but that judgment is based upon what a common equity shareholder would expect to earn from a company similarly situated with similar risk. The return on common equity is always higher than the return on the debt because equity is riskier than debt. If the utility were to go bankrupt, the bondholders would be paid before the stockholders. The final formula for setting the rate of return is based on the rates of return for debt and equity multiplied by the ratio of the equity to the debt. This ratio is usually close to 50/50 debt to equity.

Is the company guaranteed to earn its return?

No. As explained above, rates are set based upon an historical test year. Expenses grow each year, and the utility is constantly adding to its rate base. Removing a forty year old pole that is almost completely depreciated with a new pole at 2010 costs adds to the utility's rate base. The cost of the pole was a lot less in 1970, and the utility paid the line worker that installed the old pole a lot less in 1970.

Under normal conditions, new customers, new businesses and new electrical end uses helps to offset the erosion of expense recovery that is caused by the lag between when the expenses were incurred and when the rates become effective. In hard economic times, businesses close, residents cut back on their discretionary use of electricity and new homes are not built for new customers moving in. A utility may not earn its allowed fate of return simply because sales fall off.

Do competitive energy suppliers earn a comparable rate of return?

We don't know. The market sets the interest rate for utility bonds. Because utilities have customers who must use at least the transmission and distribution pipelines and lines for delivery of gas and electricity, their revenues are somewhat less risky than competitive suppliers; therefore, their rate of return should be lower. PSNH's rate of return is under ten percent. Unclear if a competitive supplier would be able to secure financing with less than ten percent return on equity.

NEW ENGLAND POWER GENERATION FACILITIES

Biomass, Landfill Gas

Power Plant	Owner	State	Operating Status	Current Generating Capacity
Alexandria Energy Center	Indeck Energy Services	NH	Operating	16.5
Bridgewater Power	Bridgwater Power Co., LLC	NH	Operating	16.5
Claremont Facility	Wheelabrator Technologies Inc	NH	Operating	4.5
Colebrook Landfill	PPL Renewable Energy	NH	Operating	0.8
Concord Facility	Wheelabrator Technologies Inc	NH	Operating	12
Concord Hospital Steam Project	Concord Steam Corp	NH	Operating	2
Dunbarton Energy Partners LP	Dunbarton Energy Partners	NH	Operating	1.2
Durham Landfill Facility	University of New Hampshire	NH	Operating	7.94
Ecoline Landfill Project	University of New Hampshire	NH	Operating	4.6
Four Hills/Nashua Landfill	Fortistar Methane Group LLC	NH	Operating	2.7
Hemphill Power and Light Company	EWP Renewable Corp.	NH	Operating	16.3
Middleton	Middleton Building Supply	NH	Operating	0.59
Pinetree Power Bethlehem	GDF-Suez NA	NH	Operating	15
Pinetree Power Tamworth	GDF-Suez NA	NH	Operating	20
Rochester Landfill Facility	University of New Hampshire	NH	Operating	3.2
Schiller 5	Public Service Co. of NH	NH	Operating	43
Tillotson Rubber Company Inc.	Tillotson Rubber Co Inc	NH	Operating	1.3
Turnkey Landfill Gas Recovery	WM Renewable Energy LLC	NH	Operating	6.6
Turnkey Landfill Gas Recovery IC	WM Renewable Energy LLC	NH	Operating	3.2
Whitefield Power and Light Co	EWP Renewable Corp.	NH	Operating	17.5
				195.43

Coal

Power Plant	Owner	State	Operating Status	Current Generating Capacity
Merrimack	Public Service Co. of NH	NH	Operating	434
Schiller Coal (4&6)	Public Service Co. of NH	NH	Operating	96
				530

Gas

Power Plant	Owner	State	Operating Status	Current Generating Capacity
Granite Ridge	Multiple	NH	Operating	799
Hampton Facility CT	Alinian Capital Group	NH	Operating	5
Newington Energy Center	North American Energy Alliance	NH	Operating	577
				1381

Nuclear

Power Plant	Owner	State	Operating Status	Current Generating Capacity
Seabrook	Multiple	NH	Operating	1,247.30

Oil, Gas/Oil, Jet Fuel

Power Plant	Owner	State	Operating Status	Current Generating Capacity
Crotched Mt. Rehab Center	Crotched Mt Rehab Ctr	NH	Operating	2.1
Dartmouth College Energy Plant	Dartmouth College	NH	Operating	7
Durgin & Crowell Lumber Company	Durgin & Crowell Lumber Co	NH	Operating	1.5
Hamoton Facility IC	Alinian Capital Group	NH	Operating	7.3
Lost Nation	Public Service Co of NH	NH	Operating	18.1
Merrimack CT	Public Service Co of NH	NH	Operating	43
Newington	Public Service Co. of NH	NH	Operating	400.2
Plymouth State College Cogeneration	Plymouth Cogeneration LP	NH	Operating	2.8
Schiller CT	Public Service Co. of NH	NH	Operating	18
Tillotson Rubber Co. IC	Tillotson Rubber Co Inc	NH	Operating	1
White Lake	Public Service Co of NH	NH	Operating	22.4
				523.4

Data Source: SNL Briefing Book Power Plant Database and 2011 ISO-NE CELT Report.

Water				
Power Plant	Owner	State	Operating Status	Current Generating Capacity
Amoskeag	Public Service Co. of NH	NH	Operating	17.5
Ashuelot	Algonquin Power Co	NH	Operating	0.9
Avery Dam	Avery Hydro, LLC	NH	Operating	0.26
Ayers Island	Public Service Co. of NH	NH	Operating	9
Berlin-Gorham Hydro	Brookfield Renewable	NH	Operating	29.2
Clement Dam	Clement Dam Development Inc	NH	Operating	1.1
Comerford	TransCanada Hydro NorthEast	NH	Operating	144.8
Dodge Falls Associates	Dodge Falls Associates LP	NH	Operating	5
Eastman Falls	Public Service Co. of NH	NH	Operating	6.5
Errol Hydroelectric Project	Brookfield Renewable	NH	Operating	3
Franklin Industrial Complex	Franklin Industrial Complx Inc	NH	Operating	1.1
Garvins Falls	Public Service Co. of NH	NH	Operating	12.4
Gorham	Public Service Co. of NH	NH	Operating	2
Greggs Falls Facility	Gregg Falls Hydro Associates	NH	Operating	1.6
Hadley Falls Facility	Algonquin Power Co	NH	Operating	0.25
Hillsborough Hosiery	Enel North America Inc	NH	Operating	1.2
Hooksett	Public Service Co. of NH	NH	Operating	1.6
Hopkinton Hydroelectric Generating Facility	Algonquin Power Co	NH	Operating	0.25
Jackman	Public Service Co. of NH	NH	Operating	2.4
Kelley's Falls Hydroelectric Project	Consolidated Hydro New Hmpshr	NH	Operating	0.45
Lakeport	Algonquin Power Management Inc	NH	Operating	0.6
Lochmere	HDI Associates I	NH	Operating	0.4
Lower Robertson	Algonquin Power Co	NH	Operating	0.96
Lower Village Water Power Project	Marlborough Hydro Corp	NH	Operating	1.2
Mascoma Hydro Corporation	Enel North America Inc	NH	Operating	1.5
McIndoes	TransCanada Hydro NorthEast	NH	Operating	13.2
Milton Hydro	Algonquin Power Management Inc	NH	Operating	1
Mine Falls	Mine Falls Ltd Partnership	NH	Operating	2
Newfound Hydroelectric Company	Newfound Hydroelectric Co	NH	Operating	1.4
Pembroke Hydro	Pembroke Hydro Associates	NH	Operating	1.4
Penacook Lower Falls Facility	Briar-Hydro Assoc.	NH	Operating	4.6
Penacook Upper Falls Facility	Briar-Hydro Assoc.	NH	Operating	3.4
Pine Valley Hydroelectric Plant	Multiple	NH	Operating	0.5
Pontook Hydroelectric Facility	Brookfield Renewable	NH	Operating	10.5
Rolfe Canal Facility	Briar-Hydro Assoc.	NH	Operating	4.3
Rollinsford	Consolidated Hydro New Hmpshr	NH	Operating	1.4
S.C. Moore	TransCanada Hydro NorthEast	NH	Operating	194.4
Smith	Public Service Co. of NH	NH	Operating	17.6
Somersworth Hydroelectric Project	General Electric Co.	NH	Operating	1.4
Somersworth Lower Great Dam	Enel North America Inc	NH	Operating	1.2
Spaulding Avenue Industrial Complex	Tom Cusano	NH	Operating	0.3
Squam Lake Dam	Ashland (NH)	NH	Operating	0.08
Thomas Hodgson & Sons Hydro	Thomas Hodgson & Sons Inc	NH	Operating	1.7
Tillotson Rubber Co. HY	Tillotson Rubber Co Inc	NH	Operating	0.1
West Hopkinton	Consolidated Hydro New Hmpshr	NH	Operating	1
Woodsville Hydroelectric Project	CHI Finance LLC	NH	Operating	0.36
BALTIC MILLS - QF	unknown	NH	Operating	0.06
BATH ELECTRIC HYDRO	New Hampshire Wood Products	NH	Operating	0.16
BELL MILL/ELM ST. HYDRO	River St. Assoc.	NH	Operating	0.00
CAMPTON DAM	Mad River Power Assoc	NH	Operating	0.18
CANAAN	Public Service Co. of NH	NH	Operating	1.04
CELLEY MILL U5	Peer Electric, LLC	NH	Operating	0.11
CHAMBERLAIN FALLS	Alden Hydro, LLC	NH	Operating	0.00
COCHECO FALLS	So NH Hydro. Dev Corp.	NH	Operating	0.43
FISKE HYDRO	Fiske Hydro, Inc	NH	Operating	0.15
GOODRICH FALLS	Goodrich Falls Hydro Elect. Corp.	NH	Operating	0.29
LISBON HYDRO	White Mountain Hydro Corp	NH	Operating	0.40
LOWER VALLEY HYDRO U5	Sweetwater Hydroelectric, Inc.	NH	Operating	0.39
MINIWAWA	unknown	NH	Operating	0.44
MONADNOCK PAPER MILLS	Monadnock Paper Mills	NH	Operating	0.00
NASHUA HYDRO	Essex Hydroelectnc	NH	Operating	0.66

Data Source. SNL Briefing Book Power Plant Database and 2011 ISO-NE CELT Report.

NOONE FALLS	The Cobbs Noone Falls	NH	Operating	0.07
OLD NASH DAM	Marlow Hydro	NH	Operating	0.08
OTIS MILL HYDRO	Alden Hydro, LLC	NH	Operating	0.01
OTTER LANE HYDRO	Otter Lane Hydro	NH	Operating	0.06
PETERBOROUGH UPPER HYDRO	American Hydro, Inc	NH	Operating	0.11
PETTYBORO HYDRO U5	Pettyboro Hydro	NH	Operating	0.01
RIVER BEND	Algonquin Power Fund (America) Inc.	NH	Operating	0.99
RIVER MILL HYDRO	unknown	NH	Operating	0.09
SALMON BROOK STATION 3	Franklin Falls Hydro Elect. Corp.	NH	Operating	0.12
STEELS POND HYDRO	Steel Pond Hydro Inc.	NH	Operating	0.10
STEVENS MILL	Algonquin Power Fund (America) Inc.	NH	Operating	0.00
SUGAR RIVER 2	Sugar River Hydro Power Co.	NH	Operating	0.17
SUGAR RIVER HYDRO	Sugar River Hydro Power Co.	NH	Operating	0.14
SUNAPEE HYDRO	Town of Sunapee	NH	Operating	0.39
SUNNYBROOK HYDRO 2	Joseph T Kuanan Trust	NH	Operating	0.01
SWANS FALLS	Saco River Hydro, LLC	NH	Operating	0.38
WYANDOTTE HYDRO	Woodsville/Rochester Hydro Assoc	NH	Operating	0.06
				514.09

Wind				
Power Plant	Owner	State	Operating Status	Current Generating Capacity
Granite Reliable Power Windpark	Multiple	NH	Operating	99
Lempster Mountain	Iberdrola Renewables	NH	Operating	24
				123.00

Data Source: SNL Briefing Book Power Plant database and ISO-NE 2011 CELT Report.

Power Plant	Owner	State	Operating Status	Current Generating Capacity
Anderson Power Products	Corporate Property Associates	MA	Operating	0.9
Ayer Hydro PowerPlant	Ice House Partners	MA	Operating	0.22
Barre	U.S. Energy Biogas Corp.	MA	Operating	0.8
Bartletts Ocean View Farm	BOVF LLC	MA	Operating	0.25
Beacon Power Flywheel System 2	Beacon Power Corp	MA	Operating	2
Bear Swamp	Multiple	MA	Operating	600
Beebe Holbrook	Holyoke G & E City of MA	MA	Operating	0.52
Bellingham	International Power America	MA	Operating	535.4
Bellingham Cogeneration	Multiple	MA	Operating	336
Berkshire Power	Multiple	MA	Operating	262.9
Berkshire Wind Power	Berkshire Wind Power Coop	MA	Operating	15
Blackstone	International Power America	MA	Operating	503.8
Boatlock	Holyoke G & E City of MA	MA	Operating	2.9
Boott	Enel North America Inc	MA	Operating	21.7
Boston	IBEW Local 103	MA	Operating	0.1
Brayton Point 1-3	Dominion Generation Corp	MA	Operating	1,134.20
Brayton Point 4	Dominion Generation Corp	MA	Operating	445.5
Brayton Point IC	Dominion Generation Corp	MA	Operating	10
Bridgewater Correctional	Massachusetts Department	MA	Operating	1.46
Brockton Solar Project	Brockton City of	MA	Operating	0.43
Cabot	FirstLight Power Resources	MA	Operating	61.8
Cabot-Holyoke	Holyoke G & E City of MA	MA	Operating	18.6
Cabot-Holyoke Hydro	Holyoke G & E City of MA	MA	Operating	2
Canal	Mirant Canal LLC	MA	Operating	1,128.00
Chemical	Holyoke G & E City of MA	MA	Operating	1.6
Cherry Street	Hudson Town of	MA	Operating	13.5
Chicopee Electric	Gas Recovery Systems LLC	MA	Operating	1.8
Chicopee Hydroelectric Station	O'Connell Engineering & Fin In	MA	Operating	2.4
Clark University	Clark University	MA	Operating	1.8
Cleary Flood	Taunton City of	MA	Operating	108.4
Cleary Flood Steam	Taunton City of	MA	Operating	26
Cobble Mountain	Springfield Water & Sewer Co	MA	Operating	32.9
Collins Facility	Collins Hydroelectric Partners	MA	Operating	1.2
Commercial Street	Marblehead City of	MA	Operating	1
Cosgrove Intake and Power Station	Massachusetts Water Res Auth	MA	Operating	1.4
Crapo Hill LFG	Greater New Bedford Reg Mgmt	MA	Operating	3.3
Dartmouth Business Park Solar	Con Edison Development	MA	Operating	1.8
Dartmouth Power Associates	Riverstone/Carlyle RAE Fund II	MA	Operating	68
Dartmouth Power Expansion	Morris Energy Grp Pedricktown	MA	Operating	23.4
Deer Island Treatment CT Plant	Massachusetts Water Res Auth	MA	Operating	54
Deer Island Treatment Hydro Plant	Massachusetts Water Res Auth	MA	Operating	2
Deer Island Treatment Solar PV Project	Massachusetts Water Res Auth	MA	Operating	0.1
Deer Island Treatment Steam	Massachusetts Water Res Auth	MA	Operating	17.5
Deer Island Treatment Wind	Massachusetts Water Res Auth	MA	Operating	1.2
Deerfield 2	TransCanada Hydro NorthEast	MA	Operating	6.3
Deerfield 3	TransCanada Hydro NorthEast	MA	Operating	6.3
Deerfield 4	TransCanada Hydro NorthEast	MA	Operating	6.3
Deerfield 5	TransCanada Hydro NorthEast	MA	Operating	13.9
Dighton	Equipower Resources Corp.	MA	Operating	177
Doreen	NAEA Energy MA LLC	MA	Operating	21.1
DPW Building	Ameresco Solar Newburyport	MA	Operating	0.11
Dracut	Constellation Energy Projects	MA	Operating	0.35
Dwight	NAEA Energy MA LLC	MA	Operating	1.3
East Bridgewater	Gas Recovery Systems LLC	MA	Operating	5.4

Data Source: SNL Briefing Book Power Plant Database.

Eastman Gelatine Corporation	Eastman Gelatine Corp	MA	Operating	6.1
Fall River Electric	Gas Recovery Systems LLC	MA	Operating	1.8
Fall River Electric CT	Gas Recovery Systems LLC	MA	Operating	4.8
Falmouth Wind Farm	Notus Clean Energy	MA	Operating	1.65
Fellsway Development CT	Atlantic Adventist Healthcare	MA	Operating	0.7
Fellsway Development LLC	Atlantic Adventist Healthcare	MA	Operating	1.5
Fellsway Development ST	Atlantic Adventist Healthcare	MA	Operating	0.2
Fife Brook	Multiple	MA	Operating	9.9
Fitchburg Gas Recovery	WM Renewable Energy LLC	MA	Operating	4.8
Forbes Park Wind	Forbes Park LLC	MA	Operating	0.6
Fore River	Constellation Energy Group Inc	MA	Operating	836.7
Framingham	Exelon Generation Company	MA	Operating	38.9
Franklin Energy Center	Ameresco Intelligent	MA	Operating	2.02
Front Street	Chicopee City of	MA	Operating	8.4
Gardners Falls	NAEA Energy MA LLC	MA	Operating	3.4
General Electric Aircraft Engines Cogen	General Electric Co.	MA	Operating	32.5
General Electric Aircraft Engines CT Cogen	General Electric Co.	MA	Operating	21.1
Gillette Company	Gillette Co	MA	Operating	12.1
Gillette Company IC	Gillette Co	MA	Operating	3
Gillette SBMC - CT	Gillette Co	MA	Operating	7.2
Glendale Hydroelectric Project	Littleville Power Co. Inc.	MA	Operating	1.05
Hadley Falls	Holyoke G & E City of MA	MA	Operating	30.3
Halifax Electric	Gas Recovery Systems LLC	MA	Operating	2.7
Harris Energy & Realty Corporation	Holyoke G & E City of MA	MA	Operating	2.9
Harvard Solar Plant	Crimson Solar LLC	MA	Operating	0.5
Haverhill Resource Recovery Facility	Covanta Energy Corp.	MA	Operating	43.2
Haverhill Solar	Massachusetts Electric Co.	MA	Operating	1
High St Station	Ipswich Town of	MA	Operating	11.4
Hull Wind	Hull Town of	MA	Operating	2.46
Hyannis Country Garden	Hyannis Country Garden	MA	Operating	0.1
Indian Orchard	NAEA Energy MA LLC	MA	Operating	3.7
Indian Orchard Plant	Solutia	MA	Operating	4
Indian Orchard Solar Facility	Western Massachusetts Electric	MA	Operating	2.3
Ipswich Municipal Wind Project	Multiple	MA	Operating	1.6
Jiminy Peak	Jiminy Peak Mountain	MA	Operating	1.5
Kendall Square	Mirant Kendall LLC	MA	Operating	238.4
Kendall Square CT	Mirant Kendall LLC	MA	Operating	20
L'Energia	EDF Trading North America LLC	MA	Operating	80
Lawrence Hydro	Enel North America Inc	MA	Operating	14
Lightolier Wind	Lightolier	MA	Operating	1.4
Lowell CC	Morris Energy Group LLC	MA	Operating	31.5
Lynn Energy Center	Ameresco Intelligent	MA	Operating	2.02
M Street Jet	Massachusetts Bay Trans Author	MA	Operating	68
Mansfield	Archer-Daniels-Midland Company	MA	Operating	2
Massachusetts Institute of Technology	Massachusetts Institute of Tec	MA	Operating	23
MASSPOWER Cogen	Equipower Resources Corp.	MA	Operating	276.79
Medical Area Total Energy	Multiple	MA	Operating	40.2
Medical Area Total Energy CT	Multiple	MA	Operating	25
Medical Area Total Energy ST	Multiple	MA	Operating	22
Medway CT	Exelon Generation Company	MA	Operating	167
Milford Power CC	International Power America	MA	Operating	169.8
Millbury Facility	Wheelabrator Technologies Inc	MA	Operating	40
Millennium Power	MACH Gen LLC	MA	Operating	374
Mount Tom	FirstLight Power Resources	MA	Operating	145.7
Mount Wachusett Community College	Mount Wachusett Cmnty College	MA	Operating	3.3
MP2 Capital WGBH Solar	MP2 Capital-WGBH Educational	MA	Operating	0.1

Data Source SNL Briefing Book Power Plant Database.

Mystic	Constellation Energy Group Inc	MA	Operating	577.6
Mystic CT	Constellation Energy Group Inc	MA	Operating	10.1
Mystic River 8 and 9	Constellation Energy Group Inc	MA	Operating	1,679.40
Nantucket CT	New England Power Co.	MA	Operating	7.4
New Boston CT	Exelon Generation Company	MA	Operating	22
New England Distribution Center	Massachusetts Electric Co.	MA	Operating	1
Newark America Cogen Facility	Newark America	MA	Operating	3
Norfolk Landfill	Quarry Energy Corp	MA	Operating	0.6
Northfield Mountain	FirstLight Power Resources	MA	Operating	1,080.00
Northfield Mountain Solar Project	FirstLight Power Resources	MA	Operating	2
Norton Powerhouse	Saint-Gobain Abrasives Inc.	MA	Operating	5.6
Oak Bluffs Generating Facility	Mirant Canal LLC	MA	Operating	8.4
Oakdale Power Station	Massachusetts Water Res Auth	MA	Operating	3
Palmer Hydroelectric Power Station	Boralex Inc.	MA	Operating	1.1
Pepperell Hydro Power Plant	Swift River Company Inc.	MA	Operating	2.2
Pilgrim Nuclear Power Station	Entergy Nuclear	MA	Operating	684.7
Pinetree Power Fitchburg	Pinetree Power Fitchburg Inc	MA	Operating	17
Pioneer Valley Resource Recovery Facility	Covanta Springfield LLC	MA	Operating	7.5
Pittsfield Generating Station	Pittsfield Generating Co LP	MA	Operating	173
Pittsfield Resource Recovery Facility	Covanta Pittsfield LLC	MA	Operating	0.86
Plainville LFG	Allied Waste Industries	MA	Operating	5.6
Potter Station 2	Multiple	MA	Operating	96.1
Potter Station IC	Braintree (MA)	MA	Operating	2.3
Princeton Wind	Community Energy Inc	MA	Operating	3
Putts Bridge	NAEA Energy MA LLC	MA	Operating	3.6
Randolph Electric	Gas Recovery Systems LLC	MA	Operating	0.9
Red Bridge	NAEA Energy MA LLC	MA	Operating	4
Revere Energy	Revere Energy Corp	MA	Operating	5.8
Revere National Grid Solar Facility	Massachusetts Electric Co.	MA	Operating	1.1
Richard F Wheeler	Princeton Town of	MA	Operating	3
Richey Wind	Richey Properties	MA	Operating	0.6
Riverdale Mills Hydro	Riverdale Mills Corp.	MA	Operating	0.1
Riverside Hydro	Holyoke G & E City of MA	MA	Operating	6.9
Rupert Nock M.S.	Ameresco Solar Newburyport	MA	Operating	0.39
Salem Harbor 1-3	Dominion Generation Corp	MA	Operating	149.9
Salem Harbor 4	Dominion Generation Corp	MA	Operating	437.4
Saugus Resco	Wheelabrator Technologies Inc	MA	Operating	32
Seaman Energy Landfill Plant	Seaman Energy	MA	Operating	1
Seaman Otter Mill Plant	Seaman Energy	MA	Operating	0.3
SEMASS Resource Recovery Facility	Covanta Energy Corp.	MA	Operating	80
Sherman	TransCanada Hydro NorthEast	MA	Operating	6.2
Shrewsbury	Shrewsbury Town of	MA	Operating	14
Silver Lake Solar Project	Western Massachusetts Electric	MA	Operating	1.8
Skinner	Holyoke G & E City of MA	MA	Operating	0.3
Southbridge Energy Center LLC	AE Operations LLC	MA	Operating	6.5
Southbridge Street	New England Power Co.	MA	Operating	1
Stony Brook CT	Massachusetts Mun Whls Elec Co	MA	Operating	170
Stony Brook IC	Lyndonville Village of	MA	Operating	0.6
Taunton Landfill	Minnesota Methane LLC	MA	Operating	1.8
Taylors Point Wind Project	Massachusetts Maritime Academy	MA	Operating	0.66
Texon (Crescent) Hydroelectric Project	Littleville Power Co. Inc.	MA	Operating	1.5
Thomas A. Watson Generating Station	Multiple	MA	Operating	114.8
Trigen / NECCO Facility	New England Confectionery Co	MA	Operating	4.5
Turners Falls	FirstLight Power Resources	MA	Operating	6.4
University of Massachusetts Medical	University of Massachusetts	MA	Operating	6
Waters River	Peabody City of	MA	Operating	67.9

Data Source: SNL Briefing Book Power Plant Database.

Wellesley College	Wellesley College	MA	Operating	7.1
West Dudley Hydroelectric	A & D Hydro Inc	MA	Operating	0.3
West Springfield	NAEA Energy MA LLC	MA	Operating	101.2
West Springfield CT	NAEA Energy MA LLC	MA	Operating	117.5
West Tisbury Generating Facility	Mirant Canal LLC	MA	Operating	5.6
Wheelabrator North Andover	Wheelabrator Technologies Inc	MA	Operating	30
Wilkins Station	Marblehead City of	MA	Operating	5
Woodland Road	NAEA Energy MA LLC	MA	Operating	21
Worcester Solar	Wilson Holdings	MA	Operating	0.13
Woronoco Hydro Plant	Swift River Company Inc.	MA	Operating	1.8

Data Source: SNL Briefing Book Power Plant database.

Power Plant	Owner	State	Operating Status	Current Generating Capacity
Block Island	Block Island Power Co.	RI	Operating	6.8
Brown University	Brown University	RI	Operating	3.2
Central Power	State of Rhode Island	RI	Operating	4
Central Power Plant CT	State of Rhode Island	RI	Operating	7.6
Manchester Street	Dominion Generation Corp	RI	Operating	510.2
Ocean State Power	Ocean State Power	RI	Operating	238.9
Ocean State Power II	Ocean State Power II	RI	Operating	238.9
Pawtucket Power Associates	Maxim Power (USA)	RI	Operating	69
Portsmouth Wind	Portsmouth Town of	RI	Operating	1.49
Quonset Point	Toray Plastics (America)	RI	Operating	7
Rhode Island Hospital	Rhode Island Hospital	RI	Operating	9.4
Rhode Island State Energy Center	Entergy Corp.	RI	Operating	621
Rhode Island Wind Facility	Northeast Engineers	RI	Operating	0.1
Ridgewood Providence Power Partners	Macquarie Infrastructure Ptnrs	RI	Operating	23.7
Tiverton	Capital Power Corp.	RI	Operating	284.6
Tupperware	Blackstone Hydro Inc	RI	Operating	1.6
Whole Foods Providence	SunEdison LLC	RI	Operating	0.02
Woonsocket	Thundermist Hydropower	RI	Operating	1.1

Data Source: SNL Briefing Book Power Plant database.

Power Plant	Owner	State	Operating Status	Current Generating Capacity
A.L. Pierce CT	CT Municipal Elec Energy Coop	CT	Operating	82.3
Algonquin Windsor Locks	Algonquin Power Co	CT	Operating	61
American Ref Fuel Company of SE Connecticut	Covanta Energy Corp.	CT	Operating	12
Branford	CT Jet Power LLC	CT	Operating	22.5
Bridgeport Energy	Capital Power Corp.	CT	Operating	520
Bridgeport Harbor 2	PSEG Power Connecticut	CT	Operating	146.2
Bridgeport Harbor 3	PSEG Power Connecticut	CT	Operating	385
Bridgeport Harbor CT	PSEG Power Connecticut	CT	Operating	20.4
Bridgeport Resco	Wheelabrator Technologies Inc	CT	Operating	61.3
Bristol Resource Recovery Facility	Covanta Energy Corp.	CT	Operating	13.2
Bulls Bridge	FirstLight Power Resources	CT	Operating	8.4
Capital District Energy Center Cogeneration	Pawtucket Power Holding Co.	CT	Operating	61.3
Cheshire - Solar	Multiple	CT	Operating	0.1
Colebrook	Metropolitan Dist of Hartford	CT	Operating	1.4
Cos Cob	CT Jet Power LLC	CT	Operating	119.1
Cytec	CT Municipal Elec Energy Coop	CT	Operating	6
Dayville Pond Hydro Power	Summit Hydropower	CT	Operating	0.1
Devon Station CT	NRG Northeast Generating LLC	CT	Operating	175.6
Discovery Museum	MMA Renewable Ventures LLC	CT	Operating	0.02
Fairfield University CHP	Fairfield Un	CT	Operating	4.5
Falls Village	FirstLight Power Resources	CT	Operating	11.1
Fort Hill 1, 2, 3 & 4	CT Municipal Elec Energy Coop	CT	Operating	10
Foxwoods Resort Casino Cogen	Mashantucket Pequot Tribal	CT	Operating	15
Franklin Drive	CT Jet Power LLC	CT	Operating	21.2
Gary Court 1 & 2	CT Municipal Elec Energy Coop	CT	Operating	5
GenConn Devon Peaking	Multiple	CT	Operating	200
GenConn Middletown Peaking	Multiple	CT	Operating	200
Goodwin Hydroelectric	Metropolitan Dist of Hartford	CT	Operating	3.2
Hartford Hospital Cogeneration	Hartford Steam Company	CT	Operating	8.6
Hartford Landfill	Minnesota Methane LLC	CT	Operating	1.8
HSCo Main Plant CHP	Hartford Steam Company	CT	Operating	4
Jewett City 1	CT Municipal Elec Energy Coop	CT	Operating	2.5
John Street	CT Municipal Elec Energy Coop	CT	Operating	8
Killingly Solar	SunE Solar Fund I	CT	Operating	0.32
Kimberly Clark	Kimberly-Clark Corp.	CT	Operating	34.9
Kinneytown	Enel North America Inc	CT	Operating	2.2
Lake Road CC	Equipower Resources Corp	CT	Operating	845.2
Lebanon Pines 1 & 2	CT Municipal Elec Energy Coop	CT	Operating	5
Manchester - KHL503	SunE KHL503 Manchester LLC	CT	Operating	0.21
Mansfield Solar	SunEdison Holdings II LLC	CT	Operating	0.06
Martin Kellogg Middle School Solar System	MP2 Capital LLC	CT	Operating	0.17
McCallum Enterprise I LP	McCallum Enterprises I LP	CT	Operating	8.6
Mid-Connecticut Resource Recovery	Connecticut Resources Recovery	CT	Operating	57.3
Middletown Kleen Energy	Multiple	CT	Operating	620
Middletown Operations Inc.	NRG Northeast Generating LLC	CT	Operating	767
Middletown Operations Inc. Jet	NRG Northeast Generating LLC	CT	Operating	22.1
Milford Power	Equipower Resources Corp	CT	Operating	567.2
Millstone	Multiple	CT	Operating	2,116.50
Montville Station	NRG Northeast Generating LLC	CT	Operating	493
Montville Station IC	NRG Northeast Generating LLC	CT	Operating	5.4
New Haven Harbor	PSEG Power Connecticut	CT	Operating	454.6
New Haven Wind Farm	Phoenix Press Inc	CT	Operating	0.1
New Milford - IC	WM Renewable Energy LLC	CT	Operating	2.4
Norden 1-3	Norwalk Third Taxing District	CT	Operating	6
North Main Street	Norwich City of	CT	Operating	18.8
Norwalk Harbor Generating Station	NRG Northeast Generating LLC	CT	Operating	336
Norwalk Harbor Generating Station CT	NRG Northeast Generating LLC	CT	Operating	17
Norwich Waste Water Treatment Project	Norwich City of	CT	Operating	2
Occum	Norwich City of	CT	Operating	0.8

Data Source: SNL Briefing Book Power Plant Database.

Pfizer Groton Plant	Pfizer Inc	CT	Operating	29.4
Pfizer Groton Plant - Repower	Pfizer Inc	CT	Operating	10.5
Pomfret Solar	Connecticut Innovations, Inc	CT	Operating	0.02
PPL Wallingford Energy	LS Power Equity Advisors LLC	CT	Operating	245
Quinebaug Lower Project	Quinebaug Associates LLC	CT	Operating	2.4
Rainbow Hydro	Farmington River Power Co	CT	Operating	8
Regional School District Solar Project	MP2 Capital LLC	CT	Operating	0.45
Rocky Hill	SunE KHL640 Rocky Hill	CT	Operating	0.21
Rocky River (CT)	FirstLight Power Resources	CT	Operating	29.4
Scotland Dam	FirstLight Power Resources	CT	Operating	2.2
Shepaug	FirstLight Power Resources	CT	Operating	42.6
South Meadow	Connecticut Resources Recovery	CT	Operating	189.1
South Norwalk	South Norwalk City of	CT	Operating	1.1
Sprague Paperboard	Cascades Boxboard Group	CT	Operating	15
Sterling Energy Facility	ReEnergy Holdings LLC	CT	Operating	26
Stevenson	FirstLight Power Resources	CT	Operating	28.8
Taftville	FirstLight Power Resources	CT	Operating	2
Tenth Street	Norwich City of	CT	Operating	1.2
Thule Solar	Nautilus Solar Energy LLC	CT	Operating	0.24
Torrington Terminal	CT Jet Power LLC	CT	Operating	22.5
Tunnel CT	FirstLight Power Resources	CT	Operating	20.8
Tunnel Hydro	FirstLight Power Resources	CT	Operating	2.2
Uncasville Mill	Smurfit - Stone Container Corp	CT	Operating	1.7
United Technologies	United Technologies Corp.	CT	Operating	31
Veterinary Hospital Solar	Connecticut Innovations, Inc	CT	Operating	0.01
Wallingford Resource Recovery Facility	Covanta Energy Corp.	CT	Operating	8.4
Water Treatment 1 & 2	CT Municipal Elec Energy Coop	CT	Operating	5
Waterbury Power	Multiple	CT	Operating	100
Waterbury Solar	Connecticut Innovations, Inc	CT	Operating	0.02
Waterside Power	ArcLight Capital Partners LLC	CT	Operating	69.6
Wheelabrator Lisbon	Eastern Conn Res Recvy Authori	CT	Operating	13
Willimantic I Hydroelectric Project	Enel North America Inc	CT	Operating	0.77
Willimantic II Hydroelectric Project	Enel North America Inc	CT	Operating	0.77
Wisconsin Avenue - LNG 1 & 2	CT Municipal Elec Energy Coop	CT	Operating	5
Wyre Wynd Hydro Power	Summit Hydropower	CT	Operating	2.78

Data Source: SNL Briefing Book Power Plant database.

Power Plant	Owner	State	Operating Status	Current Generating Capacity
Androscoggin 3	FPL Energy Maine Inc.	ME	Operating	3.4
Androscoggin Cogeneration Center	CMP Holdings	ME	Operating	170.1
Androscoggin Mill	CMP Holdings	ME	Operating	80
Anson Abenaki Hydro	Madison Paper Industries Inc	ME	Operating	25.1
Anson Abenaki Steam	Madison Paper Industries Inc	ME	Operating	2.5
Aroostook & Bangor Resources	Perma Treat	ME	Operating	0.5
Ashland	ReEnergy Holdings LLC	ME	Operating	34
Aziscohos Hydroelectric Project	Multiple	ME	Operating	6.8
Bar Harbor	Bangor Hydro-Electric Co.	ME	Operating	8.8
Bar Mills	FPL Energy Maine Inc.	ME	Operating	4
Barker Mill Lower	KEI (USA) Power Management Inc	ME	Operating	1.5
Barker Mill Upper	KEI (USA) Power Management Inc	ME	Operating	1.4
Bates Mill Upper	FPL Energy Maine Inc.	ME	Operating	2.7
Beaver Ridge Wind	Patriot Renewables	ME	Operating	4.5
Benton Falls	Essex Hydro Associates, LLC	ME	Operating	4
Bonny Eagle	FPL Energy Maine Inc.	ME	Operating	9
Brassua Hydroelectric Project	Brookfield Renewable	ME	Operating	3.6
Browns Mill Hydro Project	Kruger Inc.	ME	Operating	0.67
Brunswick Hydro	FPL Energy Maine Inc	ME	Operating	20
Bucksport	CMP Holdings	ME	Operating	93
Bucksport Mill	Multiple	ME	Operating	183.1
Cape Gas Turbine	FPL Energy Maine Inc	ME	Operating	40
Caribou Hydro	Algonquin Northern Maine	ME	Operating	0.8
Caribou IC	Algonquin Northern Maine	ME	Operating	7
Caribou Steam	Algonquin Northern Maine	ME	Operating	23
Cataract	FPL Energy Maine Inc.	ME	Operating	8
Cataract W Channel	NextEra Energy	ME	Operating	0.9
Charles E Monty	FPL Energy Maine Inc.	ME	Operating	28
Continental Mills	FPL Energy Maine Inc	ME	Operating	1.4
Crossroads Landfill	WM Renewable Energy LLC	ME	Operating	3.2
Damariscotta Hydro Project	KEI (USA) Power Management Inc	ME	Operating	0.46
Dane Perkins	Kennebunk Light & Power Dist	ME	Operating	0.15
Deer Rips	FPL Energy Maine Inc.	ME	Operating	6.2
East Millinocket Mill	Katahdin Paper Co LLC	ME	Operating	57.8
Eastern Maine El Coop Mobile Units	Eastern Maine Electric Co-op	ME	Operating	0.3
Eastern Paper - Lincoln Mill	Eastern Paper	ME	Operating	15.5
Eastport	Bangor Hydro-Electric Co.	ME	Operating	3.7
Ellsworth	Black Bear Hydro Partners	ME	Operating	9.3
Estes Lake Dam Project	KEI (USA) Power Management Inc	ME	Operating	0.58
Eustis Hydro	KEI (USA) Power Management Inc	ME	Operating	0.21
Flos Inn	Algonquin Northern Maine	ME	Operating	4.2
Fort Fairfield Thermal Power (Aroostook Valley)	ReEnergy Holdings LLC	ME	Operating	31
Fox Islands Wind - Vinalhaven	Fox Islands Electric Coop	ME	Operating	4.5
Gardiner	KEI (USA) Power Management Inc	ME	Operating	1.1
Great Lakes Hydro America - ME	Brookfield Renewable	ME	Operating	126.1
Great Works Hydro	Penobscot River Trust	ME	Operating	7.1
Greenville Hydro Plant (Wilson)	KEI (USA) Power Management Inc	ME	Operating	0.63
Greenville Steam Company	Gallop Power Greenville	ME	Operating	19
Gulf Island	FPL Energy Maine Inc	ME	Operating	23.2
Harris Hydro	FPL Energy Maine Inc	ME	Operating	87.4
Hill Mill	FPL Energy Maine Inc	ME	Operating	1.8
Hiram	FPL Energy Maine Inc	ME	Operating	11.6
Howland	Penobscot River Trust	ME	Operating	1.8
Indeck Jonesboro Energy Center	Covanta Maine LLC	ME	Operating	23.1

Data Source. SNL Briefing Book Power Plant Database.

Indeck West Enfield Energy Center	Covanta Maine LLC	ME	Operating	23.2
J & L Electric	J & L Electric	ME	Operating	0.9
Jay Hydro	CMP Holdings	ME	Operating	3.1
Kennebec Project	Brookfield Renewable	ME	Operating	15
Kesslen	Kennebunk Light & Power Dist	ME	Operating	0.15
Kibby Mountain Wind Project	TransCanada Maine Wind	ME	Operating	132
Lavalley Lumber	Albert R Lavallee Inc	ME	Operating	1.3
Lavalley Lumber IC	Albert R Lavallee Inc	ME	Operating	0.3
Leighs Mill Pond Hydro Project (South Berwick)	KEI (USA) Power Management Inc	ME	Operating	0.53
Livermore Falls	ReEnergy Holdings LLC	ME	Operating	35.9
Livermore Hydro	CMP Holdings	ME	Operating	8
Lockwood Hydroelectric Facility	Multiple	ME	Operating	6.4
Loring IC	Algonquin Northern Maine	ME	Operating	5.1
Maine Energy Recovery	Casella Waste Systems Inc.	ME	Operating	18
Maine Independence Station (Casco Bay)	Dynegy Northeast Generation	ME	Operating	540
Mars Hill Wind	Evergreen Wind Power LLC	ME	Operating	42
Matinicus	Matinicus Plantation Elec.Co.	ME	Operating	0.35
Mead Corp.	NewPage Corp.	ME	Operating	12.5
Mechanic Falls	KEI (USA) Power Management Inc	ME	Operating	1.2
Medway	Black Bear Hydro Partners	ME	Operating	2.5
Medway IC	Bangor Hydro-Electric Co.	ME	Operating	8.8
Milford	Black Bear Hydro Partners	ME	Operating	7.8
Millinocket Mill	Katahdin Paper Co LLC	ME	Operating	22
Milo Hydro power Plant	KEI (USA) Power Management Inc	ME	Operating	0.75
Minturn	Swans Island Electric Coop	ME	Operating	0.35
MMWAC Resource Recovery Facility	Mid-Maine Waste Action Corp	ME	Operating	2.7
Norridgewock	Madison Town of	ME	Operating	0.54
North Gorham	FPL Energy Maine Inc.	ME	Operating	2
Norway Hydro plant	KEI (USA) Power Management Inc	ME	Operating	0.34
Oakland Hydro (Messalonskee 2)	Concord Hydro Associates	ME	Operating	2.8
Old Falls Hydro Plant	KEI (USA) Power Management Inc	ME	Operating	0.52
Old Town CT	Georgia-Pacific LLC	ME	Operating	9.5
Old Town Division	Red Shield Acquisition	ME	Operating	29.5
Orono	Black Bear Hydro Partners	ME	Operating	2.7
Otis Hydroelectric Company	CMP Holdings	ME	Operating	10.2
Oxford Hydro	Androscoggin Reservoir	ME	Operating	5.3
Pejepscot (Topsham)	Topsham Hydro Partners	ME	Operating	13.1
Penobscot Energy Recovery Company	Multiple	ME	Operating	21.2
Perma Treat	Perma Treat	ME	Operating	0.5
Pine Tree Landfill	Casella Waste Systems Inc.	ME	Operating	2.79
Pittsfield (ME)	KEI (USA) Power Management Inc	ME	Operating	1.7
Presque Isle Wind	University Maine at Presque	ME	Operating	0.6
Pumpkin Hill	KEI (USA) Power Management Inc	ME	Operating	1.4
Regional Waste Systems	Ecomaine Inc	ME	Operating	11.5
Rice Rips Hydro (Messalonskee 3)	Concord Hydro Associates	ME	Operating	1.6
Riley Hydro	CMP Holdings	ME	Operating	6.6
Robbins Lumber	Robbins Lumber Inc	ME	Operating	1.1
Robbins Lumber IC	Robbins Lumber Inc	ME	Operating	1.8
Rollins Wind Farm	Evergreen Wind Power III	ME	Operating	60
Rumford	Capital Power Corp	ME	Operating	258
Rumford Cogeneration	Multiple	ME	Operating	95
Rumford Falls	Brookfield Renewable	ME	Operating	44.3
S D Warren Company 2	S D Warren Co	ME	Operating	63.3
S.D. Warren Company Hydro	S D Warren Co	ME	Operating	8.4
Salmon Falls	Consolidated Hydro New Hmpshr	ME	Operating	1.2
Sebec Village Hydro Project	Ampersand Sebec Lake Hydro LLC	ME	Operating	0.84

Data Source: SNL Briefing Book Power Plant Database.

Shawmut	FPL Energy Maine Inc.	ME	Operating	9.2
Sherman Energy Facility	Boralex Inc.	ME	Operating	21
Skelton	FPL Energy Maine Inc.	ME	Operating	19.8
Somerset, ME	S D Warren Co	ME	Operating	115
Spruce Mountain (Woodstock) Wind Project	Patriot Renewables	ME	Operating	20
Squa Pan	Algonquin Northern Maine	ME	Operating	1.4
Stetson Mountain Wind II	First Wind Holdings	ME	Operating	25.5
Stetson Wind	Evergreen Wind Power V LLC	ME	Operating	57
Stillwater	Black Bear Hydro Partners	ME	Operating	2.1
Stratton Energy	ReEnergy Holdings LLC	ME	Operating	45.7
Twine Mill	Kennebunk Light & Power Dist	ME	Operating	0.3
Union Gas Hydro (Messalonskee 5)	Concord Hydro Associates	ME	Operating	1.5
Upper Androscoggin	Lewiston City of	ME	Operating	0.5
Veazie	Penobscot River Trust	ME	Operating	7.9
West Buxton	FPL Energy Maine Inc.	ME	Operating	7.7
West Enfield Hydro	Black Bear Hydro Partners	ME	Operating	9.5
Westbrook Energy Center	Calpine Construction Finance	ME	Operating	553.5
Weston Hydro	FPL Energy Maine Inc.	ME	Operating	13.2
William F. Wyman	Multiple	ME	Operating	828.4
Williams Hydro	FPL Energy Maine Inc.	ME	Operating	14.9
Woodland Pulp & Paper Hydro	Domtar Inc	ME	Operating	17.7
Woodland Pulp & Paper Steam	Domtar Inc	ME	Operating	46
Worumbo Hydro Station	Miller Hydro Group Inc	ME	Operating	18.6
Wyman Hydro	FPL Energy Maine Inc.	ME	Operating	83

Data Source: SNL Briefing Book Power Plant database.

Power Plant	Owner	State	Operating Status	Current Generating Capacity
Arnold Falls	Central Vermont Public Service	VT	Operating	0.38
Ascutney	Central Vermont Public Service	VT	Operating	13.4
Barnet Hydroelectric Project	Enel North America Inc	VT	Operating	0.49
Beldens	Central Vermont Public Service	VT	Operating	5.7
Bellows Falls	TransCanada Hydro NorthEast	VT	Operating	48.6
Berlin 5	Green Mountain Power Corp.	VT	Operating	45.7
Bolton Falls/DeForge	Green Mountain Power Corp.	VT	Operating	7.8
Boltonville Hydro Associates	Boltonville Hydro Associates	VT	Operating	1.1
Burlington International Airport Solar Project	Vermont Air National	VT	Operating	1.5
Burlington Landfill	U.S. Energy Biogas Corp.	VT	Operating	0.7
Burlington, VT	Burlington (VT)	VT	Operating	22.7
Cadys Falls	Morrisville Water & Light Dept	VT	Operating	1.1
Canaan	Public Service Co. of NH	VT	Operating	1.1
Cavendish	Central Vermont Public Service	VT	Operating	1.4
Center Rutland	Central Vermont Public Service	VT	Operating	0.3
Chace Mill Winooski One	Multiple	VT	Operating	7.5
Clark Falls	Central Vermont Public Service	VT	Operating	3
Clyde River Hydroelectric Project	Great Bay Hydro Corp.	VT	Operating	3.9
Colchester 16	Green Mountain Power Corp.	VT	Operating	13.9
Coventry Landfill	Washington Electric Coop - VT	VT	Operating	8
Deweys Mill	Hydro Energies Inc	VT	Operating	2.9
East Barnet	Central Vermont Public Service	VT	Operating	1.9
Enosburg Falls Diesel	Enosburg Falls Village of	VT	Operating	0.7
Essex Junction 19	Green Mountain Power Corp.	VT	Operating	8
Essex Junction 19 IC	Green Mountain Power Corp.	VT	Operating	7.2
Fairfax Falls	Central Vermont Public Service	VT	Operating	4
Ferrisburgh Solar Farm Project	Addison Solar Farm	VT	Operating	1
Florence	Omya Inc.	VT	Operating	7.9
Gage	Central Vermont Public Service	VT	Operating	0.7
Gilman Mill Hydro	American Tissue Corporation	VT	Operating	4.3
Glen	Central Vermont Public Service	VT	Operating	2
Gorge 18	Green Mountain Power Corp.	VT	Operating	3
Great Falls (VT)	Lyndonville Village of	VT	Operating	1.9
Green Mountain Coffee Roasters	Green Mountain Coffee Roasters	VT	Operating	0.1
Hardwick	Hardwick Town of	VT	Operating	0.6
Harriman	TransCanada Hydro NorthEast	VT	Operating	41.1
Highgate Falls	Swanton Village of	VT	Operating	9.7
J.C. McNeil	Multiple	VT	Operating	54
Kendall	Enosburg Falls Village of	VT	Operating	0.35
Lower Middlebury	Central Vermont Public Service	VT	Operating	2
Marshfield 6	Green Mountain Power Corp.	VT	Operating	5
Middlesex 2	Green Mountain Power Corp.	VT	Operating	3.2
Milton	Central Vermont Public Service	VT	Operating	7
Moretown	Moretown Hydro Energy Co	VT	Operating	0.4
Moretown Landfill	PPL Renewable Energy	VT	Operating	3.2
Morrisville	Morrisville Water & Light Dept	VT	Operating	1.8
Newbury Hydroelectric Project	Enel North America Inc	VT	Operating	0.39
Ottauquechee Hydro	Enel North America Inc	VT	Operating	1.7
Passumpsic	Central Vermont Public Service	VT	Operating	0.7
Patch	Central Vermont Public Service	VT	Operating	0.3
Peterson	Central Vermont Public Service	VT	Operating	6.3
Pierce Mills	Central Vermont Public Service	VT	Operating	0.25
Pittsford	Central Vermont Public Service	VT	Operating	3.4

Data Source: SNL Briefing Book Power Plant Database.

Proctor	Central Vermont Public Service	VT	Operating	6.6
Rutland	Central Vermont Public Service	VT	Operating	14.5
Ryegate Power Station	Multiple	VT	Operating	20
Salisbury	Central Vermont Public Service	VT	Operating	1.2
Searsburg	TransCanada Hydro NorthEast	VT	Operating	5
Searsburg Wind	Green Mountain Power Corp.	VT	Operating	5.2
Sheffield Wind Project	First Wind Holdings	VT	Operating	40
Sheldon Springs	Enel North America Inc	VT	Operating	24
Silver Lake Hydro	Central Vermont Public Service	VT	Operating	2.2
South Burlington Solar Farm	Chittenden County Solar	VT	Operating	2.2
Taftsville	Central Vermont Public Service	VT	Operating	0.27
Vail	Lyndonville Village of	VT	Operating	0.4
Vergennes Diesel	Green Mountain Power Corp.	VT	Operating	4
Vergennes Hydro	Green Mountain Power Corp.	VT	Operating	2.4
Vermont Marble Power Division	Central Vermont Public Service	VT	Operating	5.5
Vermont Yankee	Entergy Nuclear Vermont Yankee	VT	Operating	628
Vernon - US Gen	TransCanada Hydro NorthEast	VT	Operating	26.4
Village	Enosburg Falls Village of	VT	Operating	0.6
W.K. Sanders	Morrisville Water & Light Dept	VT	Operating	1.8
Waterbury 22	Green Mountain Power Corp.	VT	Operating	2.8
West Charleston	Barton Village Inc.	VT	Operating	2
West Charleston IC	Barton Village Inc.	VT	Operating	1.8
West Danville 15	Green Mountain Power Corp.	VT	Operating	1
Weybridge	Central Vermont Public Service	VT	Operating	3.4
Wilder	TransCanada Hydro NorthEast	VT	Operating	41.5
Wolcott	Hardwick Town of	VT	Operating	0.7
Worcester	Algonquin Power Management Inc	VT	Operating	0.18
Wrightsville Hydro	Washington Electric Coop - VT	VT	Operating	0.7

Data Source: SNL Briefing Book Power Plant database.

PSNH's Generating Fleet:

Providing a Valuable Choice for Customers

Terrance Large
Director, Business Planning
February 2, 2012

Public Service of New Hampshire
A Northeast Utilities Company

Background on Customer Choice in NH

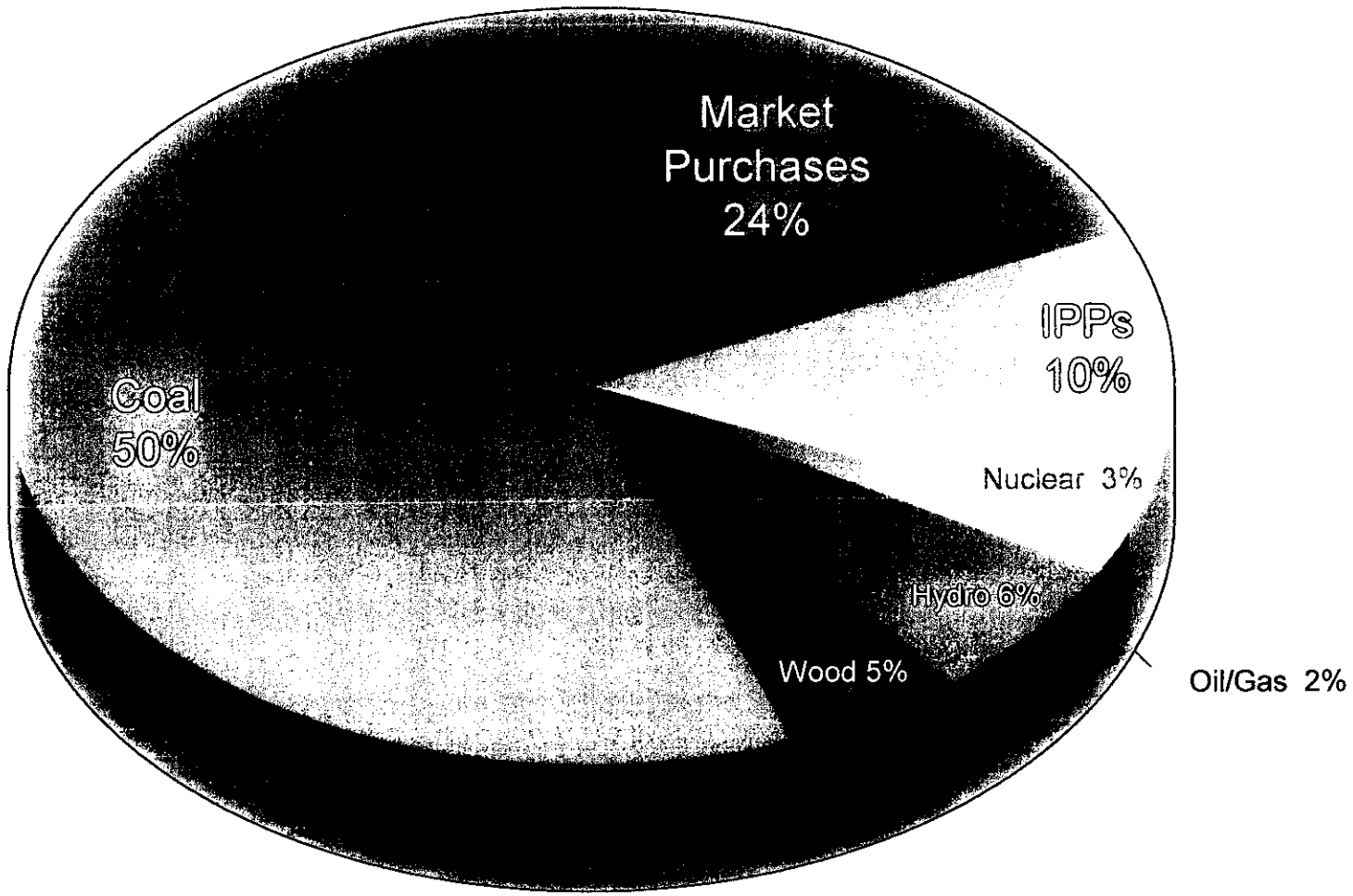
- New Hampshire restructured its electric system and introduced customer choice in 2002; PSNH continues to be the energy supplier of last resort
- The New Hampshire Legislature adopted a unique deregulation model, after watching and learning from the devastating impact of deregulation in California, and required PSNH to retain its generation facilities.
- Today, PSNH customers have the ability to choose a competitive energy supplier or buy energy from PSNH at prices set by the NH Public Utilities Commission
- Of the many states that adopted electric deregulation in the early 2000s, only 15 remain with some form of customer choice. Several of the "early adopters" have suspended electric deregulation altogether.
- NH's unique model provides customers with the best of both worlds—the ability to purchase energy from the market when prices are low, or to buy power from PSNH when market prices are higher

An Overview of PSNH's Generation Assets

- PSNH has 1,165 MWs of installed capacity which represents:
  - 3.4% of New England's generation
  - 27% of New Hampshire's generation
- 320 employees are located at PSNH Generation Stations or provide direct support for the plants
- PSNH power plants pay over $9 million in state and local taxes annually

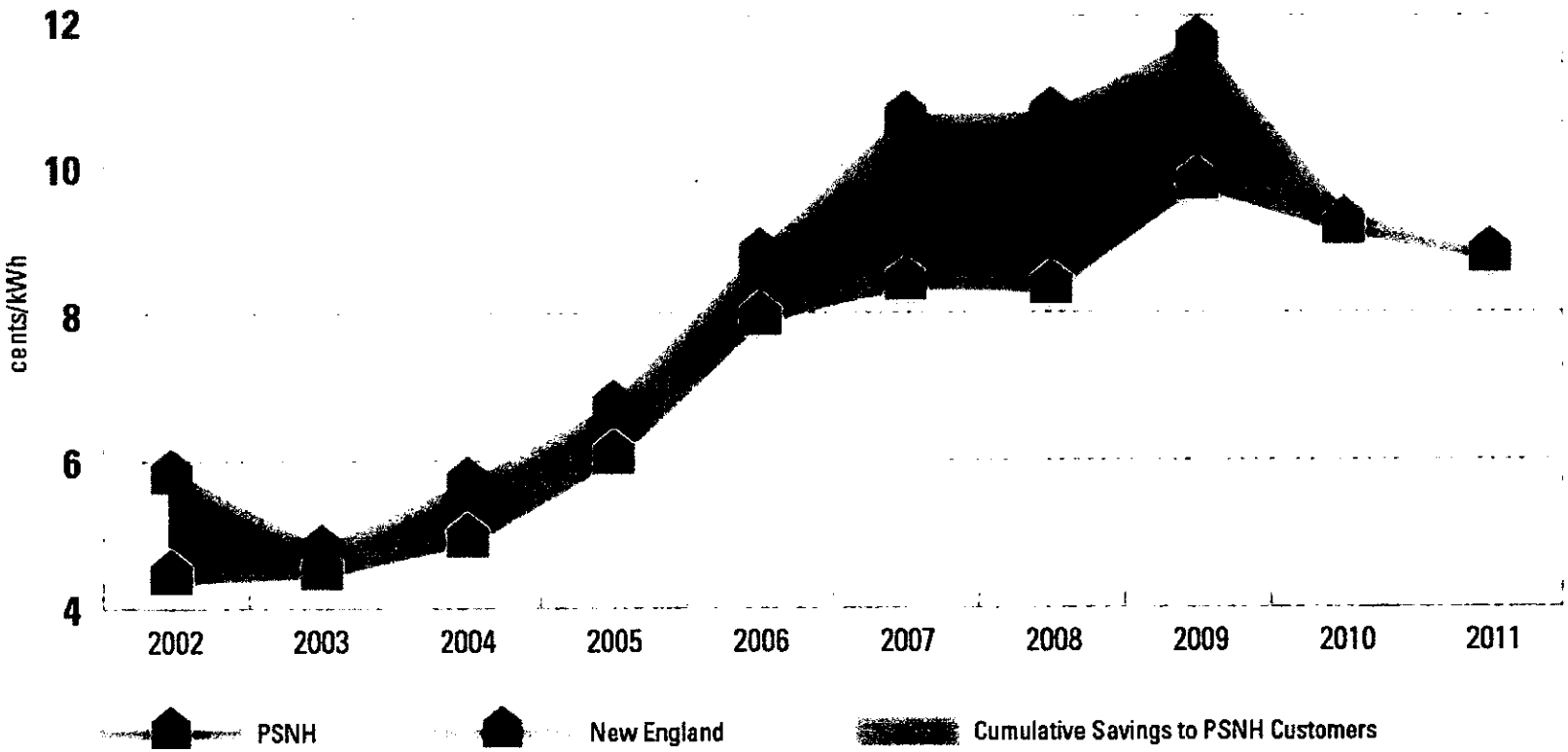
Station	Fuel	Rated Output
Merrimack (2 units)	Coal	445 MW
Newington (1 unit)	Oil/Gas	400 MW
Schiller 3 (units)	Coal/Oil/ Wood	150 MW
Hydros (9 stations)	Water	69 MW
ICUs (5 units)	Jet/Gas	101 MW

PSNH Has a Diverse Fuel Mix to Meet Customers' Energy Needs



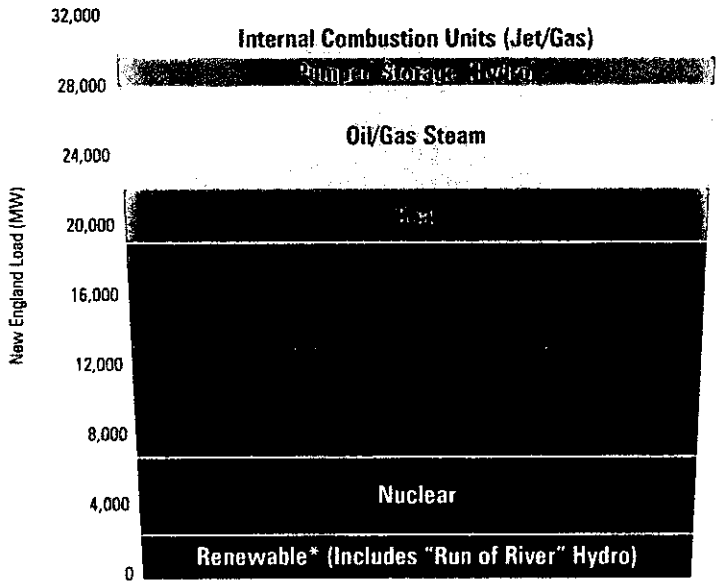
2010 Data

PSNH's Regulated Generation has Saved its Customers More Than $700 Million Since 2002



ISO NE Oversees Matching Supply to Demand

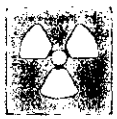
To meet customer demand,
ISO-New England dispatches
the lowest cost generation first



**Includes mandated power purchase contracts that may be priced above market (biomass and wind).*

For Illustrative Purposes

Unlike Other Commodities, in the New England Energy Market, the Highest Bid Sets the Price

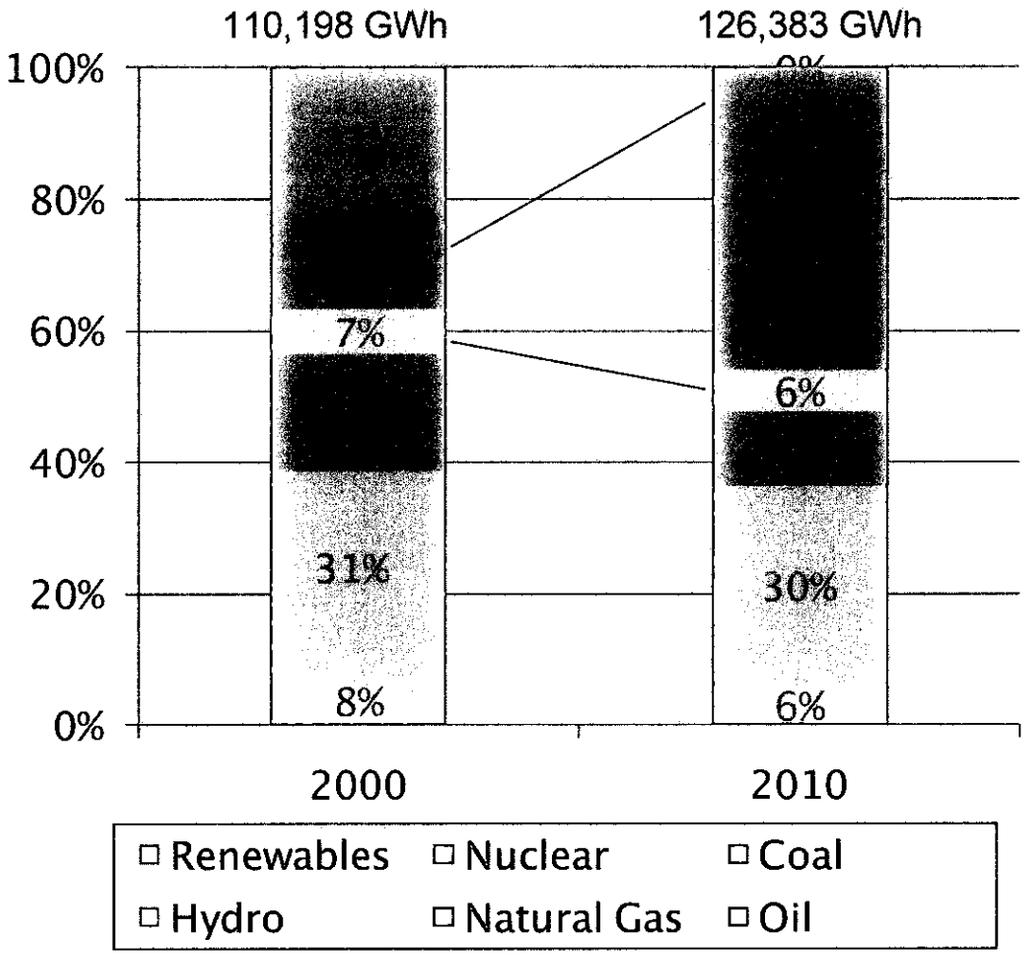
	SUPPLIER BID PRICE	ISO AWARD PRICE	SUPPLIER PROFIT
 Generic Oil Power Plant	4¢	4¢	0¢
 Generic Coal Power Plant	3.5¢	4¢	0.5¢
 Generic Combined Cycle Natural Gas Power Plant	3¢	4¢	1¢
 Generic Nuclear Power Plant	2¢	4¢	2¢

Illustrative Only

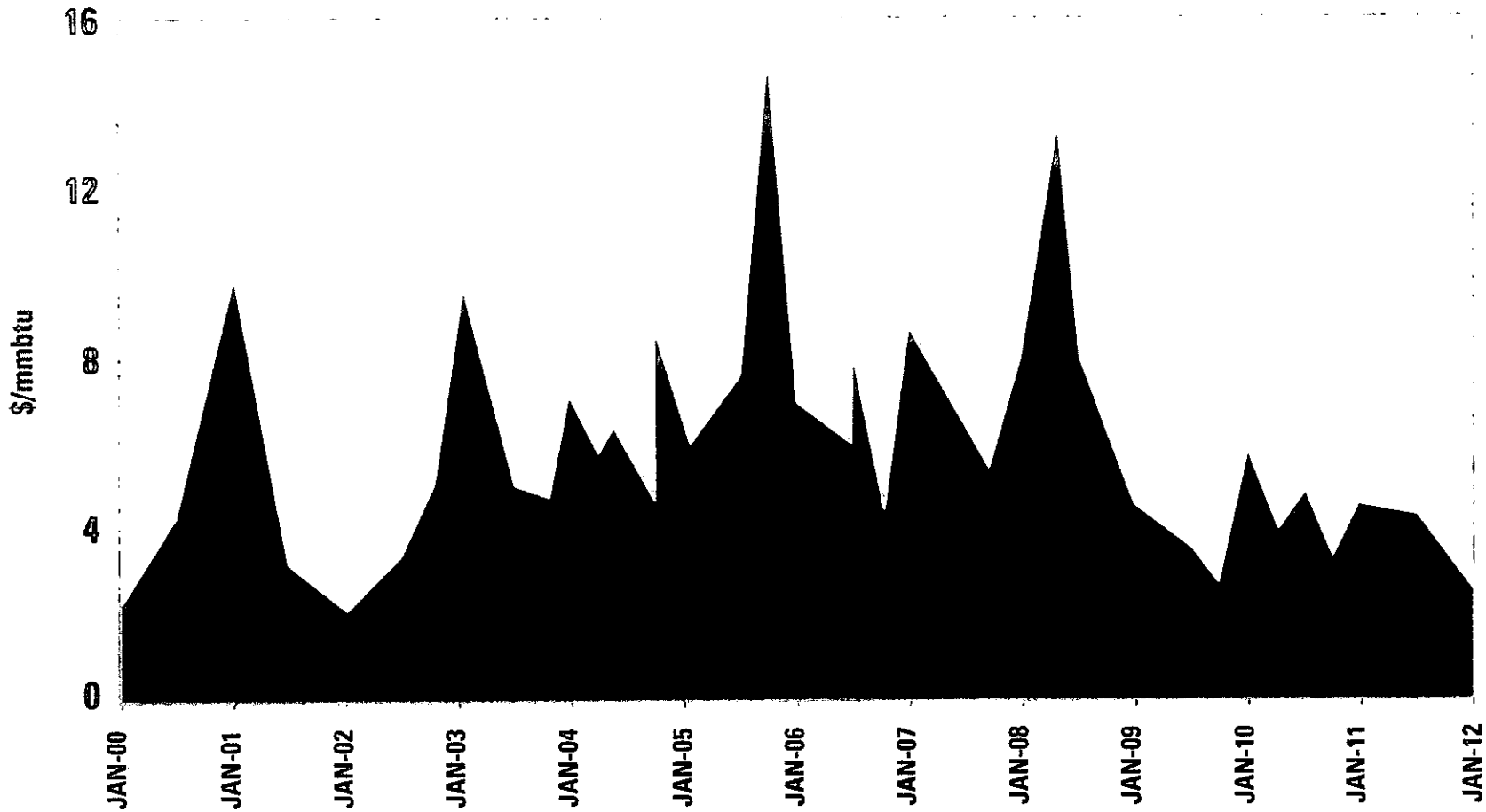
Na

Over the Past 10 Years, New England has Grown Increasingly Dependent on Natural Gas

$/mmbtu



Natural Gas Prices Have A History of Volatility



Source: Henry Hub NYMEX Natural Gas Futures Contract 1

Key Energy Supply Issues to Consider

- New England's Energy Demand is Expected to Increase by 12% in the next 10 years
  - NH's projection is for an increase of 18%
- As NE's fossil-fired and nuclear generation plants age, the region is becoming increasingly dependent on natural gas
  - The majority of the region's oil-fired plants are more than 30 years old
  - The future of VT Yankee, Pilgrim, and Indian Point (NY) nuclear power plants remain uncertain
  - Lack of fuel diversity would prove economically unsettling for the region if the current natural gas supply is unexpectedly interrupted or unavailable, or if pricing changes.
- While there is over 16,000 MW of proposed new generation in the ISO queue as of May 1, 2011, only about 21% of what has been proposed in the past 15 years has actually been built
  - Some of the proposed generation comes from intermittent fuel sources like wind and solar, which need to be balanced with other more predictable fuel sources

The bottom line: ***Despite the region's current low energy costs, PSNH's ownership of regulated generation has provided substantial economic value to PSNH's customers and will continue to provide flexibility over price and supply uncertainties in the future.***

Key Issues for the Legislature to Consider

- What will be the long-term impact of eliminating the fuel-diverse PSNH supply option in an energy market heavily reliant on natural gas?
- While market prices for energy are low today, will they stay that way for the long-term?
- How much will PSNH electric customers pay in stranded costs and what will the impact of those costs be on customers and New Hampshire's economy?
- Is eliminating the "insurance policy" that PSNH customers now enjoy worth the risk?
- Is now the time to be considering HB 1238, when other states have either suspended deregulation or are considering steps toward re-regulation?

Read and (6)

Testimony of Terrance Large, PSNH Director of Business Planning
HB 1238 Public Hearing
February 2, 2012

My name is Terry Large, and I am the Director of Business Planning for Public Service Company of New Hampshire.

PSNH is opposed to HB 1238 because we believe that this bill is not in the best interest of our customers or the economic vitality of the state of New Hampshire.

Legislators will obviously make the final decision on this policy, but PSNH would encourage you to make this decision based on impacts to electric consumers – not on the companies operating in the energy market or that hope to operate in the energy market. Competitive suppliers and power plants currently sell power in New Hampshire and New England and will continue to do so, regardless of the decision you make on this bill.

If the Legislature forces PSNH to sell its generating assets, PSNH will get any unrecovered investment back in the form of stranded costs on electric customers' bills. Your decision should be based on what policy is in the best long term interest of customers in terms of consumer choice, cost stability and electric reliability.

My goal today is to talk about PSNH's generation fleet: the benefit it has provided to consumers; the risks we see in HB 1238; and, the questions you should consider answering before you vote on this bill.

First and foremost, from a customer's perspective, New Hampshire has a fully deregulated marketplace for electricity. Customers have the freedom to choose a competitive supplier, if a competitive supplier wishes to serve them. New Hampshire completed deregulation. The state chose to do it differently than some other states, and PSNH's customer have been the beneficiaries.

PSNH generation does not sell into the market and receive the market price for that power. Our plants are used to produce power for our New Hampshire customers who choose to take power from us. That power is provided at its actual cost of production, plus a rate of return on our investment which is capped, regulated, and monitored by the New Hampshire Public Utilities Commission.

What I would like to do is walk through a few slides to guide my discussion with the committee.

Slide 2: Background on Customer Choice in NH

So, how did we get where we are today?

The ground rules in New Hampshire were developed to protect the best interest of electric customers by providing consumer choice with a safety net referred to as Default Energy Service.

Under current state law, PSNH generation provides this "default" service for our customers, that is, when a customer chooses not to go to a competitive supplier, or a competitive supplier chooses not to supply electricity to that customer, they get energy from our generation. If PSNH divests of its generation, then default service for our customers would be only what the customer could get in the market - market power.

Importantly, twenty-two states implemented policies similar to those outlined in HB 1238 approximately a decade ago, and seven of those states have since pursued efforts to undo these policies as problems have arisen there. Others have implemented stop-gap measures such as price caps.

Some of these problems emerged immediately after this policy was implemented, and some problems began emerging nearly a decade after enactment. The effort to put the toothpaste back in the tube and re-regulate electric energy supply continues in some states as new problems—such as the lack of new generation development and threats to reliability—have materialized.

Slide 3: Overview of PSNH Generation Fleet Slide

As is noted in this slide, PSNH's generation represents approximately 3.4% of all generation in New England, and approximately 27% of the total generation capacity in New Hampshire.

PSNH is a significant employer in many of the cities and towns that host our generation facilities, as well as surrounding communities, and our company is a significant state and local taxpayer in these communities.

Slide #4: Generation Fleet Fuel Mix

While cost is a critical factor, PSNH has also worked diligently to develop and preserve a diverse fuel mix in our generation fleet. As anyone who buys gasoline or home heating oil knows, prices for fuel can change significantly and quickly, and over-reliance on one particular fuel source can be financially devastating. The one approach that can provide some protection to consumers from this volatility is to diversify the sources of fuel we rely on to produce electricity, and to not become overly reliant on any one particular fuel source.

Again, while everyone obviously wants to provide the lowest cost electricity, there is also value in stability, predictability, and reliability.

It is also important to note that PSNH is limited by law in our ability to develop new generation. I raise this only to point out that our ability to expand our supply resources through new generation is restricted.

Slide #5: Impact of PSNH's Generation Fleet on NH

How has New Hampshire benefited from PSNH owning generation? Over the past decade, PSNH's generating fleet has produced over $700 million in savings to our customers. This is money that has stayed in customers' pockets, and was invested back into homes or savings accounts....It's money that businesses were able to re-invest thus sustaining in-state jobs and supporting economic growth.

In 2002, if New Hampshire had followed the path outlined in HB 1238, this money would have been additional profits to power plant owners—most of whom are out of state companies—and these savings would not have stayed in New Hampshire.

Slide #6 Bucket Slide: ISO NE Oversees Matching Supply to Demand

Slide #7: High Bid Wins Slide

The New England energy market is designed around a "high bid wins" market, where the highest priced power required to meet the day's energy demand sets the price for all suppliers in the market. This pricing system, as well as the Forward Capacity Surcharge applied to New England electric customers, is meant to provide financial incentives to power plant owners to build new power plants. The effectiveness of this policy as a means to promote generation development has been a concern for many New England regulators.

Slide #8: Natural Gas Drives the New England Energy Market

The result of this bill will be to subject New Hampshire customers fully to the New England energy market, and it is important that Legislators understand that natural gas prices drive the price of electricity in this regional market.

Indications are that this reliance on natural gas will continue and likely become greater in the near future as other types of generation, such as nuclear, oil or coal, are not being developed or even proposed due to difficulty in getting approvals. In fact, some existing nuclear and coal power plants are under threat of being closed down.

Slide #9: Natural Gas Prices

If history is our guide, the New England energy market is currently in a unique position, which is likely why we are discussing this legislation today. New England's heavy reliance on natural gas and the current low natural gas prices have combined to lower the market

price for electricity below historic levels.

The questions for the Legislature are: What will the price of natural gas be in the future? Will this unique position be maintained for the long-term, for decades to come? Is it in the best interest of consumers to eliminate their ability to choose and instead rely solely on a market that is driven by natural gas? As this chart demonstrates, natural gas can be a fleeting mistress.

You all know that NH is not an island when it comes to electricity and that electricity knows no geographic borders. Given that, it is important for you to consider the issues that have been raised by ISO-NE (the manager of the regional grid) as recently as this past June. Its major concern is the region's over-reliance on natural gas.

A likely outcome of a divestiture at this time is that stranded costs will be created. In the Real Estate market, you may have the best maintained home on the best street in the best community in the market, but if the market is down, as it is today, the price you should expect at sale will be lower, and maybe much lower, than in a good housing market. Such is the case in the electric power markets today. Due to the economy, demand for energy is lower than it was prior to the recession. Due to abnormally low natural gas prices, market power prices are also lower today than a few years ago. These two factors will depress the prices anyone would expect in a sale of generation assets in the near term.

Back to the housing analogy. Even after having redone the kitchen, upgrading the insulation, and sprucing up the master bathroom, we should not expect that we are going to get all of our home improvement investment returned in the sale price. Such is the case with PSNH's generating assets—the new scrubber at Merrimack Station, required by New Hampshire Law, is a significant home improvement. But it is unreasonable to expect that a buyer will pay dollar for dollar for that investment. The end result would likely be stranded costs that PSNH customers shoulder well into the future.

If recent experience is an indicator of what to expect in a sale of PSNH's power plants under HB 1238, not only will stranded costs be

levied on PSNH customers, but hundreds of jobs at these power plants are also threatened. In fact, in one recent sale of a power station, the purchaser of the AES Thames plant in CT was not a power generator who intended to operate the plant in the future. It was a scrap dealer.

Our view, and the point I hope you take away from this testimony, is that under the model that New Hampshire chose in 2002, the large national/international energy companies and smaller energy companies win and lose in the market, but New Hampshire consumers always win by having the opportunity to choose.

The consumer gets the best of both worlds because they can buy from the market when it is cheaper than PSNH power, and they can make the decision to buy from PSNH when its power is cheaper than the market. Therefore, the consumer NEVER pays too much for electricity.

In closing, I hope you will give full consideration to the questions we believe are critical for electric customers and the state's economy.

PSNH opposes House Bill 1238 because we believe this bill is not in the best interest of our customers, it is not in the interest of the New Hampshire economy, and it threatens hundreds of jobs in our state.

Thank you for your time and consideration of our testimony. For completeness, we have included a brief three-page Q & A on Utility Regulation, and a second set of documents that list all of the power generation facilities operating in New England and their owners.

At your convenience, Ms. Gamache, I, and other members of the PSNH team are available to answer your questions.

Handout (8)

TransCanada Testimony on HB 1238

- TransCanada supports HB 1238 as written. Our interest in this bill is rooted in the so-called PSNH "Customer Migration Docket" decided by the NH PUC last year. More will follow on the issue of customer migration.
- By way of background, TransCanada owns six hydropower facilities on the Connecticut River. It also owns the majority share in the PNGTS natural gas pipeline and operates that pipeline as it traverses the North Country. Regionally in New England we own 2 combined cycle gas turbines in RI (700 MW capacity) and a wind project in ME (132 MW capacity). We also supply retail and wholesale electric customers in New England. As such, we are merchant generators selling power in the competitive market.
- The NH Constitution Part II, Article 83: "Free and fair competition in the trades and industries is an inherent and essential right of the people and should be protected against all monopolies and conspiracies which tend to hinder or destroy it." TransCanada believes strongly in that constitutional right for "free and fair competition" and the level playing field that the Constitutional right cited guarantees.
- NH's Legislature passed the electric restructuring law in 1996 in an attempt to "harness the power of competitive markets" for all consumers and make a more efficient electric industry structure by requiring the separation of generation from distribution and transmission. The competitive market for the sale of electricity in NH has grown up over the last decade, particularly for medium and large commercial and industrial customers. Recent data shows that 36% of all kilowatt hours used in PSNH's area are obtained from a supplier other than PSNH – 94% of the load for large commercial and industrial customers and 69% of the load for medium C & I customers is currently obtained from competitive suppliers.
- In 2003 the Legislature temporarily halted requiring PSNH to sell the generation that it still owned – (by then it had already sold its share in the Seabrook nuclear power plant). This action left PSNH and NH in a "hybrid" situation where PSNH is the only electric utility in NH that still owns power plants and generation.
- PSNH told the Legislature in 2003 that if it became uneconomic for it to retain generation it would finish the job of selling off the rest of its generation. That time has come. PSNH's generation has become too expensive for PSNH ratepayers to pay for and has caused the customer migration described. In 2010 the NHPUC opened the migration docket to address PSNH's request to recover $40 million in fixed generation costs from all customers, including those who obtain their power from another supplier. Fortunately for customers and the future health of competitive markets the PUC denied their request for a bailout by all customers. Last summer TransCanada hosted 3 meetings in NH with its customers. Their feedback to us was support for the PUC's order and recognition that they should not have to pay for something they were not buying.

- PSNH has invested $430 million in the scrubber project at the 40 year old coal-fired power plant in Bow, Merrimack Station. It may have to invest as much as another $120 million in water cooling technology -- and perhaps more depending on other pending regulations. By law PSNH can only recover these costs from default service customers, in other words the customers who have not migrated to the competitive market. With those costs increasing and that group of customers shrinking as more take advantage of the competitive market, a significant problem is developing that will lead to higher rates for the PSNH ratepayers still taking energy service from PSNH.
- PSNH is currently resisting attempts at the PUC to require that they retire Newington Station, a 400MW 1960s vintage oil and gas-fired power plant that does not run very often and is arguably no longer economic for them to own and for ratepayers to have to continue to underwrite.
- Requiring PSNH to divest the generation that it still owns by either selling those generation assets to another company, or spinning them off to a non-regulated affiliate, would level the playing field for competition, and remove the risk and uncertainty from ratepayers of costly plant modifications. Those risks should be borne by Northeast Utilities' investors or investors from another company that purchases the assets, not by ratepayers. The risk issue constitutes the fundamental core reason for this bill.
- I have a few more points to make in anticipation of PSNH arguments against this bill:

PSNH may argue that their ownership of generation serves is a valuable hedge against market price rise and volatility and/or that current low market prices will soon rise again. Their views are inflated. Large customers that are most sensitive to sudden increases in electric prices are able to negotiate contracts at stable, fixed prices that are immune to future market price rises and price volatility. Competitive market offerings and contracting provide customer protection and surety against electric market price spikes. The hedge value of their generation, to the extent it exists and has value, would be monetized in a sale of PSNH's assets and its customers would receive that value.

PSNH may argue that the regional market over-relies on natural gas which has driven down prices, while PSNH has a more diverse fuel supply. The decline in electric prices is a long term effect caused by a myriad of economic, market and technological factors (including improved drilling and other natural gas recovery techniques). The emergence of vast new natural gas reserves in shale deposits has, in our view, significantly diminished the value of PSNH's coal and oil generation. PSNH argues that their ownership of varied generation conveys values to their customers. In a sale fuel diversity and hedge values of their generation, to the extent it exists and has value, would be monetized and its customers would receive that value.

PSNH may argue that the recession has driven electric and gas prices low, and when they recover, PSNH supply will again be attractive. Electric and gas prices have been driven down not just by the "recession", but also and more significantly by the emergence of gas production and the associated economic recovery of vast reserves of natural gas. To the extent any potential purchaser of the facilities shares PSNH's view of the future, it, too, would be monetized in a sale of PSNH's assets and its customers would receive that value.

PSNH may argue that if it is forced to divest, there may be no real market for the generation due to market conditions and uncertain federal policy, PSNH will have to retire the plants, causing layoffs, loss of property taxes, and stranded costs paid by large customers. PSNH cannot credibly and simultaneously argue that its plants are valuable for its customers but not valuable in the market. They may find that, in a divestiture, they cannot recover the costs of the just-completed scrubber at Merrimack Station. The fact that this investment is already uneconomic – having just been completed last fall – raises important prudence questions that the PUC is addressing in a docket now, and PSNH's recovery of its costs must be closely examined. If PSNH generators face closure because they are uneconomic, the alternative would be forcing customers to bailout or subsidize their continued ownership and operation.

PSNH may argue for a delay and/or an indefinite study period rather than moving to address this issue in this session of the NH Legislature. The problem exists today. Refusing to consider or deal with it as this bill rightly intends, will increase uncertainty and prolong the current very real problem without beginning to consider a viable solution. PSNH's franchise territory covers approximately 70% of NH's load. PSNH frequently argues that their ownership and plant decisions are all about "jobs". I have been involved in 2 divestitures and union and non-union jobs have survived both. Quite simply, not working diligently on this problem **now** endangers the future economic and business health of much of NH. It threatens the ability to keep high-paying jobs and successful employers, for whom electricity costs are an important part of their price and cost structure, here in NH. If the plants have the value that PSNH says they do and if they are divested there is nothing to suggest that this will result in a loss of jobs. NH's and New England's experience with the divestiture of other generation indicates that jobs in the generation sector survive divestiture.

Thank you for the opportunity to provide written testimony on this important legislation.

Cleve Kapala, Director, Government Affairs and Relicensing, US Northeast Region
Transcanada Hydro Northeast Inc.
4 Park St., Suite 402
Concord, NH 03301
603-225-5528
Cleve_kapala@transcanada.com

(9)

William L. Massey

Bill Massey is a partner at the law firm of Covington & Burling LLP in Washington, DC, where he represents energy companies, energy customers, financial firms, utilities and other entities that invest in the electricity and natural gas industries and participate in energy markets. He also serves as an Adjunct Professor of Law at the Georgetown University Law Center where he teaches a course in energy markets and regulation.

Mr. Massey also serves as counsel to COMPETE, a coalition of more than 600 electricity customers, demand resource providers, producers (including wind producers), utilities and marketers that support well functioning competitive electricity markets.

He served as a Commissioner of the Federal Energy Regulatory Commission (FERC) from 1993 until 2003, and during that time was a key architect of the Commission's competition and infrastructure policies that restructured the natural gas and electricity industries. Before FERC, Mr. Massey served for a number of years as counsel to Senator Dale Bumpers, a Democrat from Arkansas and a prominent member of the U.S. Senate and its Committee on Energy and Natural Resources.

Mr. Massey has addressed numerous energy conferences both in the U.S. and abroad, and has often testified before Congress and state policymaking bodies on energy issues.

He received a J.D. from the University of Arkansas School of Law, and an LL.M. from the Georgetown University Law Center.

add
Divestiture is essential to make a level playing field for the market to be viable + competitive. Customer prefer present method vs. a municipality, or one size fits all. foundation is based on a wholesale market with renewable generation we can sit w/ old ~~fashioned~~ vs market FASHIONED competition with customer choice

Believe we should divestiture

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Before the
New Hampshire General Court
House Science, Technology and Energy Committee

February 2, 2012

Testimony of
William L. Massey

On Behalf of
The COMPETE Coalition

My name is William L. Massey. I am a partner in the law firm of Covington & Burling LLP and serve as counsel for the COMPETE Coalition ("COMPETE"). Before joining Covington & Burling, I served from 1993 until 2003 as a Commissioner at the Federal Energy Regulatory Commission (FERC). During my tenure as a FERC Commissioner, the Commission adopted competition as the most effective means to ensure just and reasonable electricity prices and adopted many policies that fostered competitive wholesale electricity markets. My current law practice includes a significant volume of advisory work for multiple clients on energy regulatory issues, especially Federal and state regulation of electricity generation, transmission and distribution, and trading by market participants in the electricity markets.

I submit this testimony on behalf of COMPETE in support of House Bill 1238. COMPETE is an organization of 614 electricity stakeholders, including customers, suppliers, generators, demand response providers, smart grid companies, transmission owners, trade associations, environmental organizations and economic development corporations, all of whom support well-structured competitive electricity markets for the benefit of consumers. Thirty-five of COMPETE's customer members have facilities in New Hampshire with stores at 486 locations, and five of COMPETE's members have headquarters in the state. Hence, COMPETE has a significant and substantial interest in House Bill 1238.

COMPETE's members have found that the ability of customers to choose their electricity supplier provides them with the cost savings and flexibility needed to survive in today's global economy. Those benefits are maximized in retail electricity markets that are structured to foster sharp-edged competition that is free from favoritism and subsidies. The divestiture of Public Service Company of New Hampshire's (PSNH) remaining generation assets is absolutely necessary to attaining a well-structured retail electricity market in New Hampshire.

Divestiture is Needed for Competitive Electricity Markets

Electricity competition occurs among providers of generation-related services. Transmission and distribution, i.e., the "wires" services, are still considered natural monopolies. This is why House Bill 1238 envisions that these services "should remain regulated for the foreseeable future." Fair and open access to the wires services is essential to well-structured electricity markets. PSNH is a wires service provider but also still owns a substantial amount of generation capacity. As such, the company faces a strong incentive and an ability to favor its own retail generation supply when granting access to its distribution network. Favored access can distort competitive outcomes and result in higher costs for New Hampshire consumers and businesses. And the perception of a non-level playing field and discriminatory access to the distribution network keeps competitive suppliers from the market, along with the cost-reducing pressures and innovations such suppliers would bring to the state if allowed to compete fairly.

While New Hampshire has made some progress toward retail shopping, PSNH still makes 77% of sales to all customers, 92% of sales to residential customers, 70% of sales to industrial customers, and 65% of sales to commercial customers, according to recent statistics from DOE's Energy Information Administration. Divesting the company's remaining

generation assets is a necessary foundation for a competitive retail market and improving customer choice in New Hampshire.

A Competitive Electricity Market Is Good for New Hampshire's Economy

COMPETE's members believe that the best way to ensure reasonably priced and reliable electricity is through competitive electricity markets. Competition keeps cost as low as possible, drives innovation, and produces other benefits for customers while ensuring a reliable supply of electricity. Perhaps most important, in competitive markets investors, not consumers, bear the risk of bad business decisions. Providers of innovative new services are attracted to competitive electricity markets because of the level playing field, low barriers to entry and fair market rules. It is clear that competition drives innovative technologies and services.

Competitive Retail Market Benefits

Cost savings and flexibility. For COMPETE's commercial and industrial customer members, electricity is one of their largest operating costs, and control of these costs enhances their growth, profitability and ability to maintain and create jobs. Competitive electricity markets lower costs, and these cost savings allow companies to maintain low prices for their own customers and to invest in their businesses. But competitive markets also allow customers to choose from an array of competitive products and services and thereby empower them to manage their energy portfolios. Customers have the flexibility to choose a supplier that best meets individual business goals with service offerings that provide choices on price, reliability, generation portfolio mix, risk management, and product and service features. For example, competitive electricity markets offer supply-side options in renewable energy and demand-side options like advanced electricity storage. Businesses are no longer tethered to a specific electric

generation mix, and instead are able to shop for a desired generation mix. Businesses can supplant peak demand utilizing solar technology or smooth those peaks through the use of advanced battery storage systems.

Efficiency. Competitive electricity markets also encourage increased energy efficiency. Transparent market-driven prices and a choice of contracts and innovative services have allowed some of COMPETE's customer members to look closely at how they use electricity and, where possible, implement new technologies and conservation measures to reduce costs.

Lower financial risk. Competitive electricity markets diminish financial risk for customers. Monopoly-protected utility companies are guaranteed recovery of their costs from their captive customers. In competitive electricity markets, customers can choose among service providers who have no guarantee of cost recovery. To compete, service providers must provide a superior service at a lower cost than their competitors. Thus the risk of poor investment decisions is borne by those providers and their respective shareholders, not by captive customers. Competition disciplines investment by shifting the risk of poor business decisions from consumers to investors, where it belongs.

The one-size-fits-all approach of monopoly protected services cannot compare with the advantages afforded by choice and competitive markets. Vibrant electricity markets are important to New Hampshire's economic and job growth.

Customer choice. The proof that competitive retail electricity markets benefit customers is demonstrated by the number of customers with choice who actually shop for alternative suppliers. In the 17 states that allow retail competition, competitive providers supply nearly 45% of eligible electricity demand, up from 20% in 2003. A majority (57%) of all eligible non-

residential demand is supplied by a competitive provider.[1] In eleven states, more than 68% of large commercial and industrial customers have switched to alternative suppliers, and in eleven states more than half of medium commercial and industrial customers have switched suppliers. Neighboring Massachusetts has seen 90% of large commercial and industrial customers and 60% of medium commercial and industrial customers switch electricity suppliers. And in Connecticut, 90% of large commercial and industrial customers have switched to alternative suppliers as have almost 80% of medium commercial and industrial customers.[2]

Competitive Wholesale Market Benefits

New Hampshire is well positioned to attain substantial benefits from a well-structured retail electricity market because it is within the footprint of a Regional Transmission Organization (RTO): ISO New England (ISO-NE). Wholesale electricity markets operated by an RTO serve as excellent platforms for competitive retail markets. Because of their large regional scope, fair rules, and transparent prices that provide price signals on the true value of resources, RTOs, such as ISO-NE, provide the tools that foster efficient investment, cost savings, and the products and services that consumers want. Wholesale and retail competitive markets are interdependent on each other because vibrant retail competition depends on sustainable and functioning wholesale competition.

Prices. Proven cost savings from competitive wholesale markets mean lower costs for consumers. Between 1997 and 2010, prices for retail customers in states with organized

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[1] See Phillip R. O'Connor, *Customer Choice in Electricity Markets: From Novel to Normal*, November 15, 2010, at page 5. http://www.competecoalition.com/files/Customer-Choice-In-Electricity-Markets_0.pdf

[2] *See* Distributed Energy Financial Group LLC, *Annual Baseline Assessment of Choice in Canada and the United States,* November 2011, at page 10, table 2. http://www.competecoalition.com/files/ABACCUS_Report_2011-11-29_vf.pdf

wholesale markets, like ISO-New England, increased at a slower rate than those in states without such markets. And rates for commercial customers in organized market states actually decreased by 2% in real terms while rates in the other states increased by 3%. And wholesale prices in the organized competitive markets have decreased sharply. Between 2008 and 2009, average wholesale prices in the mid-Atlantic (PJM), Midwestern (MISO) and ISO-NE markets declined more than 40%.

Efficiency. One source of billions of dollars of cost savings for consumers is the operational efficiencies of the organized markets. Because of ISO-New England's fair rules, ease of entry, large regional scope and transparent locational prices that correctly value energy, its market attracts innovative resources that help save costs and lower greenhouse gas emissions. Cost savings result from ISO-NE's dispatch of least cost resources on a real time basis and from the competitive pressures for operators, market participants and proactive customers to squeeze more from existing resources and create other significant efficiencies. For example, generating plants operate much more efficiently now than before the markets began.

Demand response. Another example of market-driven innovation is demand response. Demand response service providers offer products that allow consumers to reduce or modify their electricity consumption to gain better control of their electricity use and costs. This helps to keep prices down and avoids the need to build expensive new generating plants. For example, ISO New England's most recent capacity auction in June 2011 cleared over 3,400 MW of demand resources, which is equivalent to the capacity of 3 to 5 baseload power plants.

Innovation. Markets like ISO-NE's also attract the lion's share of renewable resources and other innovative technologies. This is because of the markets' fair rules, ease of entry, large regional scope and transparent locational prices that correctly value energy. Nearly 80% of

installed wind capacity is now located in regions with organized competitive electricity markets, despite the fact that these areas represent only 44% of U.S. wind energy potential. And other innovators, such as cutting-edge storage resources using state-of-the-art battery or flywheel technologies, are choosing to install their advanced equipment in the RTO and ISO markets, increasing efficiency and reliability, and lowering costs.

Smart Grid. Well-structured markets also provide a superior platform for the emerging Smart Grid technologies. Sophisticated Smart Grid tools will give customers a greater ability to take advantage of the markets' transparent price signals that already give consumers information needed to make smart consumption and investment decisions.

Conclusion

Competitive electricity markets have a track record of bringing substantial benefits to consumers and to their states and regions. By keeping costs down, driving innovation, and empowering customers to make customized procurement decisions for one of their largest and most volatile operating costs, competitive electricity markets spur job creation and will improve New Hampshire's competitiveness in the national and world economies. And importantly, in markets, investors bear the risk of bad business decisions rather than consumers. For these reasons, vibrant electricity markets are vitally important to the businesses in New Hampshire, and the divestiture of PSNH's remaining generating assets is an essential foundation for those vibrant markets.

This concludes my testimony.

(10)

2 FELICIA GIORDANO – 431-2550 – 7349 (SCHILLER - ENVIRON)

My name is Felicia Giordano. I have been with PSNH for 10 years as the Senior Environmental Coordinator for PSNH Schiller Station, in Portsmouth, NH. I work on regulatory issues and ensure that our facility maintains environmental compliance.

I'd like to take a moment to talk today about some of our station operations, which I believe go to the heart of who we are as a responsible corporate neighbor, and, an ally of customers and companies in our state.

In 2006, PSNH permanently replaced a 50-megawatt coal-burning unit at Schiller, with a state-of-the art wood boiler that uses wood chips for fuel. in its first 5 years of operation, it has generated more than 1.5 billion kilowatt hours of renewable energy, displaced the use of over 700,000 tons of coal and added $200 million dollars to the regional economy as a new and significant wood chip market for New Hampshire's forest industry. It has been the recipient of state, regional, national, and international awards for innovation and positive environmental changes and in 2007 was given the NH Governors Award for Pollution Prevention

It has offset New Hampshire's coal use, dependence on fossil fuels and expanded New Hampshire's energy options along with coal and hydro power.

The wood boiler was the first of many endeavors to incorporate the use of alternative fuels into the process of electrical generation. One of our large power account executives came up with a unique idea – crafting a partnership with Lindt chocolates in Stratham to utilize the end product of their cocoa bean processing plant, cocoa bean shells for fuel.

The idea took off and it even garnered international media attention. Our power plant was featured on the program Green Planet on NECN. We were the focus of an article in the Economist magazine. We were included in radio coverage on BBC, we received inquiries form Africa... all because we explored new options, came up with a good idea, and did it the NH Way.

For every ton of cocoa bean shells burned, we displace ½ ton of coal. It saves money, it's clean, efficient and available locally. It makes environmental sense, it makes economic sense, and we maintain all of our energy options to ensure that customers benefit in an ever-changing energy market.

PSNH endeavors like these are exactly what I believe are paramount in a good corporate citizen. We keep the plant "cutting edge" in terms of technology, efficiency and compliance... all the while connecting meaningfully with our customers to offer the best quality and the best rates.

Schiller Station is unique. It fits the energy plan we need for New Hampshire. We operate and provide power to customers when *our* rate is cheaper than the market rate and we *don't* operate if our rate is more expensive than market prices. Any savings we generate get passed on to our customers. We provide a baseline rate and we challenge competitors to beat it. The reason we have little competition in New Hampshire's electricity market isn't because we own the power plants. It's because our competitors can't beat our prices.

House Bill 12-38 would force us to sell our plants immediately and without a review of the impact of that decision. But the impact is

easy to predict. By selling the plants, we empower independent operators who haven't been able to beat our rates. They buy the plants and charge what they want for electricity.

That's if the plants are purchased and kept operating. There is no guarantee they'll remain on line, and there are plenty of people who want to shut the plants down forever.

If this proposal is really aimed at getting us out of the coal-fired power plant business, then please consider what happens after you shut the plant down. It'll take decades to get other plants on-line and replace the energy cut from the grid. Energy demand is rising, not falling. Limiting options and eliminating customer price protections is a bad approach. And it'll have the opposite effect of your intention to save money...because prices will rise.

One final thought: there will be collateral damage resulting from plant closures and they go way beyond the loss of my job and PSNH overall. We have vendors, contractors, outage response crews, the UPS guy who visits all the time; they all risk losing jobs and business. I don't want to see the impact that is absolutely going to happen.

Over the last two years, the market has shifted. Natural gas prices have fallen and many customers have switched to competitive suppliers to save money. The competitive market is in place and it is working.

As the state's largest utility, we can be an easy target. It's much harder to look at the truth of the power struggle in our state and recognize the plan we have now is the best plan for customers. Listen to us and please do not pass this bill.

giordfh@nu.com...

Handout (1)

Paul Grenier – Mayor of Berlin
Testimony on HB 1238
February 2, 2012

Mr. Chairman and members of the Committee, my name is Paul Grenier and I am the Mayor of the City of Berlin.

I am here today in opposition to House Bill 1238.

While I have a number of concerns with this bill in terms of its impacts on electric customers, my strongest concerns deal with the direct impact on the citizens of Berlin.

First, let me say that I believe that Public Service of New Hampshire is a critical part of New Hampshire and the City of Berlin, and that bills that weaken PSNH also hurt our community

In addition to being one of the city's largest taxpayers, PSNH is a good corporate citizen that time and again has demonstrated their commitment to our City's well being. Whether as a major employer, partnering on projects, lending expertise or being an active participant in the City's economic development efforts, PSNH is a good corporate citizen that takes their commitment to New Hampshire seriously.

As political leaders, I believe we should all look for opportunities to strengthen New Hampshire companies that act as good corporate citizens, not weaken them.

My primarily concern with House Bill 1238 is its likely negative impacts on Berlin taxpayers.

PSNH owns generation assets in Berlin, and a force sale of those assets in a down economy is likely to reduce their value and increase local taxes on Berlin taxpayers. While a forced sale of PSNH's generation assets by the Legislature would be a good deal for energy companies looking to buy power plants, it is a bad deal for local taxpayers.

Local taxpayers from scores of communities around the state, such as Bow, Portsmouth, Manchester, Franklin, Groveton, will all face similar challenges if this bill goes forward.

The City of Berlin continues to work hard to rebuild our economic base, create job opportunities, and reduce local taxes for our citizens. I believe this bill is counter to those efforts.

Thank you for your consideration of my testimony, and I ask that this committee consider the far reaching negative impacts of this bill and find it inexpedient to legislate.

Hands 12

10 JAY LITTLEFIELD – (MACHINST) – 391-7034

Did you hear about the fate of a recently sold power plant in Conn~~Massachusetts~~? The plant was sold for scrap. $2.4 million to buy it and they cut it up for scrap steel. It became recycling. Lots of people lost their jobs. The plant's competitors saw it as a way to get rid of the competition. The move won't do a thing to lower electric rates.

It's the same storyline here. You sell off our plants like this, and there will certainly be shutdowns, but you won't lower rates, if that's what you are trying to do. But you will send people straight to the unemployment line with this bill. I have worked at PSNH since 1989. I am one of 325 employees whose job is at risk if you pass this bill into law. Your idea throws workers into total uncertainty. We go from being employees with families and a stake in the company, to an expendable line item that may or may not fit the picture of a new company.

I have seen a lot during my time at PSNH, but no bill quite like this one. I started when PSNH was in bankruptcy during the Seabrook days. I remember how the public considered us a bad guy. A lot has changed since then. I have seen the effect that going through it has affected coworkers and affected jobs within the company. Hiring freeze for ten years, then layoffs…seen a lot and how community has portrayed this company…taken years for us to build and rebuild image and relationships.

Through hard work, reliable service and rates that are competitive with the rest of the region, we have rebuilt our relationship with customers and businesses. I do machining; welding and repair work mostly for the generation plants, but I also work for transmission and distribution.

Our company is run very lean. We have learned from past lessons that we must justify every expense every time. But we don't

have that public image. Our critics see big investments and big spending. The public doesn't have a sense of the split of company between transmission, distribution, generation. They don't think about the balance we provide in the market. And this bill shows they clearly don't think about the workers' future.

So what will be the House Bill 12-38 impact? PSNH provides a critical backstop, "a price to beat" in setting prices. If you pass this bill and that backstop gets eliminated, then you get what you see in California. The market gives you wild swings and costs go way up.

PSNH may not be cheapest electricity in New England every single day, but it's not the most expensive either. Our system is designed for consistency. Our power grid protects against the extreme price spikes in hot and cold weather, which can drive up rates. Without the grid we have in place today, I guarantee customers will see higher rates.

Remember what happened with the natural gas plant being built in Londonderry by AES. On a regular basis with gas being cheap, they beat our price. But five years ago, the price spiked and was very expensive. AES couldn't compete with PSNH traditional source powers. There was no consideration of the community surrounding power plant when AES walked away. They handed it back to the bank, which struggled to finish the job and get the plant on line.

That's the kind of ownership you get in a divested and deregulated marketplace.

Connecticut has much higher rates than New Hampshire. California has higher rates, as well. But if you pass this plan, I guarantee our state's rates will start to look like theirs. Why? Because customers will once again have to pay stranded costs when the plants get sold to a new owner... that mortgage has to be paid, so they'll stand before the PUC to ask for long term and immediate

rate hikes. No company will come here if there's no way to make a profit. Someone would have to pay for the plants, and it won't be the utility or stockholders. It'll be passed along to PSNH customers.

Who benefits from this proposal? Not the people you claim to be fighting for. This plan will mean more dollars out of everyone's pocket.

So what is the purpose of this bill? To lower rates? To further deregulate the state's market? No matter what your answer, this bill won't accomplish any of those goals. Please reject this bill. Thank you.

Jay.littlefield@comcast.net

Thank you Speaker and members of the Committee for giving me this opportunity to encourage you to vote NO on HB 1238.

My Name is Rebecca Johnson and have been employed with PSNH since 1987; I am an active member of IBEW local 1837, a citizen of the State of New Hampshire and a PSNH customer who contrary to popular belief does not receive a discount.

I have worked at Schiller Station my entire career as an Equipment Operator A, this means I actually make the power. I work in the Control Room on down to the pump room and anywhere in between. My job on a daily basis is to ensure the delivery of kilowatts to the power grid and onto the customers in a safe and timely manner. This bill if passed will create an atmosphere of uncertainty and could jeopardize this from happening. Projects and upgrades to our generation units will be put on hold so we can "wait and see". That is really no way to run a business. These projects and upgrades are done voluntarily and also to make sure we comply with all the mandates passed down from State and Federal legislature and the PUC.

I speak on experience on the uncertain work place, PSNH filed for Bankruptcy just 2 months after I started and then we were sent down a chaotic and uncertain path of who is buying us? What is really going on? Are we being sold and will we close down? Who will get laid off? This went on for 4 years.

Then deregulation came up and it started again and has been like that every few years, the questions, and the uncertainty and through it all power has been sent down the lines and the customers are none the wiser. Now we are here again because the sponsor of the bill wants to "spark a debate" we have meet the

challenges presented to us but HB 1238 is a challenge like none other recently.

The Generation and Utility sides of the company work together within the company, we share the same safe work practices and training pertaining to specific jobs. Utilizing the same work practices allows us to work together during storm restorations and other emergency events. One coming to mind is the Y2K compliance that needed to be done in 1999 to ensure safe delivery of power at the stroke of midnight, we all remember that? By the way we passed with flying colors, If we are deregulated that is no longer the case, we will be forced to work separately. The company can no longer pull from that pool of workers that are up to date and already practice the company safety standards.

Quite frankly I can't see where this is helping customers as we all know how this has gone in other states, a quick Google search for 5 seconds can attest to that. Countless articles on the cost of deregulation not the savings of deregulation. I actually thought this was recognized as a bad practice and would be left alone..... HB 1238 is bad for New Hampshire and workers.

One thing that HB 1238 guarantees is uncertainty, Our company workforce has no guarantee of continued employment, our workforce is one of the driving forces to the economy, we continue to pay our bills, not looking for bail outs, not standing in food bank line, we can educate our children, we pay our taxes and we support our communities. Not to mention the many small and local businesses supported by our power plants and those families. It

just continues on down the line, this will all go away because if we are sold it will be to an out of state bidder or even out of the country. One who doesn't understand the connection in this state between the workers and companies. I have always been proud to work for a New Hampshire company that supports and hires from within their own state.

We all want lower rates and we do have some of the lowest in the region already, we all also want gas for $1.00 a gallon and cable for free but that doesn't justify passing this bill as it is proven that will not happen and will cause greater damage without being able to provide any good.

I urge you to inexpedient to legislate this bill. HB 1238 should be a NO vote.

Thanks you for your time, Questions

Bow Hampton Inn 515 South Street, Bow, New Hampshire 03304 tel: **603.224.5322**
fax: 603.224.4282

Good day,

I am writing to you both as a local businessman in Bow as well as a resident of Pembroke and PSNH consumer. In both regards, I am asking you to oppose HB1238.

There are some serious issues to consider which can, if this bill passes, have unintended consequences.

In the volatile energy market we have in today's world (and I do not see that changing any time soon), the prices of energy have potential to skyrocket. I can not afford this at my hotel nor at my house.

The 2002 deregulation gave the citizens in this state the option to purchase energy from a supplier of their choice. The work done by the NH Legislature created the system in place whereby PSNH maintained the ownership but still allowed its customers to choose a supplier in the marketplace. This action benefits its customers by saving millions of dollars over the past 8 or 9 years. When the energy rates are low, the consumer can purchase from other suppliers; when it rises, they can return if they wish to the regulated pricing at PSNH.

HB1238 will undo the system in place and to what end – potentially higher prices? Senator Bradley has also disagreed with this proposal stating divesting PSNH assets *"would create new stranded costs. Large users now have the best of both worlds and can go out on the market, but have the assurance that if gas goes up, PSNH will not be uneconomical."*

Further, from the Hampton Inn's perspective, PSNH is a great neighbor and employs hundreds of residents as well as bringing in other companies. These companies have staff who eat, sleep and shop here –all to the good of the NH economy. Should this bill pass, PSNH will be faced with laying off part of its workforce. In this fragile economy, and with the theme of the Legislature to maintain and/or create jobs, this bill goes against everything we are all looking to do – improve the economy, create jobs, strengthen the market. To have hundreds of additional residents looking for work simply does not make sense, especially when we have a choice.

Michael Scavotto
Paramount Hotel Group
c/o Hampton Inn Concord/Bow
515 South Street
Bow, NH 03304
Ph: 603-224-4401
www.paramounthotelgroup.com
www.hamptoninnconcord.com

We Love Having You Here!

Handout 15

1 RANDY HERK (MERRIMACK PLANT)

Good morning. Thank you for the chance to speak in opposition to House Bill 12-38. My name is Randy Herk. I am resource analyst at the Merrimack Station power plant in Bow. I have 22 years of experience in the industry, and for the last four years, I have been proud to work for PSNH.

When people ask me what I do for a living, I like to say this: Every day, I go to work with an opportunity to save on my own electric bill. My job as resource analyst involves long-term planning, budgeting, reviewing invoices, and constantly monitoring what we spend at the plant. I am an employee, but I'm also a PSNH customer, so I have plenty of motivation to carefully watch the dollars being spent.

In addition, I work for a plant manager who is the most cost-conscious person I have ever worked for in my career. The IRS couldn't do as good a job reviewing where the dollars go. He scrutinizes every penny and he's very tough for all the right reasons. We are ALL invested in making sure our power plant runs efficiently and cost-effectively.

I explain my work that way because I'm troubled by what I sense is a belief by lawmakers that our company recklessly spends money. That is a frustrating misconception and it's a dangerous one if you are using that conclusion to cast a vote in favor of this bill.

Before you vote on House Bill 12-38, you must understand what is going on at our power plants. It's critical to have the facts. PSNH operates all of its power plants at what is called a "cost of service". Our company does not make a profit off of the power it produces here

in New Hampshire. We charge only what it costs us to generate electricity at our plants. That's an important fact as you decide the future of who controls the power plants in New Hampshire.

House Bill 12-38 would force PSNH to sell off its power plants in one year with the belief that it will lower electric rates for customers because "competition lowers rates". But if we are operating our plants at cost, then I respectfully ask, who can provide electricity at a cheaper rate if we are already doing it at cost? The answer is no one.

PSNH has already paid the mortgage on its power plants. When they are sold, the new owner will have a new mortgage to pay. In order to pay that mortgage, they'll have to charge customers for the cost of running the plants AND include a charge to pay off the plants. That's means a higher rate for customers to have to pay. That's called a stranded cost, and it'll add millions to the electric bills of customers all over our state. You can't run a power plant any cheaper than to charge for only the cost of running them.

For decades, we have had people on our payroll whose only job is to save money in our operations. It is a team effort and one we take great pride in doing. Over the years, we have cut costs and invested in technology and saved ratepayers hundreds of millions of dollars. We care about the customers because we ARE customers.

I understand you want to do something to lower electric rates for PSNH customers. I would hope you would also understand *that* work is being done right now. My proof? Look at current rates. We don't even have the highest rates in the state, or in the region today. And our rates are significantly lower than electric rates in several other states that have attempted what you want us to do now.

As you examine this bill for a final vote, please ask yourself:

- Where does it specifically benefit anyone, other than our competitors who want to pull us out of the New Hampshire electric grid and have access to our customers?
- Where is the guaranteed savings?
- What is the exact plan for selling power plants?
- HOW does it lower electric rates?

Ask those questions. The answers you get will clearly demonstrate this bill is a bad idea for New Hampshire ratepayers. Thank you.

herkrl@nu.com

Handout (16)

To Science, Technology and Energy Committee:

My name is Mark Boucher and I am a lifelong resident of New Hampshire. I grew up in Berlin, and worked very hard all my life to get ahead. I am a hydro electrical controls mechanic for PSNH Generation. I am part of a highly skilled team responsible for keeping nine units at four hydro-plants operating efficiently and reliably.

What psnh hydro Generation does for NH:

1. Psnh shut down a million dollar job for periods of time last spring so a pair of birds living on a pole top could mate.

2. At amoskeag hydro, psnh has a fish ladder so fish can move from below the dam to above the dam. It is psnh's first priority to keep this in operation even if a loss of generation is required. The fish ladder requires many man hours for operation and maintenance.

3. The amoskeag fish ways center is place where thousands of children are bused to each year to learn about fish and other wild life. This center is operated by psnh with 4 employees.

With a new owner, NH will lose a lot more than just electrical generation. I see the leadership at psnh as a great steward of the environment and how much they care about NH and its citizens. I am proud to be an employee. I can guarantee these things along with many others will no longer be a priority as they are with psnh. For new owners, money will always be the driving factor

Diversification:

1. At Merrimack station a coal generation plant. Psnh just installed a state of the art scrubber to reduce emission immensely. One of the cleanest burning coal plants in the US.

2. Psnh owns 8 hydro stations, and Schiller station a wood burning plant on the seacoast both a renewable power sources.

3. Newington station an oil-gas combination unit and 2 diesel powered jets located in northern NH ~~and~~ are used during high load periods.

With this amount of diversification psnh is able to take out the spikes in pricing caused by high demand. With a new owner, Newington and the two jets will never run again. Currently, during high demand periods psnh runs these plants keeping the price of electricity for NH residents from sky rocketing very quickly. A new owner would not want this because they would want maximum revenues.

Through open market power buying currently in effect (deregulation), power suppliers are able to compete with psnh. NH's advantage through psnh is the different types of energy that can be called upon with fluctuating market prices.

Does the committee realize what passing HB1238 will do to prices? It'll be another OPEC!!! You'll have new power plant owners who decide when to operate their plants based on maximum revenues, not maximum efficiency or lowest charge. You will also put ~~close to a~~ 100's of ~~thousand~~ working families in the unemployment line.

Think about it, the most ardent supporters of this plan happens to be our competitors, otherwise who else would go to the extent to push

us out? PSNH customers are not demanding this. I see no gain for NH residents.

Does this committee know what the people of NH want? I know because I am a resident!!! They want low rates AND reliability. Not rates that fluctuate as gasoline does.

I erg your committee to kill HB1238 and find another way to reduce electric bills, because that is the bottom line here.

Thank you for your consideration,

Mark Boucher
7 Maple Ave.
Northwood, N.H.03261
Munclbck@yahoo.com

3 RAY RAMSEY - 431-2550 ,7377/431-4234, 7344 (SCHIL- FOREMAN)

Members of the Science, Technology and Energy Committee: my name is Ray Ramsey and I am a foreman for the PSNH Schiller Station maintenance department. My job is to essentially keep the operations on line and fix problems.

I have worked for PSNH for nearly seven years. When I arrived, I started as a welder and mechanic. I sought the job because this was a chance to go to a company I felt was a good employer with an amazing worker safety record. PSNH takes care of its people. We are a big family. My training started with learning the company's culture and priorities.

Put simply, the little things are big things. We don't replace a part if it's still good, the cost of which would get charged to customer. We don't waste resources. That is a top priority. I don't look at PSNH customers as an open checkbook. I work to the best of my abilities and my co-workers do the same.

Schiller station is a great example of our company culture and the progress we've made over the years. Our wood boiler is like an enormous energy savings account. The more that unit runs, the more we protect our environment and the more we can offer savings to customers.

As for being good stewards of the environment, we make sure we do the right thing with the "little things". We have specific rules and several safety stipulations just to change oil in a gear box. It's part of who we are.

For supporters of House Bill 12-38 to say it will be good for customers, I say – it's not good at all. Forcing the sale of our power plants raises the risk that they will be permanently shut down.

A shutdown would mean business dries up in the region. If Schiller station goes away, every employee must find similar work out of state. And local vendors who rely on working with the power plants will lose major business. We have relationships with several local vendors now who provide equipment, parts, manpower. They know we need their services and they work hard to help us. We have relationships with several New Hampshire small businesses. Those are all at risk. That's thousands of jobs in the community.

In addition, our wood boiler supports local workers in our state's wood industry. We purchase over 500,000 tons of wood fuel per year, the largest single user in the state by almost double; we receive about 400 truck loads of wood per week. Expenditures for this fuel total about $17 million dollars. These dollars all remain within the local economy. Over 75% of those purchases are from suppliers with a NH business address. We purchase from over 55 different suppliers. A small supplier would have perhaps 4 employees plus contracted truck drivers. A large supplier would have over 20 employees plus some contracted truck drivers. Any risk to our operations will also mean risk to their operations.

Representative Read, Representative Cali-Pitts – you represent the backyard of Schiller Station on the seacoast. Please consider the potential job loss and economic impact of this bill on your constituents.

If the plants do remain on line, they'll be controlled by an out of state entity. Right now, we frequently make maintenance decisions on a tight deadline. Often, we need immediate feedback from superiors. Every minute matters when it's about safety, efficiency, reliability, and cost. PSNH leadership is here. Our top officials aren't in places like Texas or Florida, where connections are faint and decisions are delayed or uninformed because they aren't here. Our leaders know what we need and they understand what's going on at all times to make informed decisions. Are we really saying that someone out of state can do it better?

This bill threatens the livelihood of thousands of people in New Hampshire. It threatens to change how our power supply is run. And it offers no guarantees that it will result in any benefits to customers. Please reject House Bill 12-38. Thank you.

ramserl@nu.com

Handout 18

4 BEN REDDEN – 431-2550 – 7506 (SCHILLER - ENGINEER)

Good morning. My name is Ben Redden and I have worked as a station engineer at the Schiller Station in Portsmouth since September. I have also worked at the PSNH Newington Station for seven years before that. I am opposed to this proposal.

I believe the intent of House Bill 12-38 is unclear. I would hope that the only motivation for considering House Bill 12-38 is that you are trying to provide the best protections possible for ratepayers in New Hampshire; if that is the case, then it is a simple argument why you should reject this as the wrong idea for customers.

The divestiture and deregulation of electrical generation doesn't make sense. We only need to look at other states, like California to see the lessons of what not to do. California, which deregulated and divested and allowed competition to over take the market place. The results were historic price spikes and power shortages. Today, California is struggling to undo what it has done. Maryland as well as Texas are both regretting their decision as well. Our state got it right in 2002 when it allowed companies to buy electricity off open market, but stopped short in requiring PSNH to sell its power plants.

Competition when you are deregulated and divested in generation can be a dangerous mix. Electricity is a product with constant demand. When you divest in a deregulated market, you lose all regulation and the supply is all that will change. Independent power producers are accountable to no one but themselves. They can play with supply versus demand to spike prices and make it worth their while. It is a bad approach.

NH is different, and we should stay that way to avoid the mistakes of the 15 states that adopted deregulation and divestiture in the last decade. ~~By the way, four of those states implemented price caps, seven have suspended deregulation. Another two are looking to re-regulate the power market because prices have skyrocketed.~~ already stated

Here is the reality and what you could expect from House Bill 12-38: plant shutdowns. In the current economy, just to the south of us, a 25-year old plant was sold for scrap recently. If you force a sale, you will force a shutdown. Closing plants means lost jobs and major impact on regional economy. And all that happens with no guarantee you've done a thing to benefit New Hampshire or the rate payer.

I'm a facilities engineer. My main task is to make sure our facility complies with all safety and regulatory issues. Having worked for a couple of different companies over the last several years, I can tell you PSNH is safety oriented, wants to follow the rules, and be a good neighbor.

I am in the capstone course of an MBA program which is strategic management; I am focusing on how a strategic decision affects industry. The lessons we are learning in the classroom are the lessons I hope you follow with this bill: others have tried what is being suggested and have failed. House Bill 12-38 offers no benefit to the public. It will damage the electricity market and have the exact opposite result of the goals being sought. Please do not go through with this proposal. Thank you for your time.

reddebf@nu.com

Handout #9

8 ALAN MARQUIS – 431-4234, 7224 OR DENNIS (MECHANIC)

~~By profession I am a trouble shooter~~, and I stand before you to say you have a major problem on your hands with this particular proposal to sell off power plants owned by PSNH.

Good morning to members of the Committee. ~~My name is Al Marquis~~. I am a mechanic for PSNH and I work at the power plants you want my employer to sell off. My work is very technically oriented, so I am used to looking at the fine print and fine points of a plan.

After reviewing House Bill 12-38, I am confident this proposal will negatively impact our state and its economy by millions of dollars. This proposal will force families to pay more in electricity because of price spikes brought by an open, deregulated and divested market. And with the job losses and collateral economic damage to vendors and related industry, there will be millions in lost business.

You will also be losing millions more in tax revenue for local communities if and when power plants shut down because new owners find it's actually more profitable to take the plants off-line. You are creating major risk to revenue flow at multiple points in the state's economy, and you can only hope this plan works. That's a formula for trouble.

The operation of PSNH power generation facilities pumps millions of dollars into the state's economy from the wages, as well as the parts and services sold to the plants by local vendors and merchants. You risk doing major damage to the economy with this proposal. It's irresponsible and it is unnecessary to place ratepayers at the mercy of

a volatile and unpredictable energy market...especially when you have NO guarantees this plan will amount to any savings.

You cannot make a major change to the economic model that means millions and millions of dollars in our economy, on a school-room concept of wishful thinking about electric rates in this state. That's not legislating, that's betting on a long-shot.

PSNH Our company trains employees at all levels to respect the responsibility of providing electricity to our customers. We understand families don't have unlimited means to cover any expense we decide they should pay. We understand that reliability isn't just a goal, it has to be a given in our business. We understand the need to protect the environment by not doing harm to it, And we strive to balance expenses with technological advancements that mean longer term savings.

We do all we can to spend wisely and act responsibly. It's not your responsibility to protect PSNH for the sake of keeping us whole. But it is your responsibility to recognize when a company is doing the responsible thing by balancing wants and needs and competing in the marketplace ~~you~~ (that was) created just over a decade ago.

Look around the country and recognize what similar plans have done to the existing energy market. Their experiences can serve as our lesson to avoid their mistakes.

If you were to pass this bill into law, it would be an enormous loss – for workers, for communities, for small business, for PSNH, and for all of our customers. I ask you to reject House Bill 12-38.

marquax@nu.com

Handout #6

JON MEISSNER – (SUPERVISOR)

Good morning Chairman & members of the committee

I am Jonathan Meissner, a supervisor at Newington station in Portsmouth. I am an employee of PSNH and I am hoping you will listen to the arguments that my colleagues and I are making against House Bill 12-38.

This bill will do a number of things I am confident lawmakers do NOT want to do:

- **It will immediately halt the millions of dollars in savings passed along to ratepayers every year because of our unique competitive structure.**
- **It will eliminate the pricing safety net currently in place for customers, which protects them against the unpredictable whims of the electricity open market. You'll recall, that market has triggered historically high rates in states like California.**
- **It will place power plants in the hands of our competitors who haven't been able to match our electric rates in the current competitive market.**

By passing this bill, you create an immediate negative impact on PSNH customers. The current system is better for customers because it already offers choice and it promises that we will provide power from our plants "at cost", to ensure a baseline rate for our market.

Remember, deregulation happened in 2002. PSNH has the most effective mix of different fuels, which protects customers against major price fluctuation of any one fuel source in the markets.

For example, if oil prices surge, customers can explore natural gas prices of our competitors; which has happened in recent years. But if natural gas prices rise, we can offer lower costs through oil or wood or hydro power. These options allow us to avoid price spikes and switch between different fuels to offer a more consistent price for electricity in New Hampshire.

At Newington, we are a peaking station. That basically means we are in place to take the edge off of major price swings. If the price for power is cheaper elsewhere in the market, PSNH can buy it and keep our plant idle. If it's more expensive, PSNH can sell power on the market. If PSNH profits off power sales, then savings goes to customer. In the past ten years, that savings has amounted to $700 million dollars. If you pass this bill, you limit options for providing the lowest possible energy cost in this state, and you close the door on these types of savings.

Pass this bill and competitors will own the plants. But because you have changed the system, there's no guarantee of any savings and no protection for customers against price spikes in a completely divested and deregulated energy market. Other companies will own the power plants and they will have firm control of what they can charge customers.

Spreading the wealth is not in customers' interest; it is only in the interest of the independent producers. People can already buy power on the market today. If our competitors can't offer lower prices now, why should they be allowed to own our state's power plants and charge whatever they wish for electricity? This bill is a bad deal for customers. Please vote no. meissjc@nu.com

Thank you for your time.

2Pa

I have no confidence someone can take over the way PSNH has handled the plants. We run them at cost. New owners would certainly consider closing the plants and making their money back by selling the parts for scrap, as has been done recently in states like Massachusetts. Think of it, our energy security sold off ~~for scrap~~. Not a good plan for ~~customers~~ New Hampshire Customers → TO CHINA OR MEXICO

You are about to place our energy future in another company's hands. You take all the benefits PSNH provided and remove them, and you get an uncertain future. And there are no guarantees customers get a good deal. Please don't do this. I ask you to reject House Bill 12-38. Thank you for your time.

kalwacs@nu.com

Good morning Mr Chairman and members of the comittee

2/6

7 CRAIG KALWAY – 431-4234, 7227

My name is Craig Kalway. I have worked for nearly three years as an electrician at both PSNH power plants in Portsmouth. You'd think there would be no more secure job than an electrician at a power plant. But I stand here before you to say I am greatly concerned this bill will eliminate my job and the jobs of hundreds of my colleagues.

I have always enjoyed the professionalism and balanced teamwork approach at PSNH. The work environment has always been a very healthy one, and I respect the culture and philosophy created by my superiors.

The reason I raise this is because this bill forces PSNH to sell off plants and walk away from the very culture of safety, efficiency and cost-awareness created in these power plants. You need to understand more than just the economic risks to House Bill 12-38. You need to understand the community impact if you pass this proposal.

Community service is a major piece of the work we do at PSNH. Whether it's volunteering at the United Way or doing projects to help the children and families at Easter Seals, our work extends way beyond the entrance of our power plants. We volunteer here because this place is our home. This is work we take seriously, because we are invested in the health and well-being of our community.

Of course, this is not to suggest that PSNH employees are the only people in a position to make a difference in our communities. But it further underscores the risk you take by breaking up our current power grid competitive system in favor of what you are reviewing in

this bill. There are unintended consequences that will impact families in ways you probably never considered.

As for the immediate impact of the bill, you must admit the first red flag for a proposal like this is the timeframe. I don't believe you should do this at all, but one year to sell off upwards of 24 power generation plants in New Hampshire? Have you seen the real estate market lately? Think it's any better for power plants? These plants would have to be sold at a reduced rate, and the difference will be made up on the backs of customers, who will get stuck with years of a "stranded cost" on their bill – a new tax on services because you demanded a different name on the front gate of the power plants.

You should already know how our rates compare in the region and the nation... which means you already know we are not the highest in the region. We aren't even the highest rate in New Hampshire.

But if you are basing this idea on the relative expense of natural gas, then you are betting against the constant changes of the energy market. You are putting all your eggs into one basket. Natural gas is cheap now, but the market changes. New Englanders know we need energy diversity. It's never good to limit your options. That's bad business and people know better. Competitors who have to figure out how to pay for a power plant may see fit to shut it down and eliminate the competition to the higher rates it has to charge now.

Right now, we help stabilize the energy market by offering a flexible option for fuels, so we act as a safety net for prices.

12 JAMES DAVIS – 224-4081, 4178 (SECURITY GUARD/CONTRACTOR)

My name is James Davis and I am one of the vendors who fears the fallout from this proposal. I work for Securitas, and am the security supervisor assigned to the Merrimack Station plant in Bow.

I can work anywhere my employer serves its clients, but I choose to stay with PSNH because I love the people, I respect the work they do and I appreciate the teamwork mentality of the corporation.

I am disappointed in HB 1238. To know jobs are on the line with the passage of this bill is horrible. In this economy, I would hope that lawmakers would do all they can to protect jobs, not risk them being lost forever.

I know that in the field of security, there will always be a need for what I do, so I am not as afraid as others. But the same cannot be fairly said for many of the jobs at stake with this proposal.

My company will certainly lose some jobs, we currently employ between 10-12 guards in Bow and even more in Portsmouth. But there are plenty of others who don't work for PSNH, but rely on these plants for their paychecks.

Like the truck drivers I see every day; the coal haulers ~~for example~~. That's all they do. Those guys are hurting because there is no other work available. When our plant goes through its occasional shutdowns, it means no coal to haul and no income for those drivers. It means they struggle to make the mortgage, truck payments or even pay for basic necessities like their gas and groceries. This is a group I have come to know well as I get to see them pass through the gates every day. I know them; I know their stories and their struggles. These

people have no other choice for work. But you may well force them to ~~have~~ to find another line of work if you pass this bill.

There are other examples; like a company called Ensio Resources. Ensio is located on our property in Bow, and they manufacture and sell a sandblasting grit called patriot blast, ~~the~~ only producer in New England. They use a byproduct from the coal burning process to produce this grit and without the plant they would be out of business completely. This would continue the trickle down affect, more workers seeking unemployment, more truck drivers looking for loads to haul and more vendors that lose ~~a~~ clients.

So the central question is this: will electric rates fall with more competition and total divestiture of the plants from PSNH? I don't know if it would. But what's more, you can't say with certainty, either. That seems like too great a risk. It's a huge risk to our economic security. And I know something about security.

Outside the plant gates, there is an entire community that would be affected by the negative impacts of this bill. Maintenance work and various plant projects mean hundreds of people, many who travel, who come here to do specialized projects and various tasks. They stay in our hotels, eat in our restaurants, buy our gas, shop in our stores. They put their money into our economy while they are here.

But a shutdown drives all of that business away. I get to see everyone who could be affected, but no one thinks about. You don't think about electricians, gas stations owners, hotels all the locals who

rely on the business generated by the plants to help them survive and thrive. You don't think about them in a plan like this, but you should. They'll be the ones up here next asking you why you didn't do all you could to keep this terrible thing from happening to them. What will you tell them? Thank you for your time.

jmdavis2@comcast.net

MY NAME IS CRAIG BUCHANAN. I HAVE LIVED NH FOR FORTY YEARS, I AM A CONSUMER, TAXPAYER HUSBAND AND FATHER AND I VOTE IN EVERY ELECTION NO MATTER THE SIZE.

#23

PSNH has been producing power for many years in New Hampshire and have been doing so safely and with dependability. If what you want is an uncertain energy future, by all means, force them (PSNH) into divestiture. We would be unsure as (FROM) where, and by what means, our power would be coming [redacted]. Would the patchwork hold together that day or would something fail and the brownouts begin. Is this the way to rebuilding the state's economy? Would it not be better to have a sure and firm (HAND) on the controls rather than a tenuous grasp? PSNH has a [redacted] diverse power portfolio that doesn't hinge on one energy source. PSNH can generate power many different ways including a higher percentage of renewable energy than other utilities in New England. This diversity has saved PSNH customers over 700 million dollars over the last decade. They have just completed the Clean Air Project at Merrimack Station which makes it the cleanest coal-fired power plant in New England and possibly the country. – THIS IS A DOMESTIC FUEL THAT CAN'T BE EMBARGOED – MERRIMACK [redacted] is a very well-run plant that keeps prices level for the consumer. Taking this plant out of the picture is short-sighted. As soon as everyone figures out how toxic "Fracking" for natural gas is for the environment, gas will jump in price and the consumer will be at the mercy of the market.

The other thing that makes this bill a bad idea is the economically disastrous effects of divestiture. NH is fortunate to have the lowest unemployment in New England at this time. This bill would cause thousands of generation related jobs to be lost including trucking, construction, hospitality, clerks, mechanical, and contract(ING) not to mention the hundreds of people that work for PSNH. There would be millions lost for the towns that have power plants, resulting in tax increases and lost services. PSNH maintains a good neighbor policy and has built playing fields and a boat launch in Bow. Everywhere PSNH has a facility they maintain and protect the area. PSNH Generation is good for NH. Please say NO to House Bill 1238. Thank you for your consideration.

Exhibit 24

HOUSE BILL 1238

COMMENTS OF ALAN ROBERT BAKER

481 Meriden Hill Road
Columbia NH 03590

I am an attorney in Coos County and a captive customer of PSNH. At present, I have no options for electing another generation service provider so I am a captive customer. I believe that action is needed now to complete deregulation and provide for meaningful competition throughout the state of New Hampshire for all consumers; and I believe that an important step will be for divestiture to be completed. Therefore, I support Bill 1238 with some recommended modifications. I would like to make 4 points—although I will not do justice to my more articulate friend Jim Dannis who provided substantial input to the formulation of these points:

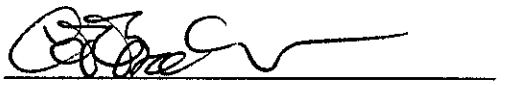
1. First, PSNH's argument that it should continue to own the plants as a 'hedge' against future rises in natural gas prices (gas prices effectively set the wholesale clearing price of electricity in New England) is not convincing. Because of PSNH's continued ownership of these plants, NH ratepayers are now forced to pay a steep premium above market electricity rates. There is a large cost to ratepayer today and every day. There are long-term forces driving the decline in US natural gas prices, including the massive new recoverable reserves of shale gas. Any hedging at all may be an unnecessary cost. But even if hedging against natural price increases could be theoretically appropriate, there are almost certainly lower cost ways to achieve it. As just one example, PSNH could investigate the purchase of call options from independent generators on future capacity at a range of prices. As markets have taught for centuries, it is almost always cheaper to hedge price movements via contractual arrangements (calls, puts, futures, options) than outright purchases of the commodity in question or--even worse--the physical plant needed to make the commodity. In a word, PSNH's justification for owning the plants is financially incoherent.

2. Second, the assumption that divestiture must inevitably saddle ratepayers with additional costs (e.g., stranded costs) is false. Divestiture could be achieved at no net cost to ratepayers. As just a few examples, recovery of so-called stranded costs is not a natural right (other states do not provide for it); if stranded costs are to be awarded, then there should be a

corresponding charge assessed for stranded benefits; a prime example of stranded benefits reaped by PSNH's shareholders without compensation to ratepayers is the above-market, non-volatile rate of return approved by the PUC, and this should be subject to recapture; and going forward, if the legislature were to decide that stranded costs may be appropriate for generation divestitures, then PSNH's ROE could be capped at a more appropriate rate so that ratepayers will see no net increases from additional stranded costs.

3. Third, HB 1238 may be flawed by its reliance on PSNH to prepare the divestiture plan. As an alternative, it is suggested that the PUC run an open tender for a qualified consulting firm to prepare the divestiture plan (or, at a minimum, to analyze and comment on PSNH's plan). The consulting firm's report should be released to the public for comment in draft form to ensure public participation in the process.

4. Finally, the divestiture report prepared by the consulting firm should address cost recovery and application of sales revenues. The report should be designed to bring the divestiture issues to a full conclusion. It should therefore include: a policy analysis and cost/benefit analysis of divestiture, with a specific analysis of the short, medium and long-term benefits and costs to ratepayers; a specific assessment of PSNH's asserted rationale for continuing to own the plants, including an evaluation of nationwide best practices for hedging natural gas price increases; an evaluation of nationwide best practices regarding stranded costs and application of divesture revenues; an identification of the states that do and do not provide for stranded cost recovery; an assessment and valuation of stranded benefits that may have been realized by PSNH since the time of the original electricity de-regulation; and alternatives that may be available to ensure that divestiture does not saddle ratepayers with any additional net costs.



Alan Robert Baker

11 BRENT SOWLE – 224-4081, 4341 (ENGINEER)

Handout #5

My name is Brent Sowle and I was hired by PSNH three and a half years ago as a project engineer on the clean air project. Environmental rules and protections are important. They are good for people and good for our long term economic health, which is why we have built this project. I'm proud of my involvement in this work.

Which is why I am disappointed you would even consider a proposal like this one.

To turn around and sell off generation assets makes no economic sense in New Hampshire. Utilize other state's experiences with deregulation and avoid the same mistake. The outcome of this divestiture plan is not in doubt. Rates will go up.

I am also a customer: I don't like the fact that I'll end up footing the bill for a these proposed changes, for what amounts to be a government mandate. We will have to sell our PSNH generation assets at a discounted rate, because no one will pay full price. And with a government mandate to sell, you will create a going out of business sale. The negotiations will be one sided and the deal will benefit only the buyers.

You will create the same situation as the sale of the Seabrook nuclear plant. Customers just barely finished paying off that short sale and customers saw no benefit. In fact, the best thing about it being over is the "stranded cost" charge associated with Seabrook left our monthly bills and we saved a few bucks.

It is crazy to do this again, especially when you've heard this plan will result in lost jobs, lost safety net, and there are documented savings against the market that will go away because of this.

I spoke with some of you on the phone: you told me you feel our state has some of the highest rates in the country. But look at the

facts, stop going off what you think is true and please examine what is really true. According to the US Energy Information Administration, ISO New England has some of the highest rates in the country. The average price per KW hour by state shows New Hampshire averages 16.67 cents. But my power bill with PSNH is only 15.4 cents. Our company is middle of the road for New England power companies. Despite your assumptions, the market proves we aren't the highest in the state or the lowest. Yet your motivation is based on PSNH electric rates.

Similar states taking similar divestiture steps have rates 34% higher than New Hampshire's rate and they are scrambling to put the genie back in the bottle. California had to put a price cap on costs. Most states that have done this want to go back, and you can't if you pass this bill.

Don't do this to the ratepayers of New Hampshire. They've been through this before. We know how this story ends. Your intentions are good. This plan isn't. Thank you.

sowlebm@nu.com

Hendricks 26

NHTOA

Celebrating 100 years of New Hampshire's working forests

February 2, 2012

Rep. James Garrity, Chairman
House Science, Technology and Energy Committee
Room 304, Legislative Office Building
Concord, NH 03301

RE: HB 1238; *AN ACT relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.*

Dear Chairman Garrity and members of the Committee:

The New Hampshire Timberland Owners Association would like to thank you for the opportunity to comment on HB 1238, *AN ACT relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.*

Founded in 1911, the New Hampshire Timberland Owners Association (NHTOA) is a membership organization representing New Hampshire's timberland owners and all aspects of the forest products industry. As a trade and membership association, we advocate on behalf of our members on issues impacting their ability to own, grow, manage, and harvest timber from their forests and operate their forest-related business.

In prior years, when PSNH divestitures were being discussed, the NHTOA Board of Directors made a conscious decision to monitor this issue. The NHTOA Board of Directors saw PSNH divestiture as a utility matter with no direct and very little indirect impact on our membership.

Now, however, the issue has the potential to significantly impact our membership. What is different today is the approximately 500,000 green tons of whole tree chips consumed annually by the Schiller Station power plant in Portsmouth, New Hampshire.

Since its creation in 2006-2007, this whole tree chip market has become a very important part of the state's overall forest products industry. Simply, this market is the single largest low-grade wood market south of The Notches and one of the largest in the entire region.

Moreover, the NTHOA believes this market is accomplishing most of the public policy benefits outlined in our testimony before the New Hampshire Public Utilities Commission in 2003.

NEW HAMPSHIRE TIMBERLAND OWNERS ASSOCIATION
54 PORTSMOUTH ST., CONCORD, N.H. 03301
PHONE (603) 224-9699 • FAX (603) 225-5898 • WWW.NHTOA.ORG

Specifically, we argued that this project will produce stronger timber and wood markets. This clearly has proven to be the case.

The Schiller Station wood market annually consumes approximately 500,000 green tons of low-grade wood. This is wood produced by trees unsuitable (e.g. damaged, malformed, etc.) to be sawn into lumber. Because almost two-thirds of all standing timber in New Hampshire is considered "low-grade" having a stable and diverse market for this wood is critical to all our members.

The net effect of a strong market for low-grade wood is two-fold:

1. Statewide job creation/economic activity.
   Markets for low-grade wood provide economic activity across the entire state as the logging, forestry consultation, and wood processing activities provide employment to hundreds of individuals. The direct economic activity from the Schiller Station wood market puts $12.5 million in the forestry community just through fuel purchases.

2. Opportunities for better silviculture across the state.
   The Schiller Station wood market is essential for forest management. This steady, reliable market enables foresters, loggers, and landowners to conduct cost-effective timber stand improvement work by removing low-value and undesirable trees that are not suitable to be sawn into lumber. The process, on a much larger scale and longer amount of time, of course, is akin to thinning a row of carrots or beets in your vegetable garden. You can use the young vegetables *and* at the end of the summer your crop is improved and more plentiful. On a woodlot, the thinning process enhances forest health, ultimately making the forest more productive.

The NHTOA believes that the continued existence of a stable and long-term low-grade wood market at the Schiller Station power facility is essential for the overall health of New Hampshire's forest products industry and its forests.

Instability or loss of this market will have far-reaching negative impacts on timberland owners and forest products businesses across the state.

The broader utility questions surrounding divestiture are not within the NHTOA's purview or mission. But stable and viable markets for forest products are. As the debate over divestiture proceeds, the New Hampshire Timberland Owners Association urges the Committee to consider the importance of maintaining the market for low-grade wood that Schiller Station provides to New Hampshire's forest products industry.

Again, thank you for the opportunity to comment on House Bill 1238.

Sincerely,

Jason A. Stock
Executive Director

Handout 27

NEPGA
NEW ENGLAND POWER
GENERATORS ASSOCIATION, INC.

141 Tremont St., Boston, MA 02111
(t) 617-902-2354 (f) 617-902-2349
www.nepga.org

TESTIMONY

OF

DAN DOLAN AND SANDI HENNEQUIN

ON BEHALF OF

NEW ENGLAND POWER GENERATORS ASSOCIATION (NEPGA)

2012– House Bill 1238

HOUSE SCIENCE, TECHNOLOGY AND ENERGY COMMITTEE

February 2, 2012

Good morning and thank you for the opportunity to testify. My name is Dan Dolan and I am the President of the New England Power Generators Association, Inc. ("NEPGA"). With me today is Sandi Hennequin, NEPGA's Vice President. NEPGA is the largest trade association representing competitive electric generating companies in New England. NEPGA's members own approximately 27,000 megawatts (MW) of generating capacity in the region, and over 2,700 MW in New Hampshire, or nearly two-thirds of the generating capacity in the state. Our mission is to promote sound energy policies which will further economic development, jobs and balanced environmental policy.

NEPGA's New Hampshire companies provide power for New Hampshire from a diverse portfolio of plants. Overall, the companies pay nearly $35 million annually in state and local taxes, while providing over 1,200 well-paying and skilled New Hampshire jobs. Our companies are good corporate neighbors, contributing to the civic and charitable endeavors of their host communities, donating over $130,000 annually to charitable causes throughout New Hampshire.

NEPGA's Position

NEPGA strongly supports House Bill 1238 and the completion of electric industry restructuring in New Hampshire. Passage of this bill would complete the sound policy choices made over a decade in this Legislature to restructure the state's electric industry. Consumers have greatly benefited from competition among generation companies to meet their needs and have been increasingly choosing their own retail electric provider to enjoy the lowest cost supply available. Since moving to a competitive generation market, New England has seen power plants operated more efficiently with costs to maintain, update and further develop those facilities borne by the companies making the investments. In fact since the late 1990s, generation developers have invested billions in new generation facilities providing over 13,000 MW of new clean generation for New England. At the same time, plant unavailability – or the amount of time that plants are not able to run when asked to do so – has decreased from 22 percent to 12 percent. This 45 percent reduction alone has powered an additional 1.96 million homes, without building new power plants.

Despite the many benefits for consumers that have accrued, the current split system in which PSNH keeps much of its generation in the rate-base with costs accruing to rate-payers, while many of those same customers exercise their choice of retail electric supplier, is not sustainable. A dwindling customer base that pays for increasing costs associated with PSNH's generation fleet is not fair to those customers who don't switch nor is it a fiscally viable option for the utility. This split system cannot and should not continue. House Bill 1238 is consistent with prior actions in New Hampshire for Unitil and National Grid as well as with PSNH's sister companies in the rest of New England. Further, it offers the best long-term solution for addressing the significant challenges confronting consumers in New Hampshire that will ultimately bear the burden of paying these costs under the status quo.

At a time when New Hampshire is working hard to retain and attract businesses and jobs in a recovering economy it is absolutely critical that the benefits of a competitive market be realized. All New Hampshire electricity consumers, whether served by a utility or an alternative provider, deserve the best price that the market can produce. This was the original vision for restructuring and continues to be the right choice.

The Status Quo is Not Sustainable

Over a decade ago, policy makers enacted landmark electric restructuring legislation, with the goal of moving from a system of regulated monopolies to a restructured industry, driven by competition and greater consumer choice. Unitil and National Grid (then Granite State Electric) completed this transition by fully exiting the generation business. PSNH divested its interest in Seabrook Station but in 2003, the Legislature decided to pause the transition and allow PSNH to retain its remaining generation assets to use for serving its default service to remaining customers, out of a belief that these plants would serve as a hedge against a volatile market.

This policy choice though has put PSNH on an unsustainable path whereby its rate-base generation costs will continue to rise, with the likely outcome of more customers

leaving PSNH's supply. The fewer customers PSNH has to pay its generation costs, the more each customer must pay and the more the company is put in financial jeopardy. This path is not only risky and costly for consumers, but it is ultimately unnecessary as a vibrant and competitive market exists today to meet the generation supply needs for all New Hampshire consumers. The costs, risks and alternatives facing policymakers contribute to a sense of urgency to change the status quo, as acknowledged by PSNH. The looming costs to PSNH's generation overhangs this entire discussion and is a main driver of this urgency.

In 2003, PSNH advocated investing $250 million in a scrubber to address mercury issues at its Merrimac coal plant. In accepting this proposal, the Legislature at the time approved the scrubber approach but provided that PSNH would have to pay for the cost through its energy default service charge. As PSNH installed the scrubber, it experienced significant cost overruns, leading to a dramatic increase in the scrubber costs to nearly $440 million – a 76 percent increase over its original estimates. During hearings at the Public Utility Commission in the customer migration docket (PUC Docket 10-160), PSNH witnesses testified that the impact of adding the scrubber (then estimated at $450 million) to default service rates would be expected to be 1.1 cents/kwh in the first 12 months, increasing rates from the then 8.68 cents/kwh to 10.12 cents/kwh in 2015. In addition to these looming generation costs, EPA is considering tougher environmental requirements that would impact PSNH's generation assets.

As the ISO-NE concluded in its 2011 Regional System Plan, "such EPA regulations most likely will require some older fossil-fueled generators in New England to make large capital investments to stay in compliance (page 121)." Even existing federal laws may require large capital investments. For example, in September 2011, EPA proposed to update the decades old permit for Merrimack Station by imposing, among other things, limits on discharge of heated water that could require replacement of an outdated cooling system at an estimated cost of nearly $112 Million. If the permit becomes final this year as EPA has proposed, ratepayers could face further rate increases for a price tag that could exceed the $112 Million estimate to allow the Bow

plant to continue operating. Clearly existing and potential new costs for its generation fleet are looming. As long as PSNH retains its generation assets, these costs will be recovered by its captive ratepayers who continue to pay to support for rising generation costs while the wholesale electricity market offers a highly competitive alternative.

With PSNH's generation costs trending on this upward trajectory, market conditions continue to make it more attractive for its customers to exercise their right to choose an alternative electric supplier. The lower market price for electricity in New England is directly related to lower natural gas prices, which are anticipated to continue for the foreseeable future. These projected lower prices are directly related to the development of technology that can extract natural gas from nearby shale fields. Our region enjoys the benefits of an abundant supply of clean, low-emitting fossil fuel in close proximity to the population centers of the Northeast. This supply should provide decades of stable electricity prices. As the ISO-NE noted in its 2011 Regional System Plan:

> ...the region's diversity and expected reliability of natural gas supply has improved. This is the result of the new LNG terminals at Northeast Gateway Deepwater Port, the Canaport import and storage facility, and Neptune Deepwater Port. In addition, new expansion projects on the Iroquois and Tennessee pipelines have been designed to improve the ability to deliver natural gas from the Marcellus Shale basin to the region. (page 99)

Thus the combination of increasing customer migration from PSNH default service, higher existing and looming electric costs for PSNH's generation assets, and a predicted period of stable energy costs in New England, have made the status quo and the current split system an unsustainable path forward for consumers. The PUC rightly rejected PSNH's preferred approach to this problem in its Docket 10-160 Order, noting:

> A non bypassable charge is unwise in these circumstances because it does not address the underlying cause of the condition affecting PSNH's remaining energy service customers and it reflect instead an implicit view that PSNH's ownership of

generation assets is an end-state and not a transition, as originally intended. (page 39)

The Solution – HB 1238

As the PUC states in its Order in Docket 10-160, the one proposal that does address the underlying cause motivating PSNH's request for a non-bypassable charge "***is the divestiture of PSNH's hydro and fossil assets.***" (page 39, emphasis added) To forestall a lengthy adjudicated proceeding over divestiture, the PUC suggested legislative resolution of the issue. The introduction of HB 1238 provides the tool for this legislative resolution and the solution to the underlying causes of PSNH's current unsustainable situation.

It is important to remember that in 2003 when the Legislature decided to delay the divestiture of PSNH's assets, it did not rescind, repeal or change the goal of divesture, it simply provided that for so long as PSNH continued to own its fossil and hydro plants it would do so in a manner approved by the Commission to provide default service to PSNH customers. During this time, the Legislature adopted a standard for the PUC to determine whether and when the generation assets should be divested – when the Commission finds that the sale of the assets to be in the economic interest of retail customers. Clearly the high level of sustained customer migration from PSNH default service, PSNH's plea for a nonbypassable charge from the PUC and the looming higher costs for PSNH's generation assets suggest that this standard has been met and the time has come for PSNH to divest its generation assets. HB 1238 offers the solution to the serious issues facing PSNH and its customers.

Once PSNH's generation assets would be divested, the company would still be obligated to provide power to customers remaining on default service supply. Just as is done by Unitil and National Grid, this would be done through periodic solicitation processes whereby PSNH would issue a request for proposals (RFP) for power for its default service customers, with wholesale suppliers competing to provide the supply. It is important to note that not only do the other utilities in New Hampshire supply their

customers through this mechanism, but so do most of the other utilities in New England. This includes PSNH's sister companies Connecticut Light and Power and Western Massachusetts Electric Company. Customers of these companies have benefitted from the utilities not owning their generation and being able to secure the lowest cost energy supply from the wholesale market. Today, PSNH's base rates for its residential customers is higher than that paid by the other utilities in New Hampshire or its sister companies – and this is before the temporary scrubber recovery rate is added to customer bills in March 2012:

Utility	Cents per kwh
Western Massachusetts Electric Co.	7.741
National Grid (NH)	7.746
Unitil	8.026
Connecticut Light & Power	8.279
PSNH (without scrubber)	**8.31**
PSNH (with scrubber on 3/1/12)	**9.57**

As former Senator Bob Clegg said on March 3, 2003 during legislative debate over whether to delay divestiture , "...if we find that it's not in the consumers' best interest to maintain the power plants, than we have PSNH divest them." PSNH's Gary Long agreed with this sentiment at the time, noting "if it becomes economic then we go to the PUC and say it is time to do something, time to close the plants down, time to sell them." Given the high level of migration off of PSNH's system, the cost of service from PSNH now and going forward, and the continued stable electric pricing anticipated for the near future in New England, the standard for moving forward with divestiture is clearly being met.

This approach is far favorable than the approach rejected by the PUC – imposing a non-bypassable charge on all customers while allowing PSNH to continue to incur excess generation costs. It is also far preferable than the "do nothing" approach, which will only exacerbate today's problems. Under the "do nothing" approach, the energy service rate

would continue to increase (most notably in March 2012 when the scrubber recovery begins), with more migration of customers to occur and fewer customers left to absorb the rising costs to own these generation assets. Delaying any longer the completion of what the PUC called a "transition" away from utility-owned generation to a competitive model for all consumers would simply continue a fatally flawed structure.

HB 1238 offers a measured, prudent course for the divestiture of PSNH's assets. The phased -in approach requires PSNH to develop and present a plan for divestiture to the PUC by October 2012. The PUC would then commence a public proceeding to consider, refine and ultimately approve or reject the plan. Once the approval for a plan is given, PSNH would be required to implement the plan by December 2013. This timing and approach is consistent with the approaches used throughout the region when most of the utilities divested their power plants as they transitioned to a restructured electric marketplace. The fixed deadlines in the bill are reasonable and critical to make sure that progress is made and consequences of the status quo of increasing prices and decreasing customers are mitigated.

Benefits to New Hampshire's Consumers

When New Hampshire policy-makers began the restructuring of the state's electric market over a decade ago, they were guided by a series of principles including among others customer choice, universal service, benefits for all customers, full and fair competition and near-term rate relief. As the Legislature considers important steps to complete the transition to a fully restructured electric market, it should consider the goal of restructuring as detailed in RSA 374-F:3, XI:

> The goal of restructuring is to create competitive markets that are expected to produce lower prices for all consumers than would have been paid under the current regulatory system...To the greatest extent practicable, rates should approach competitive regional electric rates.

HB 1238 provides the necessary step to complete electric restructuring in the state. This will allow the critical benefits of truly competitive electric available to be realized by all consumers in New Hampshire – not just those in Unitil or National Grid's territory. There are other benefits that would accrue to consumers as well, including:

- ***Shift the Risk of Capital Investment to Investors From Consumers.*** Under the old-style monopoly regulatory model, any capital investment made on a generation asset would be recovered from ratepayers. Cost overruns such as those seen on PSNH's scrubber project are generally recovered from consumers, not company investors or shareholders. Continuing the status quo would prolong this treatment for PSNH customers. Moving forward with HB 1238 and generation asset divestiture would align PSNH with its sister companies in other states, and the other New Hampshire utilities, and transfer the risk of capital investment in generation to the shareholder and investors of competitive generation owners, not on ratepayers.

- ***Greater Transparency and Accountability of Electric Costs.*** Moving away from a system whereby PSNH uses it own power plants to serve its default service customers allows for greater transparency and accountability. Currently PSNH's generation assets meet only a portion of its default customers' needs, requiring PSNH to go in to the wholesale market and make both short- and long-term electric power purchases to meet its customers' needs. Unfortunately there is no transparency to this process and it is not entirely clear decisions are made to enter into these contracts versus the use of its existing rate-base generation. Moving to the same procurement model as used by the other New Hampshire utilities and PSNH's sister companies in other states will allow for the necessary transparency in this process and make sure that PSNH customers receive the most competitive default service rate in the market.

- ***Continued Access to Electric Supply Choice.*** A decade ago, the New Hampshire Legislature heard the appeals of businesses and consumers and allowed all customers in the state to choose their electric supplier. Overall, one-third of

electricity sold in PSNH's service territory is from competitive suppliers. If future PSNH costs were to be recovered from all customers through a non-bypassable charge, the availability and incentive for continued electric choice would be significantly limited.

Conclusion

NEPGA strongly supports House Bill 1238 and encourages the Legislature to move forward with this critical bill. As PSNH acknowledged by approaching the PUC in 2010 for a non-bypassable charge, the status quo and its current split system is not sustainable. Nearly two years after PSNH asked for this help from the PUC, more customers have left PSNH, generation costs for PSNH have increased and the market for electricity has led to competitive results for consumers. The standard for moving forward with divestiture – being in the best interest of PSNH's retail customers is being met. The only way to ensure that consumers can not only continue to enjoy electric supply choice and have access to the lowest cost electric supply available is to complete the restructuring of the state's electric market. HB 1238 offers an important tool to complete this path set forth over a decade ago by the Legislature. PSNH affiliates in other states have successfully sold their plants. The other utilities in New Hampshire have exited the generation market as well. Consumers of the other PSNH affiliates and New Hampshire utilities are enjoying lower cost electricity. It is time to provide PSNH's customers the same opportunity.

Thank you for this opportunity to testify before you today. We would be happy to answer any questions from the Committee.

Handout 28

Statement of Theodore V. Morrison

I am Theodore V. Morrison. I earned BA,LLB, and JD degrees from Emory University. I was a member of the Virginia House of Delegates for twenty years. In 1989 I became a member of the Virginia State Corporation Commission and served for 19 years, retiring in 2008. Our three member Corporation Commission has a number of responsibilities, and included among them is the regulation and oversight of electric utilities, thus corresponding to your Public Utilities Commission.

HB 1238 appears to be a well intended bill and in a sense consistent with my personal philosophy that government at all levels has grown far too large and intrusive, resulting in the loss of individual freedom. However, I urge caution when considering if this is really a bill that reduces the scope of government. Obviously it does not.

1. The bill instead orders a private corporate entity to rid itself of property involuntarily. Because PSNH is a public utility does not mean that its property can be unfairly effectively taken in some sort of auction process that does not purport to insure that it will receive just compensation. This strikes me as a heavy handed government process that you would never consider in the context of an eminent domain proceeding.
2. The bill is grossly unfair to the rate payers of PSNH. The bill removes the existing requirement that the PUC find that the divestiture is in the economic interest of retail customers. With little or no recourse they will:

a. Lose the security of having a regulated rate, and will instead be exposed to the vagaries of the wholesale market and margins charged by competitive suppliers.

b. They will apparently lose the benefit of generation assets for which they have paid over many years through depreciation expense in rate cases, and there is no provision for them to receive any consideration for the loss.

3. The bill is not in the public interest. If the generation assets of PSNH are divested, an effective break, cap, or back stop to dampen otherwise unrestrained rates of competitive suppliers will be lost to New Hampshire. Also, such an event will remove the last legal foothold this legislature has to modify or reverse, in whole or in part, electricity deregulation. The legislature did this in Virginia after a seven year attempt to deregulate was deemed a failure due to the higher rates required for a competitive retail market. One thing is certain in the electric industry, and that is uncertainty. It would be well to retain a degree of insurance for the time when wholesale power markets display inflated prices.

4. Divesting these assets into the wholesale power market thereby transfers jurisdiction to FERC from the state. Our experience with FERC pricing and other policies has not been good. I further suggest that the confused energy policies of the current administration in Washington, and the uncertainty of what may come hereafter make this an inopportune time to cede jurisdiction to the federal government.

Handout 29

BEFORE THE NEW HAMPSHIRE GENERAL COURT

HOUSE SCIENCE, TECHNOLOGY AND ENERGY COMMITTEE

FEBRUARY 2, 2012

TESTIMONY OF DANIEL ALLEGRETTI

ON BEHALF OF

THE RETAIL ENERGY SUPPLY ASSOCIATION

Good morning, my name is Daniel Allegretti. I am a Vice President for energy policy with Constellation Energy, a fortune 200 company located in Baltimore, Maryland and a licensed retail electric supplier here in New Hampshire. Today I am before you in my capacity as the New England chair of the Retail Energy Supply Association, a nonprofit organization and trade association that represents the interests of its members in regulatory and legislative proceedings in the Mid-Atlantic, Great Lakes, New York and New England regions. RESA's members include providers of competitive supply and related services throughout the five New England states that have implemented electric restructuring, including in the service territories of Public Service Company of New Hampshire ("PSNH") and other New Hampshire electric utilities.[1]

Let me begin with this:

Increased customer choice and the development of competitive markets for wholesale and retail electricity services are key elements in a restructured industry that will require unbundling of prices and services ***and at least functional separation of centralized generation services from transmission and distribution services***. RSA 374-F:1I.

and this:

Generation services should be subject to market competition *and minimal economic regulation* ***and at least functionally separated from transmission and***

[1] Constellation is a RESA member company, as are ConEdison Solutions; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energy Plus Holdings, LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Gexa Energy; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; PPL EnergyPlus; Reliant Energy Northeast LLC; and Noble Americas Energy Solutions, LLC

distribution services *which should remain regulated for the foreseeable future.* RSA 374-F:3 III

These statements are both taken from New Hampshire's landmark electric restructuring law, which was enacted in 1996. They express one of the essential goals of the General Court in moving away from a system of regulated electric monopolies to a restructured industry in which competition for customers drives efficiencies, savings and innovation in the production and sale of electricity. Toward that goal, Unitil and Granite State Electric Company both fully exited the generation and electricity supply business and became electricity delivery companies, merely arranging for the provision of default service to their remaining customers through outsourcing agreements with competitive generation suppliers. PSNH also started along that same restructuring path and in 2002 made substantial progress with the divestiture of its interest in Seabrook Station. At that time, the Public Utilities Commission noted that the sale of PSNH generation was not only consistent with the legislative principles noted above but was also required under the commitments the company made in its Restructuring Agreement with the State of New Hampshire. In the Commission's words:

> *[T]he Restructuring Agreement calls for the public sale of PSNH's entire generation portfolio and contains specific provisions relative to the sale of the NAEC Seabrook interest at public auction. Under the Restructuring Agreement, the overall objective in selling PSNH generation assets or entitlements is "to maximize the net proceeds realized from the sale in order to mitigate Stranded Costs, to provide a market-based determination of Stranded Costs, and to help establish a competitive energy market, while at the same time providing certain employee protections." Restructuring Agreement at 39.* NHPUC, Order No. 24,050, (September 12, 2002), at 33.

Along the way to completing the restructuring of the industry, however, PSNH and the General Court agreed to suspend the divestiture of the company's remaining generation assets and implemented this suspension through the passage in 2003 of Senate Bill 170. That law requires PSNH to use the generation assets for the provision of default service to its remaining customers. At that time the cost of power from those facilities, primarily due to the use of coal, appeared to be favorable relative to the market in general.

Since 2003, however a lot has changed. New environmental mandates have required costly new capital investments in the PSNH fleet, particularly at the Merrimack Station coal plant in Bow. These investments have put upward pressure on the price of PSNH default service. At the same time, there has been an incredible increase in the supply of domestic natural gas in the United States brought about through the deployment of

hydraulic fracturing and directional drilling to unlock the gas trapped within shale deposits. This new bounty of natural gas has, in turn, caused the market price of electricity to fall below the cost of power from the PSNH portfolio. What's more, we can expect this plentiful natural gas supply to be with us for some time to come. Thus, whatever cost advantage may have been achieved through retaining the PSNH fleet back in 2003 is now gone.

In May of 2010, PSNH informed the Public Utilities Commission that customers were leaving its default service and creating a problem for the company. As customers leave, and buy lower cost power from competitive suppliers, the cost of PSNH's power supply must then be recovered from a shrinking pool of customers who remain on default supply. This pushes the price of default service higher, drives away more customers and creates a destructive cycle of increasing default service prices. Because it is increasingly residential and small businesses that remain on default service, these classes take the brunt of the increased default service rates. To end this cycle, RESA member companies, power generators, the OCC and others all recommended to the Pubic Utilities Commission that PSNH divest its plants and arrange default service supply from the marketplace, as Unitil and Graniste State have done. Finding a lack of statutory authority to compel divestiture, the Commission has deferred that decision to the General Court, prompting the need for House Bill 1238.

In considering this bill there are a number of key points to keep in mind.

- **With divestiture investors, not consumers, bear the risk of capital investment.** This is the most compelling reason to move forward with divestiture. Prior to 1996, utility companies and their government regulators made decisions as to where customers would get their power and what they would pay for it. Today, customers are empowered to make their own decisions about energy supply and consumption and choose what to buy and from whom in the marketplace, resulting in approximately thirty percent of the load being served by an alternate supplier.

- **Restoring the requirement to divest is not a violation of PSNH's property rights.** As noted above, divestiture is an obligation under the Restructuring Agreement between PSNH and the State. Under that agreement, PSNH has been allowed to collect hundreds of millions of dollars through stranded cost recovery charges. In exchange, customers were promised the freedom to choose and the ability to avoid having to pay for future capital investments in generation. While Senate Bill 170 allowed for the suspension of divestiture, it was never intended to permanently relieve PSNH of the obligation to divest once the continued use of the plants to provide default service was no longer economic.

- **The PSNH plants are not necessary to provide affordable and reliable default service.** This issue was amply addressed at the time Seabrook Station was sold. There is a wholesale electricity market in New England from which ample and reliable supply can be procured. Unitil and Granite State Electric procure their full default service requirements from this market and have done so for over a decade. Likewise PSNH's sister companies, Connecticut Light and Power and Western Massachusetts Electric Company, as well as almost every other electric distribution utility in the region, also procure reliable, competitively priced default service requirements from this same market.

- **PSNH has always been, and will continue to be permitted to compete in electricity markets on a fair and equal basis.** The point here is not to preclude any company from owning generation and competing in wholesale and retail electricity markets. The point here is that participation in these markets should be through an affiliate that relies upon shareholder capital and success in the marketplace, not on recovery from ratepayers through its regulated distribution business. Indeed, at one time Notheast Utilities did participate on an equal basis through such an affiliate, known as Select Energy. Although that affiliate eventually became unprofitable and folded, because it was separate from regulated affiliates, such as PSNH, none of its losses were passed on to customers through rates.

- **Divestiture is a process that has already been successfully overseen and implemented in New Hampshire and elsewhere.** While there are many examples, across the region, of successful divestiture auctions, the most compelling example is perhaps the sale of Seabrook Station in 2002. In its report and order on the sale the Commission described the success of the process as follows:

> *The record clearly indicates that the auction was conducted in a formal, competitive manner. It was designed to encourage maximum participation, engender the trust of the bidders, and was structured in a manner that fairly and objectively identified the buyer that provided the highest price for the assets and the best overall terms and conditions of the sale. As a result, we find that JPMorgan maximized the value of the sale and it will result in a corresponding mitigation of stranded costs for the benefit of those New Hampshire retail utilities with stranded cost recovery obligations.* NHPUC Order No. 24,050 (September 12, 2002).

That concludes my testimony. Once again I would like to thank the Committee for the opportunity to submit this testimony and offer to answer any questions you may have as you deliberate this important bill.

GZA
GeoEnvironmental, Inc.

Engineers and Scientists

Handout 30

TESTIMONY – HOUSE BILL 1238
FEBRUARY 2, 2012

RONALD A. BRETON, P.E. – GZA GeoEnvironmental, Inc., Manchester, NH

- Professional Engineer in NH
- 36 years of environmental practice in NH
- With GZA for over 20 years
- Position with GZA is Principal
- Group Practice Leader of GZA's Regulatory Compliance Group in GZA's Manchester Office

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380 Harvey Road
Manchester
New Hampshire
03103-3347
603-623-3600
FAX 603-624-9463
www.gza.com

GZA is one of the largest environmental engineering firms in NH. We opened our office in Manchester in 1981 and employ 50. Our business model is to provide quality technical and management services to progressive businesses. Our clients include GE Aviation, Freudenberg-NOK, Sturm Ruger, Hypertherm, and Dartmouth College to name a few. Throughout my career, I have assisted many companies with managing their environmental aspects and impacts through the development of proactive environmental management systems.

GZA has successfully bid on several competitive environmental engineering and permit assignments for PSNH. By partnering with PSNH, it has allowed me to gain firsthand knowledge and an understanding of PSNH's environmental focus that is grounded in several principles:

- Ensuring compliance with all environmental protection laws;
- Demonstrating environmental leadership by supporting sustainable initiatives;
- Establishing specific objectives and measurable targets to promote continuous improvement; and
- Practicing environmental stewardship by reducing or eliminating environmental impacts from its operations.

It is clear that PSNH considers environmental protection and continual improvement as core operational principles. PSNH has high expectations of its contractors and places a particular emphasis on environmental performance throughout the contracting process. PSNH is an active participant in many environmental initiatives and is actively engaged in the regulatory and compliance process at every level of its organization. This commitment is not surprising considering the long history and investment PSNH has made in NH. I can state with confidence that PSNH demonstrates a very significant commitment to a clean and better environment consistent with or exceeding that of other significant businesses in NH. The Schiller Station Northern Wood project and the Clean Air Project at Merrimack Station are just few notable examples of PSNH's investment in improving the quality of the environment in the State and region. These projects exemplify PSNH's commitment to renewable resources, clean air, and environmental stewardship.

Will this same level of environmental commitment and investment in the environmental quality continue with a new out-of-state owner? Given PSNH's vested interest in the integrated delivery of reliable and affordable energy to NH, it would seem unlikely that a new owner could have the same level of commitment to, or make the same investments in, our State as PSNH.

Thank you for your time and I urge you to reject this bill by voting "NO."

Hearing 31

Business and Industry Association
New Hampshire's Statewide Chamber of Commerce

122 North Main Street, Concord, NH 03301
Tel: 603.224.5388 • Fax: 603.224.2872 • Web: www.nhbia.org

February 2, 2012

The Honorable Chair, Representative James Garrity
House Science, Technology and Energy Committee
Legislative Office Building-- Room 304
Concord, New Hampshire 03301

HB 1238 – An act relative to divestiture of Public Service of New Hampshire (PSNH) generation assets

Chairman Garrity, members of the Science, Technology and Energy Committee,

Thank you for the opportunity to discuss HB 1238 before you today. My name is Michael Licata and I am a vice president at the Business & Industry Association (BIA), the state's leading business advocacy group. The BIA represents more than 400 members in a variety of industries, including advanced manufacturing, high technology, professional services, financial services, health care, hospitality and tourism, public utilities, higher education and insurance. Our member firms employ 86,000 people throughout the state and contribute $4.5 billion annually to the state's economy.

I come before you today to register the BIA's opposition to HB 1238, as currently written. This legislation would require PSNH to divest of its remaining generation assets by December 31, 2013. Requiring PSNH to sell or retire its remaining power plants would have short- and long-term impacts on all of PSNH's ratepayers. The BIA believes that the issue of divestiture is extremely complex, with far-reaching implications, and the Legislature should proceed carefully before it decides to move forward with this proposal. Because of the potential impact of this action, the BIA recommends amending HB 1238 to remove the requirement for divestiture and instead direct the Public Utilities Commission (PUC) to conduct a study of the issue to help determine whether continued utility ownership of these assets is in ratepayers' best interests. We believe it is necessary to have an impartial study of these issues, focusing on the regional market outlook, the impact of recent domestic natural gas discoveries, the reduction of demand due to the recession and new cost pressures placed on fossil fuel generation due to more stringent environmental regulations. Furthermore, the study should investigate the current market for these assets and look at the potential rate impacts that sale or retirement would have in New Hampshire.

The current "hybrid model" that PSNH operates in allows all ratepayers to leave PSNH's energy service if they so choose. Commercial and industrial (C&I) ratepayers have left PSNH's energy service when the competitive market allows for savings and have returned to PSNH when the company's energy service rates fall below the competitive market. This "customer choice" is one of the pillars of RSA 374-F:3, New Hampshire's restructuring policy principles. For many years, the hybrid model served ratepayers well -

- from 2003, the year the Legislature passed SB 170 requiring PSNH to retain its generation assets, until 2008, when the vast majority of C&I customers took PSNH's energy service rate. However, starting in late 2008, C&I customers began to leave PSNH's energy service in large numbers. The most recent data available shows that 93% of large C&I customer load, 68% of midsize C&I customer load and 28% of small C&I customer load is no longer being served by PSNH's energy service. This exodus of customers is due to the availability of low-cost electricity on the competitive market, compared to the rate offered by PSNH from its generation assets and purchase power agreements. This option to tap into the competitive market has helped save commercial and industrial ratepayers millions on their collective electricity bills and has helped them stay competitive through the recession.

However, the ability of customers to leave PSNH's energy service has had some unintended consequences. As more customers leave PSNH, the pool over which PSNH can spread the costs of its generation assets continues to shrink. This shrinking pool in turn results in higher rates for PSNH's remaining customers, which in turn causes more customers to leave. It is out of concern over this migration away from PSNH's energy service and the possible effects that this phenomenon could have on all ratepayers that the BIA proposes HB 1238 be amended to direct the PUC to study the short- and long-term economic benefits of continued utility ownership of generation.

The BIA believes that the PUC is the appropriate body to conduct this study, as the commission is already charged under RSA 369-B:3-a with responsibility to determine if it is in the economic interest of retail customers to allow PSNH to divest of its generation assets, if the company chooses to pursue sale.

It has been nine years since the Legislature passed SB 170, halting the sale of PSNH's remaining generation assets. Over that period, there have been great changes to the regional electrical market, state and federal environmental regulations, and the cost of fossil fuels. Given these changes, the BIA feels it is appropriate to conduct a thorough, independent review of the economic impacts of PSNH's continued ownership of generation. We urge the Science, Technology and Energy Committee to amend HB 1238 to allow for an independent analysis of all the issues surrounding divestiture, so that the Legislature and all stakeholders can make a more informed decision on this complex, far-reaching issue.

This concludes my testimony. I would be happy to try to address any questions the committee may have.

Respectfully,

Michael Licata
Vice President

Handout #32

CITY OF MANCHESTER
Theodore L. Gatsas
Mayor

CITY OF NASHUA
Donnalee Lozeau
Mayor

February 2, 2012

Rep. James Garrity, Chairman
House Science, Technology, & Energy Committee
Room 304, Legislative Office Building
107 North Main Street
Concord, NH 03301

Dear Chairman Garrity and Honorable Members of the Committee,

We write today in opposition to House Bill 1238, an act relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.

As the leaders of the two largest municipalities in New Hampshire, we understand how important the issue of the cost of electricity is to the residents and businesses of our cities. Electricity is an essential service that all of our constituents depend on, whether they are retirees on a fixed income or a high tech manufacturer employing hundreds of workers.

Given how all of our constituents depend on this essential service, it is critical that New Hampshire has a system in place that ensures reliable service and protects them from the volatility of the energy market. New Hampshire already has that system in place and it deserves to be maintained. HB 1238 will unravel this system by forcing PSNH to sell its regulated generation assets and will expose our cities to the volatility of the energy market without the benefit of a safety net like PSNH's generation has and will continue to provide.

As former legislators, we understand how important and complex this issue is. We urge you to consider this issue carefully and understand how it will impact every resident and business in New Hampshire. This decision is also one that once made, cannot be undone. All New Hampshire residents, businesses, and other community stakeholders will have to live with whatever decision you make on this issue forever.

On behalf of the residents and businesses of the Cities of Manchester and Nashua, we urge you to oppose House Bill 1238.

Sincerely,

Theodore L Gatsas
Mayor, City of Manchester

Donnalee Lozeau
Mayor, City of Nashua

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Look at last paragraph:

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Baltimore Business Journal - March 31, 2006
http://baltimore.bizjournals.com/baltimore/stories/2006/03/27/daily39.html

BALTIMORE BUSINESS JOURNAL

Business Pulse Survey:

Should the state take over under-performing Baltimore City schools?

Legislature OKs booting utility regulators

Baltimore Business Journal - March 31, 2006by Alan Zibel Staff

Raising the stakes in the ongoing battle over electricity rates in Maryland, state lawmakers voted Friday to replace all five members of the state's utility commission and force Constellation Energy Group Inc. to return more than $500 million to consumers.

By passing these bills Friday, the Maryland General Assembly gave itself enough time to override a possible veto by Gov. Robert Ehrlich before the legislative session ends April 10. Lawmakers are looking for a way to ease the burden of higher power bills for Baltimore Gas and Electric Co. residential customers who face a 72 percent average increase in their power bills this summer.

A climate of public and political outrage has built around the issue in recent weeks. Intense criticism has been directed at Constellation, parent of BGE, and at state utility regulators, who in Friday's floor debate on the House were compared to the much-maligned Federal Emergency Management Agency and called a "toothless lapdog" for industry

The House of Delegates approved a bill to remove the current members of the Maryland Public Service Commission. It would allow four out of five members to be appointed by lawmakers. The governor would get to appoint one member. The Senate had approved the bill earlier in the week.

Democrats argued in favor of the bill, while Republicans argued that, combined with several other measures, it would send a bad message about the state's business climate.

"This bill does nothing," said House Minority Leader George C. Edwards. "Maybe we should put a bill in just to do away with the governor," he said sarcastically.

Kenneth Schisler, chairman of the commission, said in a statement earlier this week that the legislation "does nothing to address the upcoming looming rate increase facing consumers."

The legislative action comes as top legislative officials have spent the past week in negotiations with Constellation, which wants merge with Florida-based FPL Group Inc, an $11 billion deal announced in December.

Stepping up pressure on the company, the House also approved a bill to force Constellation to repay $528 million that was provided to the company as part of the state's 1999 electricity deregulation law. Constellation spokesman Robert Gould, in an e-mail Thursday called this bill "blatantly unconstitutional."

Paul Fremont, an analyst with Jeffries & Co. in New York said" "you would definitely expect Constellation to challenge the laws in court."

And lawmakers also sent to the governor a bill that would cut emissions of three pollutants --

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nitrogen oxide, sulfur dioxide and mercury and carbon dioxide at the state's coal-fired power plants, three of which are owned by Constellation. The company ardently opposed the measure.

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Profits Explode At Merchant Units Of Exelon, Constellation

BY GEORGE LOBSENZ

In earnings that may appear entirely too bountiful for officials in Illinois and Maryland, Exelon Corp. and Constellation Energy Group Wednesday reported enormous profit increases by their respective merchant power plant units in the first quarter of 2007.

Chicago-based Exelon said that excluding one-time gains and losses, its unregulated generation subsidiary had net income of $615 million in the first quarter of this year, up $326 million from the unit's net income in the first quarter of 2006. Exelon's profit margin also soared to $36.61 per megawatt-hour in the first quarter of 2007, up roughly a third from $27.42 per megawatt-hour in early 2006.

Constellation, headquartered in Baltimore, had even sweeter results, with its merchant power subsidiary recording adjusted earnings per share of 62 cents, nearly 200 percent higher than the 22 cents per share earned by the merchant unit in the first three months of 2006.

Exelon attributed the flush of cash in part to the expiration of a "below-market" power purchase deal with Commonwealth Edison (ComEd), the Exelon unit that serves residential ratepayers in northern Illinois.

Constellation said its fat merchant results came as "below-market hedges were replaced with hedges established in later, higher-priced energy environments."

Both companies are stalwart supporters of electricity deregulation, and have staked their futures to burgeoning merchant fleets that have provided the financial fuel for their rocketing stock prices.

But the profit spikes could prove politically troublesome for the companies because they came as residential customers in Illinois served by ComEd and ratepayers in Maryland served by Constellation's regulated distribution utility, Baltimore Gas & Electric (BG&E), saw huge jumps in their electricity bills with those states' transition to market-based power rates over the last year.

Those rate hikes have been particularly controversial because Exelon's and Constellation's merchant power units are dominant suppliers in the deregulated wholesale electric markets that largely dictate retail electricity prices in Illinois and Maryland.

Exelon and Constellation officials contend the rate hikes are largely the result of rising prices for natural gas and coal, the main fuels for power plants. In addition, they note that long-standing rate freezes associated with both Illinois' and Maryland's electricity deregulation program recently expired, resulting in a sudden transition to much higher market-based rates.

However, the exceedingly rosy profit picture at Exelon's and Constellation's merchant units appear likely to stoke boiling controversy in Illinois and Maryland over whether the companies are earning windfall profits through allegedly overpriced power contracts with ComEd and BG&E.

Illinois Attorney General Lisa Madigan (D) has filed a complaint at the Federal Energy Regulatory Commission claiming that generators may have gamed the electricity auction held by Illinois to enable ComEd and Ameren Corp.'s regulated utilities to procure power for their residential customers. Exelon, Ameren and other generators have strongly rejected the gaming charges, noting the Illinois Commerce Commission certified the auction results as fair.

However, industrial customers also have strongly complained that prices in wholesale markets appear inflated because they are tied to high natural gas costs that many generators are not paying. Notably, most of Exelon's and Constellation's generation

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capacity is nuclear or coal-fired.
While the companies have cited fuel costs as a key element in rising wholesale prices, Exelon reported that its fuel costs in the first quarter of 2007 were $770 million, down from $930 million in the first quarter of 2006.
Constellation, in its quarterly report, said "fuel and purchased energy expenses" for the first quarter of 2007 were $3.96 billion, up only minimally from $3.92 billion in the first quarter of 2006. The company did not break out fuel and purchased energy expenses separately.

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FERC staff alleges Constellation unit manipulated markets

Megawatt Daily - Monday, January 30, 2012
9:32:33 PM

Staff of the Federal Energy Regulatory Commission on Monday alleged that Conste Energy Commodities Group, the trading unit of Baltimore-based Constellation Energ engaged in market manipulation by scheduling physical flows among several indepe system operators to benefit the company's financial positions.

Constellation Energy officials were not immediately available for comment.

Staff with FERC's Office of Enforcement "has preliminarily determined that Constell Energy Commodities Group violated the commission's prohibition on electric energy manipulation . . . and the commission's market behavior rule" on communications, according to a notice of alleged violations posted on the commission's website. The not offer a dollar estimate on the alleged manipulation.

Enforcement staff said it believes CCG "engaged in virtual transactions in the New Y Independent System Operator's control area and scheduled day-ahead physical flov between NYISO and the PJM Interconnection, Ontario, and/or ISO New England in benefit CCG's financial positions that settled off the average of the day-ahead prices settling months in the respective regions of those NYISO and ISO-NE markets." This behavior violated the commission's regulations from about September 2007 through December 2008, staff said.

In addition, the FERC notice said CCG violated the commission's rules on market be for communications by "providing inaccurate and misleading information to the NYIS concerning its uneconomic virtual trading activities in the NYISO."

FERC last year began making investigations public at an earlier stage in the proces when staff is ready to initiate settlement negotiations or when staff plans to suggest commission issue a show-cause order. Previously, FERC made details of investigat public under show-cause orders and settlements.

- FERC can assess a civil penalty of up to $1 million per day per violation.

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Constellation denies market gaming allegation

Megawatt Daily - Tuesday, January 31, 2012 9:49:18 PM

Constellation Energy Group's trading unit obeyed federal regulations and did not manipulate energy markets several years ago as alleged by federal regulatory staff Monday, the company said Tuesday.

Constellation Energy responded to allegations by staff of the Federal Energy Regulatory Commission, which on Monday said that Constellation Energy Commodities Group scheduled physical flows among several independent system operators to benefit financial positions.

FERC and Constellation would not comment on whether the activity was related to allegations wash transactions FERC in July 2009 said it was looking into, an outgrowth of an investigation into loop flows around Lake Erie. But one market participant said Tuesday the new allegations are likely related to Lake Erie loop flows.

The Monday notice of alleged violation by staff of FERC's office of enforcement said the company engaged in virtual transactions in the New York Independent System Operator's con area and scheduled day-ahead physical flows between NYISO and the PJM Interconnection, Ontario, and/or ISO New England.

FERC staff said the alleged intent was to benefit Constellation Energy Commodities Group's financial positions that settled off the average of the day-ahead prices for the settling months ir the respective regions of the New York ISO and ISO-NE markets. The activity broke FERC's rules between September 2007 through December 2008, FERC staff said.

"Constellation strongly disagrees with FERC staff's preliminary views in this matter," company spokesman Larry McDonnell said in a Tuesday email. "Constellation acted at all times in a manner consistent with NYISO rules as well as FERC rules, regulations and policies. Constellation is cooperating fully with FERC staff and will continue to do so to bring this matter resolution."

In a July 2009 order concerning possible market manipulation by market participants using circuitous schedules around Lake Erie, FERC found no wrongdoing. But in that order the commission mentioned that the New York ISO's independent market monitor had separately raised allegations of possible "wash" transactions into and out of New York (Docket No. ER08-1281).

At the time, FERC said the allegations were distinct from the circuitous schedules around Lake Erie, and that the office of enforcement staff was investigating this matter separately. FERC spokeswoman Mary O'Driscoll said Tuesday she could not comment on whether the activity referenced in the July 2009 order was the same as Constellation was accused of this week.

Constellation Energy's McDonnell said the company had no comment beyond the statement issued by email.

In the 2009 loop flow investigation, FERC looked at several market participants' trading patterr including those of Constellation Energy, DTE Energy, Fortis Energy, MAG Energy Solutions, Saracen Energy Partners, Silverhill, TransAlta Energy, RBC Energy and Rainbow Energy Marketing. None were found to have manipulated markets in that case.

When asked about the Monday FERC staff notice of alleged violation by Constellation Energy Commodities Group, a market source with a major trading house immediately brought up the Lake Erie loop flow case and circuitous transactions.

The market source on Tuesday pointed out that the loop flow situation involved inconsistencie: of pricing rules between neighboring ISOs. He said 95% of the market was aware of this situation at the time.

The source noted that some of the actors involved in the transactions were even showing up a meetings discussing the transactions because they did not believe they were breaking any rule

Clegg

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However, many others believed the circuitous transactions were causing harm to the market, h said, and some went as far as complaining to FERC through its enforcement hotline.

The NYISO estimated the circuitous transaction caused about $95 million in additional costs tc market participants. The loop flow case at the time attracted the attention of many stakeholder ranging from small municipal utilities in New York to lawmakers on Capitol Hill.

Another source involved with the situation, who did not want to be quoted, said the activity referenced in the July 2009 footnote about additional investigation was not related to the allegations made by FERC staff Monday concerning Constellation Energy Commodities Group

They can buy a plant Shut it down and sell more expensive power for higher profits

Londonderry plant has shutdown 2X

C. LEGG

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Seabrook Sold because it went [illegible]

- Representing Small Business and Small Industry Association, and speaking in opposition to HB 1238.

- I served in the Legislature when deregulation was enacted, and at the time, knew the mistakes we were making. As a commercial industrial real estate person, I knew that power generation was the most critical aspect of future growth. The sale of Seabrook was devastating in that the power needs of NH were no longer even presumed to be a priority, and stranded costs were absorbed by customers using power, more expensive power, since the nuclear plant would now sell to the highest bidder. Real or presumed, it hurt our ability to fill the needs for new industry in NH.

- As a member of the legislature, I consisently fought the call to have our domestic generation system sold off based on reality of the energy market. Those who insisted the sale was necessary spoke of how they could not compete with PSNH because PSNH generated their own power, and sold it to rate payers as they would resellers. In other words, they were complaining they could not compete against PSNH unless PSNH was forced to buy its power from others at a higher rate. Such a scheme would be good for corporate profits of the power sellers but bad for rate payers, and in my opinion would have hastened and prolonged the loss of jobs in NH over the past few years. I successfully fought those who continued to try to force the sale of generation by PSNH - so a middleman could be added to the costs.

Note: Quote from floor debate - Sell when its right for consumers - still dont think its right for consumers

- Having the opportunity to now look back at those years and to see the negative experiences of other states that implemented this policy of allowing only a middle man to sell power, I believe passing this bill would present unreasonable risk and costs to small businesses and home owners in our state.

- While deregulation was popular a decade ago, it was only enacted in a handful of states and over the last few years a number of those states have actually repealed deregulation or taken steps to reverse the negative impacts from the policy. I am not aware of any state that has pursued this type of policy in the past ten years, but states have only taken actions to correct the mistakes they made. Many times too late.

- Excessive price increases, market manipulation by power merchants and anti-consumer decisions of regional operating entities have all caused various states to pursue action against this policy to protect electric customers. I assume we all remember Enron.

See [illegible] on Constellation

- Most recently, Maryland announced that it was reversing key components of its deregulated market to allow regulated utilities to again build generation. This was brought about because merchant developers were unwilling to

Default Svcs crest those who dont pay on [illegible] to get all. Why dont they charge for them now? They can

Not lower costs just Lowest costs

Chegs

invest in the necessary electric generation the state needed. So, after 10 years of following this policy the state felt it was in danger of not having enough power supply.

- By passing this bill, you should not believe that you are either deregulating the energy market or creating a competitive electric market. It does neither.

- You will not be deregulating the energy market, but will instead be shifting control away from New Hampshire on this critical issue, and turning it over to large energy companies, the federal government and a regional system operator – a non-profit corporation based in Connecticut.

- You will not be creating a competitive market but will be subjecting New Hampshire electric customers to an inefficient market that operates on the premise of "highest bid wins".

- Imagine a market where regardless of how low you bid, you are paid the highest cost paid out that day – that is the market HB 1238 subjects NH electric customers too.

- Consider that under the current market, a nuclear power plant can bid to sell power at 2 cents a kilowatt each day but be paid 5 cents per kilowatt. This is not a competitive market as most people understand it, and does not represent the best interests of the consumer.

- Most importantly, by passing this bill at this time you will be subjecting small businesses and homeowners to hundreds of millions of dollars in stranded costs from the forced sale of PSNH's generation assets.

- Considering recent developments with companies trying to sell coal plants, it is reasonable to assume that this legislation will saddle New Hampshire small businesses and homeowners with $500 million dollars in stranded costs.

- Essentially, this is a $500 million energy tax on a majority of New Hampshire small businesses and homeowners with no guarantee of lower electric rates.

- Putting a $500 million energy tax on the backs of New Hampshire electric customers would be an anchor on the economy, would kill jobs and put our state's economy at a major disadvantage. Again, with no guarantee of lower electric rates. In fact adding a middle man to sell us power certainly guarantees we will pay more, much more as the stockholders demand higher returns on their investments. One only needs to look at the health care insurance companies to see what happens when stockholderss demand higher returns.

Clegg

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- While we may not have known it at the time, the New Hampshire Legislature created an excellent model for providing control, reliability and choice to electric customers when it enacted deregulation in 2002.

- When natural gas costs are high, as they have been for the past decade, electric customers get to choose a regulated utility for their power. When natural gas prices are low as they have been for the past few months, these electric customers, large and small businesses and even homeowners, get the option to choose an alternative supplier.

- During a decade when some states pursued the California market model and experienced massive price increases and instability, PSNH's customers saw hundreds of millions of dollars of savings. Money that stayed in customers' pockets and was invested back into the state's economy.

- Under our current electric market, choice and control rests with large and small businesses and homeowners. Under HB 1238, choice and control will rest with large energy corporations.

- HB 1238 is a policy change that presents major risk to electric customers in New Hampshire and our state's economy. Risks that could irreversibly harm this state for decades to come.

- We also have to ask, if the legislature can tell a private company they must divest part of their assets so others may get a leg up in the market. Who will be next? Will you be told to divest some of your investments in order for your neighbor, who didnt take advantage or didnt have the foresight to invest or save so that they can catch up to you? Is that what was meant when this legislature states we must be more of a free market economy? Most of all, is it right for the legislature to experiment with social economics by making me pay more for what I consider a necessity. What will happen if you eliminate choice from the electric markets, and industry abandons NH and to move to the TVA where electricity costs remains constant.

- If we seek to make the market work better a more appropriate approach for the legislature would be to change the PUC and eliminate mandates on our utilities. Let the market run as it should. Lets stop the PUC from taking my money forcably by making me buy power from costly and inefficient wood burning plants. Give PSNH the power to buy additional power from the lowest cost generators – don't create political pressure on them to buy expensive power, and then seek to alter the current market because government drove their costs up.

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- Eliminate mandates, like Reggie or RPS, that force utilities to buy special types of power that government deems appropriate. Many of the same companies that come to state government looking for special deals and subsidies are also supporting this legislation to give them another leg up. Many of these corporations are ten times the size of PSNH, yet they look to PSNH and NH to subsidize them or give them advantages in the market. Let the wood generators fend for themselves, regardless of what foreign nation owns them. They should compete fairly, or let them invest as stockholders in companies that had the vision to be efficient power producers.

- Ultimately, the government's role should be to ensure the citizens have market choices, that we have a reliable electric system, and to ensure that corporations do not commit fraud or cheat the consumer.

- You have a system know that provides choice. Customers are making these choices on a daily basis based on their needs and what is happening in the market. If you pass HB 1238 you will take consumer choice away. The risks are far too high, and I would ask that you kill HB 1238.

THE BALTIMORE SUN

Maryland eyes move away from electricity deregulation

October 03, 2011 | Jay Hancock

Last week, a decade after Maryland deregulated electricity by splitting the business of generating power from the business of delivering it to your house, worried regulators took a step backward.

They essentially ordered Baltimore Gas and Electric Co. and Potomac Electric Power Co. to seek proposals for building a big, new electricity plant — and billing the cost to ratepayers.

BGE, Pepco and other delivery companies were supposed to be through with generation plants. They were supposed to supply households, factories and stores with electricity bought from third parties on the unregulated wholesale market.

But the market has failed to deliver many of deregulation's promises. It's time for Maryland to take control of its energy fate and move in the opposite direction, if only a little.

"This is basically a step outside the market," Michael C. Powell, a Baltimore energy lawyer, said of the order by Maryland's Public Service Commission. "And it's trying to manage prices in a nonmarket fashion. But we won't know for years what the results of this would be if they carry through."

To prevent potential blackouts and reduce Maryland's reliance on imported electricity, the commission ordered utilities to consider proposals for a plant or plants fueled by natural gas and capable of delivering up to 1,500 megawatts of power.

That's enough to light more than a million houses. It's a far bigger enterprise than Gov. Martin O'Malley's proposed offshore wind farm. It would be the biggest addition to Maryland's generation fleet in two decades.

BGE, Pepco and the other utilities wouldn't actually own the plant or plants, as in days of old. But they would ensure construction by agreeing to buy power from the plants over a period of several years — roughly the way things worked under many decades of regulation.

The commission must give final approval to any deal. But Connecticut, New Jersey and other states with second thoughts about deregulation have taken similar steps. Maryland's Friday deadline for utilities to request generation proposals sharply raises the odds that something will happen here, as well.

Maryland burns more electricity than it makes, which means almost a third of its megawatts must be piped in from neighboring states. That's expensive. Imported juice incurs "congestion" charges to make it here over a crowded grid. The shortage of in-state generation means Maryland suppliers can charge a scarcity markup, too.

Deregulation was supposed to fix this. High prices were expected to lure developers to build electricity plants at their own risk and cost. But in Maryland, that never happened. Hardly any new generation has been added since the 1990s, even as the state's economy grew.

The charitable explanation is that temporary Maryland price caps and then the economic crisis kept companies from getting financing. Another explanation is that incumbent generators such as Constellation Energy are making so much money from the status quo that they'd be crazy to mess with it.

Whatever the reason, the Public Service Commission, which has been contemplating ratepayer-financed generation for years, finally decided to move.

This would be re-regulation lite — not nearly as drastic as seizing and slapping price controls on Calvert Cliffs, Brandon Shores and other generation plants owned by Constellation. (Deregulation gave Constellation control of those former BGE plants and the right to charge whatever the market would bear.)

But make no mistake. By indirectly charging utility customers for the cost of a new plant, implementation of the commission's proposal would mean that deregulation in Maryland has gone into reverse.

And it might cost you money. Capital costs for the plant would be built into any supply deal it signs with BGE, Pepco and other utilities. You, the electricity customer, would basically be paying off the plant's mortgage — of, say, $800 million — as well as buying its energy.

According to one, optimistic scenario, however, that could actually cut metro Baltimore's power costs. Locally generated megawatts are so scarce, according to this argument, that a new supply would lower prices across the market and more than compensate for the expense of building the plant.

"If there's a contract awarded, it's going to have a significant impact on [lowering] rates," claims Braith Kelly, senior vice president at Competitive Power Ventures, which proposes to build a $750 million, gas-fired plant in Charles County under this scenario. "There's going to have to be a lot of sharp pencils to make it work. It's going to have to work for ratepayers."

Constellation, for its part, is still analyzing last week's commission order. The company questions "whether additional natural gas generation in Maryland is needed" and "whether the PSC should take the extraordinary step of requiring it instead of letting supply and demand signals trigger new construction," said James L. Connaughton, a Constellation executive vice president.

But Constellation is hardly disinterested. Last week, Deutsche Bank analysts wrote that competition from a new, ratepayer-financed Maryland plant could "create pressure" not only on the stock of Constellation but on the stock of Chicago-based Exelon Corp., which has agreed to buy the Baltimore company.

So things are moving in a direction that could be advantageous for Maryland electricity consumers and detrimental to Constellation shareholders. That really would be a switch.

jay.hancock@baltsun.com

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platts

January 30, 2012

US FERC staff alleges Constellation Energy unit manipulated power markets

Washington (Platts)-- US Federal Energy Regulatory Commission staff is alleging Constellation Energy Commodities Group, the wholesale energy subsidiary of Baltimore-based Constellation Energy, engaged in market manipulation by scheduling physical flows among several independent system operators to benefit the company's financial positions.

Staff with FERC's Office of Enforcement "has preliminarily determined that Constellation Energy Commodities Group violated the commission's prohibition on electric energy market manipulation ... and the commission's market behavior rule" on communications, according to a notice of alleged violations posted on the agency's website.

Enforcement staff said it believes CCG "engaged in virtual transactions in the New York Independent System Operator's control area and scheduled day-ahead physical flows between NYISO and the PJM Interconnection, Ontario, and/or ISO New England in order to benefit CCG's financial positions that settled off the average of the day-ahead prices for the settling months in the respective regions of those NYISO and ISO-NE markets."

This behavior violated the commission's regulations from about September 2007 through December 2008, staff said. In addition, the FERC notice said CCG violated the commission's rules on market behavior for communications by "providing inaccurate and misleading information to the NYISO concerning its uneconomic virtual trading activities in the NYISO."

FERC Last began a making investigations public at an earlier stage in the process -- when staff is ready to initiate settlement negotiations or when staff plans to suggest that the commission issue a show-cause order. Previously, FERC made details of investigations public under show-cause orders and settlements.

FERC can assess a civil penalty of up to $1 million per day per violation. Constellation Energy officials were not immediately available for comment.

--Esther Whieldon, esther_whieldon@platts.com

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CITY OF MANCHESTER
Theodore L. Gatsas
Mayor

CITY OF NASHUA
Donnalee Lozeau
Mayor

February 2, 2012

Rep. James Garrity, Chairman
House Science, Technology, & Energy Committee
Room 304, Legislative Office Building
107 North Main Street
Concord, NH 03301

Dear Chairman Garrity and Honorable Members of the Committee,

We write today in opposition to House Bill 1238, an act relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.

As the leaders of the two largest municipalities in New Hampshire, we understand how important the issue of the cost of electricity is to the residents and businesses of our cities. Electricity is an essential service that all of our constituents depend on, whether they are retirees on a fixed income or a high tech manufacturer employing hundreds of workers.

Given how all of our constituents depend on this essential service, it is critical that New Hampshire has a system in place that ensures reliable service and protects them from the volatility of the energy market. New Hampshire already has that system in place and it deserves to be maintained. HB 1238 will unravel this system by forcing PSNH to sell its regulated generation assets and will expose our cities to the volatility of the energy market without the benefit of a safety net like PSNH's generation has and will continue to provide.

As former legislators, we understand how important and complex this issue is. We urge you to consider this issue carefully and understand how it will impact every resident and business in New Hampshire. This decision is also one that once made, cannot be undone. All New Hampshire residents, businesses, and other community stakeholders will have to live with whatever decision you make on this issue forever.

On behalf of the residents and businesses of the Cities of Manchester and Nashua, we urge you to oppose House Bill 1238.

Sincerely,

Theodore L Gatsas
Mayor, City of Manchester

Donnalee Lozeau
Mayor, City of Nashua

Handout 34

Testimony on HB 1238
Dr. Lisa Shapiro, Chief Economist, Gallagher, Callahan and Gartrell
For Public Service of New Hampshire
February 2, 2012

Summary
HB 1238 requires Public Service of New Hampshire (PSNH) to divest its fossil, hydro, and biomass generation assets by December 1, 2013

Government mandated divestiture as outlined in HB 1238 creates substantial uncertainty and risk to New Hampshire businesses and households

I. HB 1238 Mandates Divestiture Regardless of the Economic Interest of New Hampshire Consumers

Under current law, the Commission must find that divestiture is in the economic interest of New Hampshire customers in order to approve a sale. HB 1238 eliminates that requirement, and simply mandates full divestiture by December 1, 2013, regardless of the impact on New Hampshire businesses, local government and non-profits, and individuals. Higher electric rates or lower? More volatility or less? Increased costs to sure up reliability, or none required? Job losses or job gains? Property tax losses big or small? Wood market displacements or no impacts? These issues should be thoroughly reviewed to try to identify unintended consequences, however under HB 1238 there is no such review to take these and other questions into consideration.

II. HB 1238 Mandates divestiture even though the mandate creates a risk of new stranded costs and higher electric rates

HB 1238 as well as current law requires that the Commission shall provide for cost recovery of such divestiture. In other words, if the price paid for the assets is less than what they are carried for on the books, customers will have to pay the difference in the form of what is called a stranded cost charge, essentially a tax that results from a government mandate. Current market conditions are depressed, environmental regulations on coal are uncertain, and sunk capital costs for environmental mandates like the scrubber may not be recoverable in a forced market sale. Thus there is substantial risk of large stranded costs from a government forced sale of the assets as mandated in HB 1238. HB 1238 mandates the sale of the regulated assets, and if they sell for less than their net book value, customers are required to pay the difference.

The estimated net book value of PSNH generation assets is $680 million (see December 14, 2011 PSNH Energy Service Rate Filing at the NHPUC). Using some simple assumptions, the chart on page 4 estimates the mandated energy tax that could result from HB 1238. The actual tax of course will be set by the Commission, and will depend on, among other factors, the net book value at the time of the sale, the actual sale price, depreciation period, cost of capital, and electric sales.

Additionally, the HB 1238 mandated divestiture also raises questions about what the impacts are on energy prices to New Hampshire customers. Currently, customers have the choice of either buying from PSNH where supply costs include the regulated actual cost of owned generation or going to the market to purchase power. In the medium term, will regional energy markets yield higher prices than the regulated operating costs of PSNH generation, leading to further rate increases on top of a potential new non-bypassable stranded cost energy charge resulting from the HB 1238 mandated divestiture? Or will market prices fall below the regulated operating costs of PSNH generation, potentially offsetting a new tax that might result from HB 1238?

Divestiture moves forward under HB 1238 regardless of the short, medium, or long-term risk to New Hampshire customers.

Such a new mandate creates an added layer of uncertainty and risk for energy sensitive businesses considering moving to New Hampshire or expanding in New Hampshire. Given the risks of new stranded costs and higher electric rates, and no process to take these issues into account in implementing the HB 1238 mandate, businesses will have to add that into their considerations for business location and expansion decisions.

III. PSNH energy supply price to customers reflects multiple public policy decisions by the New Hampshire Legislature

See December 14, 2011 PSNH DE 11-215 Default Energy Service Rate, and DE11-217 Stranded Cost Recovery Charge filings:

Sample Public Policy Costs for PSNH approach 1 cent per kwh (Estimates for calendar year 2012):

- NH RPS costs = $15.1 million (.30 cents/kwh)
- RGGI costs = $2.7 million (.05 cents/kwh)
- Vermont Yankee = $2.1 million (.04 cents/kwh)
- IPP Market Value Costs = $22.8 million (.45 cents/kwh)

Sample Current Stranded Costs (Estimates for calendar year 2012)

- Amortization of Seabrook Costs = $53.7 million
- Above Market IPP Costs = $16.5 million

IV. Higher energy costs lead to job losses

Well known that energy costs are an important cost item for businesses, especially manufacturing. Continues to show up as a factor in competitive surveys. All PSNH customers have the choice to purchase in the market from competitive suppliers. The effects of mandated divestiture of PSNH generation assets as outlined in HB 1238 on stranded costs and prices creates uncertainty and risk.

If HB 1238 sets off substantial rate increases, job losses are expected to follow. Further, there is uncertainty of how the mandated divestiture plan will be implemented, as cost recovery is required and economic interests of customers are not included in the new mandate.

One study done by Dr. Ross Gittell from the University of New Hampshire forecasted that for a $15 million rate increase in 2012, employment was forecasted to decrease by about 70 to 90 jobs, or equivalent of the loss of one medium sized business. With substantially higher rate increases, expect job losses to be well into the hundreds using various standard forecasting and input-output models for New Hampshire. Considering various economic impact models, and a range of possible incidents of rate increases, if the new stranded costs charge is in the range of $500 million, collected at a rate of about $100 million a year for 5 years, annual reduction in job could be in the 450 to 550 range, not including any direct or indirect jobs lost from plant closures. Actual job impacts would depend on the actual changes in electric prices, incidents across sectors, and power plant responses.

It appears that HB 1238 does not take any of these risks into consideration.

HB 1238
Hypothetical New Stranded Costs/Electricity Tax

Sample Asset Sale Price	New Stranded Cost/Energy Tax	Energy Tax in Cents/kwh	Impact on Large Household		Impact on Medium Business	
			Monthly	Total	Monthly	Total
$180 Million	$500 Million	1.3	$12.84	$1,078	$321	$26,959
$280 Million	$400 Million	1.0	$10.27	$863	$257	$21,568
$380 Million	$300 Million	0.8	$7.70	$647	$193	$16,176

Notes: Actual stranded costs will depend on actual sale price and appropriate commission determinations. Net Book Value estimated at $680 million. Hypothetical impacts calculated using simplified assumptions and calculations of 7 year payback, 10% rate of return, 8 million mwh annual sales, large household = 1,000 kwh/month, medium business = 25,000 kwh/month.

February 2, 2012

Handout 35

HOT Speaking

Statement of Jeff Makholm, PhD, for the NH Legislature regarding Bill 1238

1. Good morning. Thank you for allowing me to address the House this morning.

2. My name is Dr. Jeff Makholm. I am a Senior Vice President at National Economic Research Associates, or NERA, in Boston. My firm, founded in 1961, is the oldest and largest firm of consulting economists.

3. You may have heard of my late partner at NERA, Professor Alfred Kahn of Cornell University, the economist who was noteworthy for deregulating the American airline industry in the 1970s. He helped found my firm and worked with us for 49 years on economic questions around the world. He died in December 2010 and was mentioned in most major news outlets at the time.

4. I, myself, have provided economic analysis to regulated companies, the states and governments who regulate those companies, and international organizations who deal with utilities and other businesses around the world on six continents since 1981.

5. My firm has been centrally involved in regulatory efforts in many industries: airlines, rail, trucking, electricity and natural gas. We economists like markets and deeply understand how such markets work—particularly markets that intersect with regulation.

6. I am here today on behalf of Public Service Company of New Hampshire. PSNH has asked me to comment on elements of Bill 1238, which calls for the divestiture of the company's power plants, including the Merrimack, Schiller and Newington power stations and the company's nine hydroelectric plants—about 1,200 MW in all.

7. Given the state of the electricity market in New England, as it has developed since the last time New Hampshire considered electricity restructuring, Bill 1238 seems to me to be counterproductive. That is, Bill 1238 appears to be an unnecessary move that can only serve to limit the choices available to New Hampshire's electric customers.

8. The greatest interest in separating generating plants from traditional public utilities like PSNH took place from the very late 1990s to the early 2000s. But

28 states never chose divestiture. And indeed, seven states of those who did pursue some sort of electricity restructuring or divestiture later suspended or tried to reverse them, including California, Virginia, Nevada, New Mexico and Arizona.

9. Why move to divest power plants now? Three possible objectives come to mind: (1) a desire to promote competitive power markets with those potentially divested plants; (2) to sell those plants as a way of lowering the costs to New Hampshire ratepayers; and (3) to give New Hampshire ratepayers more choices over power suppliers.

10. These are all laudable goals. But Bill 1238 does not in the current environment advance them. Why not?

11. Take the competitive power market issue. Will the divestiture of these plants help to drive the competitive price of power down?

12. No, not in any practical way. New Hampshire ratepayers already enjoy the fruits of a competitive ISO New England power market that covers about 36,000 MWs of competitive supply, compared to the 1,200 MWs of generation at issue here. The divestiture of these remaining PSNH plants will not as a practical matter add to that competitive power generation market, particularly because the plants are already dispatched by the ISO.

13. Take the issue of lowering costs for New Hampshire ratepayers. Will the divestiture of these plants provide money for New Hampshire ratepayers?

14. No, not for practical purposes. The value of these PSNH plants lies in their future ability to provide power at less cost than the New England market price for power. Their value to a buyer is the same as their value as assets to be retained for the benefit of ratepayers. Prospective buyers will pay that value and not a penny more. Divesting the plants will therefore not, in and of itself, contribute to lower PSNH rates. It simply makes future rates more uncertain as all of the cost of electricity for PSNH will be determined by the charges determined by the power market in New England.

15. What about the attractions of PSNH customers having more "retail choice"—to "fire" the plants they don't like? Would the divestiture increase the prospect for retail choice?

16. No it would not. PSNH customers already have the option of choosing an independent power supplier. But this market is only developing now because for most of the last decade competitive supplies were more expensive than PSNH, because the Company's generating fleet was able to produce electricity cheaper than the market. Customers retain the option of choosing to purchase from PSNH at regulated rates—that choice would be removed through divestiture.

17. Certainly there are job consequences for selling these plants to out-of-state owners. PSNH has more to say about these things, and I would urge you all to consider those job issues seriously.

18. The three largest plants in question—Merrimack, Schiller and Newington (985 MWs between them) are not replicable today. One could not build a coal plant like Merrimack nor steam units like the others. Forcing divestiture takes away from PSNH customers a unique option. Keeping the plants allows customers to benefit over time, while divesting imposes a one time valuation that may or may not reflect long term value of these resources to ratepayers.

19. As an economist, I am as much a believer in the power of competitive rivalry as anyone. But I am also realistic. With no competitive payoff in this instance, no way for a sale to predictably lower the cost for PSNH ratepayers, and a "customer choice" option that will actually be diminished—rather than enhanced—by such a move, I would not require the divestiture of these PSNH power plants if it were up to me.

20. Thank you.

Handout 36
JAY HANCOCK
NOT SPEAKING

THE BALTIMORE SUN

Maryland eyes move away from electricity deregulation

October 03, 2011 | Jay Hancock

Last week, a decade after Maryland deregulated electricity by splitting the business of generating power from the business of delivering it to your house, worried regulators took a step backward.

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But the market has failed to deliver many of deregulation's promises. It's time for Maryland to take control of its energy fate and move in the opposite direction, if only a little.

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Deregulation was supposed to fix this. High prices were expected to lure developers to build electricity plants at their own risk and cost. But in Maryland, that never happened. Hardly any new generation has been added since the 1990s, even as the state's economy grew.

The charitable explanation is that temporary Maryland price caps and then the economic crisis kept companies from getting financing. Another explanation is that incumbent generators such as Constellation Energy are making so much money from the status quo that they'd be crazy to mess with it.

Whatever the reason, the Public Service Commission, which has been contemplating ratepayer-financed generation for years, finally decided to move.

This would be re-regulation lite — not nearly as drastic as seizing and slapping price controls on Calvert Cliffs, Brandon Shores and other generation plants owned by Constellation. (Deregulation gave Constellation control of those former BGE plants and the right to charge whatever the market would bear.)

But make no mistake. By indirectly charging utility customers for the cost of a new plant, implementation of the commission's proposal would mean that deregulation in Maryland has gone into reverse.

And it might cost you money. Capital costs for the plant would be built into any supply deal it signs with BGE, Pepco and other utilities. You, the electricity customer, would basically be paying off the plant's mortgage — of, say, $800 million — as well as buying its energy.

According to one, optimistic scenario, however, that could actually cut metro Baltimore's power costs. Locally generated megawatts are so scarce, according to this argument, that a new supply would lower prices across the market and more than compensate for the expense of building the plant.

"If there's a contract awarded, it's going to have a significant impact on [lowering] rates," claims Braith Kelly, senior vice president at Competitive Power Ventures, which proposes to build a $750 million, gas-fired plant in Charles County under this scenario. "There's going to have to be a lot of sharp pencils to make it work. It's going to have to work for ratepayers."

Constellation, for its part, is still analyzing last week's commission order. The company questions "whether additional natural gas generation in Maryland is needed" and "whether the PSC should take the extraordinary step of requiring it instead of letting supply and demand signals trigger new construction," said James L. Connaughton, a Constellation executive vice president.

But Constellation is hardly disinterested. Last week, Deutsche Bank analysts wrote that competition from a new, ratepayer-financed Maryland plant could "create pressure" not only on the stock of Constellation but on the stock of Chicago-based Exelon Corp., which has agreed to buy the Baltimore company.

So things are moving in a direction that could be advantageous for Maryland electricity consumers and detrimental to Constellation shareholders. That really would be a switch.

jay.hancock@baltsun.com

Handout 32

NOT SPEAKING

platts

January 30, 2012

US FERC staff alleges Constellation Energy unit manipulated power markets

Washington (Platts)-- US Federal Energy Regulatory Commission staff is alleging Constellation Energy Commodities Group, the wholesale energy subsidiary of Baltimore-based Constellation Energy, engaged in market manipulation by scheduling physical flows among several independent system operators to benefit the company's financial positions.

Staff with FERC's Office of Enforcement "has preliminarily determined that Constellation Energy Commodities Group violated the commission's prohibition on electric energy market manipulation ... and the commission's market behavior rule" on communications, according to a notice of alleged violations posted on the agency's website.

Enforcement staff said it believes CCG "engaged in virtual transactions in the New York Independent System Operator's control area and scheduled day-ahead physical flows between NYISO and the PJM Interconnection, Ontario, and/or ISO New England in order to benefit CCG's financial positions that settled off the average of the day-ahead prices for the settling months in the respective regions of those NYISO and ISO-NE markets."

This behavior violated the commission's regulations from about September 2007 through December 2008, staff said. In addition, the FERC notice said CCG violated the commission's rules on market behavior for communications by "providing inaccurate and misleading information to the NYISO concerning its uneconomic virtual trading activities in the NYISO."

FERC Last began a making investigations public at an earlier stage in the process -- when staff is ready to initiate settlement negotiations or when staff plans to suggest that the commission issue a show-cause order. Previously, FERC made details of investigations public under show-cause orders and settlements.

FERC can assess a civil penalty of up to $1 million per day per violation. Constellation Energy officials were not immediately available for comment.

--Esther Whieldon, esther_whieldon@platts.com

Consultant

February 2, 2012

35

DID NOT SPEAK

Statement of Jeff Makholm, PhD, for the NH Legislature regarding Bill 1238

1. Good morning. Thank you for allowing me to address the House this morning.

2. My name is Dr. Jeff Makholm. I am a Senior Vice President at National Economic Research Associates, or NERA, in Boston. My firm, founded in 1961, is the oldest and largest firm of consulting economists.

3. You may have heard of my late partner at NERA, Professor Alfred Kahn of Cornell University, the economist who was noteworthy for deregulating the American airline industry in the 1970s. He helped found my firm and worked with us for 49 years on economic questions around the world. He died in December 2010 and was mentioned in most major news outlets at the time.

4. I, myself, have provided economic analysis to regulated companies, the states and governments who regulate those companies, and international organizations who deal with utilities and other businesses around the world on six continents since 1981.

5. My firm has been centrally involved in regulatory efforts in many industries: airlines, rail, trucking, electricity and natural gas. We economists like markets and deeply understand how such markets work—particularly markets that intersect with regulation.

6. I am here today on behalf of Public Service Company of New Hampshire. PSNH has asked me to comment on elements of Bill 1238, which calls for the divestiture of the company's power plants, including the Merrimack, Schiller and Newington power stations and the company's nine hydroelectric plants—about 1,200 MW in all.

7. Given the state of the electricity market in New England, as it has developed since the last time New Hampshire considered electricity restructuring, Bill 1238 seems to me to be counterproductive. That is, Bill 1238 appears to be an unnecessary move that can only serve to limit the choices available to New Hampshire's electric customers.

8. The greatest interest in separating generating plants from traditional public utilities like PSNH took place from the very late 1990s to the early 2000s. But

28 states never chose divestiture. And indeed, seven states of those who did pursue some sort of electricity restructuring or divestiture later suspended or tried to reverse them, including California, Virginia, Nevada, New Mexico and Arizona.

9. Why move to divest power plants now? Three possible objectives come to mind: (1) a desire to promote competitive power markets with those potentially divested plants; (2) to sell those plants as a way of lowering the costs to New Hampshire ratepayers; and (3) to give New Hampshire ratepayers more choices over power suppliers.

10. These are all laudable goals. But Bill 1238 does not in the current environment advance them. Why not?

11. Take the competitive power market issue. Will the divestiture of these plants help to drive the competitive price of power down?

12. No, not in any practical way. New Hampshire ratepayers already enjoy the fruits of a competitive ISO New England power market that covers about 36,000 MWs of competitive supply, compared to the 1,200 MWs of generation at issue here. The divestiture of these remaining PSNH plants will not as a practical matter add to that competitive power generation market, particularly because the plants are already dispatched by the ISO.

13. Take the issue of lowering costs for New Hampshire ratepayers. Will the divestiture of these plants provide money for New Hampshire ratepayers?

14. No, not for practical purposes. The value of these PSNH plants lies in their future ability to provide power at less cost than the New England market price for power. Their value to a buyer is the same as their value as assets to be retained for the benefit of ratepayers. Prospective buyers will pay that value and not a penny more. Divesting the plants will therefore not, in and of itself, contribute to lower PSNH rates. It simply makes future rates more uncertain as all of the cost of electricity for PSNH will be determined by the charges determined by the power market in New England.

15. What about the attractions of PSNH customers having more "retail choice"—to "fire" the plants they don't like? Would the divestiture increase the prospect for retail choice?

16. No it would not. PSNH customers already have the option of choosing an independent power supplier. But this market is only developing now because for most of the last decade competitive supplies were more expensive than PSNH, because the Company's generating fleet was able to produce electricity cheaper than the market. Customers retain the option of choosing to purchase from PSNH at regulated rates—that choice would be removed through divestiture.

17. Certainly there are job consequences for selling these plants to out-of-state owners. PSNH has more to say about these things, and I would urge you all to consider those job issues seriously.

18. The three largest plants in question—Merrimack, Schiller and Newington (985 MWs between them) are not replicable today. One could not build a coal plant like Merrimack nor steam units like the others. Forcing divestiture takes away from PSNH customers a unique option. Keeping the plants allows customers to benefit over time, while divesting imposes a one time valuation that may or may not reflect long term value of these resources to ratepayers.

19. As an economist, I am as much a believer in the power of competitive rivalry as anyone. But I am also realistic. With no competitive payoff in this instance, no way for a sale to predictably lower the cost for PSNH ratepayers, and a "customer choice" option that will actually be diminished—rather than enhanced—by such a move, I would not require the divestiture of these PSNH power plants if it were up to me.

20. Thank you.

Voting Sheets

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

EXECUTIVE SESSION on HB 1238

BILL TITLE: **relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.**

DATE: 3-20-12

LOB ROOM: 304

Amendments:

Sponsor: Rep. Kaen	OLS Document #:	2012	1194h
Sponsor: Rep. J. Garrity	OLS Document #:	2012	1284h
Sponsor: Rep. Levasseur	OLS Document #:	2012	1342h
Sponsor: Rep. J. Garrity	OLS Document #:	2012	1358h

Motions: (OTP) OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Kaen

Seconded by Rep. Rappaport

Vote: 8-6 (Need to replace entire bill.) (Please attach record of roll call vote.)

Motions: (OTP) OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Holden

Seconded by Rep. Rappaport

Vote: 5-9 (#1284h,Failed) (Please attach record of roll call vote.)

Motions: (OTP) OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Levasseur

Seconded by Rep. Cataldo

Vote:4-10 (Failed) (Please attach record of roll call vote.)

Motions: (OTP) OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Holden

Seconded by Rep. Rappaport

Vote: 12-2 (#1358h) (Please attach record of roll call vote.)

Motions: OTP, (OTP/A) ITL, Interim Study (Please circle one.)

Moved by Rep. Holden

Seconded by Rep. Rappaport

Vote: 12-2 (1358h) (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: Consent or Regular (Circle One

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Sam Cataldo, Clerk

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

EXECUTIVE SESSION on HB 1238

BILL TITLE: **relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.**

DATE: 3-20-12

LOB ROOM: 304

Amendments:

Sponsor: Rep. Kaen — OLS Document #: 2012 - 1194h ✓

Sponsor: Rep. ~~J. Gerity~~ — OLS Document #: ~~2012 - 1358h~~

Sponsor: Rep. J. Gerity — OLS Document #: 2012 - 1284h ✓

Sponsor: Rep. Kaen — OLS Document #: 2012 - 1242h ✓

Sponsor: Rep. J. Gerity — OLS Document #: 2012 - 1358h

Motions: (OTP), OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Kaen — Need to replace entire bill

Seconded by Rep. Rappaport

Vote: 8-6 (Please attach record of roll call vote.)

Motions: (OTP), OTP/A, ITL, Interim Study ~~(Please circle one.)~~

Moved by Rep. ~~Holden~~

Seconded by Rep. ~~Rappaport~~

Vote: ~~12~~ - 2 ~~(Please attach record of roll call vote.)~~

Motions: (OTP) OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Holden — XX 1284

Seconded by Rep. Rappaport

Vote: 5-9 (Please attach record of roll call vote.) Failed

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Rousseau

Seconded by Rep. Cataldo #1248

Vote: 4-10 (Please attach record of roll call vote.) Failed

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Holden #1358

Seconded by Rep. Rappaport

Vote: 12-2 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Holden w/1358

Seconded by Rep. Rappaport

Vote: 12-2 (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: Consent or Regular (Circle One)

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Sam Cataldo, Clerk

HOUSE COMMITTEE ON SCIENCE, TECHNOLOGY AND ENERGY

EXECUTIVE SESSION on HB 1238

BILL TITLE: **relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.**

DATE: 3-20-12

LOB ROOM: 304

Amendments:

Sponsor: Rep. Kaen — OLS Document #: 2012-1194

Sponsor: Rep. ~~Rappaport~~ — OLS Document #:

Sponsor: Rep. Beaudy — OLS Document #: 1358h

Motions: OTP, (OTP/A), ITL, Interim Study (Please circle one.)

Moved by Rep. Kaen

Seconded by Rep. ~~Rep~~ Rappaport

Vote: 8-6 (Please attach record of roll call vote.)

Motions: (OTP) OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Holden

Seconded by Rep. Rappaport

Vote: 12-2 (Please attach record of roll call vote.)

Motion OTP/A Holden Rappaport
12-2 **CONSENT CALENDAR VOTE:**

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Sam Cataldo, Clerk

Sam Cataldo

OFFICE OF THE HOUSE CLERK 2012 SESSION

ENCE, TECHNOLOGY AND ENERGY

#: HB 1238 Title: relative to divestiture of PSNH generation assets

Date: ___/___/___ Exec Session Date: 3/20/2012

ion: OTP Amendment #: 2012-1194h

MEMBER	YEAS	NAYS
rity, James M, Chairman		NO
den, Frank R, V Chairman	YES	
one, Robert E ABS	—	
aldo, Sam A, Clerk		NO
ine, James E ABS	—	
nick, William J		NO
paport, Laurence M	YES	
dley, Lester W	YES	
Mahon, Bruce A ABS	—	
onnor, William H		NO
ek, William D ABS	—	
ison, James A		NO
mers, James D	YES	
n, Naida L	YES	
-Pitts, Jacqueline A	YES	
d, Robin P	YES	
asseur, Nickolas J		NO
tor, Beatriz	YES	
	8	6

AL VOTE:
ted: 1/11/2012
14

OFFICE OF THE HOUSE CLERK 2012 SESSION

SCIENCE, TECHNOLOGY AND ENERGY

Bill #: HB 1238 Title: relative to PSNH divestiture of generation assets

PH Date: ___/___/___ Exec Session Date: 3/20/2012

Motion: OTP Amendment #: 2012-1284h

MEMBER	YEAS	NAYS
Garrity, James M, Chairman	YES	
Holden, Frank R, V Chairman		NO
Introne, Robert E ABS	—	
Cataldo, Sam A, Clerk	YES	
Devine, James E ABS	—	
Remick, William J		NO
Rappaport, Laurence M		NO
Bradley, Lester W		NO
MacMahon, Bruce A ABS	—	
O'Connor, William H	YES	
Panek, William D ABS	—	
Parison, James A		NO
Summers, James D		NO
Kaen, Naida L		NO
Cali-Pitts, Jacqueline A	YES	
Read, Robin P		NO
Levasseur, Nickolas J	YES	
Pastor, Beatriz		NO
	5	9

TOTAL VOTE:

Printed: 1/11/2012

OFFICE OF THE HOUSE CLERK 2012 SESSION

SCIENCE, TECHNOLOGY AND ENERGY

Bill #: 1238 Title: _____

PH Date: ___/___/___ Exec Session Date: 3/20/2012

Motion: OTP (amendment) Amendment #: 2012-1342h

MEMBER	YEAS	NAYS
Garrity, James M, Chairman	YES	
Holden, Frank R, V Chairman		NO
Introne, Robert E	—	
Cataldo, Sam A, Clerk	YES	
Devine, James E	—	
Remick, William J		NO
Rappaport, Laurence M		NO
Bradley, Lester W		NO
MacMahon, Bruce A	—	
O'Connor, William H		NO
Panek, William D	—	
Parison, James A		NO
Summers, James D		NO
Kaen, Naida L		NO
Cali-Pitts, Jacqueline A		NO
Read, Robin P	~~YES~~ —	
Levasseur, Nickolas J	V	
Pastor, Beatriz		NO
	13	10

TOTAL VOTE:

Printed: 1/11/2012

OFFICE OF THE HOUSE CLERK 2012 SESSION

SCIENCE, TECHNOLOGY AND ENERGY

Bill #: 1238 Title: Divestiture of PSNH

PH Date: / / Exec Session Date: 3/20/2012

Motion: OTP/A Amendment #: 2012-1358h

MEMBER	YEAS	NAYS
Garrity, James M, Chairman	YES	
Holden, Frank R, V Chairman	YES	
Introne, Robert E	—	
Cataldo, Sam A, Clerk	YES	
Devine, James E	—	
Remick, William J	YES	
Rappaport, Laurence M	YES	
Bradley, Lester W	YES	
MacMahon, Bruce A	—	
O'Connor, William H	YES	
Panek, William D	—	
Parison, James A	YES	
Summers, James D	YES	
Kaen, Naida L	YES	
Cali-Pitts, Jacqueline A		NO
Read, Robin P	YES	
Levasseur, Nickolas J		NO
Pastor, Beatriz	YES	
	12	2

TOTAL VOTE:

Printed: 1/11/2012

OFFICE OF THE HOUSE CLERK 2012 SESSION

SCIENCE, TECHNOLOGY AND ENERGY

Bill #: 1238 Title: divestiture of PSNH

PH Date: / / Exec Session Date: 3 / 20 / 2012

Motion: OTP / 1 Amendment #: 2012-1358h

MEMBER	YEAS	NAYS
Garrity, James M, Chairman	YES	
Holden, Frank R, V Chairman	YES	4
Introne, Robert E	—	
Cataldo, Sam A, Clerk	YES	
Devine, James E	abs	
Remick, William J	YES	
Rappaport, Laurence M	YES	
Bradley, Lester W	YES	
MacMahon, Bruce A	abs	
O'Connor, William H	YES	
Panek, William D	—	
Parison, James A	YES	
Summers, James D	YES	
Kaen, Naida L	YES	
Cali-Pitts, Jacqueline A		NO
Read, Robin P	YES	
Levasseur, Nickolas J		NO
Pastor, Beatriz	YES	
	12	2
TOTAL VOTE:		

Printed: 1/11/2012

Committee Report

REGULAR CALENDAR

March 28, 2012

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on SCIENCE, TECHNOLOGY AND ENERGY to which was referred HB1238,

AN ACT relative to divestiture of Public Service of New Hampshire (PSNH) generation assets. Having considered the same, report the same with the following amendment, and the recommendation that the bill OUGHT TO PASS WITH AMENDMENT.

Rep. James M Garrity

FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

Committee:	**SCIENCE, TECHNOLOGY AND ENERGY**
Bill Number:	**HB1238**
Title:	**relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.**
Date:	**March 22, 2012**
Consent Calendar:	**NO**
Recommendation:	**OUGHT TO PASS WITH AMENDMENT**

STATEMENT OF INTENT

This bill as amended instructs the Public Utilities Commission (PUC) to open a docket this year to fully investigate whether or not the divestiture or retirement of any or all of PSNH (Public Service of New Hampshire) generating plants would be in the economic interest of PSNH default service ratepayers. If, after the conclusion of what we anticipate will be a long and exhaustive analysis, the PUC finds that is in the economic interest of PSNH default service customers for one or more power plants to be sold or retired, only then would PSNH be required to file a plan with the PUC to sell such plants. The PUC would oversee such sale and manage the allocation of sale costs and proceeds for the benefit of PSNH ratepayers. The driving factor here is the economic interest of ratepayers. The divestiture question has not been seriously evaluated for over a decade. During that time energy markets, natural resource availability, environmental regulations and competitive factors have changed dramatically. PSNH insists the current model works fine and change is not needed. PSNH competitors insist that divestiture will result in more robust competition and lower end-user rates. All parties have multi-millions of dollars at stake in this fight and have spent considerable resources in lobbying for their cause. The committee feels that this issue is best handled if it is evaluated at the PUC, where all parties can present the facts, economics and arguments in a structured quasi-judicial process relatively free from political pressure. This bill as amended also makes some clarifying improvements to current electric utility cost allocation laws, to prevent shifting of electricity generation costs to electricity distribution customers. In addition, it clarifies that PSNH must serve its default customers through the most cost effective mix of its own power generation and market power purchases to the benefit of its ratepayers. Finally, it adds a duty to the Electric Restructuring Oversight Committee instructing it to work with the PUC to study the divestiture issue and its rate impacts.

Original: House Clerk
Cc: Committee Bill File

Vote 12-2.

Rep. James M Garrity
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

SCIENCE, TECHNOLOGY AND ENERGY

HB1238, relative to divestiture of Public Service of New Hampshire (PSNH) generation assets.

OUGHT TO PASS WITH AMENDMENT.

Rep. James M Garrity for SCIENCE, TECHNOLOGY AND ENERGY. This bill as amended instructs the Public Utilities Commission (PUC) to open a docket this year to fully investigate whether or not the divestiture or retirement of any or all of PSNH (Public Service of New Hampshire) generating plants would be in the economic interest of PSNH default service ratepayers. If, after the conclusion of what we anticipate will be a long and exhaustive analysis, the PUC finds that is in the economic interest of PSNH default service customers for one or more power plants to be sold or retired, only then would PSNH be required to file a plan with the PUC to sell such plants. The PUC would oversee such sale and manage the allocation of sale costs and proceeds for the benefit of PSNH ratepayers. The driving factor here is the economic interest of ratepayers. The divestiture question has not been seriously evaluated for over a decade. During that time energy markets, natural resource availability, environmental regulations and competitive factors have changed dramatically. PSNH insists the current model works fine and change is not needed. PSNH competitors insist that divestiture will result in more robust competition and lower end-user rates. All parties have multi-millions of dollars at stake in this fight and have spent considerable resources in lobbying for their cause. The committee feels that this issue is best handled if it is evaluated at the PUC, where all parties can present the facts, economics and arguments in a structured quasi-judicial process relatively free from political pressure. This bill as amended also makes some clarifying improvements to current electric utility cost allocation laws, to prevent shifting of electricity generation costs to electricity distribution customers. In addition, it clarifies that PSNH must serve its default customers through the most cost effective mix of its own power generation and market power purchases to the benefit of its ratepayers. Finally, it adds a duty to the Electric Restructuring Oversight Committee instructing it to work with the PUC to study the divestiture issue and its rate impacts. **Vote 12-2.**

Original: House Clerk
Cc: Committee Bill File

Stapler, Carol

From: Garrity, Jim
Sent: Thursday, March 22, 2012 9:19 AM
To: Stapler, Carol
Subject: HB 1238 Majority blurb

Dear Carol

Here is the majority blurb for HB 1238. The will be NO minority blurb.

Majority Blurb for HB-1238

Rep. James M. Garrity for the Majority:

This bill as amended instructs the Public Utilities Commission (PUC) to open a docket this year to fully investigate whether or not the divestiture or retirement of any or all of PSNH (Public Service of New Hampshire) generating plants would be in the economic interest of PSNH default service ratepayers. If, after the conclusion of what we anticipate will be a long and exhaustive analysis, the PUC finds that is in the economic interest of PSNH default service customers for one or more power plants to be sold or retired, only then would PSNH be required to file a plan with the PUC to sell such plants. The PUC would oversee such sale and manage the allocation of sale costs and proceeds for the benefit of PSNH ratepayers. The driving factor here is the economic interest of ratepayers. The divestiture question has not been seriously evaluated for over a decade. During that time energy markets, natural resource availability, environmental regulations and competitive factors have changed dramatically. PSNH insists the current model works fine and change is not needed. PSNH competitors insist that divestiture will result in more robust competition and lower end-user rates. All parties have multi-millions of dollars at stake in this fight and have spent considerable resources in lobbying for their cause. The committee feels that this issue is best handled if it is evaluated at the PUC, where all parties can present the facts, economics and arguments in a structured quasi-judicial process relatively free from political pressure. This bill as amended also makes some clarifying improvements to current electric utility cost allocation laws, to prevent shifting of electricity generation costs to electricity distribution customers. In addition, it clarifies that PSNH must serve its default customers through the most cost effective mix of its own power generation and market power purchases to the benefit of its ratepayers. Finally, it adds a duty to the Electric Restructuring Oversight Committee instructing it to work with the PUC to study the divestiture issue and its rate impacts.

Best Regards,

James M. Garrity, Chair
House Science, Technology & Energy Committee
Phone: (603)362-9416
Email : Jim.Garrity@Leg.state.nh.us