

**THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION**

Docket No. DE 14-238

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Determination Regarding PSNH's Generation Assets

**REPLY BRIEF ON SCOPE OF DOCKET
BY CONSERVATION LAW FOUNDATION**

The Commission's October 30, 2014 Secretarial Letter authorized parties to submit briefs on the scope of this docket by December 5, 2014, and reply briefs by January 7, 2015. The Conservation Law Foundation ("CLF") hereby submits the following reply brief to supplement the positions in CLF's scoping brief and to respond to certain issues raised by other parties.

I. CLF's Reply to Staff's Suggestion to Use the 2015 AESC Report as Single Data Set for Future Energy Prices

Staff believes that the proper framework for considering the economic interests of PSNH's retail customers is to focus on the price of energy service before and after disposition of the company's generation assets (including purchase power agreements). Staff Scoping Brief at 1-3. Staff proposes that, for default service customers, the Commission should compare the expected future energy service prices for 2015-2025 to the expected future prices if PSNH divests some or all of its generation assets. *Id.* at 3. Staff suggests that the parties agree upon a single existing data set to project prices for post-divestiture scenarios, such as the avoided cost of energy projections in the Avoided Energy Supply Cost ("AESC") study. *Id.*

AESC reports are published biannually and provide projections of the marginal energy supply costs that will be avoided due to energy efficiency. The reports are sponsored by electric utilities, gas utilities, and efficiency program administrators, including PSNH and its affiliates,

and include input from non-sponsoring parties like CLF and the Commission. From 2007-2013, the sponsors selected Synapse Energy Economics, Inc. to prepare the biannual reports. The sponsors have now selected a new consultant, TRC, to prepare the 2015 report. At the technical session, Staff suggested that the parties agree to use the upcoming 2015 AESC report as the “single data set” to assess future energy costs.

While Staff’s suggestion may warrant consideration at a future date, the Commission could not and should not prospectively bind the parties to rely upon a report that is (i) not yet in existence, (ii) being prepared by a new consultant, (iii) subject to assumptions not yet defined or known, and (iv) sponsored by PSNH and its affiliates. In addition, the 2015 AESC report may be published at a time that contravenes the directive to expedite this docket. To the extent that the 2015 AESC report is available in a timely fashion, CLF would be willing to review the report and reconsider at that time a renewed suggestion by Staff or other parties to utilize its data and projections.

Finally, for the reasons set forth in CLF’s scoping brief, the Commission should look 15-20 years into the future, rather than the ten-year period advocated by Staff.

II. CLF’s Reply to PSNH’s Identification of Issues Relevant to its Customers’ Economic Interests

PSNH argues that some items that appear to fall outside the scope of its customers’ “economic interests” may be within it. PSNH Scoping Brief at 8. With respect to taxes, jobs, and local expenditures, those interests must be found to be outside the scope of the “economic interest” of PSNH retail customers because they are clearly outside the plain meaning of the term and would unreasonably and unworkably expand the inquiry in this docket. *See In re Pinetree Power, Inc.*, 871 A.2d 78, 82 (N.H. 2005) (observing that divestiture of PSNH’s generating

assets after 2006 will require analysis of “economic interests” of customers, which is narrower than “public interest” standard for modifications to PSNH generating assets).

PSNH also asks the Commission to identify and limit the scope of environmental concerns germane to this docket. PSNH Scoping Brief at 9. Critically, such concerns are relevant because they relate to prospective costs that could burden retail customers if PSNH continues to own and operate power plants. At a minimum, the Commission should consider any operations and maintenance costs associated with complying with existing environmental regulations, and the potential costs of complying with future environmental regulations, including but not limited to operation and maintenance costs. Two potential significant areas for examination include the costs of complying with future carbon regulation and the costs of installing cooling water towers and other controls to comply with renewed NPDES permits at PSNH’s generation plants.

III. CLF’s Reply to PSNH Request for Threshold Ruling on Its Entitlement to Stranded Costs

PSNH contends that “[t]he issue of recovery of stranded costs was resolved by the Restructuring Settlement Agreement ... and is not a matter within the scope of this docket.” PSNH Scoping Brief at 14. To the extent that PSNH is requesting an affirmative ruling now that it is entitled to every dollar of asset book value net of any divestiture sale, such a ruling would be premature in light of the early stage of this proceeding and the Restructuring Settlement Agreement’s standing as a precedent order of the Commission but not a set of contractual obligations on the Commission’s part. *See* CLF Scoping Brief at 5-6. In this regard, CLF agrees with NEPGA and RESA that the Commission should consider including in its forthcoming scoping order a summary of the statutory standards governing stranded cost calculation and recovery that will guide the proceeding, including the vital role of traditional ratemaking

principles that customer rates must be just and reasonable and allow for recovery of no more than the utility's prudently incurred costs. *See* NEPGA/RESA Scoping Brief at 9.

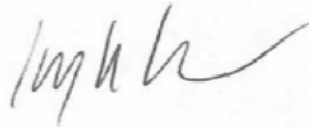
Respectfully submitted,

CONSERVATION LAW FOUNDATION



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document has on this 7th day of January, 2015, been sent by email to the service list in Docket No. DE 14-238.



Thomas F. Irwin (NH Bar No. 11302)