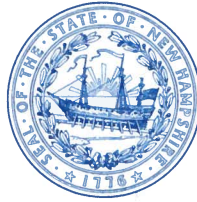


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November 22, 2017

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: Docket No. DE 17-124, Public Service Company of New Hampshire
Sale of Generating Facilities

Dear Ms. Howland:

In connection with the above-referenced docket, please be advised that the Office of the Consumer Advocate (OCA) concurs with the pleading filed yesterday by petitioner Public Service Company of New Hampshire (PSNH) captioned "Response of PSNH to Municipal Intervenor's Joint Motion for Rehearing Procedural Schedule." Indeed, the OCA urges the Commission in even more emphatic terms than PSNH does to take all available procedural steps to allow the proposed sale of the PSNH fossil assets to close on or before January 1, 2018.

At the risk of stating the obvious, the reason for our position is that the proceeds of the asset sale are to be credited directly to ratepayers and will serve to reduce the hundreds of millions of dollars in securitized stranded costs for which ratepayers are non-bypassably liable pursuant to the settlement agreement approved by the Commission in Order No. 25,920 on July 1, 2016. PSNH customers have been waiting for a very long time to enjoy the full benefits of restructuring as secured to them by the Legislature in 1996, including the nearly five months the settlement agreement approved in Order No. 25,920 was under advisement to the Commission.

As the Commission is aware, Schedule 2.6(a)(iv) of the purchase and sale agreement by which PSNH proposes to transfer its fossil assets sets forth a complex mechanism for adjusting the sale price downward, and thereby reducing the credit against securitized stranded costs, for each day beyond January 1 that the closing is delayed. This potential penalty to ratepayers is so substantial that *every day of delay is significant* to the constituency this office represents.

The separate purchase and sale agreement by which PSNH seeks to transfer its hydro assets does not similarly expose ratepayers to draconian penalties in the event of a delayed closing. Therefore, the parties have previously agreed to have the Commission separately consider each

of the two purchase and sale agreements so that the Commission can approve on an expedited and uncontested basis the proposed fossil asset sale.

To do otherwise at this point would impose a significant injustice on PSNH customers. The Municipal Intervenor (the City of Berlin plus the Towns of New Hampton and Bristol) have moved to postpone the merits hearing in this case, presently scheduled to commence on November 27, based on the flimsiest of pretexts: that it is unreasonable to expect them to prepare for hearing at the same time they must draft and circulate responses to a handful of discovery requests with respect to their own recently submitted prefiled direct testimony.

The pleading submitted by the Municipal Intervenor argues at paragraph 11 that these parties have a "high stake" in the outcome of this docket because of the potential use of the purchase prices of the various hydro assets for municipal tax valuation purposes. The example given is the \$1.1 million per year in annual tax revenues that the City of Berlin allegedly could lose if the proposed sale price of Smith Station in Berlin were to form the basis of that facility's tax valuation. Ratepayers also have a high stake in the outcome of this case and its expeditious resolution. It is imperative that the Commission bear this firmly in mind – particularly because establishing the fair market value of generation facilities for tax purposes is not at issue in this proceeding and is not within the Commission's jurisdiction.

We of course are mindful of the pressure this proceeding, and the need for its expedited resolution, place on both the parties and the Commission. The scenario under which we are all laboring is the one created by J.P. Morgan Securities, the independent auction advisor hired by the Commission, as described in the prefiled testimony of its representative, Neil Davids. According to Mr. Davids, the proposed transactions, including the provisions that impose significant penalties on residential customers for even a brief delay of the fossil sale, are "reasonable and in the public good." Davids Testimony at 19 (Bates 236) at 20-21.

The OCA agrees that a fossil asset sale that closes on or before January 1, 2018 pursuant to the purchase and sale agreement now pending before the Commission is reasonable and in the public good. We are grateful that the Commission, by secretarial letter issued earlier today, determined that it will take up the Municipal Intervenor's requested delay on November 27 and may then allow the hearing to go forward at that time. Like PSNH, the OCA does not object to deferred consideration of the proposed hydro asset sale. The OCA will vigorously resist any schedule change that delays the proposed fossil divestiture.

My best wishes to everyone at the Commission for a healthy and happy Thanksgiving holiday.

Sincerely,



D. Maurice Kreis
Consumer Advocate

cc: Service list via e-mail