

DE 00-009

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, NORTH ATLANTIC ENERGY CORPORATION, NORTH ATLANTIC ENERGY SERVICE CORPORATION, NORTHEAST UTILITIES AND CONSOLIDATED EDISON, INC.

Joint Petition for Approval of Merger

Order Approving Procedural Schedule and Petitions to Intervene

O R D E R N O. 23,432

March 27, 2000

APPEARANCES: Robert Bersak, Esq. for Public Service Company of New Hampshire, North Atlantic Energy Corporation, North Atlantic Energy Service Corporation and Northeast Utilities; Edwin Scott, Esq. for Consolidated Edison, Inc.; New Hampshire Legal Assistance by Alan Linder, Esq. for the Save Our Homes Organization; Steve Haberman for the Seacoast Anti-Pollution League; Stephen J. Judge, Associate Attorney General, and Wynn E. Arnold, Senior Assistant Attorney General, for the Governor's Office of Energy and Community Services; Michael W. Holmes, Esq., Consumer Advocate, on behalf of residential ratepayers; and Donald M. Kreis, Esq. for the Staff of the New Hampshire Public Utilities Commission.

On January 18, 2000, Public Service Company of New Hampshire (PSNH), North Atlantic Energy Corporation (NAEC), North Atlantic Energy Service Corporation (NAESCO), Northeast Utilities (NU) and Consolidated Edison, Inc. (CEI) (together, Joint Petitioners) filed with the New Hampshire Public Utilities Commission (Commission) a petition seeking the Commission's approval of the proposed acquisition of NU by CEI, based in New York. Northeast Utilities, with headquarters in Berlin, Connecticut, is the parent company of

PSNH, NAEC and NAESCO, all New Hampshire utilities.

Pursuant to RSA 369:8, II, the Commission must determine whether the proposed merger will have an adverse impact on the rates, terms, service or operation of NU or its subsidiaries within New Hampshire. Other statutes may also apply. On February 16, 2000, the Commission invoked its authority under RSA 369:8, II(b)(4) to extend the time for its initial consideration of the petition.

The Commission issued an Order of Notice on March 7, 2000, scheduling a pre-hearing conference for March 16, 2000 and directing that any petitions to intervene be filed by March 13, 2000. The Commission received three such petitions: from the Save Our Homes Organization (SOHO), the Seacoast Anti-Pollution League (SAPL) and the Governor's Office of Energy and Community Services (GOECS).

The Commission conducted the pre-hearing conference as scheduled. The Office of Consumer Advocate (OCA) entered an appearance on behalf of residential ratepayers. There were no objections to any of the intervention petitions and, accordingly, they were granted.

At the pre-hearing conference, the parties were given an opportunity to state preliminary positions with respect to the issues in the proceeding. On behalf of SOHO,

Mr. Linder indicated that his "very preliminary" position is that the Commission should not approve the merger unless low-income customers of PSNH share in any merger-related gains. Mr. Haberman stated on behalf of SAPL that his organization's concerns are similar to those it stated in the PSNH Restructuring Settlement Docket, No. DR 99-099: the need to impose greater emission controls on PSNH's fossil-fuel generation plants and the fate of the Seabrook nuclear power plant.

Mr. Judge indicated that GOECS was reserving judgment on the merits of the petition, but noted with approval the Joint Petitioners' commitment that they will not be seeking recovery from New Hampshire ratepayers of any portion of the acquisition premium associated with the proposed transaction. However, Mr. Judge expressed concerns about the lack of any reference in the petition and supporting exhibits to the conditions the Commission attached to its approval last year of the merger of New England Electric Systems (parent of Granite State Electric Company) and National Grid Group. According to Mr. Judge, such conditions would also be appropriate here. Mr. Judge also indicated that among the issues in this docket are (1) whether it is appropriate for the Commission to order any "recapture" of the

acquisition premium CEI proposes to pay NU shareholders, (2) what legal standard the Commission should use in considering the merger, and (3) whether the merged entity should be allowed to retain any merger-related "synergy" savings during the initial 30-month period during which PSNH delivery rates would be fixed under the Settlement Agreement under consideration in Docket No. DR 99-099.

The OCA did not take a position at this time.

On behalf of Staff, Mr. Kreis indicated that his initial concerns were similar to those articulated by Mr. Judge. Mr. Kreis stated that Staff had not fully developed its positions on the issues in the docket but believed, as a preliminary matter, that the petition itself fails to demonstrate that the proposed merger will not have an adverse impact on rates, terms, service, or operation of the New Hampshire utilities involved in the transaction and that, accordingly, further proceedings are appropriate pursuant to RSA 369:8, II(b).

Mr. Kreis further indicated that Staff had reached an agreement with the Joint Petitioners relating to further proceedings in this docket. Mr. Kreis explained that, under this agreement, the issue of "adverse impact" within the meaning of RSA 369:8, II(b) would be deferred pending the

Commission's ultimate resolution of all issues in the docket, notwithstanding any provisions entitling the Joint Petitions to preliminary determinations under RSA 369:8,II(b). Further, notwithstanding any deadlines established by RSA 369:8,II(b), Staff and the Joint Petitioners agreed upon the following procedural schedule:

Technical Session	April 7, 2000
Rolling Data Requests to All Parties	through May 8, 2000
Responses to Data Requests	two weeks after receipt or May 19, 2000, whichever is first
Staff/Intervenor Testimony	May 26, 2000
Joint Petitioners' Rebuttal Testimony	June 5, 2000
Hearing on Merits	week of June 12-16, 2000
Order on Merits	July 31, 2000

Mr. Kreis indicated that he had discussed the proposed schedule with OCA and GOECS and those parties had assented to it. There were no objections to the proposed schedule at the pre-hearing conference.

We find the proposed schedule, and the proposed waiver of certain provisions of RSA 369:8, II(b) to be reasonable and in the public interest and, therefore, we approve the agreement on procedural matters reached by Staff

and the Joint Petitioners. Accordingly, the proposed schedule will apply for the duration of the proceeding.

Based upon the foregoing, it is hereby

ORDERED, that the procedural schedule delineated above is APPROVED; and it is

FURTHER ORDERED, that, to the extent the procedural schedule is inconsistent with RSA 369:8, II(b), the Joint Petitioners' waiver of their procedural rights under the statute is also APPROVED; and it is

FURTHER ORDERED, that the Save Our Homes Organization, the Governor's Office of Energy and Community Service and the Seacoast Anti-Pollution League be granted intervenor status in this docket.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of March, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary