

Forward Thinking Energy



September 23, 2013

Jay L. Kooper
Director of Regulatory Affairs
Energy Marketing

VIA OVERNIGHT MAIL

The Honorable Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

NHPUC 25SEP'13PM12:19

RE: Hess Corporation – Sale of Energy Marketing Business To
Direct Energy – Request For Waiver From Certain Provisions of
Rule PUC 2004.05(l) Pursuant To Rule PUC 201.05

Dear Secretary Howland:

Hess Corporation ("Hess") is a licensed competitive supplier of electricity and natural gas in the State of New Hampshire. On July 30, 2013, Hess announced the sale of its energy marketing business to Direct Energy Business, LLC ("Direct Energy"). In correspondence to you dated August 22, 2013, we reported that the sale is expected to close on or after October 1, 2013, and by way of update we can now report to you that the expected close will now take place on or after November 1, 2013.

In correspondence dated September 20, 2013, Hess requested a waiver from a provision of Rule PUC 2004.05 regarding the transfer of service by Hess in relation to the above-referenced sale. Hess submits this letter to further clarify that the rule from which it seeks a waiver is Rule PUC 2004.05(l)'s provisions concerning notification of the customer's ability to select an alternate Competitive Electric Power Supplier or return to default service. These provisions specifically include Rule PUC 2004.05(l), subsections (2), (4), the second clause of subsection (6) and (7).

In an effort to create a vehicle for the sale of its energy marketing business, Hess created a wholly-owned subsidiary, Hess Energy Marketing, LLC ("HEM"). On May 30, 2013, the Commission approved HEM's application to serve as a licensed Competitive Natural Gas Supplier ("CNGS"). By correspondence dated September 18, 2013, HEM filed an application with the Commission to serve as a CEPS following completion of its EDI certification from New Hampshire's electric distribution companies. That CEPS license application is now pending before the Commission.

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As we reported in our August 22 correspondence to you, on or after closing of the sale all assignable Hess customers will be transferred to HEM in accordance with the terms of their contracts and applicable Commission regulations. The existing Hess licenses will remain in operation to serve customers whose supply contracts are not able to be transferred to HEM on the closing date, with Direct Energy serving as Hess' agent with respect to the existing Hess licenses. All current Hess customers will continue to be served in accordance with the same terms, conditions and prices as set forth in their existing contracts.

Pursuant to Rule PUC 201.05 of the New Hampshire Code of Administrative Rules, Hess requests a waiver from Rule PUC 2004.05(l)(2),(4),part of (6) and (7) in connection with the transfer of its eligible customers from Hess to HEM. Rule PUC 2004.05(l) contains provisions in subsections (2),(4),(6) and 7 that require notification to customers of their right to select and switch, without charge, to an alternative CEPS or default service in connection with the transfer of service by a CEPS.

Under Rule PUC 201.05, the Commission has authority to waive the provision of any of its rules upon request by an interested party if the waiver: (1) serves the public interest; and (2) will not disrupt the orderly and efficient resolution of matters. Hess believes both criteria exist here. Hess' current New Hampshire customers are large commercial and industrial ("C&I") customers who are highly sophisticated and have entered into contracts with Hess through a careful and thorough negotiation process between two business entities. Many of these carefully negotiated contracts contain assignment clauses that allow Hess to assign these contracts to a third party. Providing large C&I customers who have contracts with an assignment clause with a notice that they can now switch to another CEPS or to the utility will both create confusion and upend a contract provision that was carefully bargained for between two business entities.

Under these limited circumstances, a waiver from Rule 2004.05(l)(2),(4), part of (6) and (7) for the transfer of Hess customers who are able to be transferred to HEM in accordance with all applicable Commission regulations serves the public interest and will not disrupt the efficient resolution of these customers continuing to be served under the same prices, terms and conditions of their current contracts. Accordingly, Hess respectfully requests a waiver from the requirements set forth in the above-referenced subsections of Rule PUC 2004.05(l) in accordance with Rule PUC 201.05.

Should you have any questions regarding this matter, please contact me at (732) 750-7048 or jkooper@hess.com.

Sincerely,



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