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March 19, 2016

Debra A. Howland

Executive Director

New Hampshire Public Utilities Commission

21 S. Fruit Street, Suite 10

Concord, NH 03301

Dear Ms. Howland,

I'm writing with regard to DE 16-241 and to challenge the assumption that more pipeline capacity will lead to lower wholesale rates, and in turn, reduce retail rates. I also wish to object to the redaction of so much of the financial information upon which Eversource hopes to make its case.

It's a long time since I had to use excel to create a graph, but David Solomon's article of March 9, 2016, inspired me to give it a shot so I could see exactly how low wholesale electric rates have reduced (or not!) our retail rates. Mr. Solomon's article here,

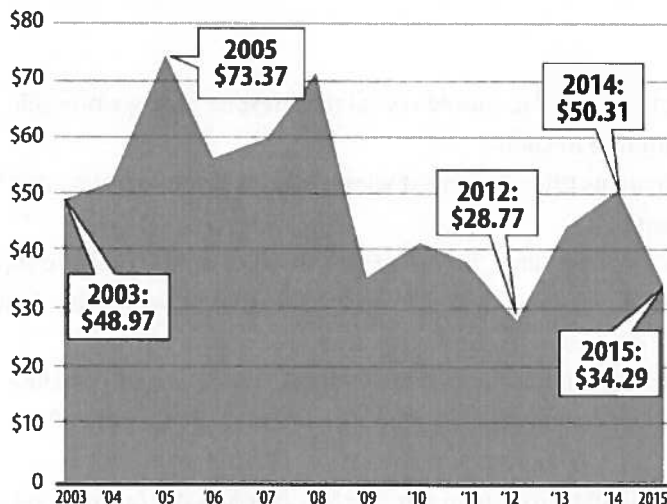
<http://www.unionleader.com/article/20160310/NEWS05/160319975/1028/news05>

This graphic appeared in the article and clearly shows a volatile, but downward trending wholesale rate.

Ratepayers ride the wholesale wave

Thanks to last year's low wholesale electricity prices, New Hampshire residents can expect the lowest spring and summer electricity prices since 2012 this year.

New England's average wholesale rates since 2003 (per megawatt hour) are shown here in inflation-adjusted dollars:

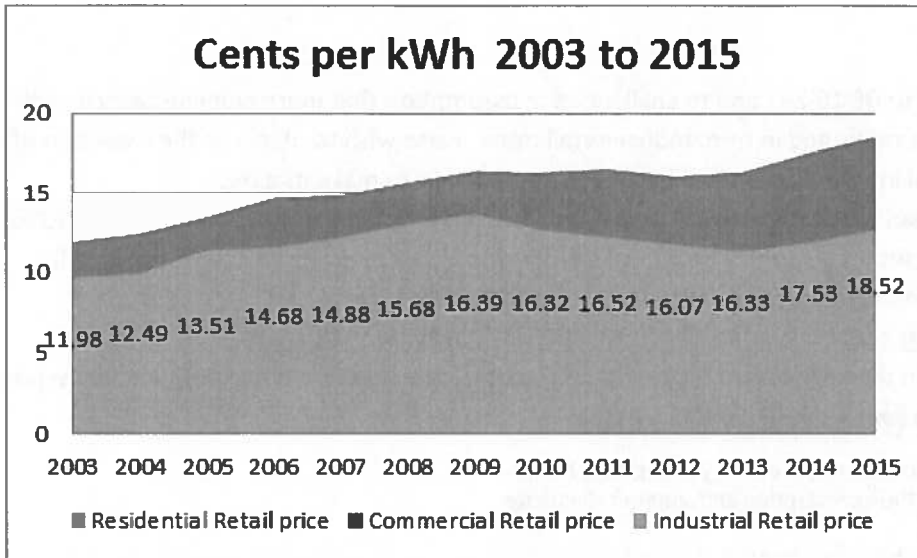


SOURCE: NEW ENGLAND POWER GENERATORS ASSOCIATION

UNION LEADER

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Now contrast the above graph with an area graph for retail rates over the same time period. The residential retail rate in 2003 was 11.98 cents/kWh with a wholesale rate of \$48.97/MWh. By 2015, wholesale rates dropped to \$34.29/MWh, but the residential retail rate reached 18.52 cents/kWh.



All data is from the eia.gov data browser for electricity in New Hampshire.

Even my primitive skills with converting data to a graphic should reveal that despite falling wholesale electricity prices, the retail rates we pay, continue to climb.

While I appreciate Dave Solomon's optimism in his title, "Warmest winter means lower electric rates for consumers," historical data indicates otherwise.

The whole argument for the massive overbuild of pipelines for New England relies on the promise that more availability of cheap natural gas will result in lower wholesale prices and, in turn, lower retail rates for consumers.

Clearly, retail electricity rates do not track/follow wholesale electricity rates! Moreover, the pipeline proposal from Eversource proposes to lower wholesale rates by only .8 to a little over 1 cent/kWh against the rates for 2013-2014.

The problem with our high electricity rates is actually rooted in our extraordinarily high transmission and distribution charges, forward capacity payments, and stranded costs from the scrubber on the Merrimack Coal plant.

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The image below shows "spot" pricing for natural gas from Henry Hub. Some of the filings in PUC Docket IR 15-124, suggest that the capacity or reservation charges would amount to approximately \$1.50/DTH. With spot prices so low, what would motivate power generators to buy "capacity" from the utilities; nearly doubling the spot market price? It is concerns such as this that make me very interested in seeing how the utilities hope to make these pipelines profitable for ratepayers.

Henry Hub Natural Gas Spot Price: 1.68 USD/MMBtu for Mar 14 2016 [Add to Watchlists](#) [Create an Alert](#)

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Henry Hub Natural Gas Spot Price is at a current level of 1.68, down from 1.74 the previous market day and down from 2.72 one year ago. This is a change of -3.45% from the previous market day and -38.24% from one year ago

Category: Energy

Report: Natural Gas Spot and Futures Prices

Region: United States

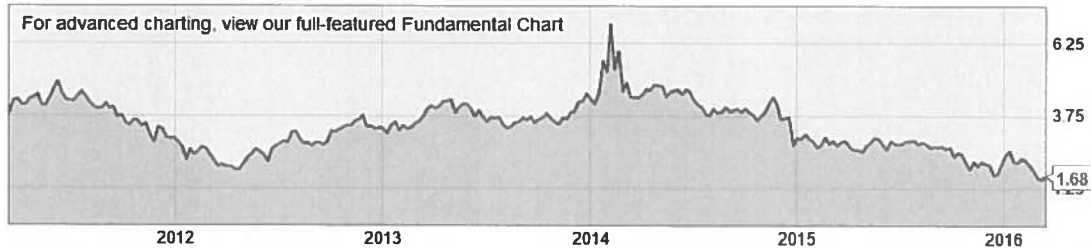
Source: Energy Information Administration

Henry Hub Natural Gas Spot Price Chart

[View Full Chart](#)

[5d](#) [1m](#) [3m](#) [6m](#) [YTD](#) [1y](#) [5y](#) [10y](#) [Max](#)

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Henry Hub Natural Gas Spot Price Historical Data

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Thank you for the opportunity to comment and ask questions on this important proceeding.

Sincerely,

Pat Martin