



**STATE OF NEW HAMPSHIRE  
Before the  
PUBLIC UTILITIES COMMISSION**

**Docket No. DE 17-124**

Public Service Company of New Hampshire d/b/a Eversource Energy

Sale of Generating Facilities

**STIPULATION AGREEMENT  
REGARDING SALE OF PSNH'S THERMAL GENERATING FACILITIES**

1. By Order of Notice dated August 3, 2017, the Commission opened this docket to review the results of the auction process for the sale of Eversource's generation facilities as provided by Order No. 25,920.
2. In the Order of Notice, the Commission noted that RSA Chapter 369-B and the Settlement Agreements, as well as the needs of the marketplace, require this to be an expedited proceeding.
3. On August 18, 2017, the Commission held a prehearing conference in this docket. At that time, it granted intervenor status to the Conservation Law Foundation, the Town of New Hampton, the Office of Strategic Initiatives, the City of Berlin, and the Town of Gorham. The Town of Gorham subsequently withdrew from this proceeding on August 25, 2017. In addition, the Town of Bristol subsequently sought intervenor status, with that request granted September 19, 2017, in Order No. 26,057. The Office of Consumer Advocate and Commission Staff are also parties to this proceeding.
4. The parties entering into this Stipulation include Commission Staff, the Office of Consumer Advocate, the Office of Special Initiatives, the Conservation Law

Foundation, and Public Service Company of New Hampshire ("PSNH"), collectively the "Stipulating Parties." The municipal intervenors have indicated that they do not object to this Stipulation and will so state in a separate document.

5. On October 12, 2017, PSNH filed an Application For Approval of the Sale of Its Generating Assets. Accompanying that Application were two Purchase and Sale Agreements ("PSA") for the divestiture of all of PSNH's generating assets.
6. One PSA was with HSE Hydro NH AC, LLC, an affiliate of Hull Street Energy and subsidiary of certain investment funds which it controls ("collectively, HSE") of Bethesda, Maryland for all nine of PSNH's hydroelectric generating station.
7. The second PSA was with Granite Shore Power LLC, a newly-formed joint venture between Atlas Holdings LLC ("Atlas") of Greenwich, Connecticut and Castleton Commodities International ("CCI") of Stamford, Connecticut for all of PSNH's thermal generating stations (the "GSP PSA").
8. In support of PSNH's Application, prefiled testimony was submitted by Neil Davids of J. P. Morgan Securities LLC (the Commission's auction advisor) and Eric H. Chung of Eversource Energy Service Company.
9. A Technical Session was held in this proceeding on October 23, 2017, and the formal discovery process began on October 24, 2017.
10. During the Technical Session, PSNH indicated that the nature, scope and costs of transition services described in Section 5.6 and Schedule 5.6(b) of the GSP PSA have not been finalized but will not result in costs for which

Eversource will seek recovery from ratepayers. However, PSNH stated that it would not provide to the Thermal buyer legal services related to post-closing engagement in any pending and future permit proceedings related to the thermal plants, and that PSNH will not engage in such proceedings after the sale of the plants, except as may be required to comply with applicable law or legal process. However, the restriction set forth in this paragraph shall not apply to the ongoing work at Schiller Station relating to the removal of the retired mercury boilers.

11. As a result of information discussed during the Technical Session, and the subsequent discovery process, it has become apparent that the parties have no issues or need for discovery or further hearings with respect to the GSP PSA between PSNH and Granite Shore Power LLC.
12. The Stipulating Parties recognize the statutory requirement for expediting this proceeding and the Legislature's determination that "time is of the essence," as well as the diminution in the purchase price for PSNH's thermal generating assets if closing on the contract occurs after January 1, 2018 as set forth in Section 2.6(a)(iv) and Schedule 2.6(a)(iv) of the thermal assets PSA.
13. In recognition of these facts, the Stipulating Parties stipulate that they do not require any further adjudicative hearings concerning the sale of PSNH's thermal assets, and that the Commission may immediately move forward to deliberations and issuance of an order.
14. The Stipulating Parties support PSNH's Application with respect to the requested approval of the thermal GSP PSA.
15. The Stipulating Parties also support PSNH's Application with respect to approval of the ancillary issues regarding the purchase of environmental

insurance relating to potential future liabilities which liabilities shall not include capital and/or operations costs necessary for thermal plants to comply with future permits, and the September 7, 2017, Memorandum of Agreement between PSNH and Local 1837 of the International Brotherhood of Electrical Workers.<sup>1</sup>

16. As set forth in Section VIII of the 2015 PSNH Restructuring and Rate Stabilization Agreement, approved by this Commission in Order No. 25,920, the Settling Parties to that Agreement agreed that they will support the efforts to obtain any necessary approvals and findings from the Commission and/or FERC, as applicable, for the grant of Exempt Wholesale Generator status for the assets.
17. Under Federal Energy Regulatory Commission ("FERC") regulation 18 CFR 366.7, which incorporates Section 32(c) of the Public Utility Holding Company Act of 1935 ("PUHCA"), three findings are required of this Commission for the assets to be eligible for Exempt Wholesale Generator status from FERC. This Commission must make specific determinations that the grant of Exempt Wholesale Generator status to the facilities: (1) will benefit consumers, (2) is in the public interest, and (3) does not violate State law.
18. The Stipulating Parties agree that both as matters of law and fact, these three requirements of Section 32(c) of PUHCA are satisfied.:
  - a. With respect to the first required PUHCA determination, the Legislature has found that ""Restructuring of electric utilities to

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<sup>1</sup> Conservation Law Foundation takes no position with respect to the September 7, 2017 Memorandum of Agreement.

provide greater competition and more efficient regulation is a nationwide phenomenon and New Hampshire must aggressively pursue restructuring and increased customer choice in order to provide electric service at lower and more competitive rates.” 1999 N.H. Laws, 229:1, III. Moreover, in the Litigation Settlement approved by this Commission in Order No. 25,920, there was agreement that “The Settling Parties and [NHPUC] Staff agree that in light of the economic benefits reasonably expected from divestiture, the prompt divestiture of PSNH’s generation assets is in the economic interest of retail customers of PSNH.”

- b. With respect to the second required PUHCA determination, in its enactment of 2015 N.H. Laws, Chapter 221, the Legislature expressly found, “that divestiture of PSNH’s generation plants and securitization of any resulting stranded costs pursuant to RSA 369-B:3, IV(c) is in the public interest” if the NHPUC were to approve the 2015 Settlement. As the NHPUC in fact approved that Settlement, as a matter of statute law in New Hampshire the divestiture of PSNH’s generating assets is in the public interest.
- c. There are no provisions of state law that would be violated by the finding that the assets should be granted Exempt Wholesale Generator status. Instead, as previously noted, the 2015 Settlement expressly recognized and supported any request for the grant of Exempt Wholesale Generator status.

19. Therefore, the Stipulating Parties agree that as part of any order issued regarding the thermal assets the Commission should make the findings required under 18 CFR 366.7 and Section 32(c) of PUHCA to enable the grant

of Exempt Wholesale Generator status for the thermal assets.

20. Nothing in this Stipulation is intended to foreclose any party from making any argument or taking any position before this Commission with respect to the sale of PSNH's hydroelectric assets, or in DE 17-096 or any other docket pertaining to Eversource's recovery from ratepayers of costs associated with the divestiture of its thermal and/or hydroelectric assets.

This Stipulation is entered and agreed to by the Stipulating Parties to Docket No. DE 17-124 this 8th day of November, 2017.

Christopher G. Aslin (by: RA Bersak)

The Office of Strategic Initiatives  
By and through its attorney  
Christopher G. Aslin, Esq.

[Signature]

The Office of Consumer Advocate  
By and through the Consumer  
Advocate, Donald Maurice Kries, Esq.

[Signature]

The Conservation Law Foundation, Inc.  
By and through its attorney  
Thomas F. Irwin, Esq.

[Signature]

Staff of the New Hampshire Public  
Utilities Commission, By and through  
its attorney, F. Anne Ross, Esq.

[Signature]

Public Service Company of New  
Hampshire, By and through its  
attorney, Robert A. Bersak, Esq.