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March 31, 2015

BY MESSENGER

Electric Utility Restructuring Legislative Oversight Committee
Room 304 Legislative Office Building
Concord, NH 03301

Re: Progress Report Pursuant to RSA 369-B:3-a, I

Dear Committee Members,

On August 1, 2014, the Governor signed HB 1602, effective September 30, 2014, which imposed the following requirements on the Commission:

Before January 1, 2015, the commission shall commence and expedite a proceeding to determine whether all or some of PSNH's generation assets should be divested. On or before March 31, 2015, the commission shall submit a progress report to the legislative oversight committee on electric utility restructuring established under RSA 374-F:5.

RSA 369-B:3-a, I (*see* L. 2014, ch. 310:2). I write to provide the progress report.

On September 16, 2014, the Commission opened Docket No. DE 14-238 to consider "whether all or some of PSNH's generation assets should be divested," and scheduled a prehearing conference for October 2, 2014.¹ The Office of Consumer Advocate notified the Commission that it would participate in the docket, and the Commission received petitions to intervene from 14 prospective parties. The October 2 prehearing conference addressed the petitions to intervene and the development of a procedural schedule that would accomplish the statutory directive to "expedite" the case and still provide for a fair and robust analysis of the complicated issues presented. The Commission established a procedural schedule in an October 30 secretarial letter. Commission Staff conducted a technical session in November 2014 to further discuss the scope of the proceeding. The Commission granted the petitions to intervene by Order No. 25,733 (Nov. 6, 2014) and, pursuant to the procedural schedule, the parties filed legal briefs related to the precise scope of this docket on December 5, 2014. The parties filed the required second round of briefs on January 5, 2015, responding to issues raised in the first round.

¹ All documents filed in Docket No. DE 14-238 that are referenced in this letter can be found at the Commission's website, at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-238.html>.

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On December 26, 2014, PSNH filed a motion to stay because some parties had begun negotiations that could resolve the issues pending in this docket. The Commission denied the motion to stay because of the statutory directive to “expedite” this docket. Order No. 25,756 at 5 (Jan. 15, 2015). The Commission acknowledged the value of the negotiations and noted that continuing with the beginning stages of this case would “not adversely affect any legislative or settlement process.” *Id.* The Commission also ordered the parties to “collaborate” and “develop a stipulation ... regarding the scoping matters discussed by the parties in their December and January briefs.” *Id.*

Staff scheduled a second technical session to discuss the Commission’s directive. Those discussions resulted in the parties filing a stipulation on many issues related to this docket on March 3, 2015.

On March 13, 2015, Eversource (the new name of PSNH) notified the Commission that “an agreement in principle in the form of an executed Term Sheet” had been reached between the company and “representatives of the state.” According to Eversource, the agreement would “resolve myriad issues pending before the Commission,” including issues central to this docket. The Term Sheet provided that Eversource “[s]hall expeditiously initiate and pursue divestiture of its owned generation fleet upon final PUC approval of the settlement agreement reflecting the provisions of this term sheet.” The Term Sheet called for legislation that would alter the Commission’s role in this docket, including the following proposed amendments to RSA 369-B:3-a:

I. The general court finds that divestiture of PSNH’s generation assets and securitization of any resulting stranded costs consistent with the terms of the 2015 settlement proposal is in the public interest.

II. Before January 1, 2015, As part of the pending expedited proceeding in Docket DE 14-238, Determination Regarding PSNH’s Generation Assets, the commission shall commence and expedite a proceeding to determine the manner in which whether all or some of PSNH’s generation assets should be divested. On or before March 31, 2015, the commission shall submit a progress report to the legislative oversight committee on electric utility restructuring established under RSA 374-F:5. Notwithstanding RSA 374:30, the commission may shall order PSNH to divest all or some of its generation assets in a manner that is if the commission finds that it is in the public economic interest of retail customers of PSNH to do so, and provides for the cost recovery of such divestiture.

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Eversource filed with the Commission copies of the Term Sheet and proposed amendments to SB 221.

If Eversource and the other parties did not reach their conditional agreement, the next steps in this docket would have included the commencement of discovery and likely hiring of expert witnesses to address the complex issues related to whether Eversource should divest. In deference to the agreement and to avoid the time and expense of discovery that may become unnecessary, the Commission intends to pause activity in this docket until the final status of the agreement before the Legislature and the Commission is known.

If you have any questions or require further information, please let me know.

Sincerely,



Martin P. Honigberg
Chairman

cc: Docket No. DE 14-238 Service list

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND
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- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.

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