

ATTACHMENT 1

**Affidavit of Mr. Eric H. Chung filed in
Connecticut Public Utilities Regulatory Authority
Docket 17-10-47**

PUBLIC UTILITIES REGULATORY AUTHORITY

Application of Public Service	:	DOCKET NO. 17-10-47
Company of New Hampshire for	:	
Findings Pursuant to 18 C.F.R. §	:	
366.7(a) and Section 32(c) of the Public	:	
Utility Holding Company Act of 1935	:	
Regarding Exempt Wholesale	:	
Generator Status	:	OCTOBER 30, 2017
	:	

AFFIDAVIT OF ERIC H. CHUNG

I, Eric H. Chung, being duly sworn, do hereby depose and state that:

1. My name is Eric H. Chung. I am employed by Eversource Energy Service Company as Director, Revenue Requirements (NH) and Regulatory Projects. My business address is 247 Station Drive, Westwood, Massachusetts 02090. I submit this Affidavit in support of the Application of Public Service Company of New Hampshire for Findings Under 18 C.F.R. § 366. 7(a) and Section 32(c) of the Public Utility Holding Company Act of 1935 Regarding Exempt Wholesale Generator Status. In that Application, the Department of Public Utilities is requested to make certain findings regarding the generation assets being sold by Public Service Company of New Hampshire.
2. I have a Bachelor of Arts in physics with honors from Harvard College, as well as a Master’s of Business Administration in finance and economics from the University of Chicago Booth School of Business. I was appointed to my current position at Eversource Energy in February 2015. From August 2013 to January 2015, I was Director of Revenue Requirements for Eversource’s operating companies in both Massachusetts and New Hampshire, including Public Service Company of New Hampshire (“PSNH” or the “Company”). From 2011 to 2013, I was a Senior Manager in the Power Utilities

Advisory practice at Ernst and Young LLP. From 2009 to 2011, I worked for PacifiCorp, a vertically-integrated electric utility serving approximately 1.7 million customers across six states in the Western United States, where my primary role was Director of Environmental Policy and Strategy. I have also served as an Associate Partner in the Utilities practice at Oliver Wyman, a Senior Engagement Manager in the Power practice at Strategic Decisions Group, and a Senior Programmer Analyst at Goldman Sachs. I have approximately twenty years of relevant management consulting and industry experience, with most of my career dedicated to the power and utilities sectors.

3. As part of my duties at Eversource, I frequently provide testimony on behalf of PSNH before the New Hampshire Public Utilities Commission (“NHPUC”). In addition, I am the overall Eversource lead for the divestiture of PSNH’s generation assets, for which I have served as the primary business principal representing the Company for all aspects of the transaction.
4. PSNH is a wholly-owned electric operating company subsidiary of Eversource Energy. Eversource Energy, a Massachusetts business trust headquartered at 300 Cadwell Drive, Springfield, Massachusetts, is a “holding company” as defined by the Federal Energy Regulatory Commission (“FERC”) in its regulations at 18 C.F.R. § 366.1 and 18 C.F.R. § 367.1(a)(21) .
5. In 1996, the New Hampshire Legislature (the “Legislature”) enacted House Bill 1392, “AN ACT restructuring the electric utility industry in New Hampshire,” 1996 N.H. Laws, Chapter 129. As part of that enactment, the Legislature found that, “Restructuring of electric utilities to 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, 129:1, III. The Legislature also found that, “It is in the best interests of all the citizens of New Hampshire that the general court, the executive branch, and the public utilities commission work together to establish a competitive market for retail access to electric power as soon as is practicable... .” 1999, 129:1, V. The substantive provisions of House Bill 1392 were codified in New Hampshire statutes as N.H. RSA Chapter 374-F.

6. In N.H. RSA 374-F:1, I, the Legislature expressed the purpose of electric industry restructuring as follows: “The most compelling reason to restructure the New Hampshire electric utility industry is to reduce costs for all consumers of electricity by harnessing the power of competitive markets. ... Increased customer choice and the development of competitive markets for wholesale and retail electricity services are key elements in a restructured industry that will require unbundling of prices and services and at least functional separation of centralized generation services from transmission and distribution services.”
7. For a variety of reasons, restructuring of the electric industry in New Hampshire has been a lengthy process, with several detours and delays. In 2000 and 2001, the Legislature passed laws delaying the divestiture of PSNH’s generating assets. In 2014, the Legislature directed the NHPUC to “commence and expedite a proceeding to determine whether all or some of PSNH’s generation assets should be divested.” RSA 369-B:3-a (2014).
8. As a result of the 2014 legislation, the time was right to develop a plan for PSNH to divest its fleet of generating assets. A number of interested parties met for many months

to discuss this issue and to agree upon the proper course of action. The Eversource team was led by James Judge, then CFO and now CEO of Eversource Energy. I was also a member of that team. Those discussions led to a settlement agreement called the “2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement” (the “2015 Settlement”). A copy of the 2015 Settlement is as available in Exhibit EHC-1. The parties to the 2015 Settlement are Staff of the NHPUC, the N.H. Office of Consumer Advocate, the N.H. Office of Energy and Planning (now called the N.H. Office of Strategic Initiatives), Senator Jeb Bradley, Senator Dan Feltes, the City of Berlin, Local No. 1837 of the International Brotherhood of Electrical Workers, the Conservation Law Foundation, TransCanada, the New Hampshire Sustainable Energy Association d/b/a NH CleanTech Council, and PSNH together with its corporate parent, Eversource Energy. Significantly, in the 2015 Settlement, the signatories agreed that, “When implemented, this Agreement will lead to initiation in the near-term of a process for the divestiture of PSNH’s fossil and hydro generating assets.”

9. The NHPUC reviewed and approved the 2015 Settlement by Order No. 25,920 dated July 1, 2016 in its Docket No. DE 14-238. (Exhibit EHC-2). In that Order, the NHPUC held that the 2015 Settlement met “the public interest standard expressed by the Legislature and [was] just and reasonable.” *Slip op.* at 90. Notably, in the Order, the NHPUC stated, “By approving the divestiture of Eversource’s remaining generation assets, we implement the Legislature’s long standing policy goal of restructuring the State’s electric industry to one of full and fair competition.” *Id.* at 91. The NHPUC also approved a companion “Litigation Settlement,” which included the stipulation 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." (Exhibit EHC-3).

10. The Legislature was aware and supportive of PSNH's efforts to reach the 2015 Settlement. During its 2015 session, the Legislature enacted Senate Bill 221, "AN ACT relative to electric rate reduction financing." 2015 N.H. Laws, Chapter 221. In this legislation, 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.
11. The Legislature also recognized the time sensitivity of any divestiture effort. In 1999, 221 the Legislature directed the NHPUC to expedite its proceedings related thereto. RSA 369-B:3-a, II. New Hampshire law also goes one step farther; in RSA 369-B:1, XIV, the Legislature declared, "The general court requests that the supreme court and any other courts asked to rule on any matters pertaining to the subject matter of this chapter act as expeditiously as possible. *Time is of the essence.*" (Emphasis added).
12. Subsequent to its review and approval of the 2015 Settlement, the NHPUC established an auction process. See NHPUC Order No. 25,967, as available in Exhibit EHC-4. Pursuant to the 2015 Settlement, the NHPUC retained "administrative oversight of the auction process and bid selection, including such direction and control as it deems necessary." 2015 Settlement at 17. The 2015 Settlement also called for the NHPUC to "select and supervise an auction advisor to conduct the auction process." *Id.* The NHPUC engaged J. P. Morgan Securities LLC for that auction advisor role.

13. In February 2017, the NHPUC directed its Staff to proceed with the divestiture auction process. *See* Secretarial Letter, Docket No. DE 17-029, February 17, 2017, Exhibit EHC-5. The start of the PSNH generation asset auction process began in early 2017. The auction process concluded successfully on October 11, 2017, with the execution of two Purchase and Sale Agreements covering all of PSNH's generating assets.
14. All of PSNH's hydroelectric generating assets are under contract to be sold to HSE Hydro NH AC, LLC, an affiliate of Hull Street Energy and subsidiary of certain investment funds which it controls (collectively, "HSE"). (Exhibit EHC-6)
15. All of PSNH's thermal generating assets are under contract to be sold to Granite Shore Power LLC ("GSP"), a newly-formed joint venture between Atlas Holdings LLC ("Atlas") of Greenwich, Connecticut and Castleton Commodities International LLC ("CCI") of Stamford, Connecticut. (Exhibit EHC-7)
16. On October 12, 2017, PSNH submitted the two Purchase and Sale Agreements to the NHPUC for review and approval in its Docket No. DE 17-124, "Sale of Generating Assets." *See* Exhibit EHC-8, PSNH's "Application for Sale of its Generation Assets."
17. Closing on these two PSAs is desired by the end of 2017 to effectuate New Hampshire law and to maximize the savings to PSNH's retail customers. The contract for sale of the thermal assets has price reductions should closing occur after January 1, 2018. *See* Schedule 2.6(a)(iv) of the contract, available in Exhibit EHC-7. In recognition of the Legislature's directive to expedite its proceedings, the NHPUC has issued a procedural schedule in Docket No. DE 17-124 that is expected to lead to issuance of an order in mid-December. *See* Exhibit EHC-9.

18. Both buyers have expressed the need to obtain Exempt Wholesale Generator (“EWG”) status from FERC to enable them to efficiently participate in the wholesale marketplace as merchant generators. The process for requesting EWG status is set forth in FERC’s regulations at 18 C.F.R. § 366.7. As a prerequisite for receipt of EWG status involving generating assets that were part of a utility’s retail rate base, the FERC regulation requires “in order for the facility to be considered an eligible facility, every State commission having jurisdiction over any such rate or charge must make a specific determination that allowing such facility to be an eligible facility (1) will benefit consumers, (2) is in the public interest, and (3) does not violate State law.” 18 C.F.R. § 366.7(a), referencing section 32(c) of the Public Utility Holding Company Act of 1935 (“PUHCA”) (15 U.S.C. § 79z-5a (c)). The required findings from the NHPUC will be sought as part of its ongoing review of the two contracts in its Docket No. DE 17-124. Because the Legislature has made statutory determinations that divestiture of PSNH’s generating facilities will benefit consumers and that such divestiture is in the public interest, it is clear that the sale of PSNH’s generation assets complies with New Hampshire state law.

19. However, under section 32(c) of PUHCA, incorporated into the FERC regulation:

in the case of such a rate or charge which is a rate or charge of an affiliate of a registered holding company:

(A) such determination with respect to the facility in question shall be required from every State commission having jurisdiction over the retail rates and charges of the affiliates of such registered holding company

20. As I noted earlier, PSNH is an affiliate of Eversource Energy, a registered holding company. As Eversource has affiliated electric operating companies in both Connecticut (The Connecticut Light and Power Company) and Massachusetts (NSTAR Electric

Company and Western Massachusetts Electric Company), PUHCA's section 32(c) findings must also be obtained from the Connecticut Public Utilities Regulatory Authority and the Massachusetts Department of Public Utilities.

[signature page follows]

EXHIBIT EHC-1

2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement

This document is publicly available at NHPUC docket book at:

https://www.puc.nh.gov/Regulatory/Docketbk/2014/14-238/TRANSCRIPTS-OFFICIAL%20EXHIBITS-CLERKS%20REPORT/14-238_2016-02-04_EXH_A.PDF

EXHIBIT EHC-2

NHPUC Order No. 25,920

This document is publicly available at NHPUC docket book at:

https://www.puc.nh.gov/Regulatory/Docketbk/2014/14-238/ORDERS/14-238_2016-07-01_ORDER_25920.PDF.

EXHIBIT EHC-3

Litigation Settlement

This document is publicly available at NHPUC docket book at:

https://www.puc.nh.gov/Regulatory/Docketbk/2014/14-238/TRANSCRIPTS-OFFICIAL%20EXHIBITS-CLERKS%20REPORT/14-238_2016-02-04_EXH_C.PDF

EXHIBIT EHC-4

NHPUC Order No. 25,967

This document is publicly available at NHPUC docket book at:

https://www.puc.nh.gov/Regulatory/Docketbk/2016/16-817/ORDERS/16-817_2016-11-10_ORDER_25967.PDF.

EXHIBIT EHC-5

Secretarial Letter, Docket No. DE 17-029, February 17, 2017

This document is publicly available at NHPUC docket book at:

https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-029/INITIAL%20FILING%20-%20PETITION/17-029_2017_02-17_SEC_LTR_COMMENCEMENT_AUCTION_PROCESS.PDF

EXHIBIT EHC-6

Purchase and Sale Agreement with HSE for Sale of PSNH's Hydroelectric Generating Assets

This document is publicly available at NHPUC docket book at:

https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-124/LETTERS-MEMOS-TARIFFS/17-124_2017-10-12_EVERSOURCE_HYDRO_PSA.PDF

EXHIBIT EHC-7

Purchase and Sale Agreement with GSP for Sale of PSNH's Thermal Generating Assets

This document is publicly available at NHPUC docket book at:

https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-124/LETTERS-MEMOS-TARIFFS/17-124_2017-10-12_EVERSOURCE_THERMAL_PSA.PDF

EXHIBIT EHC-8

PSNH's Application for Approval of the Sale of its Generation Assets

This document is publicly available at NHPUC docket book at:

https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-124/LETTERS-MEMOS-TARIFFS/17-124_2017-10-12_EVERSOURCE_APPLICATION.PDF

EXHIBIT EHC-9

NHPUC Procedural Order, Docket No. DE 17-124

This document is publicly available at NHPUC docket book at:

https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-124/LETTERS-MEMOS-TARIFFS/17-124_2017-10-13_SEC_LTR_GRANTING_WAIVER_APP_PROC_SCH.PDF

ATTACHMENT 2

**Schedule 1 to the PSA between
PSNH and Granite Shore Power LLC**

SCHEDULE 1

Facilities

<i>Station Name</i>	<i>Description</i> ¹
1. Newington Station	400 MW fuel oil- and natural gas-fired electric generation facility located in Newington, New Hampshire
2. Merrimack Station	481 MW coal- and kerosene-fired electric generation facility located in Bow, New Hampshire
3. Schiller Station	155 MW coal-, fuel oil-, kerosene-, natural gas- and biomass-fired electric generation facility located in Portsmouth, New Hampshire
4. Lost Nation Facility	19 MW fuel oil-fired electric generation facility located in Northumberland, New Hampshire
5. White Lake Facility	23 MW kerosene-fired electric generation facility located in Tamworth, New Hampshire

¹ All megawatt (MW) references in this Schedule 1 refer to the applicable Facility's nominal or nameplate capacity.

ATTACHMENT 3

**Schedule 1 to the PSA between
PSNH and HSE Hydro NH AC, LLC**

SCHEDULE 1

Facilities¹

<i>Station Name</i>	<i>Description</i>
1. Amoskeag Station	18 MW hydroelectric generation facility located in Manchester, New Hampshire
2. Ayers Island Station	9 MW hydroelectric generation facility located in New Hampton, New Hampshire
3. Canaan Station	1 MW hydroelectric generation facility located in Canaan, Vermont
4. Eastman Falls Station	7 MW hydroelectric generation facility located in Franklin, New Hampshire
5. Garvins Falls Station	12 MW hydroelectric generation facility located in Bow, New Hampshire
6. Gorham Station	2 MW hydroelectric generation facility located in Gorham, New Hampshire
7. Hooksett Station	2 MW hydroelectric generation facility located in Hooksett, New Hampshire
8. Jackman Station	4 MW hydroelectric generation facility located in Hillsborough, New Hampshire
9. Smith Station	18 MW hydroelectric generation facility located in Berlin, New Hampshire

¹ All megawatt (MW) references in this Schedule 1 refer to the applicable Facility's nominal or nameplate capacity.