

DE 02-075

**NORTH ATLANTIC ENERGY CORPORATION,
THE UNITED ILLUMINATING COMPANY,
NEW ENGLAND POWER COMPANY,
NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.
AND
CANAL ELECTRIC COMPANY**

Proceeding Regarding the Sale of Seabrook Station Interests

Final Order

O R D E R N O . 24,050

September 12, 2002

APPEARANCES: Robert A. Bersak, Esq., Northeast Utilities System representing North Atlantic Energy Corp., Connecticut Light & Power Co., and Public Service Co. of New Hampshire; Devine, Millimet & Branch, Mark W. Dean, Esq., on behalf of the New Hampshire Electric Cooperative; Timothy N. Cronin, Esq., for Canal Electric Company; Laura S. Olton, Esq., for New England Power Company; Devine, Millimet & Branch, Frederick J. Coolbroth, Esq. and Wiggin & Dana, Cynthia Brodhead, Esq., on behalf of United Illuminating Company; McLane, Graf, Raulerson & Middleton, Robert Samuels, Esq., representing Great Bay Power Corp. and Little Bay Power Corp.; Mary Metcalf for Seacoast Anti-Pollution League; Robert Backus, Esq., on behalf of the Campaign for Ratepayers Rights; Donald Green and Norman Johnson for the Lake Preservation Committee of Aziscoos Lake Campers Association; Pierce Atwood, Raymond Hepper, Esq., Chris Roach, Esq., and Mitchell Ross, Esq., for FPL Energy Seabrook; Brown, Rudnick, Berlack, Isreals, Howard Siegel, Esq. and Paul Corey, Esq. on behalf of JP Morgan Securities; the Office of Consumer Advocate, Michael W. Holmes, Esq., representing Residential Ratepayers; Gary Epler, Esq., as Staff Advocate and Marcia A.B. Thunberg, Esq., on behalf of the Staff of the New Hampshire Public Utilities Commission.

I. BACKGROUND AND PROCEDURAL HISTORY

This proceeding requires the New Hampshire Public Utilities Commission (Commission) to consider the proposed sale of a controlling interest in the Seabrook Nuclear Station to FPL Energy Seabrook, LLC (FPLE), a subsidiary of the Florida-based FPL Group, Inc., a public utility holding company. At issue is an 88.2 percent share of the generation facility, which, at 1,161 megawatts, is New Hampshire's largest power plant. The proposed sale price is \$836.6 million. The sale price and winning bidder was determined in a public auction overseen by the Commission in coordination with the Connecticut Department of Public Utility Control (DPUC). For the reasons set forth in this Order, we have concluded that the proposed sale is in the public interest and, accordingly, we approve it.

The lead owner of Seabrook Station is North Atlantic Energy Corporation (NAEC), an affiliate of New Hampshire's largest electric utility, Public Service Company of New Hampshire (PSNH). Both NAEC and PSNH are subsidiaries of Northeast Utilities (NU); PSNH is contractually obligated to purchase the power output associated with NAEC's Seabrook interest.

In Order No. 23,443 (April 19, 2000), the Commission conditionally approved the Agreement to Settle PSNH Restructuring (Restructuring Agreement). Consistent with the Electric Utility Restructuring Act, RSA 374-F, and other applicable statutes, the Restructuring Agreement provided for the opening of PSNH's service territory to competition for retail energy customers and the transformation of PSNH from a traditional, vertically integrated electric utility into a company that would provide its retail customers solely with energy distribution services. Thus, *inter alia*, both the Restructuring Agreement and Order No. 23,443 provide for PSNH's divestiture of its power generation assets and purchase power obligations. See Order No. 23,443, 85 NH PUC 154, 255-259, slip op. at 218-27; Restructuring Agreement (revised and conformed edition of September 22, 1990) at 39-51. The Commission determined that the Restructuring Agreement's proposal for divesting the assets - including the NAEC interest in Seabrook - through auction in order to maximize the net proceeds was consistent with the mandates of RSA 374-F and the public interest.

Thereafter, the Commission entered Order No. 23,549, 85 NH PUC 536 (September 8, 2000) (rehearing and clarifying the approvals granted in Order No. 23,443) and Order No. 23,550, 85

NH PUC 567 (September 8, 2000) (resolving financing issues related to PSNH restructuring). Consistent with these determinations, and as required by RSA 369-B:3, IV (b) (13)¹, an auction of Seabrook was initiated. Since the date of the Commission's order[s] approving the proposal for PSNH to divest its (indirect) Seabrook interest, the legislature provided that the Commission may not authorize the sale of PSNH's fossil and hydro generation plants before February 1, 2004. The legislature specifically exempted the PSNH Seabrook interest from this reconsideration of generation divestiture.

In order to facilitate a timely asset sale process, the Commission issued a notice on December 1, 2000 in Docket No. DE 00-272. To assure broad participation in the sale process, the Commission directed that the notice, entitled "Notice of Opportunity to Comment on the Divestiture of PSNH Electric Generation Facilities" be published in a newspaper of statewide circulation, and, accordingly, the notice was published in *The*

¹ RSA 369-B:3, IV (b) (13), enacted as part of the Legislature's consideration of certain aspects of the Restructuring Agreement that required statutory approval, mandates that the Commission "administer the liquidation of any electricity generation asset required to be sold by the [Public Service Company of New Hampshire (PSNH) restructuring] settlement [agreement]" and to "select the independent, qualified asset sale specialist who will conduct the asset sale process."

Union Leader. The notice required interested parties to file with the Commission comments regarding the efficient administration of the asset liquidation and the selection of an asset sale specialist.

On June 5, 2001, the Commission issued a request for proposals, seeking an independent sale manager to assist the Commission in the conduct of the Seabrook auction. Upon review of the proposals submitted, the Commission selected J.P. Morgan Securities, Inc. (JPMorgan) as the asset sale specialist to conduct the sale of Seabrook under the administration of the Commission.²

The sale process commenced on December 3, 2001, with the issuance of a joint press release by the Commission and the DPUC. In the release, the Commission and the DPUC stated that the appointment of JPMorgan was the result of a careful selection process whereby candidates were reviewed for their expertise and experience in conducting complex financial transactions involving sale of assets similar to Seabrook. The Commission and the DPUC noted that JPMorgan had previously

² Commission Staff worked in conjunction with the Utility Operations and Management Analysis (UOMA) unit of the DPUC to administer the sale. The Commission and the DPUC entered into a Memorandum of Understanding dated July 10, 2001 (MOU), calling for the two state commissions to coordinate their official duties with respect to the sale.

managed the successful sales of the Vermont Yankee and Millstone nuclear power plants, thus demonstrating experience required for the management of the sale of Seabrook. The Commission and the DPUC also stated their belief that JPMorgan's management of the sale process would well serve the public interest.

The Legislature directed the Commission to "expeditiously initiate and complete . . . the sale of nuclear generation assets located in New Hampshire required by the settlement in a manner that benefits all New Hampshire customers with stranded cost recovery obligations associated with such assets." 2001 N.H. Laws 29:15,II. Consequently, immediately upon its selection as asset sale manager, JPMorgan distributed a confidential "Offering Memorandum" describing the nuclear generation assets and the associated property to be sold to potential bidders based upon their previous public statements, their position in the industry, or their participation in recent sales of nuclear assets. JPMorgan also required potential bidders to sign a confidentiality agreement prepared by JPMorgan and to submit technical and financial qualifications that demonstrated their ability to purchase and operate the Seabrook Station.

Under the supervision of Staff and with the input and cooperation of UOMA, JPMorgan entered the next phase of the auction, which involved due diligence activities on the part of prospective bidders. This phase included supervised site visits, individual pre-bid meetings, and submission of prototype transaction documents to the bidders for review and comment.

Following the due diligence phase, qualified bidders submitted binding bids. JPMorgan required bids to include specific information, including:

- A detailed description of the bidder's financial and operational qualifications to purchase and operate Seabrook Station;
- Separate purchase prices for (a) nuclear fuel, (b) the never-completed Seabrook Unit 2, adjacent to the operating nuclear plant (c) the North Atlantic Energy Company (NAEC) real property, and (d) the Sellers' ownership share in all other assets;
- Details and evidence of the availability of funds with which to pay the aggregate purchase price together with evidence and the form of a guaranty or letter of credit from an acceptable party to make payment of such purchase price;
- Evidence that the bidder had all necessary internal corporate approvals to enter into the transaction;

- A detailed proposal of how the bidder intended to provide the required funding assurance to the New Hampshire Nuclear Decommissioning Financing Committee in connection with the decommissioning of Seabrook together with a demonstration of the financial capability to provide and perform such financial assurance;
- If desired by the bidder, a description of the specific terms to be included in the Purchased Power Agreement (PPA) for the output associated with Sellers' ownership interest in Seabrook;
- A financing and operating plan for Seabrook Station;
- A statement of acceptance with regard to the employee protection obligations specified in the draft Purchase and Sale Agreement (PSA); and
- A full mark-up showing any proposed changes to the prototype transaction documents.

JPMorgan received the binding bids on March 22, 2002.

It then reviewed and evaluated the bids according to sale criteria and the requirements of New Hampshire law. These requirements included (a) that the Commission administer a public auction maximizing the net proceeds realized from the sale to mitigate stranded costs and benefit all New Hampshire customers with stranded cost recovery obligations associated with Seabrook, see 2001 N.H. Laws 29:15, II; (b) that the sale price for Seabrook equal or exceed the minimum bid established by the Commission, see Restructuring Agreement at 50; and (c)

that the sale be conducted in a manner consistent with the public good, see RSA 269-B;1,I. After evaluating the bids, JPMorgan met first with Staff and UOMA to make its recommendation and then met with the Selling Owners,³ Staff and UOMA.

As a result of this process, on April 13, 2002, the Selling Owners executed a purchase and sale agreement with FPL Energy Seabrook, LLC (FPLE or Buyer) to sell 88.2 percent of the station for an aggregate price of \$836.6 million.

Under the Purchase and Sale Agreement (PSA), the aggregate sale price is payable in cash at closing. The PSA allocates \$746,710,000 to assets other than fuel, Seabrook Unit 2 and the NAEC real property. The sum of \$61,900,000 is allocated to nuclear fuel, \$25,600,000 is allocated to Seabrook Unit 2, and \$2,400,000 to NAEC property. Except for the price for NAEC real property, the separate purchase price for each of the sale components is allocated among the Sellers in accordance with their respective ownership interests in the different

³ The Selling Owners consist of North Atlantic Energy Corporation (NAEC), the United Illuminating Company (UI), Great Bay Power Corp., New England Power Company (NEP), Connecticut Light and Power Co. (CL&P), Canal Electric Company (Canal), Little Bay Power Corp., and the NH Electric Cooperative (NHEC). We note that Great Bay and Little Bay Power are Selling Owners, but are not Applicants in this proceeding.

components.

The PSA provides that FPLE, as purchaser, must assume certain liabilities relating to the ownership and/or operation of Seabrook including environmental liabilities and nuclear decommissioning liabilities. The PSA also contains a specific listing of liabilities that are retained by the Selling Owners. These retained liabilities include off-site environmental liabilities, liabilities of the Sellers under contracts, licenses and/or permits accrued or relating to the period prior to closing, and claims by third parties for damages arising from the pre-closing use or ownership of the acquired assets.

In addition to certain Sellers' representations and warranties, the PSA contains covenants and undertakings of the parties to the PSA. First, the PSA defines an interim period between signing and closing, during which the parties will proceed in a diligent and cooperative manner to obtain all regulatory approvals necessary for the transaction. The Sellers agreed to operate Seabrook during the interim period using good utility practices, and to provide reasonable access to Buyer during the interim period to assure an orderly transition of ownership and operating responsibilities. Further, the PSA contains a series of binding obligations to be performed by the parties upon, or subsequent to, the time of closing.

Significantly, the PSA requires the Buyer to offer employment to current employees of Seabrook in accordance with the required employee protection provisions of New Hampshire law and the Restructuring Agreement. The PSA requires that the Sellers pay their respective top-off amounts to their decommissioning trust funds no later than the time of closing and then transfer their entire decommissioning trust funds to the Buyer at the closing. Finally, FPLE agreed to provide appropriate future funding assurances to the Nuclear Decommissioning Finance Committee no later than the time of closing.

FPLE also entered into a separate agreement, the Interconnection and Operating Agreement (IA), with PSNH whereby PSNH would provide FPLE with the transmission service necessary to enable FPLE to sell the output of the Seabrook Station into the New England power market as well as the means to receive station service during plant outages. The IA also provides PSNH with delivery service revenue, which would decrease PSNH's delivery service revenue requirements in its next retail rate case. It also provides for continued recovery of stranded costs, thus reducing the amount of stranded costs to be recovered from other customers.

As a result of reaching an agreement on the purchase and sale of Seabrook Station with FPLE, the Applicants jointly applied to the Commission for approval of the sale.⁴ The Commission received a motion filed by the Selling Owners on April 22, 2002, requesting the current docket be initiated so that the sale transaction could be closed by the end of calendar year 2002. The Commission then issued an Order of Notice on April 24, 2002, scheduling a prehearing conference for May 7, 2002. The Order of Notice was distributed to a service list which assured broad distribution to a number of parties, including parties which had previously intervened in proceedings relating to Seabrook, including electric utilities, the Seacoast Anti-Pollution League (SAPL) and the Campaign for Ratepayers Rights (CRR). In addition, the Commission ordered that the Notice be published in a newspaper of statewide circulation. Applicants published the notice in *The Union Leader*.

⁴ Although they are among the Seabrook owners, Great Bay Power Corporation and Little Bay Power Corp. are not signatories to the approval application. Accordingly, they are considered Non-Applicant sellers.

At the prehearing conference, the Commission asked parties to provide comments no later than May 10, 2002, on the procedural matters of intervention, bifurcation, scope and recusal. The only comments received were those of the Joint Applicants. A procedural order, No. 23,981, was entered on May 31, 2002. In accordance with the procedural order, the formal application was filed on May 17, 2002. It was supported by the pre-filed testimony of nine individuals.

Petitions to intervene were received from the Aziscoos Lake Campers Association (ALCA), Great Bay Power Corporation, Little Bay Power Corporation, SAPL, FPLE and the Conservation Law Foundation (CLF). The Office of Consumer Advocate entered an appearance on behalf of residential ratepayers pursuant to RSA 363:28,II. The Commission subsequently received a petition for intervention from the Massachusetts Municipal Wholesale Electric Company (MMWEC), which the Commission granted by secretarial letter on June 14, 2002, subject to MMWEC's abiding by the procedural schedule previously approved by the Commission. The Commission received a Motion for Protective Order from JPMorgan regarding certain portions of the Report of the Auction Advisor. SAPL addressed the issue of bifurcation, requesting that Commission designate General Counsel Gary M. Epler as a Staff Advocate pursuant to RSA 363:32, I, thus

precluding him from having any role in the Commission's deliberations on the instant case.

In Order No. 23,981, the Commission granted all pending intervention requests other than that of ACLA, which was denied intervenor status. Order No. 23,981 also granted SAPL's motion to designate Mr. Epler as a Staff Advocate. The Commission determined that, because they are not utilities, Great Bay Power Corporation and Little Bay Power Corporation did not have to seek Commission approval for the sale of their respective interests in Seabrook. Finally, the Commission approved a proposed procedural schedule to govern the remainder of the proceeding.

On June 5, 2002, the Commission issued Order No. 23,986, approving confidential treatment pursuant to RSA 91-A for two separate categories of information identified by JPMorgan in its Motion for Protective Order. The first category is Internal Confidential Information, which is information prepared and/or assembled by JPMorgan or the Selling Owners for soliciting bids. The second category is Bidder Confidential Information, which is information relating to correspondence from third party bidders, including bids and materials relating to bid analysis. The Commission granted confidential treatment to both the Internal Confidential Information and the Bidder

Confidential Information, providing that any Party to the proceeding could view such confidential information on the condition that such Party execute an acknowledgment and agreement to be bound by the terms of the Protective Order.

ALCA filed a letter with the Commission on June 18, 2002, asking that the letter be treated as a motion for reconsideration and reasserting its request for intervention. An objection to rehearing was filed by PSNH on June 20, 2002, in which, among other things, PSNH contended that ALCA did not set forth any good reason for rehearing. On June 26, 2002, ALCA submitted a memorandum in support of the request for rehearing. In Order No. 23,007 (July 8, 2002), the Commission denied the ALCA motion for rehearing.

The Commission held a duly noticed hearing on this matter on July 15, 16 and 17, 2002. At the beginning of the hearing, the Commission received public comment from Alan Johnson of ALCA. Thereafter, the Commission received testimony on behalf of the parties.

II. POSITIONS OF THE PARTIES AND STAFF

The Application was supported by the pre-filed testimony of Stephen R. Hall, PSNH's Rates and Regulatory Services Manager, on behalf of NAEC and PSNH; James R. Shuckerow, Jr., Director-Wholesale Power Contracts for Northeast Utilities, on behalf of PSNH; James F. Crowe, former Group Vice President for Generation at The United Illuminating Company, on behalf of The United Illuminating Company; Terry L. Schwennesen, General Counsel to the Narragansett Electric Company and Vice President of New England Power Company, on behalf of New England Power Company; Richard A. Soderman, Director of Regulatory Policy and Planning for Northeast Utilities Service Company, on behalf of Connecticut Light and Power Company; Stephen E. Kaminski, Vice President for Power Resources, Access and Pricing at the New Hampshire Electric Cooperative, on behalf of the New Hampshire Electric Cooperative, Inc. (NHEC) and Robert H. Martin, Director, Electric Energy Supply, Asset Divestiture and Outsourcing for NSTAR Electric & Gas Corporation, on behalf of Canal Electric Company. Pre-filed testimony was also filed with the Commission by John A. Stall, Senior Vice President, Nuclear, and Chief Nuclear Officer for Florida Power and Light Company and FPLE on behalf of FPLE and by Dr. William H. Hieronymus, a consultant at Charles River Associates Inc., on behalf of FPLE

and the Selling Owners. Paul M. Dabbar, Vice President in the Natural Resources Group of J. P. Morgan Securities filed testimony on behalf of JPMorgan as the asset sales manager, financial advisor and auction advisor to the Commission. Michael D. Cannata, Jr. of the Liberty Consulting Group filed testimony on behalf of Staff.

A. JPMorgan

Mr. Dabbar presented testimony regarding his qualifications and those of his firm as auction advisor to the Commission and the specific details of the auction of Seabrook Station. Mr. Dabbar testified that the auction and bid criteria were designed and conducted in a manner consistent with the requirements of RSA 369-B:3, IV, (b), (13) and 2001 N.H. Laws 29:15, as well as the Restructuring Agreement and Connecticut General Statutes §16-244g. Mr. Dabbar testified that JPMorgan was the successful applicant in the Commission's solicitation of an advisor to manage and oversee the auction on behalf of the Commission and that JPMorgan worked closely with Commission Staff and the DPUC's Utility Operations and Management Analysis Unit. Mr. Dabbar stated that, pursuant to the Participation, Compensation and Indemnity Agreement (PCI), JPMorgan worked with each of the Selling Owners to establish protocols that governed the sale. JPMorgan developed a strategy for the auction,

coordinated the production of the confidential Offering Memorandum (OM), and established and contacted a list of potential bidders.

According to Mr. Dabbar, after the auction process started, JPMorgan coordinated site visits, management presentations and responses to the bidders' questions and due diligence requests. During the due diligence period, numerous steps were taken to ensure that the confidentiality of the potential bidders was maintained and that the integrity of the auction was not compromised. In Mr. Dabbar's opinion, the process solicited the most qualified bidder who could provide the best value to New Hampshire's ratepayers.

Staff questioned Mr. Dabbar regarding the integrity, confidentiality and fairness of the auction process. In response to these questions, Mr. Dabbar stated that JPMorgan instituted measures regarding confidentiality and fairness to assure that all bidders had equal, full, complete and unbiased information regarding the transaction. When asked about the assumption of risk during the interim period between signing the contract for sale and the closing, Mr. Dabbar explained that the Selling Owners would continue to have responsibilities for the operation of Seabrook station until the closing, at which time responsibility would transfer to FPLE. In response to Staff

questions, Mr. Dabbar testified that the Commission would continue to have access to historical documents after closing from the Buyer.

Mr. Dabbar stated that FPLE and its parent company have the managerial, financial and operational experience to operate Seabrook Station according to the best industry standards and that, in his opinion, the sale of Seabrook to FPLE is in the interests of the New Hampshire ratepayers. He also testified that the selling price exceeded the minimum amount specified in the bid criteria. Ex. 1 at 19. Finally, he testified that FPLE had agreed to assume the employment responsibilities set by the bid criteria. Ex. 1 at 20.

B. FPLE

1. Mr. Stall

Mr. Stall testified that FPLE is fully qualified to safely and efficiently own and operate the Seabrook Nuclear Station. Mr. Stall stated that he is responsible for the safe operation of four nuclear units in Florida, the two pressurized water reactors at St. Lucie and the two pressurized water reactors at the Turkey Point Nuclear Plant. According to Mr. Stall, FPL's record for efficient and safe operation is well documented. For example, he noted, Turkey Point is the only nuclear plant in the United States to have received three

consecutive superior performance rankings by the Nuclear Regulatory Commission (NRC) in all areas in the Systematic Assessment of Licensee Performance process (SALP).

Mr. Stall noted that FPL Group, the parent corporation, is a public utility holding company incorporated in 1984 under the laws of Florida. FPL Group has two subsidiaries that operate and develop power generating facilities: FPL Energy, LLC and Florida Power & Light. Florida Power & Light is a franchised regulated public utility company in the State of Florida with over 18,000 megawatts of net generating capacity of which nuclear makes up over 25 percent of its generation mix. More than 1,700 Full-Time Equivalent employees work at Florida Power & Light's Nuclear Division.

FPLE, a limited liability company incorporated in the State of Delaware, was formed for the sole purpose of acquiring, owning and operating Seabrook. FPLE is a wholly owned subsidiary of FPL Energy, the unregulated power company of FPL Group's power generation business. FPL Energy LLC has over 5,000 megawatts in its generation portfolio. FPL Energy LLC, itself a subsidiary of FPL Capital Group, currently has under construction another 5,025 megawatts.

Mr. Stall stated that FPL Energy has experience in the New England market as it owns and operates 29 hydroelectric and

three oil facilities in Maine and a portion of one natural gas generating unit in Massachusetts. It currently is constructing a 515 megawatt gas-fired plant in Rhode Island that is expected to come on line in the fall of 2002.

Besides addressing the ownership structure and the technical and operational qualifications to safely own and operate Seabrook, Mr. Stall also stressed FPLE's commitment to honor the employee protections under the PSA and in accordance with the April 13, 2002 letter clarifying the PSA between FPLE and North Atlantic Energy Service Company (NAESCO).

2. Dr. Hieronymus

On behalf of FPLE and a consortium consisting of companies owning interests in the 1,161 megawatt Seabrook Station ("Seabrook"), Dr. Hieronymus evaluated the potential competitive impact on wholesale electricity markets of FPLE's purchase of a majority share of Seabrook Station. The conceptual market power issue arises from the combination of the planned purchase of the Seabrook share with the existing and planned generation in New England of FPLE's affiliate, FPL Energy, LLC. FPL Energy, LLC owns approximately 1,073 megawatts of existing generation that it purchased from Central Maine Power Company, and has an additional 515 megawatts that is scheduled to be operational by the end of 2002. Using the

delivered price test specified in the Federal Energy Regulatory Commission (FERC) Order No. 642, Dr. Hieronymus testified that the divestiture of Seabrook will not have an adverse effect on competition.

Dr. Hieronymus' analysis utilized eleven time periods based on load levels. The time periods are a combination of Summer, Winter, Shoulder, and Super Peak, Peak, and Off Peak. During the shoulder periods, the model accounts for both scheduled maintenance and forced outages. In the Summer and Winter periods, however, the model only accounted for forced outages. Furthermore, for each destination market, Dr. Hieronymus assumed market prices ranging from \$20 per megawatt-hour in the Shoulder Off-Peak period to \$150 per megawatt-hour in the Summer Super Peak. These different time periods were modeled to reflect the diverse market conditions in regard to load levels and available generation in New England.

Dr. Hieronymus applied the *Horizontal Merger Guidelines* originally promulgated by the U.S. Department of Justice and the Federal Trade Commission and adopted by FERC. Markets with a post-merger HHI⁵ of less than 1,000 points are

⁵ HHI stands for Herfindahl-Hirschman Index. An HHI for a given market being subjected to market power analysis is calculated by summing the squares of the individual market shares of all the participants.

considered "unconcentrated." Markets with a HHI between 1,000 to 1,800 points are considered "moderately concentrated." Markets with an HHI greater than 1,800 are considered "highly concentrated." Furthermore, mergers that result in an HHI change of 50 points or less are considered unlikely to have anti-competitive effects, and an increase of greater than 100 points is likely to reduce market competitiveness.

For the base case NEPOOL market and the NEPOOL I sub-market, during all periods the HHI as calculated by Dr. Hieronymus remains below the 1,000 point threshold. For the NEPOOL II sub-market, four periods (Summer Super Peak 3, Summer Peak, Shoulder Peak, and Shoulder Off Peak) have HHIs that break the 1,000 point threshold. For the NEPOOL III sub-market, all periods except one (Summer Off Peak) have HHIs that exceed the 1,000 point threshold. In all the instances where the HHI does exceed 1,000, the HHI remains in the low end. Dr. Hieronymus stated that, even under the most conservative scenarios, the divestiture of Seabrook would not hinder market competitiveness.

C. Applicants and PSNH

1. PSNH/NAEC

PSNH and NAEC request that the Commission approve the sale of NAEC's ownership interest in Seabrook Station to FPLE. PSNH and NAEC stated that the sale is consistent with New

Hampshire law (specifically, RSA 369-B:1,II and 2001 NH Laws 29:15, II) and the Restructuring Agreement. PSNH also provided testimony describing the benefits to its customers of the sale and why it believed that the sale of Seabrook would not have a detrimental impact on the Company's ability to provide economic and reliable transition service and default service. See RSA 374-F:2, I-a and V (defining transition and default service). NAEC further requested (1) that the Commission find that the sale of Seabrook Station under the terms and conditions of the PSA meets the requirements of New Hampshire law; and (2) that the Commission make the specific findings required under Section 32(c) of the Public Utility Holding Company Act whereby FPLE would be eligible for Exempt Wholesale Generator status within the meaning of that statute.

PSNH stated that the divestiture of its entitlement to power generated at Seabrook Station is one of the major components of the Restructuring Agreement. PSNH and NAEC aver that the sale is in compliance with the specific provisions in the Restructuring Agreement dealing with the administration of the auction process, the inclusion of minority interests, employee protections, and the prohibition against affiliates or subsidiaries of Northeast Utilities from bidding on generating assets in the divestiture process.

As for the benefits of the sale to its customers, PSNH testified that the estimated net proceeds of the sale of NAEC's ownership share are expected to be in the range of \$180 million to \$190 million, subject to adjustments at the time of closing. Ex. 21. In compliance with the Restructuring Agreement, those net proceeds, which were modeled at zero at the time of the PSNH Restructuring Agreement, will be applied against PSNH's Part 3 stranded costs. See Restructuring Agreement at 21-24 (noting that "Part 3" stranded costs comprise certain non-securitized stranded costs of which PSNH is not guaranteed full recovery). PSNH estimates that its Part 3 stranded costs will be fully collected approximately two to three years earlier than they otherwise would have been. This would put the final collection of Part 3 stranded costs in the 2005 time frame. Part 3 stranded costs currently represent approximately 6 to 7 percent of PSNH's retail rates. Ex. 7 at 8. Once those costs are fully collected, that 6 to 7 percent component of its retail rates will be eliminated.

PSNH testified that while its 417 megawatt entitlement to Seabrook output is currently part of its portfolio used to meet the energy needs of its customers, it does not anticipate a problem purchasing capacity and energy to meet the shortfall created by the sale of Seabrook. Ex. 13 at 3. In reaching that

conclusion, PSNH cited a variety of factors: the amount of new generation being added throughout New England that will create a surplus capacity situation in New England over the next several years; the small size of PSNH's Seabrook entitlement compared to the approximately 30,000 megawatts of generation available in New England; and the fact that although Seabrook Station will be sold, its output will still be available in the New England wholesale market. Ex. 13 at 3. Additionally, due to the availability of PSNH's low-cost mix of generation and the fluctuations in customer demand throughout the year, PSNH stated that it will not be necessary to replace each megawatt of PSNH's current Seabrook entitlement.

2. NHEC

NHEC testified on the historical divestiture plans of NHEC before and after the settlement agreement between NHEC and PSNH. NHEC's regulatory treatment of Seabrook-related stranded costs was filed in DE 98-097, the cooperative's restructuring compliance filing. In that proceeding, NHEC proposed placing most of the Seabrook-related debt in a Regulatory Asset for Seabrook Stranded Cost recovery when the PSNH-NHEC Seabrook Sellback Agreement terminated. The Commission approved that ratemaking treatment in Order No. 23,369. The net proceeds of the Seabrook sale, including the proceeds of the sale of Unit 2,

will be used to reduce NHEC's debt; however, only the Seabrook-related proceeds of approximately \$18 million will go to reduce Seabrook-related debt. The proceeds from Unit 2, \$630,000 approximately, will go to reduce other debt on the books of NHEC.

In NHEC's opinion, the use of an auction process in which NHEC joined with other selling owners produced a better price for NHEC's small Seabrook interest than selling the interest individually would have provided. NHEC states that the sale will benefit its members over and above the value in the asset if NHEC had decided to keep Seabrook to serve its members. Ex. 11 at 6,7. NHEC points out that Seabrook poses an ongoing operational risk and that NHEC has never directly utilized the output of Seabrook to serve its members' energy needs. Ex. 11 at 7. Finally, NHEC states that the auction process conducted under the Commission's supervision had a large and competitive response and that the results exceeded NHEC expectations for the sale.

3. NEP, Canal, CL&P and UI⁶

NEP testified that the sale of Seabrook, of which it owns slightly less than 10 percent, would benefit the customers of NEP, including affiliate Granite State Electric Company. NEP also supported the Joint Request for Findings that the divested facility is an "eligible facility" under Section 32(c) of PUHCA in order for the buyer to receive Exempt Wholesale Generator status.

NEP states that it has met its obligations under Granite State's Restructuring Settlement Agreement, approved by the Commission on October 7, 1998. See Order No. 23,041, 83 NH PUC 532 (1998). NEP states that Article 6.1.2 of the Wholesale Stipulation and Agreement, which was attached to Granite State's Settlement Agreement, requires NEP to:

[E]ndeavor to sell, lease, assign, or otherwise dispose of its minority share of nuclear units or entitlements on terms that will assign ongoing operating costs and responsibilities to a non-affiliated party, but may require NEP to retain obligation for post-shutdown, decommissioning, and site restoration for these units of entitlements. NEP shall recover these post-shutdown, decommissioning, and site restoration costs

⁶ Proceedings in Massachusetts for Canal and NEP's retail affiliate, Massachusetts Electric Company, and in Connecticut for UI and CL&P will address the sale of Seabrook to FPLE in the context of each respective state's statutes and necessary restructuring findings.

from Granite State through the Contract Termination Charge, and shall credit any net positive value or recover any payments associated with such transaction in the Reconciliation Account of the Contract Termination Charge or the Residual Value Credit.

Similar language is contained in the Granite State Settlement Agreement in Section VII.E which also states that "no later than July 1, 1999, NEP shall file a plan with the Commission demonstrating its best efforts to accomplish the sale, lease, assignment or other disposition of its nuclear entitlements in a manner which would provide reasonable value for customers." NEP filed a nuclear divestiture update with the Commission on June 29, 1999. On April 12, 2001, NEP filed a divestiture plan for Seabrook which superceded the June 1999 update. In the divestiture plan, filed in Docket No. DE 01-079, NEP proposed bundling its percentage ownership interest with that of NAEC and other selling owners for sale through an auction process administered by the Commission staff and its asset sale specialist. NEP avers that the sale of its minority interest is consistent with its April 2001 divestiture plan and that the results of the sale "will assign ongoing operating costs and responsibility to a nonaffiliated party" as required in the Granite State Settlement Agreement. Ex. 9 at 5. Furthermore, NEP asserts that the sale will maximize customer

benefits in both the short and long term. Ex. 9 at 6. NEP also states that NEP provided an opportunity to the non-selling owners to exercise their right of first refusal pursuant to the Seabrook Station's Joint Ownership Agreement. The right of first refusal allows the non-selling owners to purchase the ownership interest of NEP on equal terms to those offered to FPLE. None of the non-selling owners responded to NEP's offer and, at the hearing, NEP testified that the deadline to do so had passed.

Granite State's customers will receive their proportionate share of the proceeds from the sale which will be used to reduce the annual Contract Termination Charge (CTC) of NEP to its retail affiliates. NEP estimates that its share of the proceeds will be \$93.5 million at closing. The benefit of the sale will be reflected in NEP's January 2003 wholesale bills. Granite State would receive its proportionate share of the sale proceeds; the resulting savings are estimated to be a reduction of \$1.20 to a typical residential customer's monthly bill starting in January 2003. Tr. Day II at 94.

Ms. Schwennesen also stated that Granite State's customers would receive additional benefits such as the transfer of operation risk at Seabrook to the buyer; the transfer of the decommissioning responsibility to the buyer; the buyer's

assurance to fund Seabrook decommissioning; and the additional movement of New Hampshire toward a competitive market in generation. Ex. 9 at 6.

Canal supports the request to approve the Seabrook sale to FPLE. According to Canal, the sale meets its obligation to divest its generating assets in accordance with the Massachusetts Electric Restructuring Act of 1977. Additionally, the sale will mitigate Canal's stranded or "transition" costs and it will directly benefit Canal's customers. Ex. 12 at 5.

CL&P states that under Connecticut law, each electric distribution company is obligated to divest its ownership interest in nuclear generation, if possible. Such divestiture should proceed by auction and occur no later than January 1, 2004. Ex. 10 at 2. CL&P states that the sale complies with the requirements of the DPUC and as required under Connecticut law. The position of UI is consistent with that of CL&P; however, UI notes that its ownership interest includes a sale-leaseback interest, approved by this Commission in Docket No. DE 90-076, 75 NHPUC 371 (1990), as well as fee simple interest in Seabrook Station. Both CL&P and UI state that the sale is in the public interest and should be approved.

CL&P reiterates NEP's request that this Commission find that allowing Seabrook to become an "eligible facility"

pursuant to Section 32(c) of PUHCA will benefit customers, is in the public interest and does not violate state law.

D. Commission Staff

On behalf of Staff, Mr. Cannata testified on the Interconnection and Operating Agreement (IA), whether Seabrook Station qualifies for Exempt Wholesale Generator status, and on the importance of the ability of the Commission to access records of NAEC concerning Seabrook operations for the entire period until the sale closes.

According to Mr. Cannata, the IA emanates from the need by states to standardize the interconnection to the grid of smaller, privately owned generators in response to the passage of the Public Utilities Regulatory Policy Act of 1978 (PURPA). In Mr. Cannata's opinion, the IA was designed to maintain the integrity of the grid, an objective that also is important today as the industry restructures to competitive markets. The IA provides more than grid integrity, however. Mr. Cannata states that it also: 1) guarantees FPLE access to the New England grid; 2) provides a stable and predictable framework concerning maintenance and operations in the future for both FPLE and PSNH; 3) allows for expansion of the grid; 4) assures stranded cost recovery; and 5) establishes administrative procedures for audit functions and dispute resolution. Mr. Cannata avers that the

sale could not have occurred without a comprehensive IA. Ex. 14 at 8.

III. COMMISSION ANALYSIS

A. Divestiture

The Legislature has enacted specific provisions relative to the sale of Seabrook Station. Specifically, the Legislature determined in 2001 that the Commission must "[e]xpediently initiate and complete, in a manner consistent with RSA 374:30,⁷ the sale of nuclear generation assets located in New Hampshire required by the [Restructuring Agreement] in a manner that benefits all New Hampshire customers with stranded cost obligations associated with such assets." 2001 N.H. Laws 29:15, II.

As noted, *supra*, the Restructuring Agreement calls for the public sale of PSNH's entire generation portfolio and contains specific provisions relative to the sale of the NAEC Seabrook interest at public auction. Under the Restructuring Agreement, the overall objective in selling PSNH generation assets or entitlements is "to maximize the net proceeds realized from the sale in order to mitigate Stranded Costs, to provide a market-based determination of Stranded Costs, and to help

⁷ The requirements of RSA 374:30 are discussed, *infra*.

establish a competitive energy market, while at the same time providing certain employee protections." Restructuring Agreement at 39.

The Restructuring Agreement required NAEC to seek the Commission's approval in advance of a "definitive plan" to sell its Seabrook share via public auction, with the sale to take place no later than December 31, 2003. *Id.* at 49-50. Our obligation was to administer the sale, which included a determination of a confidential minimum bid price, "designed to stimulate participation in the auction and to maximize proceeds." *Id.* at 50. The Restructuring Agreement further obligated NAEC to "make all reasonable efforts to include minority ownership shares (including that of the Connecticut Power and Light Company) in the sale of Seabrook, so that a controlling interest may be offered." *Id.* Finally, PSNH is required to terminate its contractual obligation to purchase Seabrook power from NAEC upon the consummation of the sale. *Id.* We approved these aspects of the Restructuring Agreement without condition and the Legislature similarly established some of them as an explicit condition of securitizing certain of PSNH's stranded costs. See RSA 369-B:3, IV(b)(13) (requiring the Commission to administer any liquidation of PSNH generation assets, requiring any such sale to take place in New Hampshire

and requiring the Commission to choose the independent asset sale specialist to conduct the actual sale).

NAEC's ownership share in Seabrook Station is approximately 35.98 percent. Thus, PSNH is both entitled to this amount, and obligated to purchase this percentage of Seabrook Station's output.

It is our determination that both the substance of the transaction and the procedures employed to effect the sale are fully consistent with the Restructuring Agreement, including the applicable deadline and including those made mandatory by RSA 369-B, II(b)(13). It is further our determination that the proposed sale meets the requirement of Chapter 29 of the Laws of 2000 that the sale be conducted expeditiously and in a manner that benefits all New Hampshire customers with stranded cost obligations associated with Seabrook Station.

Specifically, we note that the expected closing date is well in advance of the December 31, 2003 deadline referenced in the Restructuring Agreement. Based on the record of the auction process presented in Mr. Dabbar's testimony, we believe the legislative mandate for an expeditious and timely divestiture as set forth in Chapter 29 will have been met. In addition, the transaction complies with the requirements concerning the Commission administration of the auction process,

including the establishment of a confidential minimum bid. Furthermore, we are satisfied that NAEC used reasonable efforts to include minority ownership shares in the sale, as approximately 88.2 percent of the ownership interests are included in the proposed sale transaction.

The April 17, 2002 Application of the Selling Owners included the supporting testimony from FPLE, as well as the pre-filed testimony of Mr. Dabbar of JPMorgan; copies of the Purchase and Sale Agreement; the Letter Agreement dated April 13, 2002 between the Selling Owners and FPLE clarifying several issues in the PSA; the Interconnection and Operating Agreement between PSNH and FPLE that addresses, among other things, the 345 kV substation; and an Escrow Release Letter and a Guaranty of Payment letter.

Mr. Dabbar's testimony and accompanying Report of the Auction Advisor (Auction Report) describe in detail how JPMorgan conducted the auction, including the close working relationship it had with Staff members of the Commission and the Utility Operations and Management Analysis (UOMA) unit of the DPUC. The record clearly indicates that the auction was conducted in a formal, competitive manner. It was designed to encourage maximum participation, engender the trust of the bidders, and was structured in a manner that fairly and objectively

identified the buyer that provided the highest price for the assets and the best overall terms and conditions of the sale. As a result, we find that JPMorgan maximized the value of the sale and it will result in a corresponding mitigation of stranded costs for the benefit of those New Hampshire retail utilities with stranded cost recovery obligations.

The Auction Report also states, and we find, that (1) the sale price of Seabrook Station exceeds the minimum bid established by this Commission and the DPUC, (2) FPLE is qualified to own and operate the Seabrook Station and that it will comply with all the employee protections required by the PSNH Settlement Agreement; and (3) the sale of Seabrook Station was conducted in a manner consistent with the public good.

In regard to employee protections, Sections X.B,C and D of the Restructuring Agreement describe certain protections for NAESCO employees that a purchaser of Seabrook Station would be obligated to assume at the time of closing. The employee protection conditions of the sale transaction are set forth in Section 5.7 of the PSA, and are further described in the pre-filed testimony of Mr. Stall. Ex. 5. Mr. Hall, representing PSNH and NAEC, states that "FPL Seabrook has agreed to comply with all of these requirements as part of the sale transaction. Therefore, the employee protection provisions of the

Restructuring Settlement have been fulfilled." Ex. 7 at 3. We are satisfied with the employee protections contained in the Purchase and Sale Agreement and the commitment to those protections as represented by Mr. Stall. Ex. 5 at 7.

Evidence as to the immediate benefits of the sale has been clearly presented by a number of parties. We further note, however, that the sale provides certain ongoing benefits that are of significance. In this regard, the two key features of the proposed transaction are the Interconnection and Operating Agreement and the commitment by FPLE to continue to take delivery service from PSNH. The IA provides FPLE access to the grid to sell its output and a means to purchase station service when needed. The commitment by FPLE to take delivery service under Commission-approved retail rates contributes to the revenue of PSNH's cost-of-service and provides for continued recovery of stranded costs. That contribution is significant with regard to the requirement that the sale of Seabrook benefit all New Hampshire customers with stranded cost recovery obligations associated with the facility. Additional benefits of continued delivery service include revenue that contributes to the system benefits charge and the electricity consumption tax.

For these reasons, divestiture of Seabrook is for the public good and otherwise consistent with applicable provisions of state law and the Restructuring Agreement.

B. Transfer

RSA 374:30 authorizes a utility to transfer some or all of its franchise, system or works to another entity, but only upon the Commission's determination that such transfer "will be for the public good." As noted, *supra*, the Legislature specifically instructed in Chapter 29 of the Laws of 2000 that we subject the proposed Seabrook transaction to scrutiny under this provision. To do so, we evaluate the managerial, technical and financial expertise of the proposed purchaser and determine whether the transaction would cause harm to ratepayers. See, e.g., *Valleyfield Water Co.*, Order No. 23,752 (July 30, 2001), slip op. at 4.

In our view, the record amply demonstrates that the proposed sale will not harm ratepayers of any New Hampshire utility. The sale not only meets the requirements of the Restructuring Agreement to which PSNH is signatory, but also the requirements separately set forth in the restructuring agreements for GSEC and NHEC. Further, the benefits to New Hampshire customers of this sale are numerous. The sale will (1) benefit New Hampshire consumers directly by reducing

stranded costs, (2) reduce the operational risk to consumers of a potential prolonged unscheduled outage at Seabrook Station, and (3) transfer the post-closure decommissioning liability to FPLE. Moreover, FP&L, a recognized leader in the nuclear field is committed to the nuclear industry on a long-term basis. Seabrook, as operated by NAESCO, has an excellent operational and safety record, but its parent company, Northeast Utilities, has made the decision to exit the nuclear industry. With a facility such as Seabrook, it is preferable, all else being equal, for the plant to be owned and operated by an experienced nuclear power company with a commitment to that technology.

The record supports that FPLE will have sufficient funds to meet its ongoing Seabrook operating and maintenance expenses. Mr. Stall testified that FPLE is fully committed to continuing the safe operation and safe work environment at Seabrook Station. The record of FP&L and Mr. Stall at St. Lucie and Turkey Point demonstrates the company's commitment to safety. An important aspect of our approval and a finding that the sale is in the public good, is the technical expertise and safety record of the Florida Power and Light organization as well as the commitment of Mr. Stall on behalf of FPLE and its parent company that that commitment will be fully extended to Seabrook Station.

Accordingly, the sale to FPLE provides a benefit to electricity customers by reducing recoverable stranded costs at an appropriate level while continuing to make Seabrook's power output available through the competitive wholesale market. Further, it is clear that FPLE has the requisite managerial, technical and financial expertise, given that its affiliates are already operators of an extensive network of generation facilities, including nuclear facilities.

It is further our determination that the circumstances of this case require us to consider market power in the context of our review of whether the sale would be for the public good. We are asked to place most of the power output of the state's largest electric generation facility in the hands of one company - a development that could conceivably have implications for the regional market in wholesale electricity. Were FPLE in a position to exercise market power, there is a possibility that the result would drive up the cost of retail energy for some or all New Hampshire ratepayers. Such an effect, in theory, could outweigh any other benefits to New Hampshire.

Testimony on market power was filed by Dr. Hieronymus, who concluded that the sale of Seabrook to FPLE would not increase market power in the region. Staff expressed some concerns with portions of Dr. Hieronymus' analysis, but

supported the conclusions reached by Dr. Hieronymous to the effect that the sale would not increase market power.

Dr. Hieronymus also testified that vertical market power is not an issue with this sale because FPLE owns virtually no transmission assets and that the assets it does own are restricted as to interconnection. Ex. 6 at 29. Also, neither FPLE nor its affiliates control critical sites for future generation or transmission. Ex. 6 at 29.

Based on the record before us, we find that the sale of Seabrook Station to FPLE will not interfere with the functioning of competitive markets and, in that sense, is in the interest of New Hampshire customers.

C. Exempt Wholesale Generator Status

We next take up the applicants' request for the findings necessary under federal law to permit FPLE to gain "exempt wholesale generator" status pursuant to Section 32(c) of the Public Utility Holding Company Act of 1935 (15 U.S.C. § 79, referred to as PUHCA). Under this provision, because the costs of Seabrook Station are included in retail rates charged to New Hampshire electric customers, in order for that facility to be considered an "eligible facility," i.e., eligible to be deemed an exempt wholesale generator as opposed to a public utility under federal law, we must determine that allowing the facility

to become an "eligible facility" under PUHCA (1) will benefit customers; (2) would be in the public interest; and (3) does not violate state law. See generally *Public Service Co. of N.H.*, Order No. 23,629 (January 29, 2001) (making requisite PUHCA findings as to proposed sale of Millstone Unit 3 in Connecticut, to which PSNH held partial entitlement).

Based on the record before us, and for the reasons already discussed, it is our finding that New Hampshire electric customers will benefit from the sale of Seabrook Station to FPLE by the Selling Owners, that such a sale is in the public interest within the meaning of PUHCA and is otherwise consistent with state law. Accordingly, we believe FPLE is entitled to Exempt Wholesale Generator status under federal law.

D. Nuclear Decommissioning

As we noted in Order No. 23,981, the adequacy of the decommissioning fund assurances associated with the proposed transaction is a matter within the jurisdiction of the Nuclear Decommissioning Financing Committee (NDFC) and thus beyond the scope of this proceeding. However, we make certain observations about the aspects of the sale that relate to nuclear decommissioning because they inform our determination that the proposed transaction is for the public good.

FPLE, after the purchase of its 88.2 percent interest in Seabrook Station, will be a non-utility as defined by RSA 162-F:14, VIII. At closing, the existing Seabrook Power Contract between PSNH and NAEC will terminate and, pursuant to the PSA, FPLE will assume its proportionate share of the nuclear decommissioning costs. Until consummation of the sale, however, PSNH will continue to be responsible for funding NAEC's ownership share of decommissioning liability. The costs are recoverable from PSNH's customers through Part 2 of the Stranded Cost Recovery Charge as set forth in the PSNH Restructuring Settlement Agreement.

The actual funding level, and the assumptions used to calculate the amount, is determined by the Nuclear Decommissioning Finance Committee (NDFC). In NDFC Docket 2002-1, the NDFC established a schedule of payments to ensure that the total cost of decommissioning Seabrook Station would be met at the time of decommissioning.

The NDFC conducted Docket NDFC 2002-2 to address the funding assurance of FPLE. Pursuant to RSA 162-F:21-a, II, the NDFC is responsible for determining whether a potential purchaser of an interest in any or all of Seabrook Station has the required financial capability to meet its decommissioning cost obligations. A preliminary report and order concerning the

terms of the funding assurance by FPLE was issued by the NDFC on July 26, 2002. A final order was signed following the public hearing that was conducted by the NDFC on September 4, 2002.

E. Conclusion

For the reasons set forth fully above, we find that the proposed sale of the 88.2% majority interest in Seabrook Station to FPLE is for the public good and consistent with the Restructuring Agreement and related provisions of state law. We further determine that FPLE is entitled to the findings from this Commission that are a condition precedent to its receipt of Exempt Wholesale Generator status under PUHCA.

Our approval of the sale of Seabrook Station marks another significant step toward the restructuring of the electric industry in New Hampshire. We look forward to the timely closing of this transaction so the customers of New Hampshire can realize the benefits that this successful auction will bring them.

Based upon the foregoing, it is hereby

ORDERED, that the sale of the Seabrook Nuclear Power Station by the Selling Owners to FPL Energy Seabrook, LLP is Approved in accordance with the Agreement and the findings contained herein; and it is

FURTHER ORDERED, that the sale complies fully with New Hampshire law as explained in the Report and that the Agreement meets the conformed PSNH Restructuring Settlement Agreement approved in Docket No. DE 99-099, and that it also complies with the restructuring settlement agreements approved by the Commission for Granite State Electric Company and the New Hampshire Electric Cooperative; and it is

FURTHER ORDERED, that the findings on exempt wholesale generator status under the Public Utility Holding Company Act of 1935 described in the body of this Report are hereby made.

By order of the Public Utilities Commission of New Hampshire this twelfth day of September, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary