



**Public Service
of New Hampshire**

A Northeast Utilities Company

PSNH Energy Park
780 No. Commercial Street, Manchester, NH 03101

Public Service Company of New Hampshire
P.O. Box 330
Manchester, NH 03105-0330
(603) 634-2961
Fax (603) 634-2438
Matthew.Fossum@nu.com

Matthew J. Fossum
Senior Counsel

September 30, 2014

NHPUC 10CT'14PM4:27

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit St., Suite 10
Concord NH 03301

Re: DRM 14-234, NEPGA Request for Rulemaking

Dear Director Howland:

Public Service Company of New Hampshire (“PSNH”) is aware of, and has reviewed, the “Request for Rulemaking Pursuant to Puc 205.03 of the Rules of the New Hampshire Public Utilities Commission” submitted by the New England Power Generators Association (“NEPGA”) by letter dated September 15, 2014 and docketed by the Commission as DRM 14-234. In its request, NEPGA contends that certain amendments to the Commission’s 2100 rules on affiliate transactions are necessary and proper because of certain aspects of the relationship between PSNH and Northern Pass Transmission, LLC (“NPT”). The NEPGA request is premised upon speculation, ignores relevant statutory provisions, and presents no basis for the Commission to commence a rulemaking proceeding. Accordingly, PSNH requests that the Commission deny the request per RSA 541-A:4,I and Puc 205.03(h)(2).

As an initial matter, PSNH notes that the Commission’s PART Puc 2100 rules relating to affiliate transactions were adopted in mid-2011, after the public and the Commission were well aware of the existence of NPT and its relationship to and with PSNH. That relationship has never been hidden or in question. Rulemaking can be, and has been, a lengthy and involved process and to amend the rules in the manner and to the degree suggested by NEPGA makes little sense given their vintage, and the fact that they were adopted with knowledge of the existence of NPT and its relationship to PSNH. Additionally, in its request, NEPGA notes that it is a membership organization representing unregulated competitive power generators operating in wholesale markets and that its interests are in “assuring the efficiency and integrity of the wholesale power markets in New England.” NEPGA Request at 1. In that NEPGA’s interests stem from its representation of unregulated generators and wholesale power issues, protection of those interests would appear to lie with the ISO-NE or FERC, and not with this Commission or its rules. Accordingly, there is, at the outset, little justification to amend the rules.

Turning to the substance of the request, as noted above NEPGA's request relies on unfounded speculation regarding PSNH and NPT, and such speculation is not a proper basis upon which to rest generally applicable administrative rules. *See* RSA 541-A:1, XV; *Re Exeter and Hampton Electric Co.*, 67 NH PUC 749 (1982) (denying a rulemaking petition based upon speculation). For example, NEPGA speculates that PSNH intends to enter into a PPA with an affiliate of Hydro-Quebec, which may include transmission charges collected by NPT. Request at footnote 2. Just as the existence of the affiliate relationship between NPT and PSNH has not been hidden, neither have PSNH's efforts to negotiate a PPA with Hydro-Quebec that would provide meaningful benefits to PSNH's customers. Such negotiations, however, do not necessitate additional rules. Any PPA that might ultimately be obtained by PSNH for the benefit of its customers would be subject to the review of the Commission under RSA 374:57 regardless of the requirements of the Commission's 2100 rules. Hence, no rulemaking is necessary to ensure that any future PPA is subject to this Commission's approval.

Also, NEPGA speculates about how NPT incurred certain costs, and states that it believes PSNH personnel provided services giving rise to costs incurred by NPT, Request at 5-7. The Staff, however, has investigated where costs have been incurred and allocated and has reached the conclusion that PSNH and NPT have properly accounted for such costs. *See* November 5, 2013 Staff Report in Docket No. IR 14-196 at 13. A rulemaking proceeding based upon one particular project that has already been the subject of a Commission investigation is unnecessary.

Further, NEPGA speculates that some future use by NPT of PSNH's rights-of-way could require unknown future expenses for PSNH and that there is little information a potential future real estate transaction governing the use of PSNH's rights-of-way. Request at 11. When, or if, there is a purchase, sale or other transaction that would involve PSNH's rights-of-way by NPT, such transaction or transactions would be presented to and considered by the Commission pursuant to RSA 374:30 to ensure that the transaction is "for the public good." Amendments to the Commission's rules on affiliates would not affect that statutory requirement. In short, throughout its request NEPGA is speculating that certain activities might have occurred (despite evidence to the contrary), or that they might occur at some undefined future date (where they would be addressed through other requirements), and contends, based upon its speculation, that the Commission's 2100 rules are somehow inadequate. There is no basis for that conclusion. Any "harm" that NEPGA alleges may occur at some point in the future is already adequately dealt with through the existing statutory scheme.

In addition, PSNH notes that much of the activity discussed in NEPGA's request has been investigated by the Commission, and that the investigations have resulted in "no finding of any violation of applicable standards by PSNH." Letter of General Counsel F. Anne Ross, July 18, 2014 in IR 14-196 at 3. That letter also notes the continuing oversight and monitoring by the Commission's Electric and Audit Divisions over PSNH and NPT. Letter of General Counsel F. Anne Ross, July 18, 2014 in IR 14-196 at 3. NEPGA contends that the Staff's conclusions were in error and essentially dismisses them, along with the Commission's continuing oversight, before arguing that the Commission's rules must be amended. NEPGA appears to be asking the

Commission to amend its rules because NEPGA does not agree with conclusions reached by the Commission's Staff. NEPGA's disagreement is no basis upon which to amend the Commission's rules.

NEPGA's proposal unexplainably ignores existing statutory requirements that require the Commission to review and approve any proposed PPA or realty transactions entered into by PSNH related to the NPT project, and is further premised upon speculation, including about activities that have already been, and continue to be, investigated by the Commission's Staff. Affiliate transaction administrative rules need not, and should not, supplant governing statutory authority. Speculation is not an appropriate basis upon which to amend any of the Commission's rules and doing so in the manner proposed will, despite the time and effort that would be expended, provide no benefit to the Commission, the public, or anyone else. NEPGA's request should be denied.

Very truly yours,



Matthew J. Fossum
Senior Counsel