

## SB221: Facts...

**Fact:** Market restructuring (deregulation) helped turn the telephone market into the wide open, consumer friendly, less costly marketplace that it is today. Divestiture is a tool the PUC can use to do the same for the state's electricity market.

**Fact:** The PUC has the authority to order a PSNH divestiture and has done so before, when it required the company to divest itself of Seabrook Station.

**Fact:** Stranded costs are those expenditures that a utility has not yet been authorized to pass along to customers. They typically occur when a utility sells assets at a below book value price.

**Fact:** Were PSNH denied permission to recover its stranded costs, it could lead to a lengthy legal challenge based on the Takings clause (in the 5<sup>th</sup> Amendment) of the Constitution.

**Fact:** The bonds that PSNH sells will be secured by a small hike in the rate it charges its electricity customers.

**Fact:** The bonds will allow PSNH to recover its stranded costs after its sells its power generation assets.

**Fact:** PSNH generating plants will likely be worth more in the next three years than at any other time, past or in the future, reducing stranded costs.

**Fact:** The goal of SB221 is to minimize the impact on electricity ratepayers of the cost of stranded cost recovery by taking advantage of historically low interest rates.

**Fact:** If SB221 fails to pass, ratepayers will pay more to make PSNH whole after its installation of a state-ordered scrubber, since ratepayers will continue to pay PSNH's profit return of 9.81%.

**Fact:** SB221 provides a mechanism that allows the PUC to design rates that minimize the impact on companies that provide the state with thousands of jobs.

**Fact:** SB221 as amended by the House Science, Technology, and Energy committee, requires the PUC to do an economic impact study on "the State's ability to attract and retain quality employment" and use the study's results in its final determination of settlement terms.

**Fact:** PSNH will give up a great deal in future earnings by completing divestiture of its generating assets.

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## ...and Figures

650 Kwh per month	The amount of electricity used by the average NH household
\$7	The amount that SB221 will soften the increase in a residential customer's monthly bill
\$1,250	The amount that SB221 will soften the increase in a commercial customer's monthly bill
\$14,940	The amount that SB221 will soften the increase in a manufacturing/industrial customer's monthly bill
\$236 million	The amount that will be paid by ISO-NE to the owner of the 20 power generating assets currently owned by PSNH in 2016, 2017, and 2018 (called Forward Capacity Payments)
9.81%	The profit PSNH will collect on its generation business, including the scrubber, until it sells
2-3%	The amount PSNH will collect on bonds issued to recover its stranded costs after the sale of assets
\$25 million	The amount PSNH will forego as part of the divestiture settlement
\$69 Million	The amount PSNH will forego by not seeking a new rate increase for two years
\$250 million	The amount PSNH will forego in profits once it sells its generation fleet
\$344 million	The total amount PSNH will forego when it sells its generation assets
\$427 million	The cost of the scrubber at Merrimack Station
\$400-\$500 million	The estimated stranded costs that PSNH will be allowed to recover with the sale of its assets
\$1	The amount by which every \$1 above book value for the sale of an asset will lower stranded costs
\$225 million	The estimated book value of the PSNH fleet (estimate developed before the ISO-NE Forward Capacity auction for 2016-2018)
\$10 million + \$55.6 million	The book value of Merrimack 1 plus its Forward Capacity Payments 2016-2018
\$225 million + 236 million	The book value of the entire PSNH fleet plus the Forward Capacity Payments for 2016-2018

*These facts and figures are based on the settlement Term Sheet dated March 11, 2015.*

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