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FYI

News Headline: N.H. lawmakers want PUC to study and decide PSNH divestiture question |

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The question of whether Public Service of New Hampshire should be forced to sell its three fossil fuel-burning power plants is complex and politically charged, with interest from environmentalists and implications for the state's electricity market.

But a group of state lawmakers thinks the answer should come from the three appointed members of the Public Utilities Commission, not the 424 elected members of the Legislature.

"It sounds cowardly, but it's not," said Rep. David Borden, a New Castle Democrat and chairman of the Legislative Oversight Committee on Electric Utility Restructuring. "The logic is that they're better equipped to do the economic studies required than the Legislature is."

The oversight committee chaired by Borden has spent months gathering information on PSNH's business situation and its three fossil fuel-burning power plants: the coal-burning Merrimack Station in Bow; Newington Station, which uses oil and natural gas, in Newington; and Schiller Station in Portsmouth, which burns coal, oil and wood.

Relatively low natural gas prices and PSNH's relatively high rates have prompted many of its customers to switch to cheaper electricity suppliers. PSNH's higher costs include a scrubber that went online at Merrimack Station in 2011, with the goal of reducing air pollution and a $422 million price tag.

Some lawmakers and regulators fear PSNH's costs will burden an ever-shrinking customer base unless it sells off the plants or takes some other action. But PSNH wants to keep its plants, saying they provide flexibility and diversity for the state's electricity market.

Back in August, members of the oversight committee indicated they weren't ready to push for immediate divestiture of PSNH's plants. But the panel's annual report, dated Nov. 1, makes clear the option is still in play by saying "it may be time to consider" having PSNH "fully divest its generation assets."

Borden said the panel feels the Public Utilities Commission, whose three members are appointed by the governor and confirmed by the Executive Council, is better equipped than the Legislature to study the issues involved and make a final decision on whether PSNH should be required to sell off its plants.

"We suspect that a careful analysis would point away from utilities owning their own generation assets, and . . . so we suspect it would be to the benefit of the public and the ratepayers that they didn't," Borden said. "And we want the PUC to figure it out."

PSNH spokesman Martin Murray said the company agrees that the PUC is the appropriate place for any divestiture discussion: "We do believe that is the proper venue, if you will, for such a study."

Still, the utility – which is owned by Hartford, Conn.-based Northeast Utilities – hasn't changed its position on divestiture itself.

“PSNH's position is pretty clear,” Murray said. “Our power plants have traditionally provided great direct benefit to our customers and indirect benefits to many others, and we believe they will continue to do so in the future.”

State law already states that PSNH “may divest its generation assets if the commission finds that it is in the economic interest of retail customers of PSNH to do so.”

Borden plans to introduce a bill next year that would strengthen that language by stating the PUC “shall have the authority to order PSNH to divest its generation assets if the commission finds that it is in the economic interest to retain customers of PSNH to do so,” according to an early draft.

Borden's proposed bill has attracted co-sponsors from both parties, including Deputy House Speaker Naida Kaen, a Durham Democrat, and Rep. Larry Rappaport, a Colebrook Republican.

The PUC in June issued a report saying divestiture could be an answer to PSNH's woes, and stating that “the fossil units have very little market value.” And the commission is about to hire a consultant to study the potential value of those power plant assets were they to be sold off.

That study represents “an important part of a much larger determination,” whether divestiture is in the best interests of PSNH customers, said Tom Frantz, director of the PUC's electric division.

Frantz said such a decision can't be taken lightly.

“Any kind of divestiture process . . . takes a fair amount of analysis, takes time, and you really need to be careful about a determination of whether or not it would be in the interests of customers,” Frantz said. “It's a big decision.”

A separate case over how PSNH can recover the cost of the Merrimack Station scrubber is pending before the PUC.

Borden said he doesn't know if his bill to clarify the PUC's role will run into resistance next year. But, he said, something has to be done.

“I think the risk of doing nothing on the Legislature's standpoint is greater than the risk of pushing this forward,” he said. “I don't want us to say we had this big problem and we did nothing.”