

GRANITE STATE HYDROPOWER ASSOCIATION

Energy Stakeholder Forum

Supplemental Comments

June 27, 2006

EXHIBIT 4

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

AGREEMENT TO SETTLE PSNH RESTRUCTURING

August 2, 1999

TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. DEFINITIONS.....	4
III. WRITE-OFF.....	11
IV. RATE DESIGN.....	12
V. INDIVIDUAL RATE COMPONENTS	13
A. DELIVERY CHARGE.....	13
B. STRANDED COST RECOVERY CHARGE	17
1. <i>Part 1 - Securitized Assets</i>	18
2. <i>Part 2 - Nuclear Decommissioning, IPP Costs and Going Forward Costs</i>	19
3. <i>Part 3 - Non-Securitized Stranded Costs and Other Expenses and Obligations</i>	20
4. <i>Rate Calculation and Reconciliation</i>	23
C. RISK SHARING.....	25
D. ENERGY CHARGES.....	28
1. <i>Competitive Energy Service</i>	29
2. <i>Transition Service</i>	29
3. <i>Default Service</i>	31
E. SYSTEM BENEFITS AND ENERGY CONSUMPTION TAX	31
1. <i>The Low-Income Electric Assistance Program</i>	32
2. <i>Energy Efficiency Programs</i>	33
F. OTHER RATE ISSUES.....	34
1. <i>Changes in Nuclear Decommissioning and Public Policy Charges</i>	34
2. <i>Fuel and Purchased Power Adjustment Clause ("FPPAC")</i>	34
3. <i>Sharing Agreement</i>	34
4. <i>The Rate Agreement and the Seabrook Power Contract</i>	35
G. AVOIDED COSTS FOR IPPS	35
H. TERMINATION OF PILOT PROGRAM	35

989 1999, which are currently estimated to be \$8.4 million, and final reconciliation as determined
990 pursuant to FERC contract requirements for amounts due with respect to entitlements or
991 transactions occurring before this termination date.

992 4. The Rate Agreement and the Seabrook Power Contract.

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994 As a condition precedent to Competition Day, NU must have obtained the consent of
995 the New Hampshire Attorney General, and all other necessary regulatory and lender approvals,
996 to cancel the November 22, 1989 Rate Agreement between NU and the State and the
997 November 22, 1989 Seabrook Power Contract between PSNH and NAEC. The Attorney
998 General hereby consents to such cancellations, contingent on implementation of this
999 Agreement.

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1001 **G. Avoided Costs for IPPs**

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1003 PSNH's responsibilities and avoided cost rates on and after Competition Day for short-
1004 term purchases of IPP power pursuant to the federal Public Utility Regulatory Policies Act and
1005 the New Hampshire Limited Electrical Energy Producers Act shall be equal to the payments
1006 received by PSNH for sales into the ISO-New England power exchange, adjusted for line
1007 losses, wheeling costs, and administrative costs. This Agreement is not intended to impair
1008 existing rate orders or contracts.

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1010 **H. Termination of Pilot Program**

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1012 To allow PSNH to prepare for the implementation of this Agreement, PSNH's
1013 participation in the New Hampshire Retail Competition Pilot Program (Docket No. DR 95-
1014 250) shall terminate as of pilot customer meter readings during the month following receipt of
1015 a Final Order.

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B. Marketing of PSNH Power

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1. Fossil Steam, Hydroelectric, Internal Combustion and Nuclear Ownership, Entitlements or
Purchase Obligations

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Notwithstanding any other provision of this Agreement, PSNH will be responsible for the prudent marketing of the output of any generating assets, entitlements, or purchase obligations which it owns or in which it retains an interest. Revenues from these sales will include the full capacity and energy revenue and the revenue from ancillary services related to PSNH's generating stations and entitlements, and the revenues from the resale of power purchased under purchase obligations shall include the full revenue derived from the sale of energy, capacity or other products. All revenue from these sales shall be used to reduce Non-Securitized Stranded Costs in the order and manner prescribed in the Stranded Cost Recovery Charge section of this Agreement.

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2. Purchases from Qualifying Facilities ("IPPs") at Short Term Avoided Cost Rates

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For so long as PSNH is required to purchase the output from IPPs under short term avoided cost rates, it shall be deemed prudent for PSNH to sell or bid IPP power into the pool at the ISO New England market clearing price.

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3. Purchases from Qualifying Facilities ("IPPs") under Long-Term Contracts or PUC-
Approved, Long-Term Rate Orders

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PSNH will auction its power obtained from IPPs under long-term contracts or under PUC approved long-term rate orders. Said auctions will be conducted under PUC oversight and will occur no more often than once every six months. The auctions may include all IPPs under long-term contracts and long-term rate orders or the auctions may include combinations thereof. PSNH may establish reasonable minimum bids for said auctions. If the actual bids

1504 submitted in these auctions do not meet or exceed PSNH's minimum bids or, for good reason,
1505 some IPPs are not included in the auction, PSNH may sell the output from these IPPs into the
1506 pool at a price no less than the ISO New England market clearing price until the next
1507 semiannual auction. The PUC retains jurisdiction to determine whether the minimum bid
1508 and/or the decision to exclude certain IPPs from the auction was prudent. Revenues derived
1509 from the marketing of power purchased from IPPs under long-term avoided cost rate orders
1510 and long-term contracts shall be included as a credit to Part 2 of the SCRC.

1511 **C. Procedure for Review of Plant Operation and Marketing of Power**

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1513 PSNH shall annually file a report and such other information as the PUC shall require
1514 for review by the PUC supporting PSNH's plant operations and the results of the sale of the
1515 output from PSNH's plants, entitlements and purchase obligations. Such filings shall be made
1516 on a time schedule to be determined by the PUC.

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1519 **X. EMPLOYEE PROTECTION**

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1521 As part of the plan to divest generating assets, certain commitments have been made to
1522 represented and non-represented employees. PSNH believes that those commitments are
1523 comparable to commitments made by other New England utilities that have divested their
1524 generation. Such commitments have been made to PSNH's fossil/hydro employees and to
1525 North Atlantic Energy Service Corporation's ("NAESCO") nuclear employees.

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1527 **A. PSNH Fossil/Hydro Represented Employees**

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1529 PSNH is a party to a Collective Bargaining Agreement ("CBA") with the International
1530 Brotherhood of Electrical Workers ("IBEW"), Local 1837 in New Hampshire. The purchaser
1531 will be required to assume PSNH's obligations under the IBEW-PSNH Fossil/Hydro CBA at
1532 the closing of the asset sale. PSNH has also agreed to provide certain employment protections