

Dear Ms. Chambers:

Thank you for taking time to come north and talk with us. It was very informative.

You asked for comments and feedback. The presentation was done well.

I have a few comments or thoughts that hopefully will find their way in to any legislation and future planning .

#1: Be very careful when giving perks to any of the competing energy sources. Unintended consequences frequently surface that were not considered in the formation of legislation. Examples such as the bio mass plant in Berlin was given perks to inspire and encourage the industry. No one gave any thought to the adverse impact on the other existing bio mass plants in New Hampshire. They are barely keeping their head above water. An additional legislative perk was given the existing bio mass plants. The net effect is driving up the cost of energy. On the surface the Berlin project was presented as a win / win situation, jobs and needed infrastructure improvements in the Berlin area. Perks are not free, the citizens pay for them one way or other.

#2: The wind projects are being paid a significant rate bonus for the power they generate, to encourage the industry and get it up and running. The 17 cents per KWH of energy from a wind mill is paid for by the citizens in a combination of ways: some by taxes both state and federal as well as energy charge on the monthly electric bill. The truly sad parts of the wind power block of energy is that in most cases the bonus goes off shore to foreign companies, but we feel good about getting the industry up and running and we are going green. The best engineering people I know who are in the industry tell me and I have seen documents to confirm that wind mills are worn out after 25 years, will require replacement. We now buy the infrastructure again, the rate payer pays no matter how well hidden. I recently have been told by some people that the wind mill blades are expected to need replacement after 15 years. Is this such a good investment for the state and the citizens. I do believe that wind can play a part in the energy picture, we just need to take a very detailed look at the true costs associated with wind. Other energy sources have a 60 to 100 year life expectancy. More hidden costs to deal with.

3: The small hydro and privately owned hydro generation operating in New Hampshire are getting on the average 3.5 cents per KWH of energy vs PSNH being allowed to recover 9 cents per KWH of energy because they have overhead. The privately owned hydro sites are on what is called the market or ISO rate. At times of the day they are paid \$0.00 per KWH of energy supplied to the grid. It goes out in the grid, somebody is selling this energy and being paid for it. The hydro generator is not paid, certainly not fair. The wind people get 17 cents per KWH all day long with no periods of being paid \$0.00 per KWH. Maybe we could rectify this situation, make the playing field a little more level.

4: The State of Massachusetts passed some legislation that the utilities in that state were to get out of the power production business segment, we were told it will drive the rates down by completion. One unintended consequence was that the hydro stations on the Conn River were sold to a company that could not support the debt load, they went bankrupt. The plants were subsequently sold again and a foreign company purchased them. The plants are well run by the current owner, the adverse impact is the profit goes off shore. Does not help the US international balance of payments. When undertaking such moves we should look very closely at some of the hidden consequences of such action.

5: The awful Northern Pass is a project that I would prefer to see not built but not for the normal reasons. It again purchases energy from foreign companies and does not help our balance of payments. In reality I believe Northern Pass must be built. The New England area has several Nuclear plants that are either in the process of shutting down or will shut down soon. Vermont Yankee will shut down at the end of this year. It is 600 MW or half of Northern Pass. Several Plants are now in the 40 year old category, I suspect some will not be relicensed. Each of the plants of the early 1970 era are rated approximately 600 MW. One more retirement and Northern Pass is used up.

6; You spoke of Vermont and I believe on a couple of times you indicated they were ahead of NH. Be careful how you examine Vermont's situation and NH's situation. In the hydro business Vermont requires one inch of water going over the dam along with any minimum flow requirements and fish bypass water. The sole reason for the one inch of water over the top of the dam is "It Looks good". When we are in an energy situation such as we are can we afford to give away energy because it looks good. Collectively for all the plants in Vermont this amount to a fairly large number of KWH. Hydro is classed by the EPA as green energy also by the Army Corp of Engineers.

When special interest groups make a lot of noise about a very limited topic we should look very closely at all the unintended consequences that will occur. Older more experienced people are a very valuable resource for these times and situation. Grey hair does have some capability and contribution to give.

7: You pointed out that we are all in the energy boat together. Well said and very true. I frequently hear that New Hampshire is a net exporter of power. I suspect this is true most of the time. However let one large unit go down such as Seabrook and we instantly become an importer of energy.

It must come from somewhere our partners in the power exchange pool. I do not believe that many of the special interest groups understand this.

8: I am sure you will recall my comment about getting a business man on your staff to help someone who has built something from the ground up and made it work. This can be very important and help avoid some of the pitfalls. So many times we get the impression that GOV does not listen to the citizens. A good example: Several years ago I went to Concord to testify before a senate committee. The senator asked the Municipal association to testify and a town elected official to testify. When it came time for the citizens input she did not have time to listen and adjourned the meeting. This type of action does not improve the image of GOV. Just so no one misunderstands this last comment I do not have any feeling that the citizens were not listened to at the information meeting you hosted, again I say well done and presented.

Thank you for taking time to read my thoughts on energy.

William N Clewes