

## SENATE REJECTS BID TO SLOW DOWN NSTAR-NORTHEAST MERGER

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STATE HOUSE, BOSTON, FEB. 16, 2012...Despite scuttling a Republican-led effort to delay the proposed merger of NStar and Northeast Utilities, members of the Senate on Thursday expressed serious reservations about the impact the deal would have on long-term energy costs.

"I think you heard today on the floor the concerns of many of the members about the end cost after four years. I think the initial savings to each individual customer is between \$12 and \$15, but what happens after year four? That is a concern for us," Senate President Therese Murray said.

The Plymouth Democrat also said she needed to know more about cost impacts before deciding whether she thought the NStar purchase of Cape Wind energy would be beneficial to Massachusetts.

"I'm anxious to hear during the (Department of Public Utilities) hearings what the actual cost is going to be and what is the benefit, besides green energy, which I support by the way. I have a lot of windmills in my district and if you drive down Route 3 you'll see some really big ones in the town of Kingston, which is now a green community, so I support wind sited in the correct locations, but I'm also concerned about cost," Murray said.

The Senate unanimously approved a bill on Thursday aimed at improving the response of investor-owned utilities to storm-induced power outages, reflecting on customer frustration that has built over the past year in the wake of extended outages following Tropical Storm Irene and an October snow storm.

The bill requires utilities to pay a new assessment totaling \$460,000 to help cover state storm response investigation costs, and also to provide customers without power with twice-daily estimates of when electricity would be restored. Utilities would not be allowed to pass assessment costs on to customers, and the legislation creates mechanisms for utility companies to be in direct communication with municipalities and state emergency response teams about the status of power restoration efforts.

"We got the policy, the process and the incentives right. But even though we are ahead of other states, better than bad is not good enough," said Sen. Benjamin Downing, reflecting on legislation passed after the 2008 ice storm to address similar problems. "The response we've seen over the past year shows there's significant room for improvement."

During debate over the bill, Republicans tried to stall the merger between NStar and Northeast Utilities, warning that it would increase electricity rates for consumers and leave an open-ended question about how suited the large corporation will be to respond to future storms.

Sens. Michael Knapik, Bruce Tarr, Robert Hedlund and Richard Ross offered an amendment that was rejected on a 7-29 vote that would have placed a moratorium on the approval of any utility merger until at least three months after the passage of the bill or until the completion of all investigation of storm responses by the Department of Public Utilities.

"What we're simply saying is let's take a timeout," Knapik said.

Gov. Deval Patrick on Wednesday announced a conditional agreement with NStar to facilitate the merger that would impose a four-year rate freeze on the new power company, and also require the company to purchase 27.5 percent of Cape Wind power generation should that project be operational by 2016.

The administration characterized the Cape Wind purchasing agreement as an important piece to the state's renewable energy agenda and a component of NStar's strategy to comply with the Green Communities Act. If Cape Wind doesn't get built, NStar would have to make a comparable purchase of renewable energy in the state.

The Cape Wind portion of the deal was characterized by House Minority Brad Jones on Wednesday as "legalized extortion" on the part of the administration to prop up Cape Wind, and Knapik called the wind project investment a "fool's errand."

East Falmouth Republican Rep. David Vieira called it a "backroom deal."

"This seems like extortion to me. I don't appreciate the Governor playing Chicago-style politics with the future of Cape Cod and the Islands," Vieira said in a statement. "If NStar wanted to purchase CapeWind power, NStar has always been free to make such a purchase. The fact the Governor held the NStar merger hostage to the CapeWind power purchase just doesn't pass the smell test."

Knapik, a Westfield Republican, said the state already knows that National Grid's deal to buy 50 percent of the wind farm's power will lead to \$420 million to \$695 million in above market energy costs. "I don't want to have to explain this deal and all the money floating around because the people making the deal will be long gone by 2015," Knapik said.

Tarr also warned that the negative impact Cape Wind power could have on electricity costs for homeowners could stall the momentum in favor of renewable energy sources if residents become wary of costly projects adding to their power bills.

Downing urged his colleagues to reject the amendment, arguing that lawmakers should not intervene and should let the DPU complete its regulatory review process, though he said he shared some of the same concerns on cost.

Sen. Stephen Brewer noted that the Legislature would be in session until the end of July if further action on the merger, expected to be decided by early April, required legislative intervention.

Though the GOP amendment failed, Murray said she would be watching the DPU hearings closely.

"More importantly, you're merging with a company that had major outages in Connecticut that they were not able to respond to adequately and that is my major concern. Will the company be too big to respond in the future?" Murray asked.

The Senate also passed legislation requiring schools to develop emergency response plans, with senators saying most schools already have such plans but some don't.

A bill overhauling the oversight of education collaboratives also moved closer to final passage with the Senate concurring with House amendments to the bill, and sending it back to that branch with a further amendment.

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