

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

Docket No. DE 17-_____

**APPLICATION OF
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY
FOR APPROVAL OF THE SALE OF ITS INTEREST IN
W.F. WYMAN STATION – UNIT 4**

Pursuant to RSA 374:30 and RSA 369-B:3-a, Public Service Company of New Hampshire (“PSNH” or the “Company”) respectfully requests that the Commission approve the sale of its 3.1433% ownership interest in the W.F. Wyman Station – Unit 4.

I. Statement of the Application

PSNH applies to the Commission for approval of the sale of its 3.1433% ownership interest in W.F. Wyman Station – Unit 4 (“Wyman 4”) located in Yarmouth, Maine. The sale results from the generation asset sale process agreed to by PSNH in the “2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement,” filed with the Commission on June 10, 2015 (the “2015 Settlement Agreement,”) as subsequently amended by the January 26, 2016 “Amendment to Settlement” and the January 26, 2016 “Partial Litigation Settlement.” These agreements were approved by the Commission in Order No. 25,920 dated July 1, 2016

PSNH has entered into a Purchase and Sale Agreement dated June 15, 2017 (the “PSA”) with FPL Energy Wyman IV LLC (“FPLE”) for the sale of its 3.1433% ownership interest in Wyman 4 for a purchase price of \$1 million (subject to certain adjustments at closing). FPLE is a Delaware limited liability company, with a business address of 700 Universe Boulevard, Juno Beach, Florida 33408.

In this Application, PSNH seeks the Commission’s approval of the PSA under RSA 369-B:3-a, including specific rulings that the sale meets the requirements of New Hampshire law set forth in RSA 374:30. PSNH requests that the Commission expeditiously act on and approve this Application.

Section II of this Application and the supporting testimony describe facts relevant to the Commission’s review of this Application. Section III sets forth the statutory criteria for approval of this transaction and reasons why the Agreement meets these criteria. Section IV is the concluding request for rulings and for approval of the sale.

II. Factual Background

Sale Process

Pursuant to the 2015 Settlement Agreement and the divestiture process approved by the Commission in Docket No. DE 16-817, the Commission engaged J. P. Morgan Securities Inc. (“JPMorgan”) as asset sales specialist on behalf of the Commission to conduct the sale, with oversight by members of Commission Staff. Consistent with the 2015 Settlement Agreement, JPMorgan has brokered an agreement, the PSA, for the sale of PSNH’s ownership interest in Wyman 4 to FPL Energy Wyman IV LLC, the majority owner of Wyman 4.

In RSA 369-B:3-a (2015), the Legislature found that divestiture of PSNH’s generation plants and securitization of any resulting stranded costs pursuant to RSA 369-B:3, IV(c) is in the public interest, subject to the Commission finding that it is in the economic interest of retail

customers of PSNH to do so. In Order No. 25,920 approving the 2015 Settlement Agreement, the Commission included approval of the “2016 Litigation Settlement” (Hearing Exhibit C in Docket No. DE 14-238). The 2016 Litigation Settlement included as paragraph 11 the stipulation that “The Settling Parties and Staff agree that in light of the economic benefits reasonably expected from divestiture, the prompt divestiture of PSNH’s generation assets is in the economic interest of retail customers of PSNH.” The Commission specifically stated that “the 2015 Settlement Agreement and 2016 Litigation Settlement serve the public interest as defined by the Legislature in SB 221, Chapter 374-F, and related statutes.” Order No. 25,920 at 67.

Pursuant to the 2015 Settlement Agreement, “Conduct of the [divestiture] auction will be under the oversight and administration of the Commission, with the Commission retaining such direction and control as it deems necessary.” 2015 Settlement Agreement at 18.

The 2015 Settlement Agreement states that “PSNH’s minority ownership interest in Wyman Unit 4, located in Yarmouth, Maine, will be offered for sale and may be sold outside of the auction process or dealt with as deemed appropriate by the Commission.” 2015 Settlement Agreement at 22. Consistent with this provision of the 2015 Settlement Agreement, JPMorgan polled the other joint owners of Wyman 4 asking for indications of interest regarding the purchase of PSNH’s 3.1433% minority ownership interest. That inquiry led to an expression of interest from FPLE and concluded with the execution of the PSA on June 15, 2017.

Full descriptions of the Wyman 4 station and the parties to this transaction are included in the Application being filed with the Federal Energy Regulatory Commission under Section 203 of the Federal Power Act, attached hereto as Attachment 4.

The sale process, the principal terms of the Agreement and the results of the sale are described in detail in the testimony of Peter A. Kelly of JPMorgan (Attachment 2 hereto). Mr.

Kelly confirms that the sale was conducted in a manner consistent with the 2015 Settlement Agreement and applicable statutory and regulatory requirements. He further testifies that the sale price is reasonable. The PSA is attached hereto as Attachment 1.

As part of this Application, PSNH provides testimony discussing how the sale of Wyman 4 impacts the Company and its customers. Most notably, in the prefiled testimony of Mr. Eric Chung (Attachment 3 hereto), the value of the Wyman 4 asset on PSNH's books as of May, 2017, was \$373,160.85. The net proceeds of this sale will be used to mitigate stranded costs borne by customers.

B. Sale Results

Pursuant to the PSA, PSNH will convey to FPLE its interest in Wyman 4. The total sale price is \$1 million plus an additional payment reflecting PSNH's share of fuel inventory value per the methodology specified in the PSA, with further customary adjustments at closing. As part of the transaction FPLE will assume liabilities listed in Schedule 3(b)(i) of the PSA, including, *inter alia*, "any Environmental Liability or obligations (including those under the Joint Ownership Agreement), known or unknown, relating to or arising out of operations, maintenance, construction, installation, or disposal activities conducted at, near, on, or under the Wyman 4 Station or the Purchased Assets."

The parties to the sale transaction are targeting a closing on the first of the month following receipt of all necessary regulatory approvals. In addition to the approval sought from this Commission pursuant to this Application, approval of this transaction is also required from the Federal Energy Regulatory Commission ("FERC") under §203 of the Federal Power Act. A copy of the filing being made with FERC contemporaneous with this Application is attached hereto as Attachment 4.

Note that no approval is necessary from the Maine Public Utilities Commission. “The various generating facilities owned by PSNH in Maine are no longer electric plant subject to our jurisdiction. See 35-A M.R.S.A. § 102(6-A).” *Pub. Serv. Co. of New Hampshire et al. Request for Exemption of Chapter 708(2)(a)*, Maine PUC Docket No. 2000-46, 2000 WL 36272061, at *1 (Mar. 17, 2000).

III. Criteria for Review and Requested Approvals and Findings

A. New Hampshire Statutory Requirements

New Hampshire statutes set forth the specific criteria that must be met for the Commission to approve this transaction.

In accordance with RSA 369-B:3-a, “Divestiture of PSNH Generation Assets; Review of 2015 Settlement Proposal”:

The general court finds that divestiture of PSNH’s generation plants and securitization of any resulting stranded costs pursuant to RSA 369-B:3, IV(c) is in the public interest... ..

RSA 374:30 requires:

Any public utility may transfer or lease its franchise, works or system, or any part of such franchise, works or system, exercised or located in this state, or contract for the operation of its works and system located in this state, when the commission shall find that it will be for the public good and shall make an order assenting thereto, but not otherwise. The commission may, by general order, authorize a public utility to transfer to another public utility a part interest in poles and their appurtenances for the purpose of joint use by such public utilities.

RSA 369-B:3-a amended in 2015 provides unequivocal direction from the Legislature that the sale of PSNH’s generation plants is in the public interest. Therefore, the Commission needs to consider only the process and sale price to determine whether the PSA meets the requirements of RSA 374:30.

As noted above, the transaction requires FPLE to take over responsibility for certain “Assumed Liabilities.” This requirement removes the costs and risks associated with such historic activity from PSNH and its customers.

The sale transaction is also consistent with RSA Chapter 374-F. As described in the testimony of Mr. Chung the sale would mitigate stranded costs borne by PSNH retail customers (RSA 374-F:3, XII,(c)), as the net proceeds from the sale will be used to reduce PSNH’s stranded costs, per the requirements of the 2015 Settlement Agreement.

Finally, the proposed transaction is also consistent with 2014 N.H. Laws, Chapter 310, “An Act relative to the divestiture of PSNH assets and relative to the siting of wind turbines.” Section 310:1 provides:

The purpose of allowing the public utilities commission to determine if divestiture of Public Service Company of New Hampshire’s (PSNH) remaining generation assets is in the economic interests of PSNH’s retail customers should be to maximize economic value for PSNH’s retail customers, minimize risk to PSNH’s retail customers, reduce stranded costs for PSNH’s retail customers, promote the settlement of outstanding issues involving stranded costs, and, if appropriate, provide for continued operation or possible repowering of PSNH’s generation assets.

The proposed transaction fulfills all of the requirements of 310:1 as it maximizes the economic value of PSNH’s Wyman 4 interest to benefit retail customers; minimizes risk to PSNH’s retail customers by having FPLE assume certain liabilities; reduces stranded costs to customers by having a transaction value that exceeds the asset’s book value; and will result in the continued operation of the station.

RSA 369-B:3-b, “Employee Protections,” is not applicable in this instance, since there will be no employees affected as a result of this transaction.

C. New Hampshire Regulatory Requirements

In addition to the statutory requirements for approval discussed above, the Commission has previously issued orders addressing the sale of PSNH's generating assets. These orders were issued in Docket Nos. DE 14-238 and DE 16-817. By Order No. 25,920, the Commission approved the 2015 Settlement Agreement that expressly calls for the sale of PSNH's interest in Wyman 4 and allows for its sale outside of the auction process. By Order No. 25,967, the Commission approved the auction design and the selection of JPMorgan as the Commission's Auction Advisor. On February 10, 2017, the New Hampshire Supreme Court summarily affirmed the Commission's decision in Order No. 25,967.

IV. Request for Rulings and Approval of the Sale

PSNH respectfully requests that the Commission (1) find that the results of the sale comply with New Hampshire law, and (2) approve the PSA for the sale of Wyman 4.

Respectfully submitted this 21st day of June, 2017.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY**

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