

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 18-171

NEW HAMPSHIRE TRANSMISSION, LLC

Petition for Approval of Financing Related to Seabrook Substation

Order Approving Financing

ORDER NO. 26,204

December 21, 2018

In this order, the Commission authorizes New Hampshire Transmission, LLC, to enter into a loan agreement with NextEra Capital and to issue long-term, secured debt instruments in an aggregate principal amount not to exceed \$59 million during the two-year period beginning on January 1, 2019.

I. NHT's PETITION

On November 5, 2018, New Hampshire Transmission, LLC (NHT or the Company), filed a petition pursuant to RSA 369:1 and Order No. 24,321¹ for authorization to enter into a Third Amended and Restated Loan Agreement with NextEra Capital Holdings, Inc. (NextEra Capital), NHT's lender and indirect holding company.² The proceeds of the financing will be used by the Company to finance a multi-phase solution to address concerns associated with aging

¹ In *Florida Power & Light Company*, Order No. 24,321 (May 7, 2004), the Commission approved a settlement agreement that acknowledged the regulatory requirements of Florida Power & Light in its operation as a New Hampshire public utility including the requirement to comply with the provisions of RSA 369.

²NHT is a wholly-owned subsidiary of NextEra Energy Transmission, LLC, itself a wholly-owned subsidiary of NextEra Energy Infrastructure., LLC, which is a wholly-owned subsidiary of NextEra Energy Capital Holdings, Inc. (NextEra Capital). NextEra Capital is, in turn, a wholly-owned subsidiary of NextEra Energy Inc. The prior dockets referenced in the text of the Order contain the names of the companies in place at the time under the FPL Group Capital, Inc., umbrella company.

infrastructure in the Seabrook Substation,³ including like-kind replacements of horizontal gas-insulated lines, circuit breakers, insulators and other equipment, and to support other capital costs and operating expenditures. Other costs and expenditures include a potential financing associated with NHT's interconnection facilities to be paid by the Seabrook Nuclear Generating Station. The Company asserted that the purpose of the financing is in the public good and entitles it to enter the proposed financing agreement under RSA 369:1.

To implement the financing, NHT would issue long-term, secured debt instruments in the aggregate principal amount not to exceed \$59 million over a two-year period from January 1, 2019, through January 1, 2021. The Company said that the terms and conditions of the proposed financing are similar to those approved by the Commission in 2013 and 2016. Accrued interest and fees from the new issuance would have a maturity of 30 years from the closing date of the original loan facility and would be secured. The interest rate on all debt security issuances would be based on the rate of a U.S. Treasury bond with a comparable maturity, plus 232 basis points, or 2.32 percent. The yield for the U.S. Treasury bond would be based on the rate published in the Wall Street Journal on the day prior to the date of the new loan issuance. The financing would only be made after approval of the Commission and the Federal Energy Regulatory Commission. The principal amount of total borrowings under the Third Amended and Restated Loan Agreement, including existing obligations plus new loans, would not exceed \$80,633,431 during the authorization period, which includes the outstanding principle balance of existing obligation of \$21,633,431.

³ Seabrook Substation is a 345-kV pool transmission facility operated as part of the regional bulk power system by ISO New England (ISO-NE). Seabrook Substation interconnects the Seabrook Nuclear Generating Station with three major 345 kV transmission lines that are part of the ISO-NE transmission network.

II. STAFF'S POSITION

Staff filed its recommendation on November 30, 2018. Based on its review, Staff recommended that the Commission approve the petition. Staff said that the filing conforms to the requirements of the settlement agreement approved in Order No. 24,321 and the requirements of RSA 369:1, and that the proposed use of the proceeds from the financing is in the public good.

III. COMMISSION ANALYSIS

RSA 369:1 states that a utility “may, with the approval of the commission but not otherwise, issue and sell ... notes and other evidence of indebtedness payable more than 12 months after the date thereof for lawful corporate purposes.” The Commission must conduct a “hearing or investigation as it may deem proper,” then authorize the financing “if in its judgment the issue of such securities upon the terms proposed is consistent with the public good.” RSA 369:4. The Commission reviews the amount to be financed, the reasonableness of the terms and conditions, the proposed use of the proceeds, and the effect on rates. *Appeal of Easton*, 125 N.H. 205, 211 (1984).

The rigor of an *Easton* inquiry varies depending on the circumstances of the request. We engage in a more limited review for routine financing requests. *Public Service Co. of N.H.*, Order No. 25,050 at 13-14 (December 8, 2009). A routine request is one that will have no perceptible impact on rates or deleterious effect on capitalization, and in which the funds are to enable numerous investments appropriate in the ordinary course of utility operations. *Id.* at 13. A routine request calls for a more limited examination of whether the “use of financing proceeds [is] in the public good without further review of possible alternative uses of the funds.” *Id.* at 16.

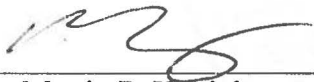
NHT has no retail rate payers in New Hampshire, and we thus find NHT’s request to be routine. When reviewing a routine financing request, we limit our review to whether the “use of

the financing proceeds [is] in the public good.” RSA 369:4. NHT represented that the repair of aging infrastructure at Seabrook Substation is important, because the substation is a key component of the regional transmission network as it interconnects the Seabrook Nuclear Generating Station, the largest single electric generation resource in New England, with three major 345 kV transmission lines. The transformer and interconnection facilities associated with the Seabrook Substation are essential to the reliable operation of the ISO-NE transmission network. Accordingly, we find NHT’s intended use of the proceeds from the financing, and the financing itself, to be in the public good.

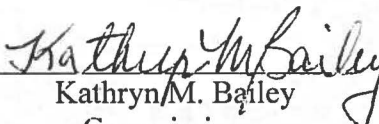
Based upon the foregoing, it is hereby

ORDERED, that New Hampshire Transmission, LLC’s financing request is hereby APPROVED.

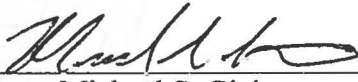
By order of the Public Utilities Commission of New Hampshire this twenty-first day of December, 2018.



Martin P. Honigberg
Chairman

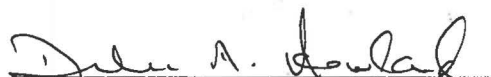


Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director