

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

**NEW ENGLAND ELECTRIC TRANSMISSION CORPORATION/
NEW ENGLAND POWER COMPANY**

DE 12-_____

**Verified Petition for Authority to Transfer Certain Assets
Associated with the Monroe HVDC Phase I Converter Facility**

Pursuant to RSA 374:30, New England Electric Transmission Corporation (“NEET”) and New England Power Company (“NEP”) hereby petition the Public Utilities Commission (“Commission”) for authority to transfer certain assets associated with the Monroe high voltage alternating current (“AC”)/direct current (“DC”) converter facility (the “Monroe HVDC Phase I Converter Facility”) as a result of the retirement of that facility by NEET and certain other limited assets no longer required by NEET. In support of their petition, NEET and NEP state as follows:

I. DESCRIPTION OF THE PARTIES TO THE PROPOSED TRANSACTIONS

1. NEET is a New Hampshire corporation and NEP is a Massachusetts corporation. Both corporations are authorized to operate in New Hampshire as public utilities. The outstanding common shares of NEET and NEP are wholly-owned by National Grid USA (“National Grid”). National Grid is an indirect, wholly-owned subsidiary of National Grid plc, a company incorporated in England and Wales.

2. NEET was formed to build, own, and operate six miles of high-voltage direct current (“HVDC”) transmission line and the Monroe HVDC Phase I Converter Facility in New Hampshire for the first phase of the Hydro-Quebec and New England HVDC interconnector

project. The Monroe HVDC Phase I Converter Facility converter terminal is now retired from commercial service. However, the HVDC transmission line remains in service supporting the Sandy Pond HVDC Phase II converter facility, as do certain switched shunt reactors and switched capacitors located at the Monroe AC terminal that provide volt-amp-reactive (“VAR”) support for the 230 kV transmission system in the vicinity.

3. NEP is regulated as a public utility by the Federal Energy Regulatory Commission (“FERC”). It operates approximately 2,400 miles of transmission facilities in the states of Massachusetts, Rhode Island, New Hampshire, and Vermont. NEP’s primary business is the transmission of electricity at wholesale to electric utilities and municipalities in New England. NEP operates transmission facilities that it owns directly as well as certain transmission facilities owned by its distribution affiliates in New England, Massachusetts Electric Company and The Narragansett Electric Company, through integrated facilities agreements under NEP’s FERC Tariff No. 1. All of NEP’s transmission facilities, including those owned by its New England distribution affiliates, are subject to the operating authority of the Regional Transmission Operator (“RTO”) in the New England control area, ISO New England, Inc. (“ISO-NE”). NEP is a Participating Transmission Owner (“PTO”) under the terms of the Transmission Operating Agreement by and among the New England PTOs and ISO-NE.

4. TransCanada is a corporation organized and existing under the laws of the State of Delaware. It owns and operates approximately 566 MW of hydroelectric generating facilities in Massachusetts, New Hampshire, and Vermont. These facilities are subject to the operating authority of the RTO and ISO-NE.

II. BACKGROUND AND DESCRIPTION OF THE TRANSACTIONS

5. The Monroe HVDC Phase I Converter Facility began commercial operation in 1986. On March 8, 2007, ISO-NE issued a notice pursuant to Section 1.3.9 of the ISO-NE tariff stating that the retirement of the Monroe HVDC Phase I Converter Facility would not have a significant adverse effect on the stability, reliability or operating characteristics of the New England transmission facilities or the system of any ISO-NE market participant. (See Letter from Stephen G. Whitley, Senior Vice President and Chief Operating Officer, ISO-NE to Philip Tatro and Chuanjiang Zhu, National Grid USA, dated March 8, 2007, attached as Appendix A, which can also be found at http://www.iso-ne.com/trans/pp_tca/isone_app_approvals/prop_plan/2007/mar/tatro-zhu_nep-07-t01.pdf.) This conclusion was based, in part, on a determination that the VAR support equipment that was part of the facility would remain in operation and remain owned and maintained by a National Grid entity to provide VAR support for the AC transmission system in the vicinity of the Comerford substation, which is located adjacent to the Monroe HVDC Phase I Converter Facility. In light of the fact that NEP is the National Grid entity that owns and operates the Comerford substation and the AC transmission system in the area, National Grid determined that NEP would be the appropriate National Grid entity to own, operate, and maintain these VAR support facilities.

6. The assets that constitute the VAR support facilities that NEET proposes to transfer to NEP have been fully depreciated. The VAR support facilities are described in more detail in the form of bill of sale attached to this petition as Appendix B. Appendix B also includes limited additional assets held in inventory that were previously used to support NEET's overhead DC transmission lines, but that are no longer needed by NEET and would be of value to NEP to support its Phase II Hydro-Quebec DC transmission line. These assets have also been fully depreciated. Because all of the assets described in Appendix B have been fully depreciated,

NEET intends to transfer them to NEP for total consideration of one dollar (\$1.00). The transfer of such assets from NEET to NEP will be effectuated by a bill of sale substantially in the form attached as Appendix B to this Verified Petition.

7. As a result of the retirement of the Monroe HVDC Phase I Converter Facility, certain fiber optic cable and supporting equipment (“the Communications-Related Assets”) owned by NEET and by NEP that were previously used for communication between the Monroe Phase I HVDC Converter Facility and NEP’s transmission facilities are no longer required by NEET or NEP. (The Communications-Related Assets owned by NEET and NEP, respectively, are referred to below as the NEET Communications-Related Assets or the NEP Communications-Related Assets, as the case may be.)

8. TransCanada has agreed to purchase the NEET Communications-Related Assets, as set forth in Appendix C to this petition, for a purchase price of \$11,481, and has agreed to purchase the NEP Communications-Related Assets, as set forth in Appendix D, for a purchase price of \$15,686. The NEET and NEP Communications-Related Assets were not offered for sale to any entity except TransCanada because their value to TransCanada is based on the fact that it owns generation assets at the Comerford site and they can be used to provide an alternate communications route for protective relaying purposes. The Communications-Related Assets would be of little or no value to any other entity. The transfer from NEET and NEP to TransCanada will be effectuated by two bills of sale substantially in the form attached as Appendix C and Appendix D to this Verified Petition. (NEP also plans to transfer to TransCanada certain limited additional assets located in Bellows Falls, Vermont, but those assets are not used in support of NEP’s transmission operations in New Hampshire, and therefore they

have not been included in this petition. For the Commission's information a copy of the current form of bill of sale relating to those assets is attached hereto as Appendix E.)

III. PUBLIC INTEREST STANDARD

9. RSA 374:30, I, provides in relevant part: "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...when the commission shall find that it will be for the public good...."

10. To the extent that the assets described in Appendix B, Appendix C, and Appendix D are considered to be part of NEET or NEP's franchise, works, or system, Commission approval is required by RSA 374:30, I.

11. The public good standard "is analogous to the 'public interest' standard . . . applied and interpreted by the Commission and by the New Hampshire Supreme Court." *Consumers New Hampshire Water Company*, 82 NH PUC 814, 816 (1977) (citing *Waste Control Systems, Inc. v. State*, 114 N.H. 21, 22-23 (1974)). "The [relevant] test requires a finding that a transaction is one not forbidden by law and is reasonably permitted under all the circumstances of the case and 'a finding that, based upon the totality of the circumstances there is no net harm to the public as the result of the transaction.'" *Id.* at 817.

12. The asset transfers to NEP and to TransCanada described above are consistent with the public interest because they will result in no net harm to the public. The proposed transfers involve assets that are no longer required by NEET or NEP to provide transmission service, except that the assets being acquired by NEP from NEET will be utilized by NEP to provide VAR support or otherwise to support its transmission system as described above. The transfers of Communications-Related Assets to TransCanada will enable NEET and NEP to obtain compensation through arm's length transactions for assets that are no longer of value to

each respective entity. The assets proposed to be transferred by NEET to NEP will continue to be owned and operated by an entity owned by National Grid and operating as a public utility in New Hampshire, and therefore the Commission will retain jurisdiction over such assets to the extent it has such jurisdiction today.

13. Under the Federal Power Act, the rates and charges of both NEET and NEP are subject to the jurisdiction of the FERC, rather than the New Hampshire Public Utilities Commission. However, it should be noted that the asset sales by NEET and NEP to TransCanada will enable NEET and NEP to obtain compensation for the Communications-Related Assets on an arm's length basis and at the same time avoid the cost of their removal. NEET will also benefit from the transfer of the VAR support facilities to NEP because it will avoid the future operating and maintenance expense associated with these assets and the cost of their removal, while at the same time NEP will benefit from a lower installed cost to obtain VAR support facilities as compared to a new installation of similar equipment. NEET will benefit from the transfer of the non-VAR assets to NEP because it will be able to dispose of these fully depreciated assets without incurring any disposal or removal costs, and NEP will benefit by acquiring assets that it can utilize as additional inventory to support its existing transmission system.

IV. OTHER APPROVALS

14. Pursuant to Section 203(a)(1)(B) of the Federal Power Act (16 U.S.C. § 824b(a)(1)(B)(2006)), NEET and NEP have submitted an application to the FERC, attached to this petition as Appendix F, seeking authority for NEP to acquire the VAR support facilities from NEET. A ruling from the FERC has been requested for, and is anticipated on or about January 16, 2013. No other state or federal approval of the transactions described above is required.

WHEREFORE, NEET and NEP respectfully request that the Commission, to the extent that its approval is required:

- A. Authorize NEET to transfer to NEP the VAR support facility assets and other assets set forth in Appendix B to this petition;
- B. Authorize NEET to transfer to TransCanada the NEET Communications-Related Assets set forth in Appendix C to this petition;
- C. Authorize NEP to transfer to TransCanada the NEP Communications-Related Assets set forth in Appendix D to this petition
- D. Grant such other and further relief as may be just, reasonable, and consistent with the public interest.

NEW ENGLAND ELECTRIC
TRANSMISSION CORPORATION
and
NEW ENGLAND POWER COMPANY

By their Attorneys,

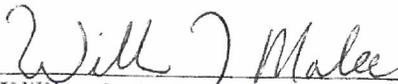
McLANE, GRAF, RAULERSON &
MIDDLETON, PROFESSIONAL ASSOCIATION

Date: December 21, 2012

By: 
Steven V. Camerino
11 South Main Street, Suite 500
Concord, NH 03301
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I, William L. Malee, Director, Transmission Commercial, for New England Power Company, being first duly sworn, hereby depose and say that I have read the foregoing Verified Petition, and the facts alleged therein are true to the best of my knowledge and belief.

Dated: December 21, 2012


William L. Malee

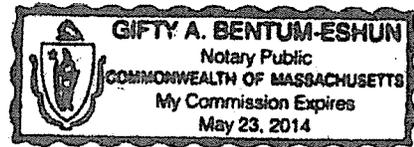
COMMONWEALTH OF MASSACHUSETTS
COUNTY OF Middlesex

Sworn to and subscribed before me this 21st day of December, 2012.

Dated: December 21, 2012

Gifty A. Bentum-Eshan
Notary Public

My commission expires: May 23, 2014



Certificate of Service

I hereby certify that a copy of this Verified Petition is today being served on the Office of Consumer Advocate by electronic service.



Steven V. Camerino