

ISSUANCE ADVICE LETTER

May 4, 2018

ADVICE

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION (THE “*COMMISSION*”)

SUBJECT: Issuance Advice Letter for Rate Reduction Bonds (“*RRBs*”)

Pursuant to the Commission’s Order No. 26,099 dated January 30, 2018 in Docket No. DE 17-096 (the “*Finance Order*”), Public Service Company of New Hampshire d/b/a Eversource Energy (“*PSNH*”) hereby transmits for filing the initial RRB Charges for \$635,663,200 Rate Reduction Bonds, Series 2018-1. This Issuance Advice Letter further details the calculation of the \$635,663,200 principal amount of the RRBs. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Finance Order.

PURPOSE

This filing establishes the following:

- (a) the aggregate principal amount of the RRBs being issued;
- (b) the actual terms of the RRBs being issued;
- (c) the initial RRB Charges for retail users;
- (d) the identification of the RRB Property to be sold to a special purpose entity (the “*SPE*”); and
- (e) the identification of the SPE.

BACKGROUND

In the Finance Order, the Commission authorized PSNH to file an Issuance Advice Letter when the aggregate principal amount and the final terms, including the pricing terms, for the RRBs have been established. This Issuance Advice Letter filing incorporates the methodology that was approved and authorized by the Commission in the Finance Order for determining the aggregate principal amount of the RRBs and the initial RRB Charges for the RRBs and establishes the initial RRB Charges to be assessed against and collected from all of PSNH’s retail customers taking retail electric service. The RRB Charges are a usage-based component of the SCRC on each retail customer’s monthly bill collected as authorized by the Commission until the Total RRB Payment Requirements have been discharged in full.

AGGREGATE PRINCIPAL AMOUNT OF THE RRBs

The aggregate principal amount of RRBs to be issued is \$635,663,200. Attachment 1 sets forth the Stranded Costs, unrecovered deferrals, transaction costs, tax stabilization payments, employee protections and other costs as contemplated in the 2015 Settlement Agreement to be securitized.

TERMS OF THE RRBs

RRB Name:	\$635,663,200 Rate Reduction Bonds, Series 2018-1
RRB Issuer (the SPE):	PSNH Funding LLC 3
Trustee:	The Bank of New York Mellon
Closing Date:	May 8, 2018
Bond Ratings:	Aaa(sf) (Moody's) / AAA(sf) (S&P) / AAA(sf) (Fitch)
Amount Issued:	\$635,663,200, comprised of: \$235,900,000 (Tranche A-1) \$111,600,000 (Tranche A-2) \$288,163,200 (Tranche A-3)
Upfront transaction costs:	See Attachment 2
Estimated ongoing transaction costs:	See Attachment 3
Coupon Rate:	3.094% (Tranche A-1) 3.506% (Tranche A-2) 3.814% (Tranche A-3)
Call Features:	None
New Hampshire Tax Exempt (yes/no):	Yes, per RSA 369-B:5, VI
Expected Principal Amortization Schedule:	See Attachment 4
Expected Final Maturity:	February 1, 2024 (Tranche A-1) August 1, 2026 (Tranche A-2) February 1, 2033 (Tranche A-3)
Legal Final Maturity:	February 1, 2026 (Tranche A-1) August 1, 2028 (Tranche A-2) February 1, 2035 (Tranche A-3)
Distributions to Investors:	Semi-annually
Dates on which Routine True-Up Letters will be filed and on which adjusted RRB charges will be implemented:	Not later than January 15 (to become effective on February 1) and, if necessary, not later than July 15 (to become effective on August 1)
Annual Servicing Fee as a percent of the initial RRB principal balance:	0.05%
Capital contribution to the SPE:	0.50% of the initial principal amount of the RRBs

INITIAL RRB CHARGES

Table I below shows the current assumptions for each of the variables used in the Company's initial RRB Charge calculation.

TABLE I
INPUT VALUES FOR RRB CHARGES

Forecasted kWh sales:

Customer Class	Forecasted kwh sales
Residential Service (Tariff Rates R)	1,740,390,049.45 kWh
General Service (Tariff Rates G)	988,779,715.08 kWh
Primary General Service (Tariff Rates GV)	961,483,677.85 kWh
Large General Service (Tariff Rates LG)	740,865,700.32 kWh
Outdoor Lighting (Tariff Rates OL)	16,699,163.38 kWh

Percent of billed amounts expected to be charged-off: 0.68%

Weighted average days sales outstanding: 29

Forecasted annual ongoing transaction expenses¹: \$ 660,831.60

RRB Principal payments due: \$ 30,726,922.04

RRB Interest payments due: \$ 16,219,784.54

The initial RRB Charge calculated for retail users is as follows:

Customer Class	Initial RRB Charge
Residential Service (Tariff Rates R)	1.338 ¢/kWh
General Service (Tariff Rates G)	1.207 ¢/kWh
Primary General Service (Tariff Rates GV)	0.993 ¢/kWh
Large General Service (Tariff Rates LG)	0.371 ¢/kWh
Outdoor Lighting (Tariff Rates OL)	1.430 ¢/kWh

RRB PROPERTY

RRB Property is the property right described in RSA Chapter 369-B (the “**Legislation**”) and established in the Finance Order relating to the RRB Charges set forth herein, including, without limitation, the right, title and interest in and to all revenues, collections, claims, payments, money or proceeds of or arising from or constituting (a) the RRB Charges authorized by the Finance Order, including the initial RRB Charges set forth in this Issuance Advice Letter, as may be adjusted from time to time in order to recover RRB Costs and to generate amounts sufficient to

¹ On-going transaction expenses pro-rated for the initial interest period, which commences on the closing date (May 8, 2018) and ends on the first payment date.

discharge an amount equal to the Periodic RRB Payment Requirements, for the period which such RRB Charges will be collected, as found and authorized in this Issuance Advice Letter, and (b) all rights to obtain periodic adjustments and non-routine adjustments to the RRB Charges in accordance with the True-Up Mechanism.

The RRB Charges, as adjusted from time to time, shall remain in place until the Total RRB Payment Requirements have been discharged in full.

IDENTIFICATION OF SPE

The owner of the RRB Property (the "SPE") will be: PSNH Funding LLC 3.
The SPE shall be considered a financing entity for purposes of RSA Chapter 369-B.

EFFECTIVE DATE

In accordance with the Finance Order, the RRB Charges shall be automatically effective when filed and will continue to be effective, until they are changed by subsequent Issuance Advice Letter, Routine True-Up Letter or Non-Routine True-Up Letter.

NOTICE

Copies of this filing are being furnished to the parties on the attached service list. Notice to the public is hereby given by filing and keeping this filing open for public inspection at PSNH's corporate headquarters.

Attachments