

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 12-363

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

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

Order *Nisi* Approving Transfer

ORDER NO. 25,474

March 19, 2013

I. BACKGROUND

On December 21, 2012, New England Electric Transmission Corporation (NEET) and New England Power Company (NEP) (collectively “Joint Petitioners”) filed a Petition for Authority to Transfer Certain Assets Associated with the Monroe HVDC Phase I Converter Facility located in Monroe, New Hampshire. The petition was filed pursuant to RSA 374:30, which requires a public utility to seek Commission approval for the transfer or lease of any part of its facilities located in New Hampshire. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, is posted to the Commission’s website at <http://www.puc.nh.gov/Regulatory/Docketbk/2012/12-363.html>.

According to the petition, the Joint Petitioners are both wholly-owned subsidiaries of National Grid USA (National Grid). NEET was formed to build, own and operate six miles of high voltage direct current (HVDC) transmission line and the alternating current (AC)/direct current (DC) converter facility (HVDC Phase I Converter) in Monroe for the first phase of the

Hydro-Quebec and New England HVDC interconnector project that was originally built in 1986. NEP owns and operates approximately 2,400 miles of transmission facilities in various New England states, including New Hampshire.

The Petition seeks Commission approval to transfer certain assets associated with the now-retired Monroe HVDC Phase I Converter Facility and other limited assets from NEET to NEP. The Petition also requests approval of proposed transfers of communications assets by NEET and NEP, separately, to TransCanada, a company which owns and operates approximately 566 megawatts of hydroelectric generating facilities in New Hampshire, Vermont and Massachusetts.

The proposed transfers are as follows. First, NEET proposes to transfer to NEP certain volt-ampere reactive (VAR) support facility assets associated with the HVDC Phase I Converter Facility and other limited assets. According to the Petition, because these facilities have been fully depreciated, the transfer price for these assets has been established at \$1.00. Second, NEET and NEP propose to transfer to TransCanada certain communications-related assets, separately owned by NEET and NEP, consisting of certain fiber optic cable and supporting equipment that were previously used for communication between the HVDC Phase I Converter Facility and NEP's transmission facilities that are no longer needed because of the retirement of the converter station. NEET proposes to sell its communication assets to TransCanada for \$11,481; NEP proposes a price of \$15,686 for the sale of its communication assets to TransCanada.

On January 28, 2013, the Joint Petitioners filed the affidavit of William L. Malee, Director--Transmission Commercial for National Grid USA Service Company, Inc., for the purpose of supplementing and correcting certain limited information contained in the petition.

According to Mr. Malee, the following additional assets would be included in the transfer of assets from NEET to NEP: (1) certain transmission-related spare parts and inventory at a book cost of \$50,384, and (2) certain real property interests formerly associated with the HVDC Phase I Converter Facility at its book value of \$440,049. With his affidavit, Mr. Mallee included a copy of the January 15, 2013 approval by the Federal Energy Regulatory Commission (FERC) of aspects of the proposed transaction that are subject to FERC jurisdiction.

Staff filed its recommendation on March 4, 2013. Staff conducted two rounds of discovery on the proposed transaction and based on its review of the petition and discovery materials, Staff said that the amounts to be paid by NEP for the assets it will acquire from NEET are reasonable. Regarding the prices of assets to be acquired by TransCanada, Staff said that the prices were determined through either net present value calculation of the current least payments (NEET communications assets) or through a comparison of value for like equipment (NEP communication assets). Staff concluded that both valuations appear to be reasonable based on the particular assets at issue.

Staff explained that NEET currently receives revenues associated with assets that are being transferred to NEP and TransCanada and that those revenues are included in the determination of NEET's annual assessment by the Commission pursuant to RSA 363:A:2. The transfer will result in a decrease to NEET's New Hampshire-related revenues and an increase to NEP's New Hampshire-related revenues, all else being equal. Staff pointed out that the actual changes in revenues for the two entities may differ, however, due to the differences in the formula rate calculation approved by the FERC for the two companies. In addition, NEET will

experience a decrease in revenue upon the transfer of assets to TransCanada because a lease associated with the NEET communication assets will terminate.

Based on its review, Staff recommended that the Commission approve the petition as modified and supplemented by the January 28, 2013 affidavit. Staff also recommended that the Commission approval be via an order *nisi*, with a potentially shortened period of time for interested parties to file comments or request a hearing.

II. COMMISSION ANALYSIS

Pursuant to RSA 374:30, “[a]ny public utility may transfer or lease its franchise, works or system, or any part of such franchise, works or system, exercise or located in this state . . . when the commission shall find that it will be for the public good” We have reviewed the petition, the January 28, 2013 supplement and Staff’s recommendation, and based on our review, we find the petition as supplemented to be consistent with the public interest. We have reached this decision based on Staff’s conclusion that the amounts to be paid for the various assets are reasonable and are based on appropriate valuation methods and that the New Hampshire-based revenues will essentially be transferred from NEET to NEP as a result of the transaction. Finally, we note that the FERC has also approved the subject transactions.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, the joint petition of New England Electric Transmission Corporation and New England Power Company as modified by the January 28, 2013 supplement is hereby APPROVED: and it is

FURTHER ORDERED, that the Petitioner shall cause a summary of this Order *Nisi* and a link to the Commission’s website where the Order appears to be published once in a statewide


newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than March 25, 2013 and to be documented by affidavit filed with this office on or before April 3, 2013; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than March 29, 2013 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than April 3, 2013; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective April 5, 2013, unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this nineteenth day of March, 2013.



Amy D. Ignatius
Chairman




Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director