

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 13-138

NEW HAMPSHIRE TRANSMISSION, LLC

Petition for Approval of Financing related to Seabrook Substation

Order *Nisi* Granting Petition

ORDER NO. 25,556

July 30, 2013

On May 8, 2013, New Hampshire Transmission, LLC (NHT) filed a Petition for Approval of Financing pursuant to RSA 369:1. With its petition, NHT filed supporting testimony and related exhibits. In its filing, NHT seeks authority to enter into an amended and restated loan agreement with NextEra Capital, NHT's lender and indirect parent company,¹ for purposes of issuing long-term, secured debt securities in an aggregate principal amount not to exceed \$36 million. NHT proposes to use the proceeds from the issuance of debt to repay existing indebtedness to NextEra Capital and to fund its share of future repairs and upgrades at Seabrook Substation and for other capital costs and operating expenditures. 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/2013/13-138.html>.

¹ As explained in its petition, NHT is a wholly-owned subsidiary of NextEra Energy Transmission, LLC, which is a wholly-owned subsidiary of NextEra Energy Infrastructure, LLC, itself a wholly-owned subsidiary of NextEra Energy Capital Holdings, Inc. (NextEra Capital), which is a wholly-owned subsidiary of NextEra Energy Inc. In May 2010, the shareholders of FPL Group Capital voted to change the name of the company to NextEra Energy, Inc. The prior dockets referenced in the text of this Order contain references to the names of the companies in place at the time under the FPL Group Capital, Inc. umbrella.

In its petition, NHT referenced prior Commission orders that approved financings related to Seabrook Substation in Docket No. DE 08-164 and DE 10-062, and a settlement agreement approved by the Commission in Docket No. DE 03-186.² These prior dockets were filed by Florida Power & Light Company (FPL), the predecessor owner of the Seabrook Substation, a transmission substation located on the grounds of the Seabrook nuclear power plant. In Docket No. DE 10-042, the Commission issued Order No. 25,105 (May 26, 2010) which approved the transfer of FPL's 88.23% ownership of Seabrook Substation to NHT. As part of that approval, the Commission stated that its prior financing rulings would be fully applicable to NHT. In those prior financing dockets, the Commission (1) authorized NHT to issue up to \$36 million of long-term debt to finance certain reliability upgrades at the Seabrook Substation (Order No. 24,935 (January 29, 2009)) and (2) increased the authorized limit of the long-term debt to up to \$63 million (Order No. 25,138 (August 12, 2010)).

According to NHT, as of the time of its filing, the outstanding indebtedness of the long-term debt had been paid down to approximately \$16 million (Current Obligation Amount). NHT testified that it plans to enter into an amended and restated loan agreement (New Loan Agreement) with its lender, NextEra Capital, whereby it would (1) repay and convert the approximately \$16 million Current Obligation Amount (including principal, accrued interest and fees) into a new borrowing (Current Obligation Loan) with an extended term, and (2) have the right to borrow additional amounts up to \$20 million (each such borrowing a "New Loan") to

² In DE 03-186, 88.23% ownership in Seabrook Substation was transferred from FPL Energy Seabrook, LLC (one of the co-owners of the Seabrook Station nuclear plant) to FPL-New England Division (FPL-NED). Among the provisions agreed to in that settlement was the requirement that "[w]ith respect to any financing of FPL-NED's interest in the Seabrook Substation, including any borrowing or issuance of any notes, bonds or other indebtedness or securities of any nature, being subject to the provisions of RSA 369 and other applicable regulatory laws of New Hampshire..."

finance its share of capital costs, facility upgrades and operation expenses related to the Seabrook Substation. According to NHT, the total principal amount of all New Loans combined with the Current Obligation Loan would not exceed \$36 million. The New Loan Agreement would be secured by a pledge of NHT's revenues and all of its assets.

NHT testified that the New Loan Agreement would have a final maturity date of 30 years after the closing date of the financing. According to NHT, the timing of the issuance of the Current Obligation Loan and any New Loans will differ. As the Current Obligation Loan represents existing indebtedness, NHT plans to convert the Current Obligation Amount and associated interest and fees into new borrowing at the time of the closing on the New Loan Agreement. The up to \$20 million of New Loans would be issued within two years of the closing of the New Loan Agreement. NHT stated that because of the differences in the timing of the debt issuances, the interest rate for the Current Obligation Loan and any New Loans would be determined at the time the respective loans close and, consequently, could be different.

For the Current Obligation Loan, the interest rate will be equal to the then-prevailing yield on a 30-year U.S. Treasury bond plus a fixed credit spread based on an indicative bid process for third-party private placement or through benchmarking of comparable debt issuances, but, in any event, will not exceed 6 percent. The interest rate for the New Loans will be determined in a similar fashion and will use the same credit spread, but will incorporate the then-applicable yield on a U.S. Treasury bond having a remaining term to maturity and principal amount most closely approximating the loan being issued. The New Loans will not have a cap on the interest rate.

Staff filed its recommendation on July 22, 2013. Staff stated that, similar to its prior recommendations regarding NHT's financing requests, Staff views NHT's financing as somewhat different from a "typical" financing petition filed with the Commission by an electric utility. With respect to typical financing requests, the petitions are received from a Commission-regulated distribution utility, and the filings have implications for the utility's capital structure, cost of capital, and, consequently, its revenue requirements. In the case of NHT's request, while there are the same implications for NHT's cost of service, the resulting revenue requirements and customer rates fall under the jurisdiction of the Federal Energy Regulatory Commission because NHT is a transmission utility. Staff noted, nonetheless, that based on the pro-forma financial statements included in the supporting material, additional paid-in capital and retained earnings are expected to increase NHT's stockholders' equity sufficiently to provide for a capital structure following the proposed debt financing that will consist of the same component percentages of approximately 38% debt and 62% equity as existed prior to the transactions.

Staff stated, having reviewed the petition and the supporting documentation that the filing is in accordance with the terms of the settlement agreement approved in Docket No. DE 03-186 and RSA Chap. 369 and that NHT's request is reasonable. Staff recommended the Commission grant NHT's request for approval of the financing transactions through the issuance of an order *nisi*. Staff further noted that NHT in its petition requested a final order no later than July 1, 2013, in anticipation of a closing date for the New Loan Agreement on or before August 1, 2013. Staff reported that Staff and NHT have been in contact since the time of the original filing and that Staff understands that NHT plans to adjust the closing date accordingly upon issuance of a Commission order.

Pursuant to the settlement agreement approved in Docket No. DE 03-186 and RSA Chap. 369 and based on the information contained in the filing and Staff's recommendation, including the proposed purpose of the financing, we approve the proposed financing as in the public good on a *nisi* basis in order to provide any interested party the opportunity to submit comments or request a hearing.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, NHT's financing request is approved; and it is

FURTHER ORDERED, that the Petitioner shall cause a summary of this Order *Nisi* 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 August 9, 2013 and to be documented by affidavit filed with this office on or before August 26, 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 August 16, 2013 for the Commission's consideration; and it is

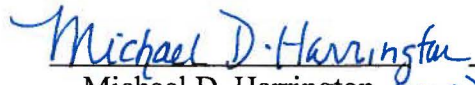
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than August 23, 2013; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective August 29, 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.

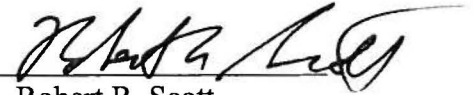
By order of the Public Utilities Commission of New Hampshire this thirtieth day of July,
2013.



Amy L. Ignatius
Chairman



Michael D. Harrington (KNS)
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director