

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

NORTHERN PASS TRANSMISSION LLC

DOCKET NO. DE 15-

PETITION TO COMMENCE BUSINESS AS A PUBLIC UTILITY

Northern Pass Transmission LLC (NPT) requests, pursuant to RSA 374:22, that the New Hampshire Public Utilities Commission (Commission) grant NPT permission to commence business in New Hampshire as a public utility. NPT asks that the Commission find, consistent with RSA 374:26, that it would be for the public good for NPT to engage in business in the state in those towns in which it seeks to construct an electric transmission line and associated facilities, which are more fully described below. Those towns include Pittsburg, Clarksville, Stewartstown, Dixville, Millsfield, Dummer, Stark, Northumberland, Lancaster, Whitefield, Dalton, Bethlehem, Sugar Hill, Franconia, Easton, Woodstock, Thornton, Campton, Plymouth, Ashland, Bridgewater, New Hampton, Bristol, Hill, Franklin, Northfield, Canterbury, Concord, Pembroke, Allenstown, Deerfield, Raymond, Candia, Chester, Auburn, and Londonderry.

I. BACKGROUND

NPT seeks to construct, operate and maintain a 192-mile high voltage electric transmission line with a 1,090 MW capacity comprising a +/- 320 kV direct current (DC) line from the international border between New Hampshire and Canada at Pittsburg, New Hampshire to a converter station in Franklin, New Hampshire, a 345 kV alternating current (AC) line from Franklin to a substation in Deerfield, New Hampshire, and related infrastructure, which includes a converter terminal and six transition stations. NPT is contemporaneously applying for a Certificate of Site and Facility from the New Hampshire Site Evaluation Committee pursuant to

RSA Chapter 162-H for the project, which will deliver clean, low-carbon, competitively priced renewable energy produced by Hydro-Quebec, a Crown Corporation wholly owned by the Government of Quebec.

NPT is a limited liability corporation organized under the laws of New Hampshire, effective March 31, 2010. See Attachment A, Certificate of Formation. Its principal place of business is 780 North Commercial Street, Manchester, NH, 03301. Its managing members are Leon J. Olivier and James J. Judge. See Attachment B, 2015 Annual Report to New Hampshire Secretary of State. A list of NPT officers is provided as Attachment C. NPT is wholly owned by Eversource Energy Transmission Ventures, Inc., which in turn is a wholly-owned subsidiary of Eversource Energy (formerly, Northeast Utilities), a publicly-held public utility holding company. Eversource Energy Transmission Ventures, Inc. has its principal place of business at 107 Selden Street, Berlin, CT, 06037. Eversource Energy has its principal place of business at 56 Prospect Street, Hartford, CT, 06103. See Organizational Chart, Attachment D.

On May 22, 2009, the Federal Energy Regulatory Commission (FERC) issued an Order Granting Petition for Declaratory Order. See Attachment E. FERC approved the structure of the cost-based participant funded transmission project between NPT and H.Q. Energy Services (U.S.) Inc. (HQUS), a wholly owned subsidiary of Hydro-Quebec. On February 11, 2001, FERC issued an Order Accepting Transmission Service Agreement. See Attachment F. FERC approved the transmission service agreement (TSA) between NPT and H.Q. Hydro Renewable Energy, Inc. (HQ Hydro), a subsidiary of Hydro-Quebec and an affiliate of HQUS. HQ Hydro is now Hydro Renewable Energy Inc. (HRE). NPT filed a conformed copy of the TSA with FERC on December 11, 2013. See Attachment G. Under the terms of the TSA, NPT will develop, site, finance, construct, own and maintain the electric transmission line and sell firm transmission

service to HRE over a 40-year term. HRE is responsible for providing initial construction costs and return on such costs, necessary additional capital expenditures and return, and other associated operating expenses, which it plans to recover through competitive sales of wholesale power in the New England market.

II. PUBLIC GOOD STANDARD

RSA 374:22, I provides that no person or entity shall commence business as a public utility in New Hampshire “without first having obtained the permission and approval of the commission.” RSA 374:26 requires that the Commission grant such permission “whenever it shall, after due hearing, find that such engaging in business...would be for the public good.” The Commission has stated that it evaluates “technical, managerial and financial expertise in determining whether to grant a company authority to operate as a public utility.” *Florida Power and Light Company*, Docket No. DE 03-186, Order No. 24,321 (May 7, 2004) at p. 6. In that case, the Commission recognized that Florida Power and Light Company was a major electric utility and concluded that “its expertise is not in dispute.”

III. FINANCIAL, MANAGERIAL AND TECHNICAL CAPABILITY

NPT is a wholly-owned subsidiary of Eversource Energy, a public utility holding company, which includes regulated electric utilities in Connecticut, Massachusetts, and New Hampshire, respectively, Connecticut Light and Power, Yankee Gas, Western Massachusetts Electric Company, NSTAR Electric & Gas, and Public Service Company of New Hampshire. Eversource Energy is the largest energy delivery company in New England, serving 3.6 million customers and collecting \$7.5 billion in annual revenues. See Attachment H, Eversource Energy’s 2014 Form 10-K Annual Report. It has over 8,500 employees, including an

engineering staff of approximately 700, and operates 4,270 miles of electric transmission lines, as well as 72,000 miles of distribution lines.

NPT includes with this petition pre-filed testimony describing its financial, technical, and managerial expertise and avers that its expertise should, similar to the case of Florida Power and Light Company (now NextEra), not be in dispute. In its Application for a Certificate of Site and Facility, NPT submits the testimony of Michael J. Ausere and Jerry P. Fortier demonstrating that NPT has the financial, technical, and managerial capability to assure construction and operation of the NPT facility in continuing compliance with the terms and conditions of a Certificate of Site and Facility. See RSA 162-H:16, IV (a). The SEC's requirements are functionally congruent with the PUC's requirements.

Michael J. Ausere, Vice President of Energy Planning & Economics for Eversource Energy Service Company (EESCO), testifies as to NPT's financial expertise. See Attachment I. Mr. Ausere explains that EESCO provides centralized accounting, finance, treasury, legal, purchasing and administrative services to NPT and other Eversource Energy subsidiaries. Mr. Ausere describes an Eversource Energy corporate track record of financing large, long construction time transmission projects. He notes that Eversource Energy has an annual construction program well in excess of the annual cash requirements for Northern Pass, which demonstrates its ability to generate adequate cash flow to meet its equity investment obligations. Based on the TSA approved by FERC, which includes a formula rate for cost recovery, Mr. Ausere expects that NPT will garner an investment grade credit rating. He also points out that NPT's parent, Eversource Energy, has an A (stable) corporate credit rating from S&P, the strongest among the 53 shareholder-owned electric utility companies in the United States.

Jerry P. Fortier, Project Director for Eversource Energy's Transmission Group, testifies as to NPT's technical and managerial expertise. See Attachment J. Mr. Fortier describes Eversource Energy's track record and expertise planning and constructing high-voltage electric transmission facilities, as well as the plans for constructing the NPT project, including the selection and supervision of contractors. He also describes the operating requirements for the facility, which include a Transmission Operating Agreement between NPT and the Independent System Operator (ISO), North American Energy Reliability Council (NERC) safety and reliability requirements, and Eversource Energy's Transmission Maintenance Program Manual.

IV. DISCUSSION

The New Hampshire Public Utilities Commission has a well-established approach for determining whether to grant authority to do business in New Hampshire to entities intending to operate and maintain electric transmission facilities in the state. The Commission authorized the Vermont Electric Power Company (VELCO) to do business as an electric interstate public utility by Order No. 10,307, on June 18, 1971. The principal business of VELCO, which comprises twenty municipal, cooperative and investor-owned companies, is the transmission of electric power at high voltage (115 kV and above) within Vermont, but it owns certain limited facilities that cross the Connecticut River in the vicinity of Monroe and Littleton, New Hampshire and connect VELCO to the PSNH and National Grid systems.

The Commission denied the request of International Generation and Transmission Company, Inc. (IGT) to engage in business and commence construction of transmission facilities by Order No. 15,755, on July 9, 1982. IGT intended to construct a 765 kV international transmission tie line with Canada in Coos, Grafton and Merrimack counties. The Commission reviewed IGT's professional and management competence and financial backing. Among other

things, the Commission determined that only one employee of IGT had significant knowledge or interest in the project and that his work experience was difficult to piece together. The Commission also noted that financing of the project was dependent on finding willing buyers and a willing seller, but NEPOOL had rejected IGT's proposal to buy power from the project and IGT could present no evidence of discussions or an arrangement with Hydro Quebec to sell power to IGT.

The Commission pointed out in the IGT proceeding that although RSA 374:22 and 374:26 "do not spell out the specific criteria for determining when the granting of public utility status or franchise is in the public good, it has long been a tenet of public utility regulation that the granting of public utility status must be based upon a finding that the applicant is fit and able to carry out the function which it proposes." Furthermore, the Commission noted that "[d]ecision upon decision in utility case law emphasized the standard of fitness in fulfilling the public interest using such criteria as: (1) financial backing; (2) management and administrative expertise; (3) technical resources; and (4) the general fitness of the applicant. Simply stated, the company must be able to construct, operate and maintain its plant as well as to operate its business."

The Commission authorized New England Electric Transmission Corporation (NEET) to operate as a public utility in New Hampshire pursuant to RSA 374:22 by Order No. 16,060, on December 17, 1982. NEET applied for a Certificate of Site and Facility for approximately six miles of transmission line at a design rating of 450 kV (the New Hampshire portion of what is commonly referred to as Hydro-Quebec Phase I) under the predecessor statute to RSA Chapter 162-H. As part of that process, referring to its discussion of RSA 374:22 in the IGT proceeding, the PUC found that the public interest was served by permitting NEET to operate as a public

utility. The Commission noted that NEET was a subsidiary of a large holding company with other subsidiaries that operated electric generation, transmission and distribution facilities in New England, that the parent company had approximately 5,000 employees, including a large engineering staff with considerable high voltage transmission experience.

The Commission authorized New England Hydro-Transmission Corporation (New England Hydro) to operate as a public utility in New Hampshire pursuant to RSA 374:22 by Order No. 18,499, on December 8, 1986. New Hampshire Hydro applied for a Certificate of Site and Facility for approximately 121 miles of transmission line at a design rating of 450 kV for Hydro-Quebec Phase II. Similar to its decision with respect to NEET for Phase I, the Commission found that the public interest was served by permitting New Hampshire Hydro to operate as a public utility. The Commission noted that New Hampshire Hydro was a subsidiary of a large holding company that operated electric generation, transmission and distribution facilities in New England, had approximately 5,000 employees, including an engineering staff of approximately 300 people, and had considerable experience in high voltage transmission.

More recently, in the Florida Power and Light Company proceeding, Docket No. DE 03-186, the Commission confirmed its authority and standard for permitting an entity to operate as a public utility in New Hampshire in response to a petition for declaratory ruling regarding the extent of the Commission's jurisdiction over transmission facilities owned by Florida Power and Light and located at the Seabrook nuclear power plant. The Commission determined that "an entity owning facilities whose purpose is to transmit electricity from a merchant generator to an interconnection with the transmission grid" is exempt from state-law utility regulation but "an entity owning facilities that do more than interconnect a generator to that grid" is not exempt from state-law utility regulation. Order No. 24,258 (December 31, 2003) at p. 16. The

Commission went on to say, however, that the extent of such regulation “is an issue subject to a considerable range of discretion.” *Id.* at p. 20.

The Commission’s determination with respect to Florida Power and Light was consistent with its treatment of VELCO, NEET, and New Hampshire Hydro both in terms of its standard for granting authority to those entities to commence business as a public utility in New Hampshire in the first instance, and in terms of the extent of the jurisdiction subsequently exercised by the Commission over those entities. As described below, in the Florida Power and Light proceeding, the Commission approved a detailed settlement agreement outlining the Commission’s jurisdiction. The settlement agreement, moreover, comports with ongoing jurisdiction exercised over VELCO, NEET, and New Hampshire Hydro with respect to, for example, water crossings (RSA 371:17), financings (RSA 369:3), and the transfer of assets (RSA 374:30).

Florida Power and Light, Commission Staff, the Office of Consumer Advocate, Public Service Company of New Hampshire, and the New Hampshire Electric Cooperative submitted a settlement agreement in Docket No. DE 03-186, on April 16, 2004, outlining the parameters of the Commission’s regulatory oversight. See Attachment K. The Commission approved the settlement agreement, determining that it would exercise its jurisdiction insofar as Florida Power and Light would: (1) be subject to the annual assessment under RSA 363-A; (2) file a schedule of its rates and charges pursuant to 378:1; (3) participate in the underground utility damage prevention program set forth in RSA 374:49; (4) seek a license pursuant to RSA 371:17 before constructing facilities under or across public water or lands; (5) obtain approval under RSA 374:30 prior to transferring assets to another entity; (6) comply with requests for inspection of property and records under RSA 365:6; (7) exercise its rights to eminent domain under RSA 371

subject to certain limitations; and (8) be subject to RSA 374-A:7 as it applies to a foreign electric utility, which includes the financing requirements of RSA 369. The Commission also determined that Florida Power and Light would be required to abide by all applicable codes of conduct and affiliate transaction rules, particularly RSA Chapter 366.

NPT agrees that the scope of regulation exercised with respect to Florida Power and Light's ownership (now New Hampshire Transmission, LLC.'s ownership pursuant to Order No. 25,105, issued May 26, 2010, in Docket No. DE 10-042) of certain transmission facilities associated with the Seabrook nuclear facility is likewise an appropriate scope of regulation for NPT. NPT also observes that, similar to the situation with New Hampshire Transmission, LLC, the Federal Energy Regulatory Commission maintains exclusive jurisdiction of all ratemaking issues.

V. CONCLUSION

As demonstrated in the testimony of Messrs. Ausere and Fortier, there is no serious question as to NPT's financial, technical and managerial expertise to operate as a public utility and therefore NPT requests that the Commission find that it would be for the public good for NPT to engage in business in New Hampshire. NPT further requests that the Commission grant this petition and authorize NPT to commence business in the towns in which it will operate the transmission line and associated facilities that comprise the Northern Pass project. Finally, NPT requests that the Commission exercise its jurisdiction over NPT in a manner comparable to which it exercises jurisdiction over similarly situated transmission utilities as described herein.

WHEREFORE, NPT respectfully requests that the Commission:

- A. Find that it would be for the public good for NPT to commence business as a public utility in New Hampshire;
- B. Issue an order granting NPT permission pursuant to RSA 374:26 to engage in business in New Hampshire; and
- C. Grant such other and further relief as may be just and reasonable.

Respectfully submitted,

NORTHERN PASS TRANSMISSION LLC

By Its Attorneys
DEVINE MILLIMET & BRANCH
PROFESSIONAL ASSOCIATION

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By: 

Thomas B. Getz
111 Amherst Street
Manchester, NH 03101
(603) 695-8542
tgetz@devinemillimet.com