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STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

August 18, 2017 - 2:36 p.m.  
Concord, New Hampshire

SEP 17 2017

RE: DE 17-096  
EVERSOURCE ENERGY:  
Petition for Finding of Fact and  
Issuance of Financial Order.  
(Prehearing conference)

PRESENT: Chairman Martin P. Honigberg, Presiding  
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Company of  
New Hampshire d/b/a Eversource Energy:  
Robert A. Bersak, Esq.

Reptg. Residential Ratepayers:  
D. Maurice Kreis, Esq., Consumer Adv.  
Brian Buckley, Esq.  
James Brennan, Finance Director  
Office of Consumer Advocate

Reptg. PUC Staff:  
Alexander F. Speidel, Esq.  
Thomas C. Frantz, Dir./Electric Div.  
Richard Chagnon, Electric Division

Court Reporter: Steven E. Patnaude, LCR No. 52

CERTIFIED  
ORIGINAL TRANSCRIPT

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**P R O C E E D I N G**

1  
2 CHAIRMAN HONIGBERG: Good afternoon,  
3 everyone. We're here in Docket DE 17-096,  
4 which is Public Service Company of New  
5 Hampshire doing business as Eversource Energy,  
6 Petition regarding financing order related to  
7 divestiture of assets and stranded costs, and  
8 how those are going to get dealt with going  
9 forward.

10 We're here for a prehearing  
11 conference. I believe there is a technical  
12 session scheduled after this prehearing  
13 conference.

14 But, before we do anything else,  
15 let's take appearances.

16 MR. BERSAK: Good afternoon once  
17 again, Commissioners. Robert Bersak, counsel  
18 for Public Service Company of New Hampshire.

19 MR. KREIS: Good afternoon, Chairman,  
20 Commissioner Bailey. My name is D. Maurice  
21 Kreis. I am the Consumer Advocate with the  
22 Office of the Consumer Advocate, here on behalf  
23 of residential utility customers. With me  
24 today is James Brennan, our Director of

1 Finance.

2 MR. SPEIDEL: Good afternoon,  
3 Commissioners. Alexander Speidel, with the  
4 Staff of the Commission. And I have with me  
5 Richard Chagnon and also Tom Frantz of the  
6 Electric Division.

7 CHAIRMAN HONIGBERG: I see no  
8 petitions to intervene. Should that surprise  
9 me?

10 MR. BERSAK: No.

11 CHAIRMAN HONIGBERG: Why not?

12 MR. BERSAK: I'm not surprised by  
13 anything these days.

14 CHAIRMAN HONIGBERG: I mean -- yes.  
15 I mean, you read the newspapers, you turn on  
16 the TV, it's hard to be shocked anymore. But  
17 in our little world?

18 MR. BERSAK: In our little world, I  
19 would say it's not surprising, because the  
20 Legislature has already made the public  
21 interest finding that it is in the public  
22 interest for this Commission to issue a finance  
23 order to allow securitization as part of the  
24 Settlement and Divestiture process. So, this

1 is a very technical, very specific type of  
2 proceeding, that probably doesn't have the  
3 interest of the various parties that have  
4 played in the other dockets.

5 CHAIRMAN HONIGBERG: Are there any  
6 preliminary matters we need to deal with before  
7 hearing the parties' preliminary positions,  
8 part of which was just previewed by Mr. Bersak?

9 *[No verbal response.]*

10 CHAIRMAN HONIGBERG: All right. Mr.  
11 Bersak, why don't you give us the full  
12 preliminary statement that you have.

13 MR. BERSAK: Thank you. Well, as I  
14 just said, the Legislature has found that it is  
15 in the public interest for the Commission to  
16 issue a finance order that securitizes stranded  
17 costs resulting from the divestiture of our  
18 generation assets.

19 What is the purpose of this  
20 proceeding is is to get a finance order, so  
21 that, once the assets are divested and once we  
22 come to closing, there's not a delay, and that  
23 we can move quickly to the issuance process and  
24 closing on the securitization on the Rate

1 Reduction Bonds, in order to reduce the prices  
2 that get charged to customers.

3 If we have an order that's ready, we  
4 don't have to have the delay of going through  
5 this process subsequent to closing. We will be  
6 able to move quickly to issuance of the bonds,  
7 and that will stop the return that the Company  
8 continues to collect on the stranded cost until  
9 the securitization is complete. And,  
10 basically, the securitization process is the  
11 key to the entire settlement that produces the  
12 savings for customers, so we'd like to get  
13 there as rapidly as we can.

14 CHAIRMAN HONIGBERG: Mr. Kreis.

15 MR. KREIS: Thank you, Mr. Chairman.  
16 I have very little to say about this matter,  
17 other than I agree with the Company that our  
18 purpose here is to put the technical mechanics  
19 into place that effectuate the provisions of  
20 the previous Settlement Agreement that apply.

21 We are eager to make sure that  
22 everything that the Company is proposing here  
23 is consistent with agreements that have already  
24 been approved by the Commission. And I don't

1 anticipate any impediments to resolving this  
2 docket quickly, so that, when securitization  
3 does become appropriate, it will be possible to  
4 do that in a manner as expeditious and as  
5 calculated to reduce recoverable stranded costs  
6 as possible.

7 CHAIRMAN HONIGBERG: Mr. Speidel.

8 MR. SPEIDEL: Thank you, Mr.  
9 Chairman, Commissioner. In general terms, the  
10 Staff of the Commission will be involved in  
11 reviewing the form of the documentation  
12 presented for both the potential finance order  
13 and the actual revenue bonds themselves for  
14 commercial reasonableness, for accuracy, for  
15 making sure that their terms are just and  
16 reasonable and fair to ratepayers.

17 And we have some level of comfort in  
18 engaging in this effort, because this isn't the  
19 first time we're doing this here in New  
20 Hampshire. We did it 15 years ago. And, as a  
21 consequence, a lot of -- a lot of hiccups and  
22 dead-ends that had been engaged in back then,  
23 such as the question of "does this constitute a  
24 obligation of the New Hampshire state

1 government?" And the answer was "no". They  
2 had to be asked, they had to be answered. The  
3 mechanics of the issuance of the finance order  
4 were more complicated and more halting back  
5 then. It took a couple of years, as a matter  
6 of fact, in some ways. It was a very  
7 inefficient effort back then.

8 But now we have everything on hand  
9 that is more of a form, rather than having to  
10 make things out of whole cloth. So, we have  
11 more comfort there.

12 So, we are looking forward to working  
13 with the Company and the OCA on both phases of  
14 this docket, to make sure that everything goes  
15 smoothly, and that we have the answers to the  
16 questions that we need.

17 Thank you.

18 CMSR. BAILEY: I guess this question  
19 is for anybody who can answer it. But will  
20 this proceeding involve an analysis of the  
21 amount that gets securitized?

22 MR. BERSAK: Indirectly, Commissioner  
23 Bailey. What we've done is we've put into our  
24 Petition a request that the Commission approve



1 a formula that will allow us to determine what  
2 the principal of the RRBs are. The statute and  
3 the Settlement Agreement spell out all the  
4 ingredients that go into the financing. And  
5 it's really just a matter of mathematics at the  
6 end. It will be things such as -- and it will  
7 involve how much did we get for the sale of our  
8 plants? And when does it close? How much has  
9 been amortized? What are the, you know,  
10 employee protection costs, in the event that  
11 some employees are not taken on by the new  
12 owner? And we will know all those pieces.

13 And, so, what we would ask is that we  
14 have a finance order that allows us to use that  
15 formula to determine the principal balance.  
16 And it always, of course, is subject to a  
17 prudence review at the end, to make sure that  
18 we did something that was reasonable and  
19 proper. But that will allow us to get to the  
20 financing as quickly as possible, and not have  
21 to come back for another proceeding to get  
22 an -- to fill in that blank.

23 CMSR. BAILEY: And we'll be reviewing  
24 the formula in this proceeding?

1 MR. BERSAK: Yes, ma'am.

2 CMSR. BAILEY: In the second phase or  
3 the first phase?

4 MR. BERSAK: I'm not sure how many  
5 phases we're going to have.

6 CMSR. BAILEY: Oh. I thought the  
7 Order of Notice talked about two phases. The  
8 first phase, you know, sort of outlining the --  
9 what's going to be in the order, and the second  
10 phase more of the technical aspects.

11 MR. BERSAK: You know, I think what  
12 we were asking is that, you know, we've put  
13 together a very detailed Petition that includes  
14 requested findings of fact, and that, you know,  
15 we expect orders that are substantially the  
16 same as we got for the first two  
17 securitizations that the Company did back in  
18 the 2000-2001 time frame.

19 You know, if we could do that all in  
20 one phase to go through this process, and to  
21 get an order with all the findings of fact that  
22 are necessary, and that constitutes the finance  
23 order. Then, when we are done, we can come  
24 back and have a prudence review, to make sure

1           that what we did was prudent, and that the  
2           Company did what it was supposed to do.

3                       CMSR. BAILEY:   Okay.

4                       CHAIRMAN HONIGBERG:   Mr. Speidel.

5                       MR. SPEIDEL:   May I weigh in on this  
6           as well?

7                       On behalf of Staff, I think we'd just  
8           like to say that, in general terms, we are  
9           preparing for a plain vanilla securitization  
10          docket.  We're preparing for a Phase I docket,  
11          where we approve the form of the order and the  
12          underlying documentation for the bonds.  But,  
13          in the second phase, we do reserve the right to  
14          ourselves to explore questions of what is  
15          appropriately added into the balance, once the  
16          balance is toted up and calculated.  And it's  
17          not meant to be an open-ended inquiry.  But  
18          we've been doing some scenario planning  
19          internally.  And we can imagine a scenario  
20          where there are some issues of time lag related  
21          to certain assets that may crop up, unspecified  
22          assets, but that may occur.  In such an  
23          instance, we want to make sure that whatever is  
24          added to the securitized balance is appropriate

1 under the spirit and letter of the agreements  
2 and the legislation that we have on hand.

3 I don't want to get more specific  
4 than that. But I would imagine the number of  
5 permutations, 99 outcomes of 100, it should  
6 move as quickly as Mr. Bersak has indicated.  
7 But there may be an unusual circumstance that  
8 crops up that requires more analysis. And we  
9 would be signaling to the Commission that here  
10 we have an issue we want to flag for you as  
11 something to consider within this docket. And  
12 we would be sure to give timely information  
13 about such an outcome.

14 A lot of this, as far as the specific  
15 dollar figures are concerned, and some of the  
16 issues and outcomes that might flow from that,  
17 will be known only after the auction results  
18 come in. So, it's a little bit premature at  
19 this point to say, you know, "This is exactly  
20 how it's going to go. And, on September the  
21 12th of 2017, we're going to have such and such  
22 final order." It's a little early to do that.

23 So, let's wait and see. For the time  
24 being, we'll have our analysis staff getting

1           into the meat of the documentation we have and  
2           do the first phase as expeditiously as  
3           possible.

4                         Thank you.

5                         CHAIRMAN HONIGBERG: Describe the  
6           ideal world, the smooth "everything goes as  
7           hoped" line of events. That we get good,  
8           robust, high bids for the assets and things go  
9           from there. Whoever wants to take a run at  
10          that.

11                        MR. SPEIDEL: Well, I think what we  
12          would have is the smoothest possible outcome is  
13          that all assets sell at once, as part of the  
14          same auction block, and the prices are viewed  
15          favorably. And you would have disposition of  
16          the assets through sale in a single temporal  
17          block. That would be the ultimate in  
18          smoothness. In terms of the Company not having  
19          to worry about other options regarding specific  
20          assets.

21                        MR. BERSAK: Are you looking for a  
22          chronology perhaps, Mr. Chairman?

23                        CHAIRMAN HONIGBERG: Yes. I think a  
24          chronology, too, because -- but then, maybe

1 within that, what are some of the other  
2 variables that might -- that are significant,  
3 that would either trigger additional work or  
4 not?

5 MR. BERSAK: Sure. I mean, what we  
6 anticipate is, you know, bids are supposed to  
7 be coming in next week. We expect J.P. Morgan,  
8 the Staff, the Company will be reviewing those  
9 bids as they come in, and be in a position to  
10 contact those bidders that we want to have  
11 final negotiations with right around the Labor  
12 Day time frame.

13 We may have one bidder, if one is  
14 obvious. There may be multiple bidders,  
15 depending upon how the bids look, whether  
16 there's a hydro, you know, buyer and a fossil  
17 buyer.

18 We will have final negotiations, and  
19 then there will be a groupthink as to who is  
20 the winner or winners for the purchase of the  
21 assets. At that point, we will have to  
22 finalize the contractual details. We'll have  
23 to finalize a purchase and sale agreement with  
24 the winning bidder or winning bidders.

1           Once we have a final deal, then we  
2           have to turn to the regulatory processes. And,  
3           so, there will be a need to make the filings  
4           that are required here, as well as, you know,  
5           at least three filings at FERC, more if there's  
6           more than one bidder. We need a FERC Section  
7           203 filing for the overall transaction; a 205  
8           filing for the assumption of interconnection  
9           agreements for each of the plants; and a FERC  
10          hydro license transfer for the hydro licenses.

11           Then, we have to make one filing in  
12          Vermont, before the Vermont now "PUC", for one  
13          asset that's in Vermont. There may have to be  
14          antitrust filings, depending on who the bidder  
15          is.

16           So, we expect all those filings to be  
17          prepared. And we would hope to have them done  
18          within a couple of weeks after we know who the  
19          winning bidder is and have a contract. And,  
20          once they are ready, we will file.

21           At the same time we're preparing the  
22          regulatory filings, we'd be in a position to  
23          start dealing with some of the confidential  
24          information that we've heard other parties in

1 another docket were interested in getting, so  
2 that they're not going to get blindsided just  
3 on day one.

4 So, we'll make the regulatory  
5 filings. And there's a schedule here that  
6 would potentially lead to an order within about  
7 70 days more or less.

8 On the FERC side, the longest lead  
9 time is usually the hydro license transfers,  
10 and that could be anywhere between 60 and 120  
11 days. So, if we have one bidder that's buying  
12 the entire fleet, we are expecting that the  
13 FERC hydro process will be the critical path.  
14 And, once we get that approved, we will go to  
15 closing very quickly after that.

16 If we have a finance order that's on  
17 the shelf, then we can very quickly, at that  
18 point, once we have closed, put together the  
19 offerings, go to the marketplace, figure out  
20 what the securitization looks like, issue the  
21 rate reduction bonds, come to a closing. And  
22 then report back to the Commission as to, you  
23 know, where are we, what have we done, make the  
24 requisite rate filings, in order to implement



1 the RRB charge, to make sure our rates, on both  
2 stranded cost and Energy Service are correct,  
3 and start as a delivery company only at that  
4 point.

5 CHAIRMAN HONIGBERG: And, if that  
6 went perfectly, where are we? Are we sometime  
7 in the first quarter of 2018?

8 MR. BERSAK: First quarter, yes. I  
9 was thinking February 1, March 1, you know,  
10 likely. It could be sooner than that, if  
11 everything goes well and if FERC goes very  
12 quickly, you know, it could be before then.

13 CHAIRMAN HONIGBERG: All right. Is  
14 there anything else for us to discuss?

15 *[No verbal response.]*

16 CHAIRMAN HONIGBERG: All right. We  
17 will then adjourn and leave you to your  
18 technical session. Thank you all.

19 MR. BERSAK: Thank you.

20 ***(Whereupon the prehearing***  
21 ***conference ended at 2:51 p.m.***  
22 ***and a technical session was held***  
23 ***thereafter.)***