

Testimony of Neil Davids  
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**EXHIBIT**  
#C  
DE 17-124

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

**DE 17-124**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**d/b/a EVERSOURCE ENERGY**

**Sale of Generating Facilities**

**DIRECT TESTIMONY**

**OF**

**NEIL DAVIDS**

**J.P. MORGAN SECURITIES LLC**

**October 12, 2017**

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Neil Davids. My business address is J.P. Morgan Securities LLC (“J.P.  
4 Morgan”), 383 Madison Avenue, 41st floor, New York, NY 10172.

5  
6 **Q. What is your position with J.P. Morgan?**

7 A. I am an Executive Director in the Energy Investment Banking group at J.P. Morgan and  
8 lead the power generation and renewable energy segment of the practice. I joined J.P.  
9 Morgan in July 2008.

10  
11 **Q. Please describe your educational background.**

12 A. I graduated from the University of Rochester with a B.A. in Economics. I also graduated  
13 from Columbia Business School, where I earned my M.B.A.

14  
15 **Q. Please describe your professional experience.**

16 A. As an Executive Director in the Energy Investment Banking group at J.P. Morgan, the  
17 investment banking division of J.P. Morgan Chase & Co., I have led or participated from  
18 an advisory perspective in a variety of M&A transactions on behalf of J.P. Morgan,  
19 including corporate mergers, asset or subsidiary divestitures and acquisitions, joint  
20 ventures, corporate restructurings, spin-offs, and unsolicited corporate transactions for  
21 companies in the energy industry.

1 I have advised on many large strategic transactions for both corporate and private equity  
2 clients, including the sale of LS Power’s Decatur Energy Center to Capital Power (2017),  
3 Terraform Power and Terraform Global to Brookfield (pending), TransCanada’s sale of  
4 its hydro assets to ArcLight Capital Partners (2017), TransCanada’s sale of certain  
5 generation assets to LS Power (2017), Dynegy’s sale of its 50% interest in the Elwood  
6 facility to J-Power (2016), Competitive Power Ventures’ sale to Global Infrastructure  
7 Partners (2015), Hess’s sale of Bayonne Energy to ArcLight (2014), Ormat Technologies  
8 Inc.’s merger with Ormat Industries (2014), Competitive Power Ventures’ sale of a 50%  
9 equity interest in the CPV St. Charles Energy Center to Marubeni (2014), Riverstone’s  
10 merger of RJS Power Holdings with PPL (2014), Edison Mission Energy’s sale to NRG  
11 Energy (2013), the sale of Liberty Electric to Energy Capital Partners (2011), and several  
12 others.

13  
14 **Q. Have you testified previously before the Commission?**

15 A. Yes. I testified before the New Hampshire Public Utilities Commission (the  
16 “Commission” or “NHPUC”) in Docket No. DE 16-817, Auction of Electric Generation  
17 Facilities – Recommendation of J.P. Morgan.

18  
19 **Q. On whose behalf are you submitting testimony?**

20 A. I submit this testimony on behalf of J.P. Morgan as the exclusive Auction Advisor to the  
21 Commission. The auction involved the sale (the “Sale”) of the remaining generation  
22 assets and other related properties (the “Portfolio”) held by Public Service Company of  
23 New Hampshire d/b/a Eversource Energy (“PSNH”, “Eversource”, or the “Company”).

1 The Portfolio includes approximately 1,200 megawatts (“MW”) of energy production  
2 capacity located primarily in New Hampshire, with one asset partly in Vermont and  
3 another in Maine, comprising coal, oil, gas, biomass and hydro generation assets.  
4

5 The Sale is being conducted pursuant to Commission Order 25,920 by J.P. Morgan in its  
6 capacity as Auction Advisor to the Commission. This divestiture process resulted from  
7 implementing legislation enacted by the New Hampshire legislature, including, inter alia,  
8 RSA Chapter 374-F, “Electric Utility Restructuring;” RSA 369-B, “Electric Rate  
9 Reduction Financing;” 2014 N.H. Laws, Chapter 310, “An Act relative to the divestiture  
10 of PSNH assets;” and 2015 N.H. Laws, Chapter 221, “An act relative to electric rate  
11 reduction financing.” Pursuant to such legislation, the NHPUC reviewed the “2015  
12 PSNH Restructuring and Rate Stabilization Agreement” (the “Settlement Agreement”) as  
13 amended by the Amendment to Settlement, and the Partial Litigation Settlement (the  
14 “Litigation Settlement”) and approved these Settlements on July 1, 2016, in its Order No.  
15 25,920. The Commission approved the auction process (the “Auction”) on November 10,  
16 2016 in its Order No. 25,967 (the “Auction Design Order”).  
17

18 **Q. What is the purpose of your testimony?**

19 A. J.P. Morgan is providing its testimony in support of PSNH’s Application for Approval of  
20 the Sale of its Generation Assets comprising 1,130.1 MW of coal, oil, gas and biomass-  
21 fired generating assets (“Thermal Assets”) and 68.2 MW of hydro generating assets  
22 (“Hydro Assets”) in accordance with RSA 369-B:3-a, the Settlement Agreement, the  
23 Litigation Settlement and the Auction Design Order. The Auction conducted by J.P.

1 Morgan resulted in two transactions for the Sale of the entire Portfolio of Eversource’s  
2 remaining generation assets. Atlas FRM LLC d/b/a Atlas Holdings LLC (“Atlas”) and  
3 CCI Power Asset Holdings LLC (“CCI PAH”) agreed to purchase the Thermal Assets  
4 from Eversource through a newly formed joint venture entity Granite Shore Power LLC  
5 (“Granite Shore Power”) for \$175 million subject to certain adjustments pursuant to the  
6 terms of a Purchase and Sale Agreement, dated October 11, 2017 (the “Thermal PSA”).  
7 HSE Hydro NH AC, LLC (“HSE Hydro”) agreed to purchase the Hydro Assets from the  
8 Seller for \$83.3 million subject to certain adjustments pursuant to the terms of a Purchase  
9 and Sale Agreement, dated October 11, 2017 (the “Hydro PSA”). The total Sale price for  
10 the Portfolio is \$258.3 million.

11  
12 **Q. Please summarize the remainder of your testimony.**

13 A. The remainder of my testimony consists of four parts:

- 14 • Part II provides an overview of J.P. Morgan’s role as the Commission’s Auction  
15 Advisor in conducting the Auction;
- 16 • Part III describes the Auction;
- 17 • Part IV provides a summary of the Auction results; and
- 18 • Part V explains how the Auction complied with the Auction Design Order.

19 **II. J.P. MORGAN’S ROLE AS AUCTION ADVISOR**

20 **Q. What was J.P. Morgan’s role in the Auction?**

21 A. As noted above, the Commission retained J.P. Morgan to act as exclusive Auction  
22 Advisor for the Commission in the Auction of the Portfolio held by Eversource

1 consisting of approximately 1,200 megawatts of coal, oil, gas, biomass and hydro  
2 generation assets located primarily in New Hampshire with one asset partly in Vermont  
3 and another in Maine.

4  
5 **Q. How was J.P. Morgan selected as the Commission's Auction Advisor?**

6 A. The Commission conducted a competitive solicitation process in accordance with its  
7 statutory responsibilities and directives, and in accordance with the Settlement  
8 Agreement, to select an advisor to manage and conduct the Auction on behalf of the  
9 Commission. J.P. Morgan was the winner of that solicitation process and the  
10 Commission subsequently appointed J.P. Morgan as their independent auction advisor for  
11 the Sale of the Portfolio.

12  
13 **Q. What was the relationship between the Commission and J.P. Morgan during the  
14 Auction Process?**

15 A. The NHPUC chose certain staff representatives (the "Commission Staff") to oversee the  
16 Auction. J.P. Morgan worked closely with the Commission Staff throughout the Auction  
17 and apprised the Commission Staff fully of all Auction activities.

18  
19 **Q. Please describe generally J.P. Morgan's activities as Auction Advisor.**

20 A. J.P. Morgan was retained by the Commission as its exclusive Auction Advisor pursuant  
21 to an Engagement Agreement between J.P. Morgan and the Commission that was  
22 approved by the Governor and the Executive Council on September 7, 2016, which sets  
23 forth the terms by which the sale would be conducted in one or a series of transactions

1 (each, a “Transaction”). The Commission approved the auction design and process  
2 recommended by J.P. Morgan with certain modifications in its Auction Design Order.  
3 J.P. Morgan’s role as Auction Advisor was to conduct the Auction in accordance with the  
4 Auction Design Order and ensure that the results of the Auction maximize the total  
5 transaction value (“Total Transaction Value”) of the Portfolio and are consistent with the  
6 Settlement Agreement.

7  
8 J.P. Morgan developed a strategy and timeline for the Auction, coordinated the  
9 production of the Confidential Information Memorandum (the “CIM”) and related  
10 marketing materials, and formulated and contacted the universe of potentially interested  
11 counterparties. Upon receipt of indicative bids, J.P. Morgan summarized the proposals  
12 and consulted with and sought input from Eversource with oversight from Commission  
13 Staff on the counterparties to be included in Round 2 of the Auction. Once Round 2 was  
14 underway, J.P. Morgan coordinated management presentations, site visits and responses  
15 to bidders’ due diligence requests and questions. J.P. Morgan then reviewed the final  
16 bids, performed detailed bid analyses, summarized the bids and after consulting with and  
17 seeking input from Eversource with oversight from Commission Staff determined the  
18 leading bidders in order to maximize the Total Transaction Value as set forth in the  
19 Settlement Agreement. Finally, J.P. Morgan with Commission Staff oversight and in  
20 consultation with Eversource, coordinated the final negotiations between the winning  
21 bidders and the Seller. These negotiations culminated in the execution of two  
22 Transactions for the Sale of the entire Portfolio of Eversource’s remaining generation  
23 assets. The Auction is discussed in more detail in Part III below.

1 **Q. What experience did J.P. Morgan have with the sale of generation assets prior to**  
2 **being engaged for the Sale of the Portfolio?**

3 A. J.P. Morgan is a full-service investment banking and securities firm. As part of its  
4 investment banking services, J.P. Morgan is continually engaged in the analysis of  
5 businesses and their assets in connection with, among other things, asset divestitures, and  
6 has substantial experience in transactions similar to this divestiture. J.P. Morgan is a  
7 leader in M&A advisory around the globe. J.P. Morgan has been the leader in Power &  
8 Utility M&A since 2007, with over 187 deals and more than \$445 billion in transaction  
9 value. We have led some of the largest and most complex recent strategic transactions in  
10 the Power & Utility sector. J.P. Morgan has also been the leader in U.S. Power & Utility  
11 M&A since 2007, with over 58 deals totaling more than \$160 billion in transaction value.  
12 Additionally, J.P. Morgan has been Auction Advisor on numerous New England public  
13 utility commission-run auctions.

14  
15 J.P. Morgan previously acted as auction advisor to the NHPUC on the sale of the  
16 Seabrook Nuclear Generating Station in 2002. J.P. Morgan also previously acted as the  
17 Connecticut Department of Public Utility Control's ("DPUC") auction advisor in the  
18 successful sale of the Millstone Nuclear Power Station ("Millstone") in Connecticut,  
19 which was majority owned by The Connecticut Light and Power Company ("CL&P").  
20 J.P. Morgan also participated as auction advisor to the DPUC in the divestiture of the  
21 fossil and hydro generating assets of CL&P and Western Massachusetts Electric  
22 Company and acted as the DPUC's independent consultant and advisor in CL&P's  
23 solicitation of Standard Offer Service Requirements.

1 J.P. Morgan has also demonstrated its ability to successfully execute both buy-side and  
2 sell-side generation engagements; we have completed over 40 U.S. generation  
3 assignments, representing more than \$59 billion and 72 gigawatts of transaction volume.  
4 Moreover, we have unparalleled experience with respect to generation assignments in  
5 New England, having represented both public and private clients in both a buy-side and  
6 sell-side advisor capacity.

7 **III. THE AUCTION**

8 **Q. Please describe the assets that were included in the Auction.**

9 A. The Portfolio of assets included in the Auction consists of approximately 1,200  
10 megawatts of energy production capacity primarily located in New Hampshire  
11 comprising coal, oil, gas, biomass and hydro generation assets. The Thermal Assets  
12 comprising coal-fired, oil and natural gas-fired and biomass-fired generation assets total  
13 1,130.1 MW of capacity and the Hydro Assets consist of 68.2 MW of capacity for an  
14 overall total of 1,198.3 MW of capacity included in the Auction.

15  
16 PSNH's minority ownership interest of 3.1433 percent in W. F. Wyman Unit 4, located in  
17 Yarmouth, Maine, was sold outside of the Auction process as permitted by the Settlement  
18 Agreement. The Commission approved the sale of Eversource's interest in W.F. Wyman  
19 Station – Unit 4 to FPL Energy Wyman IV LLC, in its Order No. 26,060 dated  
20 September 27, 2017.

1 **Q. Please describe the Auction.**

2 A. J.P. Morgan conducted the Auction with Commission Staff oversight in accordance with  
3 the design, process and protocols approved by the Commission in its Auction Design  
4 Order. The process began with an Eversource public announcement of the pending sale  
5 to be led by J.P. Morgan. The Auction began with an information-gathering stage, during  
6 which period J.P. Morgan solicited interest from a broad array of public and private  
7 companies in the energy industry known or believed to be potential bidders including  
8 existing fossil and hydro plant operators and generating companies.

9  
10 The next step in the Auction, which proceeded concurrently with the solicitation efforts  
11 described above, involved the preparation of the CIM, describing the Assets in detail.  
12 Concurrently, J.P. Morgan contracted for preparation of a confidential independent  
13 market analysis and a confidential independent engineering analysis. To be eligible to  
14 participate in the Auction process, potential bidders were required to sign a  
15 confidentiality agreement prepared by Eversource and submit technical and financial  
16 qualifications that demonstrated their ability to purchase and operate the generating  
17 facilities. Potential bidders agreed in their individual confidentiality agreements with  
18 Eversource to direct all communications about the Auction directly to the Auction  
19 Advisor. J.P. Morgan assigned each potential bidder a code name to shield that bidder's  
20 identity and notified bidders that J.P. Morgan would handle all contacts to preserve the  
21 confidentiality of the bidder identities and the integrity of the Auction.

1 **Q. The Settlement Agreement and the Commission’s Auction Design Order provided**  
2 **certain features to allow municipalities to participate in the Auction Process. Did**  
3 **the Auction Process administered by J.P. Morgan incorporate these features?**

4 A. Yes. Pursuant to the Settlement Agreement, host municipalities were allowed to submit  
5 final bids in Round 2 without submitting non-binding proposals in Round 1.  
6 Additionally, J.P. Morgan filed a proposed modification to the auction process with the  
7 Commission that included a number of timing and design changes to accommodate and  
8 facilitate the participation in the Auction of municipalities that hosted hydro facilities.  
9 The amended auction process allowed municipalities accelerated access to the electronic  
10 data room, and gave them access to the CIM, the independent market analysis and the  
11 independent engineering analysis as soon as they were available. Also, the auction  
12 schedule was extended by several months to afford the municipalities more time to  
13 review the detailed information about the hydro assets and evaluate the auction process.

14  
15 The municipalities were also given the option of submitting an indication of value to J.P.  
16 Morgan in Round 1 for their respective local hydro facilities. Municipalities electing to  
17 submit indications of value could then receive feedback from J.P. Morgan on their  
18 proposal relative to other Round 1 bids on their hosted facilities. Further, in order to  
19 assist the municipalities in evaluating the bids for the hydro facilities, the amended  
20 auction design requested that all Round 1 and Round 2 bidders allocate bid value among  
21 any hydro facilities included in their bids.

22

23

1 **Q. Please describe the bid process.**

2 A. Qualified potential bidders and municipalities were allowed to submit non-binding  
3 indicative bids on single facilities or groups of facilities, including the entire Portfolio in  
4 Round 1 of the Auction. J.P. Morgan conducted a detailed analysis of the indicative bids,  
5 summarized the indicative bids and with Commission Staff oversight consulted with  
6 Eversource on the smaller group of qualified bidders to participate in Round 2. These  
7 bidders were given the opportunity to conduct detailed due diligence on the facilities,  
8 receive access to the electronic “data room” that was set up for the Auction, visit the  
9 facilities in person (accompanied by Eversource and J.P. Morgan, with an observer from  
10 Commission Staff) and receive a comprehensive business, operational, and financial  
11 presentation from the management on those facilities. Round 2 bidders also had the  
12 opportunity to submit confidential questions regarding the Assets, and J.P. Morgan  
13 coordinated with PSNH to provide answers to each question to the bidders who submitted  
14 the particular question. Following the due diligence phase, a draft Purchase and Sale  
15 Agreement developed by Eversource and its outside counsel Balch & Bingham LLP (the  
16 “Draft PSA”) was distributed to Round 2 bidders. J.P. Morgan also distributed final bid  
17 instructions to Round 2 bidders and invited bidders to submit final bids.

18

19 **Q. How were the final bids evaluated?**

20 A. J.P. Morgan reviewed and evaluated the final bids according to criteria that were  
21 established by the Commission in its Auction Design Order. In particular, J.P. Morgan  
22 evaluated final bids to determine which bids would maximize the Total Transaction  
23 Value of the Portfolio while, if possible, avoiding a “failed auction” scenario where one

1 or more of the assets remained unsold. An additional objective was to ensure that the  
2 transaction would close in a timely manner. J.P. Morgan evaluated bids based upon an  
3 assessment of each bidder's financial, operational, safety and other qualifications, the  
4 value of its final bid, and its willingness to accept the material terms of the transaction as  
5 reflected in the Draft PSA that was distributed to bidders. J.P. Morgan conducted a  
6 detailed analysis and summarized the final bids. Based on its review and evaluation of  
7 the final bids received as well as its general industry experience and expertise, and after  
8 consulting with and seeking input from Eversource with Commission Staff oversight, J.P.  
9 Morgan selected the combination of leading bids that would maximize the Total  
10 Transaction Value of the Portfolio and result in the sale of all Assets included in the  
11 Portfolio.

12  
13 **Q. How did J.P. Morgan proceed after evaluating the final bids?**

14 A. Upon receipt of final bids, J.P. Morgan promptly sought certain clarifications from the  
15 bidders to ensure all bid terms and conditions were understood. J.P. Morgan  
16 subsequently contacted the leading bidders to commence post-bid negotiations. J.P.  
17 Morgan provided feedback on their respective bids and afforded each of these leading  
18 bidders an opportunity to improve their bids with respect to both key contract terms and  
19 value in an effort to enhance bid values.

20  
21 After these negotiations were completed, J.P. Morgan selected the combination of leading  
22 bids that maximized the Total Transaction Value of the Portfolio. J.P. Morgan also  
23 notified remaining bidders that their offers were not competitive. Balch & Bingham,

1 Eversource and J.P. Morgan with Commission Staff oversight began negotiations with  
2 the Selected Bidders on the legal terms of the proposed revisions to the Draft PSA in an  
3 attempt to improve the terms for the Seller and limit risk for Eversource and customers.

#### 4 **IV. SUMMARY OF AUCTION RESULTS**

5 **Q. Please describe a summary of the Auction results.**

6 A. The Auction resulted in the sale of the Thermal Assets to Granite Shore Power for \$175  
7 million subject to certain adjustments pursuant to the terms of the Thermal PSA, and the  
8 sale of the Hydro Assets to HSE Hydro for \$83.3 million subject to certain adjustments  
9 pursuant to the terms of the Hydro PSA resulting in the total sale price for the Portfolio of  
10 \$258.3 million.

11  
12 **Q. Please describe the Thermal Sale.**

13 A. Atlas and CCI PAH agreed to purchase the Thermal Assets from Eversource through a  
14 newly formed joint venture entity Granite Shore Power for \$175 million subject to certain  
15 adjustments pursuant to the terms of the Thermal PSA. The Thermal PSA provides for  
16 the transfer by the Seller of substantially all assets comprising the Thermal Assets  
17 including applicable contracts, leases and permits relating to the operation of the  
18 generating facilities. The closing must occur by January 1, 2018 or there is a purchase  
19 price adjustment if the closing occurs at a later date. The adjustment accounts for a  
20 portion of potential capacity revenue earned by the Thermal Assets between January 1,  
21 2018 and the closing date. The adjustment also reflects energy margin attributable to the  
22 Thermal Assets between January 1, 2018 and the closing date, inclusive of revenues of

1 Winter Reliability and various corresponding costs. The final bid was not subject to any  
2 financing contingencies. With respect to environmental liabilities, the Seller retains all  
3 Schiller mercury boiler liability including any remediation required to clean up mercury  
4 released during the boiler removal process, including certain other environmental  
5 liabilities until 7 years after completion of the on-going project to remove the former  
6 mercury boilers from the site, and retains the first \$25 million of pre-closing  
7 environmental liabilities, with obligations expiring 7 years after close. The Seller also  
8 retains all pre-closing employee liabilities. Granite Shore Power agreed to operate the  
9 Thermal Assets for a minimum of eighteen months from financial close and accepted the  
10 employee protections, as required by both N.H. law and the Settlement Agreement.  
11

12 **Q. Please describe the Hydro Sale.**

13 A. HSE Hydro agreed to purchase the Hydro Assets from Eversource for \$83.3 million  
14 subject to certain adjustments pursuant to the terms of the Hydro PSA. The Hydro PSA  
15 provides for the transfer by the Seller of their ownership shares of substantially all assets  
16 comprising the Hydro Assets including applicable contracts, leases and permits relating  
17 to the operation the generating facilities. The final bid was not subject to any financing  
18 contingencies. HSE Hydro agreed to assume costs related to all post-closing liabilities,  
19 plus costs related to certain pre-closing liabilities in excess of \$8.3 million for five years  
20 beyond the closing of the sale. HSE Hydro also agreed to operate the Hydro Assets for a  
21 minimum of eighteen months from financial close and accepted the employee  
22 protections, as required by both N.H. law and the Settlement Agreement.



1 **Q. Please explain how the Auction maximized Total Transaction Value for New**  
2 **Hampshire ratepayers.**

3 A. The Auction was a formal, competitive process that was open to all qualified bidders and  
4 the host municipalities. Bidders in the Auction were given complete and non-  
5 discriminatory access to data and information. The Auction was structured to obtain the  
6 best possible result by identifying willing buyers who offered the highest price for the  
7 Assets and the best overall terms and conditions of the Sale. J.P. Morgan also selected  
8 the combination of two bids for the Thermal and Hydro Assets that maximized the Total  
9 Transaction Value of the entire Portfolio. The Total Transaction Value of the two bids  
10 selected exceeded both that of any other combination of individual thermal and hydro  
11 bids, as well as any final bid received for the full portfolio. As a result of the competitive  
12 auction process, J.P. Morgan maximized the Total Transaction Value of the net proceeds  
13 realized from the Sale, which will mitigate stranded costs and benefit all of Eversource's  
14 New Hampshire customers.

15  
16 **Q. Please explain how the Auction resulted in the sale of the entire Portfolio.**

17 A. The Auction conducted by J.P. Morgan resulted in the Sale of the Eversource's remaining  
18 Thermal and Hydro Assets consisting of approximately 1,200 MW of energy production  
19 capacity comprising coal, oil, gas, biomass and hydro generating assets primarily located  
20 in New Hampshire with one asset located partly in Vermont and another in Maine.

21  
22  
23

1 **Q. Please explain how the Sale was consistent with the Settlement Agreement.**

2 **A.** J.P. Morgan designed and conducted the Auction in accordance with the primary  
3 objective of the Settlement Agreement which was to maximize the Total Transaction  
4 Value of the Thermal and Hydro generation assets. J.P. Morgan also achieved the  
5 secondary objective of the Auction process by proposing and implementing several  
6 measures to accommodate and facilitate the participation of the host municipalities and to  
7 fairly allocate among individual assets the sale price of any hydro assets that were sold as  
8 a group. The Buyers also had to agree to operate the generation assets for a minimum of  
9 eighteen months from the date of financial closing and to the employee protection  
10 obligations specified in Purchase and Sale Agreements. Furthermore, the structure and  
11 details of the Auction process established by J.P. Morgan were approved by the  
12 Commission and conducted with the oversight of Commission Staff to ensure that the  
13 Auction was fair, transparent, effective and maximized Total Transaction Value for  
14 ratepayers.

15  
16 **Q. In your opinion did interested municipalities have an opportunity to participate in  
17 the Auction Process consistent with the Settlement Agreement and the  
18 Commission's Auction Design Order?**

19 **A.** Yes. Pursuant to the Settlement Agreement, host municipalities were allowed to submit  
20 final bids in Round 2 without submitting non-binding indicative bids in Round 1. J.P.  
21 Morgan filed a modification to the proposed auction process with the Commission that  
22 included a number of timing and design changes to facilitate the participation in the  
23 Auction of municipalities that hosted the hydro facilities. The amended auction process

1 approved by the Commission allowed municipalities, once they signed confidentiality  
2 agreements, accelerated access to the electronic data room for their respective hydro  
3 facilities, and gave them access to the CIM, the independent market analysis and the  
4 independent engineering analysis as soon as they were available.

5  
6 Also, the auction schedule was extended by several months, and provided that the CIM  
7 would be circulated to interested municipalities earlier in the auction process to afford the  
8 municipalities more time to review the detailed information about the hydro assets and  
9 evaluate the auction process. Municipalities were not required to submit preliminary  
10 non-binding bids, but had the option of giving J.P. Morgan their indication of value for  
11 their respective hosted local hydro facilities. Municipalities electing to submit  
12 indications of value could then receive feedback from J.P. Morgan on their proposal  
13 relative to other Round 1 bids on their hosted hydro facilities. Further, in order to address  
14 municipal needs for specific price allocation to their respective hydro facilities, the  
15 amended auction design requested that all Round 1 and Round 2 bidders allocate bid  
16 value among any hydro facilities included in their bids.

17  
18 **Q. In your opinion and based upon your experience, do the terms and conditions**  
19 **contained in the two Purchase and Sales Agreements represent reasonable**  
20 **commercial deals?**

21 **A.** Yes. J.P. Morgan conducted a competitive auction process that was fair, equitable and  
22 transparent consistent with general industry practices. The Draft PSA was developed by  
23 Eversource and its outside counsel Balch & Bingham. Following the due diligence

1 phase, the Draft PSA was distributed to Round 2 bidders. J.P. Morgan also distributed  
2 final bid instructions to Round 2 bidders and invited bidders to submit final bids. Round  
3 2 bidders also had an opportunity to provide comments to the Draft PSA. J.P. Morgan  
4 selected the combination of Round 2 bids that maximized the Total Transaction Value of  
5 the Portfolio. Balch & Bingham, Eversource and J.P. Morgan with Commission Staff  
6 oversight began negotiations with the Selected Bidders on the legal terms of the proposed  
7 revisions to the Draft PSA in an attempt to improve the terms for the Seller and limit risk  
8 for Eversource and customers. The resulting Purchase and Sales Agreements are  
9 commercially reasonable and maximize the Total Transaction Value of the Portfolio.

10  
11 **Q. In your opinion, are the prices obtained for the assets being sold reasonable in**  
12 **today's market and did the Auction maximize the Total Transaction Value?**

13 **A.** Yes. J.P. Morgan conducted a competitive auction process with Commission Staff  
14 oversight in a manner consistent with general industry practices. The Auction process  
15 was robust and consistent with similar transactions conducted by J.P. Morgan. The  
16 bidders involved in our process are leading power generation owners and operators with  
17 significant sector expertise. We had engagement and competition throughout all phases  
18 of the process among these bidders. J.P. Morgan selected the combination of final bids  
19 that maximized the Total Transaction Value of the Portfolio and that resulted in the sale  
20 of all Assets included in the Portfolio. The Auction results are reasonable and in the  
21 public good.

22

1 **Q. In your opinion, should the proposed Sale of the Thermal and Hydro Assets be**  
2 **approved?**

3 A. Yes.

4

5 **Q. Does this conclude your testimony?**

6 A. Yes.