

# Orr&Reno

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August 22, 2022

**Via Email**

Daniel C. Goldner, Chairman  
New Hampshire Public Utilities Commission  
21 South Fruit St.  
Concord, NH 03301-2429

**Re: DE 22-027 – New Hampshire Transmission, LLC Petition for Authority to Construct, Own, Operate, and Finance Additional Transmission Equipment in Seabrook, New Hampshire – Response to DOE Technical Statement**

Dear Chairman Goldner:

On August 12, 2022, the Department of Energy (“DOE”) filed the Technical Statement of Jay E. Dudley and Mark P. Toscano in the above-captioned docket (“the Technical Statement”). In accordance with the Procedural Order issued in this docket by the Commission on July 11, 2022, New Hampshire Transmission, LLC (“NHT”) wishes to file a brief response.

NHT agrees with and supports the Technical Statement, with one exception. On page 10 of the Technical Statement, DOE “recommends that the Commission authorize NHT to draw down from available funds under the approved Loan Agreement the amount of \$3.6 million according to the terms outlined above and extend the term of the Loan Agreement by one year to January 1, 2024, for the purposes of funding the proposed Project.”

NHT respectfully requests that it be provided with the flexibility to draw down such funds as are necessary to complete this Capacitor Banks Project, subject to the limit of available funds which have already been approved by the Commission in DE 18-171. As NHT indicated in the Petition which it filed in this docket on April 11, 2022, the estimated cost of the Project is \$8.9 million, but the cost could change. *See* Petition at page 4. This is still the case. *See also* Attachment JED-MPT 1 to the Technical Statement. Given that there is some cost uncertainty, which is quite typical with projects of this nature at this stage of development, NHT is respectfully requesting that the Commission’s authorization to draw down from available funds not be limited to \$3.6 million in debt issuance (based on NHT’s current capital structure of 40% debt and 60% equity). Currently, the total amount of funds still available from the Commission’s original authorization is approximately \$13 million.

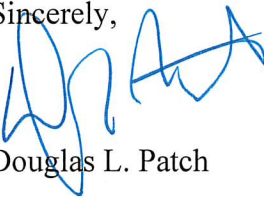
In prior Commission approvals of financings and extensions of financings to support upgrades at the Seabrook Transmission Substation, NHT has only been subject to a total financing cap (typically a line of credit in an aggregate principal amount not to exceed a specific number), it has not been required to obtain Commission approval for every issuance of debt, which NHT submits should also be the case in this docket. *See* Order No. 26,204, DE 18-171 (December 21, 2018); Order No. 25,955, DE 16-813 (October 21, 2016); Order No. 25,556, DE 13-138 (July 30, 2013); Order No. 25,138, DE 10-062 (August 12, 2010); Order No. 24,935, DE 08-164 (January 30, 2009). *See also*, Order No. 26,483, DE 21-060 (May 14, 2021) (involving an Eversource petition for approval of financing). We submit, therefore, these past decisions also support that NHT should not be limited to a \$3.6 million in debt issuance.

NHT has modelled a scenario under which the costs of this Project would require that it draw down an amount that would equal the total authorization provided by the Commission in Docket DE 18-171, a scenario that NHT believes is quite unlikely. *See* Supplement Response to DOE TS 1.0, attached. Even under this scenario, there would be no impact to the balance sheet of NHT. For this reason, we recommend that the Commission authorize NHT to draw down from available funds in an amount consistent with the Commission's authorization in DE 18-171, extend the term of the loan agreement until January 1, 2024, and require that NHT notify the DOE and the Commission when the final cost of the Project has been determined.

In addition, NHT has used this scenario to rework the response to the prehearing conference record request regarding an estimate of the impact of the Project on New Hampshire ratepayers. While NHT believes it is unlikely that Project costs will rise to this level, it has modelled those costs and the impact on New Hampshire ratepayers under that scenario. *See* Supplemental Response to Prehearing Conference Record Request, attached.

Please let us know if you have any questions. Thank you for your assistance.

Sincerely,



Douglas L. Patch

DLP/eac

cc Service List in DE 22-027

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NEW HAMPSHIRE TRANSMISSION, LLC

DE 22-027

DEPARTMENT OF ENERGY SET 1 OF DATA REQUESTS

**Date Request Received: 08/03/2022**

**Date of Supplemental Response: 08/22/2022**

**Request No. DOE TS 1.0**

**Witness: Richard Allen**

**REQUEST:**

Reference Petition at 4, pre-filed testimony of Richard Allen, Appendix 3 at 26, and response to DOE 1-01c attached pro forma balance sheet. Please provide clarification that the amount of new financing for the project available under the maximum financing amount of \$59 million approved in Docket No. DE 18-171 is approximately \$3.6 million and not \$8.9 million as represented in the Company's filing. Please confirm that the balance of \$5.3 million in financing for the project will be funded by an equity injection provided by NextEra Energy Capital Holdings, Inc.

**SUPPLEMENTAL RESPONSE:**

For clarity, no new financing authority is being sought for the construction of the substation project from the Commission. The total amount of the long-term debt approved in Docket No. DE 18171 is an amount not to exceed \$59 million. NHT's current financing vehicle functions like a revolving credit facility, where NHT can draw funds as needed to maintain capital structure as long as total draws do not exceed facility amount of \$59 million. To clarify, the facility is for the NHT entity, not project specific. Per the balance sheet as of 12/31/21, there was approximately \$42 million of debt outstanding. The estimated year-end 2022 debt outstanding is \$46 million, which allows for draws of up to \$13 million, while still adhering to the maximum of \$59 million as shown in Table 1.

**Table 1:**

	<b>\$MM</b>
Loan Capacity	59
Expected Outstanding Year-end 2022	46
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Unused Loan Capacity	13

As described in the response to Request No. DOE 1-01a, New Hampshire Transmission, LLC (NHT) adheres to its targeted regulatory capital structure which is 60% equity and 40% debt. Therefore, as NHT constructs the substation project, it is expected that 60% (or \$5.3 million) will be funded via equity injection and 40% (or \$3.5 million) will be funded by utilizing existing debt

NEW HAMPSHIRE TRANSMISSION, LLC

DE 22-027

DEPARTMENT OF ENERGY SET 1 OF DATA REQUESTS

capacity, as illustrated in Table 2. Table 2 also illustrates the maximum project cost NHT can accommodate, within the current debt instrument (I.E without needing to see a new financing or new financing approval from FERC or NHPUC):

**Table 2:**

<b>\$MM</b>	<b>Debt 40%</b>	<b>Equity 60%</b>	<b>Total</b>
Project Cost Estimate	3.55	5.33	8.88
Project Cost at Max loan capacity	13.00	19.50	32.50

With the understanding that the substation project is still in an early stage of development and the cost could change, it is not anticipated the project costs would increase such that NHT would seek additional financing authority from the Commission.



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

**DE 22-027**

**New Hampshire Transmission, LLC Petition for Authority to Construct, Own,  
Operate and Finance Additional Transmission Equipment in  
Seabrook, New Hampshire**

**SUPPLEMENTAL RESPONSE TO PREHEARING CONFERENCE  
RECORD REQUEST**

**Record Request:** Provide an estimate of the impact that this capacitor banks project will have on New Hampshire ratepayers.

**Date of Request:** July 7, 2022      **Date of Supplemental Response:** August 22, 2022

**Response:** The estimate of the impact that this capacitor banks project will have on all New Hampshire ratepayers is \$130,000 for the calendar year 2023, reducing to \$110,000 for the calendar year 2026. This estimate was based on the estimated project costs of \$8.9 million, which, as explained in the Petition, is provided “with the understanding that the Project is still in an early stage of development and the cost could change.”

In the unlikely event NHT would need to use its remaining balance sheet capacity for this project, the total project cost would be \$32.5 million. The estimate of the impact on New Hampshire ratepayers is \$480,000 for the calendar year 2023, reducing to \$410,000 for the calendar year 2026.