

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 18-171

NEW HAMPSHIRE TRANSMISSION, LLC

Petition for Approval of Financing Related to Seabrook Substation

Petition for Extension of Financing Authorization Period

New Hampshire Transmission, LLC (“NHT”) respectfully petitions the New Hampshire Public Utilities Commission (the “Commission”) for approval pursuant to RSA 369:1 and the Settlement Agreement approved in Order No. 24,321 in DE 03-186 to extend the authorization period for the financing approved in Order No. 26,204 (issued December 21, 2018) in the above-captioned docket. NHT further requests that the Commission issue a final order granting the approvals requested herein no later than December 24, 2020. In support of its petition, NHT states the following:

Petitioner

1. New Hampshire Transmission, LLC is a public utility in New Hampshire for the purpose of owning and operating the transmission substation on the grounds of the Seabrook nuclear power plant (“Seabrook Substation”) in Seabrook, New Hampshire, subject to the conditions set forth in the Settlement Agreement approved in Order No. 24,321 in DE 03-186, 89 NH PUC 267 (2004). *See also*, Order No. 25,105 issued on May 26, 2010 in DE 10-042, 95 NH PUC 235 (2010), approving the transfer of Seabrook Substation from Florida Power & Light Company to NHT. NHT is an 88.23% owner of the Seabrook Substation; the balance of the Seabrook Substation is owned by Massachusetts Municipal Wholesale Electric Company, Taunton Municipal Lighting Plant, and Hudson Light & Power Department. NHT is a wholly owned subsidiary of NextEra Energy Transmission, LLC, which in turn is a wholly

owned subsidiary of NextEra Energy Infrastructure, LLC (“NEEI”), which is a wholly owned subsidiary of NextEra Energy Capital Holdings, Inc. (“NextEra Capital”), which is a wholly owned subsidiary of NextEra Energy, Inc.

Background

2. Section II, 1 of the Settlement Agreement in DE 03-186 contained a provision that required:

“With respect to any financing of FPL-NED’s interest in the Seabrook Substation, including any borrowing or the issuance of any notes, bonds or other evidence of indebtedness or securities of any nature, being subject to the provisions of RSA 369 and other applicable regulatory laws of New Hampshire unless FPL or FPL-NED files with the Commission the appropriate certification of another regulatory agency as set forth in RSA 374-A:7, II(c) or any successor statute.”

3. RSA 369:1 requires that a “public utility lawfully engaged in business in this state may, with the approval of the commission but not otherwise, issue and sell its stock, bonds, notes and other evidences of indebtedness payable more than 12 months after the date thereof for lawful corporate purposes.” Under this statute the “proposed issue and sale of securities will be approved by the commission where it finds that the same is consistent with the public good.” This approval extends to “the amount of the issue authorized and the purpose or purposes to which the securities or the proceeds thereof are to be applied, and shall be subject to such reasonable terms and conditions as the commission may find to be necessary in the public interest.” Admin. Rule Puc 308.12 requires a utility to file a Form F-4, which includes a petition for approval of authority to issue securities.

4. By Order No. 26,204 issued on December 21, 2018 in the above-captioned docket (“the Order”), the Commission authorized NHT to enter into a loan agreement with NextEra Capital (the “Third Amended and Restated Loan Agreement”), and to issue long-term, secured debt instruments in an aggregate principal amount not to exceed

\$59 million (“the Financing”). The principal amount of total borrowings under the Third Amended and Restated Loan Agreement, including the outstanding principal balance of existing obligations of \$21,633,431, plus new loans, was not to exceed \$80,633,431 during the two year period beginning on January 1, 2019 (“the Authorization Period”). The proceeds of the Financing were to be used to finance a multi-phase solution to address concerns associated with aging infrastructure in the Seabrook Substation, including like-kind replacements of horizontal gas-insulated lines, circuit breakers, insulators and other equipment, and to support other capital costs and operating expenditures.

5. As recognized in the 2004 settlement approved by the Commission and in subsequent Commission orders, NHT has no retail customers and as such has no retail rates, only tariffed transmission rates approved by the Federal Energy Regulatory Commission (“FERC”), and is therefore subject to only limited regulation by this Commission. Citing *Appeal of Easton*, 125 N.H. 205 (1984), the Commission noted in the Order approving this

Financing that the “rigor of an *Easton* inquiry varies depending on the circumstances of the request” and a request “that will have no perceptible impact on rates or deleterious effect on capitalization, and in which the funds are to enable numerous investments appropriate in the ordinary course of utility operations” is generally considered to be routine and subject to a limited review. Order No. 26,204, DE 18-171 (issued on December 21, 2018) at 3. This request to extend the Authorization Period, while leaving in place all of the other financing terms previously approved, clearly meets this limited review standard.

Authorization Sought

6. NHT is seeking authorization to extend the Authorization Period for another two years, until January 1, 2023. The remainder of the terms of the financing laid out in the

original Petition filed in this docket and cited in the Order, other than the Authorization Period, will not change. Those terms included allowing NHT to enter into the Third Amended and Restated Loan Agreement with NextEra Capital, NHT's lender and indirect parent company, and to issue long-term, secured debt securities in an aggregate principal amount not to exceed \$59 million. A copy of this Agreement is attached as Exhibit 1. Granting an extension of the Authorization Period will allow NHT to complete the modifications to the infrastructure and support other capital costs and operating expenditures.

7. The other terms of the Financing will be the same as approved by this Commission and FERC in 2018. The financing and the extension of the Authorization Period is further described in the prefiled testimony of Richard W. Allen, President of NHT, which is attached as Exhibit 2, and which explains why extending the Authorization Period for two years is for the public good. NHT is also applying to FERC for an extension of the Authorization Period pursuant to section 204 of the Federal Power Act in the same time frame as it is seeking approval from this Commission. A copy of the FERC Petition is attached as Exhibit 3.

Seabrook Substation

8. The Seabrook Substation is a 345 kV Pool Transmission Facility operated as part of the transmission network of ISO New England, Inc. ("ISO-NE"). It interconnects the Seabrook Nuclear Generating Station, the largest single electric generation resource in New England, with three major 345 kV transmission lines that are key components of the backbone ISO-NE network. Even when the Seabrook Nuclear Generating Station is not operating, the transformer and interconnection facilities associated with the Seabrook Substation are essential to the reliable operation of the ISO-NE transmission network.

9. The reliability upgrade which included completing the modifications to the aging infrastructure that are part of this Financing was the subject of a petition for declaratory ruling filed with the New Hampshire Site Evaluation Committee (“SEC” or the “Committee”), SEC Docket No. 2018-02. The SEC issued an order on August 2, 2018, determining that the upgrade was not a sizeable addition within the meaning of RSA 162-H:5, II and that it therefore did not require a certificate of site and facility from the Committee.

Form F-4 Statements

10. NHT proposes to use the net proceeds derived from the loans from NextEra Capital to fund its share of future repairs and upgrades at Seabrook Substation and for other capital costs and operating expenses.

11. Form F-4 requests certain information which is not applicable to this financing because of the form that the financing will take, i.e. a loan from an affiliated corporation. These items include a description and present amount of authorized and outstanding long term debt, a promissory note, and a statement of capitalization ratios after giving effect to the proposed financing. There is no promissory note involved with this transaction.

12. Form F-4 also asks for a balance sheet adjusted for the financing, and a current income statement adjusted for the maximum amount of the financing. The financial statements are attached hereto as Exhibit 4. Attached as Exhibit 5 is the Written Consent of Sole Member, also required by Form F-4.

Exhibits

13. Attached hereto are the following exhibits:

Exhibit 1 – Third Amended and Restated Loan Agreement

Exhibit 2 – Prefiled testimony of Richard W. Allen, President of NHT

Exhibit 3 – FERC Petition 2020

Exhibit 4 – Financial Statements

Exhibit 5 – Written Consent of Sole Member

Conclusion

14. The upgrades that will be financed by the issuance of these securities going forward will improve the reliability of the Seabrook Substation and thus the electric transmission grid, which serves customers throughout New England. Extending the Authorization Period will thus allow for the necessary upgrades to be completed and for the continued operation of this critical transmission facility. For this reason, it would be for the public good for the Commission to approve the extension of the Authorization Period.

15. NHT believes and, therefore alleges, that the extension of the Authorization Period for the Third Amended and Restated Loan Agreement with NextEra Capital described in this Petition and the attachments hereto, as well as in the earlier filings in this docket, will be consistent with the public good. NHT also submits that because it meets the requirements for entering into this financing agreement under RSA 369:1 for the purposes herein set forth, the Commission should approve the extension of the Authorization Period.

Prayer for Relief

Wherefore, NHT respectfully requests that the New Hampshire Public Utilities Commission:

a) Find that extension of the Authorization Period for the Third Amended and Restated Loan Agreement for an additional two years for the purposes set forth therein and in the manner

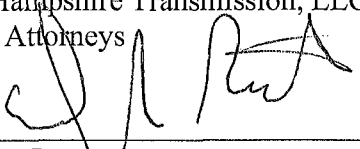
and on the terms set forth herein, as well as in prior filings in DE 18-171, is consistent with the public good;

b) Authorize NHT to do all things, take all steps, and execute and deliver all documents necessary or desirable to implement and carry out the proposed financing and the extension of the Authorization Period; and

c) Grant the authorizations sought without a hearing, by an order Nisi to be final and effective no later than December 24, 2020, and take such further steps and make such further findings and orders as in its judgment may be necessary and consistent with the above-stated request.

Respectfully submitted,

New Hampshire Transmission, LLC
By Its Attorneys

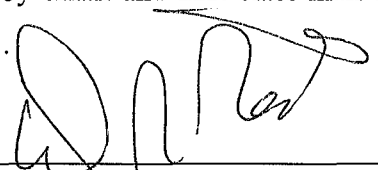


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Dated: November 5, 2020

Certificate of Service

A copy of this Petition has been served by email and first class mail this 5th day of November, 2020 on the service list in DE 18-171.



Douglas L. Patch

Dated: November 5, 2020
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