

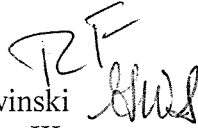
STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: November 19, 2015

AT (OFFICE): NHPUC

FROM: Grant W. Siwinski
Utility Analyst III



NHPUC 19NOV15AM11:12

SUBJECT: DE 15-420, Petition of New England Power to Increase its Short Term Debt Limit from \$375 million to \$750 million

TO: Debra A. Howland, Executive Director

On September 29, 2015, New England Power Company (NEP or the Company) filed a petition to increase its short term debt limit. The filing is pursuant to N.H. Code Admin. R. Puc 201.05, to waive the short term debt limit under Puc 307.05 and increase it to \$750 million to agree with the federal limit, which was approved by FERC in December 2014 for a two-year period beginning January 12, 2015 and ending January 11, 2017. In addition, NEP seeks authority to issue the short term debt in both external and internal financings.

The Company stated that despite the \$750 million authorized by FERC, its adherence to the \$375 million limit set by the PUC in 1993, will soon constrain the Company's ability to appropriately finance its operations and investments across its multi-state operation. The Company stated that approximately 85% of the facilities that it operates are outside New Hampshire. Increasing NEP's short term debt limit to \$750 million will allow it to realize the additional potential afforded by the current FERC authorized limit, which the Company has demonstrated to FERC is in the public interest and protective of the company's financial integrity.

NEP represented that the proceeds from the short term debt would be used to fund working capital and for purposes, including but not limited to: the New England East-West Solution, the construction of new facilities or the upgrading of existing facilities; the improvement and maintenance of service; the discharge or lawful refunding of financial obligations; the reimbursement of monies actually expended for these purposes; and other lawful purposes. In addition to its petition for increased short-term debt borrowing authority, NEP continues to evaluate long-term borrowing options. However, given the timing required for debt issuances and the regulatory approvals required from multiple states, long-term debt does not present a near-term option for NEP in light of its ongoing need for financing.

Staff has reviewed the Company's petition and recommends that the Commission waive the short term debt limit under PUC 307.05 and increase NEP's short term debt from \$375 million to \$750 million to be consistent with the FERC authorized limit. Staff also

recommends that the Commission authorize NEP to issue its short term debt in both external and internal financings.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.