

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

July 25, 2017 - 1:30 p.m.
Concord, New Hampshire

7 AUG '17 PM4:19

RE: DE 17-105
EVERSOURCE ENERGY:
Petition for Approval of the Sale
of its Interest in W. F. Wyman
Station - Unit 4.
(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.
Office of Consumer Advocate

Reptg. PUC Staff:
Alexander F. Speidel, Esq.
F. Anne Ross, Esq., General Counsel
Thomas C. Frantz, Dir./Electric Div.
Leszek Stachow, Asst. Dir./Electric
Rich 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

CHAIRMAN HONIGBERG: We're here this afternoon in Docket 17-105, which is Public Service Company of New Hampshire, doing business as Eversource, Petition for Approval of Sale of a Minority Interest in W. F. Wyman Station - Unit 4.

Before we do anything else, let's take appearances.

MR. BERSAK: Good morning, Commissioners -- or, good afternoon, I should say. Robert Bersak, Eric Chung, and Christopher Goulding, here on behalf of Public Service Company of New Hampshire.

MR. KREIS: Good afternoon, Mr. Chairman, Commissioner Bailey. I'm D. Maurice Kreis, the Consumer Advocate, here on behalf of residential utility customers. The distinguished gentleman sitting to my left is not part of the OCA. Sorry, sorry to say.

MR. SPEIDEL: Good afternoon, Commissioners. Alexander Speidel, representing the Staff of the Commission. And I have with me, of the Electric Division, Les Stachow, Rich

1 Chagnon, Tom Frantz, and also General Counsel,
2 Anne Ross, who is the lead counsel for this
3 matter.

4 Thank you.

5 CHAIRMAN HONIGBERG: All right.
6 Before the Parties have an opportunity to state
7 their initial positions, is there any
8 preliminary business we need to deal with?

9 *[No verbal response.]*

10 CHAIRMAN HONIGBERG: Didn't think so.
11 No one's aware of any intervenors?

12 *[No verbal response.]*

13 CHAIRMAN HONIGBERG: All right. Mr.
14 Bersak, why don't you go first.

15 MR. BERSAK: Thank you. On
16 June 21st, the Company filed a Petition for
17 approval of our sale of our very small minority
18 interest in the Wyman 4 Station located in
19 Yarmouth, Maine.

20 As part of the overall generation
21 divestiture process, you recall in the
22 Settlement, we're divesting all of our
23 generating assets, including this ownership
24 interest in Wyman 4. But this one was broken

1 out in the Settlement, to be dealt with
2 potentially outside of the general auction
3 process, because of the fact that it's a
4 minority ownership, and our ownership share of
5 3.14 plus percent is so small, the likely
6 universe of bidders was limited to those who
7 are majority or other minority owners at the
8 Station.

9 As part of the process for
10 divestiture, we engaged with JP Morgan, the
11 Commission's Auction Advisor, as well as
12 Commission Staff. And overtures were made to
13 the minority, other minority owners at Wyman
14 Station, as well as to the majority owner, to
15 have indications of interest to purchase our
16 ownership share.

17 Only the majority owner, Florida
18 Power & Light, responded and made an offer.
19 That offer was evaluated by the Auction
20 Advisor, JP Morgan, and the recommendation was
21 that the price was as good as we were going to
22 get, and that we should move forward with that
23 sale at the price of \$1 million, with an
24 additional price to be paid for the fuel

1 inventory on-site as of the day of closing, to
2 be valued at the then market price for that
3 fuel.

4 Right now, the value of the fuel
5 there, you know, depending upon, again, what
6 fuel, if any, is burned between now and
7 closing, as well as what the price on the
8 market is, it's about another \$675,000.

9 So, we're looking at the
10 \$1.6-\$1.7 million all-in value for this, which
11 is well above the book value that's included in
12 Mr. Chung's testimony.

13 We filed, in addition to the
14 approvals that we need from this Commission
15 under RSA 374:30, and the approval we need that
16 this sale is consistent with the Settlement, we
17 need approval from FERC. That filing was also
18 made on June 21st, jointly between us and the
19 buyer. The date for FERC comments, protests,
20 intervention was July 12. And, as here, nobody
21 filed anything. So, we expect an approval from
22 FERC within the next week or so by delegated
23 authority.

24 So, once we get that and once we get

1 this, we'll be in a position to close on this
2 transaction.

3 Thank you.

4 CHAIRMAN HONIGBERG: Mr. Kreis.

5 MR. KREIS: Thank you, Mr. Chairman.
6 Once upon a time, before delusions overtook me
7 and I became an attorney, I was an
8 up-and-coming young man living on Munjoy Hill,
9 in Portland, Maine. And, when I was living on
10 Munjoy Hill, in Portland, Maine, I would gaze
11 out across Casco Bay, and I would notice a
12 power plant across the Bay, the W. F. Wyman
13 Station - Unit 4. And I would ask myself,
14 "Wouldn't it be just dandy to own a 3.1433
15 percent ownership interest in Wyman Station?"
16 But I always assumed that I couldn't come up
17 with the money to acquire such an interest.

18 And, so, today, we discover that that
19 interest is worth a million bucks, plus
20 whatever the value of the associated fuel
21 inventory is. And, of course, it is in the
22 best interests of residential utility customers
23 of PSNH d/b/a Eversource to assure ourselves
24 that the purchase price is a reasonable one and

1 the current maximum value that will ultimately
2 flow through to the customers of the utility.

3 And I am optimistic that, after a
4 little bit of due diligence and verification,
5 we can, in fact, determine that this particular
6 sale of this particular small slice of the PSNH
7 generation portfolio is reasonable and is
8 worthy of Commission approval.

9 And, so, therefore, I look forward to
10 this afternoon's technical session and
11 thereafter resolving this case by settlement.

12 CHAIRMAN HONIGBERG: Mr. Speidel.

13 MR. SPEIDEL: Thank you, Mr.
14 Chairman. In general terms, Staff is
15 supportive of the proposal by the Company to
16 sell its minority interest in the Wyman plant
17 for the million dollars in consideration. It
18 is a small, but a significant, contribution of
19 offset to any stranded costs that may arise
20 from the divestiture process that is moving
21 forward through the current proceeding. And we
22 look forward to examining some of the details
23 of the technical aspects of this proposal with
24 the company and with the OCA during this

1 abbreviated expedited proceeding.

2 We'd like to state for the record
3 that it would appear that, if you extrapolate
4 the roughly 3 percent share in Wyman to the
5 entire 610 megawatts of the plant, the sales
6 price that is imputed for the entire plant, and
7 it's not apples and oranges, and it's not
8 exactly apples to apples, in that we understand
9 that this is a minority interest, and there's
10 less bargaining power on the part of the
11 Company in arranging for a sales price, but it
12 would be roughly \$31-\$32 million, which is
13 quite good for a plant of its age and vintage.

14 So, we do expect that this is a fair
15 price, and we support the terms on the advice
16 of J.P. Morgan. And we would expect that we
17 will have a recommendation for Commission
18 approval of this transaction.

19 Thank you.

20 CHAIRMAN HONIGBERG: I know you have
21 a technical session that's going to begin as
22 soon as we're done. And I know that the
23 schedule that we put out there has a hearing on
24 the merits on September 1.

1 Does anyone, as we sit here, see any
2 reason why we won't be able to get to a hearing
3 on the merits as scheduled?

4 MR. BERSAK: Just given the fact that
5 there is no opposition, and everybody seems to
6 be in favor of this deal, is there a need for a
7 subsequent hearing or could it just be done on
8 paper approving the deal, and free up
9 everybody's calendar?

10 CHAIRMAN HONIGBERG: Heck of a
11 question, Mr. Bersak. Maybe the Parties can
12 explore that in the technical session and see
13 if there's a way to get that done.

14 Anything else we want to talk about?

15 *[No verbal response.]*

16 CHAIRMAN HONIGBERG: All right.
17 Then, we will leave you to your technical
18 session. Thank you all.

19 MR. BERSAK: Thank you.

20 ***(Whereupon the prehearing***
21 ***conference was adjourned at***
22 ***1:37 p.m., and a technical***
23 ***session was held thereafter.)***

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