

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITY COMMISSION
NEW ENGLAND POWER COMPANY
DE 20-**

PETITION FOR AUTHORITY TO ISSUE LONG-TERM DEBT SECURITIES

New England Power Company d/b/a National Grid (“NEP” or the “Company”), hereby requests approval under RSA 369:1 to issue new long-term debt securities not to exceed an aggregate principal amount of \$1.1 billion. The Company seeks to issue such debt securities from time to time, during the period extending three years from the date of approval (the “Financing period”). For the reasons set forth below, the Company respectfully requests that the New Hampshire Public Utilities Commission (the “Commission”) act on this Application as expeditiously as possible and issue a final order by September 1, 2020. In support of its request, the Company states as follows:

1. NEP is a Massachusetts corporation and a subsidiary of National Grid USA, a Delaware corporation, and a wholly-owned indirect subsidiary of National Grid plc, with a principal office at 45 Sylvan Road, Waltham, Massachusetts 02451. NEP is authorized to conduct business in the State of New Hampshire as a public utility, as that term is defined in RSA 362:2, and it is subject to the jurisdiction of the Commission. NEP is also regulated as a public utility by the Federal Energy Regulatory Commission (“FERC”).

2. NEP owns and/or operates approximately 2,700 miles of transmission lines in Massachusetts, Vermont, New Hampshire and Rhode Island. In New Hampshire, NEP owns and operates about 417 miles of transmission line.

3. The capitalization of the Company at December 31, 2019, was:

Common equity:	\$1,506.40	million
Preferred Stock:	\$1.11	million
Long-term debt:	\$506.15	million
Long-term debt due within one year:	\$186.45	million
Short-term debt to affiliates:	\$133.09	million
Other short-term debt:	\$0.00	million
Total capitalization (excl. short-term debt):	\$2,200.11	million

All of the common stock is owned by National Grid USA, a Delaware corporation, and a wholly-owned indirect subsidiary of National Grid plc.

4. As of the date of this Petition, the Company has the following outstanding long-term debt (“Existing Long-Term Debt”):

Amount	Maturity	Interest Rate	Original issue Date
\$135.85 million	November 1, 2020	1.23%	December 4, 1990
\$50.60 million	November 1, 2020	1.35%	December 4, 1990
\$106.15 million	October 1, 2022	1.20%	October 20, 1992
\$400 million	December 5, 2047	3.80%	December 5, 2017
\$100 million	March 31, 2022	1.45%	March 31, 2020

5. NEP’s outstanding senior unsecured long-term debt is rated A3 by Moody’s and A- by Standard and Poor’s.

6. NEP requests authority to issue up to an aggregate principal amount of \$1.1 billion of long-term debt during the Financing Period. The exact amount of long-term debt issued will depend on Company expenditures, cash generation, cost and availability of short-term debt and current and anticipated market conditions. NEP will use the proceed from the issuance of long-term debt for one or more of the of the following purposes: (i) to refinance short-term debt with long-term debt; (ii) to finance NEP’s capital needs; (iii) to construct utility plant and properties; (iv) to reimburse the treasury; (v) to fund maturing debt; and (vi) for other general corporate purposes, including but not limited to the restructuring of NEP’s capitalization in

connection therewith and consisting of taxable bonds, medium or long-term notes, debentures, revolving credit loans, and term or bank loans and similar securities.

7. NEP also seeks Commission authorization to enter into evidences of indebtedness and related instruments in connection with the New Debt, including, but not limited to, loan agreements, indentures, supplemental indentures, promissory notes, debentures, credit agreements, participation agreements, underwriting or similar agreements, bond purchase agreements, remarketing agreements, and security agreements (the “Instrument”). The terms of each Instrument will be substantially similar to the terms for comparable transactions available in the credit market, at the time of New Debt issuance, to companies having a credit rating substantially equivalent to the Company’s credit rating. The owners of New Debt issued to or through third parties may have the right to tender the debt for purchase upon specified notice periods. The New Debt may be subject to redemption at the option of the Company in accordance with the terms of the applicable agreement and otherwise as required by such agreement.

8. To ensure adequate flexibility in meeting market conditions at the time of issuance, the Company is requesting authorization to issue New Debt as unsecured debt, taxable or tax-exempt debt, bonds, medium- or long-term notes, debentures, revolving credit loans or bank loans, or similar securities or some combination thereof. In addition, the Company is requesting authorization to issue green bonds. These bonds have the same characteristics as traditional bonds, but the use of proceeds would be for eligible green projects, including the Company’s capital investment that is deemed to have positive environmental benefits. As such, these projects are already captured in 6(ii) and (iii). The New Debt will have a term exceeding one year and maturity dates will not exceed 30 years from the date of issuance with either an

adjustable interest rate or a fixed interest rate. Further, the New Debt may be issued internally to an affiliate or through third parties, in public offerings, private placements, or Rule 144A transactions under the Securities Act of 1933 (17 C.F.R. 230.144A), and with or without investment bankers.

9. The interest rate payable on the new debt will vary depending on market conditions at the time of issuance. Based on a review of historical rates over the past few years, as well as future market expectations, it can be reasonably assumed that the maximum interest rate will be seven percent (7%) for a 30-year bond. *See* Exhibit JC-3.

10. In accordance with Puc 308.12(b)(2), Exhibit JC-5 and 6, contain, respectively, the Company's current estimates of the expenses and costs of issuing new debt. As the actual costs and expenses may differ from this estimate, the Company requests that the actual costs and expenses of issuing New Debt be deferred and amortized over the life of the New Debt.

11. In accordance with Puc 308.12(b)(3), included as Exhibit JC-8 is the Company's balance sheet as of December 31, 2019. In addition, Exhibit JC-2 shows that the Company's total net utility plant excluding construction work in progress at December 31, 2019, pro forma through September 30, 2020, was approximately \$2.7 billion. The Company's net utility plant excluding construction work in progress exceeded its adjusted total capitalization by over \$1.1 billion, excluding goodwill impacts.

12. In accordance with Puc 308.12(b)(4), included as Exhibit JC-9 is NEP's Pro Forma Consolidated Statement of Income for the twelve months ending December 31, 2019. The Company notes it has taken a conservative approach in preparing the pro forma statement required for Form F-4. Specifically, while NEP intends to stagger issuance in tranches over the Financing Period in order to minimize short-term borrowing, it has nonetheless assumed the full

impact of borrowing \$1.1 billion at the beginning of the term for purposes of the pro formas, The pro forma statements, therefore, should not be viewed as a forecast but simply as an illustration of the potential impact of the financing.

13. In accordance with Puc 308.12(b)(5), included as Exhibit JC-7 is NEP's Sources and Application of Funds and Capitalization. Also, please see Exhibit JC-10, which shows the Company's statement of capitalization ratios, and Exhibit JC-11, which provides the current and pro forma weighted average cost of debt.

14. In accordance with Puc 308.12(b)(6), included as Exhibit JC-4 is the Company's Board of Directors written consent authorizing this petition.

15. The Company respectfully requests that the Commission act on this petition as expeditiously as possible to enable the Company to plan the issuance of new debt in accordance with its current schedule.

16. In further support of the petition, included as Exhibit JC-1 is the testimony of Jonathan Cohen, which was submitted to the Massachusetts Department of Public Utilities for authorization and approval of the issuance of long-term debt in D.P.U. 20-62.

17. Included as Exhibit JC-12 is Mr. Cohen's affidavit, by which he adopts his testimony on Massachusetts for purposes of this proceeding and certifies, pursuant to Puc 308.12 (d) that the proposed financing is consistent with the public good and that the Company is entitled to issue long-term debt securities, as described herein.

18. Finally, NEP asks that the Commission treat this petition as a routine financing and issue a final order approving the issuance of securities. As the Commission concluded in Docket No. DE 09-033, *Public Service Company of New Hampshire, Petition for Issuance of Long-Term Debt*, Order No. 25,050 (December 8, 2009), when discussing the spectrum of

financing requests that come before it, RSA 369:4 affords the Commission flexibility in terms of the level of investigation or hearing it deems proper for a particular financing request, *see* p. 12. Limited review is proper, for example, when there is no discernible impact on rates or deleterious effect on capitalization, *see* p. 13, and where rates are set by FERC, *see* p. 16. *See also New England Power Company, Petition for Authority to Issue Long-Term Debt*, DE 16-844, Order No. 25,989, at 4-5 (February 16, 2017). Inasmuch as NEP is a FERC-regulated entity and the financing will not impact retail rates for customers subject to the Commission's jurisdiction, limited review and process are proper under RSA 369:1.

WHEREFORE, New England Power Company respectfully requests that the Commission:

- A) Take such procedural steps as would enable the Commission to issue a final order in this matter on or before September 1, 2020.
- B) Find that the proposed issuance of long-term debt for the purposes set forth herein is consistent with the public good and is authorized and approved under the provisions of RSA Chapter 360; and

- C) Take such further actions and make such further findings and orders as in its judgment may be necessary and consistent with the public good.

Respectfully submitted,

**NEW ENGLAND POWER COMPANY
D/B/A NATIONAL GRID**



By: _____

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Date: June 12, 2020

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Petition for Authority to Issue Long-Term Debt, including pre-filed testimony referred to in the Petition, has been forwarded to the Office of Consumer Advocate via electronic mail.

A handwritten signature in blue ink that reads "Meabh Purcell".

Date: June 12, 2020

Meabh Purcell