

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 23-089

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY

Petition for Approval Financing

Order *Nisi* Approving Financing

O R D E R N O. 26,943

February 8, 2024

In this order, the Commission authorizes Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) to issue up to \$300 million in long-term debt and to mortgage its property as security for the debt. This order is being issued on a *nisi* basis to ensure that interested persons receive notice and have the opportunity to comment or request a hearing before the order becomes effective.

The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at: <https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-089.html>.

I. EVERSOURCE'S PETITION

On November 3, 2023, Eversource filed a petition pursuant to RSA Chapter 369 and N.H. Admin Rules Puc 308.12 for authorization to issue long-term debt securities, through December 31, 2024, in an amount up to \$300 million in aggregate principal (Long-Term Debt Issuance), and to mortgage Company property in connection with the Long-Term Debt Issuance. See Company Petition at 1.

With the petition, Eversource provided testimony and, as required by New Hampshire Code of Administrative Rules, Puc 308.12, also submitted Form F-4 information showing the impact of the proposed financing, with a description of its authorized and outstanding long-term debt, capital stock, and short-term debt.

Eversource stated that it would use the proposed financing to: (1) refinance its short-term debt; (2) finance capital expenditures for the Company's distribution and transmission businesses; (3) and fund working capital needs. *See Company Petition at 2.* According to Eversource, the purpose of the financing is in the public good and, therefore, the financing should be authorized under the statutory standards of RSA Chapter 369. *See Company Petition at 5.*

To implement the financing, Eversource proposed to issue and sell up to \$300 million in aggregate principal amount of long-term debt in the form of first mortgage bonds during the period from the date of the Commission's order approving the financing through December 31, 2024. These bonds would have a fixed interest rate and a maturity ranging from one to thirty years and be sold in the public market. *See Company Petition at 4.* The Company proposes to price the bonds at a fixed rate based on either the 10-year or 30-year U.S. Treasury rate plus a credit spread not to exceed three hundred basis points (3.00%) to be determined at the time of closing. *See Direct Testimony of Emilie O'Neil and Michael Dzialo, November 3, 2023 at 6.*

The exact amount, maturity, terms and conditions, redemption provisions, and coupon rate of the Long-Term Debt Issuance would be determined at the time of issuance depending upon prevailing market conditions. The coupon would be consistent with market rates for an instrument of similar maturity and risk, but the credit spread above the then applicable fixed interest rate index would not exceed 300 basis-points (3.00%). *See Id at 7.*

The Company estimated the cost of the Long-Term Debt Issuance to be \$2.937 million which includes ratings fees and a projected underwriting fee of 0.65 percent. *See Attachment to Petition at 22.* Eversource calculates that the new debt of \$297 million will result in an increase in annual interest expense of approximately \$5.3 million for a total of \$73.1 million, as compared with its current total interest expense amount of \$67.8 million. *See Attachment to Petition at 26-27.* The projected effect of the increase in interest expense results in a decrease to Eversource's retained earnings of \$3.8 million. *See DOE technical statement at 2.*

Eversource's ratio of Funds from Operations (FFO) to debt will be moderately impacted decreasing from 19.6% to 17.9%. *See Attachments to DOE Technical Statement at 4-5.* In addition, despite incurring the new debt of \$297 million, Eversource projects that after giving effect to the resulting pro forma adjustments, the proposed financing will not have a significant impact on the Company's current capital structure of 44.16% debt and 55.84% equity, resulting in a post-issuance capital structure of 42.62% debt and 57.38% equity. *See Id.*

II. DEPARTMENT OF ENERGY TECHNICAL STATEMENT

On November 21, 2023, the Commission issued a procedural order requesting that the Department of Energy (DOE) file a recommendation for review regarding the Company's Long-Term Debt Issuance proposal. On January 22, 2024, the DOE filed a Technical Statement prepared by its Division of Regulatory Support personnel Jay E. Dudley, recommending that the Commission approve the Eversource petition as routine financing. *See January 22, 2024 Technical Statement.* The DOE also stated that the Eversource Long-Term Debt Issuance proposal would not have a significant impact on the Company's capital structure, cost of debt, or revenue requirement. On this basis, the DOE supported the Company's position that Commission approval of

the petition would be in the public good, and that it is in conformance with the review standards of RSA Chapter 369, and recommended that the Commission approve the Eversource financing by means of an Order *Nisi*. See *Id* at 3.

III. COMMISSION ANALYSIS

RSA 369:1 states that a utility may, “with the approval of the commission but not otherwise, issue and sell ... notes and other evidences of indebtedness payable more than 12 months after the date thereof for lawful corporate purposes.” The Commission shall authorize the financing “if in its judgment the issue of such securities upon the terms proposed is consistent with the public good.” RSA 369:4. The Commission reviews the amount to be financed, the reasonableness of the terms and conditions, the proposed use of proceeds, and the effect on rates. *Appeal of Easton*, 125 NH 205, 211 (1984) (*Easton*).

The rigor of an *Easton* inquiry varies depending on the circumstances of the request. As the Commission has noted in prior decisions, “certain financing related circumstances are routine, calling for more limited Commission review of the purposes and impacts of the financing, while other requests may be at the opposite end of the spectrum, calling for vastly greater exploration of the intended uses and impacts of the proposed financing.” *Public Service Company of New Hampshire*, Order No. 25,050 at 14 (December 8, 2009). We engage in a more limited review for routine financing requests. *Id.* at 13-14. A routine request is one that will have no discernible “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.” *Id.* at 13. The purpose of Eversource’s proposed financing, through the Long-Term Debt Issuance, is to refinance short-term debt, finance capital expenditures for its distribution and transmission businesses, and fund working capital needs.

Based on the Company's petition and DOE's analysis and recommendation, we find that the intended use of the proposed financing falls within the course of Eversource's ordinary utility operations and is routine. Because this request is routine, the Commission will conduct the more limited examination of whether the "use of financing proceeds [is] in the public good without further review of possible alternative uses of the funds." *See Id.* Accordingly, we find Eversource's intended use of the proposed financing proceeds, and the financing transaction itself, to be in the public good, pursuant to RSA 369:4. We note the support of the DOE in its Technical Statement for this Long-Term Debt Issuance by Eversource. We further concur with DOE's assessment that the proposed financing will have little to no impact on Eversource's overall capital structure, and that the projected net impact on the average its customers rates will be negligible.

Accordingly, based on the record, the Commission finds the proposed refinancing to be reasonable. We conclude that approval of the proposed financing will permit Eversource to provide safe and adequate service to its customers, as required by RSA 374:1, and that the financing is consistent with the public good, pursuant to RSA 369:1 and RSA 369:4. Accordingly, based on the Company's petition and on DOE's technical statement and recommendation, we find Eversource's financing request to be consistent with the public good. We further find that additional investigation is not required and approve the proposed financing on a *nisi* basis.

Our approval of Eversource's financing does not limit or preclude the Commission from reviewing in a future case, directly or indirectly, the prudence, use, and usefulness of any specific project financed by the borrowed funds pursuant to RSA 378:28. The Commission retains its authority under RSA 374:4 to be kept

informed of Eversource's use of the financing and any efforts to refinance under more favorable interest rates, separate and apart from any future review under RSA 378:28.

Based upon the foregoing, it is hereby

ORDERED NISI, that subject to the effective date below, the request of **Public Service Company of New Hampshire d/b/a Eversource Energy** for approval of its proposed financing transaction, specifically borrowing up to \$300 million through the issuance of long-term debt securities through December 31, 2024, as described herein, is **GRANTED**; and it is


FURTHER ORDERED, that Eversource Energy shall cause a copy of this order *nisi* to be published on its website within two business day, such publication to be documented by affidavit filed with the Commission on or before February 16, 2024; and it is

FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than February 23, 2024, for the Commission's consideration; and it is

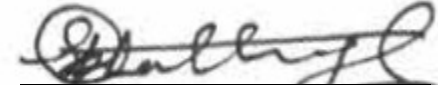
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than March 4, 2024; and it is

FURTHER ORDERED, that this order shall be effective March 11, 2024, unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.


By order of the Public Utilities Commission of New Hampshire this eighth day of February, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 23-089

Printed: 2/8/2024

Email Addresses

ClerksOffice@puc.nh.gov
Energy-Litigation@energy.nh.gov
jay.e.dudley@energy.nh.gov
michael.dzialo@eversource.com
thomas.c.frantz@energy.nh.gov
sandra.gagnon@eversource.com
Molly.M.Lynch@energy.nh.gov
nhregulatory@eversource.com
elizabeth.r.nixon@energy.nh.gov
amanda.o.noonan@energy.nh.gov
emilie.oneil@eversource.com
ocalitigation@oca.nh.gov
david.wiesner@eversource.com