

**THE STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**DOCKET NO. DE 13-156**

**DIRECT TESTIMONY**  
**OF**  
**PHILIP J. LEMBO**  
**AND**  
**EMILIE G. O'NEIL**

**PETITION**  
**OF**  
**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**  
**FOR APPROVAL OF**  
**FINANCING TRANSACTIONS**

May 24, 2013

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**I. INTRODUCTION**

1 **Q. Would you please state your names, business addresses and positions?**

2 A. [Witness Lembo] My name is Philip J. Lembo. My business address is One NSTAR  
3 Way, Westwood, Massachusetts. I am Vice President and Treasurer for Northeast  
4 Utilities ("NU"), Northeast Utilities Service Company ("NUSCO") and Public Service  
5 Company of New Hampshire ("PSNH" or the "Company"), a subsidiary of NU.

6

7 [Witness O'Neil] My name is Emilie G. O'Neil. My business address is One NSTAR  
8 Way, Westwood, Massachusetts. I am the Director of Corporate Finance and Cash  
9 Management for NUSCO and PSNH.

10

11 **Q. Please summarize your educational backgrounds.**

12 A. [Witness Lembo] In May 1983, I earned a Master of Business Administration from  
13 Boston University. In 1977, I earned a Bachelor of Science, Business Administration,  
14 from Salem State College.

15

16 [Witness O'Neil] In May 1986, I earned a Master of Business Administration with a  
17 concentration in Accounting and Finance from Cornell University. In May 1982, I  
18 earned a Bachelor's degree in Economics and Mathematics from the Barnard College  
19 of Columbia University.

20

21 **Q. Please summarize your professional experience.**

22 A. [Witness Lembo] I joined Boston Edison Company in 1983 as Internal Audit Manager. I  
23 became Director, Investor Relations in 1994 and served as Assistant Treasurer,  
24 Corporate Finance and Investor Relations from 2000-2009. In 2009, I was appointed to

1 the position of Vice President and Treasurer of NSTAR (the successor entity to Boston  
2 Edison Company following the merger of Boston Edison Company's parent company,  
3 BEC Energy, and Commonwealth Energy system, in 1999) and its subsidiaries. Upon  
4 consummation of the NU and NSTAR merger in April 2012, I was appointed as the Vice  
5 President and Treasurer of NU and its subsidiaries.

6

7 [Witness O'Neil] I joined Boston Edison Company in 1987 in the Corporate Finance and  
8 Cash Management group. Over the past 26 years I have held various positions of  
9 increasing responsibility within Boston Edison Company and NSTAR. I was promoted  
10 to the position of Director, Corporate Finance and Cash Management of NSTAR in  
11 1999. Upon consummation of the NU and NSTAR merger in April 2012, I was  
12 appointed as the Director, Corporate Finance and Cash Management.

13

14 **Q. What are your responsibilities with respect to PSNH?**

15 A. [Witness Lembo] I have overall responsibility for Corporate Finance and Cash  
16 Management, Investment Management, Claims and Insurance, and Enterprise Risk  
17 Management.

18

19 [Witness O'Neil] My primary responsibilities include cash management, development  
20 and implementation of Long-Term financing plans and lease financings.

21

22 **Q. Have you previously testified in any regulatory proceedings?**

23 A. Yes.

1 [Witness Lembo] I have testified in six finance-related applications for NSTAR Electric  
2 Company ("NSTAR Electric"), an affiliate of the Company. I have testified for NSTAR  
3 Electric's 2012-2013 Finance Plan, Massachusetts Department of Public Utilities  
4 ("D.P.U.") 12-32; 2009-2010 Finance Plan, D.P.U. 08-124; NSTAR Electric's 2007-  
5 2008 Finance Plan, D.P.U. 07-43; Boston Edison Company's 2004-2005 Finance Plan,  
6 Massachusetts Department of Telecommunications & Energy ("D.T.E.") 03-129; Boston  
7 Edison's 2001-2002 Finance Plan, D.T.E. 00-62; and Commonwealth Electric  
8 Company's Approval of Issuance of Indebtedness, D.T.E. 02-51.

9

10 [Witness O'Neil] I have testified in eleven financing related applications. I have  
11 testified for NSTAR Electric's 2012-2013 Finance Plan, D.P.U. 12-32; NSTAR Electric's  
12 2009-2010 Finance Plan, D.P.U. 08-124 and NSTAR Electric's 2007-2008 Finance  
13 Plan, D.P.U. 07-43. I testified for five financing applications for Boston Edison  
14 Company (D.P.U. 92-244, D.P.U. 92-253, D.P.U. 94-160, D.T.E. 00-62, D.T.E. 03-129).  
15 I testified in Commonwealth Electric Company's Approval of Issuance of Indebtedness,  
16 D.T.E. 02-51. I also testified in two securitization financings; D.T.E. 98-118 and D.T.E.  
17 04-70.

18

19 **II. PURPOSE OF TESTIMONY**

20 **Q. What is the purpose of your testimony?**

21 A. The first purpose of our testimony is to explain PSNH's request to issue long-term debt  
22 securities in an aggregate principal amount not to exceed \$315 million (the "Long-Term  
23 Debt") during a period from the date of the Commission's order in this docket through  
24 December 31, 2014 (the "Financing Period").

1 The second purpose of our testimony is to explain PSNH's request to issue up to  
2 \$89,250,000 in aggregate principal amount of new tax-exempt bonds, or up to  
3 \$92,000,000 in aggregate principal amount of new taxable bonds ("New Bonds") and  
4 use the proceeds from this issuance of New Bonds to refinance, if economic, its  
5 \$89,250,000 Business Finance Authority of the State of New Hampshire 4.75%  
6 Pollution Control Revenue Bonds (Public Service Company of New Hampshire Project  
7 – 2001 Tax-Exempt Series B) ("Series B PCRBs") through its existing maturity of May  
8 1, 2021, and pay required call premium and issuance expenses.

9

10 Third purpose of our testimony is to request that the Commission rescind the quarterly  
11 compliance filing requirement issued under Order No. 24,781.

12

### 13 **III. DESCRIPTION OF PROPOSED FINANCING**

#### 14 **Q. Would you please briefly summarize PSNH's financing proposal?**

15 A. During the Financing Period, PSNH proposes to issue and sell up to \$315 million in  
16 aggregate principal amount of Long-Term Debt in the form of, or secured by, first  
17 mortgage bonds, or in the form of unsecured notes, in one or more series, with a  
18 maturity ranging from one to 30 years. The exact maturity, financing structure, terms  
19 and conditions, amount, redemption provisions and coupon rate will be determined at  
20 the time of issuance depending on prevailing market conditions.

1 **Q. The Company requests the authority to issue up to \$315 million of Long-Term**  
2 **Debt from time to time in order to satisfy its projected financing needs. Could**  
3 **you please describe how this amount was determined?**

4 A. The Company's Long-Term Debt requirements are comprised primarily of capital  
5 expenditures and repayments of short-term and long-term debt as listed below:

- 6 • 2013 capital expenditures are forecasted to be approximately \$210 million, of  
7 which about 50 percent will be financed with Long-Term Debt.
- 8 • The Company's \$50 million 5.25% Series L first mortgage bonds will mature on  
9 July 15, 2014.
- 10 • At March 31, 2013, the Company's short-term debt balance was \$53.4 million.
- 11 • The Company's \$108,985,000 Series C PCRBs were redeemed on May 1,  
12 2013, with short-term debt on a temporary basis, awaiting Long-Term Debt  
13 approval from the Commission requested in this Application.

14

15 **Q. What parameters does PSNH propose for the issuance of Long-Term Debt?**

16 A. In order to achieve favorable financing terms, PSNH seeks flexibility in issuing the  
17 Long-Term Debt, such that this Debt may have fixed or floating interest rates, be  
18 secured or unsecured, and distributed in either the public or private markets. However,  
19 notwithstanding this flexibility, PSNH proposes the following parameters for such  
20 issuance:

- 21 1) Long-Term Debt maturity will range from one to 30 years.
- 22 2) Aggregate Principal Amount of Long-Term Debt issued during the Financing Period  
23 not to exceed \$315 million.

1           3) Coupon rate to be consistent with market rates for an instrument of similar maturity  
2           and risk at the time of issuance, with conditions that the credit spread above (a) a  
3           fixed rate benchmark (i.e., applicable Treasury Bond) not to exceed 300 basis  
4           points (3.00 percent) or (b) a floating rate benchmark (i.e. London Inter-bank Offer  
5           Rate ("LIBOR")) not to exceed 300 basis points (3.00 percent).

6

7   **Q.    Please discuss the use of proceeds of the proposed Long-Term Debt issuance.**

8    A.    The proceeds of the issuance of \$315 million in Long-Term Debt will be used to (a)  
9           refinance outstanding short-term debt, including short-term debt that was incurred on  
10          May 1, 2013 to economically redeem the \$108,985,000 Business Finance Authority of  
11          the State of New Hampshire 5.45% Pollution Control Revenue Bonds (Public Service  
12          Company of New Hampshire Project – 2001 Tax-Exempt Series C) ("Series C  
13          PCRBs"); (b) finance the Company's transmission, distribution and generation  
14          businesses capital expenditures; (c) pay at maturity the Company's \$50,000,000  
15          5.25% Series L first mortgage bonds due July 15, 2014; (d) fund general working  
16          capital purposes, and (e) pay issuance costs.

17

18   **Q.    Why is the Company requesting approval to issue Long-Term Debt in multiple**  
19          **series through December 31, 2014?**

20    A.    The Company is requesting the Commission's approval to issue Long-Term Debt in  
21          multiple series throughout the Financing Period for two main reasons. First, given the  
22          volatility of the financial markets over the last several years, having this authorization  
23          will enable the Company to quickly capitalize on favorable market conditions by  
24          significantly reducing the lead time in issuing debt. Second, any future request by  
25          PSNH to issue the Long-Term Debt during the Financing Period would, in all likelihood,

1 closely resemble the request for issuance of Long-Term Debt made in this application.  
2 Accordingly, receiving Commission approval now for anticipated Long-Term debt  
3 issuances during this period would save significant time and administrative effort by  
4 avoiding the need for a second proceeding that could occur immediately following the  
5 next Long-Term debt issuance.

6

7 **Q. Please describe the Series C PCRBs.**

8 A. The Series C PCRBs were issued on December 19, 2001, in an aggregate principal  
9 amount of \$108,985,000, with a maturity date of May 1, 2021 at a fixed coupon rate of  
10 5.45%. The Series C PCRBs contained a call option that allowed PSNH to redeem  
11 these bonds at par on May 1, 2013.

12

13 **Q. Why did PSNH redeem the Series C PCRBs on May 1, 2013?**

14 A. Our refinancing analysis showed that refinancing the Series C PCRBs at then current  
15 rates would result in after-tax net present value ("NPV") savings of approximately \$14  
16 million as compared to repaying the Series C PCRBs at maturity.

17

18 **Q. What assumptions did the Company use to calculate the after-tax NPV savings of  
19 approximately \$14 million?**

20 A. The Company used the following assumptions for the refinancing analysis:

21 New debt maturity: 8 years (corresponds to the remaining maturity of the Series C  
22 PCRBs)

23 New debt coupon: 2.35% (indicative provided by one of our Investment Banks)

24 Approximate issuance expenses: \$ 1 million.

1 **Q. Please describe how PSNH plans to refinance the Series C PCRBs.**

2 A. On May 1, 2013, PSNH redeemed the Series C PCRBs by issuing short-term debt.  
 3 Upon receiving approval from the Commission, PSNH will refinance the short-term debt  
 4 incurred to redeem the Series C PCRBs with Long-Term Debt requested in this  
 5 Application.

6  
 7 **Q. In connection with the redemption of the Series C PCRBs, is the Company**  
 8 **seeking authority from the Commission to amortize the remaining previously**  
 9 **incurred issuance fees over the term of the new Long-Term debt?**

10 A. Yes. As described in *Paragraph C(3) of General Instruction 17 of the FERC Uniform*  
 11 *System of Accounts: Reacquisition, upon refunding*, PSNH requests to equitably  
 12 spread any unamortized previously incurred issuance fees over the term of the new  
 13 Long-Term Debt.

14  
 15 **Q. What is the estimated coupon rate for an issuance of secured Long-Term Debt**  
 16 **given current market conditions?**

17 A. The table below reflects current indicative pricing for various maturities of secured Debt  
 18 as of April 5, 2013.

<b>Secured Debt</b>	<b>5-year</b>	<b>10-year</b>	<b>30-year</b>
U.S. Treasury Yield	0.68%	1.70%	2.87%
+ Credit Spread	0.60%	0.80%	1.00%
= Coupon Rate	1.28%	2.50%	3.87%

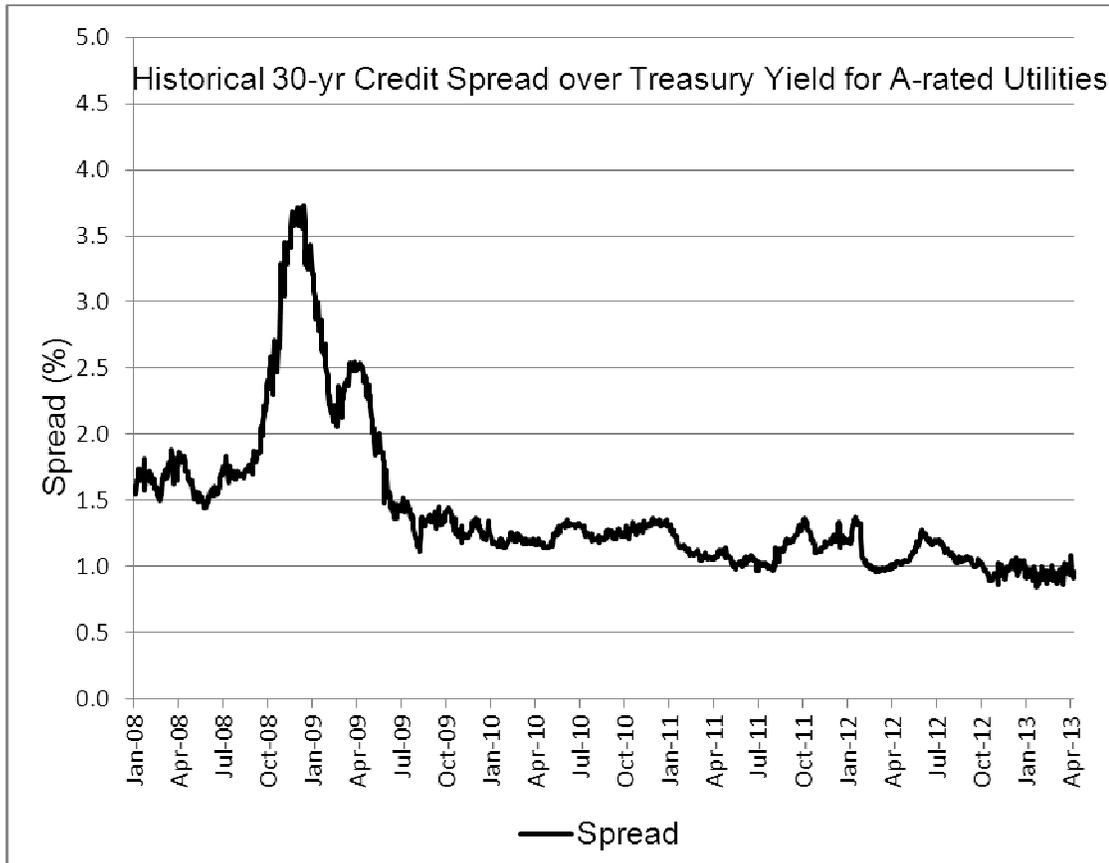
19 (Source: J.P. Morgan)

20 **Q. What are PSNH's current credit ratings?**

21 A. PSNH's senior secured debt is currently rated A by Standard and Poor's ("S&P"), A3 by  
 22 Moody's Investors Service ("Moody's), and A by Fitch.

1 **Q. Why is PSNH requesting credit spread authority of up to 300 basis points**  
2 **(3.00%)?**

3 A. In determining the requested credit spread of 300 basis points, the Company  
4 considered current market spreads for similarly rated securities as well as historical  
5 spreads. Given that the Company is proposing a financing plan through December 31,  
6 2014, the plan must include sufficient flexibility to address changing market conditions  
7 and volatile markets. For example, the chart below shows that during just the two-  
8 month period from the end of August 2008 to the end of October 2008, credit spreads  
9 on A-rated 30-year utility bonds increased 143 basis points.



10  
11 (Source: Bloomberg as of April 30, 2013)

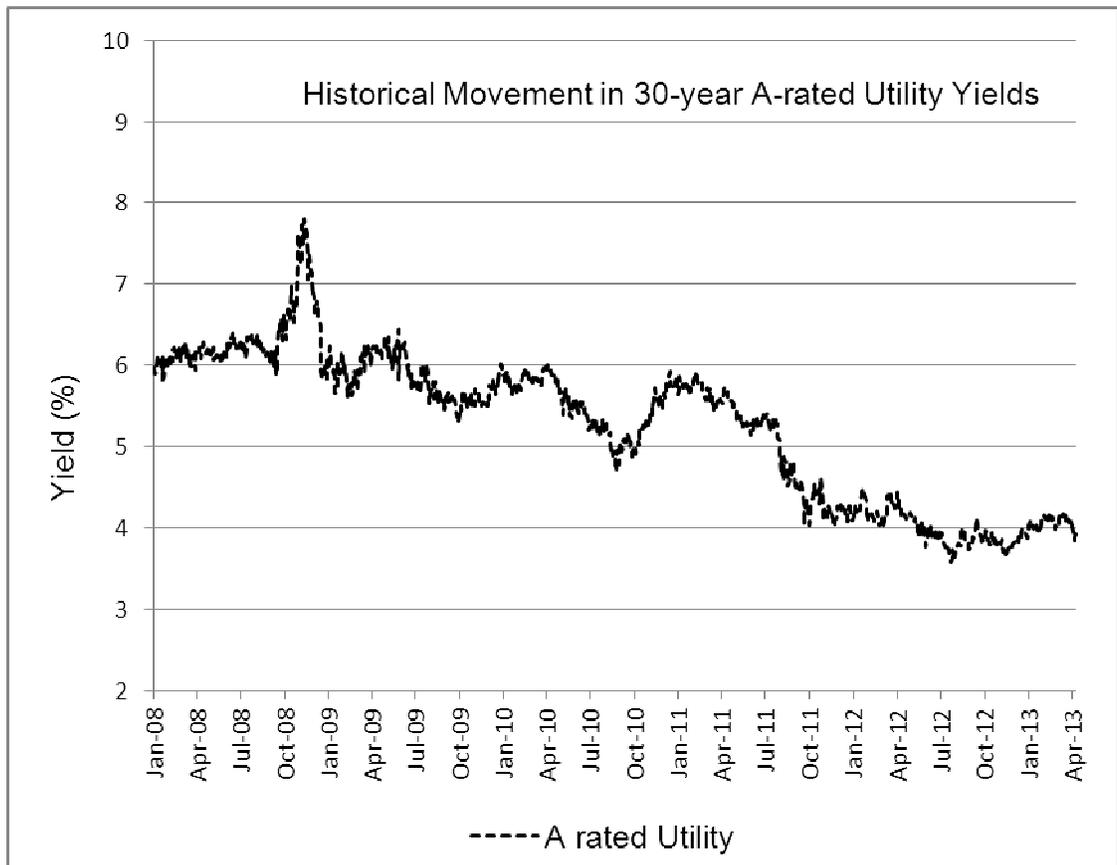
12 A maximum authorized credit spread of 300 basis points (3.00%) will provide PSNH  
13 with flexibility in the event of unanticipated widening of credit spreads between now and

1 the time of issuance due to any uncertainty or volatility in the capital markets.  
2 However, the Long-Term Debt will be issued at prevailing markets rates and credit  
3 spreads, which will be determined by market demand at the time of issuance.

4

5 **Q. Please describe the bond yields over the last five years for similarly rated**  
6 **utilities?**

7 A. The chart below illustrates historic 30-year yields from January 2008 through April 2013  
8 for A-rated utilities. Over the last five years yields for A-rated utilities have fluctuated  
9 between 3.58 percent and 7.80 percent.



10

11 (Source: Bloomberg as of April 30, 2013)

12

1 **Q. How will PSNH's capitalization be impacted by the issuance of the Long-Term**  
 2 **Debt?**

3 A. PSNH's capitalization will not be adversely impacted by the issuance of the Long-Term  
 4 Debt. NU Parent expects to continue to make capital contributions to PSNH to  
 5 endeavor to maintain PSNH's allowed ratemaking capital structure in accordance with  
 6 Section 4.5 of the Settlement Agreement on Permanent Distribution Rates in Docket  
 7 No. DE 09-035.

8  
 9 **Q. Does PSNH anticipate any early redemption provisions on the proposed Long-**  
 10 **Term Debt?**

11 A. The Company will determine at the time of pricing the most appropriate early  
 12 redemption provisions based primarily on market conditions.

13  
 14 **Q. Please describe the Company's current debt maturity profile.**

15 A. The table below details the principal amount of long-term debt outstanding and maturity  
 16 date of each series of debt as of March 31, 2013:

Bond Series	Amount Issued	Maturity Date
<b>First Mortgage Bonds</b>		
2004 Series L	\$ 50,000,000	07/15/2014
2005 Series M	\$ 50,000,000	10/05/2035
2007 Series N	\$ 70,000,000	09/01/2017
2008 Series O	\$ 110,000,000	05/01/2018
2009 Series P	\$ 150,000,000	12/01/2019
2011 Series Q	\$ 122,000,000	06/01/2021
2011 Series R	\$ 160,000,000	09/01/2021
<b>Subtotal</b>	<b>\$ 712,000,000</b>	
<b>Pollution Control Revenue Bonds (PCRBs)</b>		
2001 Series A PCRBs	\$ 89,250,000	05/01/2021
2001 Series B PCRBs	\$ 89,250,000	05/01/2021
2001 Series C PCRBs*	\$ 108,985,000	05/01/2021
<b>Subtotal</b>	<b>\$ 287,485,000</b>	
<b>Total Long-term Debt</b>	<b>\$ 999,485,000</b>	

17  
 18 \* Redeemed on May 1, 2013

1 **Q. Has PSNH or any of its affiliates with similar credit ratings accessed the capital**  
 2 **markets recently?**

3 A. PSNH has not accessed the capital markets since the issuance of its Series R first  
 4 mortgage bonds in 2011.

5  
 6 On January 15, 2013, CL&P, which has similar ratings as PSNH, issued \$400 million of  
 7 10-year taxable secured debt. The required investor yield at the time of pricing the  
 8 bonds was 2.574%, which reflected a 10-year Treasury yield of 1.874% plus a credit  
 9 spread of 70 basis points (0.70 percent).

10

11 **Q. What are the fees associated with the issuance of the proposed Long-Term**  
 12 **Debt?**

13 A. The following table illustrates the estimated fees associated with a single \$315 million  
 14 issuance, based on a 30-year secured debt structure:

<b>Fee</b>	<b>Taxable Debt</b>
Underwriting <sup>1</sup>	\$ 2,756,250
Rating Agencies	\$ 417,025
Legal	\$ 59,000
Miscellaneous <sup>2</sup>	\$ 86,466
<b>Total</b>	<b>\$ 3,318,741</b>

15

- 16 1. Underwriting fees are based on an anticipated 0.875% commission for a thirty-year  
 17 debt issuance.  
 18 2. Includes estimated fees for registering the proposed Long- Term Debt with the  
 19 Securities and Exchange Commission, printing, external auditors and up-front  
 20 trustee acceptance fees.  
 21

1 **IV. MORTGAGING OF PROPERTY**

2 **Q. Is PSNH seeking the authority to mortgage its property?**

3 A. PSNH is seeking the authority to mortgage its property in connection with the issuance  
4 of secured Long-Term Debt being requested in this application, should such debt be in  
5 the form of, or secured by, first mortgage bonds.  
6

7 **V. DESCRIPTION OF THE TAX-EXEMPT SERIES B PCRBS AND PROPOSED**  
8 **ISSUANCE OF NEW BONDS**

9 **Q. Please describe the tax-exempt Series B PCRBS for which PSNH is seeking**  
10 **authorization to refinance with proceeds from the issuance of New Bonds.**

11 A. The Series B PCRBS were issued on December 19, 2001, in an auction rate mode with  
12 a maturity date of May 1, 2021 and subsequently converted to a fixed rate mode on  
13 June 21, 2006, with a coupon of 4.75 percent. The Series B PCRBS contain a call  
14 option that will allow PSNH to redeem these bonds at a price equal to 102 percent of  
15 principal starting on June 21, 2013. This rate declines at 1.0 percent annually each  
16 June 21, to a final price equal to 100 percent of principal on June 21, 2015.  
17

18 **Q. Why is the Company seeking authority to refinance the Series B PCRBS at this**  
19 **time?**

20 A. The Series B PCRBS is currently economic to refinance. Exhibit 1 shows that the after-  
21 tax NPV savings from refinancing at the current taxable interest rate of 2.16 percent is  
22 approximately \$8.3 million, after taking into account lower interest expense, the call  
23 premium, non-payment of bond insurance fees and additional issuance costs.

1 **Q. Why is PSNH calculating the savings using a taxable interest rate rather than a**  
2 **tax-exempt rate?**

3 A. The current 8-year indicative taxable rate of 2.16 percent is lower than the current  
4 indicative 8-year tax-exempt rate of 2.25 percent. In addition, up-front costs associated  
5 with a taxable issuance are generally lower than those for a tax-exempt issuance.

6 **Q. Why is PSNH requesting the flexibility to issue taxable debt to refinance the tax-**  
7 **exempt Series B PCRBs?**

8 A. PSNH requests the flexibility to refinance the Series B PCRBs with the issuance of the  
9 New Bonds as either tax-exempt or taxable debt depending on which market provides  
10 the most favorable pricing at the time of refinancing. The Company will choose the  
11 market that yields the lowest effective cost. The effective cost would incorporate the  
12 yield as well as issuance expenses.

13

14 **Q. Why is PSNH using an 8-year maturity to evaluate the refinancing savings?**

15 A. It is standard financial analysis practice to discount the refinancing savings over the  
16 remaining term of the existing outstanding debt. In this instance, the remaining term of  
17 the existing Series B PCRBs is 8 years. The exact maturity that PSNH issues will  
18 depend on the market conditions at the time of issuance.

19

20 **Q. Is it likely that PSNH will issue 8-year taxable debt to refinance the Series B**  
21 **PCRBs?**

22 A. No. It is very unlikely that PSNH will issue 8-year taxable debt to refinance the Series B  
23 PCRBs. A taxable security with this exact term is very unusual due to low investor  
24 demand.

1 **Q. Please describe the structure of the New Bonds if refinanced as taxable bonds.**

2 A. In the event the New Bonds are issued as taxable debt, they would be issued in the  
3 form of new FMBs, pursuant to the terms and conditions of PSNH's First Mortgage  
4 Indenture, as may be amended from time to time or in the form of unsecured notes,  
5 issued in either the public or private debt market and may have fixed or floating interest  
6 rates. The exact maturity, financing structure, terms and conditions, amount,  
7 redemption provisions and coupon rate of the New Bonds will be determined at the time  
8 of issuance depending on market conditions.

9

10 **Q. Please describe the structure of the New Bonds if refinanced as tax-exempt**  
11 **bonds.**

12 A. In the event the New Bonds are issued as tax-exempt bonds, they would be issued as  
13 secured debt or unsecured notes and may have fixed or floating interest rates. The  
14 exact maturity, financing structure, terms and conditions, redemption provisions and  
15 coupon rate of the New Bonds will be determined at the time of issuance depending on  
16 market conditions. Such bonds would be issued and sold by the New Hampshire  
17 Business Finance Authority ("BFA"), subject to the approval of the BFA, the Governor  
18 and the Executive Council. The New Bonds would be issued by the BFA under one or  
19 more loan and trust agreements (collectively, the "New Tax-Exempt Bond Indenture")  
20 entered into by the BFA, PSNH and the Trustee. All payments of principal, premium, if  
21 any, and interest on the New Bonds would be limited obligations of the BFA and would  
22 be payable solely from payments made by the Company. The New Bonds would not  
23 be general obligations of the State of New Hampshire, and neither the general credit  
24 nor the taxing power of the State of New Hampshire or any subdivision thereof,  
25 including the BFA, would secure the payment of any obligation under the New Tax-

1 Exempt Bond Indenture. Interest on the New Bonds would be exempt from current  
2 federal income tax (subject to certain exceptions for the Alternative Minimum Tax), and  
3 from certain state taxes.

4 The New Tax-Exempt Bond Indenture would provide for the following transactions: (i)  
5 the BFA's issue of the new tax-exempt bonds, (ii) the BFA's loan of the proceeds of the  
6 new tax-exempt bonds to PSNH for the purpose of redeeming the Series B PCRBs,  
7 and (iii) PSNH's repayment of the loan from the BFA through payment to the Trustee of  
8 all amounts due with respect to the New Bonds.

9

10 **Q. Is use of state tax-exempt volume cap required for refinancing of the Series B**  
11 **PCRBs?**

12 A. No. Since the New Bonds, if refinanced with tax-exempt debt, will be refunding bonds  
13 the New Bonds do not require use of the New Hampshire state tax-exempt volume cap.

14

15 **Q. Is PSNH seeking flexibility to issue the New Bonds in a principal amount that is**  
16 **greater than the principal amount of the Series B PCRBs currently outstanding?**

17 A. Yes. If the New Bonds are issued in the taxable market, PSNH requests the flexibility  
18 to increase the principal amount of the New Bonds to fund the call premium, if any,  
19 associated with the Series B PCRBs and to pay expected issuance costs. However, if  
20 the New Bonds are issued in the tax-exempt market, PSNH would need to seek volume  
21 cap authorization from the State of New Hampshire in order to increase the principal  
22 amount of the New Bonds.

1 **Q. Is the Company seeking authority from the Commission to amortize the**  
2 **remaining previously incurred fees, and the call premium that may be incurred to**  
3 **redeem the Series B PCRBs over the term of the New Bonds?**

4 A. Yes. Should it be economic to issue New Bonds to refinance the Series B PCRBs,  
5 then PSNH requests that, as described in *Paragraph C(3) of General Instruction 17 of*  
6 *the FERC Uniform System of Accounts: Reacquisition, upon refunding*, to equitably  
7 spread any unamortized previously incurred issuance fees, and the call premium over  
8 the term of the New Bonds.

9

10 **Q. Over what time period is PSNH seeking the authority to issue New Bonds to**  
11 **refinance the Series B PCRBs?**

12 A. PSNH is requesting the authority to issue New Bonds to refinance the Series B PCRBs  
13 at any time through the remaining maturity of May 1, 2021, so long as it is economic to  
14 do so.

15

16 **VI. REQUEST FOR RESCINDING OF QUARTERLY COMPLIANCE FILING**

17 **Q. Does PSNH currently have any quarterly compliance filing requirements?**

18 A. Yes. On June 4, 2007, PSNH filed with the Commission a petition pursuant to New  
19 Hampshire RSA Chapter 369 requesting authority, among other things, to amend and  
20 restate PSNH's First Mortgage Indenture, dated August 15, 1978 (the "Original  
21 Indenture"). The Commission in its Order No. 24,781, dated August 3, 2007 ordered  
22 PSNH to provide quarterly reports showing its total debt-to-net plant ratio, interest  
23 coverage ratio and supporting data. PSNH is now requesting that the Commission  
24 rescind this requirement.

1 **Q. Why is PSNH seeking from the Commission to rescind the quarterly compliance**  
2 **filing required by the Commission in its Order No. 24,781,?**

3 A. On June 1, 2011, the Amended and Restated First Mortgage Indenture (“Indenture”),  
4 became effective. With the Indenture now in effect, the interest coverage ratio under  
5 the Original Indenture is no longer applicable. PSNH therefore requests that the  
6 Commission rescind the quarterly compliance filing requirement issued under Order  
7 24,781.

8  
9 **Q. Do you believe the proposed issuance of \$315 million of Long-Term Debt, the**  
10 **mortgaging of property, the flexibility to refinance the Series B PCRBs and to**  
11 **rescind the quarterly compliance filing requirement are in the public good?**

12 A. Yes.

13  
14 **Q. When does PSNH need the Commission’s approval for this financing proposal?**

15 A. Given that the capital markets are very favorable, PSNH respectfully requests that the  
16 Commission issue an order approving the financing proposal as soon as possible but  
17 by no later than October 1, 2013.

18  
19 **Q. Does this conclude your testimony?**

20 A. Yes, it does.