

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

**Public Service Company of New Hampshire**

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

**Docket No. DE 13-156**

Public Service Company of New Hampshire (“PSNH” or the “Company”) petitions the Commission for approval of certain financing transactions, as set forth herein. PSNH is a public utility corporation duly organized and existing under the laws of the State of New Hampshire and engaged in the generation, transmission and sale of electric energy within the State of New Hampshire, with its principal place of business at 780 North Commercial Street, Manchester, New Hampshire. PSNH respectfully requests approval and authority from the Commission:

- (1) to issue up to \$315 million aggregate principal amount of long-term debt securities (the “Long-Term Debt”) through December 31, 2014 (the “Financing Period”);
- (2) to mortgage its property in connection with the Long-Term Debt issuance;
- (3) to issue new tax-exempt or taxable bonds for the purpose of refinancing the \$89,250,000 Business Finance Authority of the State of New Hampshire 4.75% Pollution Control Revenue Bonds (Public Service Company of New Hampshire Project – 2001 Tax-Exempt Series B) (the “Series B PCRBs”); and,
- (4) to rescind the quarterly compliance filing requirement from Order No 24,781.

Certain aspects of the proposed financing activities require the Company to obtain approval from the Commission. Accordingly, the Company petitions as follows:

1. In accordance with Rule Puc 308.12(b)(2)b. and c. a description of PSNH' s authorized and outstanding long term debt, capital stock and short-term debt is attached hereto as Attachment 1.

2. As of March 31, 2013, PSNH had outstanding approximately \$53.4 million of short-term debt, which was incurred to fund working capital requirements and capital expenditures. short-term debt has been incurred to finance various generation, distribution and transmission system expenditures. In addition, the Company incurred additional short-term debt of \$108,985,000 on a temporary basis when redeeming its \$108,985,000 Business Finance Authority of the State of New Hampshire 5.45% Pollution Control Revenue Bonds (Public Service Company of New Hampshire Project – 2001 Tax-Exempt Series C), (the “Series C PCRBs”), on May 1, 2013. PSNH’s current short-term debt limit authorized by the Commission is ten percent (10%) of net fixed plant plus \$60 million, or approximately \$282 million as of March 31, 2013.

3. PSNH requests authority to issue up to \$315 million of Long-Term Debt during the Financing Period. The exact amount of Long-Term Debt issued will depend upon capital expenditures, cash generation, and short-term debt levels. PSNH will use the proceeds from the issuance of Long-Term Debt to: (1) refinance its short-term debt, including the short-term debt incurred to redeem the Series C PCRBs, as described above; (2) finance capital expenditures for the Company’s transmission, distribution and generation businesses; (3) pay at maturity the

Company's \$50,000,000 5.25% Series L first mortgage bonds due July 15, 2014; (4) fund general working capital; and (5) pay issuance costs.

4. To provide the Company with financing flexibility, PSNH seeks authority to issue and sell up to \$315 million in aggregate principal amount of Long-Term Debt in one or more series with a maturity ranging from one to thirty years. This Long-Term Debt may be in the form of first mortgage bonds, debt secured by first mortgage bonds, or unsecured notes, and may carry either a fixed or floating interest rate; and may be sold in either the public or private markets.

5. The exact financing structure, terms and conditions, amount, documentation and coupon rate of the Long-Term Debt will be determined at the time of issuance depending upon prevailing market conditions. The coupon will be consistent with market rates for an instrument of similar maturity and risk, but the credit spread above the then applicable fixed or floating interest rate index will not exceed 300 basis points (3.00%).

6. The Company economically redeemed the Series C PCRBs at par on May 1, 2013. Refinancing the Series C PCRBs is estimated to result in after-tax net present value savings of approximately \$14 million.

7. In addition, PSNH is seeking authorization to refinance its existing Series B PCRBs by issuing new tax-exempt or taxable bonds, depending upon which market provides the most favorable pricing at the time of refinancing. PSNH requests authority to issue the new bonds at any time through the remaining maturity of the Series B PCRBs of May 1, 2021, as long as it is economic to do so. Issuing new bonds to refinance the Series B PCRBs is currently estimated to result in after-tax net present value savings of approximately \$8.3 million.

8. If issued as taxable bonds, the new bonds would be in the form of new first mortgage bonds, pursuant to the terms and conditions of PSNH's First Mortgage Indenture, as may be amended from time to time. The exact maturity, financing structure, terms and conditions, amount, redemption provisions and coupon rate of the new bonds will be determined at the time of issuance.

9. If the new bonds are issued as tax-exempt bonds, they would be issued and sold by the New Hampshire Business Finance Authority ("BFA"), subject to the approval of the BFA, the Governor and the Executive Council. The new bonds would be issued by the BFA under one or more loan and trust agreements entered into by the BFA, PSNH and the Trustee. All payments of principal, premium, if any, and interest on the new bonds would be limited obligations of the BFA and would be payable solely from payments made by the Company. The new bonds would not be general obligations of the State of New Hampshire, and neither the general credit nor the taxing power of the State of New Hampshire or any subdivision thereof, including the BFA, would secure the payment of any obligation under this indenture.

10. The indenture would provide for the following transactions: (1) the BFA's issue of the new tax-exempt bonds; (2) the BFA's loan of the proceeds of the new tax-exempt bonds to PSNH for the purpose of redeeming the Series B PCRBs; (3) PSNH's repayment of the loan from the BFA through payment to the Trustee of all amounts due with respect to the New Bonds; and (4) the BFA's assignment to the Trustee in trust for the benefit and security of the bondholders all of the BFA's rights, including repayment of the loan to be received from the Company.

11. Lastly, on June 4, 2007 in Docket No. DE 07-070, PSNH requested authority to, among other things, amend and restate PSNH's First Mortgage Indenture dated August 15, 1978. In Order No. 24,781 (August 3, 2007), the Commission granted PSNH's request on the condition that PSNH provide quarterly reports showing its total debt-to-net plant ratio, interest coverage ratio and supporting data. On June 1, 2011, PSNH's Amended and Restated First Mortgage Indenture became effective. As a result, the interest coverage ratio under the original indenture is no longer applicable. PSNH therefore requests that the Commission rescind the quarterly compliance filing requirement issued under Order No. 24,781.

12. In accordance with Puc 308.12(c)(2), the estimated cost of financing for a \$315 million issuance is included as Attachment 2.

13. In accordance with Puc 308.12(c)(3) PSNH's Pro Forma Consolidated Balance Sheet as of March 31, 2013 is included as Attachment 3.

14. In accordance with Puc 308.12(c)(4) PSNH's Pro Forma Consolidated Statement of Income for the twelve months ended March 31, 2013 is included as Attachment 4.

15. In accordance with Puc 308.12(c)(5) PSNH's Sources and Application of Funds and Capitalization is included as Attachment 5.

16. In accordance with Puc 308.12(c)(6), draft PSNH Board Resolutions are included as Attachment 6.

17. PSNH's amended and restated First Mortgage Indenture, which is on file with the Commission, is referenced as Attachment 7.

18. In accordance with Puc 308.12(b)(8), a draft Supplemental Mortgage Indenture reflecting the issuance of new first mortgage bonds is included as Attachment 8.

19. Also, in accordance with Puc 308.12(b)(8), a loan and trust agreement regarding PSNH's Series B PCRBs is included as Attachment 9.

20. As noted in PSNH's accompanying motion regarding a limited waiver relative to the filing of a draft Loan and Trust Agreement under Puc 308.12(c)(8), PSNH is not, at this time, including a draft Loan and Trust Agreement with this filing.

21. In accordance with Puc 308.12(c)(1), PSNH's proposed construction budget is included as Attachment 10.

22. The joint testimony of Philip J. Lembo and Emilie G. O'Neil, and the testimony of Stephen R. Hall, in support of this Petition is also included.

23. PSNH believes and therefore alleges that the securities to be issued and the other transactions contemplated by and described in this Petition will be consistent with the public good, will not have an adverse impact on customers' rates, and that it is entitled to issue said securities and consummate such transactions under RSA Chapter 369 for the purposes set forth in this Petition and described herein.

WHEREFORE, by this petition, PSNH requests that the Commission:

- (1) Pursuant to RSA 369:1, 3 and 4, grant PSNH the authority to arrange for the issuance and sale of not more than \$315 million in principal amount of secured or unsecured Long-Term Debt in one or more issuances through December 31, 2014 and to take all actions necessary to consummate such financings;
- (2) Pursuant to RSA 369:2, grant PSNH the authority to mortgage its property in connection with the issuance of the Long-Term Debt and the issuance of one or more series of first mortgage bonds in the manner described herein;
- (3) Pursuant to RSA 369:1, 3 and 4, grant PSNH the authority to arrange for the issuance and sale of new tax-exempt or taxable bonds to refinance its existing Series B PCRBs at any time through the remaining maturity of the Series B PCRBs of May 1, 2021;
- (4) Rescind the quarterly compliance filing requirement established in Order No. 24,781.
- (5) Issue an Order of Notice as soon as practicable which establishes a procedural schedule, including a date for hearing with respect to this Petition, which would enable the Commission to hold a hearing and issue its initial decision on or before October 1, 2013;

(6) Find that the transactions described in this Petition above are consistent with the public good and are authorized and approved under the provisions of RSA Chapter 369; and

(7) Take such further action and make such other findings and orders as in its judgment may be just, reasonable and in the public good.

Respectfully submitted this 24th day of May, 2013.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

By: \_\_\_\_\_



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