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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

August 6, 2013 - 10:01 a.m.
Concord, New Hampshire

NHPUC AUG22'13 PM 4:28

RE: DE 13-156
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE:
Petition for Approval of Financing
Transactions. (*Prehearing conference*)

PRESENT: Commissioner Michael D. Harrington, Presiding
Commissioner Robert R. Scott

Clare Howard-Pike, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:
Matthew J. Fossum, Esq.

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Steven E. Mullen, Asst. Dir./Electric Div.
Grant Siwinski, Electric Division

Court Reporter: Steven E. Patnaude, LCR No. 52

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P R O C E E D I N G

1
2 CMSR. HARRINGTON: Good morning. We're
3 here this morning on Docket DE 13-56, Public Service
4 Company of New Hampshire's Petition for Approval of
5 Financing Transactions. On May 24th, 2013, PSNH filed a
6 petition for approval of certain financing transactions,
7 including the issuance of up to 315 million aggregate
8 principal amount of long-term debt securities, the
9 mortgaging of property, and the issuance of new tax-exempt
10 bonds for financing purposes. PSNH also requested the
11 Commission eliminate the current requirement that PSNH
12 file quarterly reports related to PSNH's first mortgage
13 indenture.

14 In addition, PSNH requested a limited
15 waiver of certain filing requirements dictated by New
16 Hampshire Code Rules Puc 308.12 in connection with the
17 Petition. PSNH stated the associated rate impact of the
18 financing on their current Energy Service rate would be an
19 increase of 0.00 cents [0.03 cents?] per kilowatt-hour.

20 According to PSNH, the exact maturity,
21 financing structure, terms and conditions, amount,
22 redemption provisions and coupon rate would be determined
23 at the time of issuance depending on prevailing market
24 conditions. In order to achieve favorable financing

1 terms, PSNH requested the Commission to accord it
2 flexibility in issuing the long-term, such that the debt
3 may have fixed or floating interest rates, be secured or
4 unsecured, and be distributed in either the public or
5 private markets. PSNH said that the coupon rate for debt
6 would be consistent with market rates for the instrument
7 of similar maturity and risk, with the condition that it
8 not exceed 300 basis points or a floating rate benchmark
9 not to exceed 300 basis points.

10 Okay. On July 3rd, 2013, Public Service
11 published -- had published the legal notice for the
12 affidavit of publication, and we have a copy of that here.

13 I guess we'll move right onto
14 appearances then.

15 MR. FOSSUM: Yes. Good morning,
16 Commissioners. Matthew Fossum, for Public Service Company
17 of New Hampshire.

18 MS. AMIDON: Good morning,
19 Commissioners. Suzanne Amidon for Commission Staff. With
20 me today is Steve Mullen, the Assistant Director of the
21 Electric Division, and Grant Siwinski, an analyst in that
22 division.

23 CMSR. HARRINGTON: Okay. Thank you.
24 One issue we wanted to deal with right up front today was

1 the filing of a waiver. PSNH has a motion for a limited
2 waiver of certain filing requirements of PUC 308.12. They
3 request that the Commission waive certain requirements of
4 Puc 308.12(c)(8) relative to the filing of a proposed
5 promissory note and mortgage in connection with issuing
6 securities. The requested waiver is identical to that
7 requested by the Company in Docket DE 10-299 and granted
8 by the Commission in a secretarial letter dated
9 January 21st, 2011.

10 PSNH has prepared a petition and request
11 that the Commission provide a limited waiver of the
12 requirement that PSNH provide a draft Loan and Trust
13 Agreement, functionally, the promissory note and mortgage
14 referenced in Puc 308.12(c)(8), relating to the proposed
15 potential issuance of tax-exempt debt.

16 Commissioner Scott, do you have a
17 problem with that, granting a waiver?

18 CMSR. SCOTT: Do any of the parties?

19 CMSR. HARRINGTON: Yes, I guess we
20 should ask that.

21 CMSR. SCOTT: Sure.

22 CMSR. HARRINGTON: With the position of
23 the parties on this, I'm assuming obviously PSNH is in
24 favor of it, since they requested it?

1 MR. FOSSUM: That's correct. Yes.

2 CMSR. HARRINGTON: And, does Staff have
3 a position on it?

4 MS. AMIDON: Staff does not oppose the
5 request for a waiver.

6 CMSR. HARRINGTON: All right. We'll
7 grant the limited waiver and issue a secretarial letter
8 accordingly.

9 Why don't we move on to the initial
10 positions then. PSNH want to start?

11 MR. FOSSUM: Thank you. And, good
12 morning, Commissioners. Before beginning, I just wanted
13 to clarify one issue very quickly. During Commissioner
14 Harrington's opening comments, in reference to the
15 potential rate impact of the financing, and I just wanted
16 to clarify that, in PSNH's filing, the potential rate
17 impact was noted as a "decrease of basically 0.03 cents
18 per kilowatt-hour."

19 CMSR. HARRINGTON: Did I say "increase"?

20 MR. FOSSUM: Yes, sir.

21 CMSR. HARRINGTON: Yes. Well, I stand
22 corrected then. It clearly says "decrease". Thank you.

23 MR. FOSSUM: Thank you. And, with that,
24 as Commissioner Harrington has noted thoroughly this

1 morning, and as noted in PSNH's Petition, we're seeking
2 authorization to issue up to \$315 million in long-term
3 debt securities through December 31st of 2014,
4 authorization to mortgage the Company's property in
5 conjunction with that issuance, an additional
6 authorization to issue new bonds to refinance the Series B
7 Pollution Control Reduction Bonds, if economic to do so,
8 and to remove the quarterly compliance filing requirement
9 under the previous indenture.

10 On the bigger issues of this filing, as
11 is noted in the Petition, we're seeking to use the
12 long-term debt to refinance short-term debt, which at
13 present does include certain short-term debt that was
14 incurred to economically redeem the Series C Pollution
15 Control Reduction Bonds.

16 We would also propose to use the
17 financing -- the finance proceeds for certain capital
18 expenditures to pay outstanding Series L first mortgage
19 bonds when they -- of \$50 million when due on June 15th,
20 2014, to fund working capital requirements and to pay
21 outstanding issuance costs.

22 I would note very quickly, as is noted
23 in the Petition, that the Series C PCRBs were redeemed
24 back in May, and that PSNH estimates a net present value

1 savings of approximately \$14 million from having redeemed
2 those bonds.

3 In addition, we're requesting
4 authorization to issue new bonds to refinance the Series B
5 PCRBs. And, consistent with that request, we would seek
6 authority to issue those bonds any time between
7 essentially now and the majority date of the existing
8 bonds, May 1st of 2021, as long as it's economic to do so.

9 With that, I would note that, at least
10 as of this morning, there are no intervenors nor requests
11 to intervene in the docket. And, that PSNH and Staff have
12 already engaged in some level of discovery to aid in the
13 Staff's understanding of the Company's requests and help
14 the Staff investigate the proposed uses of the funds and
15 the potential rate impact to customers, which have been
16 noted to be potentially a decrease.

17 In that there are no intervenors, PSNH
18 is hopeful that the Commission may address this request
19 expeditiously, and in time to receive an order, as the
20 Company has requested, on or by October 1st.

21 And, with that, PSNH would request that
22 the Commission complete -- the Commission and Staff
23 complete any needed investigation and issue an order
24 approving PSNH's requests in a timely manner, so that the

1 Company may access capital markets at a time when
2 conditions in those markets are particularly favorable.
3 Thank you.

4 CMSR. HARRINGTON: Thank you. Staff.

5 MS. AMIDON: Thank you. Mr. Fossum is
6 correct, Staff has already commenced discovery in this
7 proceeding. We expect to continue discovery probably at
8 the technical session that will follow this prehearing
9 conference. And, we will work with the Company to
10 establish a procedural schedule to try to meet their goal
11 of having an order in place by October 1. Thank you.

12 CMSR. HARRINGTON: Commissioner Scott.

13 CMSR. SCOTT: Good morning. A couple of
14 questions for the Company, the utility. My understanding
15 of your filing, and there's certainly some logic there,
16 you're looking for a fair wide of -- fair degree of
17 flexibility in order to make the best choice at the time,
18 given the flexible or volatile market, is that fair?

19 MR. FOSSUM: Yes, sir. The request is
20 for, at currently, is a credit spread of 300 basis points
21 to accommodate potential changes in the market, yes.

22 CMSR. SCOTT: So, and maybe I don't need
23 an answer, I'll just plant the seed is, with that kind of
24 flexibility, and, again, I can see the logic of that,

1 where -- how will the Commission know, whether you zigged
2 or zagged, whether that made, at the time, was that a
3 prudent decision?

4 MR. FOSSUM: Okay. I don't know that I
5 have an answer for that today, and I appreciate the
6 question. You know, I would say that the presumption
7 would be that if we -- if the ultimate issuance falls
8 within the band that we've requested, and presuming the
9 Commission was to approve it, that there would be sort of
10 a presumption that that was prudent, subject to any
11 further investigation that may be necessary.

12 CMSR. SCOTT: Okay. And, just a
13 thought, I'm not saying I know the answer either.
14 Another, and the second question is more for my education,
15 regarding your mortgage bonds, is there a current property
16 valuation that that's based on or how does that work?

17 MS. O'NEIL: Could you please repeat the
18 question?

19 CMSR. SCOTT: There's some discussions
20 in your filing about issuing new mortgage bonds, if I
21 understand. I was curious, you know, if I mortgage my
22 house, it's based on some property valuation, that type of
23 thing. I was curious how that worked for in this -- in
24 this instance, excuse me?

1 MS. O'NEIL: Very, very similarly. It
2 would be based upon the value, the current value of our
3 property. And, we would only be able to issue bonds up to
4 the indenture test, which is 75 percent of that property.

5 CMSR. SCOTT: Thank you.

6 MS. O'NEIL: You're welcome.

7 MR. FOSSUM: And, Commissioner, just for
8 the record, that answer was provided by Emilie O'Neil, who
9 is the -- has provided testimony already in the Company's
10 filing.

11 CMSR. SCOTT: Thank you.

12 CMSR. HARRINGTON: Is there any other
13 matters we need to take up this morning?

14 MS. AMIDON: No.

15 CMSR. HARRINGTON: Seeing none, I assume
16 there will be a technical session and we'll come up with a
17 schedule. And, we will do our best to support issuing an
18 order by the 1st of October. Thank you very much.

19 MR. FOSSUM: Thank you, Commissioner.

20 CMSR. HARRINGTON: And, we're adjourned.

21 **(Whereupon the prehearing conference was**
22 **adjourned at 10:12 a.m., and the Company**
23 **and the PUC Staff held a technical**
24 **conference thereafter.)**