

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 16-813**

**NEW HAMPSHIRE TRANSMISSION, LLC**

**Petition for Approval of Financing Related To Seabrook Substation**

**Order Granting Petition**

**ORDER NO. 25,955**

**October 21, 2016**

On September 2, 2016, New Hampshire Transmission, LLC (NHT), filed a petition for Approval of Financing pursuant to RSA 369:1. With its petition, NHT filed supporting testimony and related exhibits. According to its petition, NHT seeks authority to enter into an amended and restated loan agreement with NextEra Capital, NHT's lender and indirect parent company for purposes of issuing long-term secured debt securities in an aggregate principal amount not to exceed \$36 million. NHT proposes to use the proceeds of the financing to repay existing indebtedness, to fund its share of future repairs and upgrades at the transmission substation located on the grounds of the Seabrook nuclear power plant (Seabrook Substation) in New Hampshire, and for other capital costs and operating expenditures. 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 <http://www.puc.nh.gov/Regulatory/Docketbk/2016/16-813.html>.

Pursuant to Order No. 24,321 (May 7, 2004), the Commission authorized Florida Power & Light (FPL) to be a New Hampshire public utility for the limited purpose of owning an

88.23 percent share of and operating the Seabrook Substation.<sup>1</sup> Seabrook Substation is a 345 kV pool transmission facility operated as part of the transmission network of the Independent System Operator-New England (ISO-NE). Seabrook Substation interconnects the Seabrook Nuclear Generating Station with three major 345 kV transmission lines that are part of the ISO-NE transmission network. Even when the Seabrook generating unit is not operating, the interconnection facilities associated with Seabrook Substation operate to provide reliability to the ISO-NE transmission network. Seabrook Substation is NHT's only asset, and NHT does not own any other electric generation, transmission, or distribution facilities in either the ISO-NE market or elsewhere in the United States. In Order No. 25,105 (May 26, 2010), the Commission approved the transfer of Seabrook Substation from FPL to NHT. As an NHT asset, the Seabrook Station remains operationally and financially independent from NextEra's other utility operations.

Order No. 24,321 approved a settlement agreement that detailed the regulatory requirements of FPL in its operation as a public utility. Pursuant to the settlement, FPL agreed to comply with the provisions of RSA 369 which requires public utilities to seek the approval of the Commission prior to incurring debt. In its petition in this matter, NHT noted that the Commission has approved three prior financings for NHT and its predecessor, Florida Power & Light-New England Division. *See* Order No. 24,935 (January 30, 2009), Order No. 25,138 (August 12, 2010) and Order No. 25,556 (July 30, 2013).

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<sup>1</sup> As explained in its petition, NHT is a wholly-owned subsidiary of NextEra Energy Transmission, LLC, which is a wholly-owned subsidiary of NextEra Energy Infrastructure, LLC, itself a wholly-owned subsidiary of NextEra Energy Capital Holdings, Inc. (NextEra Capital), which is a wholly-owned subsidiary of NextEra Energy Inc. In May 2010, the shareholders of FPL Group Capital voted to change the name of the company to NextEra Energy, Inc. The prior dockets referenced in the text of this Order contain references to the names of the companies in place at the time under the FPL Group Capital, Inc. umbrella.

NHT is now seeking to extend and amend its existing line of credit (Amended Loan Facility) with NextEra Capital, NHT's lender and indirect parent company, to issue long-term debt securities in accordance with the Amended Loan Facility. NHT states that the proceeds of the financing will be used to fund its share of future repairs and upgrades at Seabrook Substation, and for other capital costs and operating expenses. According to NHT, the terms of the requested financing are essentially the same as those approved by the Commission and the Federal Energy Regulatory Commission (FERC) in 2013 except for conforming changes to reflect the lower basis point margin to U.S. Treasury bond rates. NHT states that it intends to issue proposed securities at the earliest possible date after it receives approval from the Commission. In its filing, NHT attested that FERC has approved the proposed financing.

According to NHT, the principal amount of total borrowing under the Amended Loan Facility would not exceed \$36 million during the period May 31, 2016, through May 31, 2018, which is the availability period under the loan. NHT would have the right to borrow additional amounts in excess of its current \$16.1 million obligation to NextEra (each such borrowing a "New Loan") up to the \$36 million cap, in order to finance upgrades at Seabrook Substation. New Loans will be made under the Amended Loan Facility only after the Commission approves the petition for financing. All principal, accrued interest, and fees under any New Loans would have a maturity of 30 years from the 2013 closing of the original loan facility and would be secured and bear interest.

All issuances of debt securities under the Amended Loan Facility will be to an existing holder of comparable debt and will have an interest rate based on U.S. Treasury bonds of comparable maturity. The interest rate for any New Loans will be established and fixed on the business day immediately preceding the date upon which the New Loan is funded by NextEra

Capital. The interest rate will equal the sum of the applicable benchmark U.S. Treasury bond yield, plus a margin of 232 basis points per annum. The applicable benchmark U.S. Treasury bond yield for any new loan will be based on the yield to maturity for a U.S. Treasury bond having a remaining term to maturity and principal amount which most closely approximates that of the New Loan as published in the Wall Street Journal for the business day immediately preceding the date upon which the New Loan in question is funded by NextEra Capital.

According to NHT, for purposes of coverage analysis, the \$36 million cap on aggregate outstanding principal under the Amended Loan Facility will also be the upper limit on NHT's total indebtedness during the authorization period. The long-term debt securities will be secured by a pledge of NHT's revenues and all of its assets, including its share in the Seabrook Substation and all upgrades associated with Seabrook Substation. NHT receives all of its revenues from transmission service provided by Seabrook Substation in accordance with ISO-NE Transmission, Markets and Services Tariff accepted by FERC.

NHT states that certain requirements are not applicable to the proposed financing because NHT is proposing an Amended Loan Facility between itself and NextEra Capital, which are affiliate corporations. In addition, NHT is not a traditional distribution company. As recognized in the 2004 settlement approved by the Commission, NHT has no retail customers and as such has no retail rates, only tariffed transmission rates approved by FERC, and is therefore subject to only limited regulation by the Commission. The proposed financing will not be a publicly-issued security, nor will it be security that requires an exemption from registration under federal security laws. Moreover, there will be no external reporting requirements under federal securities laws and there will be no promissory note.

NHT argues that the proposed financing is in the public good. It will finance improvements and upgrades to the Seabrook Substation, which is a critical node in the New England transmission system. The upgrades include the procurement of equipment, systems, facilities, materials and supplies, and the conduct of work and services related to and used in connection with facility upgrades. As such, the financing is essential for NHT to continue its operation of Seabrook Substation and to provide reliability in its operation. For those reasons, NHT concludes that the financing is in the public good.

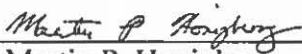
Staff filed its recommendation on October 12, 2016. Staff asserts that the terms of the proposed financing are similar to the terms of the original loan agreement. Staff agrees that the financing is in the public good, and recommends approval.

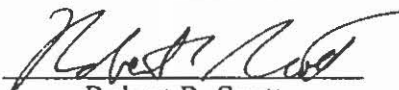
Pursuant to the settlement agreement approved in Docket No. DE 03-186 and RSA Ch. 369, and based on the information contained in the filing and Staff's recommendation, we find the financing consistent with the public good.

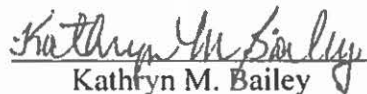
**Based upon the foregoing, it is hereby**

**ORDERED, that NHT's financing request is APPROVED.**

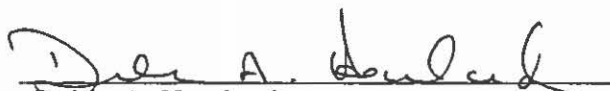
By order of the Public Utilities Commission of New Hampshire this twenty-first day of October, 2016.

  
Martin P. Honigberg  
Chairman

  
Robert R. Scott  
Commissioner

  
Kathryn M. Bailey  
Commissioner

Attested by:

  
Debra A. Howland  
Executive Director