

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 17-105

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY

Petition for Approval of Sale of Minority Interest in W.F. Wyman Station-Unit 4

Order Approving Sale

ORDER NO. 26,060

September 27, 2017

APPEARANCES: Robert A. Bersak, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; Consumer Advocate, D. Maurice Kreis, Esq., on behalf of residential ratepayers; and Alexander F. Speidel, Esq., on behalf of Commission Staff.

In this order, the Commission approves the sale of Eversource's interest in W.F. Wyman Station – Unit 4 to FPL Energy Wyman IV LLC, with net proceeds of the sale to be used to reduce stranded cost charges to Eversource customers. As part of the terms of the sale, the buyer has agreed to assume all ongoing environmental and retirement liability associated with Wyman 4, which will eliminate potential future environmental risk and costs for Eversource ratepayers.

I. PROCEDURAL HISTORY

On June 21, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) petitioned the Commission for approval of its sale of a 3.1433 percent interest in the W.F. Wyman Station – Unit 4¹ (Wyman 4) to FPL Energy Wyman IV LLC (FPLE), a subsidiary of NextEra Energy Resources. The Office of the Consumer Advocate (OCA)

¹ Wyman 4 is a 620 megawatt (MW) oil-fired generation facility located in Yarmouth, Maine. It began operations in 1978. FPLE currently owns an 84.3 percent interest in Wyman 4. The remaining 15.7 percent interest is owned by five other utilities including Eversource. Eversource's interest represents approximately 19 MW of Wyman 4's generating capacity. The other owners of Wyman 4 are: Exelon Wyman, LLC, 5.881%; Massachusetts Municipal Wholesale Electric Company, 3.6688%; Green Mountain Power Corporation, 2.9207%; and the Village of Lyndonville Electric Department, 0.0330%.

indicated that it would participate in this docket pursuant to RSA 363:28 on June 29, 2017. The Commission issued an Order of Notice on July 13, 2017. A prehearing conference was held as scheduled on July 25, 2017, and no parties intervened. The final hearing was held on September 1, 2017. The petition and subsequent docket filings, other than any 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/2017/17-105.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

In its petition for approval and at hearing, Eversource claimed that the proposed sale of its 3.1433 percent interest in Wyman 4 is consistent with the 2015 Public Service Company of New Hampshire Restructuring and Rate Stabilization Agreement filed with the Commission on June 10, 2015, as subsequently amended by the January 26, 2016, Amendment to Settlement; and the January 26, 2016, Partial Litigation Settlement (all collectively referred to as the Divestiture Settlement). Eversource further asserted that the proposed sale is for the public good as required by RSA 374:30, and is consistent with the public interest as required by RSA 369-B:3-a, and by Commission Order No. 25,920 (July 1, 2016), approving the Divestiture Settlement. Eversource indicated that there are no employees affected by this sale of Wyman 4 and that the employee protections required by RSA 369-B:3(b) are not applicable. At the September 1 hearing, Eversource informed the Commission that the Federal Energy Regulatory Commission (FERC) had approved the sale of Eversource's interest in Wyman 4 to FPLE pursuant to section 203 of the Federal Power Act. Eversource provided a copy of the FERC order for filing in this docket.

Under the proposed purchase and sale agreement, FPLE will pay Eversource \$1,000,000, plus fuel inventory value and minus closing costs. Eversource's book value for Wyman 4 was \$373,160.85 in May 2017. In June, Eversource estimated that the existing fuel inventory would be valued at approximately \$580,000. When the market value of the fuel inventory is added to the purchase price, Eversource estimates that yields almost \$1.6 million from sale proceeds before deducting closing and other costs.

Eversource attached the testimony of the Commission's auction advisor, J.P. Morgan Securities, LLC (JPM), to its petition. The JPM witness, Peter A. Kelly, testified concerning the reasonableness of the purchase price for Wyman 4. Mr. Kelly stated that the likely group of buyers for this small minority interest was limited to parties already owning interests in the Wyman 4 facility. Mr. Kelly did not believe that including Eversource's small interest in Wyman 4 in the broader Eversource divestiture auction would likely produce any other interested bidders. As part of the Wyman 4 sale process, JPM contacted all of the owners of Wyman 4 and asked if they were interested in purchasing the Eversource minority interest. FPLE was the only owner that expressed interest in purchasing Eversource's minority interest, which is consistent with JPM's experiences in which existing owners of an asset are often the most likely buyers for that asset. After some discussion with JPM, FPLE made an offer for \$1,000,000 plus the proportionate value of fuel inventory.

According to Mr. Kelly, following further discussions with FPLE, JPM concluded that FPLE's offer was likely to be the best offer anyone would make for Eversource's interest in Wyman 4. One additional advantage of the terms of the FPLE offer was that FPLE agreed to assume all ongoing environmental and retirement liability relating to Wyman 4, thus eliminating

potential future environmental risk for Eversource. For those reasons, JPM recommended that Eversource accept the FPLE offer.

Eversource witness Eric H. Chung filed testimony describing the financial results of the proposed sale. According to Mr. Chung, after paying the Eversource rate base on the plant and the costs of the transaction, the Wyman 4 sale proceeds would amount to a credit to stranded costs. Eversource proposed that it account for the sale proceeds, after paying transaction costs and the Eversource rate base amount for Wyman 4, and then apply those proceeds to reduce current stranded cost charges to Eversource customers in order to provide immediate benefits to customers. Further, at hearing, Eversource estimated the net proceeds of sale at approximately \$540,000.

B. OCA

At hearing the OCA argued that the sale is consistent with the terms of the Divestiture Settlement and that the parties had negotiated a sale in a fashion that is faithful to the interests of the customers of Eversource who will ultimately benefit from the proceeds of the Wyman 4 sale. The OCA recommended that the Commission approve the sale of Eversource's interest in Wyman 4 to FPLE and find that it is in the public good.

C. Staff

Staff witness Richard Chagnon testified that he had reviewed the testimony and exhibits filed in this docket and that Staff supported the Eversource petition to sell Wyman 4 to FPLE.

III. COMMISSION ANALYSIS

We review Eversource's proposed sale of Wyman 4 pursuant to RSA 369-B:3-a, the Divestiture Settlement, RSA 374:30, and RSA Chapter 374-F. In *Public Service Company of*

New Hampshire, Order No. 25,920 (July 1, 2016) (Divestiture Order), we approved the Divestiture Settlement, because we found that it was in the public interest pursuant to RSA 369-B:3-a, II. The Divestiture Order required Eversource to begin the process of divesting its generation facilities in the manner provided by the Divestiture Settlement and applicable statutes. Our primary goal in overseeing the auction process conducted by JPM is to maximize the total transaction value resulting from the sale of those facilities. 2015 Restructuring and Rate Stabilization Agreement at 17-18. The Divestiture Settlement provided that Eversource's interest in Wyman 4 could be sold outside of the auction process. We have received testimony from JPM that handling this sale outside the broader auction process has yielded a price that is likely at least as high as would have been produced if Wyman 4 had been included in the broader auction. We accept that expert opinion and find that a purchase price of \$1,000,000 plus fair market value of fuel inventory (approximately \$580,000) maximizes the value of Wyman 4. We have found the Divestiture Settlement requiring the sale of PSNH's assets to be in the public interest, and we find that the favorable pricing maximizes the transaction value from the sale of the facility. Accordingly, we find that the sale is for the public good pursuant to RSA 374:30. We therefore approve the sale of Wyman 4 to FPLE.

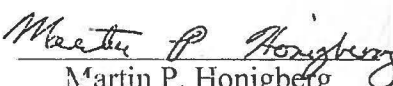
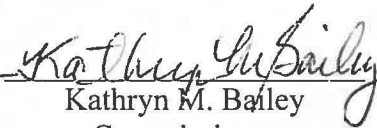

We direct Eversource to close the transaction expeditiously and, following closing, to file an accounting of all sale proceeds and expenses in this docket. We will review the accounting, and once we approve the net amount of sale proceeds, we will allow the application of any proceeds as a credit to reduce outstanding stranded cost balances that are currently being recovered from ratepayers through the Eversource stranded cost recovery charge.

Based upon the foregoing, it is hereby

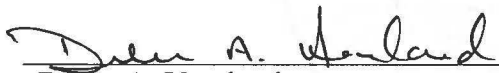
ORDERED, the sale of Eversource's 3.1433 percent interest in the W.F. Wyman Station – Unit 4 to FPL Energy Wyman IV LLC on the terms described in this Order is APPROVED; and it is

FURTHER ORDERED, that within 30 days of closing on the sale of the Eversource interest in W.F. Wyman Station – Unit 4, Eversource shall file an accounting of all sale proceeds and expenses.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of September, 2017.

 _____ Martin P. Honigberg Chairman	 _____ Kathryn M. Bailey Commissioner	 _____ Michael S. Giaimo Commissioner
---	---	--

Attested by:



Debra A. Howland
Executive Director