

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 15-464

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A
EVERSOURCE ENERGY**

**Petition for Approval of Lease Agreement Between
Public Service Company of New Hampshire d/b/a
Eversource Energy and Northern Pass Transmission LLC**

Order Approving Lease

ORDER NO. 26,103

February 12, 2018

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; McLane Middleton, PA, by Thomas B. Getz, Esq., and Wilbur Glahn, Esq., on behalf of Northern Pass Transmission LLC; Arthur B. Cunningham, Esq., on behalf of Kevin Spencer and Mark Lagasse d/b/a Lagaspence Realty, LLC; The Dupont Group by James Monahan, Esq., on behalf of New England Power Generators Association, Inc.; the Office of the Consumer Advocate by D. Maurice Kreis, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

In this order, the Commission approves a 40-year lease agreement between Eversource and NPT conditioned on the issuance to NPT of a certificate of the site and facility from the New Hampshire Site Evaluation Committee. Eversource intends to lease certain land and easement rights it holds to NPT. NPT plans to use the leased rights to build a high voltage electric transmission line from the New Hampshire border with Canada to Deerfield, New Hampshire. The Commission also approves a settlement agreement which provides that NPT will pay approximately \$15 million over the term of the lease to fund “non-wire” alternatives and renewable energy projects to benefit New Hampshire customers. This Order is not a final determination of the property rights relating to the lease as the disposition on property rights is not within the jurisdiction of the Commission. Nor is this Order an approval of the NPT project itself, the siting of which is within the jurisdiction of the Site Evaluation Committee.

I. BACKGROUND AND PROCEDURAL HISTORY

A. Subject Matter and Parties

On October 19, 2015, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a petition pursuant to RSA 374:30 requesting approval of a 40-year lease (Lease) with Northern Pass Transmission LLC (NPT). On December 4, 2015, Eversource filed a legal opinion that Eversource has the right to lease certain easements it obtained from private property owners. At the direction of the Commission, Eversource supplemented its filing with copies of the original easement deeds related to the property proposed for lease to NPT.

NPT proposes to construct, own, and maintain an approximately 192-mile high-voltage electric transmission line (NPT Line) and related facilities to transmit electricity from Canada to New England. Eversource and NPT are public utilities operating under the laws of the State of New Hampshire, and both are subsidiaries of Eversource Energy, a Massachusetts utility holding company.

As part of its business of transmitting and distributing electrical energy, Eversource has acquired land and easements throughout New Hampshire to establish rights-of-way on which it has constructed poles, wires, and supporting structures. The Lease between Eversource and NPT will grant NPT the right to use certain portions of Eversource's rights-of-way for the construction of the NPT Line. The rights-of-way that are the subject of the Lease are located in 19 municipalities and are principally comprised of Eversource easements deeded by private property owners and land owned in fee by Eversource. The Lease provides that NPT will have exclusive use of 781 acres of the easement and land rights, while approximately 472 acres will be designated for shared use between Eversource and NPT. There are approximately 74 acres of remaining land included in the Lease that have not been designated for a specific use.

In support of its petition, Eversource submitted a copy of the Lease and the prefiled testimony of: Robert D. Andrew, Director of System Planning for Eversource Energy Service Company; James J. Jiottis, Manager of Transmission Engineering for Eversource Energy; Salvatore Giuliano, Manager of Real Estate Management for Eversource Energy Service Corporation; and Robert P. LaPorte, Jr., Managing Director of Colliers International Valuation and Advisory Services (Colliers). Eversource also submitted the joint testimony of Lisa M. Cooper, Director of Transmission Rates and Revenue Requirements, and Eric H. Chung, Director of Revenue Requirements and Regulatory Projects.

The Office of Consumer Advocate (OCA) filed a letter on November 12, 2015, notifying the Commission that it would participate in this proceeding on behalf of residential ratepayers in accordance with RSA 363:28. The Commission granted timely intervention requests filed by: McKenna's Purchase Unit Owners Association (McKenna's Purchase); Kevin Spencer and Mark Lagasse d/b/a Lagaspence Realty, LLC (Lagaspence); NPT; and the New England Power Generators Association, Inc. (NEPGA). NEPGA's intervention was limited to the issues of compliance with the Commission's affiliate transaction rules and the fair market value of the Lease. *See* Order No. 25,882 at 5 (April 15, 2016). The Commission granted late intervention requests filed by the Society for the Protection of New Hampshire Forests (SPNHF), the City of Concord, and Deerfield residents Jo Anne Bradbury, Jeanne M. Menard, Erick Berglund, Jr., Kathleen Berglund, Robert J. Cote, and Bruce A. Adami (collectively the Deerfield Intervenors).

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <http://www.puc.state.nh.us/Regulatory/Docketbk/2015/15-464.html>.

B. Prior Orders in this Docket

On February 10, 2016, Lagaspence moved to dismiss Eversource's petition on the ground that the Commission lacked jurisdiction to decide issues relating to the respective property rights of the parties in the easements held by Eversource. The Commission denied Lagaspence's motion. *See* Order No. 25,882 at 5-6 (April 15, 2016), *rehearing denied*, Order No. 25,898 (May 9, 2016).

On September 15, 2016, the Commission directed the parties to file legal memoranda on several specific questions with respect to Eversource's ability to transfer or share its easement rights to or with NPT under the Lease. *See* Order No. 25,943. Eversource, Lagaspence, McKenna's purchase, and SPNHF, NEPGA, and the City of Concord (jointly) filed responsive memoranda. On April 6, 2017, the Commission issued Order No. 26,001. The Commission explained that its review of Eversource's right to transfer the easements was merely a predicate to subsequent review of the merits of the lease under RSA 374:30; and that matters such as whether Eversource's easements are exclusive, and whether the proposed use of the easements by NPT would overburden the easements, are matters for determination by the court system. Order No. 26,001 at 13. The Commission held that Eversource made the requisite *prima facie* showing that it owned the easements, that it intended to lease to NPT, and that nothing in New Hampshire law or in the easement deeds would prohibit Eversource from leasing a portion of its easement rights to NPT. *See id.* at 14-15.

The Commission received and denied two motions for rehearing. *See* Order No. 26,020 (May 24, 2017). The Commission emphasized that this proceeding was not about the merits of the NPT Line. Instead the Commission considered as a threshold matter whether there appeared to be any barriers to Eversource's proposal to lease the rights-of-way as described in the Lease.

Order No. 26,020 at 6. Having made that threshold determination, the Commission emphasized that its review of the proposed Lease would be limited to “whether the terms of the proposed lease between Eversource and NPT are reasonable and in the public interest, and whether Eversource’s customers are appropriately compensated by NPT for the use of Eversource’s rights-of-way.” *Id.* at 6.

C. Testimony and Settlement Agreement

The OCA filed testimony on September 14, 2017, and Staff filed testimony on September 18, 2017. On September 29, 2017, Staff requested that the Commission suspend the deadline for Staff and OCA to respond to Eversource’s and NPT’s data requests, because Staff and OCA had begun settlement discussions with Eversource and NPT. The Commission granted this request by Secretarial Letter. On November 1, 2017, Eversource filed a Settlement Agreement between Eversource, NPT, OCA, and Staff (Settling Parties), which would resolve all issues pending in this proceeding. A hearing was held on November 30, 2017.

II. INITIAL POSITIONS OF THE PARTIES

A. Eversource

Eversource’s testimony addressed the terms of the Lease, the valuation of the property subject to the Lease, the disposition of the Lease payments to be received by Eversource, and how the engineering of the NPT Line comported with Eversource’s construction standards.

Mr. Guiliano testified that the provisions of the Lease were fair and reasonable. He said that the Lease contains advantages and protections for Eversource that are consistent with a long-term commercial lease. Hearing Exhibit 1 (Exh. 1) at 156.

Eversource retained Colliers, to provide an analysis of the fair market value of the land subject to the Lease and the market rent. Colliers asserted that it had expertise in assessing

commercial properties, and that its assessment was conducted in an independent and professional manner. Colliers completed its assessment in August of 2015. *Id.* at 167. Colliers calculated the present value of the fixed annual rent for these property rights at \$795,203. *Id.* at 168-169. Eversource used Colliers' assessment of fair market value to set the annual rent for the leased property. *Id.* at 5.

Mr. Jiottis testified that in the rights-of-way to be shared by Eversource and NPT, the final NPT Project design would not interfere with the future maintenance and operation of Eversource's facilities. *Id.* at 148. Eversource's and NPT's engineers ensured that the location and design of the NPT Project would comply with engineering standards and other applicable utility guidelines, and that the Lease would have no adverse impact on the reliability of Eversource's transmission system. *Id.* at 146-147. The Lease includes a provision requiring NPT to move or rebuild Eversource facilities at NPT's expense, when necessary to accommodate the NPT Project within shared rights-of-way. *Id.* at 147. Mr. Jiottis concluded that the proposed design and location of the NPT Project, with any necessary relocation or reconstruction of Eversource transmission lines, would not interfere with the present or future safe and reliable operation of Eversource's electrical system facilities. *Id.* at 148.

Ms. Cooper and Mr. Chung provided prefiled testimony that revenues from the Lease would be included as a credit in either Eversource's transmission account or its distribution account, based on the percentage of the total fair market value of the leased property belonging to each business segment. *Id.* at 1140-1141. Given that 93.7 percent of the leased property is held by Eversource as transmission assets, 93.7 percent of Lease revenue would be allocated to transmission. Similarly, because 4.9 percent of the leased property corresponds to distribution property included in Eversource's distribution rate base, 4.9 percent of the revenues would be

allocated to the distribution account. *Id.* at 1141. The remaining 1.4 percent of revenues is associated with non-utility property and would be allocated to shareholders. *Id.* at 1143. As a result, on an annual basis, Eversource would allocate approximately \$34,000 as a revenue credit to the regional transmission costs for Eversource's New Hampshire customers and about \$39,000 as a revenue credit to the local transmission costs for Eversource's New Hampshire customers, or approximately \$73,000. *Id.* at 1153. The allocation of transmission costs for Eversource's New Hampshire customers is based on the average 2014 calendar year Regional Network Service loads for Eversource. *Id.* Eversource would also allocate approximately \$36,780 annually as a credit to Eversource's distribution costs. *Id.* at 1142.

B. OCA

According to the OCA, when compared to other approaches used in valuation of high-voltage electric transmission corridors, Colliers' assessment produced a market rent value that falls below the fair market value of the leased property. The OCA criticized Colliers for failing to consider the effect of competition or marketing that would produce a true fair market value. The OCA also noted that Colliers did not include comparable market transactions in the region, ignored the cost to obtain an alternative right-of-way, and failed to consider the economics of the project in valuing the property.

Based on its own analysis, the OCA calculated an annual market rent of approximately \$4.1 million. The OCA's testimony was not introduced into the record of the hearing.

C. Staff

Staff prefiled the testimony of its consultant, John T. Schmick. Based on his analysis, Mr. Schmick calculated an annual rent payment of \$125,000. Mr. Schmick's testimony was not introduced into the record of the hearing.

III. SETTLEMENT AGREEMENT

Eversource, Staff, and the OCA (Settling Parties) signed the Settlement Agreement. The Settlement Agreement acknowledges that Eversource and Staff engaged outside appraisers to calculate the fair market value of the Lease. To resolve the differences in valuation, the Settling Parties agreed that an annual lease payment of \$460,000 represents a reasonable compromise of the factual issues, provides for fair compensation to Eversource and its customers, and is otherwise just and reasonable. Exh. 3 at 3.

In addition to addressing the issue of valuation, and in further support of the public good requirement in RSA 374-30, the Settlement Agreement provides that NPT will, for each year of commercial operation of the NPT Line, make an annual payment into a fund under the direction and control of the Commission. The fund will be used for programs, projects, or other purposes that provide benefits to New Hampshire distribution customers. The programs will include, but not be limited to, demand response, distributed generation, and other non-wires alternatives. Payments will be conditioned upon continued commercial operation of the NPT line. *Id.* at 4. Finally, the Settlement Agreement provides that Eversource and NPT will submit an executed confirmed lease to the Commission within 10 days of its approval by the Commission. *Id.*

The November 30, 2017, hearing focused on the Settlement Agreement. Mr. Guiliano explained that the Company and Staff each hired their own independent expert to estimate market value. Hearing Transcript of November 30, 2017 (Tr.) at 22. Colliers, the Company's appraiser, estimated market value rent to be \$795,000 per year. Shenhon, Staff's appraiser, estimated the average market value rent to be \$125,000 per year. Tr. at 22-23. Mr. Guiliano further explained that it is "not uncommon" in his experience to select the midpoint between appraisals. Tr. at 23. In response to questioning by Lagaspence's counsel, Mr. Guiliano testified

that the leased property was identified graphically by sketches, maps, and narratives contained in the Lease, instead of by metes and bounds. Tr. at 52, 57. He stated that a surveyor could determine where the NPT Project would be located on Lagaspence's property by referring to Eversource's easement on the property. Tr. at 53-54 and 57-58. He acknowledged that the Lease would allow NPT to use a significant portion of Eversource's overall right-of-way, consisting of fee parcels and easements. Tr. at 80-81.

James Mathews, a Team Leader in Transmission, Rates, and Revenue Requirements with Eversource Energy, adopted the prefiled direct testimony of Ms. Cooper and testified regarding the allocation of revenues Eversource would receive under the Lease. Tr. at 14, 16, 24-26. Consistent with Ms. Cooper's testimony, Mr. Mathews stated that approximately 94 percent of the Lease revenues would be allocated to Eversource's transmission account to offset Eversource's transmission rates. Tr. at 24-25. As a result, a customer using 700 kilowatt hours (kWh) per month would have saved about \$0.08 annually in transmission rates under the lease payment originally proposed by Eversource. Tr. at 83-85. He testified that about 4 percent would be allocated to distribution to offset Eversource's distribution rates, and approximately 1 percent, (non-utility property) would be allocated to Eversource. Tr. at 25-26. According to Mr. Chung, the reduction on the distribution rate would have been 0.0005 cents per kilowatt-hour under the lease payment originally proposed.¹ Under the terms of the Settlement Agreement, the reduction on the distribution rate would be 0.0003 cents per kilowatt-hour. Tr. at 87-88.

¹ The Commission calculates that the total savings under the lease payment originally proposed would have been about 12.6 cents per year for a customer using 700 kWh per month. Although the estimated rental revenue credits (Exh. 1 at 1153) for transmission were not updated, based on testimony provided at hearing (Tr. at 86-88), the Commission calculated the total annual credit from transmission and distribution under the terms of the Settlement would be approximately 7 cents per year for a customer using 700 kWh per month.

Christopher Goulding, Manager of New Hampshire Revenue Requirements for Eversource Service Company, provided additional testimony regarding the disposition of revenues under the Lease. Tr. at 137-41, 143-45. Mr. Goulding testified that a Federal Energy Regulatory Commission (FERC) tariff governs how to account for Lease revenues related to transmission property. Tr. at 138-39. During the hearing on the merits, the Commission asked Eversource to provide “an explanation of the revenue to be received pursuant to the PSNH-NPT lease [Lease] and how it will be accounted for, at the distribution and transmission levels, pursuant to the uniform system of accounts.” Tr. at 139-142; *see* Exh. 5. Eversource responded to the record request on December 6, 2017, explaining how the transmission rate treatment of Lease revenue would comply with the Uniform System of Accounts and the FERC-approved tariff. *See* Exh. 5.

IV. POSITIONS OF THE PARTIES ON THE SETTLEMENT AGREEMENT

A. Eversource

Eversource noted that the Settlement Agreement establishes a special fund that was created for Eversource’s New Hampshire customers that will create a benefit for the state and citizens for years. This added value, according to Eversource, constitutes a public good and demonstrates that the Settlement Agreement and the Lease are in the public interest and should be approved.

B. Lagaspence

Lagaspence was concerned that Eversource did not provide an actual description of the right-of-way, because the transmission line would be co-located in a portion of the right-of-way with an underground pipeline. Lagaspence also questioned the appraisal value offered at the hearing, the absence of Staff’s witness, and issues related to engineering safety.

C. City of Concord

The City of Concord did not participate in the final hearing, but submitted a Notice of Position. The City of Concord took the position that the Lease was unlawful, because Eversource lacked the requisite property rights to lease to NPT.

D. SPNHF

SPNHF submitted a Notice of Position instead of participating in the final hearing. SPNHF stated that the Lease was unlawful and not in the public good. SPNHF maintained that the Lease was not the result of an arm's-length negotiation, did not represent fair market value, and violated the Commission's affiliate transaction rules.

E. NEPGA

Instead of providing a closing statement, NEPGA stated that it intended to file a brief detailing its concerns with the Lease after the record was closed. *See* below.

F. OCA

The OCA stated that the Settlement Agreement resolves all the outstanding legal issues in the proceeding, and that the Settlement Agreement and the Lease are fully consistent with the Commission's affiliate transaction rules. The OCA pointed out that the Site Evaluation Committee (SEC) has primary jurisdiction over the NPT Line, and that the SEC must resolve the engineering and safety issues that are associated with the construction of the line. Finally, the OCA stressed that it was taking no position with respect to what the SEC should do regarding Northern Pass, but evaluated the Settlement Agreement according to whether it provided benefits for residential utility ratepayers.

G. Staff

Staff stated its belief that the Settlement Agreement is a just and reasonable resolution of all the issues in this proceeding. Staff recommended that the Commission approve the Settlement Agreement. Staff testified that the Settling Parties agree that both the Colliers and Shenehon market-based appraisal reports were acceptable to establish a range of rental values. Tr. at 39. Staff also stated that, because the annual payment in the Settlement Agreement is based on market values, it satisfies any issue that could arise under the affiliate transaction rules. Tr. at 196. Staff noted that the Lease payments contemplated in the original filing would only minimally benefit New Hampshire customers and the impact would not be discernable in rates. The fund created by the Settlement Agreement, however, would provide significant public good to the people of New Hampshire.

H. Post-Hearing Filings

At the end of the hearing on the merits, NEPGA stated that it intended to file a brief detailing its concerns with the proceeding. *See* Tr. at 189. Four days after the hearing, NEPGA filed a request that the Commission determine whether Eversource complied with applicable New Hampshire law (RSA Chapter 366) and the Commission's affiliate transaction rules (N.H. Code Admin. Rules Chapter Puc 2100) in executing the Lease with NPT. NEPGA asked the Commission to find that Eversource failed to comply with those rules and to reject the Settlement Agreement. Alternatively, NEPGA asked the Commission to suspend its consideration of the Settlement Agreement until Eversource filed an approved plan to demonstrate its compliance with the law and regulations governing affiliate transactions. Tab 128, Motion at 10.

Eversource objected to NEPGA's motion on the grounds that it was untimely and without merit. Tab 129, Objection at 2. Eversource contended that it has an affiliate transaction compliance plan on file with the Commission. *Id.* at 4. Moreover, Eversource asserted that it complied with RSA Chapter 366, which governs affiliate transactions, as well as the Commission's affiliate transaction rules. *Id.* at 5. Finally, Eversource submitted there was sufficient evidence in the record to prove that the Lease was priced at market value. The OCA joined Eversource's objection to NEPGA's motion. Tab 130, OCA Concurrence, December 6, 2017.

V. COMMISSION ANALYSIS

We will first address the post-hearing motion by NEPGA. Consistent with our authority under RSA 541-A:32, III(a), we granted NEPGA limited intervention and restricted its participation to issues in the filing related to the Commission's affiliate transaction rules. Order No. 25,882 at 5 (April 15, 2016). As an intervenor, NEPGA was entitled and had full opportunity to engage in discovery, to offer evidence at hearing (Puc 203.23(a)), to state its position at hearing (Puc 203.18), and to cross-examine witnesses at hearing (RSA 541-A:32, III and Puc 203.24(a)).

Except for a record request we made during the hearing, the record was closed at the end of hearing. Tr. at 213. In lieu of making a closing statement on the record, NEPGA said it would be filing a post-hearing brief. We noted on the record that the approved procedural schedule did not include the right of parties to file post-hearing briefs, and we did not order post-hearing briefs at hearing. Tr. at 204-205. In addition, Puc 203, does not provide for post-hearing briefs without permission of the Commission. NEPGA filed a post-hearing motion asking the Commission to find that the proposed Lease between Eversource and NPT violates the affiliate

transaction rules. While NEPGA's submission is styled as a motion, we find that it is, in substance, a brief on the merits of NEPGA's issues.

We would be within our authority to disregard NEPGA's post-hearing motion. Rather than do so, however, we will address the motion as if it were properly offered by NEPGA as a statement of its position at the close of hearing. In considering NEPGA's arguments, we caution future intervenors to Commission proceedings to abide by Commission rulings, including procedural schedules approved by the Commission.

NEPGA requests that the Commission find that the Lease violates the Commission's affiliate transaction rules. NEPGA points to responses to data requests provided by Eversource in the course of discovery, but which were not entered as evidence at the hearing. Pursuant to RSA 541-A:31, VIII, our findings of fact must be based on evidence and matters officially noticed in accord with RSA 541-A:33. *See also* Puc 203.23(i) (data responses treated as party admissions when offered into evidence). The appropriate time to introduce evidence is in the hearing. As stated above, NEPGA had the right as an intervenor to introduce discovery responses at the hearing (Puc 203.23(a)) and cross-examine Eversource's witnesses about these responses. RSA 541-A:32, III; Puc 203.24 (a). For some reason, NEPGA decided against this course of action. As a result, NEPGA's argument that the Lease violates the affiliate transaction rules is not supported by evidence in the record. Instead record evidence supports a finding that the lease payment is market based, and is a permitted transaction between affiliates under Puc 2105.09(a)(1).

We next turn to the terms of the Settlement Agreement, which recommends approval of the Lease. The standard for approving a settlement agreement is whether the settlement serves the public interest, RSA 541-A:3,V(a). In addition, Puc 203.20(b) states that the Commission

shall approve disposition of any contested case by settlement “if it determines that the result is just and reasonable and serves the public interest.” We encourage parties to settle issues through negotiation and compromise, because it is an opportunity for creative problem solving, allows the parties to reach a result in line with their expectations, and is often a better alternative to litigation. *Granite State Electric Co.*, Order No. 23,966 at 10 (May 8, 2002); *see* RSA 541-A:31, V(a) (“informal disposition may be made of any contested case ... by stipulation [or] agreed settlement”). Even when all parties join a settlement, however, we must independently determine that the result comports with “applicable standards.” *EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 24,972 at 48 (May 29, 2009) (“we scrutinize settlement agreements thoroughly regardless of whether a party appears at hearing to raise objections”). We conduct this analysis through a transparent process to ensure that a just and reasonable result has been reached. *Id.*; *see* Puc 203.20(b) (“The commission shall approve a disposition of any contested case by stipulation [or] settlement ... if it determines that the result is just and reasonable and serves the public interest”).

The applicable standard here is the one governing leases of utility property found in RSA 374:30. Under that statute, in order to approve the Lease, we must find that the Lease is in the public good. Because the Lease is between related companies, the Commission’s affiliate transaction rules require that lease payments are based on market values. We believe the Settlement satisfies both requirements. The record demonstrates that the Lease is typical of a standard commercial lease that contains provisions designed to protect the interests of each party. There was no evidence offered that questioned any terms of the Lease other than the value of the property right subject to the Lease.

Both Eversource and Staff hired independent consultants to conduct a market-value assessment of the property to be leased. According to testimony at hearing, these two appraisers determined, respectively, that the average annual payments over the 40-year term of the Lease would be approximately \$795,000 and \$125,000. The Settlement Agreement reduced the annual rental compensation to Eversource from \$795,000 to \$460,000, which is a compromise of the two appraised assessments. We find after hearing testimony of Staff and testimony and cross-examination of the Eversource appraiser that an annual payment of \$460,000 is market based, satisfying the test of the affiliate transaction rules under Puc 2105.09(a)(1). This finding is fact specific; and here, the \$460,000 assessment is based on the unique facts before us.

The next issue is whether the Lease provides appropriate compensation to Eversource for the value of the property subject to the Lease, keeping in mind that all of the property subject to the Lease is located in New Hampshire. Eversource testified that 93.7 percent of the leased property is held by Eversource in its transmission accounts, pursuant to accounting guidelines issued by FERC, which has sole jurisdiction over the electric transmission system. According to Exhibit 5, a record request response to a question on this issue, the rental revenues associated with the Lease will be recorded to FERC Account 454 on the Company's transmission business books as prescribed under the Uniform System of Accounts in 18 C.F.R 101. Pursuant to FERC direction, transmission-related revenue is allocated to both Pool Transmission Facilities (PTF) and non-PTF. Exh. 5. FERC allocation requirements result in only a small amount of the lease payments credited to New Hampshire customers due to the regional allocation of transmission costs and revenues. Exh. 1 at 1153. As noted by Staff, those credits would not have a discernible effect on rates, and would provide little value to customers. Tr. at 198.

Eversource said that under the Lease as modified by the Settlement Agreement, the amount credited back to New Hampshire customers in transmission rates would be reduced.

Tr. at 87-88.

The Settling Parties addressed the low value of the proposed Lease to New Hampshire ratepayers in the Settlement Agreement by agreeing to a provision that requires NPT to make annual payments, totaling \$15 million over the term of the Lease, for the purposes of supporting New Hampshire-based non-wires alternatives and renewable energy projects as may be determined by the Commission. We consider this provision to provide a benefit directly to New Hampshire ratepayers, and find that the creation of this benefit is in the public good. Absent this provision in the Settlement Agreement, the benefit to New Hampshire Eversource customers would be a *de minimis* credit to transmission and distribution rates. Support of non-wires alternatives and renewable energy will benefit all of New Hampshire and is intended to reduce the need for customer investment in construction of new infrastructure to support future electricity service requirements in the State, which we find is in the public good.

As a result of the terms in the Settlement Agreement, we find the proposed lease is in the public good pursuant to RSA 374:30. Finally, our approval of the Settlement Agreement and the Lease is conditioned on the SEC's approval of the Northern Pass project. As we have repeatedly stated throughout this proceeding, this order shall not be construed as determining any property rights among Eversource, NPT, and any of the owners of the properties that are subject to the easements. Only a court of competent jurisdiction may determine individual property owners' rights.

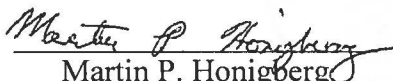
Based upon the foregoing, it is hereby

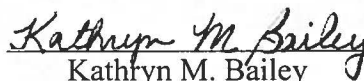
ORDERED, that the Settlement Agreement is hereby APPROVED; and it is

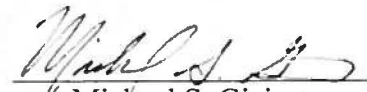
FURTHER ORDERED, that the underlying Lease between Eversource and NPT, as modified by the Settlement Agreement, is hereby APPROVED subject to approval of the Northern Pass Project by the Site Evaluation Committee; and it is

FURTHER ORDERED, that if the Northern Pass Project is granted a certificate of site and facility from the Site Evaluation Committee, then NPT and Eversource shall file a conforming copy of the Lease no later than 10 days from issuance of a certificate of site and facility.

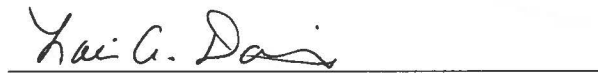
By order of the Public Utilities Commission of New Hampshire this twelfth day of February, 2018.


Martin P. Honigberg
Chairman


Kathryn M. Bailey
Commissioner


Michael S. Giaimo
Commissioner

Attested by:


Lori A. Davis
Assistant Secretary