



780 N. Commercial Street
P.O. Box 330
Manchester, NH 03105-0330

Robert A. Bersak
Chief Regulatory Counsel

603-634-3355
robert.bersak@eversource.com

May 4, 2018

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: Docket No. DE 17-096
Petition for Findings of Fact and Issuance of Finance Order
Issuance Advice Letter

Dear Director Howland:

On January 30, 2018, the Commission issued Order No. 26,099, the "Finance Order," in Docket No. DE 17-096. The Finance Order authorized Public Service Company of New Hampshire dba Eversource Energy ("PSNH") to enter into a securitized financing of an amount up to \$690 million as part of the Company's divestiture of its generation assets pursuant to the 2015 Settlement Agreement and consistent with RSA Chapter 369-B.

The Finance Order notes (at 12) that upon final determination of all terms of the RRBs, and prior to their issuance, PSNH will file an Issuance Advice Letter setting forth the final terms of the RRBs. The Finance Order further notes (at 54) that the Issuance Advice Letter is to be filed after pricing of the RRBs, but before issuance.

The RRBs were priced on May 1 and their issuance is scheduled to take place on May 8. Per the terms of the Finance Order, PSNH is filing the attached Issuance Advice Letter.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Bersak", written over a horizontal line.

Robert A. Bersak
Chief Regulatory Counsel

Atch: Issuance Advice Letter

cc: Service List

ISSUANCE ADVICE LETTER

May 4, 2018

ADVICE

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION (THE “**COMMISSION**”)

SUBJECT: Issuance Advice Letter for Rate Reduction Bonds (“**RRBs**”)

Pursuant to the Commission’s Order No. 26,099 dated January 30, 2018 in Docket No. DE 17-096 (the “**Finance Order**”), Public Service Company of New Hampshire d/b/a Eversource Energy (“**PSNH**”) hereby transmits for filing the initial RRB Charges for \$635,663,200 Rate Reduction Bonds, Series 2018-1. This Issuance Advice Letter further details the calculation of the \$635,663,200 principal amount of the RRBs. Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Finance Order.

PURPOSE

This filing establishes the following:

- (a) the aggregate principal amount of the RRBs being issued;
- (b) the actual terms of the RRBs being issued;
- (c) the initial RRB Charges for retail users;
- (d) the identification of the RRB Property to be sold to a special purpose entity (the “**SPE**”); and
- (e) the identification of the SPE.

BACKGROUND

In the Finance Order, the Commission authorized PSNH to file an Issuance Advice Letter when the aggregate principal amount and the final terms, including the pricing terms, for the RRBs have been established. This Issuance Advice Letter filing incorporates the methodology that was approved and authorized by the Commission in the Finance Order for determining the aggregate principal amount of the RRBs and the initial RRB Charges for the RRBs and establishes the initial RRB Charges to be assessed against and collected from all of PSNH’s retail customers taking retail electric service. The RRB Charges are a usage-based component of the SCRC on each retail customer’s monthly bill collected as authorized by the Commission until the Total RRB Payment Requirements have been discharged in full.

AGGREGATE PRINCIPAL AMOUNT OF THE RRBs

The aggregate principal amount of RRBs to be issued is \$635,663,200. Attachment 1 sets forth the Stranded Costs, unrecovered deferrals, transaction costs, tax stabilization payments, employee protections and other costs as contemplated in the 2015 Settlement Agreement to be securitized.

TERMS OF THE RRBs

RRB Name:	\$635,663,200 Rate Reduction Bonds, Series 2018-1
RRB Issuer (the SPE):	PSNH Funding LLC 3
Trustee:	The Bank of New York Mellon
Closing Date:	May 8, 2018
Bond Ratings:	Aaa(sf) (Moody's) / AAA(sf) (S&P) / AAA(sf) (Fitch)
Amount Issued:	\$635,663,200, comprised of: \$235,900,000 (Tranche A-1) \$111,600,000 (Tranche A-2) \$288,163,200 (Tranche A-3)
Upfront transaction costs:	See Attachment 2
Estimated ongoing transaction costs:	See Attachment 3
Coupon Rate:	3.094% (Tranche A-1) 3.506% (Tranche A-2) 3.814% (Tranche A-3)
Call Features:	None
New Hampshire Tax Exempt (yes/no):	Yes, per RSA 369-B:5, VI
Expected Principal Amortization Schedule:	See Attachment 4
Expected Final Maturity:	February 1, 2024 (Tranche A-1) August 1, 2026 (Tranche A-2) February 1, 2033 (Tranche A-3)
Legal Final Maturity:	February 1, 2026 (Tranche A-1) August 1, 2028 (Tranche A-2) February 1, 2035 (Tranche A-3)
Distributions to Investors:	Semi-annually
Dates on which Routine True-Up Letters will be filed and on which adjusted RRB charges will be implemented:	Not later than January 15 (to become effective on February 1) and, if necessary, not later than July 15 (to become effective on August 1)
Annual Servicing Fee as a percent of the initial RRB principal balance:	0.05%
Capital contribution to the SPE:	0.50% of the initial principal amount of the RRBs

INITIAL RRB CHARGES

Table I below shows the current assumptions for each of the variables used in the Company's initial RRB Charge calculation.

TABLE I
INPUT VALUES FOR RRB CHARGES

Forecasted kWh sales:

Customer Class	Forecasted kwh sales
Residential Service (Tariff Rates R)	1,740,390,049.45 kWh
General Service (Tariff Rates G)	988,779,715.08 kWh
Primary General Service (Tariff Rates GV)	961,483,677.85 kWh
Large General Service (Tariff Rates LG)	740,865,700.32 kWh
Outdoor Lighting (Tariff Rates OL)	16,699,163.38 kWh

Percent of billed amounts expected to be charged-off: 0.68%

Weighted average days sales outstanding: 29

Forecasted annual ongoing transaction expenses¹: \$ 660,831.60

RRB Principal payments due: \$ 30,726,922.04

RRB Interest payments due: \$ 16,219,784.54

The initial RRB Charge calculated for retail users is as follows:

Customer Class	Initial RRB Charge
Residential Service (Tariff Rates R)	1.338 ¢/kWh
General Service (Tariff Rates G)	1.207 ¢/kWh
Primary General Service (Tariff Rates GV)	0.993 ¢/kWh
Large General Service (Tariff Rates LG)	0.371 ¢/kWh
Outdoor Lighting (Tariff Rates OL)	1.430 ¢/kWh

RRB PROPERTY

RRB Property is the property right described in RSA Chapter 369-B (the “**Legislation**”) and established in the Finance Order relating to the RRB Charges set forth herein, including, without limitation, the right, title and interest in and to all revenues, collections, claims, payments, money or proceeds of or arising from or constituting (a) the RRB Charges authorized by the Finance Order, including the initial RRB Charges set forth in this Issuance Advice Letter, as may be adjusted from time to time in order to recover RRB Costs and to generate amounts sufficient to

¹ On-going transaction expenses pro-rated for the initial interest period, which commences on the closing date (May 8, 2018) and ends on the first payment date.

discharge an amount equal to the Periodic RRB Payment Requirements, for the period which such RRB Charges will be collected, as found and authorized in this Issuance Advice Letter, and (b) all rights to obtain periodic adjustments and non-routine adjustments to the RRB Charges in accordance with the True-Up Mechanism.

The RRB Charges, as adjusted from time to time, shall remain in place until the Total RRB Payment Requirements have been discharged in full.

IDENTIFICATION OF SPE

The owner of the RRB Property (the “SPE”) will be: PSNH Funding LLC 3.
The SPE shall be considered a financing entity for purposes of RSA Chapter 369-B.

EFFECTIVE DATE

In accordance with the Finance Order, the RRB Charges shall be automatically effective when filed and will continue to be effective, until they are changed by subsequent Issuance Advice Letter, Routine True-Up Letter or Non-Routine True-Up Letter.

NOTICE

Copies of this filing are being furnished to the parties on the attached service list. Notice to the public is hereby given by filing and keeping this filing open for public inspection at PSNH’s corporate headquarters.

Attachments

ATTACHMENT 1 to ISSUANCE ADVICE LETTER
AGGREGATE PRINCIPAL AMOUNT OF THE RRBs*

Description	Amount
Net Book Value of Generating Assets and Inventory	\$ 713,844
Sales Proceeds	(215,858)
Regulatory Assets and Liabilities	164,478
Employee Separation Costs	6,963
Transaction Costs	22,455
Net Present Value of Taxes	(62,963)
Issuance Costs	6,744
Total Securitization Amount	\$ 635,663

* Amounts in thousands

ATTACHMENT 2 to ISSUANCE ADVICE LETTER
UPFRONT TRANSACTION COSTS

Estimated Upfront Financing Costs		
Accountant's / Auditor's Fees		\$ 200,000
Legal Fees and Expenses (Issuer's Counsel)		1,400,000
Legal Fees and Expenses (Trustee's Counsel)		49,605
Legal Fees and Expenses (Underwriter's Counsel)		880,000
Printing & Filing Costs		65,000
Rating Agency Fees		905,820
SEC Registration Fees		79,140
Servicer Set-up Costs		50,000
Structuring Advisor		250,000
Trustee Fees		2,500
Underwriting Costs		2,587,149
Miscellaneous		275,066
Total		\$6,744,281

ATTACHMENT 3 to ISSUANCE ADVICE LETTER
ESTIMATED ANNUAL ONGOING TRANSACTION COSTS

Estimated Ongoing Financing Costs		
Servicing Fee (Paid to PSNH)		\$317,831.60
Administration Fees and Expenses		75,000
Trustee Fees and Expenses		3,000
Legal Fees		50,000
Accounting Fees		150,000
SPE Independent Manager's Fees		2,500
Rating Agency Fees		57,500
Miscellaneous		5,000
Total		\$660,831.60

ATTACHMENT 4 to ISSUANCE ADVICE LETTER
EXPECTED AMORTIZATION SCHEDULE

<u>Payment Dates</u>	<u>A-1 Balance</u>	<u>A-2 Balance</u>	<u>A-3 Balance</u>	<u>Total Principal Outstanding</u>
8-May-18	235,900,000.00	111,600,000.00	288,163,200.00	635,663,200.00
1-Feb-19	205,173,077.96	111,600,000.00	288,163,200.00	604,936,277.96
1-Aug-19	183,568,210.89	111,600,000.00	288,163,200.00	583,331,410.89
1-Feb-20	161,963,343.82	111,600,000.00	288,163,200.00	561,726,543.82
1-Aug-20	140,358,476.75	111,600,000.00	288,163,200.00	540,121,676.75
1-Feb-21	118,753,609.68	111,600,000.00	288,163,200.00	518,516,809.68
1-Aug-21	97,148,742.61	111,600,000.00	288,163,200.00	496,911,942.61
1-Feb-22	75,543,875.54	111,600,000.00	288,163,200.00	475,307,075.54
1-Aug-22	53,939,008.47	111,600,000.00	288,163,200.00	453,702,208.47
1-Feb-23	32,334,141.40	111,600,000.00	288,163,200.00	432,097,341.40
1-Aug-23	10,729,274.33	111,600,000.00	288,163,200.00	410,492,474.33
1-Feb-24	-	100,724,407.26	288,163,200.00	388,887,607.26
1-Aug-24	-	79,119,540.19	288,163,200.00	367,282,740.19
1-Feb-25	-	57,514,673.12	288,163,200.00	345,677,873.12
1-Aug-25	-	35,909,806.05	288,163,200.00	324,073,006.05
1-Feb-26	-	14,304,938.98	288,163,200.00	302,468,138.98
1-Aug-26	-	-	280,863,271.91	280,863,271.91
1-Feb-27	-	-	259,258,404.84	259,258,404.84
1-Aug-27	-	-	237,653,537.77	237,653,537.77
1-Feb-28	-	-	216,048,670.70	216,048,670.70
1-Aug-28	-	-	194,443,803.63	194,443,803.63
1-Feb-29	-	-	172,838,936.56	172,838,936.56
1-Aug-29	-	-	151,234,069.49	151,234,069.49
1-Feb-30	-	-	129,629,202.42	129,629,202.42
1-Aug-30	-	-	108,024,335.35	108,024,335.35
1-Feb-31	-	-	86,419,468.28	86,419,468.28
1-Aug-31	-	-	64,814,601.21	64,814,601.21
1-Feb-32	-	-	43,209,734.14	43,209,734.14
1-Aug-32	-	-	21,604,867.07	21,604,867.07
1-Feb-33	-	-	-	-

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

Executive.Director@puc.nh.gov
alexander.speidel@puc.nh.gov
amanda.noonan@puc.nh.gov
cathy.shannon@eversource.com
christine.vaughan@eversource.com
christopher.goulding@eversource.com
donald.kreis@oca.nh.gov
emilie.oneil@eversource.com
eric.chung@eversource.com
f.anne.ross@puc.nh.gov
james.brennan@oca.nh.gov
kristi.davie@eversource.com
leszek.stachow@puc.nh.gov
ocalitigation@oca.nh.gov
patricia.lynch@ropesgray.com
richard.chagnon@puc.nh.gov
robert.bersak@eversource.com
tom.frantz@puc.nh.gov

Docket #: 17-096-1 Printed: May 02, 2018

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**