

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE
SITE EVALUATION COMMITTEE**

SEC DOCKET NO. 2019-02

**APPLICATION OF CHINOOK SOLAR, LLC FOR A CERTIFICATE OF SITE
AND FACILITY FOR THE CHINOOK SOLAR PROJECT IN FITZWILLIAM,
NEW HAMPSHIRE**

**PREFILED TESTIMONY OF JOSEPH M. BALZANO
ON BEHALF OF
CHINOOK SOLAR, LLC
OCTOBER 14, 2019**

1 Qualifications of Joseph M. Balzano

2 Q. Please state your name and business address.

3 A. My name is Joseph M. Balzano. My business address is 700 Universe Boulevard,
4 Juno Beach, Florida 33408.

5 Q. Who is your current employer and what position do you hold?

6 A. Effective February 3, 2016, I was appointed Assistant Treasurer of NextEra
7 Energy, Inc. (“NextEra”). I also serve as Assistant Treasurer of Florida Power & Light
8 Company (“FPL”), Gulf Power Company (“Gulf Power”) and NextEra Energy Capital
9 Holdings, Inc. (“NEECH”); FPL, Gulf Power, and NEECH are wholly owned
10 subsidiaries of NextEra Energy.

11 Q. Please describe your responsibilities at NextEra, including those that relate
12 to the Chinook Solar Project that is the subject of this docket.

13 A. In my role, I am primarily responsible for maintaining and managing the credit
14 ratings and relationships with the credit rating analysts for NextEra Energy, FPL, Gulf
15 Power, NEECH, and NextEra Energy Partners, LP, all of which are rated by S&P Global

1 Ratings (“S&P”), Moody’s Investors Service (“Moody’s”) and Fitch Ratings Inc.,
2 collectively often referred to as the “Big Three” credit rating agencies. My
3 responsibilities additionally include establishing and maintaining effective working
4 relationships with the investment and banking communities, and communicating the
5 results of our operations, and overall financial profile and performance, to our fixed
6 income investors and the credit rating agencies. I also oversee the cash management
7 operations of NextEra Energy and all of its subsidiaries. As the result of all of these
8 activities, I am very familiar with the financing plans for the Chinook Solar Project (“the
9 Project”).

10 **Q. What are your background and qualifications?**

11 A. I have a Bachelor of Business Administration degree from Florida Atlantic
12 University, earned a Master of Science degree in Economics from New York University
13 and Florida Atlantic University, and hold a Master of Business Administration degree
14 from Cornell University’s Samuel Curtis Johnson Graduate School of Management.
15 Before joining NextEra in October 2009, I accumulated nearly 15 years of experience in
16 the financial services industry, with roles in private wealth management, and corporate
17 credit and equity research. While in private wealth management, I provided investment
18 advice and asset allocation recommendations, as part of constructing investment
19 portfolios tailored to the risk tolerances and target investment goals for high net-worth
20 individuals. As a corporate credit rating associate analyst at Moody’s covering the U.S.
21 automobile and capital goods industries, and subsequently as an equity research associate

1 at Lazard covering the global power industry with a focus on alternative energy, my work
2 involved bottom-up and top-down analyses of macroeconomic, sector and company
3 fundamentals to identify potential investment opportunities.

4 Upon Joining NextEra's treasury organization in October 2009, I initially focused
5 on capital raising and executing NextEra's financing plans. In July 2012, I took a
6 position on the mergers and acquisitions development team of NextEra Energy
7 Resources, LLC, a subsidiary of NextEra Energy, where I worked on the divestiture of a
8 portfolio of unregulated wind generation assets. In October 2013, I returned to the
9 treasury organization and assumed my current responsibilities of maintaining and
10 managing the credit ratings and relationships with the credit rating analysts of NextEra,
11 as well as overseeing cash management operations. On February 3, 2016, I was
12 appointed Assistant Treasurer of NextEra Energy and its subsidiaries.

13 **Q. Have you previously testified before this Committee?**

14 A. I have not testified before this Committee.

15 **Purpose of Testimony**

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to provide the Site Evaluation Committee ("SEC"
18 or "the Committee") with a description of the financing plans sufficient to construct and
19 decommission the Project and an overview of the financing plans between NEECH and
20 Chinook Solar, LLC ("Chinook Solar"), a wholly-owned subsidiary created for the
21 purpose of developing, owning, and operating the proposed Project as described in more

1 detail in Section I of the Application for Site and Facility (“the Application”) and in the
2 prefiled testimony of Heath Barefoot.

3 **Description of Proposed Financing**

4 **Q. Please describe the proposed financing to construct the Project.**

5 A. Chinook Solar is a wholly owned indirect subsidiary of NEECH. It is anticipated
6 that the initial funding for the Project will be provided by NEECH, which provides
7 funding to its operating subsidiaries. The Project is not contingent on external financing
8 during the development, construction, or operation of the Project; however, Chinook
9 Solar may seek financing for the Project during or after construction. The Project’s
10 financial requirements will be met through capital funding from its indirect corporate
11 parent, NEECH. Therefore, Chinook Solar does not need Project financing for design,
12 procurement, construction, or placing the Project into service. The financing plan is
13 further described in Section I.1.c of the Application. NextEra’s 2018 Annual Report is
14 included in Appendix 12A to the Application.

15 As of December 31, 2018, NEECH had approximately \$4.2 billion of net
16 available liquidity, primarily consisting of bank revolving line of credit facilities, letter of
17 credit facilities, cash and cash equivalents, less letters of credit issued under the credit
18 facilities.

19 **Q. Please describe the experience of NEECH in financing development projects.**

20 A. As described in the preceding answer, it is anticipated that Chinook Solar will
21 receive initial equity funding through NEECH. Over the past 10 years, NEER has

1 invested approximately \$83,000,000,000 dollars of capital. In more than 30 years of
2 developing projects, NEER has developed more than 20,000 MW of operating assets,
3 including more than 15,000 MW of wind, 2,800 MW of solar, and approximately 150
4 MW of energy storage across 33 states.

5 **Q. What is the estimated cost of the Project?**

6 A. The estimated cost of the Project and a pro forma balance sheet are shown in
7 Appendix 12B to the application.

8 **Q. How will Chinook Solar ensure that its financial obligation for**
9 **decommissioning is met?**

10 A. Prior to the start of construction, Chinook Solar will post a Financial Assurance
11 Mechanism (FAM) in the form of an irrevocable standby letter of credit, performance
12 bond, or surety bond in the amount of \$900,432, which has been deemed of sufficient
13 quantity by the decommissioning report prepared by Tighe & Bond, an engineering and
14 environmental services consulting company, as described in the testimony of Joseph
15 Persechino and submitted with the Application as Appendix 16C. It is currently
16 anticipated that the Project will post a surety bond and Chinook Solar is prepared to
17 periodically update this amount as the Committee deems necessary and appropriate, such
18 as every 10 years.

19 **Conclusion**

1 **Q. In your opinion, will Chinook Solar have the requisite financial capability to**
2 **assure construction, operation and decommissioning of the Project in continuing**
3 **compliance with the terms and conditions of a certificate of site and facility?**

4 A. Yes. In my opinion, based on the testimony provided above and based on the
5 information provided in the Application, Appendices and prefiled testimonies, I believe
6 that the Project meets all of the financial criteria specified under Site 301.04(a), Site
7 301.08(d)(2)a, and RSA 362-H:16,IV(a) that the SEC must consider in deciding whether
8 to grant a Certificate.

9 **Q. Does this conclude your testimony?**

10 A. Yes, this concludes my testimony at this time, though I reserve the right to file
11 supplemental testimony in accordance with the Committee's procedural schedule.