

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

RE: PENNICHUCK WATER WORKS, INC.

DOCKET NO. DW 09-____

PETITION FOR AUTHORITY
TO ISSUE UP TO \$300,000 OF LONG-TERM DEBT

Pennichuck Water Works, Inc. ("PWW" or the "Company") hereby petitions the New Hampshire Public Utilities Commission for authority, pursuant to RSA 369:1 and Puc 609.03, to issue up to \$300,000 in long-term debt, and in support of its request states as follows:

1. PWW is a New Hampshire corporation, authorized by this Commission to provide water service to customers in various communities in Southern New Hampshire.
2. As described in the pre-filed direct testimony of Donald L. Ware and Thomas C. Leonard, which is incorporated by reference in this Petition, PWW is seeking approval to borrow up to \$300,000 from the Department of Environmental Services to construct a new booster station in South Nashua. Specifically, the Company proposes to construct a new booster station along DW Highway which will result in a much more energy efficient way to pump water to the Company's customers along the southern end of DW Highway. PWW has obtained approval from the New Hampshire Department of Environmental Services ("DES") to borrow these funds through the American Recovery and Reinvestment Plan (ARRP) of 2009 for "Green" projects, which is administered through the State Revolving Loan Fund ("SRF").
3. If PWW obtains authority from the Commission to borrow up to \$300,000 from the SRF ARRP funds, DES will then prepare loan documents for the transaction. The loan

documents will set forth the exact terms and conditions for borrowing the funds from the SRF, but are expected to be substantially the same as those in prior SRF loans for which the Company (or its affiliates) have received Commission approval. *See e.g.*, Orders 24,818 and 24,844. The Company's preliminary understanding of the terms of the loan is that it would be for \$300,000 from the SRF, which will be repaid over a 20 year term, with interest at a rate not expected to exceed 4.208% and with 50% of the principal being forgiven. Under the proposed financing arrangement, DES will make disbursements to PWW based on invoices submitted by contractors engaged by PWW. Amounts advanced by DES to PWW during construction will bear interest at a rate of 1%, which will accrue through and be due upon substantial completion of the capital improvements. PWW will begin to amortize the loan principal approximately six months after substantial completion of the capital improvements, at which point the monthly payments begin with 1/240th of the total amount borrowed, plus accrued interest less 50% of the principal owed each month. *See* pre-filed direct testimony of Thomas C. Leonard. Mr. Leonard's testimony also addresses the filing requirements of Puc 609.03.

4. After PWW and DES reach agreement on the terms and conditions of the loans, the loan documents will be submitted to the Governor and Executive Council for their approval. PWW will provide the Commission with a copy of the loan agreements and other loan documents once they have been finalized.

5. The availability of the ARRP funds is highly time sensitive. It is the Company's understanding, based on discussions with the DES, that the Company must obtain Commission approval for this proposed financing by June 30, 2009 in order to meet the federal requirements governing use of these funds. The Company will provide the Commission copies of the executed

loan documents shortly after the loan closing, assuming Commission approval for the financing is granted.

6. The borrowing being proposed by PWW is in the public interest and consistent with the public good because it will enhance PWW's ability to provide safe drinking water to its customers on a reliable basis at a reasonable cost. The capital improvements being proposed are a lower cost alternative than upgrading the existing Timberline Booster Station, which is the other option available to the Company. *See* Direct Pre-filed Testimony of Donald L. Ware. In addition, the proposed improvements result in reduced energy consumption, which is in the customers and the public's interest.

7. For the reasons stated above, the Company requests that the Commission approve this Petition.

WHEREFORE, Pennichuck Water Works, Inc. respectfully requests that the Commission:

A. Authorize PWW to borrow up to \$300,000 from the New Hampshire Drinking Water State Revolving Fund for the capital improvements described in this Petition and the pre-filed testimony of Donald L. Ware and Thomas C. Leonard;

B. Find that the issuance of one or more promissory notes and the execution and delivery of related documents by PWW for purposes of consummating the aforesaid financing is consistent with the public good;

C. Find that the use of the proceeds from the proposed financing and the amounts proposed to be spent by PWW for such capital improvements are prudent and consistent with the public interest;

D. Issue an Order *Nisi* effective June 30, 2009 authorizing PWW to borrow up to \$300,000 from the New Hampshire Drinking Water State Revolving Fund in accordance with the terms and conditions set forth above and as otherwise provided by the New Hampshire Department of Environmental Services; and

E. Grant such other and further relief as may be just and reasonable.

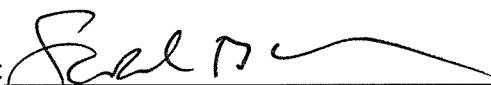
Respectfully submitted,

PENNICHUCK WATER WORKS, INC.

By its Attorneys,

McLANE, GRAF, RAULERSON & MIDDLETON,
PROFESSIONAL ASSOCIATION

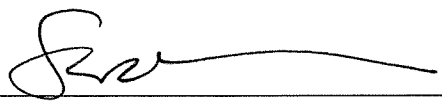
Date: June 9, 2009

By: 

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Certificate of Service

I hereby certify that a copy of the foregoing Petition has been forwarded this 9th day of June, 2009 to Meredith Hatfield, Esq. of the Office of the Consumer Advocate.



Sarah B. Knowlton