

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DW 17-183

Pennichuck Water Works, Inc.

Motion to Bifurcate Bond Financing and
Fixed Asset Line of Credit Approvals

Pennichuck Water Works, Inc. (“PWW”) moves to bifurcate this proceeding to allow for separate orders to be issued regarding PWW’s request for approval and authority under RSA 369:1-4 to (1) to issue up to \$32,500,000 in aggregate principal amount of tax-exempt bonds and/or financing (the “Proposed Bond Financing”); and (2) to put a new \$10 million Fixed Asset Line of Credit (“FALOC”) in place with TD Bank, NA. In support of this Motion, PWW respectfully represents as follows:

1. In its financing petition, PWW is seeking approval to issue tax-exempt bonds with a fixed interest rate, taxable bonds with a fixed interest rate, and/or bond anticipation notes with a fixed interest rate (the “Bonds” or “BANs”). This would be the first bond issuance under the new QCPAC process authorized in Docket DW 16-806, Order No. 26,070. Such bonds are to be issued for the prior year’s used and useful Capex, which under the settlement agreement approved in DW 16-806, is anticipated to be issued on or about March 1 of each year. Because this is the first cycle under the new DW 16-806 methodology, the fixed asset line of credit that will normally be used to fund Capex projects was not in place in 2017. As a result, the 2017 Capex projects were funded from PWW’s working capital. This first bonding event in March 2018 is essential to PWW in order to rebuild the working capital account used to fund 2017 Capex projects and to maintain the schedule established in the DW 16-806 Settlement Order No.

26,070.

2. As is described in Mr. Goodhue's testimony filed with the Petition, due to the timing of the receipt of the order under Order No. 26,070 which was necessary prior to the filing of the financing petition in this docket, it is essential that approval of the bond request occur as quickly as possible in order to allow for the 30-day public comment period that follows the issuance of an Order *Nisi* and to take such other steps necessary to ensure an issuance date in March 2018.

3. The second component of the proposed financing is a \$10 million Fixed Asset Line of Credit. This FALOC will be used exclusively to fund the cash flow needs associated with capital projects during the 2018 calendar year, to be repaid in its entirety annually with the issuance of tax-exempt bonds, taxable bonds, or BANs in accordance with the annual QCPAC process for used and useful projects for each calendar year. Based on conversations with Staff, PWW anticipates that it will take Staff more time to complete its review of the FALOC and conduct its analysis of the terms and conditions for the FALOC. The timing of the Commission's decision regarding the request for approval of the FALOC, however, is not as critical as it is for the bond issuance.

4. In light of the need for a decision as soon as possible regarding the bond issuance, and the fact the requested FALOC does not have the same time sensitive issues, PWW is requesting that the Commission consider the two financing requests separately and first review and issue orders regarding the bond financing.

5. Counsel for the Staff was not available to provide his assent to the relief sought in this Motion.

WHEREFORE, PWW respectfully requests that the Commission:

- A. Bifurcate its consideration of issuance of tax exempt bonds and the proposed FALOC;
- B. Upon recommendation by Staff, issue an Order *NISI* in order to allow for the 30-day public comment period and the completion of the final bond issuance processes in order to provide for an issuance date in March 2018;
 - (a) Allow for the separate review and order regarding the proposed FALOC; and
 - (b) Take such further action and make such other findings and orders as in its judgment may be just, reasonable, and in the public good.

Respectfully submitted,
PENNICHUCK WATER WORKS, INC.
By Its Attorneys
RATH, YOUNG AND PIGNATELLI, P.C.

Dated: 1-10-18

By:



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Certificate of Service

I hereby certify that a copy of this motion has been served with the Office of Consumer Advocate via electronic mail at ocalitigation@oca.nh.gov and on the Commission's service list for this docket.

Dated: 1-10-18



Richard W. Head, Esquire