

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

PENNICHUCK WATER WORKS, INC.

DW19-_____

PETITION OF PENNICHUCK WATER WORKS, INC. FOR APPROVAL OF
FINANCING UNDER THE STATE DRINKING WATER AND GROUNDWATER
TRUST FUND

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DW 18-
PENNICHUCK WATER WORKS, INC.

DWGTF FINANCING PETITION

Filing Index

TAB	DESCRIPTION	PAGE
	Cover page	
A	Petition of PWW for Approval of Financing Under the State Drinking Water and Groundwater Trust Fund	2019PWWDWGTF000001
1	Direct Prefiled Testimony of Larry D. Goodhue	2019PWWDWGTF000006
Exhibit LDG 1	Schedule LDG -1 Balance Sheets	2019PWWDWGTF000015
Exhibit LDG 2	Operating Income Statement	2019PWWDWGTF000017
Exhibit LDG 3	Project Rate Impact	2019PWWDWGTF000019
Exhibit LDG 4	PWW Secretary Certificate	2019PWWDWGTF000020
Exhibit LDG 5	Corporate Secretary's Certificate	2019PWWDWGTF000021
Exhibit LDG 6	TD Loan written notice	2019PWWDWGTF000022
2	Direct Prefiled Testimony of John J. Boisvert	2019PWWDWGTF000024
Exhibit JJB 1	DES DWGW Trust Fund Letter	2019PWWDWGTF000031
Exhibit JJB 2	Merrimack River Intake Improvements	2019PWWDWGTF000033
Exhibit JJB 3	DWG Trust Fund Admin. E-mail	2019PWWDWGTF000048

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION
PENNICHUCK WATER WORKS, INC.

DW 19-__

PETITION OF PENNICHUCK WATER WORKS, INC. FOR APPROVAL OF
FINANCING UNDER THE STATE DRINKING WATER AND GROUNDWATER
TRUST FUND

Pennichuck Water Works, Inc. (the “Company” or “PWW”), a corporation duly organized and existing under the laws of the State of New Hampshire and operating as a public utility subject to the jurisdiction of the New Hampshire Public Utilities Commission (the “Commission”), hereby requests approval under RSA 369:1 to borrow up to \$5,500,000 from the State Drinking Water and Groundwater Trust Fund (“DWGTf”), which was established under RSA 485-F and is administered by the New Hampshire Department of Environmental Services (“DES”). In support of its Petition, the Company respectfully represents as follows:

1. PWW is a New Hampshire public utility corporation providing retail water service within the towns of Nashua, Amherst, Merrimack, Milford, Hollis, Bedford, Derry, Plaistow, Epping, Salem, and Newmarket located in New Hampshire. PWW is wholly-owned by Pennichuck Corporation (“Penn Corp”), which, in turn, is wholly-owned by the City of Nashua.

2. As is explained in the Prefiled Direct Testimony of John J. Boisvert, the purpose of the financing is to fund the design and construction of a new Deep River Intake in the Merrimack River, which will provide water from that source to the Company’s water treatment plant in Nashua, replacing the current “in bank” intake on the river. This new intake is being

constructed to provide for an intake on a year-round basis in place of the existing seasonal usage intake.

3. The Deep River Intake was listed in the Company's Interim 2017 QCPAC Petition, Docket DW 17-179 and the Company's 2018 QCPAC filing, Docket DW 18-022

4. In his Pre-filed Direct Testimony, Larry D. Goodhue, the Company's Chief Financial Officer, describes the terms and purposes of the proposed financing. He provides the estimated cost of the additional DWGTF financing and includes schedules showing the balance sheet and income statement of the Company, actual and pro forma, to show the effects of the proposed financing. Mr. Goodhue's testimony provides the information required by N.H. Admin. Rule Puc 609.03 and Form F-4. The filing does not include a schedule showing the Company's pro forma total capitalization as of December 31, 2018. In light of the rate structure approved for the Company under DW 16-806, this schedule is no longer applicable in support of financing dockets for the Company. As a result, Mr. Goodhue has provided a pro-forma analysis of the projected rate impact on a single-family residential home as a result of this financing. The impact is based upon the last approved revenue requirement for the Company, under DW 16-806.

5. If the Company obtains authority from the Commission to borrow from the DWGTF, loan documents will be prepared for the transactions, setting forth the exact terms and conditions for borrowing the funds. The Company will provide the Commission with a copy of the loan documents once they have been finalized and executed.

6. To fund the above described project, the Company has applied to DES for a new DWGTF long-term loan. The loan, totaling up to \$5,500,000, will be repaid over 30 years commencing six months after the project is substantially complete. The current maximum

interest rate on DWGTF borrowings is 3.38% per annum, although the actual rates will be based on the current rates available at the time the loans are actually closed, but will not exceed 3.38% as long as the loan is closed in 2019. The loans will be unsecured, and Penn Corp will provide an unsecured corporate guarantee for the repayment of the loan.

7. The DWGTF financing has been approved by the Company's and Penn Corp's Boards of Directors. Copies of the Secretary's Certificates documenting those approvals are attached to Mr. Goodhue's testimony. Upon receipt of the approval from Penn Corp's sole shareholder, the City of Nashua, the Company will supplement this filing with written verification of the approval as voted upon by the City's Board of Aldermen.

8. Finally, the Company avers that it is entitled to issue promissory notes evidencing the financing described above, for the purposes set forth herein, and that the issuance of such notes will be consistent with the public good. Issuance of long term debt under the terms provided by the DWGTF and use of the proceeds from the issuance for the project described above and in Mr. Boisvert's testimony is consistent with the public good as contemplated by the New Hampshire Supreme Court's ruling in *Appeal of Easton*, 125 N.H. 205,211 (1984). As described in Mr. Goodhue's testimony, the project being financed through the proposed DWGTF loan will enable PWW to continue to provide safe, adequate and reliable water service to PWW's customers. The project and its proposed financing through the DWGTF loan will provide the most cost effective solutions, in support of this overall benefit for PWW's customers. For the reasons described in Mr. Boisvert's direct testimony, the proposed Deep River Intake, and its proposed financing through the DWGTF loan, will provide the most cost effective solutions in support of this overall benefit for PWW's customers. The terms of the financing through DWGTF loan are favorable compared to other alternatives, and will result in

lower financing costs than would be available through all other current debt financing options, including tax-exempt bonds issued through the New Hampshire Business Finance Authority.

9. Furthermore, this petition qualifies as a routine financing consistent with the Commission's decision *In re PSNH*, Order No. 25,050, 94 NH PUC 691,699 (2009) and, most recently, in Docket 18-133, regarding PWW. *See* Order No. 26,197 (December 3, 2018).

10. By this Petition, the Company seeks this Commission's approval and authority under RSA 369:1-4 to enter into the new long term loan with the DWGTF and to issue its promissory notes evidencing such loan.

WHEREFORE, the Company respectfully requests that the Commission:

(a) Find that the proposed DWGTF financing in the amount of \$5,500,000 for the purpose set forth herein and in the manner and on the terms described herein and in the prefiled testimony are consistent with the public good;

(b) Find that the use of the proceeds to fund the capital project in the manner set forth in this petition and as described in the prefiled testimony is prudent and consistent with the public good;

(c) Authorize the Company to do all things, take all steps, and execute and deliver all documents necessary or desirable to implement and carry out the proposed financing; and

(d) Grant the requested approval of financing for the principal amount of \$5,500,000 by either finding the proposed DWGTF loan qualifies as a routine financing or, in the alternative, issue an order *nisi* issued in February 2019 and to take such further steps and make such further findings and orders as in its judgment may be necessary and consistent with the above-stated request.

Respectfully submitted,

PENNICHUCK WATER WORKS, INC.

By Its Attorneys

RATH, YOUNG & PIGNATELLI, PC

Date: February 7, 2019

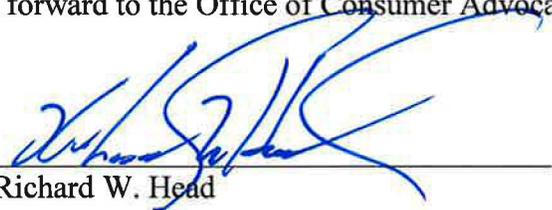
By: 

Richard W. Head
One Capital Plaza
Concord, NH 03302-1500
603-410-4322
rwh@rathlaw.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Petition for Approval of Financing, including prefiled testimony referred to in the Petition, has been forward to the Office of Consumer Advocate via electronic mail.

Date: February 7, 2019


Richard W. Head