

DW 14-020

THE STATE OF NEW HAMPSHIRE

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COMMISSIONERS
Robert R. Scott
Martin P. Honigberg

EXECUTIVE DIRECTOR
Debra A. Howland



PUBLIC UTILITIES COMMISSION
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NHPUCC 19MAR'14PM2:12

March 19, 2014

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

RE: DW 14-020 Pennichuck East Utility, Inc.
Petition for Authority to Issue \$1,522,000 in Long Term Debt
Staff Recommendation for Approval

Dear Ms. Howland:

On January 22, 2014, Pennichuck East Utility, Inc. (PEU) filed a petition with the Commission seeking authority to borrow \$1,522,000 in long term debt, pursuant to RSA 369. PEU proposes to borrow the \$1,522,000 as three loans from the State Revolving Loan Fund (SRF) administered by the New Hampshire Department of Environmental Services (NHDES). Included with PEU's petition is the direct testimony of Larry D. Goodhue, Chief Financial Officer of PEU and John J. Boisvert, Chief Engineer for Pennichuck Water Works which provides services for PEU. Additional information related to the filing was provided in response to Staff and Office of Consumer Advocate (OCA) data requests, and those responses are attached to this letter¹. After review of the filing and the attached discovery, Staff recommends Commission approval of PEU's request by order *Nisi*.

PEU seeks to borrow up to \$1,522,000 in order to finance three projects: 1) water main replacement costing \$400,000 in the company's Locke Lake system; 2) water main replacement costing \$550,000 in the W&E system; and 3) replacement of the water system station in the company's Hardwood water system, expected to cost \$572,000. Each of the three loans will carry terms and conditions that the Commission is familiar with from prior SRF borrowings by regulated water utilities. The loans will be for a 20 year term, and at an interest rate based on the current rate available at the time the loan is closed; the current rate at the time of PEU's filing was 2.72%. The loans are not secured by a pledge of PEU assets, but PEU's corporate parent,

¹ The OCA filed a notice of participation in this docket on February 21, 2014.

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DW 14-020 Pennichuck East Utility, Inc.
Petition for Approval of State Revolving Loan Funds
Staff Recommendation for Approval

Pennichuck Corporation, will provide an unsecured guarantee of repayment. Amounts advanced under the loans by DES during construction will bear interest at a rate of 1%, and that accrued interest will be due and payable upon substantial completion of the associated capital improvements. Payments of principal and interest will begin six months after the projects are put into service.

The Locke Lake project will replace approximately 6,000 linear feet (LF) of small diameter PVC water main in Phase 1 of the Winwood/Monroe section of the system. PEU indicates that the existing water main does not meet current American Water Works Association standards, and has a demonstrated leak level resulting in unaccounted-for water exceeding 60% in recent years. This main replacement work is a continuation of an ongoing main replacement effort at Locke Lake. Included as part of the main replacement, PEU will be replacing the main to stop portions of each service connection, and upgrading a single ¾" service feeding two homes to two 1" services to reduce system leaks.

The W&E water system serves about 209 customers and is located in Windham. The proceeds from the \$550,000 SRF loan will finance main replacement work, and will consist of the replacement of about 8,500 feet of substandard 2, 3, and 4 inch diameter polyethylene and PVC water main. PEU will also replace each main-to-stop section of customer service lines as the work is completed. PEU indicates that this system has had approximately 80 failures since it was acquired in 1998. With unaccounted-for water sometimes exceeding 20%, PEU considers this project critical for a small, stand-alone community water system with a limited water supply.

PEU's Hardwood water system serves 40 customers and is located in the Town of Windham. The proceeds of \$572,000 from the SRF loan will be used to build a new system station, which will include a constant pressure booster station, new atmospheric storage tanks, new chemical feed equipment, new filtration and softening systems, new electrical systems including standby emergency power, and new SCADA (supervisory control and data acquisition) communications equipment. PEU indicates that the original station has undergone numerous improvements and upgrades since about 2000 that included new treatment equipment in order to maintain Safe Drinking Water Act (SDWA) compliance. The existing station, however, was never designed to accommodate this equipment and other parts of the station such as some of the original piping and electrical systems have reached the end of their useful life. PEU evaluated using the same structure while completing repairs and replacements but has determined such an approach is impractical. The new station will be located about 100 feet from the existing station.

PEU has indicated in its filing that, in the event the loan amounts for the three projects are not sufficient to completely fund the costs, the company is prepared to fund any remaining needs using a mix of PEU's internal cash flow and short term borrowings from Pennichuck Corporation. Votes of the Boards of PEU and its parent, Pennichuck Corporation, along with the

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Petition for Approval of State Revolving Loan Funds
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authorization of the Nashua Board of Aldermen were provided with the company's response to Staff data request 1-1².

Staff has thoroughly reviewed, and supports, the financings as presented by PEU. The procurement of SRF loans for these projects ensures that PEU will finance these improvements at the lowest possible cost to customers. PEU has demonstrated that the proposed use of the funds is appropriate and will help address water service issues in three of its community water systems.

Staff has consulted with the OCA prior to filing this recommendation. The OCA authorized Staff to represent that it concurs with the Staff's recommendation and also recommends that, as a condition of approval, the Commission require the Company to file with the Commission and the parties its actual financing costs once these are known and final. The Company expressed willingness to provide this information in response to OCA 2-2.

If there are any questions regarding this matter, please let me know.

Sincerely,



Mark A. Naylor
Director, Gas & Water Division

Attachments – Discovery Responses
cc: Service List

² Article VI of the by-laws of Pennichuck Corporation require that its sole shareholder, the City of Nashua, must authorize any loan or other evidence of indebtedness prior to executing such agreement.

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
amanda.noonan@puc.nh.gov
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Docket #: 14-020-1 Printed: March 19, 2014

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.

RATH YOUNG PIGNATELLI

William F. J. Ardinger, Esq.
Attorney at Law
wfa@rathlaw.com
Please reply to: Concord Office

March 3, 2014

VIA ELECTRONIC MAIL

Marcia A. Brown, Esq.
Staff Attorney
New Hampshire Public Utilities Commission
Walker Building
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

**Re: DW 14-020; Pennichuck East Utility, Inc.
Petition of Pennichuck East Utility, Inc. for Approval of Financings
Under the State Revolving Loan Fund for Water Main Improvements In
Phase 1 of the Windwood/Monroe Section of the Locke Lake and W&E
Water Systems and of Pumping Facility Replacement in the Hardwood
Water System
Staff Data Requests – Set 1**

Dear Attorney Brown:

Enclosed please find the responses of Pennichuck East Utility, Inc. to your February 20, 2014 Staff Data Requests, Set 1.

If you have any questions at all regarding the enclosed, please feel free to contact me.

Sincerely,



William F. J. Ardinger, Esq.

Enclosures

cc: Service List

National Impact. Uniquely New Hampshire.

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PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-1

Date of Response: 3/3/14
Witness: Larry D. Goodhue

REQUEST: Re: **Petition para. 9:** Please provide copies of the PEU and Pennichuck Corp. approvals, and the City approval when available.

RESPONSE: Please see attached copies of the PEU, Pennichuck Corp., and City approvals.

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-2

Date of Response: 3/3/14
Witness: John J. Boisvert

REQUEST: Re: Boisvert testimony p. 3, lines 11-13; p. 5, lines 1-3; and p. 9, lines 11-13: Please comment generally on where the Winwood/Monroe Phase I project fits into the overall main replacement efforts at Locke Lake, including:

- a) What streets are involved?
- b) What approximate portion of the 60 leaks referenced at the top of page 5 have occurred in this area.
- c) Whether any portion of the main transmission loop around the lake is included.
- d) Whether the Winwood/Monroe section is currently a boosted system.

RESPONSE:

a) The Streets involved are: Winwood Drive, North Barnstead Road, Blueberry Lane, Brookwood Drive, Old Rochester Road, Indian Ledge Drive, Foss Drive, Varney Road, Monroe Drive, Davis Drive, Sampson Drive, Dow Lane, Nutter Lane, Nutter Circle, and Peacham Road. The company estimates that water main and service replacement in this area of Locke Lake will take three (possibly four) construction seasons to complete. The SRF funds covered by this Petition are for Phase 1.

Phase 1 construction will directly impact portions of North Barnstead Road, Varney Road, Winwood Drive, and Peacham Road.

b) About 10% to 15%. Much of the existing pipeline in this area does not run in the street. It is located in the back of house lots in areas that have had vegetative growth and often have wet ground conditions if not wetland conditions. Leak detection is difficult in these areas as there is water near or at the ground surface. Small chronic leaks are known to exist in this area. Finding them and getting to them is very costly and intrusive.

c) The work on Varney Road and a portion of the work in North Barnstead Road is part of the main transmission loop.

d) No, this area is supplied directly from the Peacham Road pumping and treatment station.

PENNICHUCK EAST UTILITY
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Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-3

Date of Response: 3/3/14
Witness: John J. Boisvert

REQUEST: Re: Boisvert testimony pp. 3-4 and p. 5, line 22: The calculated per foot costs for the Locke Lake and W&E projects, and the average recent per foot costs in Locke Lake (\$67, \$65 and \$72 per LF, respectively) appear very reasonable, especially in light of recent PWW WICA projects in Nashua and Amherst. Do the above costs include all paving as well as services?

RESPONSE:

The road network in Locke Lake is predominately gravel surface. The vast majority of work has been within gravel roads so pavement costs have not been included in the estimates. These roads are not heavily traveled. The Barnstead Road agent requires that the material that comes out of the trench goes back in except for an upper layer of road base gravel. The Company's contractors have been successful at recycling existing road base gravel in many cases which keep costs down. In addition, Locke Lake requires smaller six (6) inch and four (4) inch diameter mains as the system does not provide fire protection. The Company is also able to use PVC pipe materials at Locke Lake as opposed to more expensive ductile iron. Water is the only utility in the ground at Locke Lake so re-excavation by other utilities is not likely, thus the added strength and durability of ductile iron is not needed. All of these factors contribute to lower unit costs compared to Amherst and Nashua.

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-4

Date of Response: 3/3/14
Witness: John J. Boisvert

REQUEST: Re: Boisvert testimony p. 5, lines 5-12: Please provide the 2013 Monthly Unaccounted-For Water Report for the Locke Lake system.

RESPONSE:

Please see attached report.

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-5

Date of Response: 3/3/14
Witness: John J. Boisvert

REQUEST: Re: Boisvert testimony p. 6, lines 10-14 and Petition para. 1: Please indicate the number of Locke Lake customers as of the end of 2013.

RESPONSE: At year end 2013, the number of Locke Lake customers was 857.

PENNICHUCK EAST UTILITY
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Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-6

Date of Response: 3/3/14
Witness: John J. Boisvert

REQUEST: Re: Boisvert testimony p. 8, line 2: Is the intent to replace all services within the mains being replaced, or all services in the system?

RESPONSE: The Company will replace all services within areas where mains are replaced.

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-7

Date of Response: 3/3/14
Witness: John J. Boisvert

REQUEST: Re: Boisvert testimony p. 8, lines 3-4:

- a) Please provide the 2013 Monthly Unaccounted-For Water Report for the W&E system.
- b) Please clarify the intent of the reference to 20% in relation to normal unaccounted-for water percentages in the system (for example, spikes to 20%, from 25% to 1.2 times 25%, from 25% to 45%, etc.).

RESPONSE:

- a) Please see attached report.
- b) Unaccounted for water is often greater than 20% and it spikes to higher percentages when an acute leak/failure occurs.

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-8

Date of Response: 3/3/14
Witness: John J. Boisvert

REQUEST: Re: Boisvert testimony p. 8, line 8: What is the approximate age of the original Hardwood pump station and tanks?

RESPONSE:

The original section of the station and the storage tanks were constructed in 1985 – 1986.

PENNICHUCK EAST UTILITY
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Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-9

Date of Response: 3/3/14
Witness: John J. Boisvert

REQUEST: Re: Boisvert testimony, p. 8, line 21 through p. 9, line 3:

- a) Does the company already own the land the new station will be built on?
- b) Does the existing pump station operate as a constant pressure station?
- c) Does the company anticipate any significant savings in electrical, chemical, labor or other costs as a result of the new construction?

RESPONSE:

- a) No. The Company has a permanent easement over the land where the new station will be built.
- b) No. There is a hydro pneumatic tank in the existing station.
- c) No. The Company does not anticipate appreciable savings or additional expense with respect to electrical, chemical, labor, or other costs.

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-10

Date of Response: 3/3/14
Witness: John J. Boisvert

REQUEST: Re: Exhibit JJB-1: Please indicate the status of the PEU-Gage Hill Water Main Replacement project.

RESPONSE:

The Gage Hill Water Main Replacement project has been delayed for 2014 and will be reconsidered for 2015. The Company identified Locke Lake main replacement, W & E main replacement and the Hardwood Station as the priority projects of 2014 when balancing need and rate impact.

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
Staff's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/20/14
Request No. Staff 1-11

Date of Response: 3/3/14
Witness: Larry D. Goodhue

REQUEST: Re: Schedule LDG-2, p. 2:

- a) Should the cost of Services be broken out separately from Mains for Locke Lake and W&E?
- b) Should the cost of removal of the existing Hardwood station be shown separately?

RESPONSE:

a) Yes they can, however at this stage (the planning stage) of the project the Company does not break out the costs associated between Mains and Services. The estimates at this point are determined based on recently completed projects of similar type work (pipe diameter, materials, location, special conditions, etc.). We base our estimates on the total cost of the project divided by the total length of main to come up with a linear foot estimate. In reviewing past projects, Service work (work charged to account 333) ranges from 10% to 20% of the total project cost. If an estimate for services is necessary at this stage of the project, we would suggest 15% of the total estimate be assigned to Services. The work associated with Mains and the work associated with Services is assigned (booked) at the completion of the work based on bid prices.

b) The cost of removal is estimated at approximately \$30,000. Please see attached revised LDG Schedules reflecting the calculation of depreciation expense and property taxes without cost of removal.



PENNICHUCK EAST UTILITY, INC.
CORPORATE SECRETARY'S CERTIFICATE

I, Suzanne L. Ansara, do hereby certify that I am the duly elected Corporate Secretary of Pennichuck East Utility, Inc., a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of Pennichuck East Utility, Inc. In that capacity, I do hereby further certify that:

1. The following resolutions were adopted by the Board of Directors of Pennichuck East Utility, Inc. on December 20, 2013; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

Resolved: that the Board of Directors hereby approves the borrowing by Pennichuck East Utility, Inc. ("PEU") of up to \$572,000.00 in principal amount from the State of New Hampshire (the "State"), such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the Harwood Pump Station in Windham, pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the Board of Directors hereby approves the borrowing by PEU of up to \$400,000.00 in principal amount from the State, such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the replacement of mains at Locke Lake in Center Barnstead, pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the Board of Directors hereby approves the borrowing by PEU of up to \$550,000.00 in principal amount from the State, such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the replacement of mains at W & E System in Windham, pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the officers of the Company are severally authorized, empowered and directed to execute and deliver, in the name and on behalf of the Company, the Loan Agreements for each of the SRF loans described in the previous three resolutions (the "SRF Loans") with such terms, including the exhibits and schedules to such Loan Agreements, as may be deemed necessary or advisable in the several judgment of the officers executing the Loan Agreements.

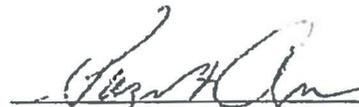
Further

Resolved: that the officers of the Company are hereby authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the SRF Loans from the New Hampshire Public Utilities Commission, the New Hampshire Department of Environmental Services, the Governor and Executive Council, and the City of Nashua in its capacity as the sole shareholder of the Company, and any other authority determined by such officers relating to the SRF Loans.

Further

Resolved: that John L. Patenaude, Donald L. Ware, and Larry D. Goodhue are severally authorized, empowered and directed to take such actions and to execute and deliver such documents as in the opinion of the officer or officers so acting or in the opinion of counsel, are necessary or desirable to effect the SRF Loans and to carry out the purposes of the preceding resolutions, the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions.

In Witness Whereof, I have hereunto set my hand and the seal of Pennichuck East Utility, Inc. this 29th day of January, 2014.


Suzanne L. Ansara
Corporate Secretary



PENNICHUCK CORPORATION

CORPORATE SECRETARY'S CERTIFICATE

I, Suzanne L. Ansara, do hereby certify that I am the duly elected Corporate Secretary of Pennichuck Corporation, a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of Pennichuck Corporation. In that capacity, I do hereby further certify that:

1. The following resolutions were adopted by the Board of Directors of Pennichuck Corporation on December 20, 2013; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

Resolved: that the Board of Directors hereby approves the guaranty by Pennichuck Corporation (the "Company") of the payment by Pennichuck Water Works, Inc. ("PWW") of all of its obligations with respect to PWW's borrowing of up to \$1,540,000.00 in principal amount from the State of New Hampshire (the "State"), such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the water main replacement in the City of Nashua, pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the Board of Directors hereby approves the guaranty by the Company of the payment by PWW of all of its obligations with respect to PWW's borrowing of up to \$330,000.00 in principal amount from the State, such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the upgrade of the Timberline Booster Pump Station in the City of Nashua, pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the officers of the Company are severally authorized, empowered and directed to execute and deliver, in the name and on behalf of the Company, the Guaranty agreement with respect to each of the SRF loans described in the two prior resolutions (the "SRF Loans"), with such terms as may be deemed necessary or advisable in the several judgment of the officers executing the Guaranty agreement.

Further

Resolved: that the officers of the Company are hereby authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the Guaranty from the New Hampshire Department of Environmental Services, the Governor and Executive Council, and the City of Nashua in its capacity as the sole shareholder of the Company, and any other authority determined by such officers relating to the Guaranty.

Further

Resolved: that John L. Patenaude, Donald L. Ware, and Larry D. Goodhue are severally authorized, empowered and directed to take such actions and to execute and deliver such documents as in the opinion of the officer or officers so acting or in the opinion of counsel, are necessary or desirable to effect the Guaranties and the SRF Loans and to carry out the purposes of the preceding resolutions, the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions.

2. The following resolutions were adopted by the Board of Directors of Pennichuck Corporation on December 20, 2013; and such resolutions have not been altered, amended or repealed, and are in full force and effect, as of the date hereof:

Resolved: that the Board of Directors hereby approves the guaranty by Pennichuck Corporation (the "Company") of the payment by Pennichuck East Utility, Inc. ("PEU") of all of its obligations with respect to PEU's borrowing of up to \$572,000.00 in principal amount from the State of New Hampshire (the "State"), such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the Harwood Pump Station in Windham, pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

Further

Resolved: that the Board of Directors hereby approves the guaranty by the Company of the payment by PEU of all of its obligations with respect to PEU's borrowing of up to \$400,000.00 in principal amount from the State, such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the replacement of mains at Locke Lake in Center Barnstead, pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

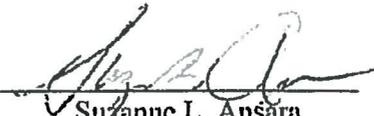
Further
Resolved: that the Board of Directors hereby approves the guaranty by the Company of the payment by PEU of all of its obligations with respect to PEU's borrowing of up to \$550,000.00 in principal amount from the State, such amount to be paid over a 20-year term, level payment, with interest and related costs, for the purpose of funding the replacement of mains at W & E System in Windham, pursuant to a Loan Agreement between the Company and the State under the State's Drinking Water Revolving Loan Fund program.

Further
Resolved: that the officers of the Company are severally authorized, empowered and directed to execute and deliver, in the name and on behalf of the Company, the Guaranty agreement with respect to each of the SRF loans described in the three prior resolutions (the "SRF Loans"), with such terms as may be deemed necessary or advisable in the several judgment of the officers executing the Guaranty agreement.

Further
Resolved: that the officers of the Company are hereby authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the Guaranty from the New Hampshire Department of Environmental Services, the Governor and Executive Council, and the City of Nashua in its capacity as the sole shareholder of the Company, and any other authority determined by such officers relating to the Guaranty.

Further
Resolved: that John L. Patenaude, Donald L. Warc, and Larry D. Goodhue are severally authorized, empowered and directed to take such actions and to execute and deliver such documents as in the opinion of the officer or officers so acting or in the opinion of counsel, are necessary or desirable to effect the Guaranties and the SRF Loans and to carry out the purposes of the preceding resolutions, the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions.

In Witness Whereof, I have hereunto set my hand and the seal of Pennichuck Corporation this 29th day of January, 2014.


Suzanne L. Ansara
Corporate Secretary



RESOLUTION

APPROVING THE PROPOSAL OF PENNICHUCK CORPORATION TO GIVE PENNICHUCK WATER WORKS, INC. AND PENNICHUCK EAST UTILITY, INC. AUTHORITY TO ENTER INTO LONG TERM LOANS FROM THE DRINKING WATER STATE REVOLVING FUNDS

CITY OF NASHUA

In the Year Two Thousand and Fourteen

WHEREAS, the City of Nashua is the sole shareholder of Pennichuck Corporation and each of its subsidiaries;

WHEREAS, Article IX (2) of the Articles of Incorporation of Pennichuck Corporation and Article V §2 of the by-laws of Pennichuck Corporation require the approval of the sole shareholder (the City of Nashua) for Pennichuck to create, incur or assume any indebtedness for borrowed money, which includes contracting a loan on behalf of the Corporation;

WHEREAS, Pennichuck Water Works, Inc. ("PWW") and Pennichuck East Utility, Inc. ("PEU"), are New Hampshire public utility corporations providing retail water service to New Hampshire customers, and are wholly owned by Pennichuck Corporation ("Pennichuck") which, in turn, is wholly owned by the City of Nashua;

WHEREAS, PWW is proposing to enter into two new long term loans: (i) a loan from the Drinking Water State Revolving Funds ("SRF") in the principal amount of up to \$1,540,000 to finance the cost of replacing approximately 7,080 linear feet of water main in the Nashua Core Water System, in Nashua and Amherst, N.H.; and, (ii) a second loan from the SRF in the principal amount of up to \$330,000 to finance the cost to upgrade the existing Timberline Booster Station in Nashua, by replacing three existing pumps with three new pumps to meet system demands on a consistent and peak usage basis;

WHEREAS, PEU is proposing to enter into three new long term loans: (i) a loan from the SRF in the principal amount of up to \$400,000 to finance the cost of replacing approximately 6,000 linear feet of water main in the Phase I of the Winwood/Monroe section of the Locke Lake Water System in Barnstead, N.H.; (ii) a second loan from SRF in the principal amount of \$550,000 to finance the cost of replacing approximately 8,500 linear feet of water main in that portion of the Hardwood Community Water System located in Windham, N.H.; and, (iii) a third loan from the SRF in the principal amount of up to \$572,000 to finance the cost of replacing the existing treatment/storage/pumping facility at the Hardwood Community Water System, known as the Hardwood Booster Station, located in Windham, N.H.

LEGISLATIVE YEAR 2014

RESOLUTION: R-14-006

PURPOSE: Approving the proposal of Pennichuck Corporation to give Pennichuck Water Works, Inc. and Pennichuck East Utility, Inc. authority to enter into long term loans from the Drinking Water State Revolving Funds

ENDORSERS: Alderman-At-Large Brian S. McCarthy

COMMITTEE ASSIGNMENT:

FISCAL NOTE: None.

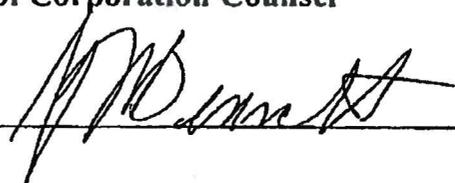
ANALYSIS

This resolution approves the proposals by Pennichuck Corporation and Pennichuck Water Works, Inc. to obtain two loans of up to \$1,540,000 and up to \$330,000 and Pennichuck Corporation and Pennichuck East Utility, Inc. to obtain three loans of up to \$400,000, up to \$550,000 and up to \$572,000 from the Drinking Water State Revolving Funds administered by the New Hampshire Department of Environmental Services for the purposes described in the resolution.

Pennichuck has provided additional information on the proposal to the Board of Aldermen.

Article IX (3) of Pennichuck Corporation's Articles of Incorporation and Article V §2 of the Pennichuck Corporation's by-laws requires City approval for the borrowing.

Approved as to form: Office of Corporation Counsel

By:  _____

Date: January 23, 2014

Pennichuck East Utility, Inc.
 LockeLake
 2013 Monthly Unaccounted For Water Report

Staff 1-4

| | GOLF COURSE & AIR STRIP |
|---|-------------------------|
| January Pumpage (100 cubic feet) - | 4690 |
| January Sales (100 cubic feet) - | 2591 |
| January Unaccounted % - | 45% |
| February Pumpage (100 cubic feet) - | 4990 |
| February Sales (100 cubic feet) - | 3204 |
| February Unaccounted % - | 36% |
| March Pumpage (100 cubic feet) - | 4320 |
| March Sales (100 cubic feet) - | 2179 |
| March Unaccounted % - | 50% |
| April Pumpage (100 cubic feet) - | 4950 |
| April Sales (100 cubic feet) - | 2527 |
| April Unaccounted % - | 49% |
| May Pumpage (100 cubic feet) - | 5380 |
| May Sales (100 cubic feet) - | 3084 |
| May Unaccounted % - | 43% |
| June Pumpage (100 cubic feet) - | 5910 |
| June Sales (100 cubic feet) - | 3770 |
| June Unaccounted % - | 36% |
| July Pumpage (100 cubic feet) - | 4910 |
| July Sales (100 cubic feet) - | 3023 |
| July Unaccounted % - | 38% |
| August Pumpage (100 cubic feet) - | 5200 |
| August Sales (100 cubic feet) - | 3377 |
| August Unaccounted % - | 35% |
| September Pumpage (100 cubic feet) - | 6200 |
| September Sales (100 cubic feet) - | 4381 |
| September Unaccounted % - | 29% |
| October Pumpage (100 cubic feet) - | 4130 |
| October Sales (100 cubic feet) - | 2682 |
| October Unaccounted % - | 35% |
| November Pumpage (100 cubic feet) - | 5670 |
| November Sales (100 cubic feet) - | 3554 |
| November Unaccounted % - | 37% |
| December Pumpage (100 cubic feet) - | 3860 |
| December Sales (100 cubic feet) - | 2394 |
| December Unaccounted % - | 38% |
| Total Pumpage (100 cubic feet) - | 60210 |
| *Total Sales (100 cubic feet) - | 36766 |
| 2013 Unaccounted% - | 39% |

All calculations are made by comparing monthly pumpage records against monthly sales records. Monthly readings of the pumpage and sales meters are generally made on the same day.

Pennichuck East Utility, Inc.

W&E

Staff 1-7 (a)

2013 Monthly Unaccounted For Water Report

| | W&E |
|---|--------------|
| January Pumpage (100 cubic feet) - | 1580 |
| January Sales (100 cubic feet) - | 1092 |
| January Unaccounted % - | 30% |
| February Pumpage (100 cubic feet) - | 2091 |
| February Sales (100 cubic feet) - | 1203 |
| February Unaccounted % - | 42% |
| March Pumpage (100 cubic feet) - | 1640 |
| March Sales (100 cubic feet) - | 1012 |
| March Unaccounted % - | 38% |
| April Pumpage (100 cubic feet) - | 1780 |
| April Sales (100 cubic feet) - | 1044 |
| April Unaccounted % - | 41% |
| May Pumpage (100 cubic feet) - | 1710 |
| May Sales (100 cubic feet) - | 1123 |
| May Unaccounted % - | 34% |
| June Pumpage (100 cubic feet) - | 2832 |
| June Sales (100 cubic feet) - | 2018 |
| June Unaccounted % - | 29% |
| July Pumpage (100 cubic feet) - | 1964 |
| July Sales (100 cubic feet) - | 1417 |
| July Unaccounted % - | 28% |
| August Pumpage (100 cubic feet) - | 2050 |
| August Sales (100 cubic feet) - | 1678 |
| August Unaccounted % - | 18% |
| September Pumpage (100 cubic feet) - | 2100 |
| September Sales (100 cubic feet) - | 2105 |
| September Unaccounted % - | 0% |
| October Pumpage (100 cubic feet) - | 1200 |
| October Sales (100 cubic feet) - | 1187 |
| October Unaccounted % - | 1% |
| November Pumpage (100 cubic feet) - | 1855 |
| November Sales (100 cubic feet) - | 1394 |
| November Unaccounted % - | 16% |
| December Pumpage (100 cubic feet) - | 1339 |
| December Sales (100 cubic feet) - | 1080 |
| December Unaccounted % - | 21% |
| Total Pumpage (100 cubic feet) - | 21921 |
| *Total Sales (100 cubic feet) - | 16333 |
| 2013 Unaccounted% - | 25% |

All calculations are made by comparing monthly pumpage records against monthly sales records. Monthly readings of the pumpage and sales meters are generally made on the same day.

PENNICHUCK EAST UTILITY, INC.
BALANCE SHEET
ASSETS AND DEFERRED CHARGES
For the Eleven Months Ended November 30, 2013

Staff 1-11(b)
Schedule LDG-1
Page 1 of 2

| | Account Number | 11/30/2013 | Pro Forma Adjustments | Pro Forma 11/30/2013 |
|-----------------------------------|----------------|----------------------|--------------------------|-------------------------|
| <u>PLANT ASSETS</u> | | | | |
| Plant in Service | 301 to 348 | 48,882,234 | 1,522,000 (1) | 50,404,234 |
| Work in process | 105 | 926,256 | - | 926,256 |
| Utility Plant | | 49,808,490 | 1,522,000 | 51,330,490 |
| Accumulated depreciation | 108 | 10,178,274 | 10,555 (2) | 10,188,829 |
| Net Plant | | 39,630,215 | 1,511,445 | 41,141,661 |
| Net Acquisition Adjustment | 114 & 115 | 6,642,097 | - | 6,642,097 |
| Total Net Utility Plant | | 32,988,119 | 1,511,445 | 34,499,564 |
| <u>CURRENT ASSETS</u> | | | | |
| Cash & Special Deposits | 131 & 133 | 30,000 | - | 30,000 |
| Accounts receivable-billed, net | 141 & 143 | 462,607 | - | 462,607 |
| Accounts receivable-unbilled, net | 173 | 393,498 | - | 393,498 |
| Accounts receivable-other | 142 | - | - | - |
| Inventory | 151 | 73,114 | - | 73,114 |
| Prepaid expenses | 162 | 20,193 | - | 20,193 |
| Prepaid property taxes | 163 & 236 | - | - | - |
| Prepaid taxes | 162.3 | - | - | - |
| | | 979,412 | - | 979,412 |
| <u>OTHER ASSETS</u> | | | | |
| Debt issuance expenses | 181 | 185,197 | - | 185,197 |
| Acquisition Premium - MARA | 186 | 8,601,494 | - | 8,601,494 |
| Other & Deferred Charges | 182,184,186 | 676,225 | - | 676,225 |
| | | 9,462,916 | - | 9,462,916 |
| TOTAL ASSETS | | \$ 43,430,446 | \$ 1,511,445 | \$ 44,941,891 |

Notes:

(1) To record the assets related to the SRF Loans.

(2) To record the impact of full year depreciation offset by the Cost of Removal.

PENNICHUCK EAST UTILITY, INC.
BALANCE SHEET
EQUITY AND LIABILITIES
For the Eleven Months Ended November 30, 2013

Staff 1-11(b)
Schedule LDG-1
Page 2 of 2

| | Account Number | 11/30/2013 | Pro Forma Adjustments | | Pro Forma 11/30/2013 |
|---|-------------------|----------------------|--------------------------|-----|-------------------------|
| STOCKHOLDERS' EQUITY | | | | | |
| Common stock | 201 | \$ 100 | \$ - | | \$ 100 |
| Paid in capital | 211 | 15,152,158 | - | | 15,152,158 |
| Comprehensive Income | 219 | (297,972) | - | | (297,972) |
| Retained earnings | 215 | (162,664) | (52,764) | (2) | (215,429) |
| | | 14,691,621 | (52,764) | | 14,638,857 |
| LONG TERM DEBT | | | | | |
| Bonds, notes and mortgages | 221 | 10,556,568 | 1,522,000 | (1) | 12,078,568 |
| Intercompany advances | 223 | 4,871,904 | 42,210 | (3) | 4,914,114 |
| Other Long Term Debt | 224 | 496,620 | - | | 496,620 |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | 231 | 148,266 | - | | 148,266 |
| Accrued property taxes | 236 | 152,531 | - | | 152,531 |
| Accrued interest payable | 237 | 6,804 | - | | 6,804 |
| Other accrued expenses | 241 | 215,989 | - | | 215,989 |
| Income taxes payable | 236 | - | - | | - |
| Customer deposits & other | 235 | 2,043 | - | | 2,043 |
| | | 525,634 | - | | 525,634 |
| OTHER LIABILITIES AND DEFERRED CREDITS | | | | | |
| Deferred income taxes | 282 | 3,927,215 | - | | 3,927,215 |
| Customer advances | 252 | - | - | | - |
| CIAC, net | 271 & 272 | 8,360,884 | - | | 8,360,884 |
| Other long term liabilities | | - | - | | - |
| | | 12,288,099 | - | | 12,288,099 |
| TOTAL EQUITY AND LIABILITIES | | \$ 43,430,446 | \$ 1,511,445 | | \$ 44,941,891 |

Notes:

(1) To record the SRF Debt as follows:

| | |
|---------------------------|--------------|
| Locke Lake Water Main | \$ 400,000 |
| W&E Water Main | \$ 550,000 |
| Hardwood Pumping Facility | \$ 572,000 |
| Total SRF Debt | \$ 1,522,000 |

(2) To record the impact of interest, depreciation, property taxes and income tax benefit on retained earnings.

(3) To record the use of funds through the intercompany debt

PENNICHUCK EAST UTILITY, INC.
OPERATING INCOME STATEMENT
For the Eleven Months Ended November 30, 2013

Staff 1-11(b)
Schedule LDG-2
Page 1 of 2

| | Account Number | ELEVEN MONTHS 11/30/13 | PRO FORMA ADJUSTMENTS | PRO FORMA 11 MONTHS 11/30/13 |
|--------------------------------------|-------------------|------------------------------|--------------------------|------------------------------------|
| Water Sales | 460 to 462 | \$ 5,778,854 | \$ - | \$ 5,778,854 |
| Other Operating Revenue | 471 | 39,230 | - | 39,230 |
| Total Revenues | | 5,818,084 | - | 5,818,084 |
| Production Expenses | 601 to 652 | 1,670,777 | - | 1,670,777 |
| Transmission & Distribution Expenses | 660 to 678 | 550,959 | - | 550,959 |
| Customer Acct & Collection Exp | 902 to 904 | 165,015 | - | 165,015 |
| Administrative & General Expense | 920 to 950 | 144,007 | - | 144,007 |
| Inter Div Management Fee | 930 | 1,308,644 | - | 1,308,644 |
| Total Operating Expense | | 3,839,401 | - | 3,839,401 |
| Dep Exp/Acq Adj Expense | 403 & 406 | 794,302 | 10,555 (2) | 804,857 |
| Amortization Expense:CIAC | 405 | (168,638) | - | (168,638) |
| Amortization Expense | 407 | 303,421 | - | 303,421 |
| Gain on Debt Forgiveness | 414 | (11,775) | - | (11,775) |
| Property Taxes | 408.1 | 718,565 | 35,419 (2) | 753,984 |
| Income Tax | 409 to 410 | 60,219 | (34,608) (3) | 25,611 |
| Total Operating Deductions | | 1,696,094 | 11,366 | 1,707,459 |
| Net Operating Income | | 282,589 | (11,366) | 271,224 |
| Other Income and Deductions | | 12,004 | - | 12,004 |
| Interest Expenses | | 457,258 | 41,398 (1) | 498,656 |
| Net Income | | (162,664) | (52,764) | (215,429) |

Notes:

- 1 - To record the change in interest expense associated with SRF financing.
- 2 - To record the impact of assets on depreciation and property taxes.
- 3 - To record the tax impact resulting from additional expenses.

PENNICHUCK EAST UTILITY, INC.
 OPERATING INCOME STATEMENT
 For the Eleven Months Ended November 30, 2013

Staff 1-11(b)
 Schedule LDG-2
 Page 2 of 2

Supporting Calculations:

Interest Expense:

| | |
|-----------------|------------------|
| New SRF debt | \$ 1,522,000 |
| Interest Rate | 2.72% |
| Annual Interest | <u>\$ 41,398</u> |

Depreciation

Additions:

| | Asset Cost | | | | Depreciation | |
|-----------------------------------|-------------------------|-------------------|---------------------|---------------------|--------------|------------------|
| | Barnstead Locke Lake | Windham W&E | Windham Hardwood | Total | Rate | Amount |
| Structures & Improvements* | \$ - | \$ - | \$ 170,000 | \$ 170,000 | 2.62% | \$ 4,454 |
| Transmission & Distribution Mains | \$ 400,000 | \$ 550,000 | - | \$ 950,000 | 1.47% | \$ 13,965 |
| Supply Mains | - | - | \$ 12,000 | \$ 12,000 | 1.57% | \$ 188 |
| Pumping Equipment | \$ - | \$ - | \$ 70,000 | \$ 70,000 | 5.50% | \$ 3,850 |
| Treatment Equipment | - | - | \$ 180,000 | \$ 180,000 | 7.33% | \$ 13,194 |
| Distribution Reservoirs | - | - | \$ 80,000 | \$ 80,000 | 1.84% | \$ 1,552 |
| Communication Equipment | - | - | \$ 30,000 | \$ 30,000 | 11.11% | \$ 3,333 |
| Totals | \$ 400,000 | \$ 550,000 | \$ 542,000 | \$ 1,492,000 | | \$ 22,457 |

* excludes Cost of Removal estimated at \$30 thousand

Retirements:

| | Asset Cost | | | | Depreciation | |
|-----------------------------------|-------------------------|------------------|---------------------|-------------------|--------------|------------------|
| | Barnstead Locke Lake | Windham W&E | Windham Hardwood | Total | Rate | Amount |
| Structures & Improvements | \$ - | \$ - | \$ 60,185 | \$ 60,185 | 2.62% | \$ 1,577 |
| Transmission & Distribution Mains | \$ 4,193 | \$ 22,798 | - | \$ 26,990 | 1.47% | \$ 397 |
| Pumping Equipment | - | - | \$ 38,599 | \$ 38,599 | 5.50% | \$ 2,123 |
| Treatment Equipment | - | - | \$ 48,784 | \$ 48,784 | 7.33% | \$ 3,429 |
| Communication Equipment | - | - | \$ 39,397 | \$ 39,397 | 11.11% | \$ 4,377 |
| Totals | \$ 4,193 | \$ 22,798 | \$ 184,985 | \$ 211,956 | | \$ 11,903 |

Net Additions \$ 395,808 \$ 527,202 \$ 357,035 \$ 1,280,044

Pro Forma Depreciation

\$ 10,555

Property Taxes

| | | | | |
|---------------------------------|------------------|------------------|-----------------|------------------|
| Barnstead | \$ 20.87 | | | |
| Windham | | \$ 21.16 | \$ 21.16 | |
| State of New Hampshire | \$ 6.80 | \$ 6.80 | \$ 6.80 | |
| Total Tax Rate | \$ 27.47 | \$ 27.76 | \$ 27.76 | |
| Pro Forma Property Taxes | \$ 10,873 | \$ 14,835 | \$ 9,911 | \$ 35,419 |

Pennichuck East Utility, Inc.
Pro Forma Capital Structure for Ratemaking Purposes
For the Eleven Months Ended November 30, 2013

Staff 1-11(b)
Schedule LDG-3

| | <u>Pro Forma</u> <u>2013</u> | <u>Pro Forma</u> <u>Eliminations</u> | | <u>Pro Forma</u> <u>2013 with</u> <u>Eliminations</u> | <u>Component</u> <u>Ratio</u> |
|-----------------------|---------------------------------|---|-----|---|----------------------------------|
| Long-term Debt | 12,078,568 | (1,662,676) | (1) | 10,415,892 | 80.83% |
| Intercompany Debt | \$ 4,914,114 | (2,460,285) | (1) | 2,453,829 | 19.04% |
| <u>Common Equity:</u> | | | | | |
| Common Stock | 100 | | | 100 | |
| Paid In Capital | 15,152,158 | (15,152,158) | (2) | (0) | |
| Comprehensive Income | (297,972) | 529,702 | (2) | 231,730 | |
| Retained Earnings | (215,429) | | | (215,429) | |
| Total Common Equity | <u>14,638,857</u> | | | <u>16,401</u> | 0.13% |
| Total Capital | <u>\$ 31,631,538</u> | | | <u>\$ 12,886,122</u> | 100.00% |

Notes:

(1) Eliminate Capital Recovery Surcharge Related Assets with the offset to Long Term Debt and Intercompany Debt.

The Long Term Debt consists of the SRF Loan for the Birch Hill interconnection. The remainder is Intercompany Debt.

(2) Per Order 25,292 in DW 11-026, eliminate the MARA and related equity:

| | | | | |
|------------------------------------|----------------------------------|-------------------|--|--|
| | MARA | 8,964,574 | | |
| | Equity as of 1/25/12 | 939,755 | | |
| | Paid in Capital as of 1/25/12 | 6,000,000 | | |
| | | <u>15,904,329</u> | | |
| | Less: Dividends Paid in Feb 2013 | <u>(752,171)</u> | | |
| | | <u>15,152,158</u> | | |
| Comprehensive Income as of 1/25/12 | | <u>(529,702)</u> | | |

RATH YOUNG PIGNATELLI

William F. J. Ardinger, Esq.
Attorney at Law
wfa@rathlaw.com
Please reply to: Concord Office

March 3, 2014

VIA ELECTRONIC MAIL

Rorie E.P. Hollenberg
Assistant Consumer Advocate
Office of the Consumer Advocate
21 S. Fruit Street, Suite 18
Concord, New Hampshire 03301

Re: **DW 14-020; Pennichuck East Utility, Inc.
Petition of Pennichuck East Utility, Inc. for Approval of Financings
Under the State Revolving Loan Fund for Water Main Improvements In
Phase 1 of the Windwood/Monroe Section of the Locke Lake and W&E
Water Systems and of Pumping Facility Replacement in the Hardwood
Water System
OCA Data Requests – Set 1**

Dear Attorney Hollenberg:

Enclosed please find the responses of Pennichuck East Utility, Inc. to your February 21, 2014 OCA Data Requests, Set 1.

If you have any questions at all regarding the enclosed, please feel free to contact me.

Sincerely,



William F. J. Ardinger, Esq.

Enclosures

cc: Service List

National Impact. Uniquely New Hampshire.

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PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
OCA's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/21/14
Request No. OCA 1-1

Date of Response: 3/3/14
Witness: Larry D. Goodhue

REQUEST: Reference Goodhue Direct, p. 4, lines 8 through 15. Please provide additional information about the anticipated issuance costs totaling \$15,000 and provide supporting documentation.

RESPONSE: The amount is an estimate of issuance costs for legal services based on historical experience with similar financings.

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
OCA's Data Requests – Set 1
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 2/21/14
Request No. OCA 1-2

Date of Response: 3/3/14
Witness: Larry D. Goodhue

REQUEST: Reference Goodhue Direct, p. 6, lines 7 through 20. Please provide documentation of the Company's prior written notice to the Bank and the Bank's accord concerning the receipt and sufficiency of the prior notice.

RESPONSE: Please see attached e-mail providing written notice to the Bank. The Bank does not respond unless there is an objection. The Company has not been notified of any objection.

Hoepper, Charles

From: Goodhue, Larry
Sent: Thursday, February 27, 2014 11:16 AM
To: 'Jeffrey Tatro (jeffrey.b.tatro@rbscitizens.com)'
Cc: Hoepper, Charles
Subject: RE: notice per agreement
Attachments: SRF Revised Funding PWW and PEU dtd 2-3-14 .pdf

Importance: High

Hello Jeff,

I am sending an update to my earlier email, with an addendum to the financing we are pursuing with the NHDES under the State Revolving Fund. We were given notification by the City of approximately \$1.1M in additional water main projects that we need to complete this year, related to sewer replacement projects that are occurring in the City. As you will notice by the attached document from the NHDES, the additional \$1.1M has been authorized as additional SRF money available and approved for the Company (see Nashua Core Replacement of \$2,640,000, formerly identified at an amount of \$1,540,000 in my earlier email below). We have a resolution before our Board of Directors for tomorrow's meeting to authorize the expansion of both the capital budget for 2014 and the financing being sought, to include this additional money. Pursuant to our Line of Credit Agreement (item 6.4e) I am providing you with prior written notice of our intent to pursue and enter into this additional debt.

I am sending this email with a "read receipt" to confirm that you have in fact received this notification, but would appreciate a confirmation in writing, if you could do that.

Thanks,

Larry Goodhue
 CFO
 Pennichuck Corporation

From: Goodhue, Larry
Sent: Thursday, January 09, 2014 3:58 PM
To: Jeffrey Tatro (jeffrey.b.tatro@rbscitizens.com)
Cc: Hoepper, Charles
Subject: notice per agreement

Hi Jeff,

We have been given the opportunity to once again access funding from the NHDES under the State Revolving Fund. This time around, we have access to \$1,522,000 for three projects in our PEU Subsidiary and \$1,870,000 for two projects in our PWW subsidiary. All of the projects to be funded were included in our Board approved Capital Budget for 2014. As you will notice in the attached letter from the NHDES, these funds are available to us until June 2014 (please note, we are not pursuing the offered funding for the 5th and 6th projects listed on that letter; Gage Hill and Snow Station Upgrade). As such, we are expediting our Debt Filing Petition filing with the NHPUC (and shareholder approval with the Aldermanic Board of the City of Nashua) in order to meet that time frame. To that end, we plan to submit our approval filings with both of these entities during the next week; we have already been given approval by our Board to pursue this funding during their December 20, 2013 meeting. These new debt obligations have the standard SRF terms and conditions: 20-year fully amortizing repayment term; 1% interest accrued during construction; and currently a 2.72% interest rate on the full funds borrowed, post construction.

Pursuant to our Line of Credit agreement (item 6.4 (e)) with RBS Citizens, I am providing you with prior written notice of our intent to pursue and enter into these new debt obligations. If I could receive a written affirmation from you by Monday of next week (that you received this advanced written notice), that would be optimal, as I want to attach that written affirmation with our filings with both the NHPUC and the City, which are slated to be filed in the middle of next week.

Thank you very much for your time in considering this, and I look forward to your response.

Sincerely,

**Larry Goodhue
CFO
Pennichuck Corporation**

RATH YOUNG PIGNATELLI

William F. J. Ardinger, Esq.
Attorney at Law
wfa@rathlaw.com
Please reply to: Concord Office

March 18, 2014

VIA ELECTRONIC MAIL

Rorie E.P. Hollenberg
Assistant Consumer Advocate
Office of the Consumer Advocate
21 S. Fruit Street, Suite 18
Concord, New Hampshire 03301

**Re: DW 14-020; Pennichuck East Utility, Inc.
Petition of Pennichuck East Utility, Inc. for Approval of Financings
Under the State Revolving Loan Fund for Water Main Improvements In
Phase 1 of the Windwood/Monroe Section of the Locke Lake and W&E
Water Systems and of Pumping Facility Replacement in the Hardwood
Water System
OCA Data Requests – Set 2**

Dear Attorney Hollenberg:

Enclosed please find the responses of Pennichuck East Utility, Inc. to your March 12, 2014 OCA Data Requests, Set 2.

If you have any questions at all regarding the enclosed, please feel free to contact me.

Sincerely,


William F. J. Ardinger, Esq.

Enclosures

cc: Service List

National Impact. Uniquely New Hampshire.

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PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
OCA's Data Requests – Set 2
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 3/12/14
Request No. OCA 2-1

Date of Response: 3/18/14
Witness: Larry D. Goodhue

REQUEST: Reference Company's Response to OCA 1-1. "[B]ased on historical experience with similar financings[,] please provide a detailed breakdown of estimated issuance costs by task and estimated time. Please provide references to "similar financings."

RESPONSE: Based on historical SRF financing experience with the Company and an affiliated company, the Company estimated \$15,000 of financing costs based on \$8,900 for legal services, \$1,400 for publication notice(s) and \$4,700 as a contingency.

The historical SRF financings relate to two (2) PEU Locke Lake (Orders 25,209 and 25,348), PEU Liberty Tree (Order 25,248) and PWW Drew Woods (Order 25,114).

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
OCA's Data Requests – Set 2
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 3/12/14
Request No. OCA 2-2

Date of Response: 3/18/14
Witness: Larry D. Goodhue

REQUEST: Reference Company's Response to OCA 1-1. Is the Company seeking approval to recover these estimated issuance costs without further information? If so, what will happen if the actual issuance costs are less-than or more-than the estimated costs? When will the Company know the actual issuance costs? Will the Company file specific detailed information about the actual issuance costs for Commission approval at that time? If not, why?

RESPONSE: Yes, other than the information provided in OCA 2-1. As indicated in OCA 2-1, the Company has been conservative in its estimate and provided a contingency. As noted in Mr. Goodhue's testimony on page 4, the impact of the expected issuance costs is immaterial on the proposed financing. The actual issuance costs will be known when an order is issued and required publications are performed. In historical SRF financings, the Company has not provided actual issuance costs. If requested, the Company will provide the final issuance costs associated with this petition. Please note that SRF financing is one of the most cost effective forms of financing in terms of interest rate and debt issuance costs.

PENNICHUCK EAST UTILITY
DW 14-020

Pennichuck East Utility's Responses to
OCA's Data Requests – Set 2
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 3/12/14
Request No. OCA 2-3

Date of Response: 3/18/14
Witness: Larry D. Goodhue

REQUEST: Reference Company's Response to Staff 1-4 and Staff 1-7. How do the unaccounted-for water rates for Locke Lake and W&E compare to other PEU systems?

RESPONSE: Please see 2013 Unaccounted for Water Report for all of the Company's water systems.

System Name

| | Atkinson | Avery | Beaver Hollow | Brook Park | Castle Reach | Daniels Lake | Farmstead | Fletchers Corner | Forest Ridge | Gage Hill |
|---|------------|-------------|---------------|--------------|--------------|--------------|-------------|------------------|--------------|-------------|
| January Pumpage (100 cubic feet) - | 38 | 288 | 67 | nda | 220 | 400 | 180 | 320 | 621 | 530 |
| January Sales (100 cubic feet) - | 31 | 301 | 52 | 1861 | 244 | 97 | 147 | 341 | 394 | 117 |
| January Unaccounted % - | 18% | -5% | 22% | nda | -11% | 76% | 18% | -7% | 37% | 78% |
| February Pumpage (100 cubic feet) - | 47 | 361 | 83 | nda | 250 | 340 | 207 | 320 | 512 | 590 |
| February Sales (100 cubic feet) - | 44 | 351 | 60 | 2069 | 286 | 114 | 182 | 331 | 444 | 143 |
| February Unaccounted % - | 6% | 3% | 28% | nda | -14% | 66% | 12% | -3% | 13% | 76% |
| March Pumpage (100 cubic feet) - | 54 | 278 | 48 | 2092 | 210 | 300 | 212 | 260 | 409 | 530 |
| March Sales (100 cubic feet) - | 50 | 279 | 47 | 1635 | 225 | 96 | 150 | 274 | 385 | 127 |
| March Unaccounted % - | 7% | 0% | 2% | 22% | -7% | 68% | 29% | -5% | 6% | 76% |
| April Pumpage (100 cubic feet) - | 43 | 274 | 65 | 1998 | 240 | 490 | 160 | 290 | 449 | 556 |
| April Sales (100 cubic feet) - | 40 | 276 | 50 | 1603 | 228 | 98 | 162 | 283 | 355 | 98 |
| April Unaccounted % - | 7% | -1% | 23% | 20% | 5% | 80% | -1% | 2% | 21% | 82% |
| May Pumpage (100 cubic feet) - | 54 | 284 | 91 | 2041 | 290 | 120 | 166 | 360 | 455 | 630 |
| May Sales (100 cubic feet) - | 42 | 265 | 74 | 1609 | 255 | 98 | 160 | 348 | 369 | 125 |
| May Unaccounted % - | 22% | 7% | 19% | 21% | 12% | 18% | 4% | 3% | 19% | 80% |
| June Pumpage (100 cubic feet) - | 102 | 473 | 119 | 3929 | 660 | 353 | 267 | 770 | 600 | 586 |
| June Sales (100 cubic feet) - | 101 | 455 | 106 | 4542 | 728 | 269 | 264 | 768 | 581 | 204 |
| June Unaccounted % - | 1% | 4% | 11% | -16% | -10% | 24% | 1% | 0% | 3% | 65% |
| July Pumpage (100 cubic feet) - | 130 | 416 | 88 | 3609 | 480 | 212 | 221 | 490 | 416 | 489 |
| July Sales (100 cubic feet) - | 132 | 395 | 82 | 3102 | 527 | 167 | 228 | 503 | 385 | 151 |
| July Unaccounted % - | -2% | 5% | 7% | 14% | -10% | 21% | -3% | -3% | 7% | 69% |
| August Pumpage (100 cubic feet) - | 110 | 438 | 88 | 2680 | 720 | 200 | 185 | 660 | 369 | 528 |
| August Sales (100 cubic feet) - | 110 | 418 | 81 | 3194 | 801 | 192 | 176 | 656 | 435 | 152 |
| August Unaccounted % - | 0% | 5% | 8% | -19% | -11% | 4% | 5% | 1% | -18% | 71% |
| September Pumpage (100 cubic feet) - | 142 | 578 | 108 | 3195 | 1020 | 300 | 247 | 830 | 593 | 756 |
| September Sales (100 cubic feet) - | 140 | 558 | 100 | 4021 | 1093 | 266 | 234 | 831 | 572 | 204 |
| September Unaccounted % - | 1% | 3% | 7% | -26% | -7% | 11% | 5% | 0% | 4% | 73% |
| October Pumpage (100 cubic feet) - | 79 | 416 | 76 | 3380 | 640 | 110 | 157 | 430 | 387 | 528 |
| October Sales (100 cubic feet) - | 80 | 402 | 69 | 2691 | 639 | 111 | 146 | 424 | 367 | 117 |
| October Unaccounted % - | -1% | 3% | 9% | 20% | 0% | -1% | 7% | 1% | 5% | 78% |
| November Pumpage (100 cubic feet) - | 46 | 431 | 88 | 4327 | 510 | 175 | 214 | 420 | 452 | 729 |
| November Sales (100 cubic feet) - | 44 | 407 | 79 | 2552 | 413 | 124 | 199 | 426 | 456 | 157 |
| November Unaccounted % - | 4% | 6% | 10% | 41% | 19% | 29% | 7% | -1% | -1% | 78% |
| December Pumpage (100 cubic feet) - | 48 | 290 | 79 | 2340 | 310 | 125 | 148 | 280 | 401 | 579 |
| December Sales (100 cubic feet) - | 43 | 275 | 55 | 1614 | 231 | 92 | 145 | 274 | 363 | 125 |
| December Unaccounted % - | 10% | 5% | 30% | 31% | 25% | 26% | 2% | 2% | 9% | 78% |
| Total Pumpage (100 cubic feet) - | 893 | 4527 | 1000 | 29591 | 5550 | 3125 | 2364 | 5430 | 5664 | 7031 |
| *Total Sales (100 cubic feet) - | 857 | 3569 | 855 | 26563 | 5670 | 1724 | 2193 | 5459 | 5106 | 1720 |
| 2013 Unaccounted% - | 4% | 21% | 15% | 10% | -2% | 45% | 7% | -1% | 10% | 76% |

nda - no data available

All calculations are made by comparing monthly pumpage records against monthly sales records.
 Monthly readings of the pumpage and sales meters are generally made on the same day.

For the following systems the pumpage data is based on usage from water bills where we purchase water:
 Oakwood, Londonderry Core, and Maple Hills.

* Total Sales is reduced when there is an nda in the pumpage numbers to more accurately reflect the total comparison.

System Name

| | Goldenbrook | Green Hills | Hardwood | Harvest Village | Lampighter Village | Liberty Tree | Londonderry Core | Maple Hills | Ministerial | Oakwood |
|--------------------------------------|-------------|-------------|----------|-----------------|--------------------|--------------|------------------|-------------|-------------|---------|
| January Pumpage (100 cubic feet) - | 1410 | 890 | 590 | 120 | 289 | 521 | 15100 | | 349 | |
| January Sales (100 cubic feet) - | 547 | 1006 | 554 | 111 | 261 | 361 | 13462 | | 298 | |
| January Unaccounted % - | 54% | -13% | 6% | 8% | 10% | 31% | 11% | | 15% | |
| February Pumpage (100 cubic feet) - | 1590 | 1003 | 707 | 130 | 249 | 497 | 14500 | | nda | |
| February Sales (100 cubic feet) - | 882 | 1114 | 675 | 130 | 281 | 384 | 10161 | | 320 | |
| February Unaccounted % - | 57% | -11% | 5% | 0% | -13% | 23% | 30% | | nda | |
| March Pumpage (100 cubic feet) - | 1412 | 860 | 623 | 100 | 227 | 441 | 14900 | 4585 | 260 | 2263 |
| March Sales (100 cubic feet) - | 581 | 945 | 550 | 99 | 251 | 335 | 11384 | 3055 | 259 | 2233 |
| March Unaccounted % - | 59% | -10% | 12% | 1% | -11% | 24% | 24% | 33% | 0% | 1% |
| April Pumpage (100 cubic feet) - | 1452 | 896 | 560 | 98 | 222 | 432 | 16700 | | 264 | |
| April Sales (100 cubic feet) - | 584 | 909 | 530 | 89 | 249 | 325 | 11815 | | 253 | |
| April Unaccounted % - | 60% | -1% | 5% | 9% | -12% | 25% | 29% | | 4% | |
| May Pumpage (100 cubic feet) - | 1643 | 840 | 635 | 107 | 260 | 462 | 20100 | | 287 | |
| May Sales (100 cubic feet) - | 647 | 942 | 589 | 95 | 267 | 341 | 13451 | | 274 | |
| May Unaccounted % - | 61% | -12% | 7% | 11% | -3% | 26% | 33% | | 5% | |
| June Pumpage (100 cubic feet) - | 2476 | 1263 | 818 | 132 | 515 | 696 | 18200 | 3935 | 577 | 3516 |
| June Sales (100 cubic feet) - | 1142 | 1314 | 698 | 120 | 605 | 568 | 17641 | 2716 | 557 | 2014 |
| June Unaccounted % - | 54% | -4% | 15% | 9% | -17% | 18% | 3% | 31% | 3% | 43% |
| July Pumpage (100 cubic feet) - | 1950 | 788 | 648 | 110 | 370 | 505 | 21100 | | 471 | |
| July Sales (100 cubic feet) - | 777 | 929 | 497 | 107 | 378 | 412 | 14383 | | 456 | |
| July Unaccounted % - | 60% | -18% | 23% | 3% | -2% | 18% | 32% | | 3% | |
| August Pumpage (100 cubic feet) - | 2302 | 1005 | 609 | 107 | 298 | 609 | 23100 | | 495 | |
| August Sales (100 cubic feet) - | 950 | 1069 | 493 | 110 | 333 | 406 | 18733 | | 482 | |
| August Unaccounted % - | 59% | -6% | 19% | -3% | -12% | 33% | 19% | | 3% | |
| September Pumpage (100 cubic feet) - | 3023 | 1486 | 628 | 141 | 660 | 778 | 20500 | 4585 | 656 | 5158 |
| September Sales (100 cubic feet) - | 1191 | 1410 | 645 | 136 | 743 | 519 | 20938 | 3586 | 637 | 4161 |
| September Unaccounted % - | 61% | 5% | -3% | 4% | -13% | 33% | -2% | 22% | 3% | 19% |
| October Pumpage (100 cubic feet) - | 2078 | 1068 | 451 | 116 | 205 | 580 | 16000 | | 572 | |
| October Sales (100 cubic feet) - | 746 | 941 | 459 | 113 | 238 | 311 | 15645 | | 542 | |
| October Unaccounted % - | 64% | 12% | -2% | 3% | -16% | 46% | 2% | | 5% | |
| November Pumpage (100 cubic feet) - | 1480 | 1412 | 580 | 148 | 245 | 713 | 14700 | | 398 | |
| November Sales (100 cubic feet) - | 810 | 1221 | 590 | 142 | 289 | 393 | 11530 | | 390 | |
| November Unaccounted % - | 45% | 14% | -2% | 4% | -18% | 45% | 22% | | 2% | |
| December Pumpage (100 cubic feet) - | 1150 | 1186 | 475 | 99 | 206 | 531 | 14700 | 4302 | 302 | 4125 |
| December Sales (100 cubic feet) - | 585 | 996 | 478 | 98 | 236 | 318 | 13002 | 3322 | 271 | 3952 |
| December Unaccounted % - | 49% | 16% | -1% | 1% | -15% | 40% | 12% | 23% | 10% | 4% |
| Total Pumpage (100 cubic feet) - | 21966 | 12697 | 7324 | 1408 | 3746 | 6765 | 209600 | 17407 | 4631 | 15062 |
| *Total Sales (100 cubic feet) - | 9342 | 12796 | 6758 | 1133 | 4131 | 4673 | 172145 | 12679 | 4419 | 12360 |
| 2013 Unaccounted % - | 57% | -1% | 8% | 20% | -10% | 31% | 18% | 27% | 5% | 18% |

nda - no data available

All calculations are made by comparing monthly pumpage records against monthly sales records.

Monthly readings of the pumpage and sales meters are generally made on the same day.

For the following systems the pumpage data is based on usage from water bills where we purchase water:

Oakwood, Londonderry Core, and Maple Hills.

* Total Sales is reduced when there is an nda in the pumpage numbers to more accurately reflect the total comparison.

System Name

| | Pinehaven | Smythe Woods | Springwood Hills | Spruce Pond | Stone Sled | Thurston Woods | W&E | Wesco | White Rock | Williamsburg |
|--------------------------------------|-----------|--------------|------------------|-------------|------------|----------------|-------|-------|------------|--------------|
| January Pumpage (100 cubic feet) - | 213 | 440 | 513 | 884 | 30 | nda | 1560 | 260 | 510 | 1620 |
| January Sales (100 cubic feet) - | 176 | 376 | 448 | 298 | 44 | 215 | 1092 | 260 | 512 | 1700 |
| January Unaccounted % - | 17% | 15% | 13% | 66% | -47% | nda | 30% | 0% | 0% | -5% |
| February Pumpage (100 cubic feet) - | 429 | 500 | 524 | 609 | 50 | 175 | 2091 | 280 | 684 | 1738 |
| February Sales (100 cubic feet) - | 196 | 419 | 516 | 335 | 44 | 257 | 1203 | 264 | 654 | 1883 |
| February Unaccounted % - | 54% | 16% | 2% | 45% | 12% | -47% | 42% | 6% | 4% | -8% |
| March Pumpage (100 cubic feet) - | 381 | 430 | 415 | 785 | 110 | 216 | 1640 | 220 | 423 | 2049 |
| March Sales (100 cubic feet) - | 158 | 355 | 402 | 271 | 105 | 217 | 1012 | 210 | 435 | 1608 |
| March Unaccounted % - | 59% | 17% | 3% | 85% | 5% | 0% | 38% | 5% | -3% | 22% |
| April Pumpage (100 cubic feet) - | 411 | 420 | 434 | 781 | 40 | 216 | 1780 | 240 | 465 | 3687 |
| April Sales (100 cubic feet) - | 162 | 333 | 421 | 272 | 38 | 219 | 1044 | 225 | 473 | 1523 |
| April Unaccounted % - | 61% | 21% | 3% | 65% | 5% | -1% | 41% | 6% | -2% | 59% |
| May Pumpage (100 cubic feet) - | 438 | 450 | 468 | 856 | 60 | 210 | 1710 | 250 | 478 | 4116 |
| May Sales (100 cubic feet) - | 156 | 362 | 453 | 283 | 47 | 210 | 1123 | 237 | 456 | 1906 |
| May Unaccounted % - | 64% | 20% | 3% | 67% | 22% | 0% | 34% | 5% | 5% | 54% |
| June Pumpage (100 cubic feet) - | 708 | 790 | 1325 | 1535 | 70 | 479 | 2832 | 360 | 840 | 5240 |
| June Sales (100 cubic feet) - | 354 | 671 | 1206 | 888 | 70 | 483 | 2018 | 374 | 882 | 3542 |
| June Unaccounted % - | 50% | 15% | 9% | 42% | 0% | -1% | 29% | -4% | -5% | 32% |
| July Pumpage (100 cubic feet) - | 600 | 520 | 1097 | 969 | 70 | 320 | 1964 | 220 | 770 | 3181 |
| July Sales (100 cubic feet) - | 326 | 441 | 990 | 514 | 57 | 327 | 1417 | 213 | 789 | 2687 |
| July Unaccounted % - | 46% | 15% | 10% | 47% | 19% | -2% | 28% | 3% | -2% | 16% |
| August Pumpage (100 cubic feet) - | 636 | 590 | 910 | 1441 | 60 | 314 | 2050 | 310 | 910 | 5300 |
| August Sales (100 cubic feet) - | 323 | 510 | 806 | 940 | 76 | 314 | 1678 | 312 | 804 | 3187 |
| August Unaccounted % - | 49% | 14% | 11% | 35% | -27% | 0% | 18% | -1% | 12% | 40% |
| September Pumpage (100 cubic feet) - | 917 | 780 | 1252 | 1812 | 100 | 427 | 2100 | 380 | 1010 | 4962 |
| September Sales (100 cubic feet) - | 409 | 683 | 1097 | 1170 | 95 | 419 | 2105 | 375 | 965 | 4149 |
| September Unaccounted % - | 55% | 12% | 12% | 35% | 5% | 2% | 0% | 1% | 4% | 16% |
| October Pumpage (100 cubic feet) - | 376 | 420 | 729 | 1152 | 60 | 275 | 1200 | 260 | 793 | 3043 |
| October Sales (100 cubic feet) - | 299 | 353 | 793 | 694 | 57 | 276 | 1187 | 284 | 730 | 2518 |
| October Unaccounted % - | 20% | 16% | -9% | 40% | 5% | 0% | 1% | -9% | 8% | 17% |
| November Pumpage (100 cubic feet) - | 843 | 490 | 912 | 1290 | 70 | 283 | 1655 | 330 | 570 | 3058 |
| November Sales (100 cubic feet) - | 288 | 418 | 839 | 555 | 72 | 286 | 1394 | 326 | 608 | 2473 |
| November Unaccounted % - | 66% | 15% | 8% | 57% | -3% | -1% | 16% | 1% | -7% | 19% |
| December Pumpage (100 cubic feet) - | 507 | 390 | 704 | 726 | 70 | 205 | 1339 | 210 | 440 | 2270 |
| December Sales (100 cubic feet) - | 179 | 317 | 441 | 244 | 54 | 210 | 1060 | 215 | 425 | 1604 |
| December Unaccounted % - | 65% | 19% | 37% | 66% | 23% | -2% | 21% | -2% | 3% | 29% |
| Total Pumpage (100 cubic feet) - | 6459 | 6220 | 9283 | 12840 | 790 | 3120 | 21921 | 3320 | 7893 | 40264 |
| *Total Sales (100 cubic feet) - | 3026 | 5238 | 8412 | 6464 | 759 | 3218 | 16333 | 3295 | 7733 | 28780 |
| 2013 Unaccounted% - | 53% | 16% | 9% | 50% | 4% | -3% | 25% | 1% | 2% | 29% |

nda - no data available

All calculations are made by comparing monthly pumpage records against monthly sales records.
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For the following systems the pumpage data is based on usage from water bills where we purchase water:
 Oakwood, Londonderry Core, and Maple Hills.

* Total Sales is reduced when there is an nda in the pumpage numbers to more accurately reflect the total comparison.

| | System Name | | |
|---|----------------------------|-----------------|--------------|
| | GOLF COURSE & AIR STRIP | SUNRISE ESTATES | BIRCH HILL |
| January Pumpage (100 cubic feet) - | 4690 | 247 | 819 |
| January Sales (100 cubic feet) - | 2591 | 247 | 844 |
| January Unaccounted % - | 45% | 0% | -3% |
| February Pumpage (100 cubic feet) - | 4990 | 300 | 861 |
| February Sales (100 cubic feet) - | 3204 | 281 | 775 |
| February Unaccounted % - | 36% | 6% | 10% |
| March Pumpage (100 cubic feet) - | 4320 | 246 | 700 |
| March Sales (100 cubic feet) - | 2179 | 194 | 659 |
| March Unaccounted % - | 50% | 21% | 6% |
| April Pumpage (100 cubic feet) - | 4950 | 261 | 641 |
| April Sales (100 cubic feet) - | 2527 | 229 | 546 |
| April Unaccounted % - | 49% | 12% | 15% |
| May Pumpage (100 cubic feet) - | 5380 | 298 | 720 |
| May Sales (100 cubic feet) - | 3084 | 229 | 603 |
| May Unaccounted % - | 43% | 23% | 16% |
| June Pumpage (100 cubic feet) - | 5910 | 417 | 1004 |
| June Sales (100 cubic feet) - | 3770 | 322 | 848 |
| June Unaccounted % - | 36% | 23% | 16% |
| July Pumpage (100 cubic feet) - | 4910 | 338 | 896 |
| July Sales (100 cubic feet) - | 3023 | 277 | 765 |
| July Unaccounted % - | 38% | 18% | 15% |
| August Pumpage (100 cubic feet) - | 5200 | 361 | 1184 |
| August Sales (100 cubic feet) - | 3377 | 273 | 882 |
| August Unaccounted % - | 35% | 24% | 26% |
| September Pumpage (100 cubic feet) - | 6200 | 402 | 1412 |
| September Sales (100 cubic feet) - | 4381 | 345 | 958 |
| September Unaccounted % - | 29% | 14% | 32% |
| October Pumpage (100 cubic feet) - | 4130 | 286 | 1212 |
| October Sales (100 cubic feet) - | 2682 | 228 | 653 |
| October Unaccounted % - | 35% | 20% | 46% |
| November Pumpage (100 cubic feet) - | 5670 | 224 | 1804 |
| November Sales (100 cubic feet) - | 3554 | 266 | 783 |
| November Unaccounted % - | 37% | -19% | 57% |
| December Pumpage (100 cubic feet) - | 3860 | 437 | 869 |
| December Sales (100 cubic feet) - | 2394 | 224 | 574 |
| December Unaccounted % - | 38% | 49% | 34% |
| Total Pumpage (100 cubic feet) - | 60210 | 3817 | 12122 |
| Total Sales (100 cubic feet) - | 36766 | 3115 | 8890 |
| 2013 Unaccounted% - | 39% | 18% | 27% |

nda - no data available

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RATH YOUNG PIGNATELLI

William F. J. Ardinger, Esq.
Attorney at Law
wfa@rathlaw.com
Please reply to: Concord Office

March 18, 2014

VIA ELECTRONIC MAIL

Rorie E.P. Hollenberg
Assistant Consumer Advocate
Office of the Consumer Advocate
21 S. Fruit Street, Suite 18
Concord, New Hampshire 03301

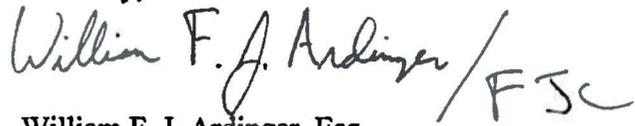
Re: **DW 14-021; Pennichuck Water Works, Inc.
Petition of Pennichuck Water Works, Inc. for Approval of Financings
Under the State Revolving Loan Fund For Water Main Improvements in
the Nashua Core Water System and Timberline Booster Station
Upgrades
OCA Data Requests – Set 2**

Dear Attorney Hollenberg:

Enclosed please find the responses of Pennichuck Water Works, Inc. to your
March 12, 2014 OCA Data Requests, Set 2.

If you have any questions at all regarding the enclosed, please feel free to contact me.

Sincerely,



William F. J. Ardinger, Esq.

Enclosures

cc: Service List

National Impact. Uniquely New Hampshire.

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PENNICHUCK WATER WORKS
DW 14-021

Pennichuck Water Works Inc's Responses to
OCA's Data Requests – Set 2
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 3/12/14
Request No. OCA 2-1

Date of Response: 3/18/14
Witness: Larry D. Goodhue

REQUEST: Reference Company's Response to OCA 1-1. "[B]ased on historical experience with similar financings[,] please provide a detailed breakdown of estimated issuance costs by task and estimated time. Please provide references to "similar financings."

RESPONSE: Based on historical SRF financing experience with the Company and an affiliated company, the Company estimated \$15,000 of financing costs based on \$8,900 for legal services, \$1,400 for publication notice(s) and \$4,700 as a contingency.

The historical SRF financings relate to two (2) PEU Locke Lake (Orders 25,209 and 25,348), PEU Liberty Tree (Order 25,248) and PWW Drew Woods (Order 25,114).

PENNICHUCK WATER WORKS
DW 14-021

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OCA's Data Requests – Set 2
PETITION FOR APPROVAL OF SRF LOANS

Date Request Received: 3/12/14
Request No. OCA 2-2

Date of Response: 3/18/14
Witness: Larry D. Goodhue

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RESPONSE: Yes, other than the information provided in OCA 2-1. As indicated in OCA 2-1, the Company has been conservative in its estimate and provided a contingency. As noted in Mr. Goodhue's testimony on page 4, the impact of the expected issuance costs is immaterial on the proposed financing. The actual issuance costs will be known when an order is issued and required publications are performed. In historical SRF financings, the Company has not provided actual issuance costs. If requested, the Company will provide the final issuance costs associated with this petition. Please note that SRF financing is one of the most cost effective forms of financing in terms of interest rate and debt issuance costs.