

# RATH YOUNG PIGNATELLI

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NHPUC 27MAR'18PM4:07

March 27, 2018

## **VIA HAND DELIVERY AND ELECTRONIC MAIL**

Ms. Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301-2429

**Re: DW 17-183; Pennichuck Water Works, Inc.  
Petition of Pennichuck Water Works, Inc. for Financing Approval**

**DW 17-157; Pennichuck East Utility, Inc.  
Petition of Pennichuck East Utility, Inc. for Financing Approval**

Dear Ms. Howland:

I am writing to provide an update on Pennichuck Water Works, Inc.'s ("PWW") Petition For Financing Approval (DW 17-183) and Pennichuck East Utility, Inc.'s ("PEU") Petition For Financing Approval (DW 17-157). An original and six copies of this letter are being filed for each of the two dockets referenced and will also be filed on the electronic service list for both dockets.

As is described in PWW's Petition filed on November 29, 2017 in DW 17-183, the proposed \$10 million Fixed Asset Line of Credit ("FALOC") from TD Bank, N.A. will be used exclusively to fund the cash flow needs associated with capital projects during calendar year 2018. The FALOC is necessary to fund projects eligible for the Qualified Capital Project Adjustment Charge ("QCPAC") under PWW's modified rate methodology approved by Order No. 26,070 (November 7, 2018). Similarly, PEU's Petition filed on October 19, 2017 in DW 17-157 describes the requested three-year \$3.0 million FALOC from CoBank which will be used to provide short-term financing of capital projects.

Previously, PEU and PWW financed capital projects with a Line of Credit with TD Bank at the parent company, Pennichuck Corporation ("Penn Corp"). The term of Penn Corp's \$10 million Line of Credit has been extended twice, and is now set to expire on April 30, 2018. It is anticipated that the bonds for PWW, approved under a bifurcated approval for DW 17-183, which will be issued on April 4, 2018 (Order No. 26,101 February 2, 2018) will be sufficient

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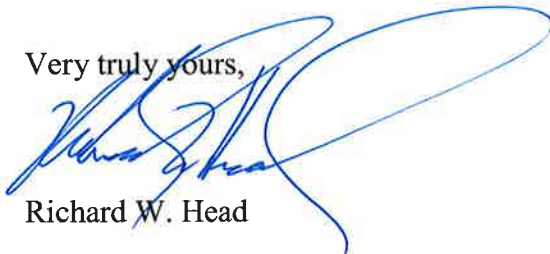
to pay PWW's current outstanding balance on Penn Corp's Line of Credit. Penn Corp is currently negotiating the terms for a new \$4.0 million Line of Credit, but Penn Corp's new \$4.0 million Line of Credit will be limited to supporting working capital needs only and will not support 2018 QCPAC eligible projects or PEU's capital improvement projects.

If PWW and PEU do not have their respective FALOCs in place by April 30, 2018 to fund projects currently scheduled for 2018, the start date for those projects will need to be deferred. Such a deferred start date for construction projects would result in a shortened construction season and will likely cause a number of projects currently scheduled for completion in 2018, to be delayed into 2019.

PWW and PEU recognize and appreciate the heavy workload that is managed by the Commission and Staff. Both companies provide this information to emphasize the urgent need for an order to allow the important projects currently scheduled to proceed. Should the Commission be unable to issue an Order *Nisi* before March 30, 2018, which would provide sufficient time to issue public notice and fulfill such other conditions as the Commission would require before April 30, 2018, the companies respectfully request that the Commission either set deadlines such that the orders would be effective prior to March 30, 2018 or in the alternative, make the orders effective immediately upon issuance.

Please contact me if there are any questions about this filing.

Very truly yours,



Richard W. Head

Enclosure

Copy: Service List