

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

RE: PENNICHUCK WATER WORKS, INC.

DOCKET NO. DW 10-__

**PETITION FOR AUTHORITY
TO ISSUE UP TO \$1,600,000 OF LONG TERM DEBT**

Pennichuck Water Works, Inc. ("PWW") hereby petitions the Public Utilities Commission for authority, pursuant to RSA 369:1 and Puc 609.03, to issue up to \$1,600,000 in long-term debt, and in support of its request states as follows:

1. PWW is a New Hampshire corporation, authorized by this Commission to provide retail water service to various service territories in Southern New Hampshire, including parts of Derry, New Hampshire.

2. As detailed in the Pre-filed Testimony of Donald L. Ware, which is being submitted contemporaneously with this Petition and incorporated herein by reference, PWW is proposing to undertake certain capital improvements to its Drew Woods community water system in Derry, New Hampshire. The improvements include the interconnection of the Drew Woods system with the Town of Derry's water system in order to provide a supplemental source of water for the Drew Woods system as well as upgrades to the Town's Pond Road Water Booster Station which are necessary to deliver water from the Town's water system to Drew Woods.

3. In order to finance these capital improvements, PWW has requested and obtained approval from the New Hampshire Department of Environmental Services (“DES”) to borrow up to \$1,600,000 through the State Revolving Loan Fund (“SRF”) administered by DES. While the total cost of the proposed project is estimated at \$1,218,000, *see* Pre-filed Testimony of Thomas C. Leonard, which is being submitted contemporaneously with this Petition and incorporated herein by reference, the Company sought approval for an additional \$400,000 so that there would be additional low cost funds available should the actual project costs be higher.

4. If PWW obtains authority from the Commission to borrow up to \$1,600,000 in SRF funds, DES will then prepare loan documents for the transaction. The loan documents will set forth the exact terms and conditions for borrowing the funds from the SRF, but are expected to be substantially the same as those in prior SRF loans to the Company or its affiliates (and with which the Commission is familiar – *see e.g.*, Docket DW 08-022) and as described in the Company’s pre-filed testimony. After PWW and DES reach agreement on the terms and conditions of the loans, the loan documents will be submitted to the Governor and Executive Council for their approval. PWW will provide the Commission with a copy of the loan agreements and other loan documents once they have been finalized and executed.

5. PWW is seeking the Commission’s approval to borrow up to \$1,600,000 from the SRF, which will be repaid over a 20 year term, with interest at a rate not expected to exceed 2.952%. Under the proposed financing arrangement, DES will make disbursements to PWW based on invoices submitted by contractors engaged by PWW. Amounts advanced by DES to PWW during construction will bear interest at a rate of 1%, which will accrue through and be due upon substantial completion of the capital improvements. PWW will begin to amortize the loan principal approximately six months after substantial completion of the capital

improvements, at which point the monthly payments begin with 1/240th of the total amount borrowed, plus accrued interest.

6. The borrowing being proposed by PWW is in the public interest and consistent with the public good because it will enhance PWW's ability to provide safe drinking water to its customers on a reliable basis at a reasonable cost. *See Pre-filed Testimony of Donald L. Ware.* Further, the capital improvements being proposed and the anticipated cost of those capital improvements are reasonably necessary to provide such service to PWW's customers. As described in Mr. Ware's testimony, the proposed interconnection to the Town of Derry water system is essential to the ongoing operation of the Company's Drew Woods water system.

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

A. Pursuant to RSA 369:1, authorize PWW to borrow up to \$1,600,000 from the New Hampshire Drinking Water State Revolving Fund for the capital improvements described in this Petition;

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

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

D. Issue an Order Nisi authorizing PWW to borrow up to \$1,600,000 from the New Hampshire Drinking Water State Revolving Fund in accordance with the terms and conditions

set forth above and as otherwise provided by the New Hampshire Department of Environmental Services; and

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

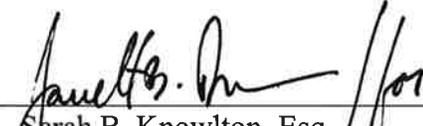
Respectfully submitted,

PENNICHUCK WATER WORKS, INC.

By its Attorneys,

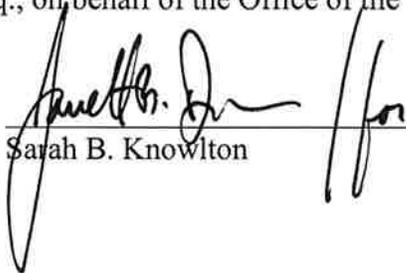
McLANE, GRAF, RAULERSON & MIDDLETON,
PROFESSIONAL ASSOCIATION

Date: April 13, 2010

By:  _____
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Certificate of Service

I hereby certify that a copy of the foregoing Petition has been forwarded this 13th day of April, 2010 to Meredith Hatfield, Esq., on behalf of the Office of the Consumer Advocate.

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Sarah B. Knowlton