

48 Walden Pond Dr

Nashua NH 03064

Commissioners and Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301



603-882-7860

geoffdaly@mkd-usa.com

Subject: Petition to Intervene in DW 12-359, Pennichuck Water Works, Inc. Petition for Approval of Water Infrastructure and Conservation Adjustment (WICA)

Dear NHPUC Commissioners and Executive Director,

I herewith file my Petition to Intervene in **Docket # DW 12-359, Pennichuck Water Works Inc. Petition for Approval of Water Infrastructure and Conservation Adjustment (WICA)**.

NHPUC Order No. 25,292 (Docket No. DW 11-026) authorized a \$5 million Rate Stabilization Fund, and noted the intent for the combined Pennichuck Corporations to file a rate case before 1 June 2013.

There were no discussions; I can find in any of the signed documents or minutes under DW 11-026, not in the associated Settlement Agreement. This was not subsequently contained within the NHPUC Order No. 25,292 the need for a WICA Adjustment to supplement a rate case on or before 1 June 2013.

It is my understanding that there have been repeatedly voiced concerns during the DW 11-026 proceedings surrounding the Pennichuck Corporation's ability to reimburse the City of Nashua annually nearly \$9 million for 30 years for the cost of the 100% leveraged acquisition, without a substantial increase over the rates paid under the previous (pre-acquisition) ownership.

The attached letter below further supports the rational for my petition, pursuant to PUC Administrative Rule 203.17 and RSA 541-A:32, I (b):

"The petition states facts demonstrating that the petitioner's rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding"

Sincerely,

Geoff Daly of 48 Walden Pond Dr, Nashua NH 03064- Petitioner to Intervene in Docket DW-12-359

CERTIFICATE OF SERVICE

I hereby: certify that on this date, 22nd January 2013; seven (7) copies of my Petition to Intervene in Docket DW 12-359; were mailed by USPS,

- Seven copies to the PUC Commissioners,
- One copy to the PUC Office of the Consumer Advocate,
- One copy to the City of Nashua and
- One copy to Pennichuck Corporation, in compliance with PUC Order of Notice dated 9 February 2011.



Geoffrey M Daly, Petitioner

Geoff Daly
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Attachment to Petition to Intervene

22nd January 2013

President Brian McCarthy and Members
Nashua Board of Aldermen
229 Main Street
Nashua, NH 03061-2019

Reference: **Alderman Craffey's Letter dated 6 December 2012 to the Nashua Board of Alderman**

Dear, President McCarthy and Members of the Nashua Board of Alderman,

Alderman Craffey, in his referenced letter, expressed concern with the planned filing by the Pennichuck Corporation for a Water Infrastructure and Conservation Adjustment (WICA) to the New Hampshire Public Utilities Commission (PUC) for review and approval before the end of this year, 2012.

As a Nashua resident and follower of all of the Merger and final Agreement proceeds, I share Ald. Craffey's concern.

Specifically, there has been numerous voiced concerns with the new Pennichuck Corporation's ability to reimburse the City of Nashua annually for, the amount of nearly **\$9 million**. This being the agreed dollar amount for the full cost of the acquisition, without a substantial increase over the rates paid under the previous (pre-buyout) ownership.

Considering the new corporation is now very highly leveraged. Not only does the Corporation have to pay **the \$152 million acquisition**, but also for payments on the assumed long-term debt of approximately **\$50+ million** together with the reimbursement to the City of Nashua for **\$5 million** Eminent Domain costs, and payments for \$7.8 million annual capital improvements. (This is, all detailed out, in the **undecipherable** C. W. Downer spreadsheet analysis).

At no time are there any comments or mentions of a needed WICA filing in the published minutes of the Pennichuck Corporation, since the Nashua City acquisition was completed. However contained within, the **Preliminary 2012 Budget** posted on the corporation's website is an insight and minor mention, with no real details offering some or any real insight, let alone a need.

From this, **Preliminary 2012 Budget** data a Net **income for CY2011 is \$4.1 million**, whereas **net loss for CY2012 is \$1.2 million is shown**. This therefore shows/exhibits a loss of **net income of \$5.3 million between previous and current ownership by the City of Nashua (the lone Stakeholder)**.

On gross revenues of **\$37 million**, this represents the need for an approximately **14% rate** increase just to make up this loss of income, **more to pay for the borrowed \$7.8 million each year for capital improvements** (included in the C. W. Downer Financial Data Analysis).

Somehow or other under the [current] Bylaws of the corporation, no Annual Report to shareholders is required, neither is a SEC filing. It was customary for the Pennichuck Board of Directors to call an "Annual Meeting" prior to the acquisition. However, the Sole Shareholder may call a Special Meeting, the City of Nashua (representing the Stakeholders- taxpayers and water ratepayers).

The Nashua Board of Alderman, representing the Sole Shareholder, **has voted against a Special Meeting**. As a taxpayer and water ratepayer and funders for these debts incurred I urge the Chamber to reconsider, in view of all the settlement terms and signed agreements. All of which was kept redacted/unannounced including from public review

Any meeting called should be public, in order for the tax/ratepayer, being able and permitted to question the Pennichuck Board of Directors concerning the corporation's finances and operations. Especially when a contingency of **\$7.8 million** was in the settlement agreement to cover Capital improvements, who has slipped up in there Math?

Sincerely yours

Geoff Daly

A handwritten signature in black ink, appearing to read "Geoff Daly", written in a cursive style.

Cc: Mayor Donnalee Lozeau (by hand)
Nashua Corporation Counsel (by hand)