

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

**PENNICHUCK WATER WORKS, INC.
DW 15-**

PETITION FOR AUTHORITY TO ISSUE LONG TERM DEBT

Pennichuck Water Works, Inc. (the Company or PWW), a corporation duly organized and existing under the laws of the State of New Hampshire and operating as a public utility subject to the jurisdiction of the New Hampshire Public Utilities Commission (the Commission), hereby requests approval under RSA 369:1 to borrow \$3,500,000 from the Drinking Water State Revolving Loan Fund (SRF), which was created under the federal 1996 Amendments to the Safe Drinking Water Act and is administered by the New Hampshire Department of Environmental Services (DES).

PWW provides retail water service to approximately 28,000 customers, more than 70% of whom are located in Nashua, New Hampshire. PWW is wholly owned by Pennichuck, Inc. (Pennichuck), which, in turn, is wholly owned by the City of Nashua.

As explained in the Prefiled Direct Testimony of John J. Boisvert, the proceeds of the financing will be used to install approximately 6,100 feet of 36-inch diameter transmission main from Al Paul Lane to the Harris Dam penstock, referred to as the Raw Water Transmission Main project. The purpose of the project is to provide a fully independent secondary source of raw water from the Merrimack River to the Company's Water Treatment Facility. The primary source of raw water is the Pennichuck Brook watershed.

In his Prefiled Direct Testimony, Larry D. Goodhue, the Company's Chief Financial Officer, describes the terms and purposes of the proposed financing. He provides the estimated cost of the SRF financing and includes schedules showing the balance sheet and income

statement of the Company, actual and proforma, to show the effects of the proposed financing. Mr. Goodhue's testimony provides the information required by N.H. Admin. Rule Puc 609.03 and Form F-4, and includes a schedule showing the capital structure of the Company, actual and proforma, to reflect the ratemaking treatment prescribed in consolidated Dockets DW 08-052 and DW 09-051, and Docket DW 11-026, and the effects of the proposed financings. Mr. Goodhue further explains that the financings are consistent with the public good because (1) they will allow the Company to complete the necessary capital additions described by Mr. Boisvert, (2) the terms of the financing are favorable, and (3) they will result in lower financing costs than would be available through other current debt financing options.

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

The \$3,500,000 loan will be repaid over 20 years, commencing six months after the project is substantially complete. The current interest rate on borrowings is 3.168% per annum. The loan will not be secured by any assets of the Company. PWV's corporate parent, Pennichuck, however, will provide an unsecured corporate guarantee for repayment of the loan.

The financings have been approved by the Company's and Pennichuck's Boards of Directors. The financing is being submitted for approval by Pennichuck's sole shareholder, the City of Nashua. The Company will supplement this Petition with documentation showing the required shareholder approval promptly upon receipt. Finally, the Company avers that it is entitled to issue a promissory note evidencing the financing described above, for the purposes set forth herein.

Issuance of long term debt under the terms provided by the SRF and use of the proceeds from the issuance for the Raw Water Transmission Main improvements are consistent with the public good as contemplated by the New Hampshire Supreme Court's ruling in *Appeal of Easton*, 125 N.H. 205,211 (1984). Furthermore, this petition qualifies as a routine financing consistent with the Commission's decision *In re PSNH*, Order No. 25,050, 94 NH PUC 691,699 (2009) and, most recently, in Docket DW 14-321, regarding Pennichuck East Utility, Inc. See Order No. 25,785 (January 21, 2015).

WHEREFORE, the Company respectfully requests that the Commission:

- (a) Find that the proposed financing for the purpose set forth herein and in the manner and on the terms described herein and in the prefiled testimony are consistent with the public good;
- (b) Pursuant to RSA 369:1, approve and authorize the Company to borrow a principal amount of up to \$3,500,000 from the SRF for the capital improvements described in this Petition;
- (c) Find that the use of the proceeds to fund the capital projects in the manner set forth in this petition and as described in the prefiled testimony is prudent and consistent with the public good;
- (d) Authorize the Company to do all things, take all steps, and execute and deliver all documents necessary or desirable to implement and carry out the proposed financings; and
- (e) Grant the requested authorizations to issue long term debt up to a principal amount of \$3,500,000 by an order *nisi* issued in April 2015, and take such further steps and make such further findings and orders as in its judgment may be necessary and consistent with the above-stated request.

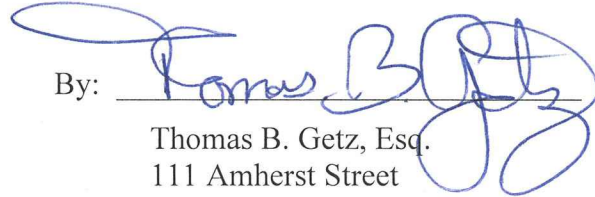
Respectfully submitted,

PENNICHUCK WATER WORKS, INC.

By Its Attorneys

DEVINE, MILLIMET & BRANCH
PROFESSIONAL ASSOCIATION

By: _____

A handwritten signature in blue ink, appearing to read "Thomas B. Getz", is written over a horizontal line. The signature is stylized and cursive.

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