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Please reply to: Concord Office

July 31, 2019

VIA HAND DELIVERY

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

**Re: Pennichuck East Utility, Inc., Docket DW 15-288
Notice of Temporary Short-Term Debt Limit Exceedance**

Dear Ms. Howland:

On September 29, 2015, the Commission issued Order No. 25,820 granting Pittsfield Aqueduct Company, Inc.'s ("PAC") and Pennichuck East Utility, Inc.'s ("PEU") request for a waiver of N.H. Code Admin. Rules Puc 608.05 and authorized the companies a short-term debt limit of up to 18% of their net fixed plant until June 30, 2019. On June 20, 2019, PEU filed a motion for temporary extension of that waiver and on July 3, 2019, the Commission issued a secretarial letter granting the motion for temporary extension pending its investigation into PEU's petition for permanent waiver of its short-term debt limit. *See* Docket DW 19-112, July 3, 2019 letter from Executive Director Howland.

One of the conditions in Order No. 25,820 is that PEU report monthly short-term debt levels in their annual reports and file written notice with Staff and the OCA in any month that short-term debt exceeds 15% of net fixed capital. *See* Order at p. 4. In accordance with this requirement, PEU has short-term intercompany debt, the amount outstanding on the Company's Fixed Asset Line of Credit ("FALOC"), as well the current portion of our long term debt obligations with CoBank and several SRF/DWGTF loans, which has resulted in a short-term debt of 18.1% of its net fixed plant as of the end of June 2019.

Pursuant to the closing of a new \$1,153,000 long-term debt obligation with CoBank on July 22, 2019, as approved with Order No. 26,253, and using the proceeds of that loan to paydown the FALOC balance outstanding, effectively this short-term debt ratio was decreased from 18.1% to 16.0%.

PEU is preparing a petition for approval of refinancing of intercompany debt and, upon completion of that refinancing, anticipates that its short-term debt will be at the range of 10-13% of the net fixed plant.

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By way of copy of this letter, PEU is also providing notice to the Staff and OCA.

Thank you for your assistance with this matter. Please do not hesitate to contact me should you have any questions.

Very truly yours,



Richard W. Head

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