

Abenaki Water Company and Aquarion Company

DW 21-090

Aquarion Water Company's Responses to Staff Data Requests—Set 1

Data Request Received: May 17, 2021
Request No.: Staff 1-9

Date of Response: May 27, 2021
Witness: D.Morrissey
D. Szabo

REQUEST: Ref. Petition, p. 8. “Aquarion has annual operating revenues of approximately \$215.4 million and corporate credit ratings of A- (Stable) from Standard & Poor’s (“S&P”) and Baa2 (Stable) from Moody’s. Aquarion maintains a strong balance sheet to support capital investments across its service areas.” Please describe how Abenaki will access Aquarion’s financial resources and how that access will directly benefit Abenaki ratepayers.

RESPONSE: As stated in the response to OCA 1-4, the Transaction is expected to result in lower borrowing costs due to Aquarion’s strong credit ratings, as well as having access to more sophisticated debt instruments than those currently utilized by NESC. Aquarion maintains a corporate credit rating of A- by S&P as of May 20, 2021. In addition, all of NESC’s long-term debt consists of first lien mortgages with amortization, which are more costly than the types of debt instruments typically utilized by Aquarion.

It is anticipated that post merger Abenaki will eventually participate in intercompany borrowings with Aquarion Company, which in turn has access to a \$150 million short-term borrowing facility from Eversource Energy. Access to these resources along with those described above will help to mitigate cash flow challenges Abenaki has experienced.