

# RATH YOUNG PIGNATELLI

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Please reply to: Concord Office

October 27, 2021

## VIA ELECTRONIC MAIL AND REGULAR MAIL

Dianne Martin, Chairwoman  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301-2429

### **Re: Petition of Pennichuck East Utility, Inc. for Approval of Financing from CoBank – Second Amendment Docket DW 21-129**

Dear Chairwoman Martin:

On September 8, 2021, Pennichuck East Utility, Inc. (“PEU”) filed a Petition for Approval of Financing from CoBank with the purpose of funding a “one-time” refill and replenishment of PEU’s Rate Stabilization Fund (“RSF”) to their imprest levels, specifically the Material Operating Expense Revenue Requirement (“MOERR”). The petition for approval of the financing in this docket (DW 21-129) is integral to the open PEU Rate Case, Docket DW 20-156, where PEU has sought establishment of a Material Operating Expense Factor (“MOEF”) to provide the necessary operating revenues to provide for replenishment of the RSF funds at their nearest imprest levels leading up to the next filed full rate case for permanent rate relief.

PEU believes that this financing is consistent with the public good and needed to provide the needed cash to refill the fully depleted MOERR RSF, along with the re-allocation of over-collected funds in the City Bond Fixed Revenue Requirement and Debt-Service Revenue Requirement RSF funds. The benefit to the rate payers and public is that the financing will allow PEU to amortize the replenishment of the MOERR RSF funds over a 25-year period with a MOEF factor of 4%. PEU also believes that the financing sought will result in savings in the new permanent rates being requested of approximately 1.88% due to the impact of the extended debt amortization factors. If alternatively sought in the rate case, PEU would be required to amortization of these funds over shorter 10-year period and would require a larger MOEF factor of 6%.

PEU had requested in its petition that the Commission issue an Order Nisi by October 31, 2021 to allow PEU to close upon the loan terms as required in establishing the permanent rates under the Company’s rate case in Docket DW 20-156. The request was designed to

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allow for the approval to be effective by the end of November 2021, giving PEU adequate time to close the loan prior to year-end and lock in lower interest rates. Since that request, PEU has met with the parties in the rate case docket and has agreed to holding settlement discussions on or before the rate case hearing, scheduled for December 15, 2021.

On October 25, 2021, PEU filed a supplemental petition with updated documents in accordance with the Commission's procedural order issued on October 21, 2021. PEU filed this subsequent petition amendment to update and revise the initial petition filing to correct some typographical errors, update rate saving estimates and provide updated exhibits. PEU provides this update so the Commission may move forward with PEU's initial request for an order by October 31<sup>st</sup>.

Please find the original second amendment of the Petition of Pennichuck East Utility, Inc. for Approval of Financing from CoBank. This amended petition is filed in accordance with the Public Utility Commission's ("Commission") procedural order dated October 21, 2021 and PUC Rule 203.10. This amendment supplements the documents filed on October 25, 2021, and includes the following:

1. Second Amended PEU Petition
2. Amended Testimony of Larry D. Goodhue
3. Revised Exhibit LDG 1-3,
4. Exhibit LDG-7, Schedule 5 of Draft Settlement
5. Exhibit LDG-8, PEU RSF Calculation of Draft Settlement

PEU files the amended Petition at Bates 2 (Introduction) Bates 2, (Paragraph 2), Bates 4 (Paragraph 8), Bates 9 (PEU Request (a)), to correct typographical errors regarding the proposed loan amount of \$2,543,495. PEU files further amendment to the Petition at Bates 4 (Paragraph 7) to update the estimated savings from the proposed financing. PEU files the amended Testimony of Larry D. Goodhue (both redlined and clean versions) to replace the existing testimony at Bates 15 (line 9), Bates 17 (lines 10-11), Bates 19 (line 14), Bates 23 (line 20) and Bates 26 (line 3) to correct update the information presented in the amended petition above. PEU submits revised Exhibits LDG 1-3, PEU Pro Form Revised (Bates 27-28), to update and replace the existing Exhibit LDG 1-3, and attaches Exhibits LDG-7 (Bates 51), and LDG-8 (Bates 52-53) which had information cut off in the original filed exhibits.

This second request to amend the petition provides the Commission with an updated petition and will not cause undue delay. This supplemental information does not contain confidential information.

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Please let me know if you have any questions or concerns. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'James J. Steinkrauss', written over the printed name.

Enc.

Cc: Office of Consumer Advocate  
DW 21-129 Service List