

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 22-033

PENNICHUCK WATER WORKS, INC.

**Petition for Approval of Financing
under the New Hampshire Drinking Water State Revolving Fund for the Sweet
Hill and Twin Ridge Projects in Plaistow**

Order *Nisi* Approving Financing

O R D E R N O. 26,673

August 29, 2022

In this order, the Commission approves a petition of Pennichuck Water Works, Inc. (PWW, or the Company) to borrow from the New Hampshire Drinking Water State Revolving Fund (DWSRF) principal loan amounts totaling \$540,000 for the Sweet Hill Community Water System Project (Sweet Hill Project) and the Twin Ridge Community Water System Project (Twin Ridge Project) in Plaistow. The projects will provide infrastructure upgrades and interconnections for the Sweet Hill and Twin Ridge community water systems.

The Petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-033.html>.

I. PETITION

PWW filed an initial petition on May 26, 2022, requesting Commission approval and authority pursuant to RSA 369:1 to assume loan financings for 20-year terms from the DWSRF in the amounts of \$240,000 for the Sweet Hill Project and \$300,000 for the Twin Ridge Project in Plaistow (Petition). Certain amendments to the Petition were submitted on June 3, 2022, June 24, 2022, and June 27, 2022; supplemental

information concerning the City of Nashua's¹ authorization of the financing requests was filed on June 29, 2022. The current stipulated interest rate for the financings is 2.536 percent per year. Anticipated issuance costs for the DWSRF loans, primarily pertaining to legal costs, will total approximately \$10,000 for each loan, to be amortized over the life of each loan. PWW's parent company will provide an unsecured corporate guarantee for the repayment of the loans.

Established by RSA 486:14, I(a), the DWSRF is administered by the New Hampshire Department of Environmental Protection (DES). PWW's Petition for financing under the DWSRF was supported by the pre-filed written testimonies of Chief Executive Officer and Chief Financial Officer Larry D. Goodhue and Chief Engineer John J. Boisvert.

II. POSITIONS OF THE PARTIES

A. PWW

PWW intends to utilize the loan proceeds to fund 2022 capital projects related to the installation of interconnection mains from the recently installed Plaistow municipal water system to the Twin Ridge and Sweet Hill Community Water Systems (CWSs), and an upgrade to the existing pump station treatment system at the Sweet Hill CWS. Plaistow is part of the Southern New Hampshire Regional Water System (SNHRWS) and, according to PWW, it is anticipated that the Plaistow portion of the SNHRWS will be operational in late 2022. The upgrades proposed in the petition will remove chloramines from the water obtained from Plaistow and re-chlorinate the water for compatibility with other sources of water within each CWS. According to the

¹ The City of Nashua is the sole shareholder of Pennichuck Corporation and each of its subsidiaries, including PWW.

Company, the use of the DWSRF funds, which offer interest rates that are typically lower than market rates for commercial loans, will reduce the overall cost of financing needed to complete the construction of the planned projects. PWW notes that the actual borrowing amounts will be based on the costs of construction that the Company incurs on these projects and that the use of low-cost funds available through the DWSRF will lower the cost of financing needed to complete these projects.

The Company anticipates that the proposed financing will result in an increase to monthly customer bills of approximately \$0.084 per month. The balance, if any, of the financing required for the Twin Ridge and Sweet Hill projects will be funded from PWW's Fixed Asset Line of Credit (FALOC), which will be included along with the loan portion of this funding from the SRF in the Company's annual Qualified Capital Project Adjustment Charge (QCPAC) filing for 2022 projects.

B. DOE

On June 28, 2022, the Department of Energy (DOE) filed a letter from Robyn J. Descoteau, a Utility Analyst with the DOE Water Group, Regulatory Support Division, stating that the DOE had investigated the Petition filings, propounded discovery on the Company, and reviewed the discovery responses. Based on its examination of the filings, the DOE supported approval of the Petition as amended by PWW and subject to approval by the City of Nashua. The DOE took no exception to the Company's request for approval of the proposed financings. DOE Letter of 6/28/22.

III. COMMISSION ANALYSIS

Pursuant to RSA 369:1, public utilities engaged in business in New Hampshire may issue evidence of indebtedness payable more than 12 months after the date thereof if the Commission finds the proposed issuance to be "consistent with the

public good.” RSA 369:4. Analysis of the public good involves looking beyond the actual terms of the proposed financing to the use of the funds and the effect on rates to ensure the public good is protected. *Appeal of Easton*, 125 N.H. 205, 211 (1984). “[C]ertain financing related circumstances are routine, calling for more limited Commission review of the purposes and impacts of the financing, while other requests may be at the opposite end of the spectrum, calling for vastly greater exploration of the intended uses and impacts of the proposed financing.” *Lakes Region Water Company, Inc.*, Order No. 25,753 (January 13, 2015) at 4-5. The Commission engages in a more limited review for routine financing requests. *Pennichuck Water Works, Inc.*, Order No. 26,247 at 4 (May 3, 2019). “A routine request is one ‘that will have no discernible impact on rates or deleterious effect on capitalization, [and] in which the funds are to enable ... investments appropriate in the ordinary course of utility operations.’” *Ibid.* (citing *Public Service Company of New Hampshire*, Order No. 25,050 at 13 (December 8, 2009)).

The Commission notes the Company’s confirmation that should the aggregate value of the DWSRF loan totaling \$540,000 not be sufficient to completely fund the cost of either Project, any balance will be funded from the Company’s Fixed Asset Line of Credit, which together with the loan portion of this funding will be included in the Company’s next annual QCPAC filing. Based on the record, we find that the terms of the financing are reasonable, and that the proposed use of the financing is consistent with the public good. The borrowed funds will support investments made in the ordinary course of PWW’s business, and the financing has been approved by the City of Nashua.

We further find the proposed DWSRF financing will have a minimal impact on customer rates, estimated by the Company to be an estimated increase of \$0.084 in the average residential customer's monthly bill. The proposed financing will not affect PWW's capitalization as it has an all-debt capital structure. *See, e.g., Pennichuck East Utility, Inc.*, Order No. 26,179 at 14 (October 4, 2018).

For these reasons, we conclude that this financing is for the public good. Accordingly, we approve the Company's request pursuant to RSA 369:1 and 369:4. This order approving financing through the Drinking Water State Revolving Fund is issued on a *nisi* basis so that interested parties may have an opportunity to respond to the financing proposal and request a hearing.

Based upon the foregoing, it is hereby

ORDERED NISI, that subject to the effective date below, PWW's proposed financing through two loans in the amounts of \$240,000 and \$300,000, totaling \$540,000, from the New Hampshire Drinking Water State Revolving Fund, under the terms and conditions prescribed and for the purposes described in this order, is **APPROVED**; and it is

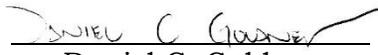
FURTHER ORDERED, that PWW shall cause a copy of this order to be published on the Company's website within one business day of the issuance of this order, to be documented by an affidavit filed with the Commission on or before August 30, 2022; and it is

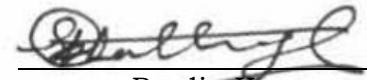
FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than September 6, 2022 for the Commission's consideration; and it is

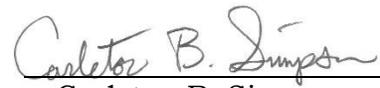
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than September 13, 2022; and it is

FURTHER ORDERED, that this order shall be effective September 15, 2022, unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of August, 2022.


Daniel C. Goldner
Chairman


Pradip K.
Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 22-033

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