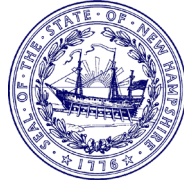


STATE OF NEW HAMPSHIRE

COMMISSIONER
Jared S. Chicoine

DEPUTY
COMMISSIONER
Christopher J. Ellms, Jr.



DEPARTMENT OF ENERGY
21 S. Fruit St., Suite 10
Concord, N.H. 03301-2429

TDD Access: Relay
NH
1-800-735-2964

Tel. (603) 271-3670

Website:
www.energy.nh.gov

May 16, 2023

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street
Concord, New Hampshire 03301

Re: Docket No. DW 23-040
Pennichuck Water Works, Inc.
Petition for Financing Approval to Renew and Extend Fixed Asset Line of Credit

Department of Energy, Technical Statement of Anthony J. Leone

Dear Chairman Goldner:

Enclosed for filing in this matter is the New Hampshire Department of Energy's (DOE) Technical Statement of Anthony J. Leone in the above-captioned docket. This cover letter and the enclosed technical statement with attachment represent the DOE's May 16, 2023, filing with the Public Utilities Commission in this matter, pursuant to the parties' agreed-upon procedural schedule approved by the Commission in a procedural order dated April 11, 2023.

The Commission's April 11, 2023, procedural order also requested that the DOE's filing include an analysis of whether Pennichuck Water Works, Inc.'s (PWW or Company) financing in this docket should be considered "routine," citing *Pub. Serv. Co. of N.H.*, Order No. 25,050 (December 8, 2009); and *Appeal of Easton*, 125 N.H. 205 (1984) (*Easton*). The DOE's *Easton* analysis for PWW's proposed financing is included below.

Under RSA 369:1 and RSA 369:4, public utilities may issue evidence of indebtedness payable more than 12 months after the date thereof only if the Commission finds the proposed issuance to be "consistent with the public good." Analysis of the public good involves reviewing the amount to be financed, the reasonableness of the terms and conditions, the proposed use of the proceeds, and the effect of the financing on customer rates. See *Appeal of Easton* 125 N.H. 205, 211 (1984). The extent of the Commission's review of a financing request depends on whether or not the financing is considered routine. "[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. A routine financing request is one, “that will have no discernible impact on rates or deleterious effect on capitalization, [and] in which the funds are to enable numerous investments appropriate in the ordinary course of utility operations.” *Pennichuck Water Works, Inc.*, Order No. 26,197 (December 3, 2018) at 4. See, also, *Hampstead Area Water Company, Inc.* Order No. 26,230 (March 29, 2019) at 7-8 (financing not routine, more comprehensive Commission review of public good.)

The DOE recommends that the Commission review PWW’s proposed financing request as “routine.” As the Company indicated, their request is for a Fixed Asset Line of Credit (FALOC), (short-term) debt, which is used to finance the construction of fixed assets. These costs, which are converted to long-term debt, are included in the calculation of rates only upon a Commission finding that those fixed assets are complete, used and useful, and Commission approval of the recovery of those costs in PWW’s annual Qualified Capital Project Adjustment Charge (QCPAC). Further, the calculation of the rate impact depends on other factors unique to PWW, which are currently pending an update in Docket, DW 22-032. To the extent the Company was able to estimate an impact, it is from the interest incurred on the FALOC. The Company presented, and in his technical statement, Mr. Leone agreed and discussed further, that under the unlikely and most extreme situation presented by the Company, the impact of the FALOC interest on the bill of an average residential customer would be an increase of \$0.039 cents per month, which is a negligible amount. Regarding the capital structure, the proposed financing would have no effect on PWW’s capital structure because the Company’s current capital structure primarily consists of debt. See Docket No. DW 11-026, *City of Nashua, et al.*, Order No. 25,292 (2011). Therefore, the additional debt introduced by the FALOC will not dilute the Company’s current capital structure. Finally, the purpose of the FALOC extension is to provide the cash flow required to finance the construction of capital projects until PWW converts the amounts on the FALOC to long-term debt through an annual bonding event, which is an appropriate use of the funds in providing utility service.

The enclosed technical statement contains the DOE’s substantive analysis of the proposed financing, discussing the factors listed above. Based on its analysis of the proposed financing, the DOE recommends that the Commission find the financing is in the public good as required by RSA 369:1 and approve PWW’s request for financing in this docket.

With the filing of this letter and the enclosed technical statement with attachment, the DOE believes a complete record has been provided for consideration by the Commission in this matter, pursuant to RSA 12-P:2, IV.

Consistent with the Commission’s current practices, this letter and accompanying technical statement with attachment are being filed only in electronic form.

Respectfully,

/s/ *Suzanne Amidon*

Suzanne G. Amidon
Staff Counsel/Department of Energy
Suzanne.G.Amidon1@energy.nh.gov

Enclosure

cc: Service List (Electronically)

ClerksOffice@puc.nh.gov
alexandra.k.ladwig@energy.nh.gov
anthony.j.leone@energy.nh.gov
carolann.howe@pennichuck.com
donald.ware@pennichuck.com
Energy-Litigation@energy.nh.gov
George.Torres@Pennichuck.com
jay.kerrigan@pennichuck.com
jayson.p.laflamme@energy.nh.gov
jjs@rathlaw.com
larry.goodhue@pennichuck.com
lori.douglas@pennichuck.com
ocalitigation@oca.nh.gov
smw@rathlaw.com
Suzanne.G.Amidon1@energy.nh.gov
wfa@rathlaw.com

SUZANNE G AMIDON
DEPARTMENT OF ENERGY
21 SOUTH FRUIT ST STE 10
CONCORD NH 03301
suzanne.g.amidon1@energy.nh.gov

JAYSON P LAFLAMME
DEPARTMENT OF ENERGY
21 SOUTH FRUIT ST STE 10
CONCORD NH 03301
jayson.p.laflamme@energy.nh.gov

WILLIAM F ARDINGER
RATH YOUNG & PIGNATELLI PC
ONE CAPITOL PLAZA
CONCORD NH 03301
wfa@rathlaw.com

ANTHONY J LEONE
DEPARTMENT OF ENERGY
21 SOUTH FRUIT ST STE 10
CONCORD NH 03301
anthony.j.leone@energy.nh.gov

DEPARTMENT OF ENERGY
DEPARTMENT OF ENERGY
21 SOUTH FRUIT ST STE 10
CONCORD NH 03301
energy-litigation@energy.nh.gov

OCA LITIGATION
OCA LITIGATION
21 SOUTH FRUIT ST STE 18
CONCORD NH 03301
ocalitigation@oca.nh.gov

LORI DOUGLAS
PENNICHUCK EAST UTILITY INC
lori.douglas@pennichuck.com

JAMES STEINKRAUSS
RATH YOUNG & PIGNATELLI PC
jjs@rathlaw.com

LARRY GOODHUE
PENNICHUCK WATER WORKS INC
PO BOX 1947
MANCHESTER NH 03054
larry.goodhue@pennichuck.com

GEORGE TORRES
PENNICHUCK CORPORATIONS
george.torres@pennichuck.com

CAROL ANN T HOWE
PENNICHUCK WATER WORKS INC
25 MANCHESTER STREET
MERRIMACK NH 03054
carolann.howe@pennichuck.com

SUSAN WALKER
RATH YOUNG & PIGNATELLI PC
ONE CAPITAL PLAZA
CONCORD NH 03302-1500
smw@rathlaw.com

JAY KERRIGAN
PENNICHUCK CORPORATIONS
25 MANCHESTER ST
MERRIMACK NH 03054
jay.kerrigan@pennichuck.com

DON WARE
PENNICHUCK WATER WORKS INC
25 MANCHESTER STREET
PO BOX 1947
MERRIMACK NH 03054-1947
donald.ware@pennichuck.com

ALEXANDRA K LADWIG
DEPARTMENT OF ENERGY
alexandra.k.ladwig@energy.nh.gov