

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**DW 24-064**

**Pennichuck East Utility, Inc.**

**Petition of Pennichuck East Utility, Inc. for Approval of  
Financing from CoBank, ACB**

Pennichuck East Utility, Inc. (“PEU” or “Company”), a corporation duly organized and existing under the laws of the State of New Hampshire and operating therein as a public utility subject to the jurisdiction of the New Hampshire Public Utilities Commission (the “Commission”), petitions the Commission for approval and authority under RSA 369:1-4 to (1) to enter into a loan of \$2,068,544 from CoBank, ACB (“CoBank”) to fund certain 2023 capital projects not otherwise funded, as a repayment and refinance of amounts borrowed under the Company’s Fixed Asset Line of Credit (“FALOC”) for those projects during 2023.

In support of its Petition, PEU respectfully represents as follows:

1. PEU is a New Hampshire public utility corporation providing retail water service to customers in the towns of Atkinson, Barnstead, Bow, Chester, Conway, Derry, Exeter, Hooksett, Lee, Litchfield, Londonderry, Middleton, Pelham, Plaistow, Raymond, Sandown, Tilton, Weare, and Windham. PEU is wholly owned by Pennichuck Corporation (“Penn Corp”), which, in turn, is wholly-owned by the City of Nashua.
2. PEU is seeking authority to enter into a loan of \$2,068,544 from CoBank to fund 2023 capital projects not funded by SRF loans or DWGTF loans, as a repayment and refinance of amounts borrowed under the Company’s for those projects during 2023.
3. PEU’s request is discussed in more detail below.

the Form F-4 pursuant to PUC Rule 609.03(b)(6).

- Schedule GT-4A, the Company's Projected Rate Impact on Single Family Residential Homes illustrates the Company's pro forma impact from this financing on the average single-family residential home's water bill, as it pertains to the rates that were approved under Docket No. DW 20-156.
- Schedule GT-4B, the Company's Weighted Average Cost of Long-Term Debt, demonstrates the Company's pro forma impact from this financing on its overall annual weighted average cost of Long-Term debt, inclusive of loans already in existing on the Company's books as of December 31, 2023. This schedule is consistent with Exhibit 6 of Form F-4 pursuant to PUC Rule 609.03(b)(7).

10. The CoBank financing has been approved by the Company's and Penn Corp's Boards of Directors. Copies of the approvals are attached as Exhibits GT-7 and GT-8. The CoBank financing approval was submitted on March 1, 2024 for approval by Penn Corp's sole shareholder, the City of Nashua. A copy of the letter is attached as Exhibit GT-9. The Company received approval from the City on March 26, 2024, a copy of Resolution No. 24-024 is attached as Exhibit GT-10.

11. Section 6(c) of the Loan Agreement between Pennichuck and TD Bank, NA (the "Bank") prohibits Pennichuck or its subsidiaries from incurring additional indebtedness without the express prior written consent of the Bank, except for certain allowed exceptions. See *Direct Testimony of George Torres* at 13. Section 6(c)(v) allows the Company to borrow up to \$1.5 million per annum from CoBank or equivalent lender, provided that TD Bank, NA is provided at least 30 days prior written notice related to said indebtedness, in lieu of prior written consent from TD Bank. See *Id.* at 13. As such, prior written notice was given to the Bank prior to the

Company's filing of this petition, the financing is not anticipated to close until late July 2024 or August 2024. A copy of the letter sent via email to TD Bank on April 17, 2024 to satisfy the notice requirement is attached as Exhibit GT-6. A copy of the email from TD Bank consenting to the CoBank term loan dated May 23, 2024 is attached as Exhibit GT-11.

12. The Company respectfully requests that the Commission issue an Order in this docket by July 31, 2024, to be effective by the end of August 2024 (such that if issued by an Order *Nisi* by July 31, 2024). This will allow the Company to close upon the term loan as a requirement in establishing the final surcharge under the Company's QCPAC filing in pendency in Docket No. DW 24-029. Timely closing on the CoBank term loan, will allow the Company to include the actual impact of this loan in its QCPAC surcharge under Docket No. DW 24-029.

13. Mr. Torres further explains that the proposed financing is consistent with the public good because the CoBank loan will enable PEU to continue to provide safe, adequate, and reliable water service to PEU's customers. For the reasons described in Mr. Boisvert's direct testimony included with the Company's petition in Docket No. DW 24-029 and incorporated here by reference, the projects funded by the CoBank loan will provide the most cost-effective solutions, in support of this overall benefit for PEU's customers. Mr. Torres explains that the terms of the financing through the CoBank loan is favorable compared to other alternatives and will result in, both access to, and lower financing costs than would be available through all other current debt financing options.

14. The Company avers that it is entitled to the financings described above, for the purposes set forth herein, and that the issuance of such notes will be consistent with the public good as contemplated by the New Hampshire Supreme Court's ruling in *Appeal of Easton*, 125 N.H. 205, 211 (1984). The use of long-term debt to pay FALOC converts the short-term debt to

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