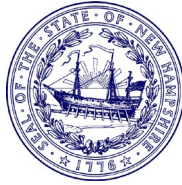


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February 7, 2023

Daniel C. Goldner, Chairman  
New Hampshire Public Utilities Commission  
21 South Fruit Street  
Concord, New Hampshire 03301-2429

Re: Docket No. DW 22-075 (Pittsfield Aqueduct Company, Inc.)  
Petition for Waiver and Increase to the Short-Term Debt Limit  
Department of Energy's Position Statement

Dear Chairman Goldner:

Pursuant to the NH Public Utilities Commissions' (PUC or Commission) Procedural Order in this docket on November 30, 2022, please accept the following Department of Energy (DOE) Position Statement for the above-referenced matter.

On November 3, 2022, Pittsfield Aqueduct Company, Inc. (PAC or the Company) filed a request, pursuant to PUC Admin Rules 201.05, for a waiver of PUC 608.05, which implements the short-term debt provisions established under RSA 369:7 and limits the amount of short-term debt of a regulated utility to 10 percent of its net fixed plant. Specifically, the Company requested approval of a temporary waiver of this rule and an increase of its short-term debt limit to 18 percent until June 30, 2023 (Petition, Bates p. 7, at paragraph (para) 18).

The Company argued that its request for a waiver meets the requirements for such as defined by PUC 201.05, which requires that it 1) serves the public interest, and 2) does not disrupt the orderly and efficient resolution of matters before the Commission. The Company specifically argued that its waiver request serves the public interest as the higher limit would allow the Company to a) effectively reinvest in long-term capital projects, b) provide needed flexibility to pursue lower cost State Revolving Fund (SRF) and Drinking Water and Groundwater Trust Fund (DWGTF) financing, and c) stabilize revenues by allowing the Company to focus without restriction on annual revenue levels (Petition, Bates p. 7 and 8, at para 20).

The Company further argued that, consistent with a previous short-term debt waiver granted by Commission Order No. 25,820 in Docket No. DW 15-288, for both the Company and its similarly capitalized affiliate, Pennichuck East Utility (PEU), such temporary waivers of the short-term debt limit have not disrupted the orderly and efficient resolution of matters before the

Commission, and therefore, this request should have similar results. (Petition, Bates p. 3, at para 4, and Bates p. 4, at para 8).

The Company proposed to continue to submit a report of monthly short-term debt levels along with its Annual Report filings to the Commission and stated that it will continue to notify the DOE and the Office of the Consumer Advocate (OCA) in writing in any month that its short-term debt level exceeds 15 percent of net fixed plant (Petition, Bates p. 7, at para 18).

The DOE reviewed the Company's filing, conducted two rounds of discovery, and met with the Company in a technical session on January 12, 2023. Copies of PAC's discovery responses are attached to this correspondence.

After review, the DOE concurs that, due to its size, the Company's financing options are limited to either 1) State of New Hampshire SRF or DWGTF loans, if a particular project qualifies and is awarded such funds, or 2) short-term borrowings from its affiliates, mainly Pennichuck Corporation which are then petitioned for conversion to long-term loans (Pre-filed Testimony of Mr. Torres, Bates p. 18, lines 8-18, and p. 19, lines 1-3). Coupled with the fact that PAC has an all-debt capital structure, the Company has a greater reliance on its short-term debt, resulting in a short-term debt level that is currently greater than that authorized by PUC 608.05 (Petition, Bates p. 2, at para. 2).

Additionally, PAC's forecasted short-term debt for the first half of 2023, as provided by the Company through discovery, indicates that its estimated levels of short-term debt are expected to remain above 10% until at least June 2023, at which time, the Company anticipates that it will be submitting a joint filing along with PEU regarding a joint subsequent request for waiver.<sup>1</sup> Further, the Company also anticipates that it will be making a filing later this year for a general rate increase that will include a request to amend its rate structure in order to improve its short-term debt levels.<sup>2</sup>

The DOE concurs that the Company's request to temporarily increase its short-term debt to 18 percent is in the public's interest and consistent with past waivers and would not disrupt the efficient and orderly resolution of matters before the Commission. The DOE also concurs with the Company's request to continue its current short-term debt reporting requirements as proposed. As a result of its analysis, the DOE believes the Company's petition, as submitted and supported by subsequent discovery, meets the requirements of PUC 201.05, and recommends the Commission approve PAC's request for a temporary waiver of PUC 608.05.

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<sup>1</sup> See Petition, Bates p. 7, para. 19, and Data response 1-3, and 2-1b.

<sup>2</sup> See Data Response 2-2.

Thank you for your consideration.

Sincerely,

*/s/ Anthony J. Leone*

Anthony J. Leone  
Utility Analyst, Water Group  
Regulatory Support Division

Attachment: PAC responses to DOE Data Requests Set 1 & 2

cc: Service List