

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 24-089

PENNICHUCK WATER WORKS, INC.

**Petition for Approval of Financing for Upgrades to
Nashua Water Treatment Facility**

Order *Nisi* Approving Financing

ORDER NO. 27,076

November 20, 2024

Pursuant to RSA 369:1, Pennichuck Water Works, Inc. (PWW) filed a petition for approval to enter into a loan for up to \$11,450,000 from the New Hampshire Department of Environmental Services (NHDES) PFAS¹ Remediation Grant and Loan Fund (PFAS Remediation Fund). The New Hampshire Department of Energy (DOE) filed a technical statement in which it stated that it supports PWW's petition. For the following reasons, the Commission GRANTS PWW's petition on a *nisi* basis consistent with the ordering clauses below.

I. BACKGROUND

A. PWW'S PETITION

PWW is a public utility that provides water service to communities in both the Merrimack Valley and Seacoast regions. It is a wholly-owned subsidiary of the Pennichuck Corporation, which is itself wholly owned by the City of Nashua. According to PWW, it requires funding to create additional bulk chemical storage for its Nashua Water Treatment Plant and replace existing chemical feed equipment, obsolete programmable logic controllers, and other miscellaneous equipment related to

¹ PFAS is an acronym for per-and polyfluoroalkyl substances, which are a group of synthetic chemicals commonly found in consumer and industrial products.

chemical feed systems in the plant. PWW represents that it needs to make these investments to its treatment facilities in order to provide safe drinking water to its customers.

In order to obtain this financing, PWW seeks to enter into a 20-year, unsecured, long-term loan arrangement, for an amount up to \$11,450,000 at a fixed interest rate of 3.50 percent per year from the PFAS Remediation Fund. PWW anticipates the impact of the new loan on the Company's annual revenue requirement to be \$1,152,525, which is less than 2.5 percent of its total revenue requirement. According to PWW, this will increase the average residential water customer's monthly bill by \$1.35. Finally, PWW represents that the interest rate provided by the PFAS Remediation Fund (3.50 percent) is significantly lower than alternative forms of financing, such as commercial loans or bond financing, and that the overall cost of the loan will therefore be smaller.

B. DOE'S ANALYSIS

The DOE reviewed PWW's petition and submitted the technical statement of Anthony J. Leone, a water utility analyst. Based on his review of PWW's filing, including the company's responses to discovery requests, Mr. Leone concluded that the proposed financing would not have a deleterious impact on the Company's current capital structure, and that the projected net impact of \$1.35 per month for an average single-family residential bill would be negligible. He further represented that the transaction constituted a routine financing agreement, and that the Commission should approve the petition.

II. ISSUES AND ANALYSIS

Both PWW and the DOE argue that the Commission should approve PWW's petition pursuant to RSA 369:1. That statute states that a utility may, "with the

approval of the commission but not otherwise, issue and sell ... notes and other evidences of indebtedness payable more than 12 months after the date thereof for lawful corporate purposes.” The Commission shall authorize the financing “if in its judgment the issue of such securities upon the terms proposed is consistent with the public good.” RSA 369:4. In determining whether to authorize this funding, the Commission reviews the amount to be financed, the reasonableness of the terms and conditions, the proposed use of proceeds, and the effect on rates. *Appeal of Easton*, 125 N.H. 205, 211 (1984).

Under *Easton*, the rigor of an inquiry into a proposed financing agreement varies depending on the circumstances of the request. As the Commission has noted in prior decisions, “certain 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.” *Public Service Company of New Hampshire*, Order No. 25,050 at 14 (December 8, 2009). We engage in a more limited review for routine financing requests. *Id.* at 13–14. 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 numerous investments appropriate in the ordinary course of utility operations.” *Id.* at 13.

Based on PWW’s petition and the DOE’s analysis and recommendation, we find that the intended use of the proposed financing falls within the course of PWW’s routine utility operations. In making this finding, we rely on PWW’s representation that the financing will have little to no impact on PWW’s overall capital structure, and that the projected impact on a single-family residential bill will be approximately \$1.35

per month. Based on this finding, we will engage in a more limited review of the petition. *See id.*

Applying this standard of review, and in reliance on PWW's petition and the DOE's analysis, we find that the proposed financing agreement is in the public good. *See RSA 369:1, 4; see also Easton*, 125 N.H. at 211. Specifically, we find that the 3.50 percent interest rate appears to be highly favorable to PWW, that the loan will not negatively impact PWW's capitalization, and that the estimated \$1.35 increase in residential customer's monthly bills will be minimal. Moreover, we find that the proposed loan will permit PWW to provide safe and adequate service to its customers, as required by RSA 374:1. Accordingly, because the terms of the proposed loan are reasonable and it will allow PWW to provide safe drinking water to its customers, we find that the financing agreement is consistent with the public good. *See RSA 369:1, 4.* Finally, we find that additional investigation is not required and approve the proposed financing on the current record. *See Pennichuck Water Works, Inc.*, Order No. 26,287, at 8 (May 25, 2023).

Based upon the foregoing, it is hereby

ORDERED, that the request of PWW for approval to finance upgrades to the Nashua Water Treatment Facility via the New Hampshire Department of Environmental Services PFAS Remediation Fund, is hereby GRANTED, and it is

FURTHER ORDERED, that PWW file with DOE and the Commission evidence of the financing and the applicable interest rate within 15 days of the close of the financing; and it is

FURTHER ORDERED, that PWW shall cause a copy of this order to be published on its website no later than the close of business on November 22, 2024, to

be documented by affidavit filed with this office on or before December 3, 2024; 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 December 3, 2024, for the Commission's consideration; and it is

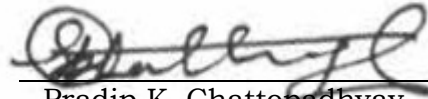
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than December 4, 2024; and it is

FURTHER ORDERED, that this order shall be effective December 5, 2024, unless PWW 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 twentieth day of November, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 24-089

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