

July 15, 2014

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*Via Electronic Mail and Regular Mail*

Debra A. Howland  
Executive Director & Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, N.H. 03301

Re: Pennichuck East Utility, Inc.  
Request for Waiver of Short Term Debt Limit

Dear Ms. Howland:

In accordance with Puc 202.01 (d), Pennichuck East Utility, Inc. (PEU) files this request for a waiver of Puc 608.05, which establishes a short term debt limit equivalent to 10% of a utility's net fixed plant. PEU intends to file a request for an approval of long term financing prior to September 1, 2014, and asks therefore that the waiver apply until such time that the request for long term financing is resolved. Pursuant to Puc 201.05, PEU asserts that the waiver will serve the public interest and that it will not disrupt the orderly and efficient resolution of matters before the Commission.

PEU's short term debt limit has been the subject of two previous proceedings. In Docket No. DW 11-267, by Order No. 25,326 (issued February 1, 2012) the Commission approved a short term debt limit of 15% of net fixed plant for the remainder of calendar year 2012. In Docket No. DW 12-349, by Order No. 25,482 (issued March 28, 2013) the Commission extended a short term debt limit of 18% of net fixed plant (which had been approved by a secretarial letter issued December 31, 2012) coincident with the approval of certain long term loans and approved a short term debt limit of 12% of net fixed plant for the remainder of calendar year 2013.

As PEU noted in Docket No. DW 12-349, because it is financed solely with debt capital PEU has less financial flexibility than an entity with a traditional, balanced capital structure. In addition, as was also the case at that time, PEU continues to invest in capital improvements and its earnings remain at a low level, pending the issuance of a final order

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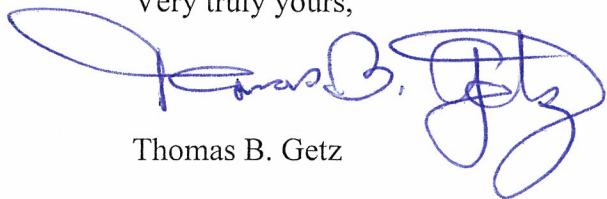
in PEU's rate case, Docket No. DW 13-126, which the Company hopes will provide rate relief at a level consistent with the Settlement Agreement filed in that proceeding.

Based on its month-end calculations for May, PEU's short term debt slightly exceeded 10%. For May the calculation was 10.26% due in large part to property tax payments but for June it decreased slightly to 9.99% due to reimbursement funds received on existing State Revolving Fund loans. The Company anticipates that short term debt would stay in the range of 10% to 12% for the remainder of 2014 in the absence of rate relief and/or additional long term financing.

PEU believes that the purpose of the short term debt limit rule is satisfied by a waiver inasmuch as the debt limit is exceeded only minimally and for a short duration. Furthermore, PEU's customers are not impacted by the waiver and neither is PEU's cost of doing business or obtaining long term financing. As a result, PEU requests that the Commission waive the application of Puc 608.05 and proposes that the 12% short term debt limit approved in Docket No. DW 12-349 be reinstituted through October 31, 2014, which should allow sufficient time for rate relief from Docket No. DW 13-136 to take effect and for the Company's planned long term financing petition to be addressed.

Please do not hesitate to contact me or Pennichuck Corporation's Chief Financial Officer, Larry Goodhue, at 923-2312, if there are any questions about this request.

Very truly yours,



Thomas B. Getz

TBG:cs

cc: Rorie Hollenberg, Assistant Consumer Advocate (via email)