

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

Docket No. DE 17-xxx

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

**Petition for Authority to Issue Long Term Debt and  
to Waive Portions of Puc 308.12(b)**

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (the “Company” or “Granite State”), through counsel, respectfully petitions the New Hampshire Public Utilities Commission pursuant to RSA 369 and Puc 308.12 for authority to issue long-term debt in an amount not to exceed \$3.44 million to replace a maturing intercompany promissory note of the same amount.

Granite State also asks the Commission to waive certain portions of Puc 308.12(b) that do not apply to this financing.

In support of this petition, the Company states as follows:

1. RSA 369 governs utility requests for Commission authority to issue long term debt. RSA 369:4 requires the Commission to “determine the actual or probable cost incurred or to be incurred” with proposed financings, and to find that the financings are “consistent with the public good” before it may “authorize the same.” Puc 308.12(b) lists the information to be included in a financing petition.
2. To help the Commission determine the costs to be incurred for the financing proposed in this petition, and find that the financing is for the public good and in

compliance with Puc 308.12, Granite State has filed this petition, the testimony of Mark T. Timpe and various schedules, Exhibit A, the proposed promissory note, Exhibit B, and the related board resolution, Exhibit C. These documents are sufficient to support a Commission order authorizing the proposed financing.

3. As part of Liberty’s acquisition of Granite State from National Grid in 2012, the Commission authorized Granite State to issue up to \$20 million in long term debt. Order No. 25,370 at 37-40 (May 30, 2012). The debt issued under that authority consists of the following borrowings from Granite State’s parent company, Liberty Utilities Corp. (“LUCo”):

Borrower	Lender	Amount	Rate	Maturity Date
Granite State	LUCo	\$3,434,343.43	3.51%	Dec. 20, 2017
Granite State	LUCo	\$7,898,989.90	4.49%	Dec. 20, 2022
Granite State	LUCo	\$4,121,212.12	4.89%	Dec. 20, 2027
Granite State	LUCo	\$1,545,454.55	4.89%	Dec. 20, 2027

4. In this petition the Company seeks authority to replace the first tranche of debt, the \$3,434,343.43 that matures on December 20, 2017, with a borrowing of the same amount also from LUCo. Granite State proposes to price the debt on a U.S. Treasury rate published the day before closing plus a 1.60% credit spread, which is equal to the average credit spread of two recent LUCo private placement notes. The Company proposes a 15 year term to preserve the original maturity ladder, and otherwise intends to include terms that are similar to the existing debt.

5. This request does not seek authority for new debt, but merely to refinance existing debt.
6. The requirements of Puc 308.12 have been met as follows.
  - a. This petition and Mr. Timpe’s testimony constitute an “application for leave to issue securities,” and explain the “purpose of the purpose of the security,” Puc 308.12(b)(1).
  - b. Attachments to Mr. Timpe’s testimony include an estimated cost of financing, Puc 308.12(b)(2), a balance sheet, Puc 308.12(b)(3), an income statement, Puc 308.12(b)(4), and the source and application of funds and capitalization, Puc 308.12(b)(5).
  - c. Attached to this petition as Exhibit C is a resolution of Granite State’s board of directors authorizing the proposed financing,<sup>1</sup> Puc 308.12(b)(6), and Exhibit B is a copy of the proposed promissory note, Puc 308.12(b)(8).
  - d. The Company met the filing requirements of Puc 308.12(b)(10) and (11).
7. Three requirements of Puc 308.12(b) do not apply here and the Company seeks a waiver of those rules. First, the Company need not file a “copy of the private placement memorandum ... including any letter of commitment from a lender,” Puc 308.12(b)(7), because no such documents exist since the lender is the Company’s parent. Second, this financing does not include issuance of stock, so the Company need not file the terms of new stock, Puc 308.12(b)(9). And third, Puc 308.12(b)(5) requires the “Source and Application of Funds and Capitalization” referenced above to include “a statement of capitalization ratios after giving effect to the proposed financing, *including 3 years of*

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<sup>1</sup> A signed copy of the resolution will be filed shortly.

*history and 3 years of forecast data.*” (Emphasis added). Mr. Timpe’s testimony and schedules provide the “statement of capitalization ratios after giving effect to the proposed financing,” but do not include “3 years of history and 3 years of forecast data.” The Company submits that, since it is simply replacing an existing tranche of maturing debt with an equal amount of new debt, the three years of history and three years of forecasted data is not applicable because the financing does not include incremental debt.

8. The Company submits that these three requirements should be waived. Puc 201.05. As stated above, “compliance with the rule would be ... inapplicable given the circumstances” of this filing, Puc 201.05(b)(1), and thus the “waiver serves the public interest” and “will not disrupt the orderly and efficient resolution of matters before the commission,” Puc 201.05(a).
9. For the reasons outlined in this petition and as more fully explained in Mr. Timpe’s testimony and attachments, Granite State submits that the proposed financing represent the most cost effective way to refinance the existing debt, all of which supports a conclusion that the financing proposal is in the public interest. RSA 369:1 and :4.
10. As required by Puc 308.12(d), the Company states as follows: “The petitioner utility company believes and, therefore, alleges that the securities to be issued will be consistent with the public good and that it is entitled to issue said securities under RSA 369 for the purposes set forth in its petition.”
11. The Company respectfully requests a Commission order by November 1, 2017, so that it may close the first proposed financing before the December 20 maturing of the existing loan.

WHEREFORE, Granite State respectfully asks that the Commission to:

- A. waive applications of those portions of Puc 308.12(b) discussed above;
- B. authorize the Company to issue up to \$3.44 million in long term debt under the conditions described above; and
- C. grant such other relief as is just and reasonable and consistent with the public interest.

Respectfully submitted,

Liberty Utilities (Granite State Electric) Corp. d/b/a  
Liberty Utilities

Date: August 25, 2017



By: \_\_\_\_\_  
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Certificate of Service

I hereby certify that on August 25, 2017, a copy of this petition has been forwarded to the Office of Consumer Advocate.



By: \_\_\_\_\_  
Michael J. Sheehan, Senior Counsel #6590