

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

Docket No. DW 20-081

**Petition of Pennichuck East Utility, Inc. for Approval of
Financings From CoBank, ACB and Refinancing of Intercompany Loans**

MOTION TO BIFURCATE

Pennichuck East Utility, Inc. (“PEU”) moves to bifurcate this proceeding to allow for separate orders to be issued in the above referenced Docket.

In support of this Motion, PEU respectfully represents as follows:

1. In its financing petition, PEU is requesting approval and authority under RSA 369:1-4 to (1) enter into a loan from CoBank, ACB (“CoBank”) to fund certain 2019 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 2019; (2) for the renewal and extension of the Company’s current FALOC with CoBank by renewing the current 3-year \$3.0 million FALOC to provide for short-term financing of capital projects, for a new 3-year term; and (3) to permit the Company to refinance nearly all of its outstanding short-term intercompany payable balances between PEU and its parent, Pennichuck Corporation (“Penn Corp”), as a new long-term intercompany loan between the parties.

2. Both the CoBank loan and CoBank FALOC renewal are collectively referred to as the “CoBank Requests.” The request to refinance its outstanding short-term intercompany payable balances between PEU and Penn Corp as a new long-term intercompany loan between the parties is referred to as the “Refinance Request.”

3. As is described in Mr. Goodhue’s testimony filed with the Petition, the CoBank Requests have time-sensitive components because the CoBank loan term is a requirement in establishing the final surcharge under PEU’s Qualified Capital Project Adjustment Charge

(“QCPAC”) filing pending in Docket No. DW 20-019, and the CoBank FALOC has been extended but is currently scheduled to terminate at the end of 2020. The CoBank loan is used for 2019 capital improvement projects funded with short-term debt. The expenditures for 2019 cover project costs not fully funded by the New Hampshire State Revolving Fund (“SRF”) or the New Hampshire Drinking Water and Groundwater Trust Fund (“DWGTF”) and capital expenditures for maintenance capital items described in the Company’s QCPAC filing in DW 20-019. If the FALOC is not approved before the expiration of the current FALOC, the Company will not have the short-term financing in place in 2021 to fund ongoing capital projects. The CoBank Requests, however, have critical deadlines and a decision before the end of November is essential. The Refinance Request, while important, does not have a fixed deadline associated with it and bifurcation of the Refinance Request will allow for the CoBank Requests to proceed without further delay.

4. Based on conversations with Staff, PEU understands that Staff is prepared to make its recommendations regarding the CoBank Requests, but needs more time to complete its review of the Refinancing Request. Based on those conversations with Staff, the review and audit needed to fully evaluate the Refinancing Request will be most efficiently managed if conducted in conjunction with Staff’s review of PEU’s upcoming rate case and associated audit.

5. In light of the need for a decision as soon as possible regarding the CoBank Requests, and the fact the Refinance Request does not have the same time sensitive issues, PEU is requesting that the Commission consider the CoBank Requests separately and first review and issue orders regarding the CoBank Requests, to be followed with an Order regarding the Refinance Request after Staff has an opportunity to fully evaluate the request.

6. Counsel for the Staff assents to the request for bifurcation sought in this Motion.

WHEREFORE, PEU respectfully requests that the Commission:

- A. Bifurcate its consideration of issuance of the CoBank Requests and the Refinance Request;
- B. Upon recommendation by Staff, issue an Order on the two requests that are sought in the CoBank Requests;
- C. Allow for the separate review and order regarding the proposed Refinance Request; and
- D. Take such further action and make such other findings and orders as in its judgment may be just, reasonable, and in the public good.

Respectfully submitted,

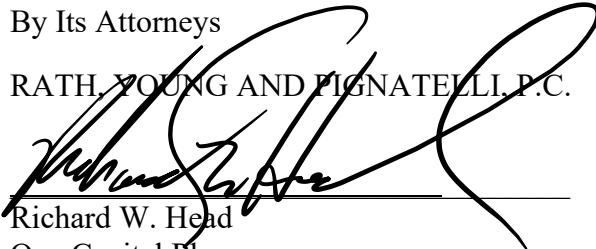
PENNICHUCK EAST UTILITY, INC.

By Its Attorneys

RATH, YOUNG AND FIGNATELLI, P.C.

Dated: 9/14/2020

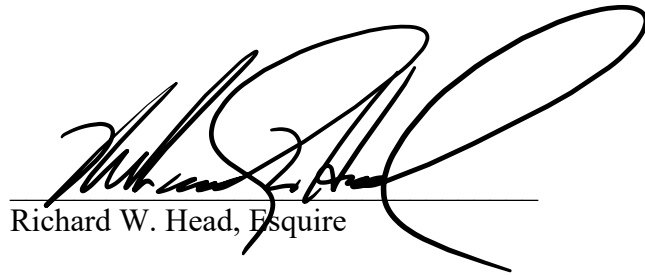
By:


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Certificate of Service

I hereby certify that a copy of this motion has been served on the Commission's service list for this docket.

Dated: 9/14/2020


Richard W. Head, Esquire