

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

**DW 21-129**

**Pennichuck East Utility, Inc.**

**Petition of Pennichuck East Utility, Inc. for Approval of  
Financing from CoBank**

Pennichuck East Utility, Inc. (“PEU” or “Company”), a corporation duly organized and existing under the laws of the State of New Hampshire and operating therein as a public utility subject to the jurisdiction of the New Hampshire Public Utilities Commission (the “Commission”), petitions the Commission for approval and authority under RSA 369:1-4 to (1) to enter into a loan of \$2,5~~43,495~~46,632 from CoBank, ACB (“CoBank”) to fund the “one time” refill and replenishment of the Company’s Rate Stabilization Fund (“RSF”) funds to their imprest levels, specifically the Material Operating Expense Revenue Requirement (“MOERR”).

In support of its Petition, PEU respectfully represents as follows:

1. PEU is a New Hampshire public utility corporation providing retail water service to customers in the towns of Atkinson, Barnstead, Bow, Chester, Conway, Derry, Exeter, Hooksett, Lee, Litchfield, Londonderry, Middleton, Pelham, Plaistow, Raymond, Sandown, Tilton, Weare, and Windham. PEU is wholly-owned by Pennichuck Corporation (“Penn Corp”), which, in turn, is wholly-owned by the City of Nashua.

2. PEU is seeking authority to enter into a loan of \$2,~~543,495~~2546,632 from CoBank to fund the “one time” refill and replenishment of the Company’s Rate Stabilization Fund (“RSF”) funds to their imprest levels, specifically the Material Operating Expense Revenue Requirement (“MOERR”) in conjunction with the new permanent rates and modified rate

asset to be amortized into rates over a period of 10 years, including the implementation of the MOEF at a 6% factor level. Upon discovery and further discussion with the parties, alternatives were sought in lieu of that deferred asset methodology. The Company believes that the preferred alternative to that deferred asset methodology (if an alternative to that treatment is agreed upon between the parties to the case) is the ability to “one time” fund the RSF shortfall with external debt for a 25-year period of repayment.

7. This alternative would provide the ability to fund the shortfall funds needed to allow for the implementation of the MOEF in this case at a 4% level (with the full 6% level being sought in the Company’s next permanent rate case proceeding), with a term loan for 25 years. Pursuing this as an alternative to the deferred asset approach would result in savings in the new permanent rates being requested, of approximately 1.883.37% (an estimated increase of 16.4785% vs an estimated increase of 19.8418.73%), primarily due to the impact of a 25-year amortization versus a 10-year amortization. The Company is hopeful that a settlement agreement between the parties, including the potential inclusion of this financing request, will be formulated between the parties for consideration by the Commission in Docket No. DW 20-156. The fact that this financing is integral to that rate proceeding, should this be an integral element in that settlement agreement, it will be an important issue for the Commission’s notice of this instant proceeding.

8. While the final terms and interest rates are subject to change prior to the date of closing, the Company expects to obtain an \$2,543,49546,632 term loan with a 25-year amortization, with level monthly principal and interest payments with an interest rate to be determined based on market conditions (currently estimated at 4.50% per annum). The proceeds from this new CoBank loan will be used to refill the Company’s MOERR RSF to its full imprest

(a) Find that the CoBank loan of \$2,5~~43,49546,632~~ to fund the “one time” refill and replenishment of the Company’s Rate Stabilization Fund (RSF) funds to their imprest levels, specifically the Material Operating Expense Revenue Requirement (MOERR RSF), in conjunction with the new permanent rates and modified rate structure seeking approval for the Company in Docket No. DW 20-156, such loan is in accordance with the terms and purposes described in this petition and in the pre-filed testimony is consistent with the public good;

(b) Authorize PEU to do all things, take all steps, and execute and deliver all documents necessary or desirable to consummate, implement and carry out the proposed financings;

(c) Approve the financing request by Order *Nisi* by October 31, 2021 to allow the Company to close upon the term loan as a requirement in establishing the final permanent rates under the Company’s permanent rate case in Docket 20-156, or, in the alternative, issue an Order of Notice as soon as practicable that establishes a procedural schedule, including if required, a date for hearing in this matter, which would result in an Order that is effective by the end of November 2021; 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.

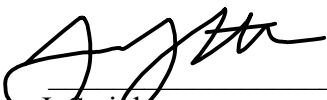
Respectfully submitted,

PENNICHUCK EAST UTILITY, INC.

By Its Attorneys

RATH, YOUNG AND PIGNATELLI, P.C.

Dated: September 2, 2021

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