

retained earnings related to costs associated with the financings, as reflected on Schedule LDG-2. Schedule LDG-1, page 2, also records the repayment of intercompany funds to the extent they were used to support the MOERR RSF leading up to the current permanent rate case, and this financing request, based upon actual bank account balances as of 12/31/2020.

- Schedule LDG-2, Page 1 contains two adjustments. The first adjustment records the estimated increase in interest expense related to additional debt raised at interest rates of 4.5% per annum. The second adjustment records the income tax effect of the additional pro forma interest expense using an effective combined federal and state income tax rate of 27.08%.
- Schedule LDG-3 illustrates the Company's pro forma impact from this financing on the average single-family residential home's water bill, as it pertains to the rates that were approved under Docket No. DW 17-128, as well as the impact as known from the DW 20-156 docket, per the 1604.06 schedules pro-formed and supplemented into that case as of 8/10/2021.

14. The CoBank financing has been approved by the Company's and Penn Corp's Boards of Directors. Copies of the approvals are attached as Exhibits LDG-5 and LDG-6. The CoBank financing approval was submitted for approval by Penn Corp's sole shareholder, the City of Nashua. A copy of the letter requesting approval is attached as Exhibit LDG-12. The approval was pending before the City of Nashua Board of Alderman on October 26, 2021. A copy of the agenda is attached is Exhibit LDG-13. The Company anticipated review by the City's Special Water Committee on November 3, 2021 and subsequent approval by the Board of Alderman on November 9, 2021. The City of Nashua Board of Alderman approved the

financing with CoBank on November 9, 2021, a copy of the resolution is attached as Exhibit LDG-14.

15. The Company made a written request to TD Bank for consent to incur new indebtedness pursuant to Section 6(c) of the Loan Agreement between Pennichuck and TD Bank, NA on October 12, 2021. A copy of the letter is attached as Exhibit LDG-10. TD Bank subsequently granted consent to the new loan on October 21, 2021. A copy of the email is attached as Exhibit LDG-11.

16. The Company respectfully requests that the Order be effective by October 31, 2021, if possible, such that the Order can be effective not later than the end of November 2021. This will 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 pendency in Docket No. DW 20-156. Timely closing on the CoBank term loan, will allow the Company to include the actual impact of this loan in its final approved rate in that case. Schedules provided in discovery under DW 20-156 pertaining to this financing and the impact it has in the permanent rate proceeding as attached as Exhibits LDG-7 through LDG-9.

17. The Company avers that it is entitled to the financings described above, for the purposes set forth herein, and that the issuance of such notes will be consistent with the public good as contemplated by the New Hampshire Supreme Court's ruling in *Appeal of Easton*, 125 N.H. 205, 211 (1984). Pursuing this funding alternative, as opposed to a deferred asset approach, would result in savings for ratepayers in the new permanent rates being requested, of approximately 3.37%, primarily due to the impact of a 25-year amortization versus a 10-year amortization.

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