

1 approved under Docket No. DW 17-128, as well as the impact as known from the DW
2 20-156 docket, per the 1604.06 schedules pro-formed and supplemented into that case as
3 of 8/10/2021.

4 **Q. Mr. Goodhue, are there any covenants or restrictions contained in the Company's**
5 **other bond and debt agreements which would be impacted by the issuance of debt**
6 **under this proposed financing?**

7 A. Yes. Section 6(c) of the Loan Agreement between Pennichuck and TD Bank, NA (the
8 "Bank") prohibits Pennichuck or its subsidiaries from incurring additional indebtedness
9 without the express prior written consent of the Bank, except for certain allowed
10 exceptions. One of the listed exceptions, in Section 6(c)(v) the Company may incur new
11 indebtedness up to \$1.5 million per annum, on an unsecured basis, with CoBank, ACB or
12 equivalent lender, provided that TD Bank, N.A. is provided at least 30 days prior to
13 written notice related to said indebtedness. Amounts borrowed from CoBank above that
14 limit require approval from TD Bank, N.A. The Company made a written request to TD
15 Bank on October 12, 2021. A copy of the letter is attached as Exhibit LDG-10. TD Bank
16 subsequently granted consent to the new loan on October 21, 2021. A copy of the email
17 is attached as Exhibit LDG-11.

18 **Q. What is the status of corporate approvals for CoBank Financings?**

19 A. The CoBank financings have been approved by the Company's and Pennichuck's Boards
20 of Directors as documented in LDG-5 and LDG-6, and was submitted, for approval by
21 Pennichuck's sole shareholder, the City of Nashua. A copy of the letter requesting
22 approval is attached as Exhibit LDG-12. The approval was pending before the City of
23 Nashua Board of Alderman on October 26, 2021. A copy of the agenda was attached as

1 Exhibit LDG-13. The Company anticipated review by the City's Special Sewer
2 Committee on November 3, 2021 and subsequent approval by the Board of Alderman on
3 November 9, 2021. The City of Nashua Board of Alderman approved the financing with
4 CoBank on November 9, 2021, a copy of the resolution is attached Exhibit LDG-14.

5 **Q. Do you believe that the CoBank Financings will be consistent with the public good?**

6 A. Yes. This CoBank loan will enable PEU to continue to provide safe, adequate and
7 reliable water service to PEU's customers, while allowing for the implementation of the
8 MOEF in the Company's current rate case, at rates below those initially requested. The
9 terms of the financing through the CoBank loans are very favorable compared to other
10 alternatives and will result in lower financing costs than would be available through all
11 other current debt financing options. And, the overall impact of this borrowing is to
12 provide for a modified rate structure that is more stable for rate payers and better
13 provides for adequate cash flow coverage for the Company's necessary operating
14 expenses.

15 **Q. Is there anything else that you wish to add?**

16 A. Yes. I respectfully ask the Commission to issue an Order in this docket by October 31,
17 2021, if at all possible, such that the Order can be effective no later than the end of
18 November. This will allow the Company to close upon the term loan as a requirement in
19 establishing the final permanent rates under the Company's permanent rate case in
20 pendency in Docket No. DW 20-156. Timely closing on the CoBank term loan, will
21 allow the Company to include the actual impact of this loan in its final approved rates in
22 that case. Attached as Exhibits LDG-7 thru LDG-9, are schedules which were provided