

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 22-013

PENNICHUCK EAST UTILITY, INC.

**Petition for Approval of Financing
under the State Drinking Water and Groundwater Trust Fund
for the W&E¹ – Town of Salem Interconnection Project**

Order *Nisi* Approving Financing

O R D E R N O. 26,641

June 15, 2022

In this order, the Commission approves a petition of Pennichuck East Utility, Inc. (PEU, or the Company) to borrow a principal amount of \$493,500 and to accept a grant in the amount of \$211,500 from the New Hampshire Drinking Water and Groundwater Trust Fund (DWGTF).

The Petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-013.html>.

I. PETITION

PEU filed a petition on March 9, 2022, requesting Commission approval and authority under RSA 369:1-4 to enter into a loan from the DWGTF in the amount of \$493,500 for a 25-year term and to accept a grant, also from the DWGTF, of \$211,500 (Petition). The stipulated interest rate for the financing is 1.57 percent per year. Anticipated issuance costs for the DWGTF loan will total \$10,000, to be amortized over

¹ PEU's "W&E – Town of Salem Interconnection Project" (W&E).

the life of the loan. PEU's parent company will provide an unsecured corporate guarantee for the repayment of the loan.

Established under RSA 485-F, the DWGTF is administered by the New Hampshire Department of Environmental Services (DES). The Petition was supported by the pre-filed written testimony of Larry D. Goodhue, Chief Executive Officer of the Company and John J. Boisvert, Chief Engineer of the Company.

II. POSITIONS OF THE PARTIES

A. PEU

PEU intends to utilize the loan and grant proceeds to fund a 2022 capital project related to installing an interconnection main with the Town of Salem's Community Water System and upgrading the existing treatment facilities in the pump station. The upgrades will remove chloramines from water obtained from Salem and re-chlorinate the water for compatibility with other sources of water within PEU's W&E system in Windham, NH. The Company anticipates that the proposed financing will have a minimal impact on customer rates (an estimated \$0.27 increase in the average residential customer's monthly bill) and will facilitate customary improvements made in the ordinary course of business. Schedule LDG-4A.

B. DOE

On April 21, 2022, the Department of Energy (DOE) filed a letter from Robyn J. Descoteau, a utility analyst with the DOE Water Group, Regulatory Support Division, stating that DOE had investigated the Petition filing and propounded discovery on the Company. DOE concluded that the terms of the financing are reasonable and that the proposed use of the financing and grant are in the public interest. Accordingly, DOE supported approval of the Petition as filed, subject to approval by the City of Nashua.

III. COMMISSION ANALYSIS

A. Financing Request

Pursuant to RSA 369:1, public utilities engaged in business in New Hampshire may issue evidence of indebtedness payable more than 12 months after the date thereof only if the Commission finds the proposed issuance to be “consistent with the public good.” RSA 369:4. Analysis of the public good involves looking beyond the actual terms of the proposed financing to the use of the funds and the effect on rates to ensure the public good is protected. *Appeal of Easton*, 125 N.H. 205, 211 (1984). “[C]ertain financing related circumstances are routine, calling for more limited Commission review of the purposes and impacts of the financing, while other requests may be at the opposite end of the spectrum, calling for vastly greater exploration of the intended uses and impacts of the proposed financing.” *Lakes Region Water Company, Inc.*, Order No. 25,753 (January 13, 2015) at 4-5. The Commission engages in a more limited review for routine financing requests. *Pennichuck Water Works, Inc.*, Order No. 26,247 at 4 (May 3, 2019). A routine request is one that “will have no discernible impact on rates or deleterious effect on capitalization, [and] in which the funds are to enable ... investments appropriate in the ordinary course of utility operations.” *Id.* 5 (citing *Public Service Company of New Hampshire*, Order No. 25,050 at 13 (December 8, 2009)).

Based on the record, we find the proposed DWGT financing will have a minimal impact on customer rates, estimated by the Company to be an \$0.27 increase in the average residential customer’s monthly bill, an increase of approximately 0.32% on the monthly surcharge. The proposed financing will not affect PEU’s capitalization as it has an all-debt capital structure. See *Pennichuck East Utility, Inc.*, Order No. 26,179 at

14 (October 4, 2018). The borrowed funds will support investments made in the ordinary course of PEU's business.

For these reasons, we find this to be a routine financing request and conclude that this financing is for the public good. Accordingly, we approve the Company's request pursuant to RSA 369:1 and 369:4. This order approving the DWGTF loan financing and grant funding is issued on a *nisi* basis so that interested parties may have an opportunity to respond to the financing proposal and request a hearing.

A. Request for Confidential Treatment

Based upon the foregoing, it is hereby

ORDERED NISI, that subject to the effective date below, PEU's proposed financing through a loan of \$493,500 and acceptance of a grant of \$211,500 from the New Hampshire Drinking Water and Groundwater Trust Fund, under the terms and conditions prescribed and for the purposes described in this order, are **APPROVED**; and it is

FURTHER ORDERED, that the Company shall cause a copy of this order to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than June 27, 2022 and to be documented by affidavit filed with this office on or before July 12, 2022 and it is

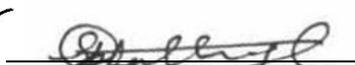
FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than June 27, 2022 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than July 11, 2022; and it is

FURTHER ORDERED, that this order shall be effective July 15, 2022 unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this fifteenth day of June, 2022.


Daniel C. Goldner
Chairman


Pradip K.
Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 22-013

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