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Please reply to: Concord Office

November 3, 2022

VIA ELECTRONIC MAIL

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Department of Energy
21 South Fruit Street, Suite 10
Concord, NH

OCA Litigation (ocalitigation@oca.nh.gov)
Office of Consumer Advocate
21 South Fruit Street, Suite 18
Concord, NH 03301

Re: Order No. 25,280
Granting a Short-Term Debt Limit Waiver
Docket No. DW 15-288

Dear Attorney Tuomala and Office of Consumer Advocate:

On September 29, 2015, the New Hampshire Public Utility Commission (“Commission”) issued Order No. 25,820 granting Pittsfield Aqueduct Company, Inc. (“PAC” or “Company”) a waiver and increase of the short-term debt limit with a threshold limit of 18% until June 30, 2019. By the terms of the Order, PAC must provide a notice to the Department of Energy (“DOE”) and Office of Consumer Advocate (“OCA”) in any month where the Company’s short-term debt exceeds 15%, as recorded monthly in the Company’s annual report. See Order No. 25,820 (September 29, 2015) at 4.

On March 8, 2018, PAC filed a Petition for Approval of Refinancing of Intercompany Debt to refinance a 10-year \$776,850 fixed rate intercompany note payable between the Company and Pennichuck Corporation and to convert \$409,150 of short-term intercompany debt to a long-term note. The refinancing would eliminate a balloon payment, provide favorable debt carrying costs of 3.2% and reduce the level of PAC’s short-term debt that was above the statutory 10% limit of net fixed plant. On April 20, 2018, the Commission authorized the refinancing of the existing ten (10) year intercompany note and conversion of the \$409,150 of variable-rate short-term intercompany debt into a long-term note. See

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Order No. 26,125 (April 20, 2018). In the Order, the Commission found the refinancing and conversion of short-term debt to be routine in nature and in the public interest pursuant to RSA 369:1. See Order 26,125 at 4. The Company subsequently refinanced the short-term debt on May 1, 2018, which had the effect of lowering the Company's short-term debt thresholds. Therefore, the Company did not seek an extension of the short-term debt waiver granted in Order 25,820 in June 2019.

Based upon review of the Company's records, the Company's short-term debt threshold reached 21.3% as of the end of August 2022. Please see the attached spreadsheet showing the PAC Short-term Debt Threshold for the period ending August 31, 2022. The Company's short-term debt threshold was exceeded by this amount because of a temporary one-time year-to-date true-up in the intercompany accounts in the Company's balance sheet. This was reported in the Company's most recently filed financial statements. The Company anticipates that short-term debt will be in the range of 12 to 13% going forward, was 12.62% in the prior month and 11.98% in September. The Company has maintained levels below 10% from May 1, 2019 until May 2022.

Given the expiration of the short-term debt waiver and thresholds above the limit of 10% set by Puc 608.05, the Company will file a petition with the NH Public Utility Commission requesting a temporary short-term debt waiver of 18%, consistent with the extension granted to Pennichuck East Utility, Inc. in Order 26,311 (November 27, 2019) in Docket DW 19-112. The petition will request a temporary waiver until June 30, 2023, at which time the Company will re-evaluate its debt levels and file jointly with PEU a petition for both companies to be more efficient and minimize legal expenses.

This notice is filed in compliance with the terms of Order No. 25,820 and the Company's will be filing a petition with the Commission requesting a temporary short-term debt waiver. Since the Order was issued in 2015, prior to the re-organization of the Commission and Department of Energy, the Company is providing a courtesy copy to the Commission for its information. If you have any questions regarding this notice or would like to discuss it further, please feel free to contact me.

Thank you for your attention to this matter.

Sincerely,



James J. Steinkrauss



INSIGHT MATTERS

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Cc: Daniel C. Goldner, Chairman, NH Public Utilities Commission
(via Clerks.Office@puc.nh.gov)