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September 6, 2023

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street
Concord, New Hampshire 03301

Re: Docket No. DW 23-061
Pittsfield Aqueduct Company, Inc.
Petition to Enter into Long Term Intercompany Loan with Pennichuck Corporation
Department of Energy, Technical Statement of Anthony J. Leone

Dear Chairman Goldner:

Enclosed for filing in this matter is the New Hampshire Department of Energy's (DOE) Technical Statement of Anthony J. Leone in the above-captioned docket. This cover letter and the enclosed technical statement with attachments represent the DOE's filing with the Public Utilities Commission in this matter, pursuant to the parties' agreed-upon procedural schedule approved by the Commission in a procedural order dated June 27, 2023. The Commission amended its procedural order on July 11, 2023, to require the DOE to include in its recommendation an analysis of whether the Pittsfield Aqueduct Company, Inc. (PAC or Company) proposed financing in this docket be considered "routine," citing *Pub. Serv. Co. of N.H.*, Order No. 25,050 (December 8, 2009); and *Appeal of Easton*, 125 N.H. 205 (1984) (*Easton*). The DOE's *Easton* analysis for PAC's proposed financing follows.

Under RSA 369:1 and RSA 369:4, public utilities 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." Analysis of the public good involves reviewing the amount to be financed, the reasonableness of the terms and conditions, the proposed use of the proceeds, and the effect of the financing on customer rates. See *Appeal of Easton* 125 N.H. 205, 211 (1984). The extent of the Commission's review of a financing request depends on whether or not the financing is considered routine. "[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. A routine financing request is one, "that will have no discernible impact on rates or deleterious effect on capitalization, [and] in which the funds are to enable numerous investments appropriate in

the ordinary course of utility operations.” *Pennichuck Water Works, Inc.*, Order No. 26,197 (December 3, 2018) at 4. See, also, *Hampstead Area Water Company, Inc.* Order No. 26,230 (March 29, 2019) at 7-8 (financing not routine, more comprehensive Commission review of public good.)

The DOE recommends that the Commission review PAC’s proposed financing request as “routine”. The stated purpose of the loan is to convert certain variable-rate, short-term debt with Pennichuck Corporation to long-term debt at a fixed rate. The Company provided a list of the underlying financed assets that comprise the proposed amount of short-term debt to be converted to long-term debt; the list is attached to Mr. Leone’s technical statement.

In arriving at this recommendation, the DOE reviewed the filing, as well as the data request responses generated in this proceeding. Mr. Leone enumerates the purposes of these filings in his technical statement. Importantly, he notes that the Commission requested PAC to reduce its level of short-term debt in Order No. 26,823 (May 16, 2023). Based on its review, the DOE concluded that the purpose of PAC’s proposal constitutes an appropriate use of funds in the ordinary course of providing utility service.

The DOE also concluded that the financing would have no deleterious impact on the PAC’s capital structure because the Company’s current capital structure primarily consists of debt. As the Company’s request is to essentially convert short-term debt to long-term debt, the resulting capital structure after the proposed transaction will be substantially similar to its current capital structure.

Regarding the anticipated rate impact of the financing, the Company calculated the proposed transaction would result in an impact of \$0.51 per month to the monthly bill of an average residential customer, which the DOE concludes is a negligible impact on rates.

Finally, as noted in Mr. Leone’s technical statement, the PAC’s lending options are substantially limited. Therefore, considering the facts presented in this docket, the proposed long-term loan, including the proposed terms and conditions, appears to be the most reasonable option.

With the filing of this letter and the enclosed technical statement with attachment, the DOE believes a complete record has been provided for consideration by the Commission in this matter, pursuant to RSA 12-P:2, IV.

Consistent with the Commission’s current practices, this letter and accompanying technical statement with attachment are being filed only in electronic form.

Respectfully,

/s/ Suzanne Amidon

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Enclosure

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