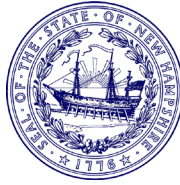


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June 27, 2024

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

Re: Docket No. DW 24-064
Pennichuck East Utility, Inc.
Petition for Approval of Financing from CoBank, ACB

Department of Energy; Technical Statement of Robyn J. Descoteau, Department of Energy,
Regulatory Support

Dear Chairman Goldner:

Enclosed for filing in this matter is the Technical Statement of Robyn J. Descoteau, Utility Analyst, Division of Regulatory Support, Water Group, Department of Energy (Department) in the above-captioned docket. This cover letter and the enclosed Technical Statement with attachments represent the Department's June 27, 2024 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 May 13, 2024.

The Commission's May 13, 2024 procedural order also requested that the Department's filing include an analysis of whether Pennichuck East Utility, Inc.'s (PEU or Company) financing in this docket should 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 Department's *Easton* analysis for PEU's proposed financing is included below.

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 Department recommends that the Commission review PEU’s proposed financing request as “routine.” The Department examined the current filing and supports Commission approval of the request as a routine financing consistent with the public good. The procurement of this CoBank loan ensures that the Company will meet its obligation to repay and refinance amounts borrowed against the FALOC and associated interest at reasonable terms that are projected to minimally impact customer rates. In doing so, that long-term debt also becomes eligible for the necessary recovery through the Commission-approved QCPAC mechanism in the Company’s 2024 QCPAC filing in Docket DW 24-029. That recovery is essential for the Company to meet its debt service obligations and maintain financial health. The proposed financing will also have no effect on PEU’s capitalization as it has an all-debt capital structure. Order No. 26,179 at 14 (“ . . . [PEU], with no access to equity markets, finances its operational and infrastructure needs solely through debt.”)

The enclosed Technical Statement contains the Department’s substantive analysis of the proposed financing, discussing the factors listed above. Based on its analysis of the proposed financing, the Department recommends that the Commission find the financing is in the public good as required by RSA 369:1 and approve PEU’s request for financing in this docket.

With the filing of this letter and the enclosed Technical Statement with attachments, the Department believes that 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 attachments are being filed only in electronic form.

Respectfully,

/s/ *Marie-Helene Bailinson*

Marie-Helene Bailinson-Georges, Esq.
Hearings Examiner

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cc: Service List (Electronically)

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