

**STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

Re: Aquarion Water Company of New Hampshire, Inc.

DW 09-\_\_\_\_

Verified Petition for Approval of Increase of Short Term Debt Limit

Aquarion Water Company of New Hampshire, Inc. ("Aquarion" or the "Company") hereby petitions the New Hampshire Public Utilities Commission for authority to increase its short term debt limit to 20% of its net fixed plant. In support of its petition, Aquarion states as follows:

1. Pursuant to N.H. Code of Admin. Rule 608.05, Aquarion is authorized to borrow up to 10% of its net fixed plant in the form of short term debt. As of December 31, 2008, Aquarion's net fixed plant totaled approximately \$25,650,902, 10% of which was \$2,565,090.

2. By way of background, in 2005, Aquarion refinanced a significant portion of its short term debt through the issuance of General Mortgage Bonds (see Order No. 24,482). At that time the Company also received a capital contribution from its Parent, and as a result, reduced its outstanding short term debt to \$900,000. Since that time, Aquarion has borrowed funds on a short term basis from its Parent through a credit facility between Dresdner Bank and Aquarion Holdings. Aquarion Holdings draws funds down from the Dresdner facility, and then advances funds to Aquarion Company who then passes the funds to its subsidiaries at cost through an inter-company note on an as

needed basis. The Company executes monthly notes the terms of which are LIBOR plus 100 basis points.

3. The Company currently has approximately \$4,100,000 in short term debt outstanding, which constitutes approximately 16.0% of the Company's net fixed plant. A copy of the Company's unaudited balance sheet as of December 31, 2008 is attached to this Verified Petition as Exhibit 1, which reflects the amount of outstanding debt.

4. All of this debt is financed through an inter-company note with Aquarion Company. The Company was within its short term debt limit at the end of 2007, when its short term debt was approximately 7.8% of its net fixed plant. As of March 2008, the Company's short term debt was at 10.66% of its net fixed plant. The Company's short term debt increased to the current amount of \$4,100,000 as the result of the replacement of the Mill Road standpipe.

5. The Company seeks a waiver of the Puc 608.05 requirement given that it is over the 10% allowed level, and seeks approval to borrow funds on a short term basis up to 20% of its net fixed plant. The Company needs the ability to continue to borrow funds through this short term credit facility in order to fund ongoing capital improvements to the water systems that it owns and operates. The capital projects are intended to maintain and improve the quality of water service provided to Aquarion's customers.

5. The proposed waiver of Puc 608.05 is in the public interest because it will allow Aquarion to continue to invest capital in its system through this low cost borrowing. In particular, the terms of the financing are favorable, particularly given the

uncertainty of the capital markets. The waiver will not disrupt the orderly proceeding of the Commission, and therefore should be granted in accordance with Puc 201.05.

WHEREFORE, Aquarion respectfully requests that the Commission:

- A. Waive the short term borrowing limit imposed by Puc 608.05 and authorize Aquarion to borrow up to 20% of its net fixed plant on a short term basis;
- B. Grant such other and further relief as may be just, reasonable and consistent with the public interest.

Respectfully submitted,

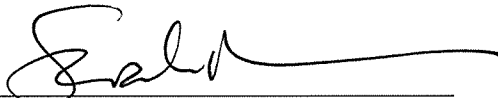
AQUARION WATER COMPANY OF  
NEW HAMPSHIRE, INC.

By Its Attorneys

McLANE, GRAF, RAULERSON &  
MIDDLETON, P.A.

Date: 3/6/09

By: \_\_\_\_\_



Sarah B. Knowlton, Esq.  
100 Market Street, P.O. Box 459  
Portsmouth, NH 03802  
(603)334-6928  
email: sarah.knowlton@mclane.com


I, Linda M. Discepolo, Director of Rates and Regulation, Aquarion Water Company of Connecticut, being first duly sworn, hereby depose and say that I have read the foregoing Verified Petition, and the facts alleged therein are true to the best of my knowledge and belief.

Dated:

  
Linda M. Discepolo

STATE OF CONNECTICUT  
COUNTY OF FAIRFIELD

Sworn to and subscribed before me this 5<sup>th</sup> day of March, 2009.


  
Notary Public  
My Commission Expires:

**BARBARA TSOUPAS**  
**NOTARY PUBLIC**  
My Commission Expires July 31, 2009

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Verified Petition has been forwarded to Meredith Hatfield, Esq., Consumer Advocate.

Dated: 3/6/09

  
Sarah B. Knowlton

# Aquarion Water Company of New Hampshire

## Financial Statements

For the year ended December 31, 2008 and 2007

### Aquarion Water Company of New Hampshire

#### Balance Sheets

(in thousands)

	December 31,	
	2008	2007
	Unaudited	
<b>Assets</b>		
<b>Property, plant and equipment:</b>		
Utility plant, net	\$ 25,651	\$ 24,346
Non-utility property and equipment	-	-
	<u>25,651</u>	<u>24,346</u>
<b>Current assets:</b>		
Accounts receivable, net of allowance (2007, \$53; 2006 \$46)	296	374
Accrued unbilled revenue	394	371
Miscellaneous receivables	107	38
Materials and supplies	112	109
Receivables from associated companies	-	-
Prepayments	165	74
	<u>1,074</u>	<u>966</u>
<b>Other assets:</b>		
Unamortized debt discount and expense	199	209
Regulatory asset - income taxes recoverable through rates	1,085	616
Deferred program maintenance	259	320
Unrecognized pension and other postretirement obligation	780	89
Prepaid pension	-	128
Other	167	88
	<u>2,490</u>	<u>1,450</u>
<b>Total Assets</b>	<u>\$ 29,215</u>	<u>\$ 26,762</u>
<b>Liabilities and Stockholder's Equity:</b>		
<b>Stockholder's equity:</b>		
Preferred stock, \$100 par value, authorized 5,700 shares - 28 shares of 6% Series issued and outstanding at December 31, 2008 and 2007	\$ 3	\$ 3
Common stock, \$25 par value, authorized 100,000 shares; issued and outstanding 87,483 shares at December 31, 2008 and 2007	2,187	2,187
Paid-in-capital	4,038	4,038
Retained earnings	2,220	2,288
Total stockholder's equity	<u>8,448</u>	<u>8,516</u>
<b>Long-term debt</b>	<u>8,900</u>	<u>8,900</u>
<b>Current liabilities:</b>		
Notes payable to associated companies	4,100	1,900
Accounts payable and accrued liabilities	340	1,218
Accrued bond interest	172	172
Payables to associated companies	30	41
	<u>4,642</u>	<u>3,331</u>
<b>Regulatory and other long-term liabilities:</b>		
Advances for construction	2	2
Deferred income taxes	2,747	2,628
Deferred investment tax credits	224	230
Accrued pension costs	881	2
Accrued postretirement benefit expense	1,005	751
	<u>4,859</u>	<u>3,613</u>
<b>Commitments</b>		
<b>Contributions in aid of construction</b>	<u>2,366</u>	<u>2,402</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 29,215</u>	<u>\$ 26,762</u>