



McLane, Graf,
Raulerson & Middleton
Professional Association

100 Market Street, Suite 301 | Portsmouth, NH 03802
Tel: 603.436.2818 | www.mclane.com

OFFICES IN:
MANCHESTER
CONCORD
PORTSMOUTH
WOBURN, MA

SARAH B. KNOWLTON
Direct Dial: (603) 334-6928
Internet: sarah.knowlton@mclane.com
Licensed in NH, ME and MA

April 23, 2009



Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

Re: **DW 09-063 – Pennichuck Water Works, Inc. – Petition for Authority to Issue Long Term Debt**

Dear Ms. Howland:

In accordance with the Order of Notice in the above referenced matter dated April 16, 2009, enclosed for filing please find the original Affidavit of Publication.

If you have any questions, please do not hesitate to let me know.

Very truly yours,

Sarah B. Knowlton

SBK/sms

Enclosure

cc: PUC Librarian
Service list (via electronic mail)
Donald Ware
Bonalynt Hartley

I hereby certify that the foregoing notice was published in The Union Leader and/or New Hampshire Sunday News, newspapers printed at Manchester, N.H., by the Union Leader Corporation on the following dates, Viz: April 20, 2009

(Signed) Chantal F. Jesmer

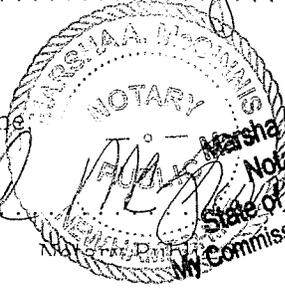
UNION LEADER CORPORATION

State of New Hampshire,
Hillsborough, SS.

(Dated) April 22, 2009

Subscribed and sworn to by the said Chantal F. Jesmer

Before me
Marsha A. McGinnis
Notary Public
State of New Hampshire
My Commission Expires 04/19/2011



submitted by contractors engaged by PWW, and those advances would accrue interest at a rate of 1% until substantial completion of the capital projects. Approximately six months after project completion, monthly payments of principal and interest will begin, with 50% of the principal forgiven.

Although the initial loan amount is \$1,848,000, forgiveness of 50% of the principal amount will leave PWW with only \$924,000 to repay. PWW's Board of Directors has authorized the company to enter into the loan agreements with DES for the purpose of implementing the capital improvements as described in PWW's petition. The Directors of Pennichuck Corporation (PC), PWW's parent company, have also authorized PC to guarantee the proposed loan.

Commission Staff, by letter of April 13, 2009, recommended that the petition be approved and noted that due to the favorable terms of the loan, the impact on PWW's balance sheet would be minimal. The company's data responses are attached to Staff's letter. Additionally, Staff concurred with the company's proposed uses of the funds and the improvements planned for its water systems.

II. COMMISSION ANALYSIS

Pursuant to the provisions of RSA 369:1, public utilities engaged in business in this State 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 consideration involves looking beyond actual terms of the proposed financing to the use of the proceeds of those funds and the effect on rates to insure the public good is protected. See Appeal of Easton, 125 N.H. 205 (1984).

PWW has requested to borrow \$1,848,000 to finance capital improvements to its Nashua core system and to two of its community water systems. The loan funds originate through the recently passed American Recovery and Reinvestment Act of 2009 and are being disbursed through the existing SRF structure on extremely favorable terms. As repayment commences, half of the loan principal will be forgiven and will not accrue interest.

We have reviewed PWW's intended use of the funds and find that PWW has demonstrated that each project will enable it to provide better quality service to its customers. In the Ashley Commons project, the interconnection with the municipal water supply in Milford will obviate reliance upon a well that produces inferior quality water and causes customer complaints. Likewise, the repair and replacement of piping in Nashua will improve the quality of delivered water and will improve pressure capabilities and fire protection value of the mains. Finally, while the replacement of the Glenridge tank will not correct an existing problem, it is important to forestall a potential problem from developing should the existing tank fail given its age and condition. Accordingly, we find that the proposed uses of the financing are in the public good.

Given the important nature of the capital projects to be undertaken with the requested funds and the favorable terms of financing, we conclude that the financing is consistent with the public good and approve

Legal Notice

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DW 09-063

PENNICHUCK WATER WORKS, INC.
Petition for Authority to Issue Long
Term Debt

Order Nisi Approving Petition

ORDER NO. 24,957

April 16, 2009

I. BACKGROUND

On March 31, 2009, the petitioner, Pennichuck Water Works, Inc. (PWW), filed a petition with the Public Utilities Commission (Commission) seeking authority to borrow up to \$1,848,000 in long term debt pursuant to RSA 369:1. In support of its petition, PWW filed the testimony of Donald L. Ware, President of PWW, and Thomas C. Leonard, Chief Financial Officer of PWW. PWW proposes to borrow funds made available through the recently passed American Recovery and Reinvestment Act of 2009. This money is to be disbursed through the existing State Revolving Loan Fund (SRF) administered by the Department of Environmental Services (DES). PWW intends to use it to: (1) connect its community water system at Ashley Commons in the Town of Milford to the Town's municipal water supply; (2) replace a failing 20,000 gallon atmospheric tank in the Glenridge water system in Derry; and (3) repair or replace approximately 8,200 linear feet of cast iron water mains in the French Hill area of Nashua.

PWW estimates that the capital improvements at Ashley Commons will cost approximately \$450,000. The Ashley Commons community water system would be interconnected with the Town of Milford's water system to provide a new source of supply for those customers. PWW contends that the quality of the water from the Ashley Commons well has deteriorated significantly in recent years, and that levels of sulfates, hardness, total dissolved solids, and fluorides have all increased. PWW reports increased customer complaints about the water, and evaluated two options for dealing with these problems. The first option was to rebuild the Ashley Commons booster station, storage and treatment systems. The second option was to interconnect with the Town of Milford's water system and abandon the existing source of supply. PWW provided an analysis of the two options and has chosen the interconnection option.

The second project is replacement of a 20,000 gallon steel atmospheric tank at PWW's Glenridge system in Derry. PWW indicates that the existing tank has reached the end of its useful life due to significant corrosion. Mr. Ware's testimony indicates

FURTHER ORDERED, that all persons interested in responding to this Order Nisi 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 April 23, 2009 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 April 24, 2009; and it is

FURTHER ORDERED, that this Order Nisi shall be effective April 27, 2009, 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; and it is

FURTHER ORDERED, that PWW shall file true copies of the loan documents executed or otherwise finally issued in connection with the closing of the transactions contemplated hereby.

By order of the Public Utilities Commission of New Hampshire this sixteenth day of April, 2009.

Thomas B. Getz
Chairman
Graham J. Morrison
Commissioner
Clifton C. Below
Commissioner
Attested by:
Debra A. Howland
Executive Director

(UL - Apr. 20)