

DW 11-026

City of Nashua  
Pennichuck Corporation  
Pennichuck Water Works, Inc.  
Pennichuck East Utility, Inc.  
Pittsfield Aqueduct Company

Joint Petition for Approval of the Acquisition of  
Pennichuck Corporation by the City of Nashua

OCA DATA REQUESTS TO JOINT PETITIONERS – 7/12/11 TECH SESSION

Date Request Received: July 14, 2011  
Request No. OCA Tech 2-3

Date of Response: August 3, 2011  
Witness: John Patenaude; Don Ware

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**REQUEST:** In response to Staff Tech 1-1, the City described its proposed “commitment not to withdraw excess utility earnings” and to apply such amounts “to future operating expenses, debt payments or capital expenditures at the utility level.” At the 7-12-11 tech session, within the context of a discussion about the proposed replenishment of the Rate Stabilization Fund, the treatment of disallowed RSF replenishment amounts and the ability of the City to use retained earnings to cover expenses or investments disallowed by the PUC, see OCA Tech 1-1 (b), the Joint Petitioners indicated a need to further discuss and clarify their RSF proposal. Please provide the clarification of the RSF proposal, including but not limited to any proposed process, tracking or reporting that would be required to ensure that amounts disallowed by the PUC are not subsequently recovered through replenishment of the RSF. Please provide a clarification of the City’s proposal related to the accumulation and use of utility retained earnings following the acquisition.

**RESPONSE:** As the City has consistently stated, it is prepared to proceed forward with this acquisition only if it has confidence that, under reasonable projections and with appropriate orders of the Commission, the operations of Pennichuck Corporation and its subsidiaries following the acquisition will generate sufficient revenues to cover all of the operating obligations of the Pennichuck companies and to allow the City to make all of its payments on the City Acquisition Debt. (See Testimony of Mayor Lozeau at p. 14, lines 5 to 18.) The proposal for establishment of a Rate Stabilization Fund is an integral component of achieving this objective that the City Acquisition Debt be “self-supported” by revenues of Pennichuck Corporation and its subsidiaries.

In the response to OCA Tech 1-1(b), the Joint Petitioners presented the general procedures related to the RSF accounts to be established at each utility. This

question requests more detailed procedures. The Joint Petitioners have developed the following specific procedures to address several additional aspects of the RSF, including questions relative to the relationship between costs determined by the Commission to be unrecoverable through rates and the RSF account. Further, the Joint Petitioners believe that the following procedures will serve to achieve, in a transparent and accountable way, the assurances regarding use of the RSF to support the City's obligations on the City Acquisition Debt. By establishing an account for revenues to be used to pay the CBFRR and restricting use of the RSF to supplementing amounts accrued in that account so that the RSF can only be used when needed to pay the CBFRR, the Commission and customers will be assured that such funds will not be used to pay amounts that have been disallowed for imprudence or otherwise.

To illustrate the operation of these concepts, the Joint Petitioners have attached an example as Attachment OCA Tech 2-3.

The following is a summary of the RSF methodology that addresses the issues identified in the question:

1. **Establishment of RSF Accounts.** As of the closing date of the acquisition, each utility will be allocated a pro rata portion of the \$5,000,000 RSF based upon its rate base value as of 12/31/2010 (the "Initial RSF Amount"). These RSF amounts shall be contributed to the capital of each utility upon the closing of the transaction and will be deposited into a restricted cash account (the "RSF Account").
2. **Rate of Return.** The pro rata RSF amounts will be included as equity and will be authorized to earn the ROE established in the utility's most recent rate case. A return shall be allowed on amounts held in the RSF Account, but no return shall be allowed with respect to any amount above such Initial RSF Amount.
3. **Establishment of a Separate Account for CBFRR Revenues.** To facilitate accountability related to the RSF Accounts, each utility shall also establish and maintain a separate general ledger account, known as the "CBFRR Account." Each month, each utility shall accrue into its CBFRR Account a portion of its monthly water revenues. The portion shall be determined by multiplying total actual monthly water revenues by a percentage equal to (a) the utility's current approved CBFRR amount, divided by (b) the total approved revenue requirement for the utility.
4. **The RSF Account and CBFRR Restricted Account Procedures.** The RSF Account will be held and administered by each utility as a restricted cash account. The RSF Account for a utility may only be accessed if necessary to supplement the amount recorded in the CBFRR Account for that utility to meet the utility's monthly CBFRR obligation to the City

(i.e., if the monthly amount accrued to the CBFRR Account is less than the utility's approved monthly CBFRR amount). If the monthly amount recorded in the CBFRR Account is greater than the CBFRR amount, then the excess will be added to the RSF Account. The RSF Account will be subject to replenishment or reduction through an annual rate surcharge or refund process in accordance with paragraph 5 below.

**5. Reporting and Review of the RSF Account.** Each utility will provide an annual reconciliation of the CBFRR Account and RSF Account as part of its Annual Report filed with the Commission on or before March 31 of each year.

a. If the year-end balance in the RSF Account (reflecting all monthly adjustments pursuant to paragraph 4) is less than the Initial RSF Amount by an amount that is at least 3% lower than the Initial RSF Amount, then the entire amount of such annual deficit shall be subject to collection through rate surcharge, to be calculated as follows:

1. The RSF surcharge would be expressed as a percentage and applied to the effective portion of the total amount billed to each customer under the utility's approved tariff rate and charges with the exception of miscellaneous charges. The surcharge shall be applied equiproportionally to all classes of customers on a service rendered basis.
2. The calculated surcharge rate will be acted upon by the Commission before June 30<sup>th</sup>. The surcharge will appear as a separate line item on each customer's monthly bill issued between July 1 and June 30 of the following year, at which time the surcharge will be changed or eliminated to reflect the next annual review and Annual Report.
3. Surcharge funds collected will be added only to the RSF account.

The surcharge may not exceed 5% of the last found revenue requirement for each utility.

b. If the year-end balance in the RSF Account (reflecting all monthly adjustments pursuant to paragraph 4) is greater than the Initial RSF Amount by an amount that is at least 3% greater than the Initial RSF Amount, then the entire amount of such annual surplus shall be subject to a rate refund, to be calculated as follows:

1. This refund would be expressed as a percentage and applied to the effective portion of the total amount billed to each customer under the utility's approved tariff rate and charges with the exception of miscellaneous charges. The refund shall be applied

equiproportionally to all classes of customers on a service rendered basis.

2. The calculated refund rate will be acted upon by the Commission before June 30<sup>th</sup>. The refund will appear as a separate line item on the customer's bill issued between July 1 and June 30 of the following year at which time the refund will be changed or eliminated to reflect the next annual review of NHPUC Annual Report.
3. Refund amounts will be subtracted only from the RSF account.

With respect to the question in the final sentence of this data request, regarding accumulation and use of retained earnings following the acquisition, the Joint Petitioners anticipate that historic retained earnings of each utility will be reset to zero upon the acquisition due to application of purchase accounting principles as described in Mr. Patenaude's supplemental testimony. Following the acquisition, the Joint Petitioners anticipate that the bulk of current earnings in any year will generally be distributed to the parent corporation to the extent necessary to provide cash flow necessary to support debt service obligations on the City Acquisition Debt. To the extent that current earnings are retained at any utility (e.g., due to favorable operating conditions), such amounts shall be maintained to support future operational needs of the utility.

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OCA DATA REQUESTS TO JOINT PETITIONERS – SET 1

Date Request Received: 3/25/11  
Request No. OCA 1-43

Date of Response: 4/1/11  
Witness: John Patenaude

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**REQUEST:** Please confirm the extent to which, if at all, the Joint Petitioners are seeking Commission approval of the proposed financing and the costs that comprise the total financing proposed. *See Direct Testimony of John L. Patenaude, p. 12, line 13, through p. 13, line 15.*

**RESPONSE:** The Joint Petitioners are not seeking Commission approval of the issuance of the general obligations bonds by the City to finance the proposed Merger. The Joint Petitioners are seeking approval of the City's proposed acquisition of the stock of Pennichuck Corporation in accordance with the provisions of the Special Legislation. The City is also seeking confirmation that the Commission accepts the ratemaking structure proposed by the Joint Petitioners that will make clear that the City will be permitted to seek rates that will ensure that the Pennichuck utilities will generate sufficient cash flow to enable the City to satisfy all of its obligations under the acquisition indebtedness. This request necessarily involves an evaluation by the Commission and other parties of the costs that are being financed through the City's issuance of the acquisition indebtedness.

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STAFF DATA REQUESTS – SET 1

Date Request Received: 3/25/11  
Request No. Staff 1-54

Date of Response: April 1, 2011  
Witness: John Patenaude

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**REQUEST:** If the City is requesting the Commission to depart from traditional cost of service and original cost principles of regulation and regulate PAC, PEU, and PWW differently than the Commission has prior to the City acquisition, please identify with sufficient specificity what benefits PAC, PEU, and PWW customers would realize from this change in regulation.

**RESPONSE:** The City is not requesting that the Commission regulate the utilities differently than it has prior to the acquisition. Rather, the City is requesting that the Commission provide assurance that the cost of accomplishing the transaction will be recognized in the ratemaking process. Without the incurrence of that cost, the benefits of the transaction would not be obtained. Some of those benefits are unique to this particular transaction and the circumstances under which it is occurring and do not apply to a typical utility acquisition. The City recognizes that the particular ratemaking approach being proposed is not typical, but it has been applied previously by the Commission (see Docket DW 08-052). The approach being proposed in this case is in fact based on actual costs incurred, and therefore is in fact cost-based. To the extent that the costs being recovered exceed the depreciated original cost of a portion of the assets, customers are directly benefiting and, therefore, the rate treatment is consistent with the public good.

Under the ratemaking structure described in Ms. Hartley's testimony, and for the reasons described in Mr. Gottlieb's testimony, the rates that are projected to be charged to customers of each of the three utilities under City ownership will be at or lower than the rates that would be charged under continued private ownership. In addition, under the ownership structure proposed by Petitioners, which leaves in place the existing integrated management approach for all utilities, PWW, PEU and PAC customers will continue to receive the same quality service and support that they have experienced under current ownership. These benefits to PWW, PEU and PAC customers – lower rates over time and continued integrated

management and service consistent with past practice – represent the specific benefits that all customers would realize as the result of this transaction.

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STAFF DATA REQUESTS – SET 2

Date Request Received: 4/22/11  
Request No. Staff 2-1

Date of Response: 4/29/11  
Witness: John Patenaude

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**REQUEST:** With PWW, PEU and PAC all remaining regulated post-merger, would the City agree or disagree that the sharing of risk between a utility and its customers should remain the same as before City acquisition? Please explain your answer.

**RESPONSE:** The City does not agree. The traditional ratemaking process “appropriately balances the competing interests of ratepayers who desire the lowest possible rates and investors who desire rates that are higher.” (Appeal of Conservation Law Foundation, 127 N.H. 606, 633 (1986)). This description presents the concept of a risk and reward balancing between the customers and the utility’s “investors,” in contrast to a sharing between customers and the utility. Ownership of the three utilities by the City will result in lower cost for the customers, including through a lower return on investment for the shareholder, and therefore there should be a lower risk borne by the shareholder as well.

Specifically, the City proposes to substitute itself as the shareholder of Pennichuck Corporation in place of the current shareholders. This substitution presents a very substantial change in the nature of the shareholder (or “investor”) for Pennichuck Corporation, and indirectly, the three regulated utilities. Two examples of this substantial difference are particularly relevant to this question. First, because the City seeks an equity return equal to the interest rate on its Acquisition Debt, the City’s equity rate of return will always be lower than the equity rate of return that would be required by the current shareholders. Second, in situations where actual operating results are better than those assumed in the last rate case, the utilities may realize greater than anticipated earnings and cash flow. In the case of ownership by the current shareholders, such earnings and cash flow would be available for dividends. Further, to the extent that earnings are reinvested in the regulated businesses, under current ownership they would earn a higher return for shareholders than under the proposed City ownership. In

these ways, customers will benefit under City ownership in a manner that they would not be able to under current ownership.

In exchange for this sharing of benefits/rewards with customers, the City is requesting a ratemaking methodology that is intended to enable the City to obtain revenues that are sufficient to pay for utility operations and to provide dividends sufficient to allow the City to pay its obligations on the acquisition debt. To help achieve this, the City is requesting the establishment of a rate stabilization fund that will provide a form of longer term working capital to address circumstances that might leave the City in a position where it would otherwise have to finance the utilities' operations with outside funds.

Accordingly, the City believes that the ratemaking methodology proposed in Ms. Hartley's testimony, including the lower equity rate of return, the commitment not to withdraw excess utility earnings, and support for the rate stabilization funds, continues to involve a sharing or balancing of risk between the customers and the shareholder (i.e., the City), with the City bearing less risk and the lower level of risk being passed through to customers in the form of lower costs.

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STAFF DATA REQUESTS – SET 2

Date Request Received: 4/22/11  
Request No. Staff 2-12

Date of Response: 4/29/11  
Witness: Bonalyn Hartley

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**REQUEST:** Follow-up to response to Staff 1-88 and 1-89. Why is there a federal and state income tax gross-up on Schedule A for each utility (Hartley attachments) if there will be no tax liability?

**RESPONSE:**

The federal and state income tax of 60.39% is part of the traditional ratemaking model as reflected on Schedule A. Consistent with Commission practice, the tax is calculated based on each utility's net income. The tax obligation of the holding company, which is affected by non-regulated activities, is irrelevant. Moreover, because Pennichuck Corporation will be a taxable entity it is entirely possible, dependent upon weather, amount of equity in the business, consumption levels of utility customers, etc., that the Corporation would be required to pay income taxes.

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TOWN OF MERRIMACK DATA REQUESTS TO JOINT PETITIONERS  
JULY 12, 2011 TECH SESSION

Date Request Received: July 23, 2011  
Request No. Merrimack Tech 2-2

Date of Response: August 3, 2011  
Witnesses: John Patenaude

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**REQUEST:** (a) On Page 4 Mr. Patenaude testified about cash payments required to support payment of the City Acquisition Debt; as follows, "...these cash payments are expected to be made from the utilities to the parent holding company through several mechanisms, including payment of dividends, other distributions from equity, payments of amounts that reflect each utilities' respective responsibility for income tax liability; (sic) and intercompany loans". Please explain what "other distributions from equity" are contemplated once the existing retained earnings of the utilities have been expended.

(b) Please explain how the respective responsibility for income tax liability referred to in the language quoted in Request 1-2 above can be useful as part of the debt reduction payment, as opposed to being used for funding the respective utilities' share of an income tax liability.

**RESPONSE:** (a) As described in Mr. Patenaude's Supplemental Testimony, it is expected that the historical retained earnings of the utilities generated prior to the acquisition will be reclassified to paid-in capital. (See Supplemental Testimony of Mr. Patenaude at page 10, lines 1 to 13.) The Joint Petitioners have requested confirmation from the Commission that the utility subsidiaries may pay distributions from the restated paid-in-capital accounts.

(b) Pennichuck Corporation and its subsidiaries will continue to file federal income tax returns on a consolidated basis. Under the federal consolidated return rules, income and taxes generated by one company may be offset by losses and tax benefits generated by another member of the consolidated group. In this case, it is expected that the operating subsidiaries (PWW, PEU, PAC and PWSC) will have positive taxable income on a stand-alone basis and will record a tax expense.

It is further expected that the parent company, Pennichuck Corporation will have negative taxable income on a stand-alone basis and will record a tax benefit. Overall, the consolidated group as a group does not expect to be in a position that will require a payment of tax for at least 10 years.

It is common practice within consolidated groups to provide for allocation of the tax liability of the consolidated group among members based on the taxable income or loss of each member determined on a stand-alone basis. A member with a positive allocation will pay the parent company the positive amount, while a member with a negative allocation should receive a payment equal to the amount by which the consolidated tax is reduced by including the member's net loss in the consolidated return. Under the circumstances described in this response, the subsidiaries will make payments to the parent company.

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STAFF DATA REQUESTS – SET 2

Date Request Received: 4/22/11  
Request No. Staff 2-13

Date of Response: 4/29/11  
Witness: Arthur Gottlieb

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**REQUEST:** With respect to the timing of requested PUC approval and the point at which the City seeks to issue its general obligation bonds to finance the proposed merger:

- a) Please clarify if the City is requesting a final Commission order prior to seeking the bonds to finance the transaction;
- b) Mr. Gottlieb made the following statement at the Pennichuck Water Special Committee meeting on January 6, 2011: "If interest rates are so high that the ratepayers wouldn't benefit from the deal then the PUC would not approve." If the response to a) is yes, please indicate how the PUC will be able to make a public interest determination regarding the proposed transaction as Mr. Gottlieb anticipates.

**RESPONSE:**

- a) Yes.
- b) The testimony provided by Ms. Hartley and Mr. Gottlieb indicate that ratepayers will be better off under City ownership over time as long as the City is able to issue the acquisition bonds at an interest rate that is at or lower than 6.5%. If, during the pendency of this proceeding, it were to become clear that it is unlikely that the City would be able to issue the acquisition bonds at an interest rate of 6.5% or lower, then the City would evaluate whether continuing to pursue the transaction remains consistent with the public interest and present this evaluation to the Commission.

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OCA DATA REQUESTS TO JOINT PETITIONERS – 5-11-11 TECH SESSION

Date Request Received: May 12, 2011  
Request No. OCA Tech 1-3

Date of Response: June 24, 2011  
Witnesses: John Patenaude, Arthur Gottlieb

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**REQUEST:** Please identify and describe any restrictions on the utilities' ability to pay dividends to Pennichuck Corporation, following the proposed acquisition out of retained earnings. At what point following the proposed acquisition by the City will the retained earnings in the utilities be exhausted if the Joint Petitioners' proposals are approved? Please explain the basis for the response.

**RESPONSE:** (a) With respect to the first part of this request, the following restrictions on the utilities' ability to pay dividends to Pennichuck Corporation will continue following the proposed acquisition:

*Net Worth Available for Dividends:* PWW may not pay dividends or make distributions on its shares if its net worth would be lower than \$4.5 million. The formula is:

Net worth > or equal to \$4,500,000.

*Net Worth Available for Dividends:* PEU may not pay dividends or make distributions on its shares if its net worth would be lower than \$1.5 million. The formula is:

Net worth > or equal to \$1,500,000.

*Statutory Constraints:* Each Utility will continue to be subject to general statutory provisions governing payment of dividends. RSA 293-A:6.40 provides that no distribution may be made if the corporation would not be able to pay its debts as they become due in the usual course of business or if the corporation's total assets would be less than the sum of its total liabilities plus the amount needed to satisfy preferential rights of preferred shareholders. RSA 374:12 provides that no public utility may pay dividends except out of net corporate income, and except after setting aside such depreciation reserve, if any, as it may carry in compliance with

the provisions of RSA 374:10; provided, that this section shall not prevent the payment of dividends in any year out of any undistributed balance of such net corporate income previously accumulated.

(b) The second part of this request asks “at what point following the proposed acquisition by the City will the retained earnings in the utilities be exhausted if the Joint Petitioners’ proposals are approved?”

As a preliminary matter, the Joint Petitioners note that any answer to this request requires assumptions and projections regarding numerous variables, including future revenues, weather patterns, rates, inflation, interest costs, operating expenses, capital expenditures, renegotiation of existing debt arrangements, establishment of new or refinanced debt arrangements, potential future changes to the corporate structure of the utilities that will be in place upon consummation of the acquisition, and accounting treatment that will be approved for various transactions that may impact retained earnings. For purposes of developing a complete answer to this request, the Joint Petitioners have taken time to develop a longer-term financial model and several scenarios to illustrate the relative importance of particular assumptions and related accounting and regulatory treatments of certain transactions. This model also has been developed in support of the response to OCA Tech 1-4 (relating to debt to equity covenants in existing loan arrangements and exhaustion of equity). It is important to note that each of these scenarios is based on the ratemaking structure and Fixed Revenue Requirement proposed by the Joint Petitioners in this proceeding, which is intended to enable the utilities, the parent holding company, and in turn the City to service the full amount of the City Acquisition Debt.

The brief answer to the precise request is that the Joint Petitioners do not anticipate that the retained earnings of any of the utilities will be exhausted following acquisition by the City, under the assumptions reflected in the attached schedules. For example, Attachment OCA Tech 1-3(a) provides an income statement, balance sheet and cash flow statement for each of the three utilities through 2020. This scenario reflects the revenue growth rates shown on the P&L statements (which are assumed to result from application of the Fixed Revenue Requirement ratemaking structure proposed in Ms. Hartley’s testimony) and further assumes that the interest rate on the City Acquisition Debt is 5.7% (the approximate rate applicable as of the date of this response). As illustrated by this model, this scenario assumes that payments of cash to the parent holding company would be made through several mechanisms, including: payment to the parent of an amount reflecting the utility’s respective responsibility for income tax liability; payment to the parent of dividends out of current and retained earnings, intercompany loans, and other distributions from equity accounts. Such accounting treatments, including intercompany loans would need to be pursuant to affiliate agreements, such as the Money Pool Agreement, which will be submitted to the Commission pursuant to RSA 366. (Although Mr. Patenaude’s testimony referred to these payments generically as distributions of “intercompany dividends to the parent company” (see Mr. Patenaude’s testimony at p. 18, lines 9-10), a more precise description of these payments is that they would be comprised of these several components.)

As indicated by Attachment OCA Tech 1-3(a), under the assumptions reflected in this schedule, "historical retained earnings" would not be eroded during the period shown in the schedule. Among other assumptions, this scenario assumes that the portion of the cash payments made through intercompany loans would be recognized as loans that would not reduce historical retained earnings during the periods indicated in the attachment.

In preparing the models and scenarios necessary to provide an answer to this request and OCA Tech 1-4, the Joint Petitioners also developed a preferred accounting approach that would be consistent with the Fixed Revenue Requirement ratemaking treatment proposed by the Joint Petitioners and would produce financial statements that more accurately reflect the economic substance of that treatment. Under this approach, each of the utilities would be authorized to recognize a regulatory asset, referred to as a "Municipal Acquisition Regulatory Asset." The utilities would each be authorized to amortize this regulatory asset at the same rate as the principal is paid with respect to the City Acquisition Debt. This "push down" treatment of the acquisition premium from the stock purchase transaction would also require restatement of historic retained earnings to zero, and a corresponding entry to each utility's paid in capital equity account. This approach assumes that each utility would be allowed to distribute cash payments from this equity account. Attachment OCA Tech 1-3(b) illustrates the positive impacts of this preferred regulatory asset approach, using the same revenue and interest rate assumptions reflected in Attachment OCA Tech 1-3(a). As indicated by Attachment OCA Tech 1-3(b), under the assumptions reflected in this schedule, "acquisition equity" (i.e., the restated equity account) would not be exhausted during the period shown in the schedule. Indeed, even at less favorable assumptions (i.e., a higher interest rate of 6.5% on the City Acquisition Debt), the recognition of a Municipal Acquisition Regulatory Asset would ensure that the City would have sufficient equity to support distributions throughout the period shown in the schedule. Again, in both scenarios (Attachment OCA Tech 1-3(b) and 1-3(c)), there is no change required to the Fixed Revenue Requirement ratemaking methodology proposed by the Joint Petitioners in this proceeding.

The Joint Petitioners plan to file supplemental testimony specifically describing the preferred Municipal Acquisition Regulatory Asset accounting treatment promptly after the date of this response.

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STAFF DATA REQUESTS – SET 2

Date Request Received: 4/22/11  
Request No. Staff 2-15

Date of Response: 4/29/11  
Witness: John Patenaude

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**REQUEST:** If at any time the City wished to refinance the general obligation bonds to be issued to finance this transaction, does the City believe it would be required to seek PUC approval? Please explain your answer.

**RESPONSE:** No, the City would not be required to seek the Commission's approval because the debt referred to would be issued by the City, not the utilities. If any portion of the new debt were pushed down onto the books of the utilities or were secured by assets of the utilities, then Commission approval would be required.

**EDUCATION AND WORK EXPERIENCE OF MARK A. NAYLOR**

My educational achievements include a Bachelor of Science degree in Social Science from Plymouth State College in 1978, and a Master of Science degree in Accounting from New Hampshire College in 1985.

I completed the National Association of Regulatory Utility Commissioners (NARUC) Annual Regulatory Studies Program at Lansing, Michigan in August of 1992, and I completed the Nineteenth Annual Eastern Utility Rate Seminar co-sponsored by NARUC, the Florida Public Service Commission and the University of Utah in Hollywood, Florida in October of 1991. I am a member of the NARUC Staff Subcommittee on Accounting and Finance.

My professional work experience began as a Planner working for the Central New Hampshire Regional Planning Commission and the City of Manchester during the years from 1978 to 1984.

Upon receiving my MS in 1985, I was hired by Foxhill Interiors, Inc. in Bedford, NH as Controller. There I was responsible for all accounting, administrative, and financial functions of the Company. In October of 1986 I joined Landmark Title, Inc. in Manchester, NH as Controller. In this position I assumed responsibility for the accounting and finance functions of the Company and its two start-up subsidiaries, including preparation of financial statements and tax returns, budgeting and forecasting, and internal reporting to the parent company in Houston, Texas. I was named a Vice President by the Company Board of Directors in 1987.

In November of 1990 I joined the Finance Department of the New Hampshire Public Utilities Commission as a PUC Examiner. In that capacity I worked primarily on water and wastewater utility matters. I participated in Staff audits, conducted financial analysis and prepared written testimony, and testified in those cases before the Commission. I was promoted to Assistant Finance Director in August of 1995. In January of 1998 I was named Acting Finance Director, and in August of that year was promoted to Finance Director. My responsibilities in that position included management of the Finance Department and review and approval of the Department's work products, review of financial statements and earnings levels of the regulated utilities, and providing advice and testimony on revenue requirements, earnings levels, financings, accounting and related matters to the Commissioners, department heads, regulated utilities, and the general public. Following a reorganization of the Commission's Staff in late 2001, I was named Director of the Gas & Water Division. In that capacity I manage and direct the Staff of that division, and am responsible for Staff involvement in all dockets concerning gas, water, sewer and steam utilities that are pending before the Commission.