

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

**PITTSFIELD AQUEDUCT COMPANY, INC.
DW 16-**

**PETITION OF PITTSFIELD AQUEDUCT COMPANY, INC. FOR APPROVAL OF
FINANCING UNDER THE STATE REVOLVING LOAN FUND**

Pittsfield Aqueduct Company, Inc. (the Company or PAC), a corporation duly organized and existing under the laws of the State of New Hampshire and operating as a public utility subject to the jurisdiction of the New Hampshire Public Utilities Commission (the Commission), hereby requests approval under RSA 369:1 to borrow \$440,000 from the Drinking Water State Revolving Loan Fund (SRF), which was created under the federal 1996 Amendments to the Safe Drinking Water Act and is administered by the New Hampshire Department of Environmental Services (DES).

PAC provides retail water service to approximately 630 customers in Pittsfield, New Hampshire. PAC is wholly owned by Pennichuck, Inc. (Pennichuck), which, in turn, is wholly owned by the City of Nashua.

As explained in the Prefiled Direct Testimony of John J. Boisvert, the proceeds of the financing will be used for main installation work on Fairview Street and Catamount Road in Pittsfield. After obtaining financing in 2015 for Fairview Street, phase 1 of the project, the work was deferred. Phase 2 of the project, Catamount Road, will provide redundant transmission capacity for the single transmission main from the treatment plant and storage tank on Catamount Road into the downtown of Pittsfield. Based upon the current structure, and the financial benefits associated with completing both phases at one time, the Company plans to complete the project under a single contract in 2016.

In his Prefiled Direct Testimony, Larry D. Goodhue, the Company's Chief Executive Officer, describes the terms and purposes of the proposed financing. He provides the estimated cost of the additional SRF financing and includes schedules showing the balance sheet and income statement of the Company, actual and pro forma, to show the effects of the proposed financing. Mr. Goodhue's testimony provides the information required by N.H. Admin. Rule Puc 609.03 and Form F-4, and includes a schedule showing the capital structure of the Company, actual and proforma, to reflect the ratemaking treatment prescribed in consolidated Dockets DW 08-052 and DW 09-051, and Docket DW 11-026, and the effects of the proposed financings. Mr. Goodhue further explains that the financing is consistent with the public good because (1) it will allow the Company to complete the necessary capital additions described by Mr. Boisvert, (2) the terms of the financing are favorable, and (3) it will result in lower financing costs than would be available through other current debt financing options.

If the Company obtains authority from the Commission to borrow from the SRF, loan documents will be prepared for the transaction, setting forth the exact terms and conditions for borrowing the funds. The Company will provide the Commission with a copy of the loan documents once they have been finalized and executed.

PAC seeks approval in this docket to borrow up to \$440,000 from the SRF in the form of an addendum to the SRF loan approved in Docket No. DW 15-045. The terms of the aggregate amended SRF loan require repayment of the loan principal plus interest over a thirty-year period commencing six months after the project is substantially complete. As this will be an amendment to the original loan approved in 2014, the interest rate on these SRF borrowings is 3.168% per annum. The loan also qualifies for 25% principal forgiveness, due to current economic conditions in the Town of Pittsfield, which is earned on a per payment basis over the

life of the loan. The loan will be unsecured, and the Company's parent company will provide an unsecured corporate guarantee for the repayment of the loan.

The financing was initially approved for a twenty-year term by the Company's and Pennichuck's Boards of Directors on January 22, 2016. The Boards will be reviewing a revised request for a thirty-year term at their February 26, 2016 meeting. The financing, for a thirty-year term, was submitted for approval to Pennichuck's sole shareholder, the City of Nashua. The Company will promptly supplement this Petition with documentation showing the required approvals when available. Finally, the Company avers that it is entitled to issue a promissory note evidencing the financing described above, for the purposes set forth herein, and that the issuance of such notes will be consistent with the public good.

Issuance of long term debt under the terms provided by the SRF and use of the proceeds from the issuance are consistent with the public good as contemplated by the New Hampshire Supreme Court's ruling in *Appeal of Easton*, 125 N.H. 205,211 (1984). Furthermore, this petition qualifies as a routine financing consistent with the Commission's decision *In re PSNH*, Order No. 25,050, 94 NH PUC 691,699 (2009) and in Docket DW 15-045, regarding Pittsfield Aqueduct Company, Inc. See Order No. 25,772 (April 3, 2015).

WHEREFORE, the Company respectfully requests that the Commission:

(a) Find that the proposed financing for the purpose set forth herein, and in the manner and on the terms described herein and in the prefiled testimony, is consistent with the public good;

(b) Pursuant to RSA 369:1, approve and authorize the Company to borrow a principal amount of up to \$440,000 from the SRF for the capital improvements described in this Petition;

(c) Find that the use of the proceeds to fund the capital projects in the manner set forth in this petition and as described in the prefiled testimony is prudent and consistent with the public good;

(d) Authorize the Company to do all things, take all steps, and execute and deliver all documents necessary or desirable to implement and carry out the proposed financings; and

(e) Grant the requested approval of financing up to a principal amount of \$440,000 by an order *nisi* effective by the end of April 2016, and take such further steps and make such further findings and orders as in its judgment may be necessary and consistent with the above-stated request.

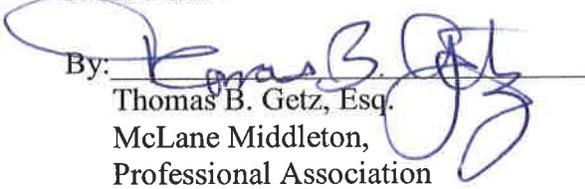
Respectfully submitted,

PITTSFIELD AQUEDUCT COMPANY, INC.

By Its Attorneys

MCLANE MIDDLETON,
PROFESSIONAL ASSOCIATION

Date: February 12, 2016

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