

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

UNITIL ENERGY SYSTEMS, INC.)	
F-4 PETITION FOR AUTHORITY TO ISSUE SECURITIES)	DE 18-___

UNITIL ENERGY SYSTEMS, INC. F-4 PETITION FOR AUTHORITY TO ISSUE SECURITIES

Unitil Energy Systems, Inc. (“UES” or “the Company”) respectfully petitions the New Hampshire Public Utilities Commission (“the Commission”) for approval, pursuant to RSA 369: 1, 369:2 and 369:4, and Puc Rule 308.12 for UES to issue and sell, at par, by private sale, to institutional investors, first mortgage bonds in an aggregate amount not to exceed Thirty Million (\$30,000,000) Dollars (the “Bonds”). The proceeds of UES's debt financing will be used to repay outstanding short-term indebtedness incurred for additions, extensions and betterments to the Company’s property, plant and equipment; and to defray the costs and expense of the financing or for other lawful general corporate purposes. In support of its petition, UES represents as follows:

1. UES is a public utility organized and existing under the laws of the State of New Hampshire.
2. UES is primarily engaged in the business of distributing electricity in various cities and towns in New Hampshire. UES is a retail distribution utility wholly-owned by Unitil Corporation (“Unitil”), a New Hampshire corporation and public utility holding company.
3. First mortgage bonds evidencing secured long-term debt of up to a maturity of 30 years in an aggregate amount of up to Thirty Million (\$30,000,000) Dollars will be issued by UES, to be sold at par by private placement to institutional investors.
4. The proceeds from the proposed issuance and sale of the bonds will be used:

(1) to repay outstanding short-term indebtedness incurred for additions, extensions and betterments UES's property, plant and equipment; and (2) to defray the costs and expense of the financing or for other lawful general corporate purposes.

5. UES also seeks authorization for the costs associated with the proposed financing, expected to be approximately \$675,000, to be incorporated as a portion of the cost of the new financing and amortized over the life of the proposed new issue.

6. The manner of issuance and sale of the Bonds, and the details as to their respective terms, are more fully described in the testimony of Todd R. Diggins, Director of Finance, Unutil Service Corp., attached as Exhibit UES-1.

7. UES believes that a private placement issuance process is the most cost effective way to issue the Bonds and that it will result in the most beneficial rate and terms.

8. The capital structure of UES as of March 31, 2018 is as follows:

	Actual 3/31/2018	Adjustments 3/31/2018	Pro Forma 3/31/2018
Short-Term Debt	\$ 26.7	\$ (26.7)	\$ -
First Mortgage Bonds	67.5	30.0	97.5
Total Debt	\$ 94.2	\$ 3.3	\$ 97.5
Common Equity	80.6	-	80.6
Total Capitalization	\$ 174.8	\$ 3.3	\$ 178.1
Total Debt / Capitalization	54%		55%

9. Pursuant to the requirements of PUC Rule 308.12, the following exhibits are attached or will be provided:

- Exhibit UES-1 Direct Testimony and Schedules of Todd R. Diggins
- Exhibit UES-2 Sources and uses of funds
- Exhibit UES-3 Estimated cost of financing
- Exhibit UES-4 Balance Sheet as of March 31, 2018, proformed for the proposed financing (*Confidential and Redacted Versions*)

- Exhibit UES-5 Income Statement for the twelve months ended March 31, 2018, proformed for the proposed financing (Confidential and Redacted Versions)
- Exhibit UES-6 Capital Structure as of March 31, 2018, proformed for the proposed financing
- Exhibit UES-7 Weighted Average Cost of Debt, proformed for the proposed financing
- Exhibit UES-8 Financial Statements and Report of Independent Registered Public Accounting Firm as of December 31, 2017, 2016 and 2015
- Exhibit UES-9 Purchase and sale agreement/letter of commitment (to be provided)
- Exhibit UES-10 Mortgage indentures: A copy of the Twelfth Supplemental Indenture of Mortgage and Deed of Trust, which amends and restates the original indenture for the purpose of securing Bonds to be issued subject to the conditions set forth thereof, is attached hereto as Exhibit UES-10 Attachment 1. Also, copies of the previously executed Bond Purchase Agreement and Fourteenth Supplemental Indenture to the Twelve Supplemental Indenture of Mortgage and Deed of Trust, which is similar to the form under which the proposed bonds are to be issued and sold, except as described in this Petition and the accompanying exhibits, is attached hereto as Exhibit UES-10 Attachments 2 and 3.
- ~~Exhibit UES-11 New Common or Preferred Stock (Not Applicable)~~
- Exhibit UES-12 Resolution of governing body approving financing

10. UES, the Petitioner utility company, believes and, therefore, alleges that the securities to be issued will be consistent with the public good and that it is entitled to issue said securities under RSA 369 for the purposes set forth in its Petition.

WHEREFORE, UES respectfully requests the Commission:

1. Find that the proposed issuance and sale, at par value, by private sale of first mortgage bonds in an aggregate amount not to exceed Thirty Million (\$30,000,000) Dollars with maturities up to thirty years for the purposes set forth herein and in the manner and upon the terms set forth herein and explained in UES's supporting testimony, is consistent with the public good;
2. Pursuant to RSA 369:1, 2, and 4, approve and authorize the issuance and sale of the notes in the manner and upon the terms herein set forth and explained in UES's supporting testimony;
3. Authorize UES to do all things, take all steps, and execute and deliver all documents necessary or desirable to implement and carry out the proposed financing; and
4. Grant authorizations sought effective not later than September 30, 2018.

5. Take such further steps and make such further findings and orders as the Commission in its judgment considers necessary and proper.

Dated: July 26, 2018

Respectfully submitted,
Unitil Energy Systems, Inc.

A handwritten signature in black ink, appearing to read "Gary Epler". The signature is fluid and cursive, with the first name "Gary" and the last name "Epler" clearly distinguishable.

By: _____

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