

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 20-055

PENNICHUCK WATER WORKS, INC.

Petition for Financing Approval

ORDER OF NOTICE

On April 23, 2020, Pennichuck Water Works, Inc. (PWW or the Company) filed a petition for authority to issue tax-exempt or taxable bonds, pursuant to RSA chapter 369, in an aggregate principal amount of up to \$75 million.¹ During the course of the Commission's investigation in PWW's pending rate case in Docket No. DW 19-084, the Company determined that it would no longer request a yearly Material Operating Expense Surcharge as part of its request for a change in rates, deciding that financing, in conjunction with its rate case, was the better option.

PWW requests the bond financing for four different financing purposes. The Company contends that one combined financing, rather than a separate financing for each purpose, will allow it to take advantage of lower interest rates.

First, the Company proposes using \$5.5 million of the financing proceeds for a "one-time" replenishment of its Material Operating Expense Revenue Requirement Rate Stabilization Fund (MOERR-RSF).² PWW contends that this replenishment will stabilize or improve PWW's

¹ While the petition for financing states that "[a]s described in Mr. Goodhue's testimony, there is a possibility, albeit remote, that tax-exempt bonds would be available," the testimony contains no such explanation. Pet. at 3. Furthermore, PWW's petition requests up to \$75 million in financing. Mr. Goodhue's testimony and schedules, however, supports an approximate \$71.6 million request. Testimony of Larry Goodhue, April 23, 2020, at 40, 43.

² The MOERR-RSF, a reserve fund of \$2,850,000, which provides cash coverage for material operating expenses between rate cases, enables PWW to meet its obligations, which allows the Company to maintain stable water rates. *Pennichuck Water Works, Inc.*, Order No. 26,070 at 7-8 (November 7, 2017).

credit rating, which in turn decreases its cost of debt. The Company also argues that it is necessary for a successful resolution of its rate case in Docket No. DW 19-084.

Second, the Company requests use of the funds for funding and refinancing its currently outstanding Series 2014A and 2015A tax-exempt bonds and the Series 2015B taxable bonds. PWW argues that replacing \$56 million of existing debt with lower interest rate bonds on an extended term of repayment will result in an annual cash flow savings. That annual cash flow savings, the Company contends, will result in direct pass-through savings to its customers.

Third, PWW plans to use the financing to fulfill an outstanding note payable to American United Life Insurance (AULI) for \$2.4 million, which matures on March 1, 2021. The use of the lower interest rate bonding proceeds would replace the debt owed AULI at a lower interest rate than the 7.4 percent the Company is currently paying. PWW further contends that the AULI debt must be refinanced before March 1, 2021, as the Company does not possess the cash to pay the total remaining principal amount required on that date. The Company argues a combination of those factors will result in direct savings to customers.

Fourth, PWW requests partial use of the bond financing toward the overall issuance costs, including costs associated with the first three financing objectives. The Company maintains that the authorized financing amount would provide additional capacity, allowing for possible fluctuations associated with the issuance of the bonds at either a discount or a premium.

In support of its petition, PWW filed the testimony of the Company's Chief Executive Officer, Larry Goodhue, and schedules associated with the testimony. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-055.html>.

The filing raises, inter alia, issues related to whether the Company's proposed financing is consistent with the public good and should be approved, as required by RSA 369:1 and RSA 369:4; whether a total of \$75 million or \$71.6 million is the appropriate amount of financing, and is consistent with the public good; whether the allotment of \$5.5 million for the MOERR-RSF, which is approved at \$2.85 million, is consistent with the public good; and whether the total amount of the financing, as compared with the amount of debt purchased, is consistent with the public good. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that, consistent with Governor Christopher T. Sununu's Emergency Order #12, the Commission will hold a web-enabled remote hearing, pursuant to N.H. Admin. R., Puc 203.12, on June 30, 2020 at 9:00 a.m. Members of the public who wish to access the hearing may do so [by clicking here](#). **If you have any difficulty obtaining access to this remote event, please notify the Commission by calling (603) 271-2431 as soon as possible.** Parties will be provided with additional instructions prior to the hearing; and it is

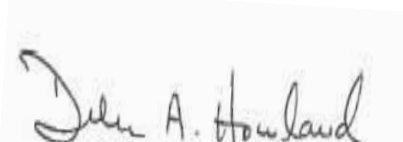
FURTHER ORDERED, that, pursuant to N.H. Admin. R., Puc 203.12, PWW shall notify all persons desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than one day after the date of issue. In addition, the Executive Director shall publish this order of notice on the Commission's website no later than one day after the date of issue; and it is

FURTHER ORDERED, that consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to PWW and the Office of the Consumer Advocate on or

before June 8, 2020, such petition stating the facts demonstrating how its rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17. Pursuant to the secretarial letter issued on March 17, 2020, which is posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, any party seeking to intervene may elect to submit this filing in electronic form; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before June 15, 2020.

By order of the Public Utilities Commission of New Hampshire this first day of June, 2020.



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

Service List - Docket Related

Docket# : 20-055

Printed: 6/1/2020

Email Addresses

ExecutiveDirector@puc.nh.gov
james.brennan@oca.nh.gov
robyn.descoteau@puc.nh.gov
steve.frink@puc.nh.gov
larry.goodhue@pennichuck.com
rwh@rathlaw.com
carolann.howe@pennichuck.com
jay.kerrigan@pennichuck.com
jayson.laflamme@puc.nh.gov
anthony.leone@puc.nh.gov
ocalitigation@oca.nh.gov
Christa.Shute@oca.nh.gov
Christopher.tuomala@puc.nh.gov
smw@rathlaw.com
donald.ware@pennichuck.com