

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 14-101

NORTHERN UTILITIES, INC.

Petition for Approval to Issue Securities

Summary Order *Nisi* No. 25,670 Approving Financing Petition

May 23, 2014

Northern Utilities, Inc. (Northern), supplies natural gas to approximately 60,000 customers in the State of Maine and in the seacoast region of New Hampshire. Northern filed a petition seeking Commission approval to borrow up to \$50 million from institutional investors through promissory notes with terms of 10 and 30 years and at interest rates not to exceed 6.5%. Northern's goal is to borrow \$40 million, but Northern sought authority to borrow up to \$50 million in order to provide flexibility. Northern also anticipates interest rates lower than the requested cap of 6.5%, but sought approval of that maximum rate to allow for changes in the market. Northern estimated the interest rates will be in a range of 4.20% to 4.45% for its 10-year notes and 5.26% to 5.51% for its 30-year notes.

Northern will use the proceeds of these long-term loans to pay off outstanding short-term debt. Northern incurred that short-term debt to complete capital projects such as its cast iron and bare steel replacement programs. Northern estimated the financing costs will be approximately \$505,000.

The benefits of the proposed financing are to better match Northern's debt with the long-term nature of the corresponding assets, to improve Northern's balance sheet, to strengthen Northern's capitalization, and to lower Northern's weighted cost of long-term debt.

Commission Staff (Staff) recommended that the Commission approve Northern's request. After a thorough review, Staff calculated that the proposed financing would result in a modest change in Northern's debt-to-equity ratio. Staff determined that the financing would cause a modest decrease in the projected revenue requirement for a May 2015 step adjustment, resulting in no discernible impact on rates. Staff concluded that the amount and cost of Northern's proposed financing is reasonable and the proposed terms are consistent with entities that have similar credit ratings.

The Commission approved Northern's request. The Commission found that the financing will have no discernible impact on rates and will not adversely affect Northern's capitalization. The Commission also found that Northern's intended use of the financing proceeds is for the public good.

In order to ensure that all interested parties receive notice of this docket and have an opportunity to request a hearing, the Commission will delay the effectiveness of this approval until June 23, 2014. All persons interested in responding to the Commission's approval may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than June 10, 2014. Any party interested in responding to such comments and request for hearing shall do so no later than June 17, 2014. Following consideration of any comments and request for hearing received, the Commission may further extend the effective date of its approval. The Commission's approval shall become final and effective on June 23, 2014, unless the Commission orders otherwise.