

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 14-282

PENNICHUCK EAST UTILITY, INC.

Petition for Authority to Issue Long Term Debt

Summary of Order *Nisi* No. 25,746 Approving Long Term Debt

December 30, 2014

On October 7, 2014, Pennichuck East Utility, Inc. (PEU), filed a petition seeking authority, pursuant to RSA 369, to issue two new long-term loans. PEU is a regulated water utility pursuant to RSA 362:2 and 362:4 and is wholly-owned by Pennichuck Corporation (Pennichuck), which in turn is wholly-owned by the City of Nashua. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-282.html>.

The first loan for which PEU seeks approval is with CoBank, ACB (CoBank), in the amount of \$625,000 and requiring level monthly payments and amortizing over twenty-five (25) years. The annual interest rate will be determined based on market conditions existing at the time of closing, but the Company currently estimates it at 5.25%. The proceeds of the CoBank loan will be used to finance various capital projects undertaken during 2014, which were not eligible to be financed through the New Hampshire State Revolving Fund (SRF).

The second loan proposed by PEU converts its existing short-term debt with Pennichuck in the amount of \$1,000,000 into long-term debt with Pennichuck. This short-term debt was used for capital improvements to its water systems. These amounts were borrowed from Pennichuck in accordance with the intercompany Money Pool Agreement dated January 1, 2006.

This conversion loan will call for level monthly payments, an amortization period of ten (10) years, and an annual interest rate of 2.70%. The indebtedness to Pennichuck will be subordinate to PEU's indebtedness to CoBank.

Staff recommended approval of PEU's financing requests. Staff concluded that the proposed financings are consistent with the public good, and that the uses of the proposed financings are reasonable because they are consistent with the company's duty to provide "reasonably safe and adequate" service to its customers in accordance with RSA 374:1. Staff further concluded that the terms of the proposed financing are reasonable, falling within the range of terms that the Commission has recently approved with regard to other long-term debt financings.

By order *nisi* dated December 30, 2014, the Commission granted PEU's petition to issue long-term debt as described in its petition. The Commission found that the terms of the proposed financings as well as PEU's intended use of the funds are appropriate and reflect prudent utility management in service to customers. Accordingly, it concluded that the financings are consistent with the public good.

To ensure that all interested parties receive notice of this docket and have an opportunity to request a hearing, the Commission delayed the effectiveness of its approval until January 20, 2015. 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 January 15, 2015. Any party interested in responding to such comments and requests for hearing shall do so no later than January 19, 2015. Following consideration of any comments and requests for hearing received, the Commission may further extend the effective date of its approval. The Commission's approval shall become final and effective January 20, 2015, unless the Commission orders otherwise.