

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 25-058

PENNICHUCK WATER WORKS, INC.

Petition for Approval of Bond Financing

Order *Nisi* Granting Petition

ORDER NO. 28,204

February 5, 2026

Pursuant to RSA chapter 369, Pennichuck Water Works, Inc. (PWW or the Company) filed a petition¹ for approval to issue an aggregate principal amount of up to \$99,000,000 in securities as part of a five-year plan of financing for the years 2026 through 2030.² In its petition, PWW seeks flexibility in the type of securities it will issue depending on market conditions, with the \$99,000,000 being either bonds or bond anticipation notes (BANs) that could be either taxable or tax-exempt. PWW seeks approval of its petition through order *nisi* under New

¹ PWW filed its initial petition on September 4, 2025. On November 3, 2025, PWW filed a motion to amend its petition, which the Commission granted. This order reflects the request and relevant filings consistent with the changes made in the amended petition.

² In addition to its request for approval to issue bonds and BANs, PWW also appears to be requesting that the Commission sanction its decision to remove a debt test from its form Loan and Trust Agreement for bond issuances. It is unclear from PWW's filings, including its petition and the pre-filed testimony attached to its petition, whether it is seeking Commission approval as relief or is simply informing the Commission that it intends to make this change as part of the bond issuance in this docket. However, in its response to the DOE's information requests, PWW does appear to be seeking Commission action. Specifically, its representative stated that while Commission approval was not required for removal of the debt test, that approval of the plan would assist in PWW's issuance of securities. Under these circumstances, the Commission will take no action on PWW's proposal to remove the debt test at issue. First, it is unclear from PWW's own filings what relief it is seeking with respect to the debt test, which is inconsistent with N.H. Code of Administrative Rules, Puc 203.06(b)(6). Second, and relatedly, PWW has not cited any legal or statutory basis for the Commission to grant relief, which is inconsistent with Puc 203.06(b)(7) (stating that all petitions must "[i]dentify the statutory provision or legal precedent under which relief is sought"). Finally, according to PWW itself, the Commission does not need to act for PWW to remove this debt test. Therefore, there appears to be no basis for the Commission to take any action with respect to this issue. If PWW desires the Commission to take action on this matter, it must refile a petition consistent with Puc 203.06(b)(6) and (7).

Hampshire Code of Administrative Rules, Puc 203.17. The New Hampshire Department of Energy (DOE) filed a technical statement in which it stated that it supports PWW's petition. For the reasons discussed in section III, the Commission **GRANTS** PWW's petition subject to the ordering clauses below.

I. LEGAL AUTHORITY AND STANDARD OF REVIEW

RSA 369:1 states that a utility may, "with the approval of the commission but not otherwise, issue and sell ... notes and other evidences of indebtedness payable more than 12 months after the date thereof for lawful corporate purposes." The Commission shall authorize the financing "if in its judgment the issue of such securities upon the terms proposed is consistent with the public good." RSA 369:4. In determining whether to authorize this funding, the Commission reviews the amount to be financed, the reasonableness of the terms and conditions, the proposed use of proceeds, and the effect on rates. *Appeal of Easton*, 125 N.H. 205, 211 (1984).

Under *Easton*, the rigor of an inquiry into a proposed financing agreement varies depending on the circumstances of the request. As the Commission has noted in prior decisions, "certain financing related circumstances are routine, calling for more limited Commission review of the purposes and impacts of the financing, while other requests may be at the opposite end of the spectrum, calling for vastly greater exploration of the intended uses and impacts of the proposed financing." *Public Service Company of New Hampshire*, Order No. 25,050 at 14 (December 8, 2009). The Commission engages in a more limited review for routine financing requests. *Id.* at 13–14. A routine request is one that will have no discernible "impact on rates or deleterious effect on capitalization, [and] in which the funds are to enable numerous investments appropriate in the ordinary course of utility operations." *Id.* at 13.

II. FACTS

The following facts come from the filings submitted by the parties. In support of its petition, PWW filed the written testimony of George Torres, the company's Chief Financial Officer and Treasurer, and supporting schedules and loan documents. In addition, the DOE filed the technical statement of its water utility analyst David Goyette and supporting materials.

PWW is a public utility that provides water service to communities in both the Merrimack Valley and Seacoast regions. It is a wholly-owned subsidiary of the Pennichuck Corporation, which is itself wholly owned by the City of Nashua. Nashua acquired the Pennichuck Corporation in 2011. Because it is not publicly traded company, PWW does not have access to private equity markets as a method of financing its capital needs. Rather, PWW finances its ongoing capital needs through the issuance of debt, such as bonds, BANs, and loans from financial lenders. In March 2025, Pennichuck Corporation merged two other water utilities it owned, Pennichuck East Utility, Inc. (PEU) and Pittsfield Aqueduct Company (PAC), into PWW, and PWW assumed all the debts and liabilities of the other two utilities.

The Commission has authorized PWW to issue bonds to provide a continuous source of funding for its ongoing operations since 2018. First, the Commission authorized PWW to issue \$32,500,000 in bonds in Docket No. DW 17-183, which was for a three-year period beginning in 2018 and ending in 2020. Second, the Commission authorized PWW to issue up to \$57,500,000 in bonds in Docket No. DW 20-157 for the years between 2021 and in 2025. In addition, in Docket Nos. DW 19-084 and DW 20-055, the Commission authorized PWW to issue up to \$75,000,000 in bonds for the purpose of debt restructuring.

The bond funding authorized in those other dockets is set to expire in 2025. For this reason, PWW now seeks to continue to finance its ongoing operations through new annual bond

issuances and has filed a petition for authority to issue an aggregate principal amount of up to \$99,000,000 of either bonds, or BANs, that are either taxable or tax-exempt, depending on market conditions. PWW would issue these bonds on an annual basis between 2026 and 2030. Notably, PWW has not specified the exact make-up of the bonds and BANs it will issue, and whether they will be taxable or tax-exempt, in its petition. Rather, PWW seeks flexibility to issue the most appropriate type of securities depending on the market conditions at the time it issues them.

PWW intends to use the amounts raised through the notes to fund several expense categories. First, and most significantly, PWW anticipates issuing a total of \$80,000,000 in annual bonds between 2026 and 2030 to pay down its existing fixed asset line of credit (FALOC) with TD Bank, N.A. related to purchases, replacements, and construction of capital projects for Qualified Capital Project Adjustment Charge (QCPAC) eligible projects during the years 2025 through 2029. The QCPAC is a rate mechanism through which PWW is able to recover its investments in its water distribution system between rate cases provided that the investments meet the QCPAC criteria and are approved by the Commission. The purpose of the QCPAC is to incentivize PWW to make timely infrastructure investments. In order to provide immediate funding for QCPAC projects, PWW uses its FALOC. Under the terms of the FALOC, PWW must pay off its annual FALOC debt each April, which it does through bond issuances. This annual conversion of FALOC debt into long-term debt through bond issuances is part of the QCPAC process. Because of its all-debt structure, PWW then uses the QCPAC to ensure it has sufficient cash to remain solvent, annually adjusting its QCPAC to account for expenditures. According to PWW, its plan to continue refinancing the short-term FALOC debt with long-term

bonds allows it to proceed with the QCPAC process and ensure the maturity of its debt matches the useful lives of QCPAC capital assets.

Second, and subject to market conditions, PWW intends to refinance \$13.5 million of currently outstanding CoBank, ACB debt that is set to mature in the years 2030 through 2049. PWW intends to use these bonds to replace existing debt, which PWW assumed from the former PEU, with bonds that have either lower interest rates or longer repayment terms. According to Mr. Torres, this refinancing would be beneficial because it would result in annual cash flow savings with level overall debt service and the bonded debt would better match the useful lives of the assets originally financed by the CoBank, ACB debt obligations. Third, and relatedly, PWW will use the financing to pay \$1,000,000 for interest costs and breakage fees associated with any refinancing of the currently outstanding CoBank, ACB debt.

In order to issue bonds to cover these expenses, PWW anticipates that the cost will be around \$4.5 million. Specifically, PWW estimates that it will cost \$2.5 million in legal fees, underwriting costs, and New Hampshire Business Finance Authority fees. The company is also seeking approval for the remaining \$2 million for costs of issuance related to additional bonding capacity as a contingency for market conditions that could cause the bonds to be issued at a discount or premium. PWW intends to amortize the issuance costs of the proposed financings on a straight-line basis over the terms of the newly issued bonds. The amortization proposal is consistent with the methodology applied with respect to issuance costs in previous financings by PWW.

Because PWW's is seeking flexibility in the bonds and BANs it seeks to issue, it has not provided definite terms for the securities. However, it has provided estimated terms based on current market conditions. With respect to the terms of maturity, PWW represents that any bonds

it issues will have terms no greater than thirty-five years. The term to maturity for the BANs would range from twelve to fifteen months. Both the bonds and the BANs would be issued at fixed interest rates, which PWW projected would have an annual true interest cost of 5.50 to 5.75 percent, subject to market conditions. PWW stated that any BANs it issued would be aggregated and refinanced with bonds the year after it issued them.

PWW anticipates that the monthly bill impact of the proposed bond issuance on an average single-family residential customer will result in an increase of \$1.63, or 2.56 percent, for the first year of the financing period. PWW projects that the annual increase to monthly bills in each year that follows will be \$1.59, or 2.49 percent.

In his pre-filed testimony, Mr. Torres stated that issuing the securities described in PWW's petition is appropriate for several reasons. First, he represented that allowing the bond issuances to continue the QCPAC process would allow PWW to continue to finance necessary construction projects using long-term debt with favorable interest rates and maturities that are aligned with the useful lives of the funded capital assets. Second, he stated that refinancing the existing CoBank, ACB debt would likely result in interest reductions, which would lead to lower long-term rates, and ensure that the terms of debt better match the nature of the capital infrastructure investments that were funded by the debt. Third, he testified that the financing would not negatively impact PWW's capitalization. Finally, he testified that the rate impact of the bond issuances would be relatively minor. For similar reasons, Mr. Torres also testified that bond issuances were part of the routine operations of PWW.

For his part, the DOE's utility analyst Mr. Goyette also stated that the bond issuance was in the public good. Specifically, Mr. Goyette represented that the projected interest rates were within current market rates and the terms of maturity were appropriate given the purposes of the

debt financing. He also stated that the primary purpose of the bond issuances, to pay off short-term FALOC debt as part of the QCPAC process, benefited ratepayers because it allowed the Company to continue making infrastructure investments. Moreover, he noted that the terms of maturity of the bonds and BANs were consistent with the lives of the capital assets they were funding. According to Mr. Goyette, this was reasonable because, under PWW's rate structure, in which revenue is applied to debt coverage, rates would be linked to the capital assets that the customers paying the rates were benefiting from. Mr. Goyette observed that while PWW's request for flexibility in the actual securities it issued was unusual, it was appropriate because, given that PWW's source of external financing is all debt-based, it needs flexibility to time the issuance, determine appropriate terms to maturity, and respond quickly to market conditions when issuing its bonds and BANs. Further, Mr. Goyette stated that the projected rate impact on residential customers of the financing was reasonable. Finally, Mr. Goyette represented that the financing would not negatively impact PWW's capitalization.

For similar reasons, Mr. Goyette averred that the financing was part of PWW's routine operations. While Mr. Goyette acknowledged that \$99 million is a significant amount of money, he observed that the Commission had previously approved similar bond issuances in previous dockets that allowed PWW to pay off its FALOC debt and refinance existing debt at lower interest rates.

III. COMMISSION ANALYSIS

In order to approve a financing request under RSA chapter 369, the Commission must make two determinations. First, the Commission must determine whether the proposed transaction is a "routine financing request" and thus subject to the less stringent review under *Easton* or whether it should apply a more heightened standard of scrutiny. Second, applying the

appropriate standard, the Commission must determine whether the requested financing is in the public good under RSA chapter 369. Both PWW and the DOE argue that the Commission should review the petition under the less stringent standard outlined in *Easton* and that, applying this standard, the Commission should find that the loan is in the public good.

With respect to the appropriate standard of review, the Commission determines that the proposed financing is a routine financing request. *See* Order No. 25,050 (noting that a routine request is one that will have no discernible impact on rates or deleterious effects on capitalization and that funds investments appropriate in the ordinary course of the utility's operations). Specifically, the Commission finds that the proposed financing will have a relatively minor impact on rates because it will increase the average single family residential customer's monthly bill by approximately \$1.60 each year for five years. In addition, relying on the testimony of PWW's witnesses and the DOE's analysts, the Commission finds that the financing would not have a deleterious impact on PWW's capitalization. Finally, the Commission finds that the funding is within the ordinary course of PWW's business. With respect to the largest part of the financing related to the QCPAC, the bond issuances will enable PWW to continue the routine process of paying off its FALOC debt as part of the QCPAC process, through which PWW makes important investments in water infrastructure projects. In addition, the remaining amounts will allow PWW to refinance existing debt with securities with terms of maturity that better match the useful lives of the underlying assets, and with potentially lower interest rates. While the Commission acknowledges that \$99 million is a substantial sum, most of the funds will be raised through annual bond issuances to cover QCPAC expenditures, which the Commission reviews in annual QCPAC dockets. Moreover, while on a smaller scale, the Commission has

previously approved multi-year bond issuances of a similar nature in prior dockets. Therefore, the Commission will apply the less stringent standard of review for routine financing requests.

Applying this standard, the Commission finds that PWW's proposed financing is consistent with the public good pursuant to RSA chapter 369. *See Easton*, 125 N.H. at 211 (holding that, in determining whether a proposed loan is in the public good, the Commission must review the amount to be financed, the reasonableness of the terms and conditions, the proposed use of proceeds, and the effect on rates). In particular, the Commission finds that, under the circumstances, the proposed amount to be financed is reasonable. As an initial matter, while \$99 million is a large sum, the Commission finds that it appropriate under the circumstances given that the majority of the debt will be used as part of the QCPAC process and will be incurred in annual bond issuances. And, despite the large sum, the actual annual increase in monthly rates is relatively minimal.

Further, the Commission finds that the projected terms of the bonds and BANs, including the forecasted interest rates and terms of maturity, are reasonable, particularly in comparison to the terms of comparable commercial loans. While the Commission acknowledges that PWW has not proposed concrete terms because it is seeking flexibility depending on market conditions, the Commission credits Mr. Goyette's representation that the range of terms appears reasonable and that PWW's requires this flexibility in order to best operate on the market.

Finally, the Commission finds that the proposed use of the proceeds is appropriate because it will allow PWW to continue the QCPAC process, which, as noted above, allows PWW to make important investments in its water infrastructure to the benefit of ratepayers. In addition, the refinancing of the CoBank, ACB debt will better match the terms of maturity with

the actual useful lives of the underlying assets, as well as potentially allow for lower interest rates.

For these reasons, the Commission finds that the financing agreement is consistent with the public good. *See* RSA 369:1, 4. Finally, the Commission finds that additional investigation is not required and approves the proposed financing on the current record. *See Pennichuck Water Works, Inc.*, Order No. 26,827, at 8 (May 25, 2023).

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effect date below, PWW's petition is **GRANTED**; and it is

FURTHER ORDERED, that PWW file with the DOE and the Commission evidence of the financing and the applicable interest rate within 15 days of the close of financing; and it is


FURTHER ORDERED, that PWW shall cause a copy of this order to be published on its website no later than close of business on February 9, 2026, to be documented by affidavit filed by the Commission on or before February 9, 2026; and it is

FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing, stating the reason and basis for a hearing, no later than February 18, 2026 for the Commission's consideration; and it is


FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than February 20, 2026; and it is

FURTHER ORDERED, that this order shall be effective February 23, 2026, unless the petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

By order of the Public Utilities Commission of New Hampshire this fifth day of February
2026.



Mark W. Dell'Orfano
Interim Chairman



Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 25-058

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