

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 25-069

PENNICHUCK WATER WORKS, INC.

**Petition for Approval of Financing to Amend the PFAS Remediation Grant and Loan
for Upgrades to the Nashua Water Treatment Facility**

Order *Nisi* Granting Petition

ORDER NO. 28,205

February 5, 2026

Pursuant to RSA chapter 369, Pennichuck Water Works, Inc. (PWW or the Company) filed a petition for approval to amend its previously approved loan from the New Hampshire Department of Environmental Services (NHDES) PFAS¹ Remediation Grant and Loan Fund (PFAS Remediation Fund) to borrow an additional amount of \$6,100,000 in order to make upgrades to its water treatment facility in Nashua (the Project). In 2024, the Commission authorized PWW to enter into a loan of up to \$11,450,000 from the PFAS Remediation Fund. *See* Order No. 27,076 (November 20, 2024) (issued in Docket No. DW 24-089). However, after receiving approval from the Commission and finalizing the loan with the PFAS Remediation Fund, PWW determined that the Project would cost more than originally anticipated. For this reason, PWW now seeks approval to borrow this additional amount, for a total of \$17,500,000,² to complete the upgrades to its water treatment facility. The New Hampshire Department of

¹ PFAS is an acronym for per- and polyfluoroalkyl substances, which are a group of synthetic chemicals commonly found in consumer and industrial products. *Pennichuck Water Works, Inc.*, Order No. 27,076 at 1 n.1 (November 20, 2024).

² Although PWW is requesting authorization to borrow an additional \$6,100,000 for a total of \$17,500,000, the sum of this additional amount and the original loan amount of \$11,450,000 would be \$17,550,000.

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.

I. LEGAL AUTHORITY AND STANDARD OF REVIEW

RSA 369:1 states that a public 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. *See 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." *Pub. Serv. Co. of N.H.*, Order No. 25,050 at 14 (December 8, 2009). The Commission engages in a more limited review of routine financing requests. *Id.* at 13–14. A routine financing 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 are supported by the record. In support of its petition, PWW filed the written testimony of George Torres, the Company's Chief Financial Officer and Treasurer, and Christopher Countie, PWW's Chief Operations Officer, and supporting schedules and loan documents. In addition, the DOE filed the technical statement of its water utility analysts, Startreece Snow and Jayson Laflamme, as well as a memorandum report examining the increased costs of the project prepared by Douglas W. Brogan, an engineering consultant retained by the DOE, and supporting materials. In addition, the Commission relies on Order No. 27,076, which approved the original financing agreement.

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. According to PWW, it requires funding to create additional chemical bulk storage for its water treatment facility in Nashua and to replace existing chemical feed equipment, obsolete programmable logic controllers, and other miscellaneous equipment related to chemical feed systems in the plant. PWW represents that it needs to make these investments to its treatment facilities in order to provide safe drinking water to its customers.

In 2024, PWW filed a petition to obtain financing for the design and construction of these upgrades through a twenty-year, unsecured, long-term loan of up to \$11,450,000 at a fixed interest rate of 3.50 percent per year from the PFAS Remediation Fund. The PFAS Remediation Fund provides low-interest grants and loans for repayment with terms of up to twenty years to communities, municipalities, and public water systems to help ensure that these entities are meeting PFAS standards in drinking water and remediation efforts.

PWW retained CDM Smith, an engineering firm, to analyze the need for, design, and oversee the construction of the Project. In 2023, CDM Smith produced a detailed report, including significant analysis and conceptual designs. The report also included cost projections for the various design options. Based on this report, PWW selected a design with an estimated cost of \$11 million for a contractor to complete (the 2023 Estimate). In its petition for the loan, PWW requested approval for the approximately \$11.5 million loan, which included the \$11 million in construction costs, as well as an estimated several hundred thousand dollars to cover internal labor and management costs within PWW. On November 20, 2024, in Order No. 27,076, the Commission granted this petition, finding that the loan met the standards under RSA chapter 369 because the loan would fund a project to improve water quality and safety, the terms of the loan from the PFAS Remediation Fund were reasonable, and the loan would have a minimal impact on PWW's rates. Order No. 27,076 at 4–5. The Commission further concluded that the intended use of the loan fell within PWW's routine operations within the meaning of *Easton* because it was to make improvements to its water treatment facilities. *Id.* at 3.

After the Commission issued Order No. 27,076, PWW closed on the loan from the PFAS Remediation Fund on January 27, 2025. Thereafter, CDM Smith proceeded with the actual design phase for the Project. In February 2025, when CDM Smith's design was almost complete, the engineering firm provided an updated construction cost estimate of approximately \$14 million (the 2025 Estimate). This updated estimate was based on detailed, item-by-item cost projections for every facet of the proposed construction. Significantly, this amount was several million dollars more than the amount that PWW initially sought and that the Commission approved. Despite this large increase, PWW represents that the scope of the Project did not

significantly change from September 2023, when CDM provided the initial \$11 million cost estimate.

In April 2024, after CDM Smith had finalized the design, PWW sought public bids from contractors for the completed design. On May 29, 2025, PWW received three public bids and chose the lowest bidding contractor, Methuen Construction, which submitted a proposal for \$13,495,314. Although slightly lower than CDM Smith's estimate, the Methuen Construction bid was higher than the \$11,000,000 estimate from Docket No. DW 24-089.

The record is not entirely clear as to why the 2023 Estimate, on which PWW relied in securing the loan and in seeking approval from the Commission, was so much lower than either the 2025 Estimate or the actual bids from contractors. According to Mr. Brogan's memorandum, the primary increase in project costs was due to a \$6 million increase in estimated costs for materials and labor. It is not entirely clear whether such a large discrepancy between initial and final estimates is common, whether the large difference here was the result of specific circumstances, such as unusual increases in costs for labor and materials, or whether the 2023 Estimate was simply inaccurate.

Although Methuen Construction's successful bid is approximately \$13.5 million, PWW now estimates that the total cost of the Project will be approximately \$17.5 million. This increase is due to several additional factors. First, PWW's new budget contains additional increases in the cost of the Project, specifically higher design and engineering costs, than originally anticipated. Second, PWW has made adjustments to the budget to account for continuing increases in the cost of materials between the time it received the contract bids in 2025 and the anticipated date that the Project will be complete resulting from the imposition of federal tariffs and inflation between May 2025 and the anticipated date of the completion of the Project in 2026. Third, PWW also

added a line item for \$1 million in contingency allowance (which in the context of construction is a budgeted line item for expenses from unexpected events or difficulties during the course of the project) for itself in the budget, in addition to the contingency in the budget for CDM Smith for overseeing the Project. According to Mr. Brogan's memorandum, although PWW's initial budget and loan did not include such a line item, a contingency budget for the owner of a project is typical.

In June 2025, after determining its new budgetary requirements, PWW filed an amended request with NHDES to increase the loan amount to \$17.5 million to cover the total costs of the Project, which is about \$6.1 million more than the initial loan. The terms of the amended loan are identical to that of the loan approved in Docket No. DW 24-089. According to PWW, the loan is for an amount "up to" \$17.5 million and is structured so that the company can take advances on a monthly basis to fund construction as needed. The advanced funds accrue at an interest rate of 1 percent per annum. The total accrued interest is due at the completion of the project. After completion, the principal of the loan becomes only those amounts actually advanced to PWW and the loan converts into a long-term, twenty-year loan with an annual interest rate of 3.5 percent. According to PWW, the loan will be unsecured, and Pennichuck Corporation will provide an unsecured guarantee for the repayment of the loan.

NHDES approved the revised loan amount, and PWW subsequently obtained approvals from the PWW Board of Directors, the Pennichuck Corporation Board of Directors, and the City of Nashua Board of Alderman. Construction on the Project began on October 2025. PWW anticipates that if the Commission approves the proposed loan, the Project will be substantially completed in 2026.

PWW and the DOE's schedules show that entering into the proposed loan and completing the Project would result in an increase in PWW's annual revenue requirement of \$1,748,20, which would be a 3.24 percent increase from the annual revenue requirement approved in its last rate case.³ This increase in the revenue requirement is approximately \$600,000 more than the \$1,152,525 increase that resulted from the loan approved in Order No. 27,076. In addition, PWW and the DOE estimate that this increase in the revenue requirement will cause the monthly bill for the average single family residential customer to increase by \$2.07. As the estimated average bill amount for these customers is now \$63.83, the projected increase would result in a new monthly bill for the average single family residential customer of \$65.90.

In their testimony, both Mr. Torres and Mr. Countie maintained that the loan is necessary to complete the updates to PWW's water treatment facilities, which are in turn necessary to ensure that PWW is able to provide drinking water to its customers that meets all applicable safety standards. They further stated that the terms of the loan with the PFAS Remediation Fund are reasonable.

In his memorandum, Mr. Brogan concluded that the revised amount of \$17.5 million, which included the cost of construction and contingency, was reasonable and that the Commission should approve a loan for that amount. Mr. Brogan opined that because CDM Smith's 2025 Estimate was relatively similar to all three of the contractors' bids, it was reasonable to assume the new projected construction costs are accurate and reliable. Although Mr. Brogan does not opine as to why the 2023 Estimate was so much lower than the 2025

³ PWW's approved revenue requirement is \$55,763,017. However, its revenue requirement recoverable through rates (i.e., minus revenue it recovers through special contracts and other revenue sources) is \$53,999,241. Because it is the amount actually reflected in rates, the DOE used the latter figure to calculate the percentage increase.

Estimate, he did represent that CDM Smith was a respected engineering and design firm and that PWW therefore reasonably relied on both the 2023 Estimate and the 2025 Estimate. Mr. Brogan recommended that the Commission allow PWW to enter into the loan, in part because the loan is structured to only require PWW to pay back the funds needed to complete the project and because the Commission will have a future opportunity to review the project costs during a prudency review.

Relying on Mr. Brogan's memorandum, Ms. Snow and Mr. Laflamme recommended that the Commission grant the petition and allow PWW to enter into the amended loan. They further observed that the terms of the additional financing that PWW requested in this docket are very favorable in comparison to commercial loans. Ms. Snow and Mr. Laflamme represented that the projected bill impacts for residential customers will not be significant and that the increased loan will not have a deleterious impact on PWW's capital structure.

III. COMMISSION ANALYSIS

There are two issues before the Commission with respect to the petition. First, the Commission must determine whether the proposed transaction is a "routine financing request" and thus subject to less stringent review under *Easton*. Second, applying the appropriate legal 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 at 13 (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 only \$1.55. 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 will enable PWW to finance investments to improve drinking water safety, which is within the ordinary course of a water utility's operations. 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 the proposed amount to be financed is reasonable and reflects the actual costs of completing the Project, with a reasonable amount of contingency built into the budget. Further, the Commission finds that the terms of the PFAS Remediation Fund loan are reasonable, particularly in comparison to the terms of comparable commercial loans. In addition, the Commission finds that the proposed use of the proceeds is appropriate because it will help PWW ensure that the drinking water it provides to its customers meets applicable safety standards. Finally, as noted above, the projected increase in rates is relatively minimal. For these reasons, the Commission finds that the financing agreement is consistent with the public good. *See RSA 369:1, :4*. In reaching this conclusion, 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).

Before concluding, the Commission notes that it does have concerns as to why the 2023 Estimate did not accurately estimate the costs of the Project. The Commission relied on this estimate in approving the initial loan, and it would have been helpful if PWW had provided a better explanation as to why the projected costs of the Project increased so significantly just three months after the Commission approved the initial loan. Nevertheless, given that all three of the contractors' bids are in the ballpark of the revised estimate, and that the DOE's analysts and retained expert agree that the revised estimate is reasonable, the Commission accepts that the revised cost projections estimate are reasonable and accurately reflect the likely cost of completing the Project. Moreover, because the purpose of the Project is to improve the quality and safety of PWW's drinking water, and the terms of the of the loan are reasonable, the Commission finds it appropriate to grant the petition based on the current record.

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. If the financing is not closed by May 1, 2026, PWW should file an update to the Commission on the status of the financing arrangement; 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

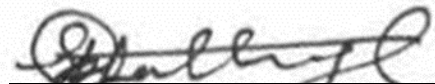
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than February 20, 2026; and it is

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#: 25-069

Printed: 2/5/2026

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