

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DW 16-427**

**LAKES REGION WATER COMPANY, INC.**

**Petition for Financing Approval**

**Order Approving Petition**

**ORDER NO. 25,895**

**May 6, 2016**

This order approves a petition of Lakes Region Water Company, Inc., to borrow \$41,730.00 from Ford Motor Credit Company. The company will use the loan proceeds to purchase a 2016 Ford F-150 4-wheel drive pickup truck. We find the debt consistent with the public good and approve the financing as proposed.

**I. PROCEDURAL BACKGROUND**

Lakes Region Water Company, Inc. (Lakes Region), provides water service to approximately 1,640 customers in 17 water systems in New Hampshire. On April 8, 2016, Lakes Region submitted a request seeking authority, pursuant to RSA Ch. 369, to borrow \$41,730.00 from Ford Motor Credit Company. On April 19, Lakes Region supplemented its request with additional information, and on April 28, Staff recommended approval. Lakes Region's 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/2016/16-427.html>.

## **II. POSITIONS OF THE PARTIES**

### **A. Lakes Region**

Lakes Region contends that its petition is consistent with the public good. Lakes Region intends to purchase a new 2016 Ford F-150 truck for use in its utility business. The company plans to trade in a 2011 Ford truck that has high mileage and has had recent mechanical trouble. Lakes Region proposes to finance \$41,730.00 from Ford Motor Credit Company at zero percent interest, with repayment over 60 months in equal amounts of \$695.50. The company asserts that approval of this loan and purchase of a new vehicle will better enable Lakes Region to provide service to its customers.

### **B. Staff**

Staff found the proposed financing and Lakes Region's use of the proceeds consistent with the public good and recommended that the Commission approve the company's request. Staff believes the procurement of this vehicle will allow the Company to finance a new vehicle at the lowest possible cost to customers. Staff also believes the proposed use of the funds is consistent with the company's duty to provide safe, adequate, just and reasonable service to its customers.

## **III. COMMISSION ANALYSIS**

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 must conduct a "hearing or investigation as it may deem proper," then 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.

The Commission reviews the amount to be financed, the reasonableness of the terms and conditions, the proposed use of the proceeds, and the effect on rates. *Appeal of Easton*, 125 N.H. 205, 211 (1984). The rigor of an *Easton* inquiry varies depending upon the circumstances of the request. As we have previously noted, “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 Co. of N.H.*, Order No. 25,050 (December 8, 2009) at 14, *cited in Lakes Region Water Company, Inc.*, Order No. 25,391 (July 13, 2012), at 30-31.

The proposed vehicle financing is routine in nature and, thus, we engage in a more limited *Easton* review. *Public Service Co. of N.H.*, Order No. 25,050 at 13-14. A routine request is one “that will have no discernable 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. A routine request calls for an examination of whether the “use of financing proceeds [is] in the public good without further review of possible alternative uses of the funds.” *Id.* at 16; and RSA 369:4 (finding of public good required for approval of long-term public utility debt).

Lakes Region’s filing includes sufficient information about the proposed use and benefits of the financing. The company seeks to replace a current vehicle with high mileage in order to ensure dependable service to its customers. The terms of the loan including the repayment period and interest rate are reasonable and reflect prudent utility management. This zero-cost debt will help keep Lakes Region’s overall cost of capital low, which will benefit customers.

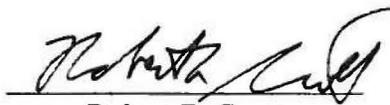
In conclusion, we find the proposed financing consistent with the public good. The terms reflect an appropriate balancing of company and customer interests, and we approve it as filed.

**Based upon the foregoing, it is hereby**

**ORDERED** that authority to undertake the proposed financing, under the terms and conditions contained in the petition of Lakes Region Water Company, Inc., and for the purposes as outlined herein, is hereby **APPROVED**.

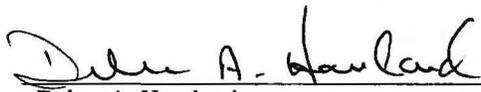
By order of the Public Utilities Commission of New Hampshire this sixth day of May, 2016.

  
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Martin P. Honigberg  
Chairman

  
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Robert R. Scott  
Commissioner

  
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Kathryn M. Bailey  
Commissioner

Attested by:

  
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Debra A. Howland  
Executive Director