

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DW 17-146**

**LAKES REGION WATER COMPANY, INC.**

**Petition for Approval of Long Term Debt**

**Order Approving Petition**

**ORDER NO. 26,069**

November 3, 2017

This order approves a petition of Lakes Region Water Company, Inc., to borrow \$148,862 from Ford Motor Credit Company for the purchase of three new vehicles to be used in the operation of its business. The Commission finds the debt consistent with the public good and approves the financing as proposed.

**I. PROCEDURAL BACKGROUND**

Lakes Region Water Company, Inc. (Lakes Region Water or the Company), is a regulated water utility pursuant to RSA 362:2 and RSA 362:4 serving approximately 1,700 customers in 18 water systems in the White Mountains and Lakes regions of the state. On September 17, 2017, Lakes Region Water filed a petition pursuant to RSA 369:1, seeking authority to borrow \$148,862 from the Ford Motor Credit Company. Lakes Region Water stated that it would use the money to purchase three company vehicles: one Ford F-550 dump truck with plow and two Ford F-250 pickup trucks. Three currently owned vehicles would be given in trade as part of the transaction with those vehicles being removed from the Company's fleet.

The Company's petition and testimony, 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/2017/17-146.html>.

On October 11, 2017, Staff recommended approval of the petition stating that Lakes Region Water had demonstrated that the new debt to be added to the Company's balance sheet would have a minimal effect on its capital structure and that the proposed use of funds would be appropriate and consistent with the Company's duty to provide "reasonably safe and adequate" services and facilities as required by RSA 374:1. On October 13, Staff issued a supplemental recommendation reiterating its support for the proposed financing. In the supplement, Staff concluded that the 4.34 percent interest rate offered by Ford Motor Credit was the best available rate for Lakes Region Water. Staff concluded that if the Company were to use other financing alternatives, it would lose the rebates offered by Ford and would need to find a loan with an interest rate of 0.8 percent to compete with the rate offered by Ford Motor Credit.

## **II. 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 on 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 at 14 (December 8, 2009). A routine request is one that will have no perceptible 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 a more limited 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.

The proposed financing is routine in nature and thus we engage in a more limited *Easton* review. Lakes Region Water’s filing includes sufficient information about the proposed use and benefits of the financing. This appears to be a routine replacement of aging and fully depreciated vehicles that are used to provide safe and reliable water service to its customers. We find the terms of the loan reasonable, and the financing consistent with the public good, and approve the petition as filed.

Our approval of this financing does not limit or preclude the Commission from review of the prudence and used and usefulness of any specific cost financed (directly or indirectly) in a future rate case. The Commission and Staff also retain the authority under RSA 374:4 to keep

informed regarding Lake Region Water's use of the proceeds of this financing, independently, and apart from any RSA 378:28 review.

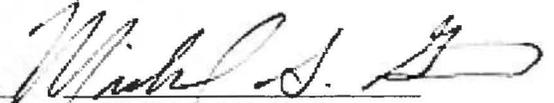
**Based upon the foregoing, it is hereby**

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

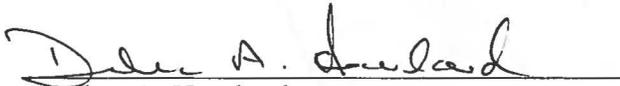
By order of the Public Utilities Commission of New Hampshire this third day of November, 2017.

  
Martin P. Honigberg  
Chairman

  
Kathryn M. Bailey  
Commissioner

  
Michael S. Giaimo  
Commissioner

Attested by:

  
Debra A. Howland  
Executive Director