

THE STATE OF NEW HAMPSHIRE



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PUBLIC UTILITIES COMMISSION

21 S. Fruit Street, Suite 10
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November 4, 2016

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

NHPUC 4NOV16AM11:03

Re: DW 16-826, Hampstead Area Water Company, Inc.
Petition for Approval of Financing – Ford F-250
Staff Recommendation for Approval

Dear Ms. Howland:

On October 11, 2016, Hampstead Area Water Company, Inc. (Hampstead) submitted a request pursuant to RSA 369:1 for authority to issue long-term debt. Hampstead requests approval for financing associated with the purchase of a 2016 Ford F-250 pickup truck with an 8-foot utility body. Hampstead will be financing the full purchase price of the truck, \$39,674, with a loan from Ford Motor Credit Company. After review, Staff recommends that the Commission approve Hampstead's proposed financing.

Under RSA 369:1, public utilities engaged in business in this state may issue evidence of indebtedness payable more than 12 months after the date thereof only if the Commission finds the proposed issuance to be "consistent with the public good." Analysis of the public good involves looking beyond the actual terms of the proposed financing to the use of the funds and the effect on rates to insure the public good is protected. *See Appeal of Easton*, 125 N.H. 205, 211 (1984). "[C]ertain 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." *Lakes Region Water Company, Inc.*, Order No. 25,753 (January 13, 2015) at 4-5, citing *Public Service Company of NH*, Order No. 25,050, 94 NH PUC 691, 699 (2009). Consistent with past financing dockets, Staff reviewed Hampstead's filing as a routine financing.

Hampstead proposes to finance the Ford F-250 with a five (5) year loan of \$39,674 through Ford Motor Credit Company. The Ford Motor Credit Company loan will carry a fixed interest rate, to be determined at the time of purchase, of 4.89% to


6.00% and requires payments of principal and interest for the full term. In its response to Staff's data request regarding financing options, Hampstead stated that it shopped at three area truck dealers in a search for their new vehicle. The Company decided that the Ford F-250 best fit their needs and combined with the rebates offered by Ford Motor Credit Company presented the best financing option. Hampstead estimates its financing costs to total about \$5,000 and proposes to amortize those costs over the five (5) year term of the loan.

Hampstead states that its petition is consistent with the public good. The capital addition will help the company better serve the needs of its customers. HAWC intends to purchase the new 2016 Ford F-250 for use by a recently hired additional new employee.

Staff has reviewed and supports the financing as presented by Hampstead. The procurement of the proposed Ford Motor Credit Company loan at a fixed interest rate to be determined at closing of 4.89% to 6.00% for five years ensures that the Company will finance the Ford F-250 debt at the lowest possible cost to customers. The new debt will have a minimal effect on the company's capital structure. Staff therefore believes that Hampstead has demonstrated that the proposed use of the funds is appropriate and consistent with the Company's duty to provide "reasonably safe and adequate and in all other respects just and reasonable" service to its customers. RSA 374:1.

If there are any questions regarding this recommendation, please let me know.

Sincerely,



Robyn J. Descoteau
Utility Analyst, Gas & Water Division

Attachment
cc: Service list

DW 16-826
Hampstead Area Water Company, Inc.
Petition for Approval of Financing – Ford F-250
Answers to Staff Data Requests Set 1

Hampstead Area Water Company, Inc.

DW 16-826

Staff Set 1

Date Request Received: 10/19/16

Date of Response: 10/31/16

Request No. Staff 1-1

Witness: John Sullivan

Staff 1-1

Please detail financing options pursued by the Company other than Ford Motor Credit Company at a rate of 4.89% to 6.00%. If none, please defend the Company's position that Ford Motor Credit Company's financing offer at 4.89% to 6.00% is the lowest interest rate available to the Company.

Response:

The Company shopped various dealers in the area. In addition to Stoneham Ford, the Company went to Newport Chevrolet (the cost was \$7,000 over Stoneham) and Grappone Ford in Concord, NH. Grappone couldn't build the truck the Company needed. Therefore financing offers were not obtained from those dealers.

Additionally, there was a substantial discount provided with the Ford offer that would not be available if financing was used from another source. Accordingly, the Stoneham Ford offer was the best option both as to price and financing.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 16-826-1 Printed: November 04, 2016

FILING INSTRUCTIONS:

a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

DEBRA A HOWLAND
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NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.

c) Serve a written copy on each person on the service list not able to receive electronic mail.