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STATE OF NEW HAMPSHIRE



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September 10, 2018

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

RE: DW 18-121 Hampstead Area Water Company, Inc.
Petition for Approval of Financing for Ford F-250
Staff Recommendation for Approval

Dear Ms. Howland:

On August 2, 2018, Hampstead Area Water Company, Inc. ("Hampstead") submitted a request ("request") for authority to issue long-term debt associated with the purchase of a new 2018 Ford F-250XL truck with an 8-foot utility body. The full purchase price of \$41,500 will be financed through a loan from Ford Motor Credit Company. After review, Staff recommends the Commission approve Hampstead's proposed financing request.

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 100% of the \$41,500 cost of the Ford F-250XL truck through a 5 year loan from Ford Motor Credit Company at 4.99% APR. As stated on page 1 of Hampstead's Petition and in its response to Staff DR 1-2 regarding financing options, the Ford Motor Credit APR of 4.99% was better than the APR from the Company's Bank, Pentucket Bank, of 5.14%. According to Staff DR 1-3, the new truck will be amortized over the life of the 5 year loan. Additionally, Schedule SPS-4 details the correct straight-line depreciation method with the first and last year using

Page 2

½ a years calculated depreciation charge. As detailed on Schedule SPS-6, the estimated financing costs of \$4,500 will also be amortized over the five year term of the loan.

Lastly, as explained in its response to Staff DR 1-3, Hampstead is replacing a 2007 Ford F-150 with approximately 195,000 miles that can no longer perform in its current capacity and will be assigned other, lighter, duties.

Staff has reviewed the petition and supports the petition as presented by Hampstead. Hampstead states that its petition is consistent with the public good and that the capital addition will help the company better serve the needs of its customers. Staff believes Hampstead has demonstrated 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.

Thank you for your assistance and attention regarding this matter. If you have any questions, do not hesitate to contact me.

Respectfully,

A handwritten signature in black ink, appearing to read 'Anthony J. Leone', with a long horizontal flourish extending to the right.

Anthony J. Leone
Utility Analyst

cc: Service List

**DW 18-121
HAMPSTEAD AREA WATER COMPANY, INC.
PETITION FOR APPROVAL OF FINANCING FOR 2018 CAPITAL ADDITIONS
STAFF DATA REQUESTS – SET 1**

**Date request received: 08-06-18
Staff 1-2**

**Date of Response: 08-14-18
Witness: John Sullivan**

As noted in item #3 on page 1 of 3 of the Petition, HAWC seeks to finance the new truck with a loan from Ford Motor Credit of 4.99% over 5 years. Please provide loan offers used to determine that the 4.99% from Ford Motor Credit is the best option available. If this determination includes credits or cash incentives, include those as well.

Answer: We got a quote from Pentucket Bank for 5 years at 5.14%.

**DW 18-121
HAMPSTEAD AREA WATER COMPANY, INC.
PETITION FOR APPROVAL OF FINANCING FOR 2018 CAPITAL ADDITIONS
STAFF DATA REQUESTS – SET 1**

**Date request received: 08-06-18
Staff 1-3**

**Date of Response: 08-14-18
Witness: John Sullivan**

As noted in item #4 on page 1 of 3 of the Petition, HAWC is replacing an older truck. What is the year, make, acquisition date and approximate mileage of the truck being replaced? How long does HAWC anticipate this new truck lasting?

Answer: We are replacing a 2007 Ford F150, purchased in February 2007. The approximate mileage is 195,000 miles. The Company expects the new vehicle to last 5 years.

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 #: 18-121-1 Printed: September 10, 2018

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:

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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.