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August 18, 2020

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

RE: DW 20-044 Abenaki Water Company, Inc.
Petition for Authority to Issue Debt
Staff Recommendation for Approval

Dear Ms. Howland:

On April 6, 2020, Abenaki Water Company, Inc. (Abenaki or the Company) submitted a petition pursuant to RSA 369:1, seeking authority to issue long-term debt. Abenaki intends to accept a \$45,000 loan and \$5,000 grant from the Drinking Water and Groundwater Trust Fund (DWGTF) administered by the New Hampshire Department of Environmental Services (DES). The proceeds of the loan and grant will be used to install a 10,000-gallon concrete tank and approximately four 2" gate valves in its Tioga-Belmont system. The testimony of Nicholas A. LaChance, Abenaki's Treasurer, and Stephen P. St. Cyr, Abenaki's regulatory finance consultant, accompanied the petition. After reviewing the filing, Staff recommends the Commission approve Abenaki's proposed financing as filed.

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. *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." *Pennichuck East Utility, Inc.*, Order No. 26,189 at 5 (November 6, 2018). "A routine financing request is one that will have no discernable impact on rates or deleterious effect on capitalization, and in which the funds are to enable appropriate investments in the ordinary course of utility operations." *West Swanzey Water Company, Inc.*, Order No 26,133 at 3 (May 10, 2018). If it is determined that the request is routine, the "Commission will use the more limited examination of whether the use of the financing proceeds is in the public good without further review of possible alternative uses of the funds. *Id.*

As evidenced below, Staff argues that this financing cannot be considered routine due to the impact on customer rates and the Company's capitalization. Staff believes, however, that due to the necessity of the proposed project, and that the financing through DES has already been authorized by the Drinking Water and Groundwater Advisory Commission, it is a necessary investment in the ordinary course of Abenaki's Tioga-Belmont system's operations, pursuant to their duty to provide safe and adequate water service, RSA 374:1. As such, Staff contends that a limited review of the purposes and impacts is justified and an investigation into the possible alternative use of the funds is not necessary.

Mr. LaChance's testimony provides a narrative detailing the need for Abenaki's proposed Tioga-Belmont storage and main valve project. Specifically, Mr. LaChance stated, "In December of 2019, the Tioga-Belmont distribution system experienced a break on a 2" distribution main at a nylon fitting. This break drained the 4,500-gallon storage tank overnight putting the system into a state of emergency. It took a period of time to identify the location of the leak; all the while the Company was purchasing bulk water deliveries to maintain service for 22 customers reliant on the system. The total expense incurred by the Company as a result of the bulk water deliveries, excavating, materials and labor spent to make the necessary repair was \$31,848; more than double the annual revenues of the Tioga Belmont system. As such, the Company is operating this system in a constant state of concern. At any time, a small 2-3 gallon per minute leak going undetected has the ability to drain the system within a day. This potential not only concerns the Company, but exposes the customers that rely on the system. The proposed project will diminish this prospect."

The Tioga-Belmont storage and main valve project will address the system's undersized storage capacity by constructing a pre-fabricated 10,000-gallon concrete water tank, replacing the existing steel 4,500-gallon water tank. The main valve project will install approximately four isolation valves in the distribution main system for leak detection or repair without disrupting each customer. The actual number of isolation valves to be installed will be determined during the final engineering design to be completed following this finance approval.

Mr. LaChance's testimony includes two letters from the DES. The first is a letter to Abenaki, dated February 14, 2020, detailing the funds authorized by the DWGTF Advisory Commission on February 10, 2020. The DWGTF Advisory Commission authorized Abenaki to borrow up to \$45,000 in loan funds and up to \$5,000 in grant funds for water system improvements at Abenaki's Tioga River-Belmont system. The second letter is from Cynthia Klevens, Small Systems Section Manager DES Drinking Water and Groundwater Bureau (DWGB), to Jayson Laflamme, PUC Assistant Director, Gas-Water Division, dated March 31, 2020. DES stated that the Tioga-Belmont system "is only one leak away from having no water for several days and placing the community in a public health emergency." The tank and valve project would improve Abenaki's ability to provide safe and reliable service to its customers. According to DES, the tank and valve project will be beneficial to the system, increasing storage for peak demands and increasing the ability to isolate portions of the system. Staff also engaged its engineering consultant, Douglas W. Brogan, to review the proposed project and address certain specifics with Ms. Klevens of DES. Mr. Brogan also participated in Staff

discovery. Attachments 1 and 2. Based on his review, Mr. Brogan represented to Staff that he believed the proposed project was appropriate.

While loan documentation is currently unavailable, DES confirmed:

- Abenaki will borrow up to \$45,000;
- the loan will mature 20 years from the date of closing;
- the annual interest rate will be 2.96 percent;
- during construction, interest will accrue at the rate of 1.00 percent per annum;
- after substantial completion, interest will begin to accrue at the approved interest rate;
- the first interest payment on the borrowed funds will be due six months following substantial completion, followed by six monthly, interest-only payments;
- monthly principal and interest payments will commence one year following substantial completion; and
- Abenaki will receive a \$5,000 grant.

Mr. St. Cyr's testimony describes the Company's December 31, 2019 debt to equity position as weighted toward debt, with a ratio of 58 percent debt, 42 percent equity. After the financing, the capital structure will be more heavily weighted toward debt, with a projected ratio of 73 percent debt and 27 percent equity.

Further, Mr. St. Cyr's testimony estimated an increase of \$3,947, or 8.87%, in Abenaki's revenue requirement based upon 100% use of the funds at the currently anticipated financing terms. Based on the projected increase in Revenue Requirement associated with this financing, the system's 22 residential customers would experience a projected average increase of \$14.95, or 23.56%, per month.

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 "after such hearing or investigation as it may deem proper, shall determine the actual or probable cost incurred or to be incurred; and, if in its judgment the issue of such securities upon the terms proposed is consistent with the public good, it shall authorize the same to an amount sufficient, at the price fixed in accordance with the laws applicable thereto, to provide funds for defraying the cost as so determined." 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). As the Court in *Easton* stated:

We have held that the primary concern of the commission in ascertaining the public interest for purposes of capitalization is the protection of the consuming public. On the other hand, it has never been the position of this court that a utility completely surrenders its right to manage its own affairs merely by devoting its private business to a public use.

Appeal of Easton at 210-211 (quotations and citations omitted).

Staff recommends approval of the financing as proposed. The procurement of this DWGTF loan and grant ensures that the Company will finance the Tioga-Belmont storage and main valve project under very favorable terms, thereby mitigating the cost of such ultimately borne by its customers. The funds will be used to enhance system reliability and realize long-term savings by allowing the Company to have adequate storage capacity and isolation opportunities, saving the Company thousands of dollars as future leaks occur. As stated in Mr. LaChance's testimony, Abenaki incurred \$31,848 in expenses related to locating and repairing the recent leak in the Tioga-Belmont system. As shown in Mr. St. Cyr's testimony, however, anticipated ongoing expenses related to this financing will be only \$2,159.

Most importantly, without this financing, the Tioga-Belmont system will continue to be operated on the brink of a public health emergency. For these reasons, Staff believes Abenaki has demonstrated that the proposed use of the funds is appropriate, and that the financing is consistent with the public good and should be authorized, subject to further prudence review prior to rate recovery. RSAs 369:1 and :4, and RSA 378:28. Staff furthermore contends that the financing is consistent with the Company's duty to provide "reasonably safe and adequate and in all other respects just and reasonable" service to its customers per RSA 374:1.

Staff, as a result of its investigation and the issues explained above, recommends that the financing be approved without the need of a further hearing or examination into the alternative uses of the proposed financing due to the immediate necessity of the improvements addressed by the financing. See *Public Service Company of New Hampshire*, Order No. 25,050 at 14 (December 8, 2009) (the "proper application of *Easton* is determined by the context of the facts and issues of the case").

Staff, lastly, requests that the Commission also direct Abenaki to submit the final DWGTF loan and grant agreements within 10 days of execution, for review and recommendation of closure of the docket by Staff as appropriate.

Staff recommends that the Commission leave the record open for 10 days after the date of this recommendation to allow for either the Office of the Consumer Advocate or the Company to respond.

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

Sincerely,

/s/ Robyn J. Descoteau

Robyn J. Descoteau
Utility Analyst

cc: Service List

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 1

Date Request Received: 4/29/20
Staff 1-1

Date of Response: 5/8/20
Witness: Nick LaChance

Request: NAL Attachment 1

Please provide a copy of the NH Drinking Water and Groundwater Advisory Commission's Special Project Assistance Program funding application submitted for the water system improvements project for the Tioga River system in Belmont.

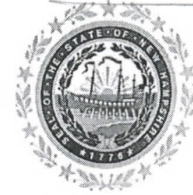
Response: Please see the requested application attached.

Company response
to staff 1-1 attachment
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NEW HAMPSHIRE DRINKING WATER
& GROUNDWATER TRUST FUND

DWGTF
FUNDING APPLICATION FORM
For the Special Projects Assistance Program



RSA/Rule: RSA 485-F

To be considered for the Special Projects Assistance Program, complete BOTH the Funding Application Form for the Annual Drinking Water Construction Projects Assistance Program AND this supplemental form. See below for submittal instructions.

For eligibility requirements, guidance in completing this application, and additional information regarding the criteria the NH Drinking Water and Groundwater Advisory Commission may use in making funding decisions, refer to the Advisory Commission's "Rules for Construction Projects" and "2019 Award Plan" posted on the Trust Fund website at <https://www4.des.state.nh.us/nh-dwg-trust/>

An applicant may apply to the Special Projects Assistance Program at any time and projects will be reviewed and evaluated on a case by case basis. NHDES will screen the Funding Application using the criteria identified in the Advisory Commission's "Rules for Construction Projects" and "2019 Award Plan". NHDES will also evaluate whether the project demonstrates one or more of the following circumstances as determined by the Commission for consideration outside of the annual application review:

- (1) Addresses Drinking Water Contamination. The Commission considers addressing contamination paramount when evaluating project need.
- (2) Time Criticality. The time critical aspect makes it impractical for the project to be considered in the annual application review. This may include, but is not limited to:
 - i. Public health impacts.
 - ii. Delays that would significantly impact project cost.
 - iii. Project is tied to another project's schedule where completion is critical for efficiency or cost savings.
- (3) Grant Request Due to Financial Hardship. An applicant may tailor its request to account for financial hardship. For instance, an applicant may be able to demonstrate through its median household income (MHI) and affordability index that it cannot afford to incur additional debt.
- (4) Projects that Support Economic Growth. Special consideration may be given to projects that create or expand drinking water systems which in turn expand the economic well-being of a community. Further specific information on this type of project is provided in the Commission's "2019 Award Plan", Attachment C.

Following screening by NHDES, the Commission will decide whether or not to consider a project for the Special Projects Assistance Program and will notify the applicant of their decision and next steps, as applicable.

Submission Instructions: Submission of applications online through State of NH Online Forms is strongly encouraged to reduce errors and processing time. **The online form is anticipated to be available May or June 2019.**

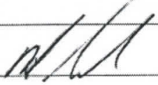
1. Visit the State of NH Online Forms web portal at <https://onlineforms.nh.gov>.
2. Register for an Online Form account. If you already have an account from submitting other State of NH Online Forms you can use it for this application.
3. Click the "Finder" button in the top right. Search for "DWGTF". Select the "DWGTF Funding Application Form for the Special Projects Assistance Program".
4. Complete all steps and submit. You can save and return to your application before submitting.
5. After submitting, you can track the status of your application through the State of NH Online Forms web portal.

If the applicant is unable to submit an online nForm, a PDF may be emailed to erin.holmes@des.nh.gov or a hardcopy mailed to Erin Holmes, NHDES; 29 Hazen Drive; Concord, NH 03302.

Erin.holmes@des.nh.gov | (603) 271-8321
<https://www4.des.state.nh.us/nh-dwg-trust/>

*Company responses
to Staff 1-1 attachment
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1. SPECIAL PROJECT SUPPLEMENTAL INFORMATION	
CONTAMINATION. Does this project address an immediate threat to public health from contaminated drinking water?: <input type="checkbox"/> yes <input checked="" type="checkbox"/> no Please explain briefly: <i>Attach relevant testing data.</i>	
TIME CRITICALITY. Does the time critical aspect of this project make it impractical for the project to be considered in the Commission's annual application review? <input checked="" type="checkbox"/> yes <input type="checkbox"/> no Please explain briefly: As described in the DWGTF application, the Tioga Belmont system's ability to provide a safe and reliable service is severely threatened. The single well source is adequate to meet normal domestic demands, but has limited yield and had to be supplemented with daily bulk water deliveries as recent as December 2019, due to an uncontrollable leak in the system. The present storage capacity is undersized and unable to provide reliable capacity to sustain service in an emergency. The proposed project will allow increased storage capacity and the installation of isolation valves to allow field personnel the ability to maintain service while identifying and repairing a leak, to avoid future emergencies such as suffered last Fall.	
FINANCIAL HARDSHIP. Is this project unaffordable without a grant from the DWGTF? <input checked="" type="checkbox"/> yes <input type="checkbox"/> no Please explain briefly: The customers of this system have the State's 2 nd highest rate at a yearly avg of 1,146.26. The Town of Belmont's MHI is \$62,868, for an Affordability Index (AI) of 1.8. The project will increase water rates to an estimated \$1300/yr and AI 2.1, if not supplemented by some grant assistance as requested in this application. <i>Provide additional information on water rates, median household income, and grant request on the DWGTF Funding Application Form for the Annual Drinking Water Construction Projects Assistance Program.</i>	
ECONOMIC GROWTH. Does the project create or expand drinking water systems which in turn expand the economic well-being of a community? <input type="checkbox"/> yes <input checked="" type="checkbox"/> no Please explain briefly: <i>Provide supporting documentation such as Memoranda of Understanding, letters of support, etc.</i>	

AUTHORIZATION/CERTIFICATION	
<i>By signing below you are certifying that the information in this Funding Application and in any attachments are true, correct and complete to the best of the representative's knowledge and that you are authorized to submit this Funding Application.</i>	
Signature of Authorized Representative: 	Date: 1/30/20
Print Name: Nicholas LaChance	Title: Treasurer

Company response to Staff #1 Attachment
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NEW HAMPSHIRE DRINKING WATER & GROUNDWATER TRUST FUND

DWGTF
FUNDING APPLICATION FORM
For the Annual Drinking Water Construction
Projects Assistance Program



RSA/Rule: RSA 485-F

The Drinking Water and Groundwater Trust Fund (DWGTF) Advisory Commission is seeking funding applications for drinking water infrastructure improvement projects.

Submission Instructions: Submission of applications online through State of NH Online Forms is strongly encouraged to reduce errors and processing time. *Anticipated to be available online May or June 2019.*

1. Visit the State of NH Online Forms web portal at <https://onlineforms.nh.gov>.
2. Register for an Online Form account. If you already have an account from submitting other State of NH Online Forms you can use it for this application.
3. Click the "Finder" button in the top right. Search for "DWGTF". Select the "DWGTF Funding Application Form for the Annual Drinking Water Construction Projects Assistance Program".
4. Complete all steps and submit. You can save and return to your application before submitting.
5. After submitting, you can track the status of your application through the State of NH Online Forms web portal.

If the applicant is unable to submit an online nForm, a PDF may be emailed to erin.holmes@des.nh.gov or a hardcopy mailed to Erin Holmes, NHDES; 29 Hazen Drive; Concord, NH 03302.

The deadline for submission is September 13, 2019 (midnight).

For eligibility requirements, guidance in completing this application, and additional information regarding the criteria the Commission may use in making funding decisions, refer to the Advisory Commission's "Rules for Construction Projects" and "2019 Award Plan" posted on the Trust Fund website at <https://www4.des.state.nh.us/nh-dwg-trust/>

1. APPLICANT INFORMATION			
APPLICANT NAME: Nicholas LaChance			
ORGANIZATION NAME: Abenaki Water Company			
PWS # (if applicable): 0202030		Ownership: <input type="checkbox"/> Public (e.g. Municipal) <input checked="" type="checkbox"/> Private (e.g. Mobile Home Park/Condo Association)	
ADDRESS: 37 Northwest Drive			
CITY: Plainville		STATE: CT	ZIP: 06062
CONTACT PERSON: Nicholas LaChance		TITLE: Treasurer	
PHONE: 860-747-1665		EMAIL: nlachance@newenglandservicecompany.com	
MEDIAN HOUSEHOLD INCOME (MHI): \$ 62,868 <i>If known, MHI of population served (using the results of a recent income survey or latest data from the American Community Survey). Note: An income survey may be required for small, privately-owned water systems serving portions of a community where the survey data does not accurately reflect the income of the residents.</i>			
CURRENT ANNUAL RESIDENTIAL WATER RATE: \$ 1146.26 <i>Based on 71,996 gallons/year. If cost of water is included in other charges (rent, condominium fee), break out the estimated annual cost per unit of water. NHDES may request back-up documentation as these figures are used to determine affordability.</i>			
PROJECTED ANNUAL RESIDENTIAL WATER RATE AT PROJECT COMPLETION: \$ 1282 (with grant) <i>If you have calculated the projected water rate at project completion, please enter it here and provide an explanation of how it was calculated. If not, enter TBD. \$45,000 loan at 2.96%, 20 yr term, divided by 22 service connections</i>			
AFFORDABILITY INDEX: (Projected Annual Water Rate/MHI) 2.0 (current affordability index 1.8)			

Erin.holmes@des.nh.gov | (603) 271-8321
<https://www4.des.state.nh.us/nh-dwg-trust/>

Company response to Staff in attachment
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2. PROJECT COST/BUDGET (DRINKING WATER COSTS ONLY)	
<i>Do not include preliminary design engineering and testing costs prior to submittal of the funding application as a component of total project cost.</i>	
PROJECT NAME: Tioga Belmont Storage/Valving Project	
CATEGORY (add rows as needed)	AMOUNT
Construction Costs	\$ 40,000
Construction Contingency	\$ 6,000
Engineering/Planning Costs	\$ 4,000
Other Costs (describe):	\$
TOTAL PROJECT COST	\$ 50,000
Project costs are based on (e.g. engineering study w/ date and author, bid prices, etc.): Solicitation of storage tank manufacturers in conjunction with avg daily rates from our excavators. Further, the use of our water works suppliers to obtain pricing on the necessary valves to be placed into the distribution system. Engineering costs are estimated as 10% of construction costs. See section 4 regarding the Company's cost sharing investment in late 2019.	

3. FUNDING REQUEST (DRINKING WATER COSTS ONLY)		
<i>The sum of Other Funds Contributing to the Project + Requested Trust Fund Loan + Requested Trust Fund Grant must equal the Total Project Cost from Section 2 above.</i>		
<i>Note: Per the Commission's rules, the Commission will endeavor to leverage the DWGTF to the greatest extent possible by taking into consideration, among other things, supplemental funds provided by the applicant. Applications for loans or grants that demonstrate that the applicant has exhausted all other possible funding sources for the proposed project may be given priority. There is no match requirement for loans; however, project proposals that provide the greatest amount of funds from sources other than DWGTF grants or loans whenever possible may be given priority.</i>		
OTHER FUNDS CONTRIBUTING TO THE PROJECT (see Section 5):		Source:
OTHER FUNDS CONTRIBUTING TO THE PROJECT (see Section 5):	\$	Source:
OTHER FUNDS CONTRIBUTING TO THE PROJECT (see Section 5):	\$	Source:
REQUESTED TRUST FUND LOAN AMOUNT: \$ 45,000 <i>(This must be a specific dollar amount.)</i>	LOAN PERCENT OF TOTAL PROJECT COST: 90% <i>(See Section 5 of the Commission's "2019 Award Plan".)</i>	
REQUESTED LOAN TERM (select one): <input type="checkbox"/> 5 <input type="checkbox"/> 10 <input type="checkbox"/> 15 <input checked="" type="checkbox"/> 20 <input type="checkbox"/> 25 <i>The loan term cannot exceed the useful life of the financed improvement(s).</i>		
REQUESTED TRUST FUND GRANT AMOUNT: \$ 5,000 <i>(This must be a specific dollar amount. Complete Section 4 if requesting Trust Fund grant.)</i>	GRANT PERCENT OF TOTAL PROJECT COST: 10% <i>(See Section 5 of the Commission's "2019 Award Plan".)</i>	

4. GRANT REQUEST JUSTIFICATION
<i>Instructions: If you are requesting grant funds, please complete the section below. The DWGTF Advisory Commission will review grant requests to make funding decisions.</i>
<i>Note: Per the Commission's rules, projects that first request DWGTF loans whenever possible may be given priority over similar projects that request DWGTF grants. Projects that request a smaller proportion of DWGTF grant as compared to DWGTF loans whenever possible may be given priority.</i>
Why does this project require grant funding? The Company recently spent over \$30,000 of internally generated funds to address an acute water shortage in Fall 2019. Costs incurred included daily bulk water purchase deliveries, excavation, and labor needed to keep service active while identifying and repairing a leak in the system. There are only 22 residential customers served by this system already paying the second highest water rate in the State. When coupled with the MHI of Belmont, the 10% grant request for this project will mitigate the burden from a 2.1 projected Affordability Index to 2.0,

Company responds to Staff 1-4 attachment
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a modest but significant help for the community. If funded under the DWSRF program, the project would be eligible for a similar 10% Principal Forgiveness rate.

Has the applicant maximized the proportion of Trust Fund loan versus Trust Fund grant requested? yes no

5. OUTSIDE FUNDING SOURCES

Instructions: The Advisory Commission encourages applicants to seek outside funding sources and may consider the overall funding plan and percentage of outside funding sources when making funding decisions. To assist the Commission in evaluating this project, please provide the following information. Enter these amounts in Section 3 above.

Have you applied to the Drinking Water State Revolving Fund (DWSRF) for this project? yes no
If yes, how much did you request and what is the status? If no, why not?: **The Company requested Emergency DWSRF funding but was recommended to await for the 2020 annual round due to limited funds available.**

Have you applied to the USDA Rural Development (RD) program for this project? yes no
If yes, how much did you request and what is the status? If no, why not?: **Because of the emergency nature of this work, the Company is unable to await for USDA RD funding which also requires development of a Preliminary Engineering Report in order to be eligible for this program.**

Have you applied to Community Development Block Grant (CDBG) program for this project? yes no
If yes, how much did you request and what is the status? If no, why not?: **Because of the emergency nature of this work, the Company is unable to await for the CDBG round in July 2020.**

Have you applied to other funding programs? yes no
If yes, please specify which programs, how much did you request, and what is the status? If no, why not?: **The DWGTF was recommended as the best option for emergency funding for this project due to the inability to await for the regular funding rounds from other programs.**

Will developers, property owners, or other private entities be contributing to the project? yes no
If yes, what is the dollar amount, what is the status, and are there conditions on those contributions? If no, why not?: **This is a storage and distribution issue for the system's existing customers. The Company is charged with providing a safe and reliable service to these customers, the approval of this loan will significantly increase the Company's ability to do so.**

Is the applicant contributing its own funds to the project (cash, capital reserve, bonding from another lender, etc.)? Do not include the DWGTF loan and grant being requested in Section 3 above.: yes no
If yes, what is the dollar amount, what is the status, and are there conditions on those contributions? If no, why not?: **The Company acquired this water system in May 2019 and shortly thereafter (November 2019) required investing over \$30,000 of internally generated funds to address a large leak that drained the single well supply and limited water storage. These funds exceed the system annual revenue such that the Company doesn't have the means to place any additional funding into this system.**

Has the applicant exhausted all other possible funding sources for the proposed project? yes no

6. PROJECT INFORMATION

SELECT ONE: Design/Preliminary Engineering Only Design and Construction Construction Only

PROJECT DESCRIPTION: Additional storage capacity and valving is needed in order to provide consistent service. The Company will install 3 to 6 two-inch isolation valves within the distribution system to allow faster identification and isolation of leaks. A 12,000-gallon pre-cast concrete/steel storage tank will be added to allow for greater system reliability. These two critical improvements will prevent the system from draining the single supply well and avoid another water supply emergency as was experienced last Fall.

PURPOSE AND NEED: Presently, this system has 1 operating valve within its distribution, making it virtually impossible to isolate portions of the system to identify leaks. By adding additional valves, field personnel will be able to perform more reliable leak detection and isolation in the event of an emergency. The existing aged steel 4,500-gallon buried storage tank is woefully inadequate. A small, 3 gallon/minute leak, will drain the system in 24 hours. Any leak larger would leave the system in a precarious condition, virtually in a state of emergency. The customers of this system have been left

Company response to
staff P-1 attachment
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without water for days at a time, on multiple occasions, under previous ownership. The Company categorizes the system's present state as *threatened*, inasmuch its 1 small leak away from being out of water. This project not only is needed to provide a safe and reliable water service, but also for the peace of mind of the customers reliant on the water service.

PRIORITY: *If you are submitting Funding Applications for multiple projects, please rank the projects in order of priority:*

1.
2.

OTHER CRITERIA
Instructions: The Advisory Commission may consider the criteria below when determining whether or not to award a loan or grant. To assist the Commission in evaluating this project, please provide the following information.

Will the proposed project result in the **removal, reduction, or mitigation of contamination related to groundwater or drinking water?** yes no Please explain briefly:

Has a **preliminary engineering report** been prepared for the project? *Attach a copy if desired. The Commission may request a copy during its review.* yes no Date and name of preparer: **An Engineering report is not applicable as the scope of work is simply to add needed storage and valves.**

List **letters of support** from local entities. Attach copies if available.
The Company has been working closely with the DES Drinking Water and Groundwater Bureau (Cynthia Klevens) to address the system emergency and required improvements.

Is the project consistent with the applicant's **Asset Management Program?** yes no Please explain briefly:
This project will replace the aged steel storage tank that is inadequately sized and has fulfilled its useful life. The Company has prioritized this asset for replacement ASAP.

Is the project consistent with the applicant's **Capital Improvement Plan?** yes no Please explain briefly:
The Company makes capital improvements based on improving the system's source, distribution, storage and overall reliability. This projects positively affects the system's distribution, storage and overall reliability.

Has the applicant conducted a **rate analysis** for the project? yes no Please explain briefly:
A simple rate analysis has been performed to establish the projected impact on the community and to support the request for 10% grant as part of this application. A more detailed rate application will be completed for NH PUC approval if funding is awarded by the DWGTF.

Briefly describe the project's impact on **economic development**. **No immediate impact; however, a safe and reliable water service is evaluated anytime a property transfer takes place. This project will strengthen this position.**

Will the project improve **energy efficiency?** yes no Please explain briefly:
By increasing storage capacity; theoretically, the well pumps will not need to be running as frequently as they presently are to maintain adequate storage supply. The tank levels will be set at a higher point, reducing the need for the pumps to consistently fill the storage tank. Also, the addition of isolation valves will allow faster identification and correction of future leaks reducing water and energy waste.

Has the applicant completed an **energy audit?** yes no
If so, is this project a recommendation of the audit? yes no Please explain briefly:

Will the project improve **water efficiency?** yes no Please explain briefly:
Additional valving will enable field personnel to isolate future leaks more quickly and efficiently. This will reduce Unaccounted for Water (UAW) and improve water efficiency.

If applicable, describe how the project involves a unique and **innovative approach** and how it could be a valuable demonstration project to other water systems and/or communities.
This small community system distribution was installed without a proper engineering design and lacks accurate As-Built Drawings. In late 2019, the Company employed the use of ground penetrating radar to mark the main locations, so marked locations can be maintained for future repairs/improvements. This project is innovative in that it will provide

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<https://www4.des.state.nh.us/nh-dwg-trust/>

Company response to staff 101 attachment
Pg 7 of 7

adequate number and positioning of isolation valves for properly managing the system, and will have an adequately sized storage tank to provide reliability and backup for the sole well supply.

Will the project result in the **interconnection** of two or more Public Water Systems (PWS)? yes no Please explain briefly: **There are no other water systems nearby. The Town of Belmont water system is 1.3 miles away.**

Will the project result in the elimination of a PWS through **connection to a more viable PWS**? yes no Please explain briefly:

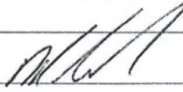
7. PROJECT SCHEDULE

Date Authority to Borrow and/or Accept Grant Funds was received or will be received	5/31/20
Anticipated Design Start Date	4/15/20
Anticipated Construction Start Date	6/15/20
Anticipated Project Completion Date	6/30/20

AUTHORIZATION/CERTIFICATION

By signing below you are certifying that the information in this Funding Application and in any attachments are true, correct and complete to the best of the representative's knowledge and that you are authorized to submit this Funding Application.

Signature of Authorized Representative:



Date: 1/30/20

Print Name: Nicholas LaChance

Title: Treasurer

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 1

Date Request Received: 4/29/20
Staff 1-2

Date of Response: 5/8/20
Witness: Nick LaChance

Request: NAL Attachment 1

Please provide a copy of the NH Drinking Water and Groundwater Advisory Commission's Special Project Assistance Program's Final Application Form.

Response: Please see the attached requested application form.

Company response to Staff 1.2 attachment
Pg 1 of 2



Drinking Water & Groundwater Trust Fund (DWGTF) FINAL LOAN AND GRANT APPLICATION



RSA 485-F

1. APPLICANT INFORMATION

Applicant Name: Abenaki Water Company PWS ID # 0202030
Town/City: Belmont Municipal Private
Contact Person: Nicholas LaChance_
Mailing Address: 37 Northwest Dr. Plainville, CT Zip + 4: 06062-1234
Phone: 860-747-1665 Email: nlachance@newenglandservicecompany.com
Billing Contact: Mike Slusz
Email: mslusz@newenglandservicecompany.com
Primary site where the work will be performed: Tioga - Belmont
Address: 24 South Rd, Belmont, NH 03220

- 2. **PROJECT TITLE** Tioga – Belmont Valving and Storage
- 3. **PROJECT DESCRIPTION** - Provide a concise description of the project. Include analysis of alternatives justifying the present project as the most cost-effective option.

The presently installed 4,500 storage tank is insufficiently sized to maintain a consistent water service to the 22 service connections in the event that the distribution system has a leak as minor as 2-3 gpm. Further, the lack of distribution valving makes leak detection/leak repairs much more difficult and time consuming to complete. The minimum requirement of any system is to provide a safe and reliable water service to its customer base. The addition of valving in the distribution system, coupled with increased storage capacity, will help to achieve this minimum requirement.

- 4. **SCOPE OF WORK** – Include a scope of work including project tasks, schedule and deliverables.
 - a. Field investigation/survey
 - b. Develop design plans (plans & details)
 - c. Prepare specifications/bid documents
 - d. State/Town permitting
 - e. Construction of project
 - f. Complete construction by 10/15/20
 - g. See Section 7 for schedule detail
- 5. **PROJECT COST & BUDGET** – Include project costs including planning, design, bidding and construction and projected monthly cash flow.

Estimated Construction Cost- \$40,000	Total Estimated Costs- \$50,000
Construction Contingency (15%)- \$6,000	Amount of Loan- \$45,000
Estimated Engineering / Planning Costs- \$4,000	Amount of Grant- \$5,000
Other Costs- N/A.	
Describe Other Costs- N/A	

Company response to
Staff 1.2 attachment
Pg 2 of 2

6. **LOAN TERM:** Loan Term (5, 10, 15, 20, 25 or 30 years) 20 years

7. **PROJECT SCHEDULE**

Anticipated Authority to Borrow/Accept Grant Funds Date: 9/1/20

Anticipated Design Start Date: 7/15/20

Anticipated Construction Contract Award Date: 9/8/20

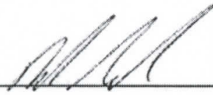
Anticipated Project Completion Date: 10/15/20

8. **VENDOR CODE:** -

3	1	2	3	2	9
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A vendor code may be obtained online at <http://admin.state.nh.us/purchasing/vendorresources.asp>

Applicant certifies that the information in the application and in the attachments is true, correct, and complete to the best of the representative's knowledge and belief.



Signature of Authorized Representative

Treasurer

Title

5/7/20

Date

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 1

Date Request Received: 4/29/20
Staff 1-3

Date of Response: 5/8/20
Witness: Nick LaChance

Request: NAL Attachment 1

Has Abenaki entered into a loan and grant agreement with the NH Drinking Water and Groundwater Advisory Commission? If so, please provide a copy. If not, please identify the date Abenaki expects to enter into this agreement.

Response: The Company has not entered into an agreement for the subject financing. The NH Drinking Water and Groundwater Advisory Commission will put forth such agreement to the NH Governor once the financing has been approved by the NHPUC. The Company anticipates that a reasonable date to execute the loan documents would be roughly September 1, 2020.

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 1

Date Request Received: 4/29/20
Staff 1-4

Date of Response: 5/8/20
Witness: Nick LaChance

Request: Please provide the source of funding should the tank and valve replacements cost more than the funds provided through the DWGTF of \$50,000.

Response: Preliminary estimates indicate that the tank replacement will be within the \$50,000 budget that will be obtained through the NH Drinking Water Groundwater Trust Fund (DWGTF). The Company also believes that the DWGTF loan will sufficiently cover the installation of the proposed main valving per its earlier estimates. In the event that the loan proceeds are not enough, and due to the very recent COVID-19 pandemic, the Company will evaluate its ability for additional funding through internally generated funds.

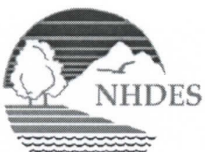
DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 1

Date Request Received: 4/29/20
Staff 1-5

Date of Response: 5/8/20
Witness: Nick LaChance

Request: Please provide a copy of Tioga-Belmont's most recent Sanitary Survey.

Response: Please see the attached Sanitary Survey as requested.



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Clark B. Freise, Assistant Commissioner



April 11, 2017

via E-mail

NORMAN HARRIS JR
 TIOGA RIVER WATER COMPANY INC
 1440 RIVER WATER COMPANY INC
 GILFORD NH 03249

Subject: **CWS: BELMONT: TIOGA RIVER WATER: PWS # 0202030**
SANITARY SURVEY

Dear Mr. Harris:

On March 23, 2017, the New Hampshire Department of Environmental Services, Drinking Water & Groundwater Bureau (DES) performed a sanitary survey inspection of the subject public water system (PWS) pursuant to RSA 485 and Env-Dw 717 and 720. Under these statutes and rules, DES has the responsibility and authority to conduct sanitary surveys of public water systems in New Hampshire.

A sanitary survey consists of a physical review of the main elements of the water system to verify its capability to reliably produce safe drinking water. The eight sanitary survey elements evaluated are: well sources, treatment, distribution, storage, pumping, data records, management and operations.

In attendance at time of the inspection: Greg Cummings, DES Sanitary Surveyor
 Dale Curtis, Gilford Well Co.

SIGNIFICANT DEFICIENCIES

Pursuant to Env-Dw 103.53, a significant deficiency is one that "...can directly and adversely affect a public water system's water quality or that can reduce the water system's reliability and ability to deliver safe drinking water to its customers...". At the time of the sanitary survey there were no significant deficiencies noted.

SYSTEM DESCRIPTION

Tioga River Water obtains its water from one active bedrock well, BRW 1-001, located 6 feet from the pump house. BRW 1-001 is 350 feet deep, six inches in diameter and yields 15 gallons per minute. Water flows via submersible well pump to the pump house where it passes a source tap, meter and check valve before being treated for iron and manganese removal. The water then enters the buried 10,000 gallon atmospheric storage tank. Two variable frequency drive (VFD) booster pumps transfer water from atmospheric storage to a ST-25V 10 gallon pressure storage tank. Treated water is distributed to approximately 55 people through 22 service connections. Note: During the survey it was noted that there are plans to bring BRW 2-002 back online.

SANITARY PROTECTIVE AREA

All public water supply system wells require a sanitary protective area (SPA) or protective well radius, under the control of the well owner, within which no septic tanks, leach fields, oil, debris or other hazardous materials may be located or stored. The SPA for your water system is a minimum of 150' radius around the well.

www.des.nh.gov

P.O. Box 95, 29 Hazen Drive, Concord, New Hampshire 03302-0095
 Telephone: (603) 271-2513 Fax: (603) 271-5171 TDD Access: Relay NH 1-800-735-2964

Company response to
Staff R-5 attachment
Page 2 of 4

PWS #0202030 Tioga River Water - SSL
April 11, 2017
Page 2 of 4

Currently, the area contains Tioga River 100 feet from the well head. The water system's potential for reduced monitoring and future waivers from a portion of its chemical monitoring requirements shall be diminished by the location of buildings, roadways, parking lots, and other such construction within the well's protective radius.

FUTURE CONSTRUCTION OR EXPANSION

Be advised that, under RSA 485:8 (Approval of Construction or Alteration), no new construction, addition or alteration involving the source, treatment, distribution or storage of water in any public water supply system can begin without approval by the Department.

In addition to any significant deficiencies listed above, enclosed are recommendations for system improvements. The ownership and operation of a public water supply system involve many significant responsibilities. Our main concern is to protect the public health. It is also our intention to work with you in solving any water related problems that your system may have. Should you have any questions, please contact me at 603-271-2539 or by e-mail at gregory.cummings@des.nh.gov.

Sincerely,



Greg Cummings
Drinking Water and Groundwater Bureau

Enclosed: Recommendations for System Improvements

cc: Norman Harris III, Gilford Well Co.

Company response to
Staff 1-8 attachment
Pg. 3 of 4

April 11, 2017

CWS: BELMONT: TIOGA RIVER WATER: PWS # 0202030

RECOMMENDED SYSTEM IMPROVEMENTS

The following recommended system improvements and operation and maintenance procedures are noted below to assist you in improving the water system's reliability in providing water to its users.

Gate Valves

To ensure that gate valves are in working order, routine maintenance and exercising are required. Frequently, in older systems, there is an inadequate knowledge of valve location, or if known, these valves have become inaccessible due to subsequent construction, (i.e. buried under roadways). This makes routine maintenance impossible and greatly slows down emergency response. If a break occurs in a watermain, crews must first locate nearby valves before they can shut the section down. This increases both the amount of time that the system is inoperable and the danger of extensive contamination to the system.

It is therefore recommended that routine valve inspections be conducted once a year in which the following tasks are performed:

1. Verify the exact location of all valves boxes.
2. Inspect the valve stem and nut for damage and possible leakage.
3. Close the valve fully, and record the number of turns to the fully closed position.
4. Reopen the valve and reestablish flow.
5. Clean the valve box cover seat.

Records should be upgraded to include a means to easily identify the location of all valves. Records should also include measurements from at least two reference points, the type of valve, and the number of turns required to open or close the valve.

Flushing

Distribution systems are normally flushed once a year through the blow-offs. In some water systems, the flushing must be done more often to keep sediment and sand in the piping under control. The flushing should be done during time of minimum water use. The frequency of flushing should be such that it prevents legitimate consumer complaints. Each gate valve on the water system should be turned annually to counteract mineral buildup and the subsequent jamming of the valve.

Leak Detection Survey

At least once a year the system should be checked for leakage. This can be accomplished in the following way. The water system's customers should be asked not to use any water between midnight to 6:00 A.M. on a particular evening. The water system operator should check system usage during this period by noting the usage on the meter or any change in the water level in your vented storage tanks (supply sources turned off). If there is any significant system demand, this can be attributed to leakage.

It is important to note that the force from this leakage sets in motion sand particles in the soil that will abrade the general area of the pipe ultimately to the point of total failure. The noise of this running water can normally be heard through the use of geophones, even though the leak has not surfaced. Intermediate and larger municipal water systems in your area likely have geophones and may be willing to loan them to you. If not, please contact our office for a list of contractors with this or more specialized types of equipment.

Company response to
Staff 155 attachment
Pg. 4 of 4

PWS #0202030 Tioga River Water - SSL
April 11, 2017
Page 4 of 4

Emergency Generator or Auto Transfer Switch

Power loss and outages are becoming more common due to extreme weather conditions and events. An emergency/ backup generator or an automatic transfer switch is advisable to get you through periods of power outages. It is recommended that you research, plan and budget for installation of an emergency generator or automatic transfer switch.

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 1

Date Request Received: 4/29/20
Staff 1-6

Date of Response: 5/8/20
Witness: Stephen P. St. Cyr

Request: Please discuss the monthly financial impact to customer billings expected as a result of this project. Please include the calculation of a current residential billing and a projection of that same billing.

Response: Overall, the average monthly customer bill will increase 23.56% as follows:

Total Ann Rev / Total # of Cust = Avg Rev per Cust / # of Mos = Avg Mos Bill

Present Rates (1): \$16,750 / 22 = \$761.36 / 12 = \$63.45

Projected Rates: \$20,697 / 22 = \$940.77 / 12 = \$78.40

Increase \$14.95 or 23.56%

Note (1): Total annual revenue for period 11/1/17 – 10/31/18 per Tioga's 2018 PUC Annual Report.

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 1

Date Request Received: 4/29/20
Staff 1-7

Date of Response: 5/8/20
Witness: Nick LaChance

Request: Has Abenaki requested bids for the purchase and installation of the pre-fabricated 10,000 gallon concrete tank? If yes, please provide a copy of the bid request and responses. If no, please explain why not or identify the date Abenaki estimates to issue the bid request.

Response: Abenaki has not formally requested bids for the purchase and installation of the storage tank to date. The Company believes it to be prudent to avoid applying engineering time, which would increase the deferred account amount, until it has secured PUC approval to borrow the requested funding.

To explain the engineering costs a bit further, the present tank is buried into the side of a mound. To determine the project specifications for the installation portion of the project, engineering will need to calculate proper gradient levels and buried depth to allow the tank to be gravity fed from the pump house. This will include site surveying, which the Company can do internally, so that a site plan can be developed for installation contractors to bid off of.

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 1

Date Request Received: 4/29/20
Staff 1-8

Date of Response: 5/8/20
Witness: Nick LaChance

Request: Please provide the estimated cost of removal associated with the 1970s 4,500 gallon tank.

Response: Given the relatively narrow scope of work to be performed on this project, the cost of removing the existing tank will be part and parcel with the installation of the new tank. See the Company's response to Staff 1-7 for an explanation as to why detailed construction costs have not been obtained at this time.

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 1

Date Request Received: 4/29/20
Staff 1-9

Date of Response: 5/8/20
Witness: Stephen P. St. Cyr

Request: Per Puc rule 609.12(d), “Each utility shall report to the commission when the probable cost of any addition, extension or capital improvement to its utility plant will exceed the reportable amounts shown in Table 9.6.1.” Table 9.6.1 shows that utilities with utility plant ranges of \$400,000 and under shall report amounts exceeding \$5,000. Given the 2019 utility plant balance in Tioga-Belmont of \$187,535 reported on SPS-1, please provide a copy of the E-22 for this capital improvement project.

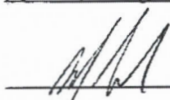
Response: See enclosed E-22.

AWC - Tioga Belmont

**NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
YEARLY REPORT OF PROPOSED EXPENDITURES FOR ADDITIONS, EXTENSIONS AND CAPITAL IMPROVEMENTS TO FIXED CAPITAL
FORM E-22**

No.	LOCATION		ESTIMATED COST	DESCRIPTION
	TOWN	STREET		
1	Belmont, NH	39 South Road	\$ 38,210	Pre-fabricated 10,000 gallon concrete tank
2	Belmont, NH	39 South Road	11,790	4 2" gate valves
TOTAL COST				

Supervisor's Name / Title: Nicholas LaChance / Treasurer
(please print)

Supervisor's Signature: 

Date Submitted: 5/13/20

** on or before May 15th of each year

Emergency response to Staff 189 attachment

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 2

Date Request Received: 5/29/20
Staff 2-1

Date of Response: 6/12/20
Witness: Nick LaChance

Request: NAL Attachment 1

The Original Petition discusses the installation of 4 two inch gate valves and a pre-fabricated 10,000 gallon concrete tank. The DWGTF Funding Application page 3 of 5, part 6; Project Information, discusses the installation of 3 to 6 two inch isolation valves and a 12,000 gallon pre-cast concrete/steel storage tank.

- a) Please clarify how many valves are proposed.
- b) Please clarify what size tank is proposed.

Response:

A) The actual number of valves to be installed remains uncertain at this time. Once the Company has solicited bids for the purchase and installation of the storage tank it'll be better informed as to what the actual budget will allow for. Further, given the current financial uncertainties associated with COVID-19, the Company remains overly cautious as it pertains to capital investments.

B) The Company intends to solicit bids for both a 10,000 gallon and 12,000 gallon tanks, including installation. After the bids are received the Company will be in a better position to make a final decision. As stated above, given the current financial uncertainties associated with COVID-19, the Company remains overly cautious as it pertains to capital investments.

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 2

Date Request Received: 5/29/20
Staff 2-2

Date of Response: 6/12/20
Witness: Stephen P. St. Cyr

Request: NAL Attachment 2

Please refer to the NHPUC website, under Regulatory, to officially file the E-22 attachment to Staff 1-9.

Response: On June 10, 2020 the Company “officially” filed the AWC – Tioga Belmont’s E-22 for pre-fabricated concrete water tank and gate valves.

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 2

Date Request Received: 5/29/20
Staff 2-3

Date of Response: 6/12/20
Witness: Robert Gallo

Request:

The April 11, 2017 NHDES Sanitary Survey appears to indicate the existing atmospheric tank is filled via submersible well pump. However, the response to Staff 1-7 indicates, as a reason for not proceeding with project design and bidding until after PUC funding approval, the intention to install the new tank to allow it “to be gravity fed from the pump house”. Please explain.

Response:

The existing atmospheric tank is filled by the two wells via submersible pumps. The water is then drawn from the tank via pumps that boost the water to the distribution system. The intention is to install a new atmospheric tank to operate in the same manner.

DW 20-044
ABENAKI WATER COMPANY, INC.
TIOGA BELMONT DWGTF FINANCING
Company Response to Staff Data Requests- Set 2

Date Request Received: 5/29/20
Staff 2-4

Date of Response: 6/12/20
Witness: Stephen P. St. Cyr

Request: Please discuss how Abenaki-Tioga Belmont intends to record the cash associated with the \$5,000 DWGTF grant and the CIAC tax on its DWGTF loan. Please provide associated general ledger entries.

Response: The Company intends to record the receipt of cash as revenue. It intends to record the CIAC tax as a debit to tax expense and credit cash. The journal entries will be as follows:

Dr. 131 Cash
Cr. 474 Other Water Revenues

Dr. 409.10 Federal Income Taxes
Dr. 409.11 State Business Taxes
Cr. 131 Cash

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Christopher.tuomala@puc.nh.gov

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stephenpstcyr@yahoo.com

steve.frink@puc.nh.gov