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April 26, 2023

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street
Concord, NH 03301

Re: DW 23-011, Aquarion Water Company of New Hampshire, Inc., Petition of Aquarion Water Company of New Hampshire for Approval of Financing from CoBank, ACB; Technical Statement of Anthony J. Leone, Department of Energy

Dear Chairman Goldner:

Enclosed for filing in this matter is the New Hampshire Department of Energy's (DOE) Technical Statement of Anthony J. Leone. This cover letter and enclosed technical statement with attachment represent the DOE's April 26, 2023, filing with the Public Utilities Commission (Commission) in this matter; pursuant to the parties' agreed-upon proposed procedural schedule filed by Aquarion Water Company of New Hampshire, Inc. (Aquarion) on February 15, 2023, and approved by the Commission in a procedural order dated February 21, 2023, upon determination that the proposed schedule was in the public interest.

The DOE takes no position on Aquarion's April 24, 2023, request for an abbreviated *nisi* period.

The Commission's February 21, 2023, procedural order also requested that the DOE's April 26, 2023, filing include an analysis of whether Aquarion's proposed financing in this docket should be considered "routine," citing *Pub. Serv. Co. of N.H.*, Order No. 25,050 (December 8, 2009); and *Appeal of Easton*, 125 N.H. 205 (1984) (*Easton*). The DOE's *Easton* analysis for Aquarion's proposed financing is included below.

Under RSA 369:1 and RSA 369:4, public utilities 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 reviewing the amount to be financed, the reasonableness of the terms and conditions, the proposed use of the proceeds, and the effect on rates. See *Appeal of Easton*, 125 N.H. 205, 211 (1984). The extent of the Commission's review of a financing request depends on whether or not the financing is considered routine. "[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. A routine financing request is one, “that will have no discernible 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.” *Pennichuck Water Works, Inc.*, Order 26,197 (December 3, 2018) at 4. See also *Hampstead Area Water Company, Inc.*, Order 26, 230 (March 29, 2019) at 7-8 (financing not routine; hearing required).

The DOE recommends that the Commission review Aquarion’s proposed financing request as “routine.” The projected impact on rates is minimal, with an estimated bill impact of between \$1.75 and \$2.89 per month for an average single-family residential customer. The proposed financing will have a positive impact on capitalization, bringing Aquarion’s capital structure from a current 24.7 percent long-term debt and 75.3 percent equity to an estimated 40.8 percent long-term debt and 59.2 percent common equity. Finally, the DOE believes that the Company’s stated purposes for the loan are appropriate and within the ordinary course of utility operations. It is thus the DOE’s opinion that the proposed financing should be considered “routine” and subject to a more limited Commission review under *Easton*.

The enclosed technical statement contains the DOE’s substantive analysis of the proposed financing, referencing the factors listed above. Based on its analysis, the DOE recommends the Commission find that the proposed financing is consistent with the public good as required by RSA 369:1 and approve Aquarion’s request for financing in this docket.

With the filing of this letter and enclosed technical statement with attachment, the DOE believes a complete record has been provided for consideration by the Commission in this matter, pursuant to the DOE’s purpose under RSA 12-P:2, IV.

Consistent with the Commission’s current practices, this letter and accompanying technical statement with attachment are being filed only in electronic form.

Sincerely,

/s/ Alexandra K. Ladwig

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