

**DW 04-117**

**HANOVER WATER WORKS COMPANY, INC.**

**Petition for Authority To Issue Securities And To Increase Rates**

**Order Clarifying Financing Authority**

**ORDER NO. 24,428**

**January 28, 2005**

On July 9, 2004, Hanover Water Works Company, Inc. (Hanover) filed with the New Hampshire Public Utilities Commission (Commission) a Petition for Authority to Issue Securities and to Increase Rates. On October 29, 2004, the Commission issued its Order No. 24,393 approving a Stipulation between Hanover, the Office of the Consumer Advocate (OCA) and the Commission Staff (Staff). That Stipulation requested Commission approval of Hanover's petition in this docket, specifically for authority to borrow up to \$6.5 million from the State Revolving Loan Fund (SRF) administered by the New Hampshire Department of Environmental Services (DES) for construction of a new water treatment facility and a new storage facility. The Stipulation also endorsed Hanover's request for Commission authority to seek recovery of the projects through a rate increase to be considered once construction was complete. A complete procedural history of this proceeding is provided in Order No. 24,393 and is not repeated here.

On January 27, 2005, Hanover filed a letter with the Commission requesting issuance of a supplemental order in this docket. Hanover's letter indicates that it seeks clarification of the scope of Order No. 24,393. Specifically, Hanover requests that the Commission clarify that the authorization for Hanover to borrow includes authority for Hanover to grant a security interest in its real and personal property to secure the loan. In support of its

request, Hanover cites discovery responses it provided to OCA and Staff during the proceeding which clearly indicate that Hanover intended to provide such a security interest as a part of its loan from the SRF. In its January 27 letter, Hanover represents that counsel for the Staff and OCA consent to the issuance of a supplemental order for the purposes as described. One of those discovery responses (Staff 2-5) was provided with Hanover's January 27 letter.

Despite Hanover's disclosure of its desire to obtain such authorization, Hanover, OCA and Staff did not expressly include such a request for Commission authority in the Stipulation presented at hearing. So that Hanover may go forward with the financing as contemplated in its petition and as approved by the Commission, it seeks a supplemental order clarifying that the Commission approves the granting of a security interest in Hanover's real and personal property.

We have reviewed Order No. 24,393 in the context of Hanover's January 27 letter, and note that Hanover's request for authority to secure its property is made pursuant to RSA 369:2. We further note the concurrence of Staff and OCA with the request. Financings of the type associated with this proceeding typically require that security interests be provided by the borrower, and granting such authority as requested does not change the analysis upon which approval was based in Order No. 24,393. Hanover's request is reasonable and we will provide the express authority it seeks in order for Hanover to obtain the financing required for the treatment plant and storage facility projects.

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

**ORDERED**, that Hanover Water Works Company, Inc. is authorized, pursuant to RSA 369:2, to provide a security interest in its real and personal property to the New Hampshire

Department of Environmental Services for purposes of borrowing under the State Revolving Loan Fund, as contemplated by our Order No. 24,393 issued October 29, 2004.

By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of January, 2005.

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Thomas B. Getz  
Chairman

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Graham J. Morrison  
Commissioner

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Michael D. Harrington  
Commissioner

Attested by:

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Debra A. Howland  
Executive Director & Secretary