

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
RE: HAMPSTEAD AREA WATER COMPANY, INC.
DW-11-226

**PETITION TO AMEND ORDER FOR AUTHORITY TO BORROW LONG TERM
DEBT FOR WATER SERVICE LINE REPLACEMENTS**

Hampstead Area Water Company (HAWC) hereby Petitions to Amend the Order of the Public Utilities Commission (the Commission) for authority, pursuant to RSA §369, to borrow an additional Seventy Five Thousand and 00/100th (\$75,000.00) Dollars in long term debt from the Drinking Water State Revolving Fund (SRF) in additional to the One Hundred Eighty and 00/100th (\$180,000.00) originally approved. The purpose of this Petition is to accommodate an increase in available SRF monies for the same purposes the loan was originally approved for. The Company seeks expedited approval of this Petition in order to qualify for low-interest financing which is available for a limited time period. In support of its requests, the Company states as follows:

- 1) HAWC is presently franchised in most areas of Hampstead and Atkinson, New Hampshire, and has franchised satellite systems in various towns in Rockingham County (see Schedule A, attached). HAWC is a New Hampshire corporation, authorized by this Commission to produce and distribute water within the Company's authorized franchise areas throughout southeastern New Hampshire.
- 2) In the original order, Order # 25,299, the Commission approved financing that would fund the replacement of water service lines, running from the main water distribution line

to the shutoffs for 100 customers in the Town of Atkinson, New Hampshire, in HAWC'S core system. This replacement program has the support of the Department of Environmental Services (DES).

- 3) The Company was recently informed by DES that additional funds of \$75,000 are available for this line replacement program which would be utilized for 50-60 line replacements in the Towns of Atkinson and Hampstead in HAWC's core system.
- 4) The specific additions of new plant amounting to \$75,000.00 are attached as part of the pre-filed Testimony of Stephen P. St. Cyr, Exhibit 1.
- 5) The State of New Hampshire has preliminarily indicated that it would approve HAWC's request for financing subject to various terms and conditions. Generally, the terms and conditions are as follows:
 - a) The borrowing will amount to \$75,000.00.
 - b) Take a security interest as may required in the assets of the Company
 - c) The loan will mature 20 years from the date of closing.
 - d) The interest rate is currently 2.72%, but may change pending approval.
 - e) The payment of principal and interest based on a 20-year amortization will be due monthly beginning 30 days from the date of closing.
- 6) In order to be able to service this additional debt, the Settlement Agreement presented to the Commission, in docket DW 12-170, a proposed second step increase intended to increase revenues to pay for the SRF loan. With an increase in rates from second step increase, the Company believes that the revenues will be sufficient to pay principal and interest on the loans. See Testimony of Stephen P. St. Cyr, Exhibit 1 and attached

schedules.

- 7) The State of New Hampshire's commitments are subject to receipt of Commission approval of the financing. The State of New Hampshire needs regulatory assurance that the Commission will authorize the financing and allow the security interest as they may require in the assets of the Company.
- 8) The borrowings being proposed by the Company are in the public interest and consistent with the public good because it enhances the Company's ability to provide safe and reliable drinking water to its customers in its franchise areas at a reasonable cost. The additional replacement water service lines will provide stability to the core system by remedying current water loss and preventing water loss in the future. The system improvements being proposed and the estimated cost of the improvements are reasonably necessary to provide such service to the Company's customers.
- 9) Simultaneously with this petition the Company is filing the direct testimony of Stephen P. St. Cyr (Exhibit 1) and related schedules. The direct testimony of Stephen P. St. Cyr describes the purpose of the financing, the proposed financing, and the utilization of the funds from such financing as well describing the project and the reasons for the replacement water service lines. The schedules include the cost of the financing, the accounting and financial aspects of this borrowing.

WHEREFORE, Hampstead Area Water Company respectfully request that the Commission:

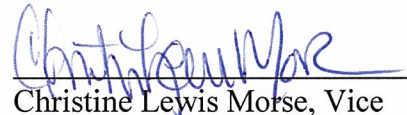
- A. Authorize the Company to borrow \$75,000.00 from the State of New Hampshire in accordance with the terms and conditions for the construction of the

replacement water service lines in the Town of Atkinson and Hampstead in the Company's Core System.

- B. Find that the execution of loan documents by the Company for purpose of consummating the aforementioned financing is consistent with the public good;
- C. Find that the use of the proceeds from the proposed financing and the amounts proposed to be spent by the Company for such improvements is prudent and consistent with the public interest; and
- D. Grant such other and further relief as may be just and reasonable.

Dated: 5-16-13

Respectfully submitted,
Hampstead Area Water Co., Inc.


Christine Lewis Morse, Vice
President