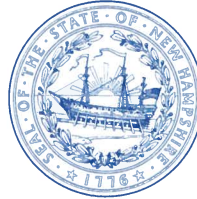


THE STATE OF NEW HAMPSHIRE

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October 11, 2017

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

Re: DW 17-146, Lakes Region Water Company, Inc.
Petition for Authority to Issue Long-term Debt
Staff Recommendation for Approval

Dear Ms. Howland:

On September 17, 2017, Lakes Region Water Company, Inc. (Lakes Region) submitted a request pursuant to RSA 369:1 for authority to issue long-term debt. The company seeks permission to borrow \$148,862 from Ford Motor Company in order to purchase three (3) company vehicles; one Ford F-550 dump truck with removable plow attachment and two Ford F-250s pickup trucks. Three (3) vehicles will be traded in toward the purchases and subsequently removed from the Company's records; one Ford F-350 dump truck and two Ford F-250 pickup trucks. After review, Staff recommends that the Commission approve Lakes Region's proposed financing.

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 vehicle financing dockets, Staff reviewed Lakes Region's filing as a routine financing.

The filing describes the terms associated with the \$148,862 vehicle financing. The overall financing will be broken down into financings for each of the three vehicles. Lakes Region was able to secure a 4.34% percent interest rate from Ford Motor Company which will be repaid over a 5-year term. The 2011 F-350 dump truck, a fully paid truck, reportedly in bad condition and in need of replacement, will be retired in the amount of \$37,301. Both 2013 F-250 pickup trucks due to be paid for in August 2018, are reported to have high mileage and are in need of replacement. The approximate \$12,000 balance of the 2013 loans will be paid by Lakes Region prior to trade-in. One pickup truck has a diesel engine and will be retired in the amount of \$46,918; the other has a gas engine and will be retired in the amount of \$37,069. Total retirement amount of all three vehicles is estimated at \$121,288. The total trade-in value of all three retiring vehicles is estimated to be \$37,500. Replacing these vehicles will assist the Company with operating and maintaining its water systems without anticipated high vehicle repair costs.

Staff has reviewed and supports the financing as presented by Lakes Region. The procurement of the proposed Ford Motor Company loan at 4.34% interest ensures that the Company will finance the new pickup trucks at the lowest possible cost to customers. The new debt to be added to the company's balance sheet will have a minimal effect on the company's capital structure. Staff therefore believes that Lakes Region has demonstrated that 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.

If there are any questions regarding this recommendation, please let me know.

Sincerely,



Robyn J. Descoteau
Utility Analyst, Gas & Water Division

Cc: service list

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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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:

DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

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.