

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 17-194

WEST SWANZEY WATER COMPANY, INC.

Petition for Financing Approval

Order Approving Petition

ORDER NO. 26,133

May 10, 2018

In this order, the Commission authorizes West Swanze Water Company, Inc., to borrow \$22,900 from Sarah Brown, the company's owner and president, to purchase and install certain equipment recommended by the New Hampshire Department of Environmental Services for the remote monitoring and control of its operational systems and data.

I. WEST SWANZEY WATER'S FINANCING REQUEST

West Swanze Water Company, Inc. (West Swanze Water or the Company), is a regulated water utility pursuant to RSA 362:2 and RSA 362:4 serving approximately 85 customers in the Town of Swanze. On December 13, 2017, the Company filed a petition pursuant to RSA 369:1, seeking authority to borrow \$24,500 from its owner and president, Sarah Brown, to be repaid over a period of 10 years at a fixed interest rate of 5.00 percent. The amount of the proposed loan was later revised to \$22,900 in Docket No. DW 17-103.¹ The Company stated that it would use the funds to cover the cost of purchasing and installing variable frequency drives (VFDs) and a Supervisory Control and Data Acquisition (SCADA) system for remote monitoring and control of operational systems and data, based on recommendations from the New Hampshire Department of Environmental Services (NHDES). NHDES had conducted a

¹ For more information, see *West Swanze Water Co., Inc.*, Order No. 26,105 (February 23, 2018), and Staff's recommendation at 1, filed in Docket No. DW 17-103 on December 29, 2017.

sanitary survey of the West Swanzey Water system and recommended the VFDs and SCADA system purchases, as well as a number of additional actions, “to maintain compliance, and continue to provide an acceptable level of service to the customers.” NHDES letter to West Swanzey Water Company, Inc., dated June 13, 2017, attached to Staff Recommendation (December 29, 2017). NHDES conducted a sanitary survey of the Company on May 23, 2017. Among its recommendations were the installation of VFDs on well pumps and the installation of a SCADA system. *Id.*; see Prefiled Direct Testimony of Stephen P. St. Cyr (St. Cyr) (12/11/17) at 2.

The Company’s petition and testimony, and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted at <http://www.puc.nh.gov/Regulatory/Docketbk/2017/17-194.html>.

II. STAFF RECOMMENDATION

Staff recommended approval of the petition. Based on its discussions with the Company, Staff determined that West Swanzey Water had demonstrated that the procurement of the proposed loan at 5.00 percent interest would ensure that the Company financed the recommended VFDs and SCADA system at the lowest reasonable cost to customers. Specifically, the Company informed Staff of its research on alternative funding options, including state revolving loan funds and commercial bank loans, and its decision to pursue the proposed loan option to address NHDES’s recommendations expeditiously, in the best interest of its customers. Staff concluded that the Company had demonstrated that the proposed use of the funds would be appropriate and consistent with its duty to provide service to its customers that is “reasonably safe and adequate and in all other respects just and reasonable,” as required by RSA 374:1.

III. COMMISSION ANALYSIS

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 may conduct a “hearing or investigation as it may deem proper,” and shall authorize the proposed financing “if in its judgment the issue of such securities upon the terms proposed is consistent with the public good.” 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, 211-213 (1984).

The rigor of an *Easton* inquiry varies depending on the circumstances of the request. As we have previously noted, “certain 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.” *Public Service Co. of N.H.*, Order No. 25,050 at 14 (December 8, 2009). 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 appropriate investments in the ordinary course of utility operations. *Id.* at 13. Such a request calls for an examination of whether the use of financing proceeds is in the public good without further review of possible alternative uses of the funds. *Id.* at 16.

The financing proposed by West Swanzey is routine in nature, and thus we engage in a limited *Easton* review. West Swanzey’s filing includes sufficient information about the proposed use and benefits of the financing. The Company seeks authority to incur debt financing to cover the cost of purchasing and installing VFDs and a SCADA system recommended by the

NHDES and addressed in the Company's recent rate case in Docket No. DW 17-103. *See West Swanzey Water Co. Inc.*, Order No. 26,105 at 3 (February 23, 2018) (approving settlement agreement and permanent rates); *see also* Staff Recommendation at 1.

We find that the proposed financing is consistent with the public good and approve it pursuant to RSA 369:1. The Commission and Staff retain the authority under RSA 374:4 to keep informed regarding West Swanzey Water's use of the proceeds of this financing, independently and apart from any review under RSA 378:28.

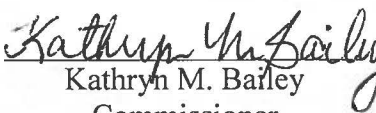
Based upon the foregoing, it is hereby

ORDERED, that authority to undertake the proposed financing in the amount of \$22,900, under the terms and conditions contained in the petition of West Swanzey Water Company, Inc., and for the purposes outlined herein, is hereby **APPROVED**.

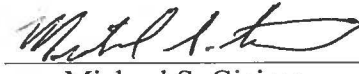
By order of the Public Utilities Commission of New Hampshire this tenth day of May, 2018.



Martin P. Honigberg
Chairman




Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director

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
EXEC 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.