

THE STATE OF NEW HAMPSHIRE

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NHPUC 19MAR'19AM10:18

March 19, 2019

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

Re: DW 18-138 – Hampstead Area Water Company, Inc. (HAWC)
Petition for Approval of Financing and Step Adjustment in Rates
Staff Report regarding Financing Impact on Company's Capital Structure

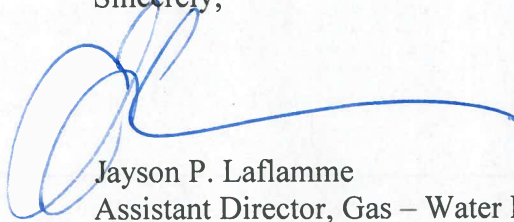
Dear Ms. Howland:

Per the Commission's request, the Commission Staff (Staff) has calculated the approximate impact of two recent financing requests on HAWC's overall capital structure. The first request for financing was for approval of a \$1 million line-of-credit in Docket DW 18-147. The Commission approved HAWC's requested line-of-credit in Commission Order No. 26,218 issued on February 1, 2019. HAWC's second financing request, filed in the instant docket, pertains to a \$1.02 million Drinking Water and Groundwater Trust Fund (DWGTF) loan to be applied towards the construction of a one-million-gallon water storage tank in the Town of Atkinson. A Settlement Agreement between HAWC, Staff, and the Office of the Consumer Advocate (OCA) in support of the \$1.02 million financing was filed on February 4, 2019.

HAWC's last Annual Report filed with the Commission was as of December 31, 2017. At that time, HAWC's actual debt to equity ratio consisted of approximately 62% debt and 38% equity. Based on that, if HAWC draws on the full \$1 million line-of-credit as approved in Commission Order No. 26,218 as well as borrows the full \$1.02 million as requested in the instant docket, Staff calculates that HAWC's debt to equity ratio will consist of approximately 72% debt and 28% equity. This reflects a change in each component of approximately 10%. Staff's calculations, however, do not reflect the impact of two rate increases recently approved for HAWC in Docket DW 17-118. See Commission Order Nos. 26,165 (July 31, 2018) and 26,195 (November 28, 2018).

Thank you for your assistance with this matter. If you have any further questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'J' followed by a horizontal line that curves upwards at the end.

Jayson P. Laflamme
Assistant Director, Gas – Water Division

cc: Service List

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