

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 19-176

HAMPSTEAD AREA WATER COMPANY, INC.

Petition to Approve Financing

Order Approving Petition

ORDER NO. 26,326

January 15, 2020

This order authorizes Hampstead Area Water Company to borrow \$47,201 to purchase a new vehicle for use in the operation of its business.

I. PROCEDURAL BACKGROUND AND POSITIONS

On October 18, 2019, Hampstead Area Water Company, Inc. (HAWC or the Company), filed a petition pursuant to RSA 369:1, seeking authority to finance the purchase of a 2019 Ford F-250XL pickup truck for use in its operations. The Company proposed to borrow the full cost of the truck, \$42,701, from Ford Motor Credit Company at 0.00 percent interest for a term of six years. The Company stated the new truck would replace an older truck, which would be assigned to lighter duties. On December 16, HAWC filed an amended petition clarifying that the purchase price is actually \$47,201, and updated its request to borrow that amount. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-176.html>.

On December 19, 2019, Commission Staff (Staff) recommended approval of the petition, as amended by the Company and clarified by data responses. Staff stated that, consistent with RSA 374:1, HAWC demonstrated the proposed use of funds would be appropriate and consistent

with the Company's duty to provide "reasonably safe and adequate" service to its customers. *See Staff Recommendation.* Staff noted the Company would be replacing the older truck in order to ensure dependable service to customers. Staff concluded that the terms of the loan offered by Ford Motor Credit Company, including the 0.00 percent interest rate for six years, which represented the least costly of the four financing options considered by HAWC, were appropriate.

II. COMMISSION ANALYSIS

RSA 369:1 states 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 will conduct a "hearing or investigation as it may deem proper," then authorize sufficient 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, among other things, the amount of the proposed financing, the reasonableness of the terms and conditions, the proposed use of the proceeds, and the anticipated effect on customer 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. The Commission has 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 Company of New Hampshire*, Order No. 25,050 at 14 (December 8, 2009). A routine request is one that will have "no discernable impact on rates or deleterious effect on capitalization, and in which the funds are to enable numerous investments appropriate in the ordinary course of utility operations." *Id.* at 13. A routine request calls for a more limited 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.

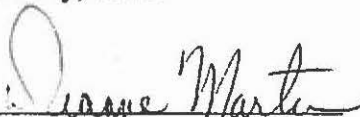
The Company’s proposed financing to replace an older vehicle is routine in nature. Thus, we engage in a limited *Easton* review. HAWC’s filing, as amended, includes sufficient information about the proposed use and benefits of the financing. We find the terms of the loan reasonable and the financing consistent with the public good, and approve the amount and terms of the proposed financing.

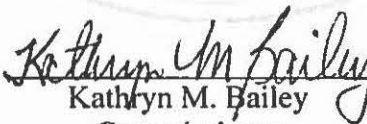
Our approval of this financing does not limit or preclude the Commission from review of the prudence and used and usefulness of any specific cost financed, directly or indirectly, in a future rate case. The Commission and Staff also retain the authority under RSA 374:4 to keep informed of HAWC’s use of the financing, independently and apart from any RSA 378:28 review.

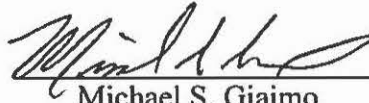
Based upon the foregoing, it is hereby

ORDERED, that the authority to undertake the proposed financing, under the terms and conditions contained in Hampstead Area Water Company, Inc.’s petition, as amended, and for the purposes as outlined therein, is hereby **APPROVED**.

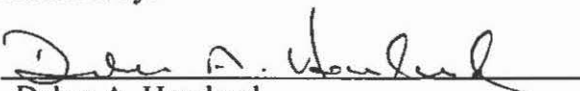
By order of the Public Utilities Commission of New Hampshire this fifteenth day of January, 2020.


 Dianne Martin
 Chairwoman


 Kathryn M. Bailey
 Commissioner


 Michael S. Giaimo
 Commissioner

Attested by:


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