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May 2, 2023

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street
Concord, NH 03301

Re: DW 21-061, Abenaki Water Company, Inc. Petition to Approve New Hampshire Drinking Water and Groundwater Trust Fund Financing for Rosebrook Pressure Reduction Project; Technical Statement of Robyn J. Descoteau, Department of Energy

Dear Chairman Goldner:

Enclosed for filing in this matter is the New Hampshire Department of Energy's (DOE) Technical Statement of Robyn J. Descoteau. This cover letter and enclosed technical statement with attachments represent the DOE's May 2, 2023, Technical Statement & Recommendation in this matter; pursuant to the parties' agreed-upon proposed procedural schedule approved by the Public Utilities Commission (Commission) in a procedural order dated February 15, 2023.

The DOE's recommendation also includes an analysis of whether Aquarion's proposed financing from the Drinking Water and Groundwater Trust Fund (DWGTF) in this docket should be considered "routine," per *Pub. Serv. Co. of N.H.*, Order No. 25,050 (December 8, 2009); and *Appeal of Easton*, 125 N.H. 205 (1984) (*Easton*); as well as a recommendation that the Commission find the proposed financing to be consistent with the public good, pursuant to RSA 369:1. The DOE's *Easton* analysis for Aquarion's proposed financing is included below.

Under RSA 369:1 and RSA 369:4, public utilities 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 reviewing the amount to be financed, the reasonableness of the terms and conditions, the proposed use of the proceeds, and the effect on rates. See *Appeal of Easton*, 125 N.H. 205, 211 (1984). The extent of the Commission's review of a financing request depends on whether or not the financing is considered routine. "[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. 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 numerous investments appropriate in the ordinary course of utility operations.” *Pennichuck Water Works, Inc.*, Order 26,197 (December 3, 2018) at 4. See also *Hampstead Area Water Company, Inc.*, Order 26, 230 (March 29, 2019) at 7-8 (financing not routine but approved by the Commission after finding the proposed financing to be consistent with the public good).

While the DOE does not necessarily consider the financing to be routine due to the projected impact on capital structure and rates, the DOE nevertheless recommends the Commission find the proposed financing to be consistent with the public good and thus approve Aquarion’s request. Although there will be a shift in the Company’s capital structure and a potential impact on rates, the DOE believes that the proposed use of the proceeds - to address public health, worker safety, and environmental concerns - should outweigh concerns regarding possible changes in capital structure and rates.

As described in the Company’s filings in this docket and in the DOE’s attached technical statement, this project has support from the New Hampshire Department of Environmental Services (DES). Additionally, the DOE’s engineer reviewed the Company’s submissions regarding Phase 1 of the proposed project and believes the project and its estimated costs to be prudent. See Attachment B to this filing.

The Commission found in a comparable DWGTF financing case - Docket No. DW 18-138, *Hampstead Area Water Company, Inc.*, Order 26, 230 (March 29, 2019) (referenced above) - that although the proposed financing could not be considered routine due to its potential impacts on rates and capital structure, it was consistent with the public good. The Commission gave consideration to the DES’ support of the proposed project in that docket as well as the project’s necessity to support safe and adequate water service. The Commission noted that when examining the financing and the public good, “we must consider customer need for safe and adequate drinking water against their need for the lowest possible rates.” The Commission ultimately approved the DWGTF financing in that docket.¹

The enclosed technical statement contains the DOE’s substantive analysis of the proposed financing, referencing the factors considered above. Based on its analysis, the DOE recommends the Commission find that the proposed financing is consistent with the public good as required by RSA 369:1, that no further review is needed, and approve the Company’s request for financing in this docket.

With the filing of this letter and enclosed technical statement with attachment, the DOE believes a complete record has been provided for consideration by the Commission in this matter, pursuant to the DOE’s purpose under RSA 12-P:2, IV.

Consistent with the Commission’s current practices, this letter and accompanying technical statement with attachments are being filed only in electronic form.

¹ Docket No. DW 18-138, *Hampstead Area Water Company, Inc.*, Order 26, 230 (March 29, 2019), pages 8-9.

Sincerely,

/s/ Alexandra K. Ladwig

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