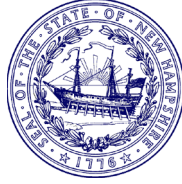


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DEPARTMENT OF ENERGY
21 S. Fruit St., Suite 10
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July 2, 2024

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

Re: DW 24-078, Lakes Region Water Company, Inc. Petition for Approval of Long-Term Financing; Department of Energy Technical Statement of David N. Goyette

Dear Chairman Goldner:

Pursuant to the Procedural Schedule approved by the Commission on June 6, 2024, in the above-captioned matter, please find enclosed the Technical Statement of David N. Goyette, Utility Analyst, New Hampshire Department of Energy (“DOE”) Division of Regulatory Support, Water Group, with Attachments.

The Commission’s June 4, 2024, Procedural Order in this matter requested that the DOE’s recommendation include an analysis of whether Lakes Region Water Company, Inc. (“Lakes Region” or “the Company”)’s financing proposal should be considered “routine,” per the *Easton* analysis.¹ The attached Technical Statement offers substantive analysis of the financing request and recommends that the Commission grant Lakes Region’s request for approval of financing. The DOE’s *Easton* analysis is 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

¹ See *Pub. Serv. Co. of N.H.*, Order No. 25,050 (December 9, 2009) (citing *Appeal of Easton*, 125 N.H. 205 (1984)).

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; hearing required).

The DOE recommends that the Commission review Lakes Region’s financing request as “routine.” The financing would result in only an estimated 1.11% increase to rates and a 0.95% increase in the Company’s debt-to-equity ratio, therefore there is not a discernible impact on rates or deleterious effect on capitalization.² The funds are to enable appropriate investments in the course of the Company’s business, as they will be used to purchase two new trucks that perform necessary operation and maintenance tasks across the Company’s 19 water systems. The trucks will replace two similar older trucks with high mileage and high maintenance costs, one of which Lakes Region has indicated recently broke down.

The attached Technical Statement contains the DOE’s substantive analysis of the proposed financing, referencing the factors listed above. Based on its analysis, the DOE recommends the Commission find that the financing is in the public good as required by RSA 369:1 and approve Lakes Region’s request for financing in this docket.

With the filing of this letter and enclosed Technical Statement with attachments, the DOE believes that 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 is being filed only in electronic form.

Sincerely,

/s/ Alexandra K. Ladwig

Alexandra K. Ladwig
Staff Attorney/Hearings Examiner
Department of Energy

Cc: Docket Service List (Email only)

Attachments: Attachment A Lakes Region’s responses to DOE Set 1
Attachment B The DOE’s Modified Calculation of Lakes Region’s
Response to DOE 1-1
Attachment C Lakes Region’s June 27, 2024, Email Re Truck Broken-
Down

² There will be no actual impact to rates until the investment has been found prudent in a future rate case.

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