

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DW 08-088**

**HAMPSTEAD AREA WATER COMPANY, INC.**

**Petition for Authority to Borrow Long Term Debt, to Construct Water System  
Interconnection, Approval to Extend Franchise Area and for Step Rate Increase**

**Order Clarifying Financing Authority**

**ORDER NO. 24,977**

**June 9, 2009**

On June 27, 2008, Hampstead Area Water Company, Inc. (HAWC) filed a petition for authority to borrow long term debt pursuant to RSA 369, to extend its franchise area, and for a step increase in rates. On February 6, 2009, the Commission issued its Order No. 24,937 approving a Stipulation between HAWC, Commission Staff (Staff), and the Office of the Consumer Advocate (OCA). That Stipulation requested Commission approval of HAWC's petition in this docket, including authorization to borrow up to \$1,100,855 from the State Revolving Loan Fund (SRF) administered by the New Hampshire Department of Environmental Services (DES) for construction of an interconnection between HAWC's Hampstead and Atkinson core systems. The Stipulation also requested Commission authorization for a step adjustment to HAWC's rates upon completion of the project, subject to Commission review and audit. The step adjustment is to be considered in HAWC's pending general rate case, DW 08-065. A full procedural history of this docket is provided in Order No. 24,937.

On May 6, 2009, HAWC filed a letter with the Commission requesting a supplemental order in this docket. HAWC's letter seeks clarification of the scope of Order No. 24,937. Specifically, HAWC requests that the Commission clarify that the authorization for HAWC to

borrow includes authority for HAWC to grant a security interest in its real and personal property to secure the loan. Although the settling parties were aware that the SRF loan would be secured by HAWC's assets, the Stipulation filed by HAWC, Staff and OCA did not request authority for HAWC to grant a security interest in its utility assets. As a result, Order No. 24,937 did not expressly provide HAWC with such authority. HAWC needs such express authority in order to complete the SRF financing and therefore requests a supplemental order clarifying its financing authority. On May 14, 2009, Staff filed a letter with the Commission indicating that it concurred with HAWC's request for a supplemental order and that OCA did not oppose HAWC's request.

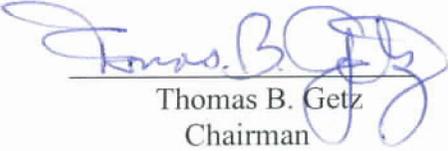
Pursuant to RSA 369:2 and upon approval by the Commission, a public utility may mortgage its present and future property. Order No. 24,937 was silent on HAWC's grant of a security interest, not because of any disapproval of such an action, but simply because the settling parties did not request it. Having reviewed Order No. 24,937, HAWC's May 6, 2009 letter, and Staff's May 14, 2009 letter we find that it is consistent with the public good for HAWC to grant a security interest in its real and personal property for the purpose of securing the twenty-year SRF loan approved in Order No. 24,937. Financings of this type typically require security interests and we hereby expressly authorize HAWC to provide a security interest as part of the SRF loan.

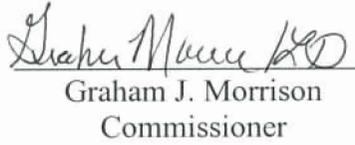
**Based upon the foregoing, it is hereby**

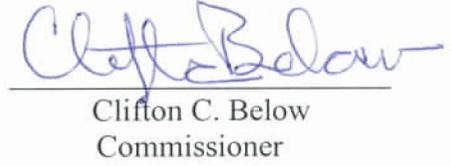
**ORDERED**, that Hampstead Area Water Company, Inc. is authorized, pursuant to RSA 369:2, to provide a security interest in its real and personal property to the New Hampshire Department of Environmental Services for purpose of borrowing under the State Revolving Loan Fund, as contemplated by Order No. 24,937 issued February 6, 2009.

By order of the Public Utilities Commission of New Hampshire this ninth day of June,

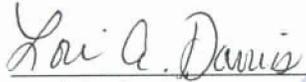
2009.

  
Thomas B. Getz  
Chairman

  
Graham J. Morrison  
Commissioner

  
Clifton C. Below  
Commissioner

Attested by:

  
Lori A. Davis  
Assistant Secretary

