

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 14-285

LAKES REGION WATER COMPANY, INC.

Petition for Authority to Issue Long Term Debt

Summary of Order *Nisi* No. 25,753 Approving Long Term Debt

January 13, 2015

In Order *Nisi* No. 25,753, the Commission approved a petition by Lakes Region Water Company, Inc. (LRWC), seeking permission under RSA ch. 369 to incur a total of \$290,250 in long-term debt. The petition and subsequent docket filings, other than any information for which confidential treatment is requested or granted by the Commission, are posted to the Commission's website at <http://www.puc.state.nh.us/Regulatory/Docketbk/2014/14-285.html>.

LRWC's petition described five long-term loans (*i.e.*, for periods in excess of 12 months). One, in the amount of \$129,775 from CoBank, will be used to finance improvements to LRWC's Indian Mound system in Ossipee, New Hampshire. The terms of the CoBank loan include an interest rate of 5.5% and a term of 15 years.

The other four loans covered by LRWC's petition financed the purchase of vehicles in 2013 and 2014 without Commission approval. The lenders on those loans are Ford Motor Credit Company and Southworth-Milton, Inc., and the total of all four vehicle loans is \$160,475.

On November 21 and December 23, 2014, Staff filed letters summarizing its findings and recommendations for Commission action. Staff's letters, when read together, recommended the following course of action: (1) approval of the five proposed loans; (2) acceptance of LRWC's admission of a violation of RSA 369; and (3) the establishment of an automatic penalty

mechanism should LRWC violate RSA ch. 369 again in the future. In a letter dated January 2, 2015, LRWC concurred with Staff's recommendations

The Commission found the terms of the financings as well as LRWC's use, or intended use, of the funds appropriate and reflective of prudent utility management in service to customers, and consistent with the public good. The Commission's approval of the petition was conditioned on the final terms not being substantially different from those proposed in LRWC's filing. If any terms vary significantly, LRWC will be required to seek additional Commission approval.

The Commission also approved the automatic penalty mechanism recommended by Staff and supported by LRWC to address the violations of RSA ch. 369. This penalty mechanism, as described further in the order *nisi*, shall be effective for a period of five years from the effective date of the order.

To ensure that all interested parties receive notice of this docket and have an opportunity to request a hearing, the Commission delayed the effectiveness of its approval until February 13, 2015. All persons interested in responding to the Commission's approval may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than February 2, 2015. Any party interested in responding to such comments and requests for hearing shall do so no later than February 9, 2015. Following consideration of any comments and requests for hearing received, the Commission may further extend the effective date of its approval. The Commission's approval shall become final and effective February 13, 2015, unless the Commission orders otherwise.