

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 19-155

LAKES REGION WATER COMPANY, INC.

Petition for Approval of Financing

Order Approving Petition

ORDER NO. 26,310

November 25, 2019

This order authorizes Lakes Region Water Company, Inc. to borrow \$36,469 from Ford Motor Credit to purchase a new vehicle for use in the operation of its business.

I. PROCEDURAL BACKGROUND AND POSITIONS

On September 18, 2019, Lakes Region Water Company, Inc. (Lakes Region or the Company), filed a petition pursuant to RSA 369:1, seeking authority to finance the purchase of a 2019 Ford F-150 for use in its operations. The Company proposed to borrow \$36,469 from Ford Motor Credit at a 1.90 percent interest rate for a term of five years. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted at <http://www.puc.nh.gov/Regulatory/Docketbk/2019/19-155.html>.

On November 4, 2019, Commission Staff (Staff) recommended approval of the petition, as clarified by the Company's data responses. Specifically, Lakes Region clarified that the cost of the Ford F-150 is \$42,469 and that the Company will sell a 2014 Ford F-150 truck with high mileage for \$6,000 and use the proceeds towards the purchase price or, in the alternative, trade the 2014 Ford F-150 truck to obtain a \$6,000 credit from the dealership. Staff stated that, consistent with RSA 374:1, Lakes Region 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 a 2014 Ford F-150 with high mileage in order to ensure dependable service to customers and avoid potentially expensive maintenance and repairs. Staff concluded the 1.90 percent interest rate on the five-year loan offered by Ford Motor Credit was appropriate and the least costly financing alternative of the five financing options considered by the Company.

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, 211-13 (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.

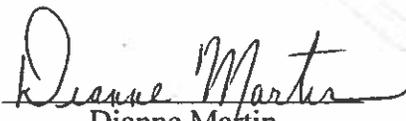
The Company's proposed financing to replace a vehicle with high mileage, seems to be routine in nature, and such as we will engage in a limited *Easton* review. Lakes Region's filing and responses in discovery include sufficient information about the proposed use and benefits of the financing. We find 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 Lakes Region's use of the financing, independently and apart from any RSA 378:28 review.

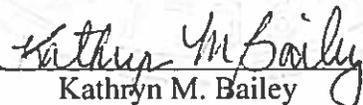
Based upon the foregoing, it is hereby

ORDERED, that the authority to undertake the proposed financing, under the terms and conditions contained in Lakes Region's petition, as clarified, and for the purposes as outlined therein, is hereby APPROVED.

By order of the Public Utilities Commission of New Hampshire this twenty-fifth day of November, 2019.



Dianne Martin
Chair



Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



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