

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 24-078

LAKES REGION WATER COMPANY, INC.

Petition for Approval of Long-Term Financing

Order *Nisi* Approving Financing

ORDER NO. 27,033

July 12, 2024

Lakes Region Water Company, Inc. (LRWC or the Company), requests approval to borrow \$118,006 from Ford Motor Credit Company LLC (Ford Credit) for the purchase of two new vehicles to be used in the operation of its business. In this order, the Commission authorizes LRWC to proceed with the financing in the said amount.

The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2024/24-078.html>.

I. BACKGROUND PROCEDURAL HISTORY

LRWC is a regulated water utility that serves approximately 1,839 customers in 19 public water systems located in the Mt Washington Valley and Lakes Region. On May 31, 2024, LRWC filed a petition pursuant to RSA 369:1, seeking authority to borrow \$118,006 from Ford Credit. LRWC stated that it would use the money to purchase two Ford F-250 pickup trucks (New Trucks). See LRWC, Direct Testimony of Leah Valladares, May 31, 2024, at 3-4.

The New Trucks will replace two similar trucks (Old Trucks) purchased in 2017. See *Id* at 2-3. The New Trucks will be used by field staff to perform operation and maintenance tasks and service the Company's 19 water systems. LRWC asserts that

the Company is acquiring the New Trucks so that the Company can continue to provide safe and reliable service to its customers. Furthermore, the Old Trucks should be replaced due to their high mileage and increasing maintenance costs. *See* Attachment A to July 2, 2024 Technical Statement at 31.

The Department of Energy (DOE) reviewed LRWC's filings and recommended that the Commission approve the proposed financing and find the financing to be consistent with the public good pursuant to RSA 369:1. Further, the DOE recommended that the Commission review the proposed financing as "routine." *See* July 2, 2024 Cover Letter to Technical Statement at 2. During discovery, the DOE determined that the proposed financing would result in only an estimated 1.11 percent increase to rates and a 0.95 percent increase in the Company's debt-to-equity ratio. *See* July 2, 2024, Technical Statement at 3. The DOE determined that the financing request did not create a discernible impact on rates or deleterious effect on capitalization. *See Id.* Furthermore, the DOE concluded that the source and purpose of the funding was reasonable. *See Id.*

II. COMMISSION ANALYSIS

RSA 369:1 states that 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 shall authorize the 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 the amount to be financed, the reasonableness of the terms and conditions, the proposed use of proceeds, and the effect on rates. *Appeal of Easton*, 125 NH 205, 211 (1984) (*Easton*).

The rigor of an Easton inquiry varies depending on the circumstances of the request. As the Commission has noted in prior decisions, “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). We engage in a more limited review for routine financing requests. *Id.* at 13-14. A routine 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.” *Id.* at 13.

Based on LRWC’s petition and DOE’s analysis and recommendation, we find that the intended use of the proposed financing falls within the course of LRWC’s ordinary utility operations. We further concur with DOE’s assessment that the proposed financing will have little to no impact on LRWC’s overall capital structure.

Accordingly, based on the record, the Commission finds the proposed financing to be reasonable. We conclude that approval of the proposed financing to purchase two New Trucks to replace the Old Trucks will permit LWRC to provide safe and adequate service to its customers, as required by RSA 374:1, and that the financing is consistent with the public good, pursuant to RSA 369:1 and RSA 369:4. Accordingly, based on the LRWC’s petition and on DOE’s technical statement and recommendation, we find LRWC’s financing request to be consistent with the public good. We further find that additional investigation is not required and approve the proposed financing on a *Nisi* basis.

Our approval of LRWC's financing does not limit or preclude the Commission from reviewing in a future case, directly or indirectly, the prudence, use, and usefulness of any specific project financed by the borrowed funds pursuant to RSA 378:28. The Commission retains its authority under RSA 374:4 to be kept informed of LRWC's use of the financing and any efforts to refinance under more favorable interest rates, separate and apart from any future review under RSA 378:28.

Based upon the foregoing, it is hereby

ORDERED NISI, that subject to the effective date below, the request of Lakes Region Water Company, Inc. to secure a \$118,006 loan from Ford Motor Credit at a 7.74 percent interest rate for a 5-year term to effectuate the purchase of two Ford F250 trucks is **GRANTED**; and it is


FURTHER ORDERED, that Lakes Region Water Company, Inc. shall cause a copy of this order to be published on its website by no later than the close of business on July 16, 2024 to be documented by affidavit filed with this office on or before July 23, 2024; and it is

FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than July 30, 2024, for the Commission's consideration; and it is

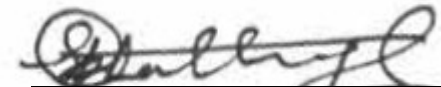
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than August 6, 2024; and it is

FURTHER ORDERED, that this order shall be effective August 12, 2024, unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.


By order of the Public Utilities Commission of New Hampshire this twelfth day of July, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 24-078

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