

THE STATE OF NEW HAMPSHIRE

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April 28, 2016

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: DW 16-427, Lakes Region Water Company, Inc.
Petition for Authority to Issue Long-term Debt
Staff Recommendation for Approval

Dear Ms. Howland:

On April 8, 2016, Lakes Region Water Company, Inc. (Lakes Region) submitted a request pursuant to RSA 369:1 for authority to issue long-term debt. After discussion with Commission Staff (Staff), Lakes Region filed a more detailed petition on April 19. The company seeks permission to borrow \$41,730 from Ford Motor Company in order to purchase a 2016 Ford F-150 4-wheel drive pickup truck. A 2011 Ford F-150 will be traded in toward the purchase of the 2016 truck and subsequently removed from the Company's records. After review, Staff recommends that the Commission approve Lakes Region's proposed financing.


Under RSA 369:1, public utilities engaged in business in this state 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 looking beyond the actual terms of the proposed financing to the use of the funds and the effect on rates to insure the public good is protected. *See Appeal of Easton*, 125 N.H. 205, 211 (1984). "[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, citing *Public Service Company of NH*, Order No. 25,050, 94 NH PUC 691, 699 (2009). Consistent with past vehicle financing dockets, Staff reviewed Lakes Region's filing as a routine financing.

The filing describes the terms associated with the \$41,730 vehicle financing. Lakes Region was able to secure a zero (0.00%) percent interest rate from Ford Motor Company. This loan will be repaid over a 5-year term, with payments beginning 45 days after purchase. The 2011 pickup being replaced is fully paid for and will be retired in the amount of \$34,068. The 2011 pickup truck has high mileage and has had recent mechanical trouble. Replacing this vehicle will assist the Company with operating and maintaining its water systems without anticipated high vehicle repair costs.

Staff has reviewed and supports the financing as presented by Lakes Region. The procurement of the proposed Ford Motor Company loan at zero percent (0.00%) interest ensures that the Company will finance a new 2016 Ford F150 4-wheel drive pickup truck at the lowest possible cost to customers. The new debt to be added to the company's balance sheet will have a minimal effect on the company's capital structure, and will reduce the overall cost of debt by virtue of the zero percent interest rate. Staff therefore believes that Lakes Region has demonstrated that the proposed use of the funds is appropriate and consistent with the Company's duty to provide "reasonably safe and adequate and in all other respects just and reasonable" service to its customers. RSA 374:1.

If there are any questions regarding this recommendation, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Robyn J. Descoteau". The signature is written in a cursive, flowing style.

Robyn J. Descoteau
Utility Analyst, Gas & Water Division

Cc: service list

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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