

LAKES REGION WATER COMPANY INC.

420 Governor Wentworth Highway, PO Box 389
Moultonborough, NH 03254
Telephone: 603-476-2348, Fax: 603-476-2721
Hours: Monday through Friday, 8:30am to 4:30pm

February 7, 2017

Debra A. Howland
Executive Director and Secretary
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, N. H. 03301-2429

HPUC 16FEB17AM11:15

Re: DW 16-854 Order 25,984- Lakes Region Water Company
Petition for Approval of Long Term Debt

Dear Ms. Howland:

Upon reading the section II. Commission Analysis, the order reads "For this draw on the loan, Lakes Region was able to secure a rate not to exceed 5.10 percent from Cobank." At the time the CoBank term sheet quoted a fixed rate option of 5.10% as of October 31, 2016. After speaking with CoBank today, they have advised if the money was drawn today the fixed interest rate as of February 7, 2017 would be 5.67%. An option was given for a "forward fixed rate" for the end of the availability period in October of 5.82% that would guarantee that rate for 20 years. Unfortunately if the rates were to decline between now and October we would not be able to break the agreement without the potential of a large penalty.

Lakes Region Water respectfully asks for the Order to be amended with language to allow the flexibility of exceeding the 5.10 percent, as we have no control over what the interest rate will be by the time we close on the loan and start withdrawing funds. Also note that the "Patronage Program" can be modified at any time by a vote of CoBank's board of directors. The patronage payments are not guaranteed and the program can be discontinued at any time.

Sincerely,



Leah Valladares

CC: DW 16-854 Service List- via Email
Jayson Laflamme -via Email
Thomas Mason- via Email