

BEFORE THE  
STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

Docket No. DW 19-xxx

Lakes Region Water Company, Inc.

PETITION FOR APPROVAL OF LONG TERM FINANCING

NOW COMES Lakes Region Water Company and petitions the Commission for approval of long-term debt as follows:

I. BACKGROUND

1. Lakes Region Water Company ("Lakes Region" or the "Company") provides retail water service to approximately 1,805 customers in 19 drinking water systems. The Company's largest system is known as "Paradise Shores" and is located in the town of Moultonborough. Paradise Shores consists of 409 retail utility customers in the Balmoral subdivision and one (1) wholesale utility customer, the Property Owners Association of Suissevale, Inc. ("Suissevale"). Suissevale purchases water from the Company under a wholesale contract approved by the Commission which it then redistributes to its 389 (+/-) residential members.

II PROJECTS

1. The Company proposes four projects, collectively referred to as the "Projects." The first project at Dockham Shores includes replacing pump station, pump equipment, power generator equipment, etc. This project was completed in 2018. The Company used internal funds to pay for much of the project and now wishes to reimburse itself for such funds. The second project at the recently acquired Wildwood Water system includes replacing pump station, pump equipment, treatment equipment, power generator equipment, etc. The third project on Paradise Shore Road in Paradise Shores consists of

replacing approximately 1,000 feet of water 4" mains with C900 PVC pipe. The fourth project at Robin Lane in Paradise Shore consists of replacing approximately 850 feet of water 4" mains with C900 PVC pipe and 3 gate valves and service connections.

2. The Projects will replace aging plant which will improve reliability and improve operations, reduce maintenance and reduce water loss over time. The total Projects cost to be financed is \$633,000. The Projects (except for Dockham Shores, which was completed in 2018) are expected to start in 2019 and be completed in 2020. The work and the timing of such work will benefit both the public and Lakes Region.

### III FINANCING

1. CoBank is a government sponsored enterprise owned by its customers who consist of water utilities, agricultural cooperatives, and other businesses serving rural areas in the United States. CoBank issues its debt securities with the implicit fullfaith and credit of the United States Government. Its borrowing costs are generally lower than commercial banks and financial institutions. The Commission has previously approved several CoBank loans for the Company.

### IV. FINANCING APPROVAL

1. 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 must conduct a "hearing or investigation as it may deem proper," then 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.

2. The Commission reviews the amount to be financed, the reasonableness of the terms and conditions, the proposed use of the proceeds, and the effect on rates.

*Appeal of Easton*, 125 N.H. 205, 211 (1984). As the Commission has recently observed,

"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 Co. of NH, Order No. 25,050* (December 8, 2009) cited in *Lakes Region Water Company, Inc., Order No. 25,391* (July 13, 2012), at Pages 30 -31.

3. As explained in the testimonies and schedules, the Company requests that the Commission approve the proposed financing on a not to exceed basis of \$633,000.00 over 20 years, at a fixed interest rate estimated to be 5.50%, to be determined by CoBank at the time of closing.

#### V. CONCLUSION

1. Approval of this Petition is consistent with the public good because: The replacement of plant will increase the reliability of the infrastructure, improve the operations of the water systems, reduce maintenance and decrease the amount of water loss over time.

2. The terms and conditions of the CoBank loan are fair and reasonable

WHEREFORE Lakes Region Water Company respectfully requests that the Commission approve this Petition and grant such other relief as justice may require.

Respectfully submitted,

**LAKES REGION WATER  
COMPANY, INC.**

By its Utilities Manager

**Leah Valladares**



Leah Valladares

Dated: August 13, 2019