

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 13-335

LAKES REGION WATER COMPANY, INC.

Petition for Approval of Long-Term Financing

Summary of Order *Nisi* No. 25,655 Approving Financing

On November 26, 2013, Lakes Region Water Company, Inc. (Lakes Region) filed a petition pursuant to RSA 369:1-4 seeking authority to borrow \$900,000 in long-term debt and to obtain a \$50,000 line of credit. The proceeds of the financings would be used to refinance existing debt, pay accounts payable and 2013 federal and state income taxes, and improve Lakes Region's operating cash flow. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, is posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-335.html>.

Lakes Region negotiated three financings with CoBank. CoBank is a Government Sponsored Enterprise and member of the Farm Credit System established by Congress in 1916. The first loan, for \$500,000, is a secured, 15-year fixed-rate loan with an interest rate not to exceed 5.75%. Lakes Region will use this loan to refinance three existing loans that have balloon payments coming due in the near future. The second loan, for \$400,000, is a secured, 5-year fixed-rate loan with an interest rate not to exceed 4.50%. Lakes Region will use this loan to pay its accounts payable of approximately \$334,000 and its estimated, accrued 2013 federal and state income tax liability. Paying its accounts payable will enable Lakes Region to realize approximately \$112,000 in vendor write-offs. The third loan, for \$50,000, is a secured, 1-year

revolving line of credit with an adjustable interest rate. Lakes Region will use this line of credit on an as-needed basis.

On March 7, 2014, Staff recommended that the Commission approve Lakes Region's request. Staff based its recommendation on four factors. First, substantial balloon payments on loans are coming due, and Lakes Region must meet those obligations. Second, Lakes Region has negotiated \$112,000 in discounts from vendors contingent on payment from the CoBank proceeds. Third, financings will improve Lakes Region's balance sheet by reducing the accounts payable. Fourth, the financings will improve Lakes Region's capitalization which, has become too heavily weighted toward equity according to Staff.

On April 29, 2014, the Commission found the financing proposal was consistent with the public good and granted Lakes Region's petition.

In order to ensure that all interested parties receive notice of this docket and have an opportunity to request a hearing, the Commission will delay the effectiveness of its approval until May 20, 2014. All persons interested in responding to the Commission's decision to approve the financing may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than May 13, 2014. Any party interested in responding to such comments and request for hearing shall do so no later than May 16, 2014. Following consideration of any comments and request for hearing received, the Commission may further extend the effective date of its approval. The Commission's approval of Lakes Region's financing shall become final and effective on May 20, 2014, unless the Commission orders otherwise.