

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 18-121

HAMPSTEAD AREA WATER COMPANY, INC.

Petition for Approval of Financing

Order Approving Petition

ORDER NO. 26,173

September 12, 2018

In this order, the Commission approves Hampstead Area Water Company's petition to borrow \$41,500 from Ford Motor Credit Company to purchase a new vehicle to be used in the operation of its business. The Commission finds the debt consistent with the public good and approves the proposed financing.

I. PROCEDURAL BACKGROUND AND POSITIONS

On August 2, 2108, Hampstead Area Water Company, Inc. (HAWC or the Company), filed a petition pursuant to RSA 369:1, seeking authority to borrow \$41,500 from the Ford Motor Credit Company. HAWC stated that it would use the money to purchase a 2018 Ford F-250 XL pickup truck with a utility body for use in the Company's operations. The Company's petition and testimony, and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2018/18-121.html>.

On September 10, 2018, Commission Staff (Staff) recommended approval of the petition stating that HAWC had demonstrated that the proposed use of funds would be appropriate and consistent with the Company's duty to provide "reasonably safe and adequate" service to its customers consistent with RSA 374:1. Staff noted that the Company would be replacing a 2007 Ford

F-150 with approximately 195,000 miles. The F-150 can no longer perform in its current capacity and will be assigned lighter duties. Staff concluded that the 4.99 percent interest rate offered by Ford Motor Credit was a reasonable interest rate and was better than the 5.14 percent rate offered by the Company's established bank.

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 will 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. 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).

The rigor of an *Easton* inquiry varies depending on the circumstances of the request. The Commission has previously noted “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). A routine request is one that will have “no discernable 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. A routine request calls for a more limited examination of whether the “use of financing proceeds [is] in the public good without further review of possible alternative uses of the funds.” *Id.* at 16.

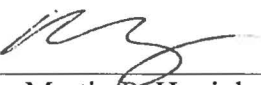
The proposed financing is routine in nature and thus we engage, as did Staff, in a limited *Easton* review. HAWC’s filing includes sufficient information about the proposed use and benefits of the financing. This appears to be a routine replacement of an aging vehicle that is no longer able to perform necessary duties. We find the terms of the loan reasonable and the financing consistent with the public good, and approve the petition as filed.

Our approval of this financing does not limit or preclude the Commission from review of the prudence and used and usefulness of any specific cost financed, directly or indirectly, in a future rate case. The Commission and Staff also retain the authority under RSA 374:4 to keep informed of HAWC’s use of the financing, independently and apart from any RSA 378:28 review.

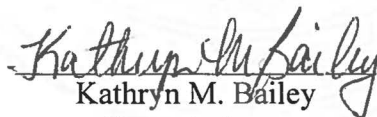
Based upon the foregoing, it is hereby

ORDERED, that the authority to undertake the proposed financing, under the terms and conditions contained in HAWC’s petition, and for the purposes as outlined therein, is hereby **APPROVED**.

By order of the Public Utilities Commission of New Hampshire this twelfth day of September, 2018.



Martin P. Honigberg
Chairman

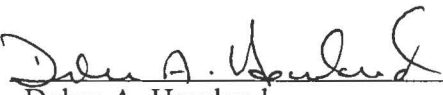


Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director