

**LAKES REGION WATER COMPANY, INC.**

**DW 16-854**

**Petition for Financing Approval**

**Order Amending Order No. 25,984**

**O R D E R N O. 25,996**

**March 3, 2017**

In this order, the Commission amends its prior Order No. 25,984 issued on January 31, 2017, granting Lakes Region Water Company authority to borrow \$265,000 from CoBank to finance construction projects in the Company's Paradise Shores and Indian Mound divisions. The Commission amends the order to allow the Company to borrow money at an interest rate not to exceed 6.60 percent between now and the completion of the approved projects or the expiration of the loan commitment period of October 31, 2017, whichever occurs sooner.

**I. BACKGROUND**

Lakes Region Water Company, Inc. (Lakes Region or the Company), is a regulated water utility pursuant to RSA 362:2 and RSA 362:4 serving approximately 1,700 customers in 18 water systems located in the Lakes and White Mountain Regions of New Hampshire. On November 30, 2016, Lakes Region filed a petition pursuant to RSA 369:1 to borrow \$265,000 from CoBank to finance construction projects in the Paradise Shores division in Moultonborough and Indian Mound division in Ossipee. The term sheet submitted as part of the filing described the terms of the financing offered by CoBank as of October 31, 2016, which showed an interest rate of 5.10 percent. Staff recommended approval and, on January 31, 2017, the Commission issued Order No. 25,984 approving the Company's request to borrow from CoBank on those terms.

On February 7, 2017, Lakes Region notified Staff that its banking partner could no longer offer financing at the rate of 5.10 percent quoted in October 2016 and approved by the Commission. CoBank advised that if the funds were drawn on now, the rate would be 5.67 percent. Lakes Region requested that the order be amended to give it the flexibility to borrow money at the slightly higher rate. Staff filed a letter on February 15 recommending approval, and also recommending that an amended order accommodate future fluctuations in the interest rate of no higher than 6.60 percent between today and the completion of the projects funded by the loan or the termination of the commitment period of the loan, whichever occurs first. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2016/16-854.html>.

## **II. COMMISSION ANALYSIS**

RSA 365:28 provides that the Commission may modify any order made by it and a hearing shall not be required when the "prior order made by the commission was made under a provision of law that did not require a hearing and a hearing was, in fact, not held." Based on Staff's revised recommendation, we find that the terms of the loan, including the repayment period and revised interest rate, are reasonable and reflect prudent utility management. This debt will continue to keep Lakes Region's overall cost of capital low and the slight change in the rate of interest is likely to have a minimal financial impact on future customer rates.

In conclusion, we find the proposed financing consistent with the public good. The terms reflect an appropriate balancing of company and customer interests, and we amend our prior order to reflect that Lakes Region may borrow funds at a rate not to exceed 6.60 percent between the date of this order and the completion of the Indian Mound and Paradise Shores projects, or the commitment period of the loan which expires on October 31, 2017, whichever occurs first.

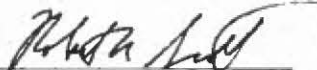
**Based upon the foregoing, it is hereby**

**ORDERED**, that our order No. 25,984 is hereby amended to permit Lakes Region Water Company, Inc., to undertake the proposed financing for the previously approved projects at an interest rate not to exceed 6.60 percent between the date of this order and the completion of the Paradise Shores and Indian Mound projects, or the commitment period of the loan which expires on October 31, 2017.

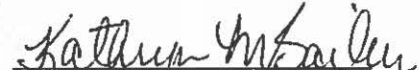
By order of the Public Utilities Commission of New Hampshire this third day of March, 2017.



Martin P. Honigberg  
Chairman

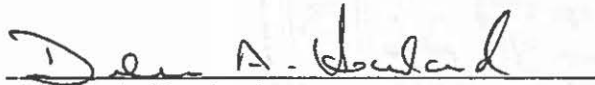


Robert R. Scott  
Commissioner



Kathryn M. Bailey  
Commissioner

Attested by:



Debra A. Howland  
Executive Director

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**SERVICE LIST - EMAIL ADDRESSES- DOCKET RELATED**

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**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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