

DF 98-035

TILTON & NORTHFIELD AQUEDUCT COMPANY, INC.

Petition for Authority to Issue Securities

Order Nisi Approving an Increase in Issuance of Securities

O R D E R N O. 23,427

March 20, 2000

The Petitioner, Tilton & Northfield Aqueduct Company, Inc. (TNA or the Company), on February 22, 2000, filed a request with the New Hampshire Public Utilities Commission (Commission) for authorization to borrow an additional \$175,000 to complete its currently underway main replacement project. The Company had previously received authorization for financing, through the use of Drinking Water State Revolving Loan Funds (SRF), up to \$1,230,000 by Order No. 22,908, dated April 28, 1998, in DF 98-035. The approved project was for the replacement of certain cement-tin mains prone to failure as well as certain other undersized mains. TNA states that the bids for the project came in higher than anticipated. As a result, the project was scaled back through the elimination of main replacement work on Mill Street and part of High Street. Additionally, all of the contingencies were expended in order to complete as much of the project as possible. TNA recently submitted a request to the New Hampshire Department of Environmental Services (NHDES) to

borrow an additional \$175,000 of SRF money. By letter dated February 14, 2000, the NHDES approved TNA's request, subject in part to TNA receiving the requisite approvals from the Commission and the Governor and Executive Council. The additional borrowing authority requested would bring TNA's total borrowing authority to \$1,405,000.

The additional \$175,000 would be incorporated into TNA's existing 20 year SRF loan, subject to the same terms and conditions. At the time of the Commission's initial approval of TNA's SRF loan, the interest rate in effect was 4.216%. Upon closing of the loan documents, the interest rate had been adjusted to 3.8%, the rate at which the additional \$175,000 would also be borrowed.

In its February 14, 2000 letter to TNA, the NHDES also stated that the related work would not have to be put out to bid as it was included in the original scope of the project, an environmental review has already been performed, and it was previously included in the bids under the original construction contract.

Staff has reviewed the filing and supports the Company's request for additional financing authority. The combination of the lower interest rate and larger financed amount result in a minimal, approximately 1.2%, increase to

TNA's revenue requirement above the level previously estimated at the time of the Commission's initial approval of the project. TNA has also been identified as a "disadvantaged water system," thereby making it eligible for principal forgiveness of between 15% and 30%. The actual amount of principal forgiveness will be determined upon completion of the project. Any principal forgiveness will serve to lessen the rate impact of the main replacement project.

Based upon Staff's review, we find the proposed use of the funds to be prudent and in the public interest.

Based upon the foregoing, it is hereby

ORDERED NISI, that Tilton & Northfield Aqueduct Company, Inc. is authorized to borrow an additional \$175,000, bringing the total authorized borrowing amount up to a total of \$1,405,000, under the terms and conditions set forth in Order No. 22,908; and it is

FURTHER ORDERED, that the proposed use of these funds is prudent as presented; and it is

FURTHER ORDERED, that the Petitioner shall cause a copy of this Order Nisi to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than March 27, 2000 and to be

documented by affidavit

filed with this office on or before April 6, 2000; and it is

FURTHER ORDERED, that all persons interested in responding to this petition be notified that they may submit their comments or file a written request for a hearing on this matter before the Commission no later than April 6, 2000; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than April 11, 2000; and it is

FURTHER ORDERED, that this Order Nisi shall be effective April 19, 2000, unless the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that the Petitioner shall file an accounting with this Commission, duly sworn to by its Treasurer, showing the disposition of the proceeds of this financing.

By order of the Public Utilities Commission of New
Hampshire this twentieth day of March, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary