

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DW 16-826**

**HAMPSTEAD AREA WATER COMPANY, INC.**

**Petition for Financing Approval – 2016 Capital Additions**

**Order Granting Approval of Financing for Ford F-250**

**O R D E R N O. 25,968**

**November 17, 2016**

In this order, the Commission approves the petition of Hampstead Area Water Company, Inc., to borrow \$39,674 from Ford Motor Credit Company. The company will use the loan proceeds to purchase a 2016 Ford F-250 pickup truck. The Commission finds the debt consistent with the public good and approves the financing as proposed.

**I. BACKGROUND**

Hampstead Area Water Company, Inc. (HAWC), is a regulated public utility and provides water service to over 3,500 customers in twelve towns in southern New Hampshire. On October 11, 2016, HAWC submitted a request pursuant to RSA 369:1 for authority to borrow \$39,674 from Ford Motor Credit Company to purchase a 2016 Ford F-250 pickup truck with an 8-foot utility body. After receiving additional information from HAWC related to the financing, Staff recommended approval. HAWC's 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/2016/16-826.html>.

## **II. POSITIONS OF THE PARTIES**

### **A. HAWC**

HAWC contends that its petition is consistent with the public good. HAWC intends to purchase a new 2016 Ford F-250 for use by one of HAWC's water system operators for its utility business. The company proposes to finance the purchase by borrowing \$39,674 from Ford Motor Credit Company at a fixed interest rate to be determined at closing of 4.89% to 6.00% for five years. The Company asserts that approval of this loan and purchase of a new vehicle will better enable HWAC to provide reliable service to its customers.

### **B. Staff**

Staff found the proposed financing and HAWC's use of the proceeds consistent with the public good and recommended that the Commission approve the company's request. Staff believes the procurement of this vehicle will allow the Company to finance a new vehicle at the lowest possible cost to customers. Staff also believes the proposed use of funds is consistent with the company's duty to provide safe, adequate, just and reasonable service to its customers.

## **III. 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 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.

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) *see* RSA 369:4 (finding of public good required for approval of long-term public utility debt). The rigor of an *Easton* inquiry varies depending on the circumstances of the request. As we have 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 Co. of N.H.*, Order No. 25,050, at 14 (December 8, 2009), *cited in Lakes Region Water Company, Inc.*, Order No. 25,391, at 30-31 (July 13, 2012). “Routine requests have no discernible impact on rates or deleterious effect on capitalization, and enable appropriate investments in the ordinary course of utility operations. A routine request calls for an examination of whether the use of financing proceeds is in the public good without further review of possible alternative uses of the funds.” *Concord Steam Corporation*, Order No. 25,952, at 7 (October 7, 2016) (internal quotation omitted).

The proposed vehicle financing is routine in nature and, thus, we engage in a more limited *Easton* review. *Public Service of N.H.*, Order No. 25,050 at 13-14. HAWC’s filing includes sufficient information about the proposed use and benefits of the financing. The company seeks to add a new vehicle for an additional water system operator to ensure dependable service to its customers. The terms of the loan including the repayment period and interest rate are reasonable and reflect prudent utility management. This low-cost debt will help keep HAWC’s overall cost of capital low, which will benefit customers.

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 approve it as filed.

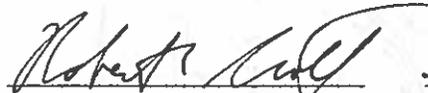
**Based upon the foregoing, it is hereby**

**ORDERED** that the proposed borrowing, under the terms and conditions contained in the petition of Hampstead Area Water Company, Inc., and for the purposes outlined herein, is **APPROVED**.

By order of the Public Utilities Commission of New Hampshire this seventeenth day of November, 2016.



Martin P. Honigberg  
Chairman

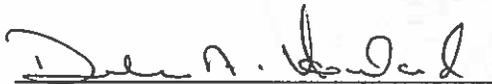


Robert R. Scott  
Commissioner



Kathryn M. Bailey  
Commissioner

Attested by:



Debra A. Howland  
Executive Director