

**LAKES REGION WATER COMPANY, INC.**

**DW 16-854**

**Petition for Financing Approval**

**Order Approving Petition**

**O R D E R N O. 25,984**

**January 31, 2017**

In this order, the Commission grants 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 finds the debt consistent with the public good and approves the financing as proposed.

**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. Staff recommended approval. 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 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 CoBank 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 (December 8, 2009). Lakes Region’s filing includes sufficient information about the proposed use and benefits of the financing. The Company seeks to replace mains and services in Paradise Shores and Indian Mound to ensure dependable service to its customers. The replacement of these mains and services were discussed and approved as the Second Step Adjustment in the Company’s petition to increase rates. *See Lakes Region Water Company, Inc.*, Order No. 25,969 at 7


and 11-12 (November 28, 2016) (approving service replacement projects planned for Paradise Drive in Moultonborough and Captain Lovewell Lane in Ossipee); *see also* Staff Recommendation at 2 (December 23, 2016). The terms of the underlying CoBank loan were approved in *Lakes Region Water Company, Inc.*, Order No. 25,964 at 8 (November 10, 2016), relating to the acquisition of Dockham Shores Estates Water Company. For this draw on the loan, Lakes Region was able to secure a rate not to exceed 5.10 percent from CoBank. The terms of the loan, including the repayment period and interest rate, are reasonable and reflect prudent utility management. This debt will help keep Lakes Region's overall cost of capital low, which will benefit customers.

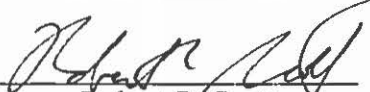
In conclusion, we find the proposed financing consistent with the public good. The terms reflect an appropriate balancing of company and customer interests, and we approve it as filed.

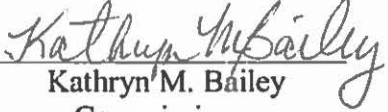
**Based upon the foregoing, it is hereby**

**ORDERED**, that authority to undertake the proposed financing, under the terms and conditions contained in the petition of Lakes Region Water Company, Inc., and for the purposes as outlined herein, is hereby **APPROVED**.

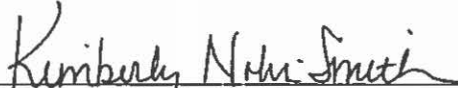
By order of the Public Utilities Commission of New Hampshire this thirty-first day of January, 2017.

  
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Martin P. Honigberg  
Chairman

  
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Robert R. Scott  
Commissioner

  
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Kathryn M. Bailey  
Commissioner

Attested by:

  
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Kimberly Nolin Smith  
Assistant Secretary