

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 25-036

LAKES REGION WATER COMPANY, INC.

Petition for Approval of Supplemental Financing

Order Approving Financing

ORDER NO. 28,187

October 27, 2025

Lakes Region Water Company, Inc. (LRWC or the Company) requests approval to secure a 20-year term loan of up to \$1,200,000 from CoBank, ACB (CoBank) with a projected interest rate of 6.75 percent per year. In this order the Commission authorizes LRWC to issue the long-term debt as requested.

I. PROCEDURAL SUMMARY AND STATEMENT OF THE ISSUES

Pursuant to Puc 203.06 and RSA 369:1 to 369:4, LRWC filed a petition with the Commission on May 14, 2025, to approve a supplemental financing loan for the Meadow Glen Well Project located in Moultonborough, New Hampshire. To grant the petition, the Commission must find that the requested financing is consistent with the public good. *See* RSA 369:4.

Parties to this matter include the Company, the Department of Energy (DOE) and the Property Owners Association at Suissevale, Inc. (POASI). All parties appeared on October 14, 2025, for a final hearing on the merits.

II. FINDING OF FACTS

LRWC is a regulated water utility that serves approximately 1,839 customers in 19 public water systems located in the Mt. Washington Valley and Lakes Region. In Docket No. DW 22-

087, LRWC was authorized to borrow up to \$862,080, amortized over 20 years, from CoBank to finance the cost of developing a new well source for its Paradise Shores system located in Moultonborough, NH. *See* Order No. 26,817 (May 12, 2023). This project, the Meadow Glen Project, was comprised of developing the new well source, constructing a new pump/meter station and access road, and connecting the new well source to the existing Paradise Shores system.

The Company's initial estimate to complete the Meadow Glen Project was hampered by significant changes to the scope of the project that occurred due to the need to install water treatment and filtration systems for arsenic, iron, and manganese. The installation of these filtration systems required substantial design changes and the construction of a significantly larger pump station in order to accommodate treatment, filtration, storage, and other systems and to meet the requirements of New Hampshire's Safe Drinking Water Act for arsenic. *See* Petition at ¶2. LRWC estimates that the changes to the project will result in a revised total cost of the expanded Meadow Glen Project of \$2,062,080. *See* Hearing Exhibit 3 at 4. CoBank has preapproved LRWC for the additional \$1,200,000 loan for a term of 20 years and an interest rate of 6.75 percent. *See* October 17, 2025 Motion to Supplement the Record. The term loan that LRWC seeks to secure for this project is in addition to the loan of \$862,080 previously approved by the Commission in Docket DW 22-087.

The Paradise Shores system is made up of two residential developments on Lake Winnepesaukee in the Town of Moultonborough, New Hampshire. The first of these developments is "Balmoral", a large residential development in which its road and beaches are owned by a homeowner association known as the "Balmoral Improvement Association." The second development in the Paradise Shores system is "Suissevale". It is another large residential

development in which the roads, beaches and privately owned water redistribution system are owned by POASI, the homeowner's association. *See* Hearing Exhibit 1 at 2-3.

Lakes Region proposes the additional \$1,200,000 will be spent as follows:

Permits	\$ 216,607
Blasting & Ledge Removal	64,982
Site Work	75,812
Building & Concrete	135,379
Plumbing & Meters	135,379
Electrical System Work	135,379
Finish Coat for the Road	72,563
Well Lines & Water Main Installation	194,946
Treatment	92,058
Tanks	76,895
Total	<u>\$1,200,000</u>

The \$216,607 budgeted for permits assumes that the project can be completed by obtaining a small groundwater withdrawal permit from the New Hampshire Department of Environmental Services (NHDES). However, if NHDES determines that the project requires a large groundwater withdrawal permit, the Company may be required to spend an additional \$500,000 to secure the proper permit. This additional \$500,000 is not included in the projected expenses contained in this financing petition. *See* Hearing Exhibit 5 at 3.

LRWC argues that despite the unknown permitting costs, the additional financing remains in the best interest of its customers, as the new water source is needed at Paradise Shores. *See* Id at 5. LRWC will recover the costs associated with the financing by assessing approximately 55% of the revenue from the Company's POASI customers via the terms of POASI's wholesale contract with the Company. The remaining approximately 45% of the revenue will be recovered from ratepayers over time. *Id.*

The Company considered other alternatives to the Glen Meadows Project, but did not identify any practical, less costly alternatives that would provide for sufficient capacity at

reasonable costs and comply with NHDES Drinking Water standards. Furthermore, there are no other known sources of supply near Paradise Shores that would likely meet the supply requirements for less costs. *See* Hearing Exhibit 1 at 13.

The DOE engaged in discovery with the Company. After reviewing the Company's responses to data requests, the DOE confirmed the following:

- 1) The Company spent the initial loan of \$862,080 approved in Docket DW 22-087 to drill five additional wells and perform preliminary pump-yield and water quality tests;
- 2) The water quality tests identified several unanticipated contaminants, including arsenic, iron, and manganese, and revealed a need for greater-than-planned pump capacity due to the deeper than usual well depth requirements of approximately 1,000 feet compared with the more common 600 foot well depth requirements;
- 3) An 80' x 80' pump station capable of treating multiple contaminants would be needed, rather than the originally planned 16' x 20' pump station which would provide more limited disinfection treatment; and
- 4) The greater size and treatment capability requirements of the pump station has, in turn, increased costs of other components of the Meadow Glen Project.

See Hearing Exhibit 5 at 2.

The DOE concluded that due to declining well production, average demand exceeding allowed well yields, and the current necessity for trucked-in water, increased water supply is needed at the Paradise Shores system and development of a new well source appears to be the only viable, long-term solution to meet customer demand. *See* Hearing Exhibit 5 at 6.

At the time of the hearing POASI withdrew its objection to the proposed financing petition. POASI acknowledged that it was actively working with the Company to renegotiate terms between LRWC and POASI's existing customers. In the spirit of that negotiation, the parties had signed a letter of intent that included POASI's withdrawal of opposition to the Commission's approval of this docket. *See* Hearing Exhibit 12 at 1.

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 shall 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 proceeds, and the effect on rates. *Appeal of Easton*, 125 NH 205, 211 (1984) (*Easton*).

The rigor of an *Easton* inquiry varies depending on the circumstances of the request. As the Commission has noted in prior decisions, “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). We engage in a more limited review of routine financing requests. *Id.* at 13-14. A routine request is one that will have no discernible “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.

The Commission is the final arbiter between the interests of the Company and the ratepayers. *See* RSA 363:17-a; *see also Appeal of Pinetree Power*, 152 N.H. 92 at 100 (2005). In this capacity, the Commission must determine whether the record presented by the parties is sufficient to satisfy the Company’s burden of proof to demonstrate that the proposed financing is just and reasonable and in the public good. The Commission disagrees with the DOE’s

assessment as to the completeness of the record presented. Specifically, in making its determination that the financing petition should be granted by the Commission, the DOE asserts the record presented was complete pursuant to RSA 12-P:2. However, as a litigant party, the DOE's assertion as to the completeness of the record is non-binding on the Commission. It is the Commission's duty to review the evidence and determine whether a party has met its evidentiary burden. In this matter, the Commission finds lingering questions as to the completeness of the record presented. The most obvious lingering issue is the permit and the associated expense that will be required by NHDES for the project.

As the final arbiter, it is within the Commission's discretion to determine if the lack of clarity in the permitting process necessitates the denial of the requested petition. The Company's testimony that additional funds are needed to complete the project was supported by the record. The water quality tests identified several unanticipated contaminants, including arsenic, iron, and manganese, and revealed a need for greater-than-planned pump capacity due to the deeper than usual well depth requirements of approximately 1,000 feet compared with the more common 600 foot well depth requirement. The necessity for LRWC to provide its customers with uncontaminated water is of the utmost importance to the Commission.

We further conclude that approval of the proposed financing will permit LRWC to provide safe and adequate service to its customers as required by RSA 374:1. Accordingly, based on the Commission's determination that the public good standard necessitates the completion of the water source project first approved in Docket DW 22-087, and the completion of the project requires additional financing, the Commission finds LRWC's financing request in this docket to be consistent with the public good, pursuant to RSA 369:1 and RSA 369:4.

Our approval of LRWC's financing does not limit or preclude the Commission from reviewing in a future case, directly or indirectly, the prudence, use, and usefulness of any specific project financed by the borrowed funds pursuant to RSA 378:28. The Commission retains its authority under RSA 374:4 to be kept informed of LRWC's use of the financing and any efforts to refinance under more favorable interest rates, separate and apart from any future review under RSA 378:28.

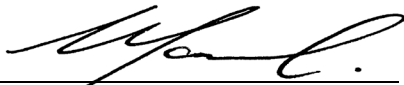
Based upon the foregoing, it is hereby

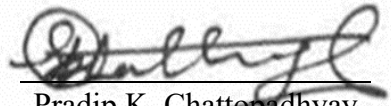
ORDERED, that the request of LRWC for approval to secure a loan with CoBank in the amount of \$1,200,000 for a term of twenty years with an interest rate of 6.75 percent, is hereby GRANTED; and it is

FURTHER ORDERED, that LRWC shall file with the Commission evidence of the financing and the applicable interest rate within 15 days of the close of the financing; and it is

FURTHER ORDERED, that LRWC shall post a copy of this order on the Company's website within two business days of the date of this order, with an affidavit of publication to be filed with this office on or before November 4, 2025.

By order of the Public Utilities Commission of New Hampshire, this twenty-seventh day of October, 2025.



Mark W. Dell'Orfano
Interim Chairman

Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 25-036

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