

DW 00-249

CENTRAL WATER COMPANY, INC.

Petition for Authority to Refinance Long-Term Debt
in the Amount of \$80,000

Order NISI Approving Refinancing

O R D E R N O. 23,669

March 30, 2001

On October 30, 2000, the Petitioner, Central Water Company, Inc. (Central or the Company), filed a petition with the New Hampshire Public Utilities Commission (Commission) for authority, pursuant to RSA 369:1 et seq., to refinance \$80,000 in outstanding long-term debt to John L. Fischer. This outstanding long-term debt was evidenced by a promissory note dated February 3, 1995 (the Note), in the principal amount of \$80,000 with a term of five (5) years at a rate of nine percent (9%) per annum. To date, the Company has made no payments on the note, thus there has been no reduction of the principal amount of the note, nor has any interest been paid on the Note. By virtue of this non-payment, Central (formally Integrated Water Systems, Inc.) is in violation of Order No. 21,490, *Re Integrated Water Systems, Inc.*, 80 NH PUC 14 (1995), since Feb. 3, 1995, the date the first payment was required under the terms of the Note and Order.

The Note was authorized by Order No. 21,490. The

Commission Staff (Staff) reviewed the terms of that proposed financing, a three year life, sought and received an amendment of the terms extending the life of the Note to five years, and recommended the amended terms. The obligations satisfied by that Note represented both capital and operational expenses. The Note was an unsecured promissory note which did not place the integrity of the Company's service to ratepayers at risk. It was Staff's understanding that the \$80,000 infusion actually occurred on August 4, 1994 and was treated as additional equity at that time. It was the mutual desire of the Company and Mr. Fischer to treat that infusion as a loan.

The Company was authorized to issue an unsecured Promissory Note in the amount of \$80,000 to John L. Fischer for a term of 5 years from the date of its execution at a fixed annual interest rate of 9%, compounded monthly, resulting in equal monthly payments of \$1,660.67, effective February 3, 1995.

In the instant petition, Central desires to refinance the principal amount of \$80,000 of the Note for a term of 10 years, with an interest rate of nine percent (9%). The monthly payment of \$1,013.41, for principal and interest, would be payable on the 15th day of each month for 120 months. In addition, on March 15, 2001, the Company provided the

Commission with Mr. Fischer's agreement to forgive all interest due and payable under the Note, for the period beginning February 3, 1995 until the first payment of principal and interest is due under the new note which will begin within thirty (30) days from the date of the Commission's approval.

Staff has reviewed the Company's petition for authority to refinance the Note and information provided in response to data requests. Because the Note's effective date has passed, it is assumed that the Note will become effective and interest will begin to accrue as of the execution date. Given that this is a Nisi approval, the Note may not be executed until after the expiration of the Nisi period. We find the issuance of the Promissory Note to be consistent with the public good, pursuant to RSA 369:1 et seq. We will, therefore, approve Nisi the Company's petition.

Based upon the foregoing, it is hereby

ORDERED NISI, that Central Water Company is AUTHORIZED to issue an unsecured Promissory Note in the amount of \$80,000 to John L. Fischer for a term of 10 years from the date of its execution at a fixed annual interest rate of 9%, compounded monthly, resulting in equal monthly payments of \$1,013.41 on or before the 15th of each of the 120 months

following the date of its execution; and it is

FURTHER ORDERED, that this Note replaces and cancels that certain Note authorized under Order No. 21,490 thus canceling all accounting entries of principal and interest related to that certain Note; and it is

FURTHER ORDERED, that consistent with Mr. Fischer's agreement, all interest due and payable under the Note, for the period beginning February 3, 1995 until the first payment of principal and interest is due under the new note will be forgiven; 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 April 6, 2001 and to be documented by affidavit filed with this office on or before April 13, 2001; 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 16, 2001; 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 20, 2001; and it is

FURTHER ORDERED, that this Order Nisi shall be effective April 30, 2001, unless the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of March, 2001.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary