

**BEFORE THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

Docket No. DW 22-054

Bedford Waste Services Corporation.
Petition for Financing

SETTLEMENT AGREEMENT

I. INTRODUCTION

This settlement agreement (Agreement) is entered into by and between Bedford Waste Services Corporation (Bedford, or the Company) and the New Hampshire Department of Energy (DOE), (together, Settling Parties). Bedford provides sewer service to 78 customers in the Bedford Three Corners Development located within the Town of Bedford, New Hampshire.

II. BACKGROUND

On September 9, 2022, Bedford filed a petition for approval of financing with the New Hampshire Public Utilities Commission (Commission). In support of the petition, Bedford filed the pre-filed direct testimony of Stephen P. St. Cyr along with supporting schedules.

Bedford's petition requested authority to borrow a total of \$201,743, in two forms, from its sole shareholder, Robert S. LaMontagne. The first would be a long-term loan over 15-years at a fixed interest rate of 8.00% in the amount of \$181,743. The proceeds of this financing would be used to: (1) refinance a 2017 loan with Merrimack County Savings Bank (MCSB) in the amount of \$125,200; (2) repay the shareholder for Additional Paid-in Capital and Short-term debt in the amounts of \$15,000 and \$18,000, respectively; (3) pay past due liabilities of \$17,543; and (4) fund \$6,000 in financing costs. Additionally, Bedford's petition requested authority to create a \$20,000 line-of-credit with the sole-shareholder to pay anticipated expenses relative to

the Company’s concurrent rate proceeding in Docket No. DW 22-058. The proposed interest rate for the line-of-credit was also 8.00%. The specific uses of the total proceeds of the financings requested by Bedford in its original filing was as follows:

• 2017 MCSB Loan (projected balance at 12/6/22)	\$125,200
• 2019 Additional Paid-in Capital	10,000
• 2020 Additional Paid-in Capital	5,000
• 2021 Short-term Loan from Shareholder	18,000
• Stephen P. St. Cyr Management Fee (Mar – July 2022)	8,635
• AAA Pump (equipment replacements)	8,908
• Financing Costs (estimated)	6,000
• Rate Case Expenses (estimated)	<u>20,000</u>
Total	<u>\$201,743</u>

The Commission acknowledged this filing and opened the instant docket on September 12, 2022.

On September 13, 2022, the Department of Energy (DOE) filed its appearance.

On October 11, 2022, the Commission issued a procedural order requesting the DOE file a recommendation regarding its review of the financing petition by no later than November 10, 2022.

On October 27, 2022, the DOE filed its position statement recommending that the Commission review the financing request in conjunction with Bedford’s concurrent rate case petition docketed in DW 22-058. The DOE included with its recommendation copies of data responses received from Bedford in the financing docket.

On November 2, 2022, Bedford responded to the DOE’s recommendation by stating that it could not wait for a financing approval that would occur at the end of the DW 22-058 rate proceeding. As such, Bedford requested the Commission approve its financing request before the conclusion of that rate case.

On December 14, 2022, the Commission held a prehearing conference in Docket No. DW 22-058 that was attended by Bedford and the DOE. Immediately following the prehearing conference, Bedford and the DOE met in a technical session and formulated a procedural schedule for the rate proceeding. Also, as suggested by the Commission during the prehearing conference, Bedford and the DOE agreed to endeavor to resolve the Company's financing case in this docket, concurrently with the temporary rate phase of the rate proceeding.

On December 21, 2022, the DOE filed a proposed procedural schedule on behalf of itself and Bedford governing the Company's financing request. On December 22, 2022, the Commission issued a procedural order approving the proposed procedural schedule.

On January 24, 2023, the DOE filed an assented to request to modify the approved procedural schedule. On January 26, 2023, the Commission approved the requested modifications to the procedural schedule.

On January 30, 2023, N.H. Brown Law, PLLC filed an appearance in this proceeding on behalf of Bedford.

III. SCOPE OF STIPULATION

A. This Agreement is entered into by the Settling Parties.

B. This Agreement constitutes the Settling Parties' recommendation to the Commission with respect to Bedford's financing request pending in this docket.

C. Under this Agreement, the Settling Parties agree that this Agreement constitutes resolution of the issues specified herein only.

D. This Agreement shall not be deemed an admission by any Settling Party that any allegation or contention in this proceeding by any Settling Party, other than those specifically

agreed to herein, is true and valid. This Agreement shall not be deemed to foreclose any party from taking any position in any future proceedings.

E. The Settling Parties agree that all documentation supporting the petition for financing should be admitted as full exhibits for the purpose of consideration of this Agreement and be given the weight the Commission deems appropriate.

IV. TERMS OF AGREEMENT

A. Long-Term Debt. The Settling Parties agree and recommend the Commission approve long-term debt in an amount up to \$186,207.24 payable to Bedford’s sole shareholder, Robert S. LaMontagne. The loan will be payable in equal monthly installments over 15 years at a fixed interest rate of 6.80%. In deriving the proposed amount of this financing, the Settling Parties acknowledge that, in December 2022, the shareholder advanced the Company an additional approximately \$46,000 to pay past due liabilities to the State of New Hampshire and various service providers. As such, a portion of these additional funds recently provided by the shareholder are included in the proposed long-term loan in this Agreement. The Settling Parties agree that the specific use of the proceeds of this loan will be used as follows:

• 2017 MCSB Loan (estimated as of 4/6/23)	\$121,769.33
• 2021 Short-term Loan from Shareholder	18,000.00
• Stephen P. St. Cyr Management Fee (Apr – Nov 2022)	22,665.78
• AAA Pump (equipment replacements)	16,202.10
• Maznek Septic Service (tank pumping)	5,570.03
• Financing Costs (estimated)	<u>2,000.00</u>
Total	<u>\$186,207.24</u>

Further details regarding the shareholder’s most recent advance and the intended use of the proceeds of the proposed long-term loan are contained in Attachment A to this Agreement. The Settling Parties agree that Bedford shall file a fully executed long-

term loan agreement with the Commission and the DOE within 30-days of Commission approval of this Agreement.

B. Non-Interest-Bearing Advance from Shareholder. The Settling Parties agree and recommend the Commission approve a non-interest-bearing advance from Robert S. LaMontagne in the amount of approximately \$30,000 related to prudently incurred rate case expenses relative to Bedford's rate proceeding in Docket No. DW 22-058. The Settling Parties acknowledge that the \$10,000 increase in estimated rate case expenses from the amount initially proposed by the Company in its original filing is due to the Company's hiring of N.H. Brown Law, PLLC in January 2023 as legal counsel during the rate proceeding. Such advance shall be repaid to Mr. LaMontagne in accordance with Bedford's subsequent recovery of its prudently incurred rate case expenses in Docket No. DW 22-058 subject to the terms and conditions approved for such by the Commission as provided for in N.H. Admin. R. Puc 1906. This shareholder advance shall terminate six months subsequent to the conclusion of Bedford's rate case expense recovery period approved by the Commission in Docket No. DW 22-058.

C. Working Capital Line-of-Credit. The Settling Parties agree and recommend the Commission approve an interest-bearing line-of-credit from Robert S. LaMontagne in an amount not to exceed \$12,000 relative to Bedford's existing working capital requirements. Such working capital line-of-credit will be at a variable interest rate equal to the most current Wall Street Journal (WSJ) prime rate plus 0.50%. The Settling Parties agree that a working capital line-of-credit is currently necessary for the Company to have a means of readily available funding for necessary capital needs

to maintain safe and reliable service for its customers pursuant to RSA 374:1. The Settling Parties further agree that the continued necessity of Bedford's working capital line-of-credit shall be reviewed as part of the Company's next rate proceeding before the Commission subsequent to its current rate proceeding in Docket No. DW 22-058. The Settling Parties agree that Bedford shall file a fully executed working capital line-of-credit agreement with the Commission and the DOE within 30-days of Commission approval of this Agreement.

D. N.H. Admin. R. Puc 608.05, Short-Term Debt Limit. Pursuant to N.H. Admin. R. Puc 608.05, short-term debt is limited to 10% of a utility's net fixed plant. The Settling Parties agree that Bedford's most current net fixed plant balance is \$120,868 (See Attachment B), therefore the proposed \$12,000 working capital line-of-credit is currently within the amount allowed by N.H. Admin. R. Puc 608.05. However, the Settling Parties further agree that in the event Bedford exceeds the 10% short-term debt threshold at any time, Bedford shall immediately file a request for waiver of N.H. Admin. R. Puc 608.05 with the Commission pursuant to N.H. Admin. R. Puc 201.05.

V. CONDITIONS

A. This Agreement is expressly conditioned upon the Commission's acceptance of all provisions included herein, without change or condition. If the Commission does not accept the Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Agreement, and the Settling Parties are unable to agree with said changes, conditions or findings, the Agreement shall be deemed to be withdrawn by the Settling Parties and the Settling Parties agree that it shall not constitute any part of the record in

this proceeding and shall not be used for any other purpose. The Commission's acceptance of this Agreement shall not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding.

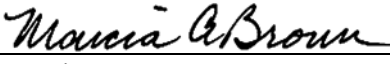
B. The discussions that produced this Agreement have been conducted on the explicit understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise.

C. This Agreement may be signed electronically, by facsimile, and in counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all Settling Parties.

IN WITNESS WHEREOF, the Settling Parties to this Agreement have caused the Agreement to be duly signed in their respective names by their fully authorized agents.

BEDFORD WASTE SERVICES CORPORATION

By its Attorney,




Marcia A. Brown, Esq.

Dated: March 16, 2023

N.H. DEPARTMENT OF ENERGY

By its Attorneys,



Matthew Young, Esq.

Dated: March 16, 2023

Bedford Waste Services Inc.

Financing / Refinancing

Source of Funds:

Robert S. LaMontagne, Owner	\$ 228,207.24
Total Source of Funds	<u>\$ 228,207.24</u>

Use of Funds:

Repayment of 2017 MCSB loan - Projected balance at 4/06/23	\$ 121,769.33
Repayment of 2021 Short Term Debt	18,000.00
Past due Management Fee (Apr. - July 2022)	7,306.52
Past due AAA Pump pump replacements (2 pumps)	7,875.82
Payment of Financing costs - Projected remaining balance	<u>2,000.00</u>
Sub-Total Use of Funds	<u>\$ 156,951.67</u>

On 12/27/22 Mr. LaMontagne deposited \$46,000 in cash to pay past due bills as follows:

Past due Management Fee (Aug. - Nov. 2022)	\$ 22,665.78	15,359.26
Past due AAA Pump pump replacements (2 pumps)	16,202.10	8,326.28
State of NH - Utility Property Taxes	803.74	
Maznek Septic Service (17 tanks)	5,570.03	5,570.03
LMC	393.75	
State of NH - Doug Brogen	<u>225.00</u>	
Total LTD	<u>\$ 45,860.40</u>	<u>\$ 186,207.24</u>

Note: LTD financing with owner over 15 years at fixed interest rate of 6.8%

Short Term Line of Credit for Rate Case Expenditures (including add'l est for NHBrownLaw)	<u>\$ 30,000.00</u>
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Note: STD LOC with owner at fixed interest rate of 0.0%

Short Term Line of Credit for Working Capital	<u>\$ 12,000.00</u>
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Note: STD LOC with owner at variable interest rate, based on WSJ prime rate plus 0.5%, presently 8.25% (7.75% + 0.5%)

Total Financing	<u>\$ 228,207.24</u>
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SPSt. Cyr
2/25/23

Bedford Waste Services Inc.

Financing / Refinancing

Summary of SPS&A April - November 2022 charges

5/3/22	St. Cyr & Associates - Apr. 2022	\$ 1,106.99
6/6/22	St. Cyr & Associates - May 2022	1,180.48
7/2/22	St. Cyr & Associates - June 2022	1,539.05
8/1/22	St. Cyr & Associates - July 2022	3,479.74
9/1/22	St. Cyr & Associates - August 2022	1,488.35
10/1/22	St. Cyr & Associates - Sept. 2022	4,373.80
11/1/22	St. Cyr & Associates - Oct. 2022	4,937.69
12/1/22	St. Cyr & Associates - Nov. 2022	4,559.68
Total		<u>\$ 22,665.78</u>

Summary of AAA Pump April - November 2022 charges

4/27/22	AAA Pump - Replace 1 pump	\$ 3,943.24
8/16/22	AAA Pump - Replace 1 pump	3,932.53
9/21/22	AAA Pump - Replace 1 pump	3,695.55
10/31/22	AAA Pump - Replace 1 pump	4,630.78
Total		<u>\$ 16,202.10</u>

SPSt. Cyr
2/15/22

F-1 BALANCE SHEET
Assets and Other Debits

Line #	Acct #	Account Title (a)	Ref Sch (b)	Current Year End Balance (c)	Previous Year End Balance (d)	Increase or Decrease (e)
1		UTILITY PLANT				
2	101->105	Utility Plant	F-6	\$665,842	\$647,002	\$18,840
3	108	Less: Accumulated Depreciation & Amortization	F-6	544,974	\$534,318	10,656
4		Net Plant		\$120,868	\$112,684	\$8,184
5	114-115	Utility Plant Acquisition Adjustment - Net	F-7			
6		Total Net Utility Plant		\$120,868	\$112,684	\$8,184
7						
8		OTHER PROPERTY AND INVESTMENTS				
9	121	Nonutility Property	-			
10	122	Less: Accumulated Depreciation & Amortization	-			
11		Net Nonutility Property				
12	123	Investment in Associated Companies	-			
13	124	Utility Investments	-			
14		Total Other Property and Investments				
15						
16		CURRENT AND ACCRUED ASSETS				
17	131	Cash	-	\$1,120	\$766	\$354
18	132	Special Deposits	-	147	147	-
19	135	Temporary Cash Investments	-			
20	141-143	Accounts Receivable - Net	-	15,579	11,918	3,661
21	145	Accounts Receivable from Associated Companies	-			
22	146	Notes Receivable from Associated Companies	-			
23	151	Plant Materials and Supplies	-			
24	162	Prepayments	-	1,037	1,074	(37)
25	174	Miscellaneous Current and Accrued Assets	-			
26		Total Current and Accrued Assets		\$17,883	\$13,905	\$3,978
27						
28		DEFERRED DEBITS				
29	184	Clearing Accounts	-			
30	186	Miscellaneous Deferred Debits	-	\$22,759	\$3,762	\$18,997
31	190	Accum Deferred Income Taxes	-			
32		Total Deferred Debits		\$22,759	\$3,762	\$18,997
33		TOTAL ASSETS AND OTHER DEBITS		\$161,510	\$130,351	\$31,159