

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 22-054

BEDFORD WASTE SERVICES CORPORATION

Petition for Approval of Financing

Order *Nisi* Authorizing Financing

O R D E R N O. 26,800

April 12, 2023

In this order, the Commission approves a settlement agreement (Settlement) between Bedford Waste Services Corporation (Bedford Waste, or the Company) and the NH Department of Energy (DOE) governing a 15-year loan in the amount of up to \$186,207.24 at a fixed interest rate of 6.80 percent payable to Bedford Waste's owner and sole shareholder, Robert S. LaMontagne, over 15 years. The proposed financing will be used to repay loan obligations, management fees, equipment replacements, and financing costs, as detailed below.

The Petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-054.html>.

I. PETITION

Bedford Waste filed a petition for authority to borrow funds, at a proposed fixed interest rate of 8 percent, in the amount of \$201,743 from Mr. LaMontagne to: (i) refinance an existing 2017 Merrimack County Savings Bank (MCSB) Loan in the amount of approximately \$125,200; (ii) repay Additional Paid-in-Capital (APIC) and Short-Term Debt (STD) in the amount of \$33,000 (\$15,000 and \$18,000 respectively); (iii) pay past-due accrued liabilities of \$17,543; (iv) fund \$6000 in financing costs;

and, (v) create a line-of-credit at 8 percent interest with Mr. LaMontagne in the amount of \$20,000 to pay for anticipated rate case expenditures. Bedford Waste provides sewer service to 78 customers in the Bedford Three Corners Development in the Town of Bedford, New Hampshire.

II. DOE POSITION

On October 27, 2022, DOE filed a letter from Robyn J. Descoteau, a Utility Analyst with the DOE Water Group, Regulatory Support Division, stating that DOE did not recommend Commission approval of Bedford Waste's financing petition. DOE further recommended, pursuant to N.H. Admin. Rule Puc 203:19, that the petition be reviewed in conjunction with the Company's pending petition for increased rates filed on October 17, 2022, in Docket DW 22-058.

III. SETTLEMENT

On March 16, 2023, Bedford Waste filed a settlement agreement (Settlement) reached with DOE. The Settlement four key terms, including:

(1) agreement on long-term debt in the amount of up to \$186,207.24 payable to Mr. LaMontagne (the Shareholder) in equal monthly installments over 15 years at a fixed interest rate of 6.80 percent, to be used as follows:

- 2017 MCSB Loan	\$121,769.33
- 2021 short-term loan from Shareholder	\$ 18,000.00
- St. Cyr Management Fee (April-November 2022)	\$ 22,665.78
- AAA Pump (equipment replacements)	\$ 16,202.10
- Maznek Septic Service (tank pumping)	\$ 5,570.03
- Financing costs (estimated)	\$ 2,000.00
<u>Total</u>	<u>\$186,207.24</u>

(2) a non-interest-bearing advance from the Shareholder in the amount of approximately \$30,000 related to prudently incurred rate case expenses related to Bedford's rate proceeding in Docket No. DW 22-058;

(3) a working line-of-credit from the Shareholder in an amount not to exceed \$12,000, relative to Bedford's existing working capital requirements, at a variable interest rate tied to the Wall Street Journal prime rate plus 0.50 percent, to be reviewed in Bedford Waste's next rate proceeding subsequent to the proceeding conducted in Docket No. DW 22-058; and

(4) a short-term debt limit set at 10% of Bedford Waste's net fixed plant, pursuant to N.H. Admin. R. Puc 608.05, with agreement that in the event Bedford Waste exceeds the 10 percent limit at any time, it shall immediately file a request for waiver of Puc 608.05 pursuant to N.H. Admin. R. Puc 201.05.

IV. COMMISSION ANALYSIS

Pursuant to RSA 369:1, public utilities engaged in business in New Hampshire may issue evidence of indebtedness payable more than 12 months after the date thereof if the Commission finds the proposed issuance to be "consistent with the public good." RSA 369:4. Analysis of the public good involves looking beyond the actual terms of the proposed financing to the use of the funds and the effect on rates to ensure the public good is protected. *Appeal of Easton*, 125 N.H. 205, 211 (1984). "[C]ertain financing related circumstances are routine, calling for more limited Commission review of the purposes and impacts of the financing." *See, e.g., Lakes Region Water Company, Inc.*, Order No. 25,753 (January 13, 2015) at 4-5, and *Pennichuck Water Works, Inc.*, Order No. 26,247 at 4 (May 3, 2019). "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 ... investments appropriate in the ordinary course of utility operations.'" *Ibid.* (citing *Public Service Company of New Hampshire*, Order No. 25,050 at 13 (December 8, 2009)).

Based on the record, we find that the proposed terms of financing are reasonable; the proposed use of the financing is consistent with the public good; and the borrowed funds will support investments made in the ordinary course of Bedford Waste's operations. We further find the proposed financing is not likely to have a discernible impact on customer rates, because the funds are intended to permit investments that are appropriate in the ordinary course of utility operations. The fixed interest rate pertaining to the proposed long-term debt, the non-interest-bearing advance from Mr. LaMontagne, and the limits imposed on the proposed working capital line-of-credit and short-term debt in the Settlement serve to ensure that result. We note, as well, that the parties anticipated the proposed financing in their filings and settlement in Docket DW 22-058 regarding Bedford Waste's related petition for a change in rates.

For these reasons, we conclude that this financing is for the public good. Accordingly, we approve the Company's request pursuant to RSA 369:1 and 369:4. This order approving financing through the Company's sole shareholder is issued on a *nisi* basis so that interested parties may have an opportunity to respond to the financing proposal and request a hearing. Our approval of this financing does not foreclose or limit our review of the prudence, use, and usefulness of any specific cost financed directly or indirectly in a future rate case under RSA 378:28. The Commission and its Staff also retain the authority under RSA 374:4 to keep informed regarding the Company's use of the proceeds of this financing, independently and apart from any RSA 378:28 review.

Based upon the foregoing, it is hereby

ORDERED NISI, that subject to the effective date below, Bedford Waste Corporation's proposed financing through long-term debt in the amount of \$186,207.24 payable to its sole shareholder, Robert S. LaMontagne, under the terms and conditions prescribed in the Settlement Agreement, is **APPROVED**; and it is

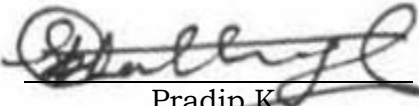
FURTHER ORDERED, that Bedford Waste Corporation shall cause a copy of this order to be published on the Company's website within one business day of the issuance of this order, to be documented by an affidavit filed with the Commission on or before April 28, 2022; and it is

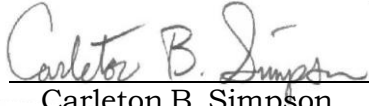
FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than April 19, 2023, for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than April 26, 2023; and it is

FURTHER ORDERED, that this order shall be effective May 3, 2023, unless the Petitioner fails to satisfy the publication obligation set forth above or 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 twelfth day of April, 2023.


Pradip K.
Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 22-054

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