

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 09-146**

**CONCORD STEAM CORPORATION**

**Petition for Commission Approval of Issuance of Securities**

**Order *Nisi* Approving Increase in Short-Term Borrowing**

**ORDER NO. 25,029**

**October 27, 2009**

On August 14, 2009, Concord Steam Corporation (Concord Steam), a public utility providing steam service to commercial, industrial, and a limited number of residential customers in Concord, filed a request for authority to issue securities pursuant to RSA 369:7, and sought a waiver of the requirements of N.H. Code Admin. Rules Puc 1106.03, which prohibits a steam utility from issuing or renewing any notes, bonds, or other evidences of indebtedness payable in less than 12 months if the short term debt exceeds 10 percent of the utility's net fixed plant. The petition seeks approval for Concord Steam to increase its short-term borrowing limit from \$1,200,000 to \$1,750,000, which is in excess of 10 percent of Concord Steam's net fixed plant. On October 2, 2009, Staff filed a letter recommending that the Commission approve the financing and grant a temporary waiver from the debt limit restriction.

Concord Steam recently completed a line extension to serve Rundlett Middle School (Rundlett) under a special contract between the Company and the Concord School District (District). *See* Docket No. DG 09-154. The District agreed to pay the \$550,000 cost of the extension through funding from a bond sale, with bonds expected to be issued in December, 2009. TD Bank, N.A. has agreed to loan Concord Steam \$550,000 based on the receivable from the District and, therefore, the loan is not subject to debt service coverage restrictions. The loan

is to be secured by all assets of the Company such as accounts receivable, machinery and equipment, inventory and intangible assets; due on December 31, 2009 with an interest rate equal to the *Wall Street Journal* prime rate plus 200 basis points, adjusted daily; and personally guaranteed by Peter Bloomfield and Mark Saltsman, officers and directors of the Company. Concord Steam maintains that the loan will be consistent with the public good because it will enhance its ability to perform the day-to-day work necessary to supply steam service to its customers.

The Commission approved the most recent increase in the Concord Steam short-term debt limit in *Concord Steam Corporation*, Order No. 24,867 (June 27, 2008) and granted a waiver of N.H. Code Admin. Rules Puc 1106.03 because the transaction resulted in a short-term debt that was greater than 10 percent of Concord Steam's net fixed plant, increasing the short-term debt limit from 13.4 to 23.1 percent of net fixed plant. At the time of the instant petition, Concord Steam carried approximately \$1,000,000 in short-term debt. As noted in Staff's recommendation filed on October 2, 2009, increasing the short-term debt limit to \$1,750,000 would represent 24.6 percent of Concord Steam's current net fixed plant.

Pursuant to Puc 201.05, the Commission may waive N.H. Code Admin. Rules Puc 1106.03 if it finds that the waiver serves the public interest and the waiver does not disrupt the orderly and efficient resolution of matters before the Commission. Determination of the public interest requires consideration of whether: (1) compliance with the rule would be onerous given the circumstances of Concord Steam; and (2) the purpose of the rule is satisfied by an alternative method.

Based on our review of the petition, we conclude that the standards for a waiver are satisfied and that the requested increase in the short-term debt limit is consistent with the public good. Concord Steam's need for the additional working capital arises from the fact that the cost of the line extension to serve Rundlett must be paid in advance of the District's bond issuance. The need for this increase, however, should be short-lived because Concord Steam is to be reimbursed once the bonds are issued in December, 2009. Also, failure to approve the requested increase in the short-term borrowing limit would severely limit Concord Steam's ability to meet its working capital requirements. In addition, denying the increase would be onerous to Concord Steam in its on-going effort to provide reliable service at least cost because without the loan Concord Steam would need to use its existing credit line to fund the extension and would not have sufficient capital to build its fuel inventories for the coming winter. *See id.* at 2-3.

We also find that the terms of the Concord Steam loan are reasonable and typical of such short-term debt. Because the additional working capital requirement is for a limited time we will condition our approval accordingly. Consequently, we will approve the increase in the short-term borrowing limit from \$1,200,000 to \$1,750,000 and grant a waiver of Puc 1106.03. The waiver, however is subject to the condition that, no later than six months from the effective date of this order, the Company's short term debt level shall be no greater than \$1,200,000, which is the level established in Order No. 24,867.

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

**ORDERED *NISI***, that subject to the effective date below, the petition of Concord Steam for an increase in its short-term debt limit from \$1,200,000 to \$1,750,000 is hereby

APPROVED, the increase effective for six months, after which the short-term debt limit will be \$1,200,000; and it is

**FURTHER ORDERED**, that within 30 days of this Order, Concord Steam shall file with the Commission a signed copy of the operative documentation related to the \$550,000 short-term loan with TD Bank, N.A.; and it is

**FURTHER ORDERED**, that the Company 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 November 2, 2009 and to be documented by affidavit with this office on or before November 15, 2009; and it is

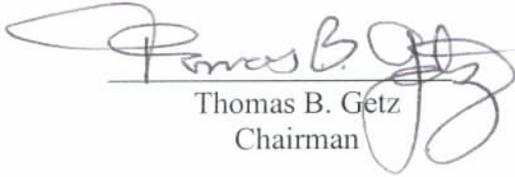
**FURTHER ORDERED**, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than November 9, 2009 for the Commission's consideration; and it is

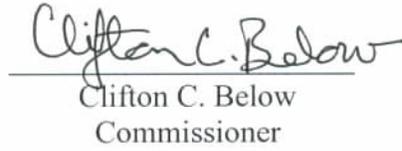
**FURTHER ORDERED**, that any party interested in responding to such comments or request for hearing shall do so no later than November 12, 2009; and it is

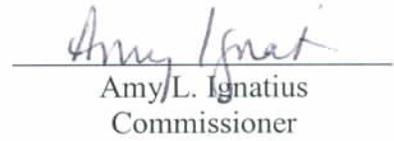
**FURTHER ORDERED**, that this Order *Nisi* shall be effective November 15, 2009, unless the Company fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

**FURTHER ORDERED**, that the Commission GRANT a waiver of N.H. Code Admin. Rules Puc 1106.03 pertaining to the level of short-term borrowing.

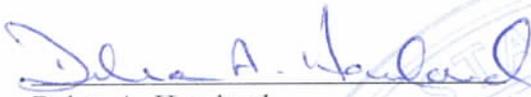
By order of the Public Utilities Commission of New Hampshire this twenty-seventh day  
of October, 2009.

  
Thomas B. Getz  
Chairman

  
Clifton C. Below  
Commissioner

  
Amy L. Ignatius  
Commissioner

Attested by:

  
Debra A. Howland  
Executive Director

