

DW 00-134

**FRYEBURG WATER COMPANY**

**Request for Refinancing of Debt**

**Order Approving Refinancing**

**O R D E R    N O.    23,518**

**June 29, 2000**

I.            BACKGROUND

On June 8, 2000 the Fryeburg Water Company (Company), a public utility operating in Fryeburg, Maine and East Conway, New Hampshire, submitted an application for refinancing the present indebtedness of the company together with a request to issue bonds in a sum not to exceed \$349,000 through private placement using Norway Savings Bank of Fryeburg, Maine as escrow agent. The conditions of the refinancing show that the interest shall not exceed 8.50 percent per annum on the unpaid balance, with the interest payable semiannually and payable in full on or after July 1, 2004. The Company requests authority to refinance since its bonds are due on July 1, 2000.

The Company proposes to re-write demand debt in the amount of \$168,000 with present debt holders who are primarily local residents served by the Company and/or stockholders or relatives of stockholders. The Company also proposes to

refinance \$181,000 in present long-term indebtedness. The Company therefore requests authority to issue up to \$349,000 in 349 units of \$1,000.00 each under a participating trust mortgage secured by all corporate tangible assets, real and personal, together with its franchise.

As the Company is a multi-jurisdictional utility it also petitioned the Maine Public Utilities Commission for approval of the refinancing. On June 20, 2000, in docket no. 2000-500, the Maine Commission issued an order approving issue of the securities.

## II. COMMISSION ANALYSIS

Pursuant to RSA 369:1 a public utility lawfully engaged in business in this state may issue bonds, with the approval of the Commission where the Commission finds such issuance to be consistent with the public good. Additionally, RSA 369:2 allows a public utility to mortgage its present and future, tangible and intangible property, including its franchise, with the approval of the Commission.

Upon our review of the application, together with data filed in support of the application, we find the proposed refinancing of this debt consistent with the public good. The demand debt that is being re-financed was used primarily for two capital projects: the first project provided for a new

water source permitting the Company to abandon its surface water source and avoid installing a filtration system. The second project provided for a new back-up well tied into the distribution system. The Company also purchased approximately five acres of land adjacent to its water source for source protection.

We note that in 1994 the Company made a similar application. In our order approving the refinancing, Order No. 21,199, we required the Company to file semi-annually with this Commission a detailed statement sworn to by its Treasurer, showing the disposition of the proceeds of this financing, until there is a full accounting of the whole of said proceeds. *Re Fryeburg Water Company, 79 NH PUC 233 (1994)*. The Company has failed to produce the required filings. The Company should be aware that the Commission can assess penalties against utilities for failure to abide by this Commission's orders. See RSA 365:41, 365:42, 374:17. While we decline to do so at this time, we will not hesitate to do so in the future should the Company fail to comply with this or any future order.

Based upon the foregoing, it is hereby

**ORDERED,** that the Fryeburg Water Company is authorized to sell bonds in an amount not to exceed

\$349,000.00 through private placement with an interest rate not to exceed 8.50 percent on the unpaid balance; and it is

**FURTHER ORDERED**, that the Fryeburg Water Company be, and hereby is, authorized to offer as security a participating trust mortgage secured by all corporate tangible assets, real and personal, together with its franchise; and it is

**FURTHER ORDERED**, that the Company shall file with this Commission a detailed statement duly sworn to by its Treasurer, showing the disposition of the proceeds of this financing, within sixty (60) days of the date of the issuance of the proposed bonds, or by October 31, 2000, whichever may come first.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of June, 2000.

---

Douglas L. Patch  
Chairman

---

Susan S. Geiger  
Commissioner

---

Nancy Brockway  
Commissioner

Attested by:

---

Claire D. DiCicco  
Assistant Secretary