

DE 99-201

CONNECTICUT VALLEY ELECTRIC COMPANY

Petition for Approval of Renewal of Existing \$3.75 Million  
Long Term Financing

Order NISI Approving the Company's Extension of its  
\$3.75 Million Term Loan

O R D E R    N O.    23,710

May 24, 2001

The Petitioner, Connecticut Valley Electric Company (CVEC), filed a Petition on December 16, 1999, with the New Hampshire Public Utilities Commission (Commission) for Approval of Renewal of Existing \$3.75M Long Term Financing. CVEC seeks approval to renew the Company's existing \$3.75 million term loan, originally held by Citizens Bank NH (Citizens) and now held by the Company's parent, Central Vermont Public Service Corporation (CVPS), from the current expiration date of December 27, 1999 for a new three-year term with a new expiration date of December 27, 2002.

The Commission last approved the term loan facility in its Order No. 22,167, dated May 28, 1996, in Docket DF 96-151, at which time the principal amount was increased from \$2.5 million to \$3.75 million. This note was to mature on December 27, 1999. On March 12, 1999, as a result of what it perceived as adverse regulatory orders, CVEC notified Citizens that it would be unable to meet the requirements of the

financial covenants contained in the term loan agreement. On that same date, CVEC received from Citizens a notice to cure its default, as provided in the term loan agreement. On April 6, 1999, pursuant to an agreement reached March 26, 1999, CVPS purchased from Citizens, at face value plus accrued interest, the CVEC long term note. This transaction did not require NHPUC approval, as CVEC issued no debt or other securities and assignment was permitted under the terms of the long term loan. However, CVEC did inform the Commission of the transaction, and explained it as the basis for its motion to dismiss the Company's petition in Docket DF 98-218, which was its original petition seeking approval for a renewal of the note with Citizens. The transaction did require approval by the Federal Energy Regulatory Commission (FERC) under Section 203 of the Federal Power Act. CVPS filed its petition for such approval (with notice and copy filed with the NHPUC) on March 23, 1999. The Commission intervened in this FERC proceeding. The FERC issued its approval for the transaction on April 28, 1999. No other regulatory approvals were required.

The Company's witness, Mr. Boyle, testified as follows in this petition: "I believe approval will be in the public interest, since the transactions provide for the

potential extension of CVEC's long term loan, which is necessary for CVEC to continue to provide reliable service to its customers. If the proposed transaction is not approved, CVEC would be required to repay the \$3.75 million term loan, which would adversely affect CVEC's financial viability and its ability to serve its customers."

#### **I. COMMISSION ANALYSIS**

CVEC seeks an extension/renewal of a debt instrument that it had sought and obtained approval for in our Order No. 22,167, dated May 28, 1996, in Docket DF 96-151. That promissory note with Citizens Bank of NH was due December 27, 1999 and contained financial and non-financial covenants. The financial approval sought in the instant proceeding is on the same terms and conditions as that proposed with Citizens. The interest rate is fixed at the so-called New York prime rate and is subject to an annual adjustment on the anniversary date, i.e. December 27. The Company avers that due to its financial circumstances, it does not believe that a commercial lender would extend similar credit to CVEC.

We have reviewed the recommendation of our Staff with respect to this request for financing approval. Based on that recommendation, recognizing that the extension of this loan is on the same terms and conditions as that previously

extended to CVEC by Citizens Bank, we will approve the request.

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

**ORDERED NISI**, that CVEC is AUTHORIZED to extend the Company's \$3.75 million term loan, held by the Company's parent, CVPS, from the current expiration date of December 27, 1999 with a new expiration date of December 27, 2002; 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 May 31, 2001 and to be documented by affidavit filed with this office on or before June 7, 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 June 11, 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 June 15, 2001; and it is

**FURTHER ORDERED**, that this Order Nisi shall be effective June 25, 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 twenty-fourth day of May, 2001.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary