

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 08-034

CONCORD STEAM CORPORATION

**Petition for Approval of Issuance of Securities
and Waiver of Certain Filing Requirements**

Order Approving Debt Financing and Filing Requirement Waiver

ORDER NO. 24,832

March 14, 2008

On March 6, 2008, Concord Steam Corporation (Concord Steam), a public utility engaged in providing steam service to commercial, industrial, and a limited number of residential customers in the City of Concord, New Hampshire, filed a request for approval of issuance of securities pursuant to RSA 369:1¹. Pursuant to Puc 201.05, it also requests a waiver of certain filing requirements of Puc 1107.02². The petition seeks Commission approval to finance \$24,000 in long-term debt to purchase a pickup truck. On March 12, 2008, Staff filed a memorandum recommending Commission approval of the financing and waiver request.

On February 29, 2008, Concord Steam ordered a pickup truck from a local dealer and expects to take delivery on or around April 14, 2008. The dealer will finance the purchase interest free, the loan to be repaid in 60 monthly installments of \$400. Concord Steam states that the truck is to replace an existing truck that is 14 years old and is malfunctioning. The company asserts that the truck is necessary for day-to-day utility operations.

¹ In part, RSA 369.1 pertains to the issuance of debt by a public utility payable more than 12 months after the date thereof.

² On March 11, 2008, Concord Steam filed a letter correcting the Puc rule number for which it is seeking a partial waiver, identified as Puc 1107.03 in the original filing.

Pursuant to Puc 201.05, Concord Steam also seeks a waiver of certain requirements of Puc 1107.02, specifically; the filing of an adjusted balance sheet, adjusted income statement, statement of capitalization ratios and a copy of a shareholder vote approving the financing. Concord Steam asserts that granting the waiver is in the public interest given the small amount of indebtedness relative to the cost associated with preparing the schedules.

Staff expressed its support for approval of the financing in a memorandum filed on March 13, 2008, noting that Concord Steam is replacing an existing truck that is used in utility operations but has outlived its useful life, that the new truck is being purchased locally at market cost and that the terms of the financing are favorable.

Staff also recommended granting Concord Steam's request for a waiver of certain filing requirements, as the amount of the financing is *de minimis* and will have a negligible impact on Concord Steam's balance sheet, income statement and capitalization ratios. Staff noted that Concord Steam's recent rate case filing³ showed a rate base of \$4.7 million and total debt of \$1.5 million. Given the nature and amount of the loan, no shareholder vote for approval is needed. Requiring the company to prepare and file an updated balance sheet, income statement and statement of capitalization ratios would result in additional costs to the Concord Steam and would not aid the Commission in its review of the financing request.

Under N.H. Code Admin. Rules Puc 201.05, the Commission may waive N.H. Code Admin. Rules Puc 1107.02 if it finds 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

³ Commission Docket DG 07-076. This rate case is based upon a 2007 test year.

onerous given the circumstances of Concord Steam; and (2) the purpose of the rule is satisfied by the alternative method proposed.

Based on our review of the petition, we conclude that the applicable standards for a waiver are satisfied and the requested issuance of the long term debt is consistent with the public good. The financing will enable Concord Steam to replace an existing vehicle that is necessary for providing utility service without requiring a substantial capital outlay or incurring interest charges. Under the proposed financing, Concord Steam will see a negligible increase in its long term debt and, as the cost of debt is zero percent, would reduce the cost of capital in the event Concord Steam were to file a subsequent general rate case. Although the reduction in the cost of capital would be negligible, any such reduction benefits rate payers. Accordingly, we will approve the financing and grant a waiver of certain requirements of N.H. Code Admin. Rules Puc 1107.02.

Based upon the foregoing, it is hereby

ORDERED, that the petition of Concord Steam for the issuance of \$24,000 in long term debt is hereby APPROVED; and it is

FURTHER ORDERED, that the Commission grants a waiver of N.H. Code Admin. Rules Puc 1107.02(b)(4), 1107.02(b)(5), 1107.02(b)(6) and 1107.02(b)(10); and it is

FURTHER ORDERED, that, within 30 days of taking delivery of the vehicle, Concord Steam shall file with the Commission a signed copy of the purchase and loan agreement.

By order of the Public Utilities Commission of New Hampshire this fourteenth day of
March, 2008.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary