

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DG 08-063**

**CONCORD STEAM CORPORATION**

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

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

**ORDER NO. 24,867**

**June 27, 2008**

On April 24, 2008, 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 existing bank line of credit from \$700,000 to \$1,200,000. On June 24, 2008, Staff filed a letter recommending approval of the financing and waiver.

Concord Steam expects to begin making significant purchases of wood chips, the company's primary energy source used to generate steam, for the 2008-2009 heating season and anticipates that it will need to borrow in excess of \$700,000 as soon as July 2008. TD Banknorth, N.A., has proposed to increase company's the line of credit to \$1,200,000 subject to the following terms: the loan would be secured by all assets of the company such as accounts receivable, machinery and equipment, inventory and intangible assets; the loan is to be due on demand and would bear interest at a rate equal to the *Wall Street Journal* prime rate, adjusted

daily; the company would be required to maintain a minimum debt service coverage ratio of 1.20:1 measured annually against its financial statements; and the loan would be 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. 24,557 (December 9, 2005) 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. The instant petition will increase the short-term debt limit from 13.4 to 23.1 percent of 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 services 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 the alternative method proposed.

Based on our review of the petition, we conclude that the applicable standards for a waiver are satisfied and that the requested increase in the short term debt limit is consistent with the public good. The increase in the line of credit will enhance the company's ability to meet the outlays it faces for the purchase of wood chips, which is its primary source of fuel used to generate steam. Concord Steam's need for working capital arises from the fact that it must make

substantial outlays for the purchase of fuel at the beginning of the heating season, but it only recovers such costs from ratepayers in the form of steam sales as the season progresses. We find that withholding approval of the increase in the amount of the line of credit would be onerous to Concord Steam and would also be inconsistent with Concord Steam's on-going efforts to provide reliable service at least cost by maintaining optimal fuel inventories. We also find that the terms of the Concord Steam credit line are reasonable and typical of such short-term debt.

Consequently, we will approve the increase in the line of credit from \$700,000 to \$1,200,000 and grant a waiver of Puc 1106.03.

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

**ORDERED**, that the petition of Concord Steam for an increase in its short-term debt level from \$700,000 to \$1,200,000 is hereby APPROVED; 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; 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 line of credit with TD Banknorth.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day  
of June, 2008.

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Thomas B. Getz  
Chairman

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Graham J. Morrison  
Commissioner

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Clifton C. Below  
Commissioner

Attested by:

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ChristiAne G. Mason  
Assistant Executive Director & Secretary