

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 14-166

CONCORD STEAM CORPORATION

Petition to Approve Issuance of Securities and to Waive Certain Filing Requirements

Order Granting Petition

ORDER NO. 25,688

July 3, 2014

Concord Steam Corporation, a public utility that provides steam service primarily to commercial and institutional customers in Concord, requested approval to finance and immediately refinance \$31,540 in long-term debt to buy a new truck. Concord Steam also asked the Commission to waive Puc 1107.02, which requires a host of information to be filed in support of financing requests. We grant both requests in this order.

According to the petition, attached exhibits, and responses to data requests, Concord Steam agreed to buy a new 2013 Ford F-150 utility truck to replace an existing truck that is 13 years old and malfunctioning. The new truck will be used in day-to-day utility operations. Concord Steam is going through a two-step financing process to obtain an extra rebate through Ford Motor Credit, and to obtain a lower interest rate through a refinancing with Merrimack County Savings Bank. Ford Motor Credit will accept the immediate payoff with no penalty. The refinancing costs will be \$60.

The terms of the proposed financing and refinancing are as follows. The purchase price is \$39,040. Concord Steam will receive a \$2,000 credit for trading in the old truck and will receive a \$5,500 manufacturer's rebate. The amount initially financed will be \$31,540. The initial financing is through Ford Motor Credit at 5.77% interest over four years. Concord Steam

will be obligated to make 48 monthly payments of \$739.14. Concord Steam agreed to this initial financing through Ford Motor Credit to take advantage of an additional \$1,500 rebate, reflected in the figures above.

Concord Steam will immediately refinance the truck through Merrimack County Savings Bank (MCSB). The amount refinanced will also be \$31,540 at 3.50% interest rate requiring 48 monthly payments of \$705.87, which is \$33.27 per month less. The total interest paid for the refinancing will be \$2,341.76, which is \$1,596.96 less than the interest that would be due under the original financing agreement.

Concord Steam also asked the Commission to waive certain requirements of N.H. Code Admin. Rules Puc 1107.02, titled *F-4 Petition for Authority to Issue Securities*. Concord Steam's filing provides the information required by Puc 1107.02(b)(1) through (3), which includes the contents of the petition itself and the details of the proposed financing. Concord Steam seeks a waiver of those parts of the rule that require financial documents such as a balance sheet, income statement, statement of capitalization ratios, and shareholder resolution. *See* Puc 1107.02(b)(4) through (10). Concord Steam stated that a waiver under Puc 201.05 is appropriate given the nature of the financing and the small amount of debt involved.

Staff expressed its support for Concord Steam's requests in a memorandum filed June 27, 2014. Staff noted that Concord Steam is replacing an existing truck that has outlived its useful life, that Concord Steam is buying the new truck locally at market cost, and that the terms of the financing and refinancing are favorable.

Staff also recommended that the Commission grant Concord Steam's request for a waiver of certain filing requirements because the amount of the financing 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 filing showed a rate base of \$6.7 million and \$5.6 million in revenues during calendar year 2013. Given the nature and amount of the loan, Staff stated that no shareholder vote for approval is needed. Staff noted that requiring Concord Steam to prepare and file the documents required by Puc 1107.02 would result in additional costs to Concord Steam and would not aid the Commission in its review of the financing request.

Concord Steam's financing and refinancing requests are governed by RSA 369:1, which states that a utility "may, with the approval of the commission but not otherwise," incur "indebtedness payable more than 12 months after the date thereof" if the Commission "finds that the same is consistent with the public good." The Commission reviews the amount to be financed, the reasonableness of the terms and conditions, the proposed use of the proceeds, and the effect on rates. *Appeal of Easton*, 125 N.H. 205, 211 (1984).

Concord Steam's waiver request is governed by Puc 201.05. The Commission may waive 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. The public interest determination requires consideration of whether compliance with the rule would be onerous given the circumstances and whether the purpose of the rule is otherwise satisfied.

Based on our review of the petition, we conclude that the requested issuance of long-term debt is consistent with the public good and that the standards for a waiver are satisfied. The financing will enable Concord Steam to replace a failing vehicle that is necessary for providing utility service. Concord Steam will see a negligible increase in its long-term debt. Concord Steam's petition provides the information that is required by Puc 1107.02(b)(1)-(3), and requiring Concord Steam to prepare and file the documents required by the remainder of Puc 1107.02 would result in additional costs to Concord Steam with no benefit to our review of

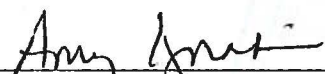
the financing. Accordingly, we will approve the financing and refinancing and we will grant a waiver of the requirements of Puc 1107.02.

Based upon the foregoing, it is hereby


ORDERED, that Concord Steam's request to approve the financing and immediate refinancing to buy a new utility truck as described in the petition is GRANTED; and it is

FURTHER ORDERED, that Concord Steam's request to waive Puc 1107.02 is GRANTED.


By order of the Public Utilities Commission of New Hampshire this third day of July, 2014.



Amy I. Oignatius
Chairman



Robert R. Scott
Commissioner



Martin P. Honigberg
Commissioner

Attested by:



Debra A. Howland
Executive Director