

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: March 13, 2008
AT (OFFICE): NHPUC

FROM: ^{gpf} Stephen Frink
Assistant Director – Gas & Water Division

SUBJECT: DG 08-034 - Concord Steam Financing Petition

TO: Commissioners
Docket File
Service List



BACKGROUND

On March 6, 2008, Concord Steam Corporation (Concord Steam or CSC), a public utility supplying steam service to approximately 110 customers in Concord, New Hampshire, filed a petition for approval to issue securities pursuant to RSA 369:1. The petition seeks Commission approval for a \$24,000 term loan to be used for the purchase of a Ford F250 truck to replace an existing truck that is 14 years old and malfunctioning, the truck is to be used in the day-to-day operation of the utility. The \$24,000 is to be financed for 60 months at 0% interest, \$400 per month payments to commence in May, 2008.

Pursuant to Puc 201.05, Concord Steam also seeks a waiver of the certain requirements of Puc 1107.02, those being; 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 RECOMMENDATION

The petition should be granted, approving the financing and waiving certain filing requirements.

Concord Steam is replacing an existing truck that is used in utility operations but has outlived its useful life. The new truck is being purchased locally at market cost and the terms of the financing are favorable, the purchased to be repaid over five years with no interest.

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.¹ The nature and amount of the loan is such that it does not require a shareholder vote for approval. To prepare and file those documents would result in additional costs to Concord Steam and not aid the Commission's review of the financing request.

¹ Staff testimony filed February 13, 2008 in docket DG 07-076, Concord Steam's rate filing currently before the Commission, recommended an annual revenue requirement of \$4,771,405 based on rate base of \$4,423,862 (net plant of \$5,044,326) and a Capital Structure totaling \$5,132,981 (\$1,494,110 in debt).