

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DG 16-__

Re: Concord Steam Corporation

Petition for Approval of Issuance of Securities Pursuant to RSA 369:7 And Waiver of Requirements of Puc 1106. 03

NOW COMES Concord Steam Corporation ("CSC" or the "Company") and petitions the New Hampshire Public Utilities Commission ("the Commission"), pursuant to RSA 369:7 and N.H. Admin. R. Puc 201.05, for authority to borrow an additional \$900,000 in short term debt, and for approval of amounts borrowed from the Rachel Bloomfield Trust. In support of its petition, CSC submits herewith the Prefiled Testimony of Peter Bloomfield, P.E. ("Bloomfield Testimony") and also states as follows:

1. CSC is a corporation duly organized and existing under the laws of the State of New Hampshire. CSC is a public utility engaged in providing steam service to commercial, industrial, and one residential customer in the City of Concord, New Hampshire.

2. The Company is currently authorized to borrow up to \$1,200,000 in short term debt. *See* Order 24,867 in DG 08-063 (June 27, 2008)(authorizing CSC to increase its existing bank line of credit from \$700,000 to \$1,200,000). As of 6/30/16 the Company has \$1,036,125 in short term debt outstanding (\$536,125 on TD Bank line of credit, and \$500,000 owed to Rachel Bloomfield Trust), and \$38,243 in long term debt outstanding.

3. The Company now seeks to increase its amount of short term debt in its bank line of credit to \$2,100,000 to meet its short term working capital needs to operate the utility. The increased borrowing would be used to fund the Company's operations until the winter

receivables begin to be collected in January and February. This will also allow the purchase of natural gas and wood chips, which are the Company's primary sources of fuel used to generate steam.

4. On September 1, 2016, the Company received a Commercial Financing Proposal from Merrimack County Savings Bank (the "Lender"). The Lender has proposed to provide short term debt in the form of a line of credit up to \$2,100,000 (the "Loan"), which would be secured by all assets of the Company such as accounts receivable, machinery and equipment, inventory and intangible assets. The Loan would be due on demand and would bear interest at a rate equal to the Wall Street Journal Prime Rate plus 2.00%, resulting in a current rate of 5.5%. The Loan would be personally guaranteed by Peter Bloomfield and Mark Saltsman, officers and directors of the Company. A copy of the Commercial Financing Proposal is attached to this petition as Exhibit 1. The Company estimates that the cost of the proposed financing would be \$ 26,000. *See Bloomfield Testimony Attachment PGB- 5.*

5. N.H. Admin. R. Puc 1106.03 provides that a steam utility is prohibited 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% of the utility's net fixed plant, without prior Commission approval pursuant to Puc 201.05. The current book value of CSC's net plant is \$ 6,476,229 as of December 31, 2015. *See Bloomfield Testimony Attachment PGB- 1*, which is adjusted for the financing. Thus, with the additional short term borrowing, CSC's total available short-term debt (\$2,100,000) would be in excess of 10% of the net depreciated value of the utility's plant, and therefore Commission approval pursuant to Puc 201.05 is required for the Loan.

6. Puc 201.05 (a) provides that the Commission shall waive the provisions of any of its rules, except where precluded by statute, if the Commission finds that the waiver serves the public interest. In determining the public interest, the Commission shall waive a rule if compliance with the rule would be onerous or inapplicable given the circumstances of the affected person. *See* N.H. Admin. R. Puc 201.05(b)(1).

7. CSC asserts that the Loan will serve the public interest because it will enable the Company to meet financial obligations associated with performing the day-to-day work necessary to supply steam service to its customers. Strict adherence to the debt restriction set out in Puc 1106.03 would be onerous as it would limit CSC's ability to pay for the goods and services required in order to provide safe and reliable steam service to customers. For the foregoing reasons, CSC requests that the Commission issue an *order nisi* authorizing the Company to enter into the Loan pursuant to RSA 369:7, and waiving Puc 1106.03 to allow the Company to borrow short term debt in excess of the 10% threshold.

8. A resolution of the Company's shareholders authorizing the Company to enter into the financing as proposed is attached to this petition as Exhibit 2.

9. Beginning in 2012, the Company has had to borrow from the Rachel Bloomfield Trust ("Trust") to meet its short term cash requirements. At 6/30/16 the amount owed to the Trust is \$500,000. The Company has not been charged interest on the outstanding balance. The Company is also seeking approval of the amounts borrowed from the Trust.

WHEREFORE, Concord Steam respectfully requests that the Commission enter an order authorizing Concord Steam to enter into the Loan and increase its bank line of credit short-term debt limit by \$900,000 for a total bank line of credit short-term debt limit of \$2,100,000, and approving amounts borrowed from the Rachel Bloomfield Trust.

Respectfully submitted,

CONCORD STEAM CORPORATION

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