

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6849

Petition of Southern Vermont Cable Company for )  
authority to grant a security interest in the personal )  
property of Southern Vermont Cable Company and to )  
pledge the stock of South Vermont Cable Company )

Order entered: 6/18/2003

**I. INTRODUCTION**

Southern Vermont Cable Company ("SVCC") submitted a petition in this matter seeking an order by the Public Service Board ("Board"), pursuant to 30 V.S.A. §108(a), authorizing SVCC to enter into a loan arrangement with Banknorth, N.A. (formerly First Vermont Bank), for a \$145,000 commercial term loan. The loan will be secured by the personal property of SVCC and by a security interest in the corporate stock of SVCC. The petition was supported by testimony of Ernest Scialabba, president of SVCC, which included a commitment letter from Banknorth, N.A. (exhibit ES-2).

SVCC and the Vermont Department of Public Service ("Department") filed a stipulation ("Stipulation") in which they agreed that the Board could make findings that the proposed securities issuance, as described in the petition and prefiled testimony and subject to the conditions and representations set forth in the Stipulation, is consistent with the general good of the State of Vermont, and could issue an order approving and consenting to the proposal.

The Stipulation also sets forth the agreement of the parties that there is no genuine issue as to any material fact.

**II. FINDINGS**

1. SVCC is a Vermont corporation with an office in Winhall, Vermont. Scialabba pf. at 1.
2. SVCC operates a cable television system serving approximately 1500 customers in Putney, Newfane, Townsend, and Dummerston, Vermont, pursuant to Certificates of Public Good issued by the Board. *Id.*

3. SVCC has experienced a number of requests for internet service from its customers. To finance the equipment and labor necessary to provide internet service, SVCC negotiated a loan with Banknorth, N.A. *Id.* at 2.

4. SVCC will also use the loan proceeds to cover the cost of completing construction of an interconnection between Putney and Newfane. The internet equipment will be located at the Putney headend, and the interconnection will need to be completed before internet service can be provided throughout SVCC's service territory. *Id.*

5. The commitment letter from Banknorth, N.A., is for a \$145,000 commercial term loan. The loan is secured by a security interest in the personal property of SVCC and by a security interest in the corporate stock of SVCC. Exh. ES-1.

6. The Department does not oppose the loan arrangement as described in Mr. Scialabba's testimony and the term sheet, subject to the following conditions and representations, which were agreed to by SVCC in a Stipulation filed with the Board on June 2, 2003:

- a. The proceeds of the loan will be used exclusively to complete the Putney-Newfane interconnector and to purchase equipment and make upgrades necessary to provide internet service in the SVCC territory.
- b. SVCC's analysis indicates that, over a six-year period, SVCC will have surplus cash. Accordingly, SVCC agrees that it will not seek a rate increase to meet its obligations under the loan.

Stipulation at 1 and 2.

### **III. DISCUSSION**

I recommend that the proposed loan, as described in the petition and prefiled testimony, and as modified and clarified in the parties' Stipulation, should be approved by the Board as consistent with the general good of the State of Vermont. I also recommend that this matter be decided without hearing pursuant to Board Rule 2.219 and that the Stipulation between SVCC and the Department be accepted.

The foregoing is hereby reported to the Board in accordance with the provisions of 30 V.S.A. § 8.

All parties to this proceeding have waived the opportunity to comment on this Proposed Decision in accordance with 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 18<sup>th</sup> day of June, 2003.

sJohn P. Bentley

John P. Bentley, Esq.  
Hearing Officer

**IV. ORDER**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The findings, conclusions, and recommendations of the Hearing Officer are adopted.
2. The Stipulation between the parties is accepted.
3. The loan arrangement between Banknorth, N.A., and Southern Vermont Cable Company ("SVCC") for a \$145,000 commercial term loan, the issuance of a security interest in the personal property of SVCC, and a security interest in the corporate stock of SVCC are approved.

Dated at Montpelier, Vermont, this 18<sup>th</sup> day of June, 2003.

<u>s/Michael H. Dworkin</u>	)	
	)	
	)	PUBLIC SERVICE
	)	
<u>s/David C. Coen</u>	)	BOARD
	)	
	)	OF VERMONT
	)	
<u>s/John D. Burke</u>	)	

OFFICE OF THE CLERK

FILED: June 18, 2003

ATTEST: s/Susan M. Hudson  
Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.*