

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6859

Petition of Jeffersonville Cable TV Corporation for )  
authority to borrow \$120,000 from the Merchants Bank to )  
rebuild its cable system )

Order entered: 7/22/2003

**I. INTRODUCTION**

On July 10, 2003, Jeffersonville Cable TV Corporation ("Jeffersonville") submitted a petition in this matter seeking an order by the Public Service Board ("Board"), pursuant to 30 V.S.A. § 108(a), authorizing Jeffersonville to enter into a loan arrangement with Merchants Bank, for a \$120,000 commercial term loan. The loan will be secured by a first lien on all assets of Jeffersonville and by the pledge of all stock in Jeffersonville. The petition was supported by Robert J. Rohr, Chairman of Jeffersonville, which included a commitment letter from Merchants Bank (exhibit A).

On July 16, 2003, Jeffersonville filed with the Board a letter describing the project on which the loan proceeds would be expended.

On July 16, 2003, the Vermont Department of Public Service ("Department") filed a letter in which they agreed that the Board could make findings that the proposed securities issuance, as described in the petition and prefiled testimony, is consistent with the general good of the State of Vermont, and could issue an order approving and consenting to the proposal.

**II. FINDINGS**

1. Jeffersonville has experienced a number of requests for internet service from its customers. To finance the equipment and labor necessary to provide internet service, Jeffersonville has negotiated a loan with Merchants Bank. Exh. A.

2. Jeffersonville will use the loan proceeds to rebuild the system to the following specifications:

(1) The new system will be a hybrid fiber/coax system.

- (2) Installation of 36 miles of fiber plant including 30 miles to connect Stowe Cablevision with Jeffersonville.
- (3) Installation of Scientific Atlantic ("SA") 6920 nodes with SA 1310 FP Lasers and 5-40 MHz active return path.
- (4) Installation of 26 miles of distribution plant with SA System III actives and Scientific Atlantic up gradable multi-media taps and passives.
- (5) System architecture will consist of node plus four platforms, with 4 Lit and 6 Dark fibers per node for future expansion.
- (6) The rebuilt system will consist of a 750 MHz network with 126 analog channels and digital compression.
- (7) The service offerings will be 39 Analog TV channels, 66 Digital TV channels, 30 Digital Music Channels and high speed internet.

Rohr Letter of July 16, 2003.

3. The commitment letter from Merchants Bank, is for a \$120,000 revolving term loan. The loan is secured by a security interest in corporate stock of Jeffersonville. Exh. A.

4. The interest rate is Merchants' variable/floating-Bank Base Rate (currently 4.25 percent) plus .50 percent. Exh. A

5. The loan repayment will be over a seven-year period with only interest payable in the first year. Exh A.

6. The Department's review concluded that the rebuilt system should be technically sound, that the terms of the loan are commercially reasonable, that the additional indebtedness will not impair Jeffersonville's ability to provide adequate and reliable service, and that the expansion of cable programming and the introduction of high-speed Internet access will promote the general good of the state. Department letter of July 16, 2003.

### **III. DISCUSSION**

I concur with the Department's assessment and recommend that the proposed loan, as described in the petition and supporting letters, 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.

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 22nd day of July, 2003.

s/ Ennis John Gidney  
Ennis John Gidney  
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 loan arrangement between Merchants Bank and Jeffersonville Cable TV Corporation for a \$120,000 revolving term loan, and a security interest in the corporate stock of Jeffersonville are approved.
3. The proposed financing plan is consistent with the general good of the State of Vermont.
4. This Order does not constitute approval of any particular capital expenditures, beyond those previously approved by the Vermont Public Service Board. Nor does it convey approval of Jeffersonville Cable TV Corporation's resultant underlying capital structure.

Dated at Montpelier, Vermont, this 22nd day of July, 2003.

<u>s/ Michael H. Dworkin</u>	)	
	)	
	)	
<u>s/ David C. Coen</u>	)	
	)	
	)	
<u>s/ John D. Burke</u>	)	

PUBLIC SERVICE  
BOARD  
OF VERMONT

OFFICE OF THE CLERK

FILED: July 22, 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.*