

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6870

Petition of Vermont Water Utilities for authority )  
to borrow up to \$20,000 from Chittenden Bank )  
to improve the water system at Georgia Water )  
Station )

Order entered: 8/19/2003

**I. INTRODUCTION**

On July 28, 2003, Vermont Water Utilities ("Vermont Water") submitted a petition requesting an order by the Public Service Board ("Board"), pursuant to 30 V.S.A. § 108(a), authorizing Vermont Water to enter into a loan arrangement with Chittenden Bank, for a commercial loan of up to \$20,000, with a four-year term. The petition included a commitment letter from Chittenden Bank.

The project on which the loan proceeds would be expended was previously described in Tariff Filing No. 5861, in which Vermont Water has requested a rate increase from \$14,610 to \$25,677 in annual revenues. The project consists of improvements to the pump station building, pumps, piping, chlorinator, and master water meter.

On July 31, 2003, the Vermont Department of Public Service ("Department") filed a letter concluding that the petition will promote the general good of the state and recommending that the Board approve the petition.

**II. FINDINGS**

1. Vermont Water is a Vermont corporation that provides water service to 51 customers in the Town of Georgia, Vermont. Petition of Vermont Water.

2. Current annual revenues for Vermont Water are \$14,610.<sup>1</sup> Petition of Vermont Water.
3. The loan is necessary to make improvements to the water system to meet State requirements and to ensure the continued reliability of water service to Vermont Water's customers. The project consists of improvements to the pump station building, pumps, piping, chlorinator, and master water meter. Petition of Vermont Water.
4. The commitment letter from Chittenden Bank is for a term loan of up to \$20,000. The loan is secured by a first security interest in all the assets of Vermont Water. Letter of April 24, 2003, from Chittenden Bank.
5. The interest rate for the loan is Wall Street Journal Prime + 1.25%, floating. Letter of April 24, 2003, from Chittenden Bank.
6. The loan repayment will be over a four-year period with interest payable quarterly. Additionally, 1/15th of the principal balance outstanding will also be due at quarterly intervals, commencing with the second quarterly billing and continuing until the maturity of the loan. Letter of April 24, 2003, from Chittenden Bank.
7. The terms of the loan are commercially reasonable, and the additional indebtedness will not impair Vermont Water's ability to provide adequate and reliable service. Letter of July 31, 2003, from the Department of Public Service.

### **III. DISCUSSION**

The loan is reasonable and will not interfere with the service provided by Vermont Water. The upgrade of the water system will promote the general good of the state. I recommend that the Board approve the proposed loan as being 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

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1. In Tariff Filing No. 5861, Vermont Water requested a 75.75% rate increase. This rate increase will bring the annual revenues to \$25,677.

30 V.S.A. § 8.

The Department has waived the opportunity to comment on this Proposed Decision, and this Proposed Decision is not adverse to the interests of any party. Consequently, this Proposal for Decision has not been served on the parties. See 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 19<sup>th</sup> day of August, 2003.

s/Ed McNamara  
Ed McNamara  
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 Vermont Water Utilities and Chittenden Bank for a term loan of up to \$20,000, and a security interest in the assets of Vermont Water Utilities 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 Vermont Water Utilities' resultant underlying capital structure.
5. This Docket shall be closed.

Dated at Montpelier, Vermont, this 19<sup>th</sup> day of August, 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: August 19, 2003

ATTEST: s/Judith C. Whitney

Deputy 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.*