

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6893

Petition of Town of Hardwick Electric )  
Department for approval to issue long-term )  
debt in an amount up to \$1,400,000 in order )  
to consolidate debt used for system upgrades )

Order entered: 2/11/2004

**I. INTRODUCTION**

On September 29, 2003, the Town of Hardwick Electric Department ("Hardwick") filed a petition seeking authorization from the Vermont Public Service Board ("Board"), pursuant to 30 V.S.A. § 108(c), to issue long-term debt in an amount up to \$1,400,000 in order to consolidate short-term debt used for system upgrades. In support of its petition, Hardwick submitted prefiled testimony and supporting exhibits from its General Manager, Eric Werner, and from James Gibbons, Senior Analyst of Vermont Public Power Supply Authority ("VPPSA").

Copies of the petition, prefiled testimony, and exhibits were served on the Vermont Department of Public Service ("DPS"). On February 5, 2004, the DPS' Director for Public Advocacy sent a letter to the Board recommending that the Board approve the petition without hearing provided the approval contains the same conditions as the determination under 30 V.S.A. § 202(f).

Hardwick and the DPS have reached agreement on all issues relating to the proposed borrowing.

The parties have waived the opportunity for review of the Proposal for Decision, briefing, and oral argument, in accordance with 3 V.S.A. § 811. I have reviewed the petition and the accompanying documents filed by the parties. I conclude that approval of Hardwick's petition, pursuant to 30 V.S.A. § 108(c), is appropriate.

Based upon the evidence of record, and the testimony and exhibits presented in the Docket, I hereby report the following findings and conclusions to the Board in accordance with the provisions of 30 V.S.A. § 8.

## II. FINDINGS OF FACT

1. Hardwick originally proposed to borrow \$1,400,000 from the Vermont Municipal Bond Bank, using the mechanism of municipal utility revenue bonds, having a twenty-year term at the rate of five percent, and 2.5 percent closing cost. Gibbons pf. at 4-5.

2. Hardwick will borrow the funds to replace existing short-term debt. Gibbons pf. at 4-5.

3. The conversions of the short-term notes into long-term debt consist of the following electric system upgrades and capital improvements:

Mackville Dam	\$ 458,202
Building	40,418
Hydro Note	55,680
Capital Improvements - 2003	70,408
Consolidation of Notes - 2003	689,139
Construction Funded From Operations	<u>86,153</u>
Total	<u>\$1,400,000</u>

Gibbons pf. at 2; Werner pf. at 3.

4. The conversion of short-term debt to long-term debt will result in matching the cost of the capital improvements to the users receiving the benefits. Gibbons pf. at 3.

5. The first year interest expense of \$71,750 and principal payment of \$43,398, total \$115,148. Gibbons pf. at 4.

6. The conversion to long-term debt will result in a savings of \$16,302 when compared to the current debt cost of \$131,450, as approved in Hardwick's most recent rate increase request. Gibbons pf. at 4.

7. Based upon the information provided by Hardwick to the DPS, the DPS believes that the projects to be financed, and the financing, are each consistent with the Vermont twenty-year Electric Plan, and will benefit the general good of the State of Vermont. DPS 202(f) determination letter of February 4, 2004; DPS letter to Board dated February 4, 2004.

**III. CONCLUSION**

Based upon all of the foregoing, I conclude that Hardwick's proposed borrowing of up to \$1,400,000, using General Obligation Bonds, in order to make necessary investments in its distribution system, is consistent with the general good of the State as required by 30 V.S.A. § 108(c). I therefore recommend that the Board approve the proposed borrowing.

DATED at Montpelier, Vermont, this 9th day of February, 2004.

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 and Conclusion of the Hearing Officer are adopted.
2. Consent is hereby given pursuant to 30 V.S.A. § 108(c) for the issuance and sale by the Town of Hardwick Electric Department of up to \$1,400,000 in General Obligation Bonds, for the purposes described in the Town of Hardwick Electric Department's petition, prefiled testimony, and exhibits submitted in this Docket.
3. The issuance by the Town of Hardwick Electric Department of up to \$1,400,000 in General Obligation Bonds in order to fund needed investments in its electric distribution system is hereby found to be consistent with the general good of the State of Vermont.
4. Today's decision in this Docket does not constitute approval of any capital structure resulting from the borrowing, nor does it qualify the costs of the borrowing for inclusion in rates without subsequent review and approval.

DATED at Montpelier, Vermont, this 11th day of February, 2004.

<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: February 11, 2004

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 technical 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.*