

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6955

Petition of Southern Vermont Cable Company)
for authority to Grant a Security Interest in its)
Personal Property and to Pledge its Stock)

Order entered: 5/28/2004

I. INTRODUCTION

Southern Vermont Cable Company ("SVCC") submitted a petition in the above-captioned matter seeking an order by the Public Service Board (the "Board") under 30 V.S.A. § 108(a) authorizing SVCC to grant a security interest in the personal property of SVCC and in the corporate stock of SVCC, as part of a loan arrangement with Banknorth for a \$150,000 commercial term loan. The proposed loan is described in the testimony of Ernest Scialabba, President of SVCC.

On May 19, 2004, SVCC and the Vermont Department of Public Service (the "Department") filed a Stipulation in which they agreed that the Board could make findings that the proposed grant of security interest and pledge of stock, 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 OF FACT

1. SVCC is a Vermont corporation with a registered office in Bondville, Vermont. Scialabba pf. at 1.

2. SVCC operates a cable television system serving customers in Putney, Newfane, Dummerston, and portions of Townshend, Vermont. *Id.*

3. SVCC has decided to expand its cable television system to the Town of Jamaica as well as the western portion of Townsend, Vermont. *Id.* at 2. SVCC currently holds a Certificate

of Public Good for the Towns of Jamaica and Townshend. Docket 6531, Certificate of Public Good issued on September 21, 2001.

4. The project involves construction of approximately fifteen miles of cable plant. Scialabba pf. at 2.

5. Jamaica is currently served by Jamaica TV Club, which has indicated that it will cease operations once SVCC provides service to the town. *Id.*

6. To fund the expansion, SVCC has signed a commitment letter from Banknorth for a \$150,000 commercial term loan. The loan is secured by (1) a first security interest in the personal property of SVCC, and (2) in a first security interest in the corporate stock of SVCC. *Id.* at 1; exh. ES-2.

7. The proceeds of the loan will be used to expand SVCC's cable service into the Town of Jamaica and the western portion of the Town of Townshend. SVCC agrees that it will not use the proceeds of the loan for non-corporate purposes. *Stip.* at 1.

8. The proposed financing should have no impact on rates paid by SVCC's existing customers for cable television service. SVCC's pro forma financial projections show that it will be able to service this loan through revenues generated by the new customers in Jamaica and West Townshend. Scialabba pf. at 2; exh. ES-3.

9. SVCC has already applied for pole permits. Once SVCC obtains Board approval and closes on the bank loan, it will commence construction immediately. SVCC expects service to Jamaica and West Townsend to be available within 45 days after construction begins. Scialabba pf. at 3.

10. The Department does not oppose the loan arrangement as described in Mr. Scialabba's testimony and the term sheet, subject to the conditions and representations contained in the Stipulation of the Parties submitted on May 19, 2004.

III. DISCUSSION

The Board finds that the pledge of SVCC stock and the granting of a security interest in the personal property of SVCC is consistent with the general good of Vermont and consents to such actions as required by 30 V.S.A. § 108.

IV. ORDER

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

1. The Stipulation is accepted.
2. The loan arrangement with Banknorth for a \$150,000 commercial term loan, the issuance of a security interest in the personal property of SVCC, and the assignment of the corporate stock of SVCC are approved.

Dated at Montpelier, Vermont, this 28th day of May, 2004.

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

OFFICE OF THE CLERK

FILED: May 28, 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 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.