

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6015

Petition of Green Mountain Power Corporation )  
for an amendment to it's Authorization and )  
Approval to issue up to \$40,000,000 of long- )  
term debt under a revolving credit agreement )  
)

Order entered: 5/28/99

**I. INTRODUCTION**

On April 22, 1999, Green Mountain Power Corporation ("GMP" or the "Company") filed a Motion for Amended Order Approving Amendments to Revolving Credit Agreement (the "Motion"). Based on unexpected changes in the banks participating in the Credit Agreement, GMP then amended the Motion by correspondence and with additional prefiled testimony on May 17, 1999. The Motion, as amended, seeks an amendment to the Vermont Public Service Board's ("Board") June 3, 1998, Order ("June 3 Order"), which, in turn, amended the Board's December 8, 1997 Order ("December 8 Order") in this Docket. The June 3 Order authorized GMP to amend its then existing Revolving Credit Agreement with Fleet National Bank, as Agent, the Bank of Nova Scotia and State Street Bank and Trust Company (collectively, "Lenders"), and authorized the granting of a second priority mortgage, lien and security interest in connection with the amendment of the Agreement, all pursuant to 30 V.S.A. § 108(a). The Agreement along with the amendments approved in the June 3 Order are hereafter referred to as the "First Amended Agreement."

The instant Motion, as modified on May 17, 1999, seeks Board consent to the renewal of the First Amended Agreement for an additional 364-day period, to expire not later than June 29, 2000, with modifications in some of the terms. The Motion was supported by the prefiled direct testimony and supplemental testimony of John J. Lampron, GMP's Assistant Treasurer, and by accompanying exhibits.

By correspondence dated April 22, 1999, and May 17, 1999, GMP gave notice of the Motion to the Vermont Department of Public Service ("DPS" or the "Department") and requested a determination from the Department pursuant to 30 V.S.A. § 202(f) that the proposed amendment to its revolving credit agreement and the related granting of a second priority

mortgage, lien and security interest would not be inconsistent with the Vermont Twenty-Year Electric Plan.

On May 17, 1999, GMP requested that the Board find that the proposed modifications to the First Amended Agreement, as described in the Motion and accompanying testimony and exhibits and correspondence, are consistent with the general good of the State of Vermont, and issue an order granting the Motion. Also on that date, GMP filed a Proposed Order to that effect.

On May 18, 1999, the DPS indicated by letter to the Board that it supported the granting of this Motion and the issuance of an order in the form of GMP's Proposed Order without requiring a hearing. Assuming the Board issues an order substantially the same as the Proposed Order submitted by GMP, the parties have waived their rights to a hearing,<sup>1</sup> to comment on the Hearing Officer's Proposal for Decision pursuant to 3 V.S.A. § 811, and to appeal the order.

I have reviewed the Motion, the supporting testimony and exhibit, and the subsequent correspondence of GMP and the DPS with the Board, as described above. I conclude that approval of GMP's Motion is appropriate and may occur without a hearing. Based on the Motion and the supporting testimony and exhibit and on the subsequent correspondence of GMP and the DPS with the Board, as described above, I hereby present the following findings to the Board in accordance with the provisions of 30 V.S.A. § 8.

## **II. FINDINGS OF FACT**

1. GMP is a Vermont corporation subject to the Board's general supervisory jurisdiction pursuant to 30 V.S.A. § 203. Motion at 2.

2. In 1997, GMP entered into a Revolving Credit Agreement with Fleet National Bank, the Bank of Nova Scotia and State Street Bank and Trust Company (the "Original Agreement"). The Original Agreement, as signed, provided, among other things, that borrowings may be in the form of long-term, three-year borrowings and that all borrowings thereunder shall be unsecured. December 8 Order at 2.

3. In 1998, the Original Agreement was amended, to allow GMP to make further borrowings from the Lenders. The 1998 amendments required that GMP grant the Lenders a second priority mortgage, lien and security interest in certain collateral to provide the Lenders additional security. June 3 Order at 1-2.

---

1. The statute does not require a hearing, but rather the opportunity for a hearing. 30 V.S.A. § 108.

4. The 1998 amendments also eliminated the long-term three-year borrowings by combining them into one 364-day credit facility. Id. at 2.

5. Because the 1998 amendments provided for only a 364-day facility, in January 1999, GMP requested that the Lenders extend the Agreement, with the 1998 amendments. In April 1999, GMP learned that the Lenders would continue lending, but under modified terms. Lampron pf. at 2-3.

6. On May 17, 1999, GMP informed the Board and the Department that the Bank of Nova Scotia was no longer willing to lend to GMP under the Agreement as amended. As a result, GMP informed the Board that it sought Board approval of a revolving credit facility from the remaining two lenders. Letter dated May 17, 1999.

7. On May 18, 1999, the Department issued a Determination that the extension of the Agreement, as proposed, is not inconsistent with the Vermont Twenty-Year Electric Plan ("Plan"), provided that any projects or uses of the proceeds of this financing are consistent with GMP's current approved IRP and other specifications in the Plan, and all future investing in distribution system upgrades supported by any proceeds of the financing will meet the requirements of the Plan. Letter dated May 21, 1999.

8. In summary, the terms of the Amended Agreement, as modified, are as follows:

- ! Facility: 364-day secured revolving credit;
- ! Termination date: the earlier of June 29, 2000, or 364 days following final execution;
- ! Collateral: Second Mortgage Lien (no change from June 3 Order);
- ! Borrowings: Fleet's Prime Rate or London Interbank Offered Rates ("Libor") plus 150 basis points, plus usage fee of 25 basis points on total borrowings when borrowings exceed 50 percent of the committed facility (i.e., \$7,500,000) and 50 basis points on total borrowings when borrowings exceed \$10,000,000;
- ! Amount: up to \$15,000,000;
- ! Financial Covenant: maximum debt to capitalization ratio of 52 percent;
- ! Additional Covenants: Any additional debt through the issuance of First Mortgage Bonds would be applied to reduce the total commitment amount under the facility.

Lampron Supplemental Testimony at Exhibit A-Supp.

9. The extension of the Agreement, as amended, with the modifications, will strengthen the financial position of the Company and will improve its ability to provide service to its customers. Lampron pf. at 4-5; Lampron Supplemental Testimony at 1-2.

**III. CONCLUSION**

On the basis of the evidence of record, I recommend that the Board grant GMP's motion to amend the Order as outlined in the above Findings of Fact as consistent with the general good of the State of Vermont. I also recommend that this matter be decided without a hearing.

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

Dated at Montpelier, Vermont this 25th day of May, 1999.

s/ Ennis John Gidney \_\_\_\_\_  
Ennis John Gidney  
Hearing Officer

**ORDER**

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

1. The Findings of Fact and Conclusion of the Hearing Officer are adopted.

2. Pursuant to V.R.C.P. Rule 60(b)(6), the Order dated June 3, 1998, in this Docket is amended to permit the amendment of GMP's revolving credit agreement and to consent to the granting of a second priority mortgage, lien and security interest in connection with such amendment, not to exceed \$15,000,000, all as described in the Findings of Fact.

3. The amendment of the aforesaid revolving credit agreement and the granting of the aforesaid second mortgage, lien and security agreement, all as described in the Findings of Fact, are consistent with the general good of the State of Vermont.

4. This Order does not constitute approval of any particular capital or operating expenditure nor the underlying capital structure that GMP may implement with the proceeds from the issuance of debt under its Revolving Credit Agreement with Fleet National Bank, and State Street Bank and Trust Company. Nothing in this approval shall preclude the Department or any other party, or the Board, from reviewing or challenging those expenditures and/or the Company's resulting capital structure in any future proceeding.

DATED at Montpelier, Vermont, this 28th day of May, 1999.

s/ Michael H. Dworkin )

) PUBLIC SERVICE

s/ Suzanne D. Rude )

) BOARD

s/ David C. Coen )

) OF VERMONT

OFFICE OF THE CLERK

Filed: May 28, 1999

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 of any technical errors, in order that any necessary corrections may be made.*

*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.*