

**CONCORD STEAM CORPORATION
Revenue Requirement**

	Reference SPF-1 Page No.	Company Proposal	Settlement	Company Over/(Under) Settlement
Rate Base Proposed	9	5,525,955	6,014,689	(488,734)
Rate of Return (50% Weighted Cost of Capital)	11	7.58%	2.85%	7.58%
Income Required (Rate Base * ROR)		418,867	171,419	247,449
Net Operating Income	2	(924,555)	(1,228,877)	304,322
Revenue Deficiency before Taxes		1,343,422	1,400,295	(56,873)
Income Tax		274,805	0	274,805
Revenue Deficiency		1,618,332	1,400,295	218,037

Increase in Annual Revenue

Percent Increase - Total Revenues

Revenue Deficiency		1,618,332	1,400,295	218,037
Test Year Revenues	2	5,989,966	5,989,966	5,989,966
Revenue Requirement (Oct 2016 -May 2017 & Decommissioning)		7,608,298	7,390,261	
Percent Increase		27.02%	23.38%	3.64%

CONCORD STEAM CORPORATION
Operating Income Statement
Test Year Ending December 31, 2015
Source: Concord Steam Schedule 1 (Bates p. 42)

	2015 Test Year	Staff Cummulative Adjustments SPF-1 p. 3	Staff Pro Forma Test Year
Revenues			
Base Rate	2,197,938		
Fuel Charge	3,559,279		
Meter Charge	53,948		
Electricity Sales	91,278		
Other	87,523		
Total Operating Revenues	5,989,966	(323,462)	5,666,504
Expenses			
Production - Fuel Costs	3,561,988		
Production - Other (sewer, loader, elec, etc.)	965,129		
Distribution O&M	252,245		
Customer Accounts Expense	47,534		
Sales & New Business	1,500		
Admin & General Expenses	605,202		
Write off uncollectable expense	-		
Depreciation	201,633		
Amortization	(9,668)		
Operating Rents, net	100,572		
Taxes Other Than Income Taxes - Property	180,891		
Total Operating Expenses	5,907,026	1,055,931	6,962,957
Operating Income Before Federal Income Taxes	82,940	(1,379,393)	(1,296,453)
State Income Taxes/BET	-		0
Federal Income Taxes	(67,576)	-	(67,576)
Deferred State Income Tax	-		0
Deferred Federal Income Tax	-		0
Total Income Taxes	(67,576)	-	(67,576)
Operating Income After Federal & State Income Taxes	150,516	(1,379,393)	(1,228,877)

REVISED
CONCORD STEAM CORPORATION
Staff Adjustments to Revenue and Expenses

Revenue Adjustments	Schedule (CSC Bates page)	Staff Increase/ (Decrease)
Lost sales due to customer terminations & 2% reduction due to rate increase	CSC 1-1 (43)	(320,319)
Corrected degree day calculation	CSC 1-1 (43)	(75,614)
Increase revenue for elimination of CHS discount	CSC 1-1 (43)	202,496
COE under recovery as of December 31, 2015 to be recovered in 2016	CSC 1-5 (47)	2,709
2015 meter revenue from customers no longer taking service	DR 2-1	(4,308)
Less electric generation due to lower steam production & lower price being paid in 2015	DR 2-1	(45,000)
Reduction for customer service work in 2015	DR 2-1	(75,593)
Reducton for one time fee	DR 2-1	(7,833)
Revenue Adjustment Total		<u><u>(323,462)</u></u>
Operating Expense Adjustments		
Replace MCC A - Fire Marshal Recommendation	CSC 1-2 (44)	35,000
Repair Roof - Fire Marshal Recommendation	CSC 1-2 (44)	56,000
Close oil tanks	CSC 1-2 (44)	75,000
Additional electricity purchases due to lower CSC generation	CSC 1-2 (44) & DR 4-10	61,259
2015 summer expense avoided with May 31 shut down	DR 2-1 (Attachment p. 3)	(91,456)
2015 summer parts & supplies avoided with May 31 shut down	DR 2-1	(75,530)
2015 distribution expenses	DR 2-1	(11,709)
Insurance (auto & workmans comp) 5 % increase & 8 months	1-3 (45)	(40,275)
Misc General Expenses (city fees, assc dues, employee safety eqpt, bank charges)	1-3 (45)	(5,246)
Transportation Expense	1-3 (45)	(2,905)
Depreciation - eliminate, 50% of ratebase being recovered as decommissioning cost		(201,633)
Amortization - eliminate, 50% of ratebase being recovered as decommissioning cost		9,668
Wages and Benefits with 5% sincrease & President & VP increases, 8 months	SPF-1 p. 6	(349,359)
Property Tax - State & City	SPF-1 p. 7	(129,763)
Operating Rent - 8 instead of 12 month steam plant rent payments to State	DR 2-1	(33,505)
Decommissioning Cost	SPF-1 p. 8	1,760,385
Expense Adjustment Total		<u><u>1,055,931</u></u>

CONCORD STEAM CORPORATION
Company Adjustments to Revenue and Income
Bloomfield Testimony, Schedule 1 (Bates p. 42)

	Supporting Schedule (Bates page)		Schedule 1 Proforma Adjustment	Adopted by Staff
CSC Revenue Adjustments				
Lost sales due to customer terminations & conservation due to rate increase	1-1 (43)	(320,319)		Yes
Corrected degree day calculation	1-1 (43)	(75,614)		Yes
Increase revenue for elimination of CHS discount	1-1 (43)	<u>202,496</u>		Yes
		(193,437)	(193,437)	
Increase for COE under recovery as of December 31, 2015	1-5 (47)		2,709	Yes
Reduction in meter revenue due to customer terminations	DR 2-1		(4,308)	Yes
Reduction in electric revenue - less production and lower price being paid in 2015	DR 2-1		(45,000)	Yes
Reduction for customer service work in 2015	DR 2-1	(75,593)		Yes
Reduction for one time fee	DR 2-1	<u>(7,833)</u>		Yes
		(83,426)	(83,426)	
Sale of Assets	1-1 (43)		<u>1,963,000</u>	
Total Revenue Adjustments			<u><u>1,639,538</u></u>	
CSC Operating Expense Adjustments				
Expensing critical capital costs over prior 3 years (44 & 48)	1-2 (44), 1-6 (48)	432,006		
Expensing 2015 capital costs (44 & 49)	1-2 (44), 1-6 (49)	272,165		
Reduced steam production due to lower sales	1-2 (44)	(2,936)		
Replace MCC A - Fire Marshal Recommendation	1-2 (44)	35,000		Yes
Repair Roof - Fire Marshal Recommendation	1-2 (44)	56,000		Yes
Close oil tanks	1-2 (44)	75,000		Yes
Additional electricity purchases due to lower CSC generation	1-2 (44)	45,000		Yes
Production labor lower due to lower sales	1-2 (44) & 1-B (5)	(159,278)		
2015 summer expense avoided with May 31 shut down	DR 2-1	<u>(91,456)</u>		Yes
		661,501	661,501	
Increase in distribution expense due to salary increase	DR 2-1, 1-B (53)	8,140		
Salary not paid June - Sept	DR 2-1, 1-B (53)	(57,904)		
Customer parts and supplies for 2015	DR 2-1	(75,530)		Yes
Distribution expenses June - Sept	DR 2-1	(11,709)		Yes
Take Manholes out of service and fill	DR 2-1	39,200		Yes *
Parts and materials to disconnect customers	DR 2-1	<u>16,500</u>		Yes *
		(81,303)	(81,303)	
Customer Accounting - increase in Pansy salary & 8 months	1-3 (45) & 1-B (53)		5,605	
General Office Salaries - increase in Pansy salary & 8 months	1-3 (45) & 1-B (5)	(7,467)		
General Office Supplies and Expense - office expense until dissolution	1-3 (45)	(979)		
Supervision Fees and Special Services (eng consultant 35k & PB raise 45k)	1-3 (45)	80,755		
Regulatory Commission Expense	1-3 (45)	890		
Insurance (auto & workmans comp) 5 % increase & 8 months	1-3 (45)	(40,275)		Yes
Health insurance 25% increase & 8 months	1-3 (45)	(12,148)		
Misc General Expenses (city fees, assc dues, employee safety eqpt, bank charges)	1-3 (45)	(5,246)		Yes
Maintenance of General Property	1-3 (45)	0		Yes
Transportation Expense	1-3 (45)	<u>(2,905)</u>		Yes
		12,625	12,625	
Property Tax - 8 months of taxes	DR 2-1		(40,000)	
Depreciation- 8 months	DR 2-1		(67,211)	
Accelerated depreciation to recover portion capital expenditures in recent years	DR 2-1		300,000	
Amortization - 8 months			3,223	
Materials to close manholes	1-7 (50)	39,200		Yes *
Material to disconnect customers	1-7 (50)	16,500		Yes *
Rent office/workshop space - June through November (6 months)	1-7 (50)	15,000		
Office expenses - phone, office supplies	1-7 (50)	7,500		Yes *
Accounting assistance to close	1-7 (50)	10,000		Yes *
Legal assistance to close	1-7 (50)	30,000		Yes *
Retention bonus (3 months pay) - Plant operations/maintenance	1-7 (50)	167,666		Yes *
Retention bonus (3 months pay) - Distribution	1-7 (50)	55,890		Yes *
Retention Bonus (3 months pay) - Administration	1-7 (50)	41,791		Yes *
Allowance for extra OT and outside contracted labor	1-7 (50)	78,585		Yes *
Retention - 3 months health insurance extension	1-7 (50)	25,838		Yes *
Retain Distribution staff for 3 months past 5/31/17 for disconnect and manhole clo	1-7 (50)	36,170		Yes *
Retain Admin staff for 6 months past 5/31/17	1-7 (50)	166,858		Yes *
Health insurance for extended employees	1-7 (50)	20,000		Yes *
Pay off Line of Credit (TD Bank)	1-7 (50)	1,200,000		
Pay off truck loan (F 150)	1-7 (50)	14,181		
Pay off loan for CATCH equipment	1-7 (50)	<u>13,497</u>		
		1,938,675	1,938,675	
Operating Rent - 8 instead of 12 month steam plant rent payments to State	DR 2-1	(33,505)		Yes *
Rent office/workshop space - June through November (6 months)	DR 2-1	<u>15,000</u>		
		(18,505)	(18,505)	
Total Expense Adjustments			<u><u>2,714,610</u></u>	

* Decommissioning Cost

CONCORD STEAM CORPORATION
Employee Wages & Benefits - Adjusted Test Year

Source: AR GL Reconciliation (spreadsheet supporting filing provided by CSC)

Wages/Payroll

	12 Months Ended 12/31/2015	Percent Increase	Annual Cost	Payroll 8 Months (Oct - May)	Proforma Adjustment
superintendence plant (COE)	102,861	5.00%	108,004	72,003	(30,858)
boiler labor (COE)	480,017	5.00%	504,018	336,012	(144,005)
superintendence distribution	60,002	5.00%	63,002	42,001	(18,001)
O&M Distribution lines	42,859	5.00%	45,002	30,001	(12,858)
meter operating labor	59,946	5.00%	62,944	41,962	(17,984)
meter reading/collection labor	25,715	5.00%	27,001	18,001	(7,715)
customer billing labor	15,579	5.00%	16,358	10,905	(4,674)
Plant Equip Maint labor	85,717	5.00%	90,003	60,002	(25,715)
general office labor	25,965	5.00%	27,263	18,175	(7,789)
Total Wages/Payroll	898,661		943,594	629,063	(269,598)

Employee Benefits

	12 Months Ended 12/31/2015	Percent Increase	Annual Cost	Payroll 8 Months (Oct - May)	Proforma Adjustments
Employer FICA	68,708	5.00%	72,144	48,096	(20,613)
sep/ira	9,371	5.00%	9,839	6,560	(2,811)
SUTA	1,609	5.00%	1,690	1,127	(483)
FUTA	717	5.00%	753	502	(215)
SUTA Admin. C	55	5.00%	58	38	(16)
Employee Medical & Dental	106,530	5.00%	111,857	74,571	(31,959)
Total Employee Benefits	186,991		196,341	130,894	(56,097)

Incremental Increase for President (Management Fee paid to Bloomfield Associates)

	12 Months Ended 12/31/2015	Increase	Annual Cost	Percent Increase	Payroll 8 Months (Oct - May)	Proforma Adjustment
President (Management Fee) (Note 1)	85,104	39,896	125,000	46.88%	83,333	(1,771)
Vice President (COE) (Note 2)	99,001	25,999	125,000	26.26%	80,033	(18,968)
Vice President Benefits (COE) (Note 2)	20,600	4,286	24,886	20.81%	15,904	(4,696)
	184,105	65,895	250,000		163,367	(20,738)

Total Test Year Adjustments to Wages & Benefits

	Proforma Adjustment	Allocation	
		COE	Non-COE
Wages/Payroll	(269,598)	(174,863)	(94,735)
Benefits	(56,097)	(36,385)	(19,712)
President & VP	(23,663)	(23,663)	0
Total	(349,359)	(234,912)	(114,447)

Note 1 - President compensation paid under the terms of the consulting contract with Bloomfield Associates, it is a third party payment and not reflected in payroll expenses.

Note 2 - Vice President compensation is a payroll expense and therefore the pro-forma adjustment was reduced by the 5 percent adjustment on total 2015 wages/payroll. Employee benefit adjustment calculation: ratio of VP pay increase to total wages, times total benefits, times 20%.

CONCORD STEAM CORPORATION
Employee Wages & Benefits - Decommissioning Cost

Source: Company response to Staff Data Request 3-2

Employee Retention Cost - 3 Months Pay

Wages/Payroll	12 Months		Annual Cost	Retention Bonus 3 Months
	Ended 12/31/2015	Percent Increase		
superintendence plant	102,861	5.00%	108,004	27,001
Remove VP Retention Bonus	(99,001)	5.00%	(103,951)	(25,988)
boiler labor	480,017	5.00%	504,018	126,004
superintendence distribution	60,002	5.00%	63,002	15,751
O&M Distribution lines	42,859	5.00%	45,002	11,250
meter operating labor	59,946	5.00%	62,944	15,736
meter reading/collection labor	25,715	5.00%	27,001	6,750
customer billing labor	15,579	5.00%	16,358	4,089
Plant Equip Maint labor	85,717	5.00%	90,003	22,501
general office labor	25,965	5.00%	27,263	6,816
Wages/Payroll Total	<u>799,660</u>		<u>839,643</u>	<u>209,911</u>

Retention Benefits

	12 Months		Annual Cost	Extended Benefits 3 Months
	Ended 12/31/2015	Percent Increase		
Employer FICA	68,708	5.00%	72,144	18,036
sep/ira	9,371	5.00%	9,839	2,460
SUTA	1,609	5.00%	1,690	422
FUTA	717	5.00%	753	188
SUTA Admin. C	55	5.00%	58	14
Employee Medical & Dental	106,530	5.00%	111,857	27,964
BenefitsTotal	<u>186,991</u>		<u>196,341</u>	<u>49,085</u>

Total Employee Retention Costs - Wages & Benefits

258,996

Wages/Payroll/Benefits for Employees Following Termination of Utility Service

Employee Job Title	2,015 Salary (DR 1-5)	Percent * of Total Payroll	Annual Adjusted Salary	Months		Annual ** Adjusted Benefits	Monthly Adjusted Benefits	Monthly Benefits
				Monthly Adjusted Salary	beyond 5/31/2017 (DR1-6)			
President			125,000	10,417	5	52,083		
Vice President	99,001	11.02%	125,000	10,417	5	52,083	21,630	1,802
Treasure	42,000	4.67%	44,100	3,675	5	18,375	9,176	765
Distribution Supervisor	75,704	8.42%	79,489	6,624	2	13,248	16,540	1,378
Lead Operator	70,256	7.82%	73,769	6,147	1	6,147	15,350	1,279
Operator	56,272	6.26%	59,086	4,924	1	4,924	12,294	1,025
Lead Mechanic	86,272	9.60%	90,586	7,549	1	7,549	18,849	1,571
Meter Technician	47,575	5.29%	49,954	4,163	2	8,326	10,394	866
Meter Technician	45,564	5.07%	47,842	3,987	2	7,974	9,955	830
Laborer	27,833	3.10%	29,225	2,435	1	2,435	6,081	507
						<u>173,145</u>		<u>23,365</u>

Total Employee Wages & Benefits Following Termination of Utility Service

196,510

* Percentage: 2015 salary divided by 2015 total wages.

Total 2015 Payroll	898,661
Total 2015 Adjusted Payroll	943,594

** Annual Adjuted Benefits: 'Total 2015 Adjusted Benefits' multiplied by 'Percent of Payroll of Total Payroll'

Total 2015 Adjusted Employee Benefits	196,341
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CONCORD STEAM CORPORATION
Property Tax

State Property Tax	Reference	
Per Settlement Agreement with NH Dept of Revenue Administration		
Revised Utility Property Tax	DR 1-13	37,630
Credit for overpayments be be applied to 2016 tax year	DR 1-13	<u>(17,195)</u>
2016 State Property Tax payable		<u><u>20,435</u></u>
 City of Concord Property Tax - 2015 (Company estimated payment for 2016)		
Plant	DR 2-6	29,330
Distribution System	DR 2-6	86,184
ROW	DR 2-6	<u>241</u>
2015 City of Concord Property Tax		<u><u>115,754</u></u>
 Annual Property Tax based on 2015 property assessment		 153,384
 Property Tax if property assessment reduce 50%		 76,692
 8 months of Property Tax at 50% of 2015 Assessed Property Value		 <u>51,128</u>
 2015 Property Tax	CSC 1 (42)	 180,891
 2015 Property Tax minus Estimated Property Tax during Emergency Rates		 <u><u>129,763</u></u>

**CONCORD STEAM CORPORATION
Decommissioning Costs**

Decommissioning Costs	Source	
Retention Pay - 3 Months Wages & Extended Benefits (payroll p. 2)	SPF-1 p. 6	258,996
Environmental Assessment	CSC DR 1-2	67,500
Wages & Benefits for employees for May 2017 thru October 2017	SPF-1 p. 6	196,510
Allowance for extra OT and outside contracted labor	CSC 1-7 (50)	78,585
Rent office & work space - 5 months	CSC 1-7 (50) & DR 1-6	12,500
Office Expenses - phone, office supplies - 5 months	CSC 1-7 (50) & DR 1-6	6,250
Outside Accounting	CSC 1-7 (50)	10,000
Legal Assistance to Close	CSC 1-7 (50)	30,000
Materials to close manholes	CSC 1-7 (50)	39,200
Materials to disconnect customers	CSC 1-7 (50)	<u>16,500</u>
Total Decommissioning Costs		<u><u>(716,040)</u></u>
 Proceeds from Sale of Assets		
Backhoe, forklift, service vehicles, generators and transformer	CSC 1-1 (43)	63,000
Purchase price per Asset Purchase Agreement with Lliberty Utilities	CSC 1-1 (43)	<u>1,900,000</u>
Total Proceeds from Sale of Assets		<u><u>1,963,000</u></u>
 50% Unrecovered Rate Base	SPF-1 p. 9	<u><u>(3,007,345)</u></u>
 Decommissioning Costs to be Recovered through Emergency Rates:		
Total Decommissioning Costs		(716,040)
Total Proceeds from Sale of Assets		1,963,000
50% of Unrecovered Rate Base		<u>(3,007,345)</u>
Total		<u>(1,760,385)</u>

CONCORD STEAM CORPORATION
Rate Base

	Supporting Schedule (Bates Page)	Test Year Ending <u>12/31/2015</u>	Test Year Ending <u>12/31/2015</u>
Plant in service	CSC 3-B (65)	12,720,290	
Less: accumulated Depreciation	CSC 3-B (65)	<u>(6,245,494)</u>	
Net Utility Plant		<u>6,474,796</u>	6,474,796
Plus			
Cash working capital	SPF-1 p. 10	494,452	
Materials and supplies	CSC 3-B (65)	122,522	
Prepayments	CSC 3-B (65)	30,860	
Deferred Taxes (sched 2 p. 59)	CSC 2 (59)	<u>615,896</u>	
		<u>1,263,730</u>	1,263,730
Less			
Deferred Taxes (Sched 3B)	CSC 3-B (65)	1,178,813	
Investment tax credit			
Customer deposits (Sched 3-B)	CSC 3-B (65)	1,100	
Customer advances			
Contribution in aid of construction	CSC 3-B (65)	671,975	
CIAC accum amortization	CSC 3-B (65)	<u>(128,051)</u>	
		<u>1,723,837</u>	<u>(1,723,837)</u>
Rate Base			<u>6,014,689</u>

CONCORD STEAM CORPORATION
Working Capital

	<u>Company Proformed Test Year</u>	<u>Settlement Proformed Test Year</u>	<u>Company Over/(Under) Settlement</u>
Operational Expenses for Proformed Test Year (SPF-1 p. 2)	8,554,059	6,962,957	1,591,102
Less: Depreciation & Amortization	<u>(127,977)</u>	<u>(3,007,345)</u>	<u>2,879,368</u>
Net O&M	8,426,082	3,955,612	4,470,470
Monthly Average (Net O&M / 12 months)	702,174	329,634	372,539
45 day average (1.5 * monthly average)	<u>1,053,260</u>	<u>494,452</u>	<u>558,809</u>
Total Working Capital	<u><u>1,053,260</u></u>	<u><u>494,452</u></u>	<u><u>558,809</u></u>

CONCORD STEAM CORPORATION
Capital Structure & Weighted Cost of Capital
December 31, 2015

Source: CSC 2015 Annual Report

<u>Item</u>	<u>Amount</u>	<u>Component Ratio (%)</u>	<u>Component Cost Rate(%)</u>	<u>Weighted Average Cost Rate (%)</u>
Common Stock	\$3,176,409	65%	3.07%	1.99%
Long Term Debt	\$179,186	4%	0.00%	0.00%
Short Term Debt	\$1,540,013	31%	2.73%	0.86%
Total	\$4,895,608	100%		2.85%

Capital Structure per Concord Steam 2015 Annual Report

Annual Report
Page/Acct No.

	<u>Ending Bal.</u>				
Capital Stock	91,200				109/200 & 201
Capital Surplus	220,653				113/270
Earned Surplus	2,864,556				113/271
Equity	3,176,409		9.50%		
Long Term Debt		<u>ratio</u>	<u>interest rate</u>	<u>weighted Avearge Cost</u>	
TD Bank	132,585	73.99%	4.07%	3.01%	109/210-213
Term Loan	3,141	1.75%	2.90%	0.05%	109/210-213
Lease to Purchase	21,901	12.22%	4.90%	0.60%	109/210-213
Truck Loan	21,559	12.03%	2.99%	0.36%	109/210-213
Weighted Average	179,186			4.02%	
Short Term Debt		<u>Beg. Bal.</u>	<u>Average Bal.</u>		
TD Bank	1,040,013	993,869	1,016,941		110/220
Bloomfield	500,000	345,000	422,500		110/220
	1,540,013		1,439,441		
Interest Paid			39,363		110/220
Computed Rate			2.73%		



Concord Steam
P.O. Box 2520
Concord, NH 03302-2520
Fax: 603. 224. 7816
Tel: 603. 224. 1461

Steam and Power Generation

MEMORANDUM

To: Jack Dunn, Business Administrator
Concord School District, SAU8

cc: Peter Bloomfield, President
Concord Steam Corporation
Steve Frink, Assistant Director Gas and Water Division
NH Public Utilities Commission

From: Mark Saltsman, VP
Concord Steam Corporation

Re: Special Contracts for Abbot-Downing /Christa McAuliffe elementary
schools (2012) and Concord School District (2016)

Date: June 8, 2016

Concord Steam Corporation ("CSC") provides this memorandum to confirm discussions between the Concord School District ("CSD") represented by Jack Dunn, CSD's Business Administrator, and CSC, represented by Mark Saltsman its Vice President and General Manager.

1. **Abbot-Downing and Christa McAuliffe elementary schools:** In 2010 CSC and CSD (individually, "a party", and together, "the parties") entered into discussions regarding a special contract for steam sales at the yet to be constructed Abbot-Downing and Christa McAuliffe schools. Under the terms of the proposed contract, CSD agreed to pay CSC for the cost of the installation of the steam line and in return CSC would give the CSD a discounted rate for steam sales. It was understood by the parties that as a condition precedent, the contract required approval by the New Hampshire Public Utilities Commission ("NHPUC"). The effective date of the proposed contract was September 2012. Contract language was finalized and agreed upon by both parties who sent the proposed contract to their respective attorneys for review. Upon recent inquiries from NHPUC staff, neither party could find a fully executed document nor was there one that had been filed with the NHPUC. Both parties are unaware of what happened to the contract document or whether it was fully executed.



Notwithstanding the lack of a fully executed and approved special contract, both CSC and CSD have been operating under the financial terms of the proposed steam sales agreement since 2012. Both CSC and CSD agree that neither party willfully misplaced or mishandled the document nor was it the intent of either party to withhold it from approval by the NHPUC. The discounted rate under the terms of the contract has resulted in a discount of approximately \$248,000 to date.

CSC and CSD agree, despite the absence of a fully executed steam sales agreement, that both parties acted in good faith and that CSC will not seek reimbursement from CSD for the discounts already given for Abbot-Downing and Christa McAuliffe elementary schools. Furthermore, to the extent that CSC seeks NH PUC approval for the past and any future discounted rate, CSD agrees to support CSC's request for approval.

2. **Concord School District Long Term Special Contract:** CSC and CSD began negotiations on a special contract for steam sales in September of 2014. The contract called for the inclusion of schools that were currently being served by CSC and its steam system. In particular it called for a special rate to be given to the Concord High School. The special contract was finalized and a petition submitted to the NHPUC in January 2016 for contract approval. CSC has billed CSD at the tariff rate for Concord High School usage but CSD has been paying the proposed discounted rate on Concord High School usage since November 1, 2014. CSC has accepted these partial payments in advance of NHPUC approval with the understanding that the discounts were a liability for CSD should the PUC not approve the special contract (i.e. that CSC would recoup the difference between the tariff rate and the discounted rate from CSD if the NHPUC did not approve the contract).

In a memo to the NH PUC Commissioners dated April 1, 2016, NHPUC Staff recommended the Commissioners not approve the special contract for a variety of reasons listed in the memo. Specifically, Staff indicated that it wouldn't recommend that the discounts be allowed "retroactively". CSC and CSD have agreed that CSD will reimburse CSC for discounts given, a total of \$377,567 to date, and that CSC would cease providing CSD with a discounted rate. To date, CSD has paid CSC approximately \$140,864 and has agreed to pay CSC the remaining amount of \$236,703.

3. **Status of the Petition for Special Contract (NHPUC Docket DG 16-016):** CSC and CSD agree that because the Special Contract for Steam Service as submitted



to the NHPUC does not have the support from Commission Staff that it is in the best interests of both parties for CSC to withdraw the petition and to begin negotiating a new agreement in an effort to address the concerns expressed in the NHPUC Staff's April 1, 2016 summary of recommendations.

Please let us know if you disagree with the representation of discussions as outlined by this agreement or would like to schedule a call to discuss further.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**

DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**