

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

**CONCORD STEAM CORPORATION.
PETITION FOR RATE INCREASE**

Docket No. DG 12-242

**SETTLEMENT AGREEMENT ON
RATE INCREASES & RATE DESIGN**

This Settlement Agreement on meter charges, cost of energy (COE) and usage rates (“Settlement Agreement”) is entered into this fifteenth day of March, 2013, by Concord Steam Corporation (“Concord Steam,” or “the Company”) and the Staff of the New Hampshire Public Utilities Commission (“Staff”), and is intended to resolve all outstanding issues in the above-captioned docket, including, but not limited to, COE cost components, permanent rate levels and specific rate design modifications.

1. INTRODUCTION AND PROCEDURAL HISTORY

1.1. On September 4, 2012, Concord Steam submitted a permanent rate filing seeking an increase in its annual revenue requirement of \$862,584. The Company’s filing proposes that \$549,600 of the increase be recovered through distribution rates, and includes proposed tariff pages with an effective date of November 1, 2012 designed to increase its revenues by \$549,600. Along with its request for a permanent rate increase, the Company filed a Petition for Temporary Rates seeking a temporary rate increase of \$549,600 to take effect

with service rendered on and after November 1, 2012.¹ The Company also indicated that it would seek to recover \$312,984 in certain costs related to steam production but historically recovered through usage rates through its COE charge. Specifically, the Company is seeking to transfer ash disposal costs, boiler chemical costs, state air permit fees, and water and sewer charges to the Company's COE for recovery through the COE rate going forward.² The net effect of the \$549,600 increase in revenues through usage rates and the transfer of \$312,984 in steam production-related costs to the Company's COE rate is an increase of \$862,584.

- 1.2. On September 14, 2012, the Commission issued Order No. 25,410 suspending the Company's proposed tariff revisions and scheduling a prehearing conference for June 16, 2011, and scheduling a prehearing conference and hearing on the petition for temporary rates on October 23, 2012, as well as a technical session for October 4, 2012.
- 1.3. On October 19, 2012, Concord Steam, with the concurrence of Staff, filed a settlement agreement between Concord Steam and Staff with regard to temporary rates. The settlement agreement provided for an increase in Concord Steam's annual revenue of \$582,412, of which \$296,428 would be recovered through an increase in base rates, and \$312,984 would be recovered through a shift of certain steam production costs to Concord Steam's 2012-2013 COE

¹ Because the Company sought a temporary rate increase equivalent to the permanent increase it requested, the Company did not include separate tariff pages for temporary rates.

² The Company's 2012-2013 Cost of Energy, as approved by the Commission in Order No. 25,436 (November 1, 2012), in Docket No. DG 12-270, includes these cost components.

rates. This shift in test year 2011 steam production costs to 2012-2013 COE rates was approved by the Commission in Order No. 25,436, subject to reconciliation and Staff's review of the appropriateness of such shifting going forward through Docket No. DG 12-242.

- 1.4. On October 19, 2012, Stephen P. Frink, Assistant Director of the Commission's Gas and Water Division, submitted written pre-filed testimony regarding Staff's position on the settlement agreement.
- 1.5. On October 23, 2012, the hearing on temporary rates was held as scheduled.
- 1.6. The Commission issued Order No. 25,432 on October 30, 2012 approving the settlement agreement regarding temporary rates and authorizing the proposed temporary rate increase.
- 1.7. The Audit Staff of the Commission conducted an investigation and audit of Concord Steam concerning test year information provided with the Company's request for a permanent rate increase. Concord Steam responded to data requests from the Audit Staff and provided comments on the Draft Audit Report dated February 7, 2013. The results of the Audit Staff's review and recommendations are included in its Final Audit Report dated February 15, 2013.
- 1.8. The Staff issued several sets of data requests each comprised of numerous questions to which Concord Steam responded. The Company and Staff met in a technical session February 21, 2013. Settlement discussions between the

Company and Staff took place on multiple dates during February and March 2013, which discussions ultimately led to this Settlement Agreement.

2. REVENUE REQUIREMENT

- 2.1. The Company and Staff agree to an annual revenue increase of \$732,000 effective May 1, 2013. This increase is to be recovered through the going-forward transfer of certain supply-related costs to the COE rate component totaling \$312,984 of test year delivery costs, an increase in annual meter revenue of \$27,851, and an increase in annual usage revenue of \$391,165. The cost transfer and revenue increases produce a total increase of \$732,000, or 15.1%, in test year revenues. The revenue requirement schedules supporting Concord Steam's overall revenue requirement and incorporating the provisions of this agreement are attached as Exhibit 1.
- 2.2. Company and Staff agree that the Company should be authorized to transfer certain categories of steam production-related costs that have been historically recovered through usage rates *i.e.*, ash disposal costs, boiler chemical costs, state air permit fees, and water and sewer charges – to the Company's COE. The pro forma test year amount of those costs was \$312,984. These specific categories of costs are delineated in Exhibit 1.
- 2.3. The Company and Staff agree to a \$27,851 increase in the annual meter revenues.

- 2.4. The Company and Staff agree to a \$391,165 increase in the annual usage revenues.
- 2.5. The Company and Staff agree that Concord Steam will not be entitled to, or seek, recoupment the difference between temporary and permanent rates.
- 2.6. The Company and Staff agree that Concord Steam's prudently incurred Rate Case Expense of \$19,536 shall be recovered over a twelve month period beginning May 1, 2013 through a \$0.16 per Mlb surcharge. As part of its 2013-2014 COE filing, Concord Steam shall file a reconciliation of the rate case expense and rate case expense surcharge revenue and a recommendation for treatment of any remaining under- or over-recovered balance. The schedules supporting Concord Steam's rate case expense surcharge attached as Exhibit 2.

3. RATE DESIGN

- 3.1. **Meter Charge:** Concord Steam will implement a winter monthly meter charge for small, medium and large meters, October through May, and a summer monthly meter charge June through October, effective May 1, 2013 as follows:

| Meter Charge | | |
|--------------|----------------------|----------------------|
| | Winter (8 Months) | Summer (4 Months) |
| Small | \$20 | \$16 |
| Medium | \$50 | \$16 |
| Large | \$110 | \$16 |

- 3.2. **Usage Rate:** Concord Steam will maintain the current three tiered declining block rate structure with new rates effective May 1, 2013 as follows:

| Usage Rates | |
|-------------------------------|---------|
| Monthly Volume - M (1000) lbs | Rate |
| 0-500 | \$21.50 |
| 501-2000 | \$20.34 |
| > 2000 | \$16.85 |

3.3. **Class Allocation:** The combined increases in the COE, meter charge and usage rates are allocated to customer classes such that each class will see a comparable bill impact, as reflected in Exhibit 3. The adoption of this revenue allocation for purposes of this settlement does not represent agreement as to any specific methodology or calculation for the derivation thereof.

4. TARIFF CHANGES

4.1. The Company and Staff agree to the tariff changes shown in Exhibit 4.

5. GENERAL PROVISIONS

5.1. This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and any of the Company and Staff is unable to agree with the changes, conditions or findings, this Settlement Agreement shall be deemed to be withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.

- 5.2. Under this Settlement Agreement, the Company and Staff agree to this joint submission to the Commission, which represents a compromise and liquidation of all issues in this proceeding.
- 5.3. The Company and Staff agree that the Commission's acceptance of this Settlement Agreement does not constitute continuing approval of, or precedent for, any particular issue in this proceeding. Acceptance of this Settlement Agreement by the Commission shall not be deemed to constrain the Commission's exercise of its authority to promulgate future orders, regulations or rules that resolve similar matters affecting other Company and Staff in a different fashion.
- 5.4. This Settlement Agreement shall not be deemed an admission by the Company and Staff that any allegation or contention in this proceeding, other than those specifically agreed to herein, is true and valid. This Settlement Agreement shall not be construed to represent any concession by the Company and Staff Party hereto regarding positions taken with respect to Concord Steam's permanent rate request in this docket, nor shall this Settlement Agreement be deemed to foreclose Concord Steam and Staff in the future from taking any position in any subsequent proceedings. The revenue requirement amounts associated with each of the rate adjustments detailed herein are liquidated amounts that reflect a resolution of all the issues in this proceeding.
- 5.5. The Company and Staff agree that all pre-filed testimony and supporting documentation should be admitted as full exhibits for the purpose of

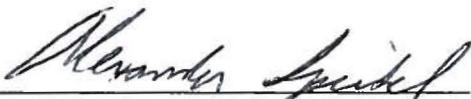
consideration of this Settlement Agreement, and be given whatever weight the Commission deems appropriate. Consent by the Company and Staff to admit all pre-filed testimony without challenge does not constitute agreement by the Company and Staff that the content of the pre-filed testimony is accurate or that the views of the witnesses should be assigned any particular weight by the Commission. In addition, the resolution of any specific issue in this Settlement Agreement does not indicate the Company and Staff's agreement to such resolution for purposes of any future proceedings.

- 5.6. The rights conferred and the obligations imposed on the Company and Staff by this Settlement Agreement shall be binding on or inure to the benefit of any successors in interest or assignees as if such successor or assignee was itself a signatory party. The Company and Staff agree to cooperate in advocating that this Settlement Agreement be approved by the Commission in its entirety and without modification.
- 5.7. This Settlement Agreement is the product of confidential settlement negotiations. The content of these negotiations, including any documents prepared during such negotiations for the purpose of reaching a settlement, shall be privileged and all offers of settlement shall be without prejudice to the position of the Company and Staff presenting such offer.
- 5.8. This Settlement Agreement may be executed in multiple counterparts, which together shall constitute one agreement.

6. CONCLUSION

6.1. The Company and Staff affirm that the proposed Settlement Agreement will result in just and reasonable rates and should be approved.

**STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

By: 
Alexander Speidel, Staff Attorney

CONCORD STEAM CORPORATION

By: 
Peter Bloomfield, P.E.
President, Concord Steam Corporation

CONCORD STEAM CORPORATION
Revenue Requirement

| | <u>Reference</u> | <u>Settlement</u> |
|--|------------------|-------------------|
| Rate Base Proposed | p. 5 | 5,273,417 |
| Rate of Return | p. 7 | 5.70% |
| Income Required | | 300,501 |
| Net Operating Income | p. 3 | (234,399) |
| Revenue Deficiency before Taxes | | 534,900 |
| Income Tax | p. 2 | 197,100 |
| Revenue Deficiency | | 732,000 |
| Pro Forma Revenue Requirement | | 5,218,528 |
| Increase in Annual Revenue | | |
| Percent Increase - Total Revenues | | |
| Revenue Deficiency | | 732,000 |
| Test Year Revenues | p.3 | 4,853,437 |
| Percent Increase | | 15.08% |
| Percent Increase - Base Revenues | | |
| Revenue Deficiency | | 419,016 |
| Test Year Base Revenues | | 2,744,195 |
| Percent Increase | | 15.27% |
| Percent Increase - COE Revenues | | |
| Revenue Deficiency | | 312,984 |
| Test Year COE Revenues | p.3 | 2,109,242 |
| Percent Increase | | 14.84% |

CONCORD STEAM CORPORATION
State & Federal Income Tax Computation - Utility Operations

| Line No. | Description | Settlement |
|---------------------|--|-----------------------|
| 1 | Calculation of State Income Tax | |
| 2 | Revenue Deficiency before Taxes | 534,900 |
| 3 | Less: Test Year Loss | <u>(234,399)</u> |
| 4 | Operating Income Before Taxes | 300,501 |
| 5 | Tax Gross-up Factor | 1.6559 |
| 6 | Revenue Deficiency | 497,601 |
| 7 | State Income Tax (Note 2) | <u>42,296</u> |
| 8 | Income Subject to Federal Income Tax (income less state tax) | 455,305 |
| 9 | Federal Income Tax | <u>154,804</u> |
| 10 | Total Federal & State Taxes | <u>197,100</u> |

CONCORD STEAM CORPORATION
Operating Income Statement

| | CSC | CSC | CSC | Staff | Staff |
|--|------------------|------------------|------------------|------------------|------------------|
| | Test Year | Adjustments | Pro Forma | Adjustments | Pro Forma |
| | Test Year | Adjustments | Test Year | Adjustments | Test Year |
| Revenues | | | | | |
| Base Rate | 2,131,573 | (296,097) | 1,835,476 | (972) | 1,834,504 |
| Fuel Charge | 2,109,242 | 376,081 | 2,485,323 | 8,000 | 2,493,323 |
| Meter Charge | 29,750 | (490) | 29,260 | (145) | 29,115 |
| Electricity Sales | 94,733 | (50,000) | 44,733 | | 44,733 |
| Other | 488,139 | (413,665) | 74,474 | 10,379 | 84,853 |
| Total Operating Revenues | 4,853,437 | (384,171) | 4,469,266 | 17,262 | 4,486,528 |
| | | 83,314 | 13,427 | 96,741.28 | |
| Expenses | | | | | |
| Production - Fuel Costs | 2,199,323 | | 2,199,323 | | 2,199,323 |
| Production - Other (sewer, loader, elec, etc.) | 1,200,181 | 22,273 | 1,222,454 | 948 | 1,223,402 |
| Distribution O&M | 522,775 | (325,672) | 197,103 | (1,791) | 195,312 |
| Customer Accounts Expense | 43,031 | 1,291 | 44,322 | | 44,322 |
| Sales & New Business | 3,137 | | 3,137 | | 3,137 |
| Admin & General Expenses | 590,784 | 40,181 | 630,965 | (10,433) | 620,532 |
| Write off uncollectable expense | 18,025 | | 18,025 | | 18,025 |
| Depreciation | 250,327 | | 250,327 | | 250,327 |
| Amortization | (6,875) | | (6,875) | | (6,875) |
| Operating Rents, net | 243,704 | | 243,704 | | 243,704 |
| Taxes Other Than Income Taxes - Property | 120,940 | | 120,940 | - | 120,940 |
| Final Audit Report Net Adjustments - Expenses | | | | (148,354) | (148,354) |
| Total Operating Expenses | 5,185,352 | (261,927) | 4,923,425 | (159,630) | 4,763,795 |
| Operating Income Before Federal Income Taxes | (331,915) | (122,244) | (454,159) | 176,892 | (277,267) |
| State Income Taxes/BET | - | - | - | | 0 |
| Federal Income Taxes | - | | 0 | - | 0 |
| Deferred State Income Tax | - | | | | 0 |
| Deferred Federal Income Tax | (42,868) | - | (42,868) | | (42,868) |
| Total Income Taxes | (42,868) | - | (42,868) | - | (42,868) |
| Operating Income After Federal & State Income Taxes | (289,047) | (122,244) | (411,291) | 176,892 | (234,399) |

CONCORD STEAM CORPORATION
Summary of Income Statement Adjustments

| | | |
|--|------------------|------------------|
| Revenue - CSC Adjustments | | (384,170) |
| Reduced sales related to customers that have terminated service | (38,937) | |
| Increase sales - Weather normalization (test year warmer than normal) | 55,825 | |
| 2011 expenses to recovered through the COE | (312,984) Note 1 | |
| | <u>(296,096)</u> | |
| | | |
| COE 2011 under recovery as of December 31, 2011 | 90,081 | |
| 2011 Expenses to COE (adjusted for COE under recovery as of 12/31/11) | 286,000 | |
| | <u>376,081</u> | |
| | | |
| Reduce meter revenue for lost customers | (490) | |
| Reduce electric revenue - price being paid for electricity lower in 2012 | (50,000) | |
| Revenue from 3 major installation projects for customers in 2011 | (413,665) | |
| | | |
| Revenue - Staff Adjustments | | 17,262 |
| 2011 test year revenue from lost customers | (972) | |
| COE revenue for boiler chemicals understated | 8,000 | |
| Reduce meter revenue for lost customers | (145) | |
| Net change resulting from Final Audit Report findings | 10,379 | |
| | | |
| Total Test Year Pro forma Revenue Adjustment - Net Decrease | | (366,908) |
| | | |
| Operating Expense - CSC Adjustments | | (261,927) |
| Increase in production expenses, normal weather less customer losses | 1,322 | |
| Increase in production labor, normal weather less customer losses | 20,951 | |
| | <u>22,273</u> | |
| | | |
| Outside expense for three customer installation projects | (325,672) | |
| Increase in production labor rates - 3% | 1,291 | |
| A&G increases - 3% salary, 10% insurance & gas, 5% all others | 40,181 | |
| | | |
| Operating Expense - Staff Adjustments | | (159,630) |
| Increased expense for adjusted sales | 948 | |
| A & G increases - all others 1.95% (inflation rate) | (10,433) | |
| Decrease expense - overstated outside expense for customer installations | (1,791) | |
| Net change resulting from Final Audit Report findings (see p. 3) | (148,354) | |
| | | |
| Total Test Year Pro forma Operating Expense Adjustment - Net Decrease | | (421,557) |
| | | |
| Note 1 Test year expenses transferred to COE | | 312,984 |
| Water and Sewer charges | 214,539 | |
| Ash disposal | 24,369 | |
| State Air Permit fees | 37,424 | |
| Boiler Chemicals | 36,652 | |

CONCORD STEAM CORPORATION
Average Rate Base

| | (Note 1) Total Gas Plant In Service | Accumulated Depreciation | Utility Materials & Supplies A/C 151-154 | Prepayments | Deferred Taxes | Deferred Taxes | Customer Deposits | CIAC | Amortization of CIAC | (Total) Net Utility Plant Service |
|----------------------------------|--|-----------------------------|--|-------------|-------------------|-------------------|----------------------|-------------|-------------------------|---|
| December-07 | 11,418,663 | (5,765,888) | 297,665 | 31,385 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,819,446 |
| January-08 | 11,424,198 | (5,786,060) | 286,169 | 29,055 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,790,983 |
| February-08 | 11,425,824 | (5,806,233) | 279,531 | 19,120 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,755,863 |
| March-08 | 11,446,654 | (5,826,406) | 175,236 | 9,185 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,642,290 |
| April-08 | 11,465,647 | (5,846,579) | 145,005 | 25,884 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,627,578 |
| May-08 | 11,469,368 | (5,866,751) | 147,949 | 15,948 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,604,135 |
| June-08 | 11,495,886 | (5,886,924) | 154,044 | 66,585 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,667,212 |
| July-08 | 11,534,509 | (5,907,097) | 144,788 | 56,490 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,666,311 |
| August-08 | 11,601,378 | (5,927,270) | 165,216 | 46,394 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,723,339 |
| September-08 | 11,615,319 | (5,947,442) | 147,613 | 36,299 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,689,410 |
| October-08 | 11,665,016 | (5,967,615) | 162,526 | 26,204 | (1,156,409) | 586,294 | - | (671,975) | 79,711 | 4,723,752 |
| November-08 | 11,678,535 | (5,987,788) | 175,698 | 16,108 | (1,156,409) | 586,294 | (600) | (671,975) | 79,711 | 4,719,574 |
| December-08 | 11,737,336 | (6,001,809) | 210,811 | 14,536 | (1,168,377) | 641,131 | (600) | (671,975) | 89,379 | 4,850,432 |
| Subtotal | 149,978,333 | (76,523,862) | 2,492,251 | 393,193 | (15,045,285) | 7,676,659 | (1,200) | (8,735,675) | 1,045,911 | 61,280,325 |
| 13 month average | 11,536,795 | (5,886,451) | 191,712 | 30,246 | (1,157,330) | 590,512 | (92) | (671,975) | 80,455 | 4,713,871 |
| Company Rate Base (13 months) | 11,536,795 | (5,886,451) | 191,712 | 30,246 | (1,157,330) | - | 92 | (671,975) | 80,455 | 4,123,544 |

| | Company | Staff |
|---|-----------|-----------|
| Utility Plant in Service (13 month average) | 4,123,544 | 4,713,871 |
| Plus: Working Capital | 579,638 | 559,684 |
| Less: Intangible Property - Organization (13 month average) | | (139) |
| Rate Base | 4,703,182 | 5,273,417 |

Note 1: Net of Construction Work in Progress.

CONCORD STEAM CORPORATION
Working Capital

| | <u>Proformed Test Year</u> |
|---|---------------------------------------|
| Total O&M & Income Tax - test year (Income Statement) | 4,720,927 |
| Less: Depreciation & Amortization (Income Statement) | <u>(243,452)</u> |
| Net O&M | 4,477,475 |
| Monthly Average (Net O&M / 12 months) | 373,123 |
| 45 day average (1.5 * monthly average) | 559,684 |
| Total Working Capital | <u><u>559,684</u></u> |

CONCORD STEAM CORPORATION
Overall Rate of Return
Traditional Ratemaking Purposes

| <u>Item</u> | <u>Amount</u> | <u>Component Ratio (%)</u> | <u>Component Cost Rate(%)</u> | <u>Weighted Average Cost Rate (%)</u> |
|-----------------|---------------|----------------------------|-------------------------------|---------------------------------------|
| Common Stock | \$2,897,396 | 64% | 6.92% | 4.44% |
| Long Term Debt | \$552,762 | 12% | 4.06% | 0.50% |
| Short Term Debt | \$1,062,643 | 24% | 3.22% | 0.76% |
| Total | \$4,512,801 | 100% | | 5.70% |

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rev 3/8/13

Report of Proposed Rate Changes
Test Year ending Dec. 31, 2011

Actual sales are not weather normalized, lost customers are removed from data
 Average increase in Usage Rate 18.0% 391,016
 Increase in Energy Charge 18.4% 312,984 shift from usage
 Meter charge increase 27,851
 731,851

Proposed changes of Meter Charges

| | Existing | Proposed |
|--------|----------|----------|
| Small | 10 | 20 |
| Medium | 25 | 50 |
| Large | 40 | 110 |
| Summer | | 16 |

| | 2012 COE | New COE | Increase in COE |
|--------|----------|---------|-----------------|
| \$/Mlb | \$17.80 | \$21.08 | 18.4% |

Effect on customer classes (average customer)

| Meter Size | 2011 | | Ave Meter Charge | Ave Usage Charge | COE Charge | Total |
|------------|---------------------|---------------------|------------------|------------------|------------|------------|
| | Average use Mlbs/yr | Number of Customers | | | | |
| Small | 170 | 78 | \$ 73 | \$ 3,132 | \$ 2,815 | \$ 6,020 |
| Med | 730 | 79 | \$ 210 | \$ 12,991 | \$ 11,694 | \$ 24,895 |
| Large | 3800 | 15 | \$ 370 | \$ 69,294 | \$ 64,476 | \$ 134,140 |
| | | | | 18.24 | | |

| Meter Size | Amount of Increase in annual revenue | | | |
|------------|--------------------------------------|-----------|-----------|-----------|
| | Meter | Usage | COE | Total |
| Small | \$ 73 | \$ 501 | \$ 519 | \$ 1,093 |
| Med | \$ 210 | \$ 2,338 | \$ 2,155 | \$ 4,703 |
| Large | \$ 648 | \$ 12,612 | \$ 11,881 | \$ 25,140 |

| Meter Size | Total average annual revenue with increases | | | |
|------------|---|-----------|-----------|------------|
| | Meter | Usage | COE | Total |
| Small | \$ 146 | \$ 3,633 | \$ 3,334 | \$ 7,113 |
| Med | \$ 420 | \$ 15,329 | \$ 13,849 | \$ 29,598 |
| Large | \$ 1,018 | \$ 81,906 | \$ 76,357 | \$ 159,280 |

| Meter Size | % change | | | |
|------------|----------|-------|-------|--------|
| | Meter | Usage | COE | Total |
| Small | 100% | 16.0% | 18.4% | 18.15% |
| Med | 100% | 18.0% | 18.4% | 18.89% |
| Large | 175% | 18.2% | 18.4% | 18.74% |

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Concord Steam

REVENUE PROOF

3/14/13

| | 2011 Total Mlbs/yr | Number of Customers | Total Meter Charge | Total Usage Charge | COE Charge | Total |
|---------------|--------------------------|------------------------|--------------------------|--------------------------|---------------|--------------|
| Small | 13,224 | 78 | \$ 5,750 | \$ 245,748 | \$ 220,823 | \$ 472,322 |
| Med | 57,354 | 79 | \$ 16,775 | \$ 985,882 | \$ 957,800 | \$ 1,960,457 |
| Large | 53,049 | 15 | \$ 5,610 | \$ 855,305 | \$ 887,470 | \$ 1,748,385 |
| subtotal | 123,627 | | \$ 28,135 | \$ 2,086,935 | \$ 2,066,094 | \$ 4,181,164 |
| Other Revenue | | | | | | \$ 119,207 |
| Total Revenue | | | | | | \$ 4,300,371 |

| Projected Total | | Weather normalized, COE at 17.80/Mlb | | | |
|-----------------|-------|--------------------------------------|--------------|--------------|--------------|
| Mlbs/yr | | Meter | Usage | COE | Total |
| 13,700 | Small | \$ 5,750 | \$ 254,595 | \$ 243,862 | \$ 504,207 |
| 59,361 | Med | \$ 16,775 | \$ 1,020,388 | \$ 1,056,625 | \$ 2,093,788 |
| 54,906 | Large | \$ 5,610 | \$ 885,241 | \$ 977,323 | \$ 1,868,173 |
| 127,967 | Total | \$ 28,135 | \$ 2,160,224 | \$ 2,277,810 | \$ 4,466,169 |
| Other Revenue | | | | | \$ 119,207 |
| Total Revenue | | | | | \$ 4,585,376 |

| | | Amount of Increase in annual revenue | | | |
|------|-------|--------------------------------------|------------|------------|------------|
| | | Meter | Usage | COE | Total |
| 3.07 | Small | \$ 4,951 | \$ 40,552 | \$ 33,511 | \$ 79,014 |
| 3.28 | Med | \$ 14,447 | \$ 188,053 | \$ 145,197 | \$ 347,697 |
| 3.06 | Large | \$ 8,454 | \$ 162,457 | \$ 134,300 | \$ 305,210 |
| | Total | \$ 27,851 | \$ 391,062 | \$ 313,007 | \$ 731,920 |

| | | Total annual revenue with increases, weather normalized | | | |
|---------------|-------|---|--------------|--------------|--------------|
| | | Meter | Usage | COE | Total |
| 21.50 | Small | \$ 10,701 | \$ 294,553 | \$ 277,373 | \$ 583,221 |
| 20.36 | Med | \$ 31,222 | \$ 1,208,441 | \$ 1,201,822 | \$ 2,441,484 |
| 19.08 | Large | \$ 14,064 | \$ 1,047,697 | \$ 1,111,622 | \$ 2,173,383 |
| | Total | \$ 55,986 | \$ 2,550,691 | \$ 2,590,817 | \$ 5,198,089 |
| Other Revenue | | | | | \$ 119,207 |
| Total Revenue | | | | | \$ 5,317,296 |

| | | % change actual 2011 vs normalized projected | | | |
|-------|--|--|-------|-------|-------|
| | | Meter | Usage | COE | Total |
| Small | | 86% | 16.1% | 15.2% | 16.7% |
| Med | | 86% | 18.6% | 15.2% | 17.7% |
| Large | | 151% | 18.5% | 15.1% | 17.5% |
| Total | | 99% | 18.7% | 15.1% | 17.5% |

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Company making the investment necessary to supply the desired service under the applicable rate. Reference is made to the provisions of the Company's Line Extension Policy hereinafter set forth.

3. **Discontinuance and/or Restoration of Service.** Service may be discontinued on due notice in accordance with the Rules and Regulations of the Public Utilities Commission whenever the Customer (1) fails to pay and bill for service when dues, or (2) fails to perform any of his obligations to the Company, or (3) the Company deems it necessary to protect itself from fraud. To have service restored after such discontinuance, a charge as stated in the rate schedule and, at the discretion of the Company the payment of a deposit in accordance with section 4.

Service hereunder is subject to all provisions now or hereafter in existence embodied in the enactments, orders, ordinances, rules and regulations of any and all the bodies action with authority whether state, local or federal, and the Customer will adjust his system at any time to bring the same in accordance therewith; and if any such enactments, orders, ordinances, rules or regulations impose burdens upon the Company which, in opinion of the Company, make it unprofitable for the Company to continue to supply of steam, the company shall have the right to discontinue the supply of steam hereunder on reasonable notice to the Customer.

In case the rights and privileges, which the Company now has or may obtain, without additional cost to it, in and through and premises, streets,

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Concord Steam Corporation

N.H.P.U.C. No. 2 Steam
3rd revised Page No. 10
Superceding 2nd revised Page No. 10

extend its supply pipes and mains on the following basis: it will estimate the annual steam consumption by months of the potential customer(s) and compute the annual bill for steam based upon Steam Service Rate- Classification G including the Energy Cost Adjustment which is in effect for the twelve month projection period during which the potential customer(s) will receive normal service from the Company. If the Company and the customer(s) agree on the extension based on such projection, the Company will construct the extension. The Company will defray the cost of the extension up to the amount equal to the cost of the steam to be purchased by the customer(s) during the twelve-month projection period, and the customer(s) shall defray the balance of such cost. The Company will at its expense furnish the facilities specified in section 7 of the Terms and Conditions of this Tariff.

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RATES AND CHARGES

Service classification G (General)

RATES

Usage Rate:

| | |
|--|--------------------------|
| First 500 M (1000) lbs per month | \$ <u>21.50</u> per M lb |
| All over 500 M lbs up to 2.000 M lbs per month | \$ <u>20.34</u> per M lb |
| All over 2.000 M lb per month | \$ <u>16.85</u> per M lb |

Meter Charge:

For steam service from October through May:

Meter Size

| | |
|-------------------------|------------------------------------|
| Type A or B | \$ <u>20</u> per month per meter, |
| Type C, D, or E | \$ <u>30</u> per month per meter, |
| Type F, G or Steam Flow | \$ <u>110</u> per month per meter, |

For steam service from June through September:

| | |
|------------|--------------------------------------|
| All meters | \$ 16 per month per meter in service |
|------------|--------------------------------------|

Cost of Energy:

Rate effective November 1, 2012 \$ 21.08

The Company may adjust monthly cost of energy charge within given range to balance annual charges.

| | |
|---------|--------------|
| Maximum | \$ 25.29/Mlb |
| Minimum | \$ 16.86/Mlb |

Terms:

Bills will be rendered within the first 15 days of each month for service during the previous month, shall be payable upon presentation and shall bear interest at the rate of 1-1/2% per month from the first of the following month on the unpaid balance.

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Concord Steam Corporation

NHPUC No. 2 Steam
3rd Revised Pg. No. 12
Superseding 2nd Revised Pg. No 12

The Calculation of the fuel charge shall be reported each month to the Public Utilities Commission and the charge so reported shall govern the billing for that month, but in no case shall the provisions of this clause apply except on the basis of the report filed with the Public Utilities Commission.

Flat Rate:

A flat unmetered rate may be charged wherever steam usage is low and is furnished for purposes other than space heating. If the appliances specified in the application for service and the probable amount of their use will result in an average consumption of less than 5,000 pounds of steam per month, service will be rendered without metering at a price equal to the bill for 5,000 pounds of steam per month. The Company will, at least once each calendar year, check the appliances and use. If in the Company's estimation the probable use will exceed an average use of 5,000 pounds per month, a meter shall be installed and the meter rate shall be applied.

Turn-On Charge:

When service has been shut off for just cause, the Customer will be charged for restoring service. ~~If steam service has been shut off at the customers request between October and May, and if the customer subsequently requests that it be turned on again before the end of May, the customer will be charged for restoring service.~~ The minimum service charge will be one hour of service technician's time at the Company's standard charge out rate, which is \$90/hr.

Terms:

Bills will be rendered within the first 15 days of each month for service during the previous month. The bills shall be payable upon presentation and shall bear interest at the rate of 1-1/2% per month from the first of the following month on the unpaid balance.

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