

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

**DG 09-\_\_\_**

**Re: Concord Steam Corporation**

**Verified Petition for Approval of Issuance of Securities Pursuant to RSA 369:7 And  
Waiver of Requirements of Puc 1106. 03**

NOW COMES Concord Steam Corporation ("CSC" or the "Company") and petitions the New Hampshire Public Utilities Commission ("the Commission"), pursuant to RSA 369:7, for authority to borrow an additional \$550,000 in short term debt, which would be in the form of an interest only loan, with payment of principal due December 31, 2009. In support of its petition, CSC states as follows:

1. CSC is a corporation duly organized and existing under the laws of the State of New Hampshire. CSC is a public utility engaged in providing steam service to commercial, industrial, and a limited number of residential customers in the City of Concord, New Hampshire.

2. The Company is currently authorized to borrow up to \$1,200,000 in short term debt. *See* Order 24,867 in DG 08-063 (authorizing CSC to increase its existing bank line of credit from \$700,000 to \$1,200,000). In addition, the Company is authorized to borrow \$1,000,000 in long-term debt pursuant to Order 24,673 in DG 06-111 (September 29, 2006). As of the date of this Verified Petition, the Company has \$ 1,000,000 in short term debt outstanding, and \$810,688 in long term debt outstanding.

3. The Company now seeks to increase its amount of short term debt from \$1,200,000 to \$1,750,000 to meet its short term working capital needs to operate the utility and

to cover the capital costs of the Rundlett Middle School steam line extension. An agreement has been reached with the Concord School district for Concord Steam to extend steam service to the Rundlett school and for the District to reimburse Concord Steam for the cost of construction. However the District does not have the funds immediately available and will not have them until a bond issue is completed. The Company's increased borrowing would be used primarily to fund the construction of this line extension until such time that the District reimburses the company for the expense. A letter of intent between the Company and the District is attached as Exhibit 1 and the proposed contract is Exhibit 2.

4. On August 12, 2009, the Company received a Commercial Financing Proposal from its current lender, TD Banknorth, N.A. (the "Lender"). The Lender has proposed to enter into a short term loan for \$550,000 (the "Loan"), which would be secured by all assets of the Company such as accounts receivable, machinery and equipment, inventory and intangible assets. The Loan would be interest only and the principal would be due on December 31, 2009 and would bear interest at a rate equal to the Wall Street Journal Prime Rate plus 200 basis points, adjusted daily. The Company would be required to maintain a minimum debt service coverage ratio of 1.20:1 measured annually against the Company's financial statements. The Loan would be personally guaranteed by Peter Bloomfield and Mark Saltsman, officers and directors of the Company. A copy of the Commercial Financing Proposal is attached to this petition as Exhibit 3. The Company estimates that the cost of the proposed financing would be \$3,875 (Exhibit 8).

5. PUC 1106.03 provides that a steam utility is prohibited from issuing or renewing any notes, bonds, or other evidences of indebtedness payable in less than 12 months if the short term debt exceeds 10% of the utility's net fixed plant, without Commission approval. The

current book value of CSC's net plant is \$7,111,584 as of December 31, 2008. See CSC balance sheet attached as Exhibit 4, which is adjusted for the financing. Thus, with the additional short term borrowing, CSC's total available short-term debt (\$1,750,000) would be in excess of 10% of the net depreciated value of the utility's plant, and thus Commission approval is required for the Loan. Attached as Exhibit 5 is CSC's operating income statement (adjusted for the financing), and a statement of CSC's capitalization ratios reflecting the borrowing, which is attached as Exhibit 6. Exhibit 7 contains a resolution of the Company's shareholders authorizing the Company to enter into the financing as proposed.

6. CSC alleges that the Loan will be consistent with the public good because it will enhance the Company's ability to perform the day-to-day work necessary to supply steam service to its customers. For the foregoing reasons, CSC requests that the Commission issue an order nisi authorizing the Company to enter into the Loan pursuant to RSA 369:7, and waiving Puc 1106.03 to allow the Company to borrow short term debt in excess of the 10% threshold.

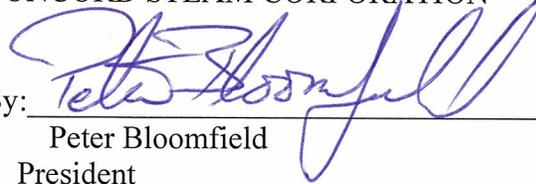
WHEREFORE, Concord Steam respectfully requests that the Commission enter an order authorizing Concord Steam to enter into the Loan and increase its short-term debt by \$550,000 for a total amount of short-term debt of \$1,750,000.

Respectfully submitted,

CONCORD STEAM CORPORATION

Date: August 13, 2009

By:



Peter Bloomfield

President

Concord Steam Corporation

PO Box 2520, Concord, NH

603-224-1461

peter@concordsteam.com

I, Peter G. Bloomfield, President of Concord Steam Corporation, being first duly sworn, hereby depose and say that I have read the foregoing Verified Petition, and the facts alleged therein are true to the best of my knowledge and belief.

Dated: 8/13/09



Peter G. Bloomfield

STATE OF NEW HAMPSHIRE  
COUNTY OF MERRIMACK

Sworn to and subscribed before me this 13<sup>th</sup> day of August 2009.

  
Justice of the Peace/Notary Public

My Commission Expires: 3/22/2011

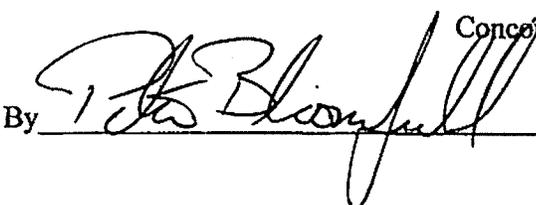
**CONCORD STEAM CORPORATION  
LETTER OF INTENT**

July 16, 2009

Concord School District SAU 8,( the Customer), hereby applies for steam service at the premises of the Rundlett Middle School at 144 South St. from the date that service begins after the installation of the service connection in accordance with the attached contract that is to be negotiated by both parties and approved by the NH Public Utilities Commission. The Customer agrees to pay for the service at the negotiated rate for all steam used during the term of this contract. The Customer agrees to pay all costs related to the installation of the steam line extension and the steam service connection as part of this negotiated contract. The aforementioned extension/connection charge will be repaid to the district through the discounted rate that is negotiated as part of the steam service contract. The customer agrees to purchase from Concord Steam its entire steam requirements and Concord Steam agrees to supply that steam for the term of this contract.

Concord School District SAU 8

By  date 7/23/09

By  date 7/23/9  
Concord Steam Corporation

**SPECIAL CONTRACT**  
**CONTRACT NO. NHPUC 3**  
**CONCORD STEAM CORPORATION**  
**WITH**  
**CONCORD SCHOOL DISTRICT, SAU 8**

Date of Execution: September 1, 2009  
Effective Date: September 1, 2009 (Subject to NHPUC Approval)  
Date of Termination: Ten Years After Effective Date Unless  
Terminated Sooner Pursuant to Terms Herein

STATEMENT OF THE SPECIAL CIRCUMSTANCES  
RENDERING DEPARTURE FROM GENERAL SCHEDULES  
JUST AND CONSISTENT WITH THE PUBLIC INTEREST

1. The service to be rendered under this Contract (the “Contract”) consists of the furnishing of steam service to Concord School District, SAU 8 legal owners of the Rundlett Middle School 144 South Street, Concord, New Hampshire 03301 at a price which takes into account the marginal cost of serving the Rundlett Middle School, the School District’s contribution of \$550,000 of installation costs for the service main required to connect the school to the steam system in addition to the School District’s contribution towards Concord Steam’s fixed costs of serving its other rate payers.
  
2. This Contract has been designed to meet the specific needs of the Rundlett Middle School while at the same time providing benefits for Concord Steam and its other customers. The parties agree that steam supply is a vital element to the Rundlett Middle School mission, in that it is crucial to supply reliable heat from a renewable resource the provides energy at stabilized pricing to the school district as well as to the taxpayers of the City of Concord. Further, the inclusion of the Rundlett Middle School steam load is important to Concord Steam, because it adds a significant increase to Concord Steam’s annual steam sales. Thus, this Contract enables the Rundlett Middle School to make use of a local renewable energy source while reducing the pricing risks that inherent with using fossil fuels and also providing a regular revenue stream from the Rundlett Middle School to Concord Steam for services provided. In turn, this will contribute significantly to holding down rates for Concord Steam’s other customers by aiding in spreading the fixed cost over a wider base without additional investment in assets.

CONTRACT FOR STEAM SERVICE BETWEEN  
CONCORD STEAM CORPORATION  
AND  
CONCORD SCHOOL DISTRICT, SAU 8  
RUNDLETT MIDDLE SCHOOL 144 SOUTH ST.

Agreement made as of this      <sup>th</sup> day of      , 2009 by and between Concord Steam Corporation ("Concord Steam"), a New Hampshire corporation with a principal place of business of P.O. Box 2520, Concord, New Hampshire 03302 and Concord School District, SAU 8 ("Rundlett Middle School"), a New Hampshire business, with a principal place of business at 144 South Street, Concord, New Hampshire 03301.

WHEREAS, Concord Steam is engaged in business as a public utility in the City of Concord in providing steam service to the public;

WHEREAS, the CONCORD SCHOOL DISTRICT is providing educational services to the public in Concord, New Hampshire. Concord Steam has supplied steam service to the CONCORD SCHOOL DISTRICT for at least the past fifteen years;

WHEREAS, the CONCORD SCHOOL DISTRICT is upgrading its mechanical heating and ventilation system and installing a main steam service at RUNDLETT MIDDLE SCHOOL;

WHEREAS, Concord Steam desires to provide steam service to the RUNDLETT MIDDLE SCHOOL upon the terms and conditions set forth in this Contract in order to increase its steam load, for the benefit of all of its customers.

NOW, THEREFORE, Concord Steam and the CONCORD SCHOOL DISTRICT for and in consideration of the mutual covenants and agreements hereinafter set forth do hereby agree as follows:

1. Rate and Usage. CONCORD SCHOOL DISTRICT shall pay Concord Steam a monthly rate that is based on the current cost of energy rate plus five (5) dollars multiplied by the monthly use.

2. Cost of Energy. The Monthly Rate includes the cost of energy, at an expected initial rate of \$17.30/Mlb. In accordance with Paragraph 1 of this Agreement, the Monthly Rate will be adjusted based on Concord Steam's applicable cost of energy, as approved by the New Hampshire Public Utilities Commission (the "Commission").

3. Payments. All amounts due and payable under this Contract shall be made in accordance with the payment terms and conditions under Concord Steam's tariff then in effect, including the applicable interest rate applied to any unpaid balances.

4. Default. Customer agrees to pay all service connection charges related to the restoring of the steam service and associated cost incurred to supply steam service by CSC if service is discontinued by the customer or by CSC if customer is in default at anytime during the

term of this agreement. In addition, the Customer agrees to re-pay any base rate discounts applied to it's account if service is discontinued by the customer or by CSC if customer is in default at anytime during the term of this agreement.

5. Term. The term of this Contract is ten years commencing on September 1, 2009.

6. Books and Records. During the Term hereof and for a period of at least two years thereafter, Concord Steam shall maintain such books and records (collectively "Records") as are necessary to substantiate that Concord Steam is in compliance with this Contract. CONCORD SCHOOL DISTRICT and its representatives shall have the right at any time during normal business hours, and upon reasonable notice, to examine the Records, make copies and take extracts therefrom and discuss the Records with Concord Steam's officers and employees as CONCORD SCHOOL DISTRICT deems necessary.

7. Regulatory Approval. Concord Steam agrees, upon execution of this Contract, to file the same with the Commission, and to request the required approval. Concord Steam agrees to use all commercially reasonable efforts to secure the regulatory approval of this Contract by the Commission. Concord Steam shall not, however, be liable to CONCORD SCHOOL DISTRICT for any damages, direct or indirect, resulting from its failure to obtain said approval. The performance by Concord Steam of its obligations under this Contract is subject to the condition that Concord Steam shall obtain from the Commission approval of this Contract as required by law.

8. Entire Agreement. This instrument constitutes the entire agreement between the parties and is executed by each without reliance upon any representations made by either to the other during the course of the negotiations with respect thereto; provided, however, that the parties understand and agree that, except to the extent it is inconsistent with this Contract, the terms of Concord Steam's tariff on file with the Commission shall govern the parties' relationship.

9. Successors and Assigns. Insofar as may be legally possible, each party covenants and agrees that the benefits and burdens of this Contract shall be binding upon the successors and assigns of each including any successor in title to all or substantially all of the properties of each.

10. Notices. Except as otherwise provided herein, all notices hereunder shall be in writing and shall be deemed to have been duly given for all purposes (i) when delivered in person, or (ii) three days after the date on which deposited in the United States mail, by registered or certified mail, return receipt requested, postage prepaid, or (iii) one day after the same is delivered to an express courier service guaranteeing overnight delivery, or (iv) when sent by telecopy transmission if receipt is confirmed and a copy is sent by regular first class mail, postage prepaid, in each case directed to the party to receive the same (which, in the case of Concord Steam, is the President and in the case of CONCORD SCHOOL DISTRICT is Superintendent of Schools, 16 Rumford Street, Concord, NH 03301) at its address stated above or at such other address as may be substituted by notice given as herein provided.

11. Amendment. This Contract may be amended only by written agreement by and between Concord Steam and CONCORD SCHOOL DISTRICT and, if required by applicable law or regulation, only if approved by the Commission. If CONCORD SCHOOL DISTRICT desires to extend the term of this Contract, it shall give notice thereof to Concord Steam not later than September 1, 2019. If Concord Steam is willing to consider such an extension, the parties shall then discuss the terms and conditions thereof and if agreement is reached with respect to such terms and conditions, such agreement shall be evidenced in writing which, if required by applicable law or regulation, shall be submitted to the Commission for its approval.

12. Applicable Law. The parties agree that this Contract shall be governed by the laws of the State of New Hampshire.

13. Headings. The headings in each section of this Agreement are for convenience of reference only, and do not form a part hereof and in no way modify or shall be used to interpret or construe the meaning of this Contract.

IN WITNESS WHEREOF the parties have caused their corporate names to be subscribed by a duly authorized officer.

CONCORD STEAM CORPORATION

By: \_\_\_\_\_

Name: Peter Bloomfield

Title: President, duly authorized

CONCORD SCHOOL DISTRICT, SAU 8

By: \_\_\_\_\_

Name:

Title: \_\_\_\_\_, duly authorized

August 13, 2009

Concord Steam Corporation  
P.O. Box 2520  
Concord, NH 03302-2520  
Attn: Peter Bloomfield, President

RE: Commercial Financing Proposal

Dear Peter,

Here is a proposal for the short term note to fund the new steam line to Rundlett Jr. High School. The proposed terms and conditions are provided for discussion purposes only at this point and do not constitute a commitment to lend. The actual terms and conditions upon which TD Bank, N.A. (*the Lender*) would provide credit is subject to the satisfactory completion of due diligence, credit approval, satisfactory review of documentation and such other terms and conditions as are determined by the Lender.

**BORROWER:** Concord Steam Corporation  
P.O. Box 2520  
Concord, NH 03302-2520

- 1.0 **Loan Type:** Time Note
- 1.1 **Loan Amount:** \$550,000.00
- 1.2 **Use of Proceeds:** The Loan proceeds would be used construct a new steam line to Rundlett Jr. High and reimburse the Borrower for working capital funds already expended on the construction of the line.
- 1.3 **Term:** The Loan would be due on December 31, 2009
- 1.4 **Interest Rate:** The interest rate would be equal to the Wall St. Journal Prime Rate Plus 2.00% adjusting on a daily basis with any changes in the Prime Rate. The interest rate would be subject to a "floor" of 5%.
- 1.5 **Repayment:** Interest payments based the outstanding principal balance, would be due and payable on a monthly basis. Principal plus any accrued but unpaid interest would be due at maturity.
- 1.6 **Collateral:** The Loan would be collateralized and secured by a valid security interest in all assets of the Borrower, including but not limited to, accounts receivable, machinery and equipment, inventory, and intangible assets, subject only to any prior liens held by the Lender
- 1.7 **Guarantors:** The loan would carry the personal guarantee(s) of Peter Bloomfield and Mark Saltsman.
- 1.8 **Origination Fee:** .25% of the Loan amount.

**2.0 Other Terms and Conditions (apply to both Loans):**

- 2.1 Insurance: The Borrower would be required to maintain insurance policies on its assets in form, matter, and amounts issued by companies satisfactory to the Bank for fire and all-risk coverage and such other hazard insurance and coverage which the Bank may require, including business interruption. The Lender would be designated as *Lender loss payee* on personal property.
- 2.2 Depository Relationship: The Borrower would continue to maintain its primary depository account(s) with the Lender during the term of the loan.
- 2.3 The Borrower and Guarantors would provide the Bank with the following financial information in a form and content acceptable to the Bank:
- a. CPA prepared review quality financial statements of the Borrower on an annual basis within 120 days of Borrower's fiscal year end;
  - b. accounts receivable aging a monthly basis
  - c. management prepared profit and loss statement on a quarterly basis; and
  - d. current and complete Personal Financial Statement and Individual U.S. Income Tax Returns of Guarantors on an annual basis.
- 2.4 Financial Performance Covenants: The Borrower would be required to maintain minimum debt service coverage ratio of 1.20:1, to be measured annually based upon the Borrower's year end financial statements. Debt service coverage ratio would be calculated as follows:
- Net income after taxes + depreciation/amortization + interest expense (-) + non-recurring income/expenses (-) dividend distributions by or on behalf of the borrower divided by total actual principal and interest payments.*
- 2.5 Lender's Expenses: The Borrower shall be responsible for out-of-pocket costs and expenses incurred by the Lender in connection with the documentation and closing of the transaction referred to herein, including, but not limited to, legal fees incurred by the Lender.
- 2.6 Other: Subject to copy of finalized signed contract with Concord School District in an amount sufficient to repay the Loan. Contract would be subject to satisfactory review by the Lender.

Please feel free to contact me at 229-5911 once you've had an opportunity to review the proposal with any questions or comments that you may have.

Sincerely,

Tom Potter  
Vice President  
Commercial Lending Division

## Balance Sheet

	ASSETS	PROFORMA ADJUSTMENTS	
	Historical 12/31/08	For increase in Debt	Pro Forma Balance Sheet
<b>FIXED ASSETS, at cost</b>			
Distribution Equipment	\$ 3,059,472	550,000	3,609,472
Production Equipment	6,421,349		6,421,349
Structures	703,891		703,891
General Equipment	313,974		313,974
Miscellaneous Tangible Property	-		0
Land	2,655		2,655
Intangible Property	139		139
Unfinished Construction	67,203		67,203
	10,568,683	550,000	11,118,683
Less Depreciation Reserve	5,274,897		5,274,897
Total Fixed Capital	5,293,786	550,000	5,843,786
<b>CURRENT ASSETS</b>			
Cash	-	0	0
Accounts Receivable	969,349		969,349
Receivables from Affiliated Co.	-		0
Materials and Supplies	367,707		367,707
Prepayments	40,296		40,296
Deferred Debits	440,446		440,446
Misc. Current Assets	-		0
<i>Total Current Assets</i>	1,817,798	-	1,817,798
	\$ 7,111,584	\$ 550,000	7,661,584

CAPITALIZATION AND LIABILITIES

CAPITALIZATION

Common Stock	\$ 91,200		91,200
Capital Surplus	220,653		220,653
Other Surplus - Working Capital	-		0
Earned Surplus	3,190,477		3,190,477
	<u>3,502,330</u>	<u>-</u>	<u>3,502,330</u>

CURRENT LIABILITIES

Notes Payable	607,000	550,000	1,157,000
Payables to affiliated companies	70,248		70,248
Accounts Payable	530,255		530,255
Customers' Deposits	14,044		14,044
Taxes Accrued	6,138		6,138
Cash Overdrafts	250,558		250,558
Miscellaneous Current Liabilities	40,025		40,025
<i>Total Current Liabilities</i>	<u>1,518,268</u>	<u>550,000</u>	<u>2,068,268</u>

LONG-TERM DEBT, less current maturities

Bank loan	826,231		826,231
Skid steer loader	4,957		4,957
Truck loan	19,813		19,813
Total long term debt	<u>851,001</u>	<u>-</u>	<u>851,001</u>

DEFERRED CREDITS

Deferred Income Taxes	<u>1,135,035</u>		<u>1,135,035</u>
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RESERVES

Amortization	-		0
Contribution in Aid of Construction	171,975		171,975
Contribution in Aid of Construction	(67,025)		(67,025)
Total Reserves	<u>104,950</u>	<u>-</u>	<u>104,950</u>
	<u>\$ 7,111,584</u>	<u>\$ 550,000</u>	<u>7,661,584</u>

Operating Income Statement  
Year Ended December 31, 2008

	Historical 12/31/2008	Proforma Adjustments For increase in Debt	Pro Forma 12/31/2008
Operating Revenues			
Based rate	\$ 2,053,949		\$ 2,053,949
Cost of Energy	\$ 2,281,128		2,281,128
Meter Charge	\$ 31,900		31,900
	\$ 150,827		150,827
Other	\$ 267,637		267,637
	<hr/>	<hr/>	<hr/>
Total Revenues	4,785,442	-	4,785,442
Operating Expenses			
Production			
Fuel Costs	2,220,872	-	2,220,872
Other	1,412,090	-	1,412,090
		-	
Distribution	215,660	-	215,660
Customer Accounting	53,977	-	53,977
Sales and New Business	4,933	-	4,933
Admin and General(Schedule 1a3)	624,991	-	624,991
Contributions	425	-	425
Write off uncollectable accounts	722	-	722
Taxes	-	-	-
Federal Income Tax/BET	(194,752)		(194,752)
Property	152,508		152,508
Depreciation	245,336	-	245,336
Amortization	702	-	702
	<hr/>	<hr/>	<hr/>
Total Revenue Deductions	4,737,464	-	4,737,464
	-		
Operating Rents, net	225,555		225,555
	-		
Net Operating Income	(177,577)	-	(177,577)
Non-operating activities			
Interest income	7		
Loss on disposals	-		
Net non-operating activities	<hr/> 7		<hr/> 7
Gross income	(177,570)	-	(177,570)
Deductions from Gross Income			
Interest on long-term debt	45,026	6,500	51,526
Interest on short-term debt	21,105	3,500	24,605
Amortization	702		702
Contributions	425		425
Total Deduct. from Gross Inco	<hr/> 67,258	<hr/> 10,000	<hr/> 77,258
Net Income	(244,835)	(10,000)	(254,835)

Capital Structure for Ratemaking Purposes  
Year Ended December 31, 2008

Item	Pro Forma Amount	Component Ratio
Common Equity		
Stock	\$ 91,200	
Surplus	\$ 220,653	
Retained Earnings	<u>\$ 3,190,477</u>	
Total	\$ 3,502,330	52.70%
Long Term Debt	\$ 851,001	12.81%
Short Term Debt	\$ 1,157,000	17.41%
Deferred Taxes	\$ 1,135,035	<u>17.08%</u>
Total Capital	<u>\$ 6,645,366</u>	<u>100.00%</u>

ACTION BY WRITTEN CONSENT  
IN LIEU OF A MEETING OF THE BOARD OF DIRECTORS  
CONCORD STEAM CORPORATION

Pursuant to New Hampshire Revised Statutes Annotated 293-A:8.21, the undersigned being all of the members of the Board of Directors of Concord Steam Corporation, a New Hampshire corporation (the "Corporation"), in lieu of a meeting, hereby take the action set forth below:

VOTED: That the Corporation is authorized to borrow up to Five Hundred Fifty Thousand Dollars (\$550,000) from TD Banknorth ("Bank") based on the terms set forth in the August 13, 2009 Commercial Financing Commitment attached hereto, and deliver to the Bank a promissory note consistent with such terms (the "Promissory Note"), and including such other terms and conditions as Peter Bloomfield President of the Corporation determines to be appropriate;

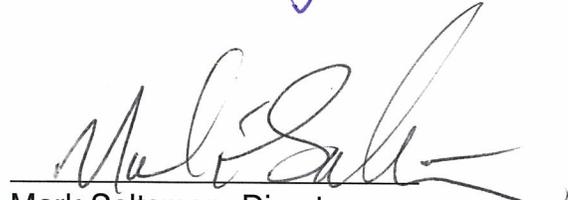
VOTED: That Peter Bloomfield, President of the Corporation, is authorized and directed on behalf of the Corporation to execute and deliver to the Bank the Promissory Note and any and all other documents required for purposes of the loan represented thereby, and to take such actions as he, in his sole and absolute discretion, deems necessary to effect the foregoing resolutions;

VOTED: That this Action by Written Consent be filed with the records of the Corporation, and any action set forth herein shall be treated for all purposes as an action duly taken at a meeting of the Board of Directors.

Dated: 8/14/09

  
Peter Bloomfield, Director

Dated: 8/14/09

  
Mark Saltsman, Director

Cost of financing

Bank fees	\$	1,375
Legal fees	\$	2,500
TOTAL	\$	3,875