

SPECIAL CONTRACT
CONTRACT NO. NHPUC 5
CONCORD STEAM CORPORATION
WITH
THE CITY OF CONCORD

NHPUC AUG25'11 PM 2:40

Date of Execution: August 25, 2011
Effective Date: January 1, 2014
Date of Termination: December 31, 2023 with two five (5) Year Options
to Renew
Authorized by Docket No. _____ NHPUC Order No. _____ Dated _____

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

Concord Steam Corporation provides steam service in the City of Concord. To ensure that it has a long term supply of steam at reasonable cost in order to be able to serve its customers at reasonable rates, Concord Steam has entered into a Steam Supply Agreement with Concord Power and Steam, LLC ("Concord Power"), an affiliate of Concord Steam. Concord Power is developing an 18 MW wood-fired electric generating unit (the "Unit") which will be the source of the steam supply to be provided by Concord Power under the Steam Supply Agreement.

The financing that is necessary for Concord Power to be able to construct the Unit cannot be obtained unless the Unit's output has been fully or nearly fully subscribed. The City of Concord ("City") desires to support the development of the Unit because it is expected to result in lower steam costs for all customers of Concord Steam (including the City) than if the Unit is not constructed. In addition, the City's purchases of steam contribute toward the fixed costs incurred by Concord Steam to serve all of its customers, and therefore Concord Steam's customers will derive a substantial benefit from the City remaining a customer of Concord Steam. Therefore, Concord Steam is willing to enter into this special contract if, as part of the contract, the City commits to remaining a customer of Concord Steam for a term of ten (10) years with two five (5) year options to renew and if the City agrees to purchase electricity from a third party that has either obligated itself or will obligate itself to purchase a portion of the Unit's uncommitted electric output (approximately 4,300 MWH) so that construction of the Unit can be financed.

**SPECIAL CONTRACT FOR SERVICE BETWEEN
CONCORD STEAM CORPORATION AND
THE CITY OF CONCORD**

Agreement made as of this 25th day of August, 2011 by and between Concord Steam Corporation ("Concord Steam"), a New Hampshire corporation with a mailing address of P.O. Box 2520, Concord, New Hampshire 03302 and the City of Concord ("City"), a New Hampshire municipality with a mailing address of 41 Green Street, Concord, New Hampshire 03301.

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

WHEREAS, to ensure that it has a long term supply of steam at reasonable cost in order to be able to serve its customers at reasonable rates, Concord Steam has entered into a Steam Supply Agreement with Concord Power and Steam, LLC ("Concord Power"), an affiliate of Concord Steam; and

WHEREAS, Concord Power is developing an 18 MW wood-fired electric generating unit (the "Unit") at 291 South Main Street, Concord, New Hampshire, which will be the source of the steam supply to be provided by Concord Power under the Steam Supply Agreement; and

WHEREAS, financing for the Unit necessary for it to be constructed cannot be obtained unless the output of the Unit has been fully or nearly fully subscribed; and

WHEREAS, the City desires to support the development of the Unit because it is expected to result in lower steam costs for the City and for all customers of Concord Steam than if the Unit is not constructed and because construction and operation of the Unit will benefit the City by increasing the City's property tax base; and

WHEREAS, Concord Steam is willing to enter into a special contract with the City to sell steam at favorable rates if the City commits to remaining a customer of Concord Steam for a term of ten (10) years with two five (5) year options to renew and is willing to agree to purchase, under a separate electricity purchase agreement ("Electric Supply Agreement"), approximately 4,300 MWH of electricity from the Unit, that being a portion of the Unit's remaining unsubscribed net electrical output, so that construction of the Unit can be financed; and

WHEREAS, the City is a customer of Concord Steam taking steam supply from Concord Steam at multiple office spaces, facilities, and buildings currently owned by the City as more specifically set forth on Appendix A ("Accounts"); and

WHEREAS, Concord Steam's other customers derive a substantial benefit from the City remaining a customer of Concord Steam; and

WHEREAS, the City has agreed to remain a customer of Concord Steam for a term of ten (10) years with two additional five (5) year renewal options if it is able to consolidate all of the Accounts with Concord Steam on the basis set forth in this Agreement;

WHEREAS, the City has agreed to remain a customer of Concord Steam for a term of ten (10) years with two additional five (5) year renewal options if it is able to consolidate all of the Accounts with Concord Steam on the basis set forth in this Agreement;

NOW, THEREFORE, Concord Steam and the City for and in consideration of the mutual covenants and agreements hereinafter set forth agree as follows:

1. Requirements Contract. The City agrees to purchase from Concord Steam, and Concord Steam agrees to sell to the City, all of the City's steam requirements for the locations that are the subject of the Accounts during the Term of this Agreement. During the Term, the City shall not take any action to reduce the steam consumption at any of the foregoing locations in any material way if such reduction is to be achieved by utilizing an alternative form of energy in place of the steam formerly purchased from Concord Steam. The foregoing is not intended to restrict efforts by the City to reduce the consumption of steam by implementing energy efficiency, renewable and or conservation measures in and of themselves.

2. Usage Rate and Account Billing. The initial usage rate applicable for all steam used by City under this Agreement shall be \$5.00/thousand lbs, which shall be escalated every year beginning as of the first anniversary of the commencement of the Term by the annual percentage increase in the Gross Domestic Product Implicit Price Deflator. In addition, the City shall pay the cost of energy rate applicable to all Concord Steam customers as approved by the New Hampshire Public Utilities Commission ("Commission") based on the volume of steam delivered to the City and the applicable meter charge for each of the Accounts, as set forth in Concord Steam's tariff as approved by the Commission from time to time. In addition, if a system of thermal renewable energy credits or thermal renewable energy certificates (either being referred to as a "Thermal REC") is adopted in New Hampshire as part of the renewable portfolio standard established under RSA 362-F or a substantially similar statutory or regulatory mechanism and the value of a Thermal REC is credited to customers through Concord Steam's cost of energy rate or some other rate mechanism for Concord Steam, the usage rate for steam charged to the City shall be increased by 50% of the amount that the cost of energy rate or such other rate mechanism is reduced as a result of implementation of Thermal RECs. The maximum allowable increase in the usage rate is to increase it to equal the standard tariff rate as approved by the NHPUC.

The discount only applies to the usage rate and the standard tariff applies in all other rates and matters.

3. Term. The Term of this Agreement shall commence on January 1, 2014. The Term shall end on that date that is ten (10) years after the commencement of the Term; provided, however, that the Term may be extended for two five (5) year periods thereafter unless (i) at least twenty-four (24) months prior to the expiration of the initial ten (10) year period or the first additional five (5) year period Concord Steam notifies the City of its intention to terminate or (ii) the Agreement is terminated in accordance with Section 6. This Agreement shall be subject to prior approval by Concord City Council.

4. Payments. All amounts due and payable under this Agreement 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.

5. Conditional Nature of the Agreement. Notwithstanding any provision on this Agreement to the contrary, all obligations of the City hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability of and continued appropriation of funds, and in no event shall the City be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the City shall have the right to withhold payment until such funds become available, if ever and shall have the right to terminate the Agreement immediately upon giving Concord Steam notice of such termination.

6. Termination. Unless the parties otherwise mutually agree, if at anytime during the term of this Agreement, the Electric Supply Agreement terminates, this Agreement shall be deemed to have terminated simultaneously and all required steam supply services shall thereafter be provided under Concord Steam's then applicable tariff on file with the Commission.

7. Books and Records. During the Term hereof and for a period of at least two years thereafter, the City and Concord Steam shall maintain such books and records (collectively "Records") as are necessary to substantiate that each is in compliance with this Agreement. Both parties and their representatives shall have the right at any time during normal business hours, and upon reasonable notice, to examine the Records of the other party, make copies and take extracts therefrom and discuss the Records with the other party's officers and employees as the City or Concord Steam, as the case may be, deems necessary.

8. Amendment. This Agreement may be amended only by written agreement by and between Concord Steam and the City and, to the extent required by applicable law or regulation, only if approved by the Commission. The terms and conditions of this Agreement, to the extent they may differ from Concord Steam's tariff as in effect from time to time, shall take precedence over the tariff. Any amendments to this Agreement shall be subject to the prior approval of the Concord City Council.

9. Regulatory Approval. Concord Steam agrees, upon execution of this Agreement or any amendment to this Agreement, to file the same with the Commission for its review and approval. Concord Steam agrees to use all commercially reasonable efforts to secure the Commission's approval of this Agreement, and any amendment hereto. Concord Steam shall not, however, be liable to the City for any damages, direct or indirect, resulting from its failure to obtain said approval. The performance by Concord Steam of its obligations under this Agreement is subject to the condition precedent that Concord Steam shall obtain from the Commission's approval of this Agreement as required by law.

10. Entire Agreement. This instrument constitutes the entire agreement between the parties, supersedes all prior representations, letters of intent, statements, and agreements regarding the subject matter hereof, provided, however, that the parties understand and agree that, except to the extent it is inconsistent with the Agreement, the terms of Concord Steam's tariff on file with the Commission shall govern the parties' relationship.

11. Successors and Assigns. Each party covenants and agrees that the benefits and burdens of this Agreement 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.

12. 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 or electronic mail 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 at its address stated below or at such other address as may be substituted by notice given as herein provided.

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

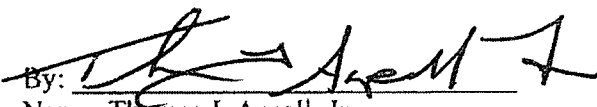
To the City: Douglas Ross, Purchasing Manager
City of Concord
41 Green Street
Concord, NH 03301

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


14. 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 Agreement.

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

THE CITY OF CONCORD

By: 
Name: Thomas J. Aspell, Jr
Title: City Manager, duly authorized.

CONCORD STEAM CORPORATION

By: 
Name: Peter Bloomfield
Title: President, duly authorized

APPENDIX A

ACCOUNTS

City Hall

City Hall Annex

Police Headquarters

Concord Auditorium

Concord Public Library

Green Street Community Center

Public bathrooms