

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

DG 08-___

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 \$500,000 in short term debt, which would be in the form of an increase in its existing line of credit. 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 \$700,000 in short term debt. *See* Order 24,557 in DG 05-170 (December 9, 2005)(authorizing CSC to increase its existing bank line of credit from \$400,000 to \$700,000). 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 no short term debt outstanding, and \$921,081 in long term debt outstanding.

3. The Company now seeks to increase its amount of short term debt from \$700,000 to \$1,200,000 to meet its short term working capital needs to operate the utility. Although the Company currently has no short term debt outstanding, it regularly uses its line of credit and the

amounts outstanding on its line of credit fluctuate from month to month, depending on where the Company is in the heating season. During the past heating season, the Company had to delay some of its payables given that it had borrowed the maximum amount on its existing line of credit. The Company anticipates that it will need to borrow in excess of \$700,000 from its line of credit as soon as July 2008, when the Company will begin making significant purchases of wood chips for the upcoming heating season. Wood chips are the Company's primary source of fuel used to generate steam.

4. To meet this expected financial need, the Company approached its current lender, TD BankNorth, to obtain an increase in its line of credit. On January 16, 2008, the Company received a Commercial Financing Proposal from TD Banknorth, N.A. (the "Lender"). The Lender has proposed to increase the Company's existing line of credit to \$1,200,000 (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 due on demand and would bear interest at a rate equal to the Wall Street Journal Prime Rate, 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 1. The Company estimates that the cost of the proposed financing would be \$2,500. *See* Exhibit 6.

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 approximately \$7,006,928 as of December 31, 2007.

See CSC balance sheet attached as Exhibit 2, which is adjusted for the financing. Thus, with the additional short term borrowing, CSC's total available short-term debt (\$1,200,000) 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 3 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 4. Exhibit 5 contains a resolution of the Company's shareholders authorizing the Company to enter into the financing as proposed.

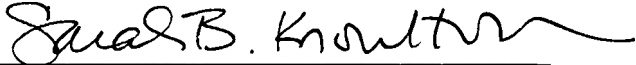
6. CSC alleges that the Loan will be consistent with the public good because it will enhance the Company's ability to perform the day-to-day work necessary to supply steam service to its customers. For the foregoing reasons, CSC requests that the Commission issue an order *nisi* authorizing the Company 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 \$500,000 for a total amount of short-term debt of \$1,200,000.

Respectfully submitted,

CONCORD STEAM CORPORATION

Date: April 23, 2008

By: 
Sarah B. Knowlton, Esq.
100 Market Street, P.O. Box 459
Portsmouth, New Hampshire 03802-0459
(603)436-2818 – Telephone
(603)436-5672 – Facsimile


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: 4/23/08


Peter G. Bloomfield

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK

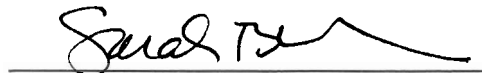
Sworn to and subscribed before me this 23rd day of April 2008.


Justice of the Peace/Notary Public

My Commission Expires: 3/22/2011

Certificate of Service

I hereby certify that a copy of this Verified Petition has been sent by electronic mail to Meredith A. Hatfield, Esq. this 23rd day of April, 2008.


Sarah B. Knowlton



TD Banknorth, N.A.
143 North Main Street
Concord, NH 03301
TDBanknorth.com

January 16, 2008

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

RE: Commercial Financing Proposal

Dear Peter,

I am pleased to present you with the following proposal for commercial financing. 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 Banknorth, 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. Should we be in general agreement on the proposed terms, we would proceed in seeking formal approvals, subject to our normal credit approval process.

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

- 1.0 **Loan Type:** Revolving Line of Credit
- 1.1 **Loan Amount:** Increase in the maximum availability on the Borrower's existing Revolving Line of Credit with the Lender from \$700,000.00 to \$1,200,000.00.
- 1.2 **Use of Proceeds:** The Loan proceeds would be used to meet the short term working capital needs of the Borrower.
- 1.3 **Term:** The Loan would be due on demand, with an annual review date of May 31.
- 1.4 **Interest Rate:** The interest rate would be equal to the Wall St. Journal Prime Rate adjusting on a daily basis with any changes in the Prime Rate.
- 1.5 **Repayment:** Interest payments, based upon the outstanding principal balance, would be due and payable on a monthly basis.
- 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 Salzman.

- 1.8 Out-of-debt Period: The loan shall be required to maintain a zero balance for a minimum of 30 consecutive days during the term of the loan.
- 1.9 Annual Fee: Annual fee of \$750.00

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 maintain its primary depository account(s) with the Lender during the term of the loan.
- 2.3 The Borrower and Guarantors will 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 on a quarterly basis; and
 - c. 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.

Thank you again for the opportunity to offer you this proposal and 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

Pro Forma Balance Sheet
Year Ended December 31, 2007

ASSETS	PROFORMA ADJUSTMENTS		
	Historical 12/31/07	For increase in Debt	Pro Forma Balance Sheet
FIXED ASSETS, at cost			
Distribution Equipment	\$ 3,012,273		3,012,273
Production Equipment	6,393,296		6,393,296
Structures	703,891		703,891
General Equipment	363,276		363,276
Miscellaneous Tangible Property	-		0
Land	2,655		2,655
Intangible Property	139		139
Unfinished Construction	67,203		67,203
	10,542,733	-	10,542,733
Less Depreciation Reserve	5,110,844		5,110,844
Total Fixed Capital	5,431,889	-	5,431,889
 CURRENT ASSETS			
Cash		0	0
Accounts Receivable	897,215	98,274	995,489
Receivables from Affiliated Co.	51,274		51,274
Materials and Supplies	326,339	130,000	456,339
Prepayments	70,278		70,278
Deferred Debits	227,531		227,531
Misc. Current Assets	2,402		2,402
<i>Total Current Assets</i>	1,575,039	228,274	1,803,313
	\$ 7,006,928	\$ 228,274	7,235,202

Pro Forma Balance Sheet
Year Ended December 31, 2007

CAPITALIZATION AND LIABILITIES

CAPITALIZATION

Common Stock	\$ 91,200		91,200
Capital Surplus	220,653		220,653
Other Surplus - Working Capital	-		0
Earned Surplus	<u>3,467,431</u>		<u>3,467,431</u>
	<u>3,779,284</u>	<u>-</u>	<u>3,779,284</u>

CURRENT LIABILITIES

Notes Payable	482,500	500,000	982,500
Current maturities of long-term debt			0
Accounts Payable	477,835	(271,726)	206,109
Customers' Deposits	7,755		7,755
Cash Overdrafts	70,668		70,668
Miscellaneous Current Liabilities	<u>34,556</u>		<u>34,556</u>
<i>Total Current Liabilities</i>	<u>1,073,314</u>	<u>228,274</u>	<u>1,301,588</u>

LONG-TERM DEBT, less current maturities

Truck loan	9,097		9,097
Bank loan	911,984		911,984
			<u>0</u>
<i>Total long term debt</i>	<u>921,081</u>	<u>-</u>	<u>921,081</u>

DEFERRED CREDITS

Deferred Income Taxes	<u>1,125,281</u>		<u>1,125,281</u>
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RESERVES

Amortization	-		0
Contribution in Aid of Construction	171,975		171,975
Contribution in Aid of Construction	<u>(64,007)</u>		<u>(64,007)</u>
<i>Total Reserves</i>	<u>107,968</u>	<u>-</u>	<u>107,968</u>
	<u>\$ 7,006,928</u>	<u>\$ 228,274</u>	<u>7,235,202</u>

Concord Steam Corp.

Operating Income Statement
Year Ended December 31, 2007

	Historical 12/31/2007	Proforma Adjustments For increase in Debt	Pro Forma 12/31/2007
Operating Revenues			
Commercial sales	\$ 1,774,924	70,000	\$ 1,844,924
Public Authority sales	2,943,738	110,000	3,053,738
Meter Charge	33,900		33,900
Other	464,168		464,168
Total Revenues	5,216,730	180,000	5,396,730
Operating Expenses			
Production			
Fuel Costs	2,144,975	180,000	2,324,975
Other	1,084,870		1,084,870
Distribution	196,618		196,618
Customer Accounting	84,304		84,304
Sales and New Business	4,965		4,965
Admin and General	663,843		663,843
Taxes			
Income Tax	120,697		120,697
Property	118,040		118,040
Depreciation	241,619		241,619
Amortization	(3,018)		(3,018)
Total Revenue Deductions	4,656,913	180,000	4,836,913
Operating Rents, net	225,699		225,699
Net Operating Income	334,118	-	334,118
Non-operating activities			
Interest income	16		16
Loss on disposals			
Net non-operating activities	16	-	16
Gross income	334,134	-	334,134
Deductions from Gross Income			
Interest on long-term debt	73,149		73,149
Interest on short-term debt	20,724	6,500	27,224
Amortization	937		937
Contributions	6,225		6,225
Total Deduct. from Gross Income	101,035	6,500	107,535
Net Income	\$ 233,099	\$ (6,500)	\$ 226,599

Concord Steam Corp.

Capital Structure for Ratemaking Purposes
Year Ended December 31, 2007

Item	Pro Forma Amount	Component Ratio
Common Equity		
Stock	91,200	
Surplus	220,653	
Retained Earnings	<u>3,467,431</u>	
Total	<u>3,779,284</u>	55.51%
Long Term Debt	921,081	13.53%
Short Term Debt	982,500	14.43%
Deferred Taxes	<u>1,125,281</u>	<u>16.53%</u>
Total Capital	<u><u>6,808,146</u></u>	<u><u>100.00%</u></u>

EXHIBIT 5

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

Pursuant to New Hampshire Revised Statutes Annotated 293-A:8:21, the undersigned, being all of the directors of CONCORD STEAM CORPORATION, a New Hampshire corporation (the "Corporation"), in lieu of a special meeting of directors, do hereby waive all notice of the time, place and purpose of special meeting, and hereby consent to the following actions and adopt the following resolutions:


VOTED: To authorize and approve a loan from TD Banknorth in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000.00), the proceeds of which are to be used to finance the operations of the Corporation, including the purchase of wood chips for its fuel supply.

VOTED: That Peter Bloomfield and Mark Saltsman are authorized to negotiate and execute a Promissory Note to TD Banknorth to evidence such loan and such other documentation as may be necessary or desirable obtain the loan and to carry out the intent of these votes.


Dated: 2/17/08

Dated: 4/18/08

DIRECTORS:



Peter Bloomfield



Mark Saltsman

Exhibit 6
Concord Steam Corp

Apr-08
DW 08-

Cost of financing

Legal fees	
CSC legal	\$ 2,500
TOTAL	\$ 2,500