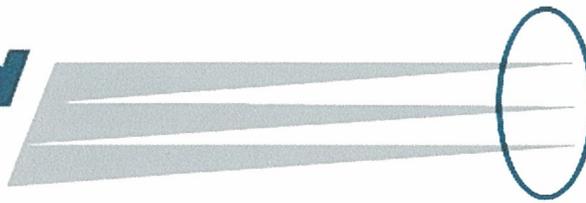


Concord Steam



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Steam and Power Generation

November 15, 2010

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
Walker Building
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: DG 10-116 Special contract with YMCA



Dear Ms. Howland:

On April 28, 2010, the company filed a petition for approval of proposed amendments to the special contract with the Concord Family YMCA.¹ On September 9, 2010, the Staff filed its recommendation with the Commission, in which Staff recommended that the Commission reject revised contract absent provisions. Since that time Staff and company, and the company and the YMCA, have held numerous discussions regarding the proposed amendments. As a result of those discussions, the company and the YMCA have revised the contract to satisfy Staff's concerns. Each of the proposals contained in Staff's recommendation is discussed below.

Staff Proposal 1 –

The contract should not have a fixed donation amount, but that a donation could be earned based on a formula designed to encourage conservation.

The revised contract uses a formula to determine the donation amount, calculated using a declining discount on volumes up to 5,000 Mlbs and no donation on usage above 5,000 Mlbs. Whereas the original amendment provided for an annual donation of \$18,000 the maximum donation under the revised amendment is \$15,840.

Staff Proposal 2 –

The donation amount be placed in an escrow account and paid to YMCA when certain conditions are fulfilled.

Because the YMCA has been meeting the proposed conditions over the past three years, since a change in management, the Company and Staff have agreed that an escrow account is unnecessary. Furthermore, providing the donation on a timely basis will assist the YMCA in funding its conservation measures.

¹The current special contract was approved by Order No. 24,776 (docket no. DG 06-139) issued July 12, 2007.



Staff Proposal 3 –

The annual rate under the proposed contract should be set November 1 to coincide with the effective annual cost of energy.

The revised contract will synchronize the contract year with the Cost of Energy year to better capture the annual change in the Cost of energy rate.

Staff Proposal 4 –

Estimated annual usage should be set based on historical use.

The revised contract will set the estimated usage based on average usage over the previous three years. This will determine the actual monthly budget payment and the YMCA account will be reviewed, and adjusted if needed, at least quarterly so as to minimize any under or over recovery of the difference between actual and estimated annual usage. The running total of the under/over recovery of actual versus budget will be shown on every months billing to the YMCA.

Enclosed is the revised special contract, which Staff has reviewed and supports. The YMCA has agreed to the terms but has not had an opportunity to sign it yet. We will file a signed copy as soon as possible.

Yours Truly,

A handwritten signature in black ink that reads "Peter Bloomfield". The signature is written in a cursive, flowing style.

Peter Bloomfield,
President