

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

DOCKET NO. DG 12-242

CONCORD STEAM CORPORATION

SETTLEMENT AGREEMENT – TEMPORARY RATES

I. INTRODUCTION

This Settlement Agreement (“Agreement”) is entered into this 18th day of October, 2012, by and between Concord Steam Corporation (“Concord Steam” or “the Company”) and the staff (“Staff”) of the New Hampshire Public Utilities Commission (“the Commission”).

II. PROCEDURAL BACKGROUND

On September 4, 2012, the Company 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 Cost of Energy (“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

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.

charge for recovery going forward.² The Company's filing requests that these costs be included as an increase in base rates in this proceeding if the Commission determines that they are not appropriately included in the COE charge.

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 charge is an increase of \$862,584.

On September 14, 2012, the Commission issued an Order of Notice in Docket 12-242 suspending the Company's proposed revised tariff pages 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.

On October 4, 2012, the Company and Staff participated in a technical session during which they discussed the Company's request for temporary rates. The Company and Staff have reached agreement on temporary rates, and the terms of that agreement are set forth below.

III. TERMS OF AGREEMENT

A. REVENUE REQUIREMENT – TEMPORARY RATES

The Company and Staff agree that the Company should be authorized to implement temporary rates, in accordance with RSA 378:27, sufficient to yield an increase of \$269,428 in usage rates (*i.e.*, base rates), or 5.6% over test year revenue of \$4,853,437. The Company and Staff also agree that the Company should be authorized to transfer certain categories of steam

²The Company submitted its 2012 Cost of Energy filing including these cost categories on September 11, 2012

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 2012-2013 COE charge during the period for which temporary rates are in effect. The pro forma test year amount of those costs was \$312,984. The \$269,428 increase in base rates combined with a \$312,984 cost transfer to the 2012-2013 COE produces a total increase of \$582,412, or 12.0%, in test year revenues.

C. RATE DESIGN

The increase in annual revenue provided for by this Agreement will be implemented by increasing the existing usage rates for all customers, spread proportionally among the three tiers of the Company's declining block structure as set forth in Schedule A.

D. EFFECTIVE DATE AND RECOUPMENT

The temporary rates contemplated by this Agreement shall be effective for service rendered on and after November 1, 2012. A compliance tariff shall be filed by the Company within 10 days of the Order approving this Settlement Agreement by the Commission. Any difference between the temporary rates agreed to herein and the permanent rates ultimately approved by the Commission in this docket is subject to reconciliation back to November 1, 2012 upon the implementation of new permanent rates.

IV. CONDITIONS

This Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Agreement in its entirety, without change or condition, any party hereto, at its sole option exercised within ten (10) days of such Commission order, may withdraw from this Agreement, in which event it shall be deemed to be null and void and without effect and shall not be relied upon by the Company, Staff, or any party to this proceeding or the Commission for any purpose.

The Commission's acceptance of this Agreement shall not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that the provisions set forth herein in their totality are just and reasonable under the circumstances.

The Commission's approval of the recommendations in this Agreement shall not constitute a determination or precedent with regard to any specific adjustments, but rather shall constitute only a determination that the revenue requirement and rates resulting from this Agreement are just and reasonable for purposes of temporary rates in this proceeding.

The discussions that produced this Agreement have been conducted on the understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise.

IN WITNESS WHEREOF, the parties to this Agreement have caused the Agreement to
be duly executed in their respective names by their fully authorized agents.

CONCORD STEAM CORPORATION

By its Attorneys

MCLANE, GRAF, RAULERSON &
MIDDLETON, P.A.

Dated: 10/18/12

By: 
Patrick H. Taylor, Esq.

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Dated: 10/18/12

By: 
Alexander F. Speidel, Esq.

Schedule A

	Test Year Y/E 12/31/11	Settlement Increase	Annual Revenue	Percent Increase
Operating Revenues				
Usage Rate	2,131,573	269,428	2,401,001	12.6%
Fuel Charge	2,109,242	312,984	2,422,226	14.8%
Meter Charge	29,750	0	29,750	0.0%
Electricity Slaes	94,733	0	94,733	0.0%
Other	488,139	0	488,139	0.0%
	4,853,437	582,412	5,435,849	12.0%

Declining Block Rate structure

	Existing	Proposed
First 500 Mlbs	\$18.54	20.65
500>2000	\$16.27	18.38
2000>	\$13.48	15.59