

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

CONCORD STEAM CORPORATION

and

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.

Joint Petition for Approval of an Asset Purchase Agreement

Docket No. DG 16-770

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement Agreement”) is entered into as of the 12th day of August, 2016, by and among Concord Steam Corporation (“Concord Steam”), Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (“EnergyNorth”), and the Staff (“Staff”) of the New Hampshire Public Utilities Commission (“Commission”) (collectively, the “Settling Parties”). This Settlement Agreement resolves all issues regarding the proposed sale of certain assets by Concord Steam to Liberty that is the subject of this docket.

**I. INTRODUCTION**

Concord Steam is a New Hampshire corporation and a regulated utility that provides district steam and heating service in Concord. EnergyNorth is a New Hampshire corporation and a public utility that provides retail gas service to customers throughout Southern and Central New Hampshire and in Berlin.

On July 1, 2016, Concord Steam and EnergyNorth entered into an Asset Purchase Agreement (“APA”) under which EnergyNorth will buy certain Concord Steam assets for the aggregate purchase price of one million nine hundred thousand dollars (\$1,900,000) in cash. The

APA is subject to several closing conditions, including Commission approval of Liberty's ability to recover the purchase price, plus an appropriate return, from all its customers. On July 21, 2016, Concord Steam and EnergyNorth (the "Joint Petitioners") filed a *Joint Petition for Approval of an Asset Purchase Agreement* (the "Joint Petition"). In support of the Joint Petition, the Joint Petitioners submitted the pre-filed direct testimony and schedules of Peter Bloomfield, Stephen Hall, and William Clark.

After review of the Joint Petition and supporting evidence and after various settlement discussions, the Settling Parties have agreed to the terms of this Settlement Agreement. The Settling Parties recommend that the Commission approve this Settlement Agreement without condition or modification.

## **II. TERMS OF AGREEMENT**

1. The Settling Parties agree that the sale of certain assets by Concord Steam to EnergyNorth pursuant to the terms of the APA, and all other terms of the APA, are in the public interest.
2. The Settling Parties agree to support EnergyNorth's request for rate recovery of the purchase price as follows:

EnergyNorth will create a regulatory asset when it makes a payment to Concord Steam under the terms of the APA. Carrying costs will accrue on the regulatory asset at the cost of capital applicable to Cast Iron/Bare Steel investments. As of the effective date of permanent rates following the conclusion of EnergyNorth's next distribution rate case, the balance of the regulatory asset (the payment made to Concord Steam plus accrued carrying charges) will be amortized and recovered through EnergyNorth's distribution rates over the next five years. Once amortization of the regulatory asset plus accrued

carrying charges begins, carrying charges on the unamortized balance will accrue at EnergyNorth's authorized cost of capital. If permanent distribution rates change as a result of a subsequent rate case, carrying charges on the unamortized balance will also change to the extent that there is a change to the cost of capital authorized in that subsequent rate case.

### **III. CONDITIONS**

This Agreement is expressly conditioned on the Commission's acceptance of all its terms, without change or condition. If the Commission does not accept this Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Agreement, and any of the Settling Parties notify the Commission within five business days of their disagreement with any such changes, conditions, or findings, the Agreement shall be deemed to be withdrawn, in which event it shall be deemed to be null and void and without effect, shall not constitute any part of the record in this proceeding, shall not be relied upon by Staff or any party to this proceeding, or by the Commission for any other purpose.

The Settling Parties agree that the Commission's approval of this Agreement will not constitute continuing approval of or precedent for, any particular principle or issue, but such acceptance does constitute a determination that the Agreement's provisions in their totality are just and reasonable and consistent with the public interest.

The discussions that produced this Agreement have been conducted on the understanding that all offers of settlement and settlement discussions relating to this docket shall be confidential, shall not be admissible as evidence in this proceeding, 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.

The information and testimony previously provided in this proceeding are not expected to be subject to cross-examination by the Settling Parties, which would normally occur in a fully litigated case. The Settling Parties agree that all direct testimony and supporting documentation should be admitted as full exhibits for purposes of consideration of this Agreement. This Agreement to admit all direct testimony without challenge does not constitute agreement by the Settling Parties that the content of the written testimony filed on behalf of Staff or the other parties is accurate or what weight, if any, should be given to the views of any witness. The identification of the resolution of any specific issue in this Agreement does not indicate any of the Settling Parties' agreement to such resolution for purposes of any future proceeding, nor does the reference to any other document bind the Settling Parties to the contents of, or recommendations in, such document for purposes of any future proceeding. Because they have entered into this Agreement, the Settling Parties agree to forego cross-examining witnesses regarding their pre-filed testimony and, therefore, the admission into evidence of any witness's testimony or supporting documentation shall not be deemed in any respect to constitute an admission by any party to this Agreement that any allegation or contention in this proceeding is true or false, except that the sworn testimony of any witness shall constitute an admission by such witness.

This Agreement may be executed by facsimile and in counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all parties hereto.

Dated: <sup>Aug.</sup> ~~July~~ 13, 2016

Concord Steam Corporation

  
By its Attorney  
Susan Geiger, Orr & Reno, P.A.

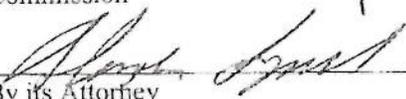
Dated: <sup>Aug</sup> ~~July~~ 15 2016

Liberty Utilities (EnergyNorth Natural Gas) Corp.  
d/b/a Liberty Utilities

  
By its Attorney  
Michael J. Sheehan

Dated: <sup>Aug.</sup> ~~July~~ 12, 2016

Staff of the New Hampshire Public Utilities  
Commission

  
By its Attorney  
Alexander Speidel