

SPECIAL CONTRACT

CONTRACT NO. NHPUC _____

CONCORD STEAM CORPORATION

WITH

STATE OF NEW HAMPSHIRE

Date of Execution:

June 1, 2011

Effective Date:

[need to determine]

Date of Termination:

Ten Years with two five (5) Year Options to
Renew After Effective Date Unless Terminated
Sooner Pursuant to Terms Herein

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 State of New Hampshire 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 State) than if the Unit is not constructed. In addition, as Concord Steam's largest customer, the State's purchases of steam contribute significantly 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 State remaining a customer of Concord Steam. Therefore, Concord Steam is willing to enter into this special contract if, as part of the contract, the State commits to remaining a customer of Concord Steam for a term of ten (10) years with two five (5) year options to renew and the uncommitted output (approximately 33,500 MWH) of the Unit is contracted for by the State or another party so that construction of the Unit can be financed.

SPECIAL CONTRACT FOR SERVICE BETWEEN
CONCORD STEAM CORPORATION
AND
THE STATE OF NEW HAMPSHIRE

Agreement made as of this 1st day of June, 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 State of New Hampshire, Department of General Services ("State"), 25 Capitol Street, Room 102, 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 St., 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 State desires to support the development of the Unit because it is expected to result in lower steam costs for the State and for all customers of Concord Steam than if the Unit is not constructed; and

WHEREAS, Concord Steam is willing to enter into a special contract with the State to sell steam at favorable rates if the State commits to remaining a customer of Concord Steam for a term of ten (10) years with two five (5) year options to renew and agrees to purchase the remaining unsubscribed portion of the net electrical output (approximately 33,500 MWH) of the Unit from Concord Power so that construction of the Unit can be financed; and

WHEREAS, the State is Concord Steam's largest customer, taking steam supply from Concord Steam at multiple office space, facilities, and buildings currently owned or leased by the State in the City of Concord, as more specifically set forth on Appendix A ("Accounts"); and

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

WHEREAS, the State has agreed to remain a customer of Concord Steam for a term of 10 years with two additional five year renewal options if it is able to consolidate all of its accounts with Concord Steam on the basis set forth in this Agreement; and

WHEREAS, the State has represented to Concord Steam that it will procure electric supply from a third party that either has obligated or will obligate itself to purchase the unsubscribed portion of the Unit's net electrical output as described above (such obligation of the third party being referred to below as the "Electric Supply Agreement");

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

1. Requirements Contract. The State agrees to purchase from Concord Steam, and Concord Steam agrees to sell to the State, all of the State's steam requirements for the locations that are the subject of the Accounts during the Term of this Agreement. During the Term, the State 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 State 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 base rate applicable for all steam used by State 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 State shall pay the cost of energy rate applicable to the volume of steam delivered to the State under Concord Steam's tariff, as in effect 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 Thermal RECs is credited to customers through Concord Steam's cost of energy rate or some other rate mechanism for Concord Steam, the base rate for steam charged to the State 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 base rate is to increase it to equal the standard tariff base rate as approved by the NHPUC.
3. Distribution System. The steam distribution system on the campus of the Governor Hugh Gallen Office park will continue to be maintained by Concord Steam at its sole expense.
4. Term. The Term of this Agreement shall commence on January 1, 2014. The Term shall end on that date that is ten years after the commencement of the Term; provided, that the Term shall be extended for two five (5) year periods thereafter unless (i) at least 24 months prior to the expiration of the initial ten year period or the first additional five year extension period Concord Steam notifies the State of its intention to terminate or (ii) unless terminated in accordance with Section 7. This Agreement and any renewals shall be subject to prior approval by NH Governor and Council.
5. 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.

6. Conditional Nature of the Agreement. Notwithstanding any provision on this Agreement to the contrary, all obligations of the State 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 State 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 State 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.

7. Termination for Failure to Satisfy All Electric Requirements. Unless the parties otherwise mutually agree, if during the Term the Electric Supply Agreement with Concord Power and Steam terminates, this Agreement shall terminate as of the date the Electric Supply Agreement terminates.

8. Books and Records. During the Term hereof and for a period of at least two years thereafter, State 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 State or Concord Steam, as the case may be, deems necessary.

9. Amendment. This Agreement may be amended only by written agreement by and between Concord Steam and State 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 shall be subject to the prior approval of the NH Governor and Council.

10. 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 approval of this Agreement, and any amendment hereto, by the Commission. Concord Steam shall not, however, be liable to the State 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 (i) Concord Steam shall obtain from the Commission approval of this Agreement as required by law and (ii) the Electric Supply Agreement shall be in full force and effect.

11. 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.

12. 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.

13. 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 (which, in the case of Concord Steam, is the President and in the case of State is the Commissioner of the Department of Administrative Services) at its address stated above or at such other address as may be substituted by notice given as herein provided.

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

15. 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.

Remainder of page left blank.

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

CONCORD STEAM CORPORATION

By: Peter Bloomfield

Name: Peter Bloomfield

Title: President, duly authorized

STATE OF NEW HAMPSHIRE

By: Linda M. Hodgdon

Name: Linda M. Hodgdon

Title: Commissioner, duly Authorized

NOTARY

STATE OF NEW HAMPSHIRE

OFFICE OF THE ATTORNEY GENERAL

On the 2nd day of June, 2011,

There appeared before me, the state and county foresaid a person who satisfactorily identified himself as

Peter Bloomfield

And acknowledge that he or she executed this document indicated above.

In witness thereof, I hereunto set my hand and official seal.

By: M. K. Brown

Title: Asst. Att. General

Date: 6/3/11

The foregoing contract was approved by the Governor and Council of New Hampshire on

Christine J. Scheiner
(Notary Public)

My commission expires:

CHRISTINE J. SCHEINER, Notary Public
My Commission Expires May 6, 2014

(Date)

_____, 2011

Signed: _____

Title: _____

Appendix A
NH State buildings on steam

Downtown buildings

NH Legis. Office Bldg
Walker House, Park Street
State House
State House Annex
NH State Library
Storrs/ NH Purh&Prop.
64 South St. Rev&Admin
27 N. State-Justice

H. Gallen office park buildings

Carpenter Shop-NH Hosp.
Warehouse NH Hosp. Grounds
Dolloff Bldg-NH Hospital
Main building
NH Hospital Laundry
Ground shop
Paint Shop-NH Hosp.
Thayer Building
NHH-Annex 1
M&S Bldg.
Pond Place
Koutras House
NH Hosp. Philbrook
Howard Rec.
NHH-Twitchell
NHH Johnson Hall
Londergan
Transportation
Spaulding - NH Hospital