

CONCORD STEAM CORPORATION
Revenue Requirement

	Reference SPF-1 Page No.	Company Proposal	Staff Proposal	Company Over/(Under) Staff
Rate Base Proposed	9	5,525,955	5,991,198	(465,243)
Rate of Return (50% Weighted Cost of Capital)	11	7.58%	3.59%	7.58%
Income Required (Rate Base * ROR)		418,867	214,822	204,045
Net Operating Income	2	(924,555)	(1,029,206)	104,651
Revenue Deficiency before Taxes		1,343,422	1,244,028	99,394
Income Tax		274,805	0	274,805
Revenue Deficiency		1,618,332	1,244,028	374,304

Increase in Annual Revenue

Percent Increase - Total Revenues

Revenue Deficiency		1,618,332	1,244,028	374,304
Test Year Revenues	2	5,989,966	5,989,966	5,989,966
Revenue Requirement (Oct 2016 -May 2017 & Decommissioning)		7,608,298	7,233,994	
Percent Increase		27.02%	20.77%	6.25%

CONCORD STEAM CORPORATION
Operating Income Statement
Test Year Ending December 31, 2015
Source: Concord Steam Schedule 1 (Bates p. 42)

	2015 Test Year	Staff Cummulative Adjustments SPF-	Staff Pro Forma Test Year
Revenues			
Base Rate	2,197,938		
Fuel Charge	3,559,279		
Meter Charge	53,948		
Electricity Sales	91,278		
Other	87,523		
Total Operating Revenues	5,989,966	(323,462)	5,666,504
Expenses			
Production - Fuel Costs	3,561,988		
Production - Other (sewer, loader, elec, etc.)	965,129		
Distribution O&M	252,245		
Customer Accounts Expense	47,534		
Sales & New Business	1,500		
Admin & General Expenses	605,202		
Write off uncollectable expense	-		
Depreciation	201,633		
Amortization	(9,668)		
Operating Rents, net	100,572		
Taxes Other Than Income Taxes - Property	180,891		
Total Operating Expenses	5,907,026	856,260	6,763,286
Operating Income Before Federal Income Taxes	82,940	(1,179,722)	(1,096,782)
State Income Taxes/BET	-		0
Federal Income Taxes	(67,576)	-	(67,576)
Deferred State Income Tax	-		0
Deferred Federal Income Tax			0
Total Income Taxes	(67,576)	-	(67,576)
Operating Income After Federal & State Income Taxes	150,516	(1,179,722)	(1,029,206)

CONCORD STEAM CORPORATION
Staff Adjustments to Revenue and Expenses

Revenue Adjustments	Schedule (CSC Bates page)	Staff Increase/ (Decrease)
Lost sales due to customer terminations & 2% reduction due to rate increase	CSC 1-1 (43)	(320,319)
Corrected degree day calculation	CSC 1-1 (43)	(75,614)
Increase revenue for elimination of CHS discount	CSC 1-1 (43)	202,496
COE under recovery as of December 31, 2015 to be recovered in 2016	CSC 1-5 (47)	2,709
2015 meter revenue from customers no longer taking service	DR 2-1	(4,308)
Less electric generation due to lower steam production & lower price being paid in 2	DR 2-1	(45,000)
Reduction for customer service work in 2015	DR 2-1	(75,593)
Reducton for one time fee	DR 2-1	(7,833)
Revenue Adjustment Total		<u>(323,462)</u>
Operating Expense Adjustments		
Replace MCC A - Fire Marshal Recommendation	CSC 1-2 (44)	35,000
Repair Roof - Fire Marshal Recommendation	CSC 1-2 (44)	56,000
Close oil tanks	CSC 1-2 (44)	75,000
Additional electricity purchases due to lower CSC generation	CSC 1-2 (44)	45,000
2015 summer expense avoided with May 31 shut down	DR 2-1 (Attachment p. 3)	(91,456)
2015 summer parts & supplies avoided with May 31 shut down	DR 2-1	(75,530)
2015 distribution expenses	DR 2-1	(11,709)
Insurance (auto & workmans comp) 5 % increase & 8 months	1-3 (45)	(40,275)
Misc General Expenses (city fees, assc dues, employee safety eqpt, bank charges)	1-3 (45)	(5,246)
Transportation Expense	1-3 (45)	(2,905)
Depreciation	SPF-	(201,633)
Amortization	SPF-	9,668
Wages and Benefits with 5% sincrease & President & VP increases, 8 months	SPF-1 p. 6	(349,359)
Property Tax - State & City	SPF-1 p. 7	(129,763)
Operating Rent - 8 instead of 12 month steam plant rent payments to State	DR 2-1	(33,505)
Decommissioning Cost	SPF-1 p. 8	1,576,973
Expense Adjustment Total		<u>856,260</u>

CONCORD STEAM CORPORATION

Company Adjustments to Revenue and Income
Bloomfield Testimony, Schedule 1 (Bates p. 42)

	Supporting Schedule (Bates page)		Schedule 1 Proforma Adjustment	Adopted by Staff
CSC Revenue Adjustments				
Lost sales due to customer terminations & conservation due to rate increase	1-1 (43)	(320,319)		Yes
Corrected degree day calculation	1-1 (43)	(75,614)		Yes
Increase revenue for elimination of CHS discount	1-1 (43)	<u>202,496</u>		Yes
		(193,437)	(193,437)	
Increase for COE under recovery as of December 31, 2015	1-5 (47)		2,709	Yes
Reduction in meter revenue due to customer terminations	DR 2-1		(4,308)	Yes
Reduction in electric revenue - less production and lower price being paid in 2015	DR 2-1		(45,000)	Yes
Reduction for customer service work in 2015	DR 2-1	(75,593)		Yes
Reduction for one time fee	DR 2-1	<u>(7,833)</u>		Yes
		(83,426)	(83,426)	
Sale of Assets	1-1 (43)		<u>1,963,000</u>	
Total Revenue Adjustments			<u>1,639,538</u>	
CSC Operating Expense Adjustments				
Expensing critical capital costs over prior 3 years (44 & 48)	1-2 (44), 1-6 (48)	432,006		
Expensing 2015 capital costs (44 & 49)	1-2 (44), 1-6 (49)	272,165		
Reduced steam production due to lower sales	1-2 (44)	(2,936)		
Replace MCC A - Fire Marshal Recommendation	1-2 (44)	35,000		Yes
Repair Roof - Fire Marshal Recommendation	1-2 (44)	56,000		Yes
Close oil tanks	1-2 (44)	75,000		Yes
Additional electricity purchases due to lower CSC generation	1-2 (44)	45,000		Yes
Production labor lower due to lower sales	1-2 (44) & 1-B (5)	(159,278)		
2015 summer expense avoided with May 31 shut down	DR 2-1	<u>(91,456)</u>		Yes
		661,501	661,501	
Increase in distribution expense due to salary increase	DR 2-1, 1-B (53)	8,140		
Salary not paid June - Sept	DR 2-1, 1-B (53)	(57,904)		
Customer parts and supplies for 2015	DR 2-1	(75,530)		Yes
Distribution expenses June - Sept	DR 2-1	(11,709)		Yes
Take Manholes out of service and fill	DR 2-1	39,200		Yes *
Parts and materials to disconnect customers	DR 2-1	<u>16,500</u>		Yes *
		(81,303)	(81,303)	
Customer Accounting - increase in Pansy salary & 8 months	1-3 (45) & 1-B (53)		5,605	
General Office Salaries - increase in Pansy salary & 8 months	1-3 (45) & 1-B (5)	(7,467)		
General Office Supplies and Expense - office expense until dissolution	1-3 (45)	(979)		
Supervision Fees and Special Services (eng consultant 35k & PB raise 45k)	1-3 (45)	80,755		
Regulatory Commission Expense	1-3 (45)	890		
Insurance (auto & workmans comp) 5 % increase & 8 months	1-3 (45)	(40,275)		Yes
Health insurance 25% increase & 8 months	1-3 (45)	(12,148)		
Misc General Expenses (city fees, assc dues, employee safety eqpt, bank charges)	1-3 (45)	(5,246)		Yes
Maintenance of General Property	1-3 (45)	0		Yes
Transportation Expense	1-3 (45)	<u>(2,905)</u>		Yes
		12,625	12,625	
Property Tax - 8 months of taxes	DR 2-1		(40,000)	
Depreciation- 8 months	DR 2-1		(67,211)	
Accelerated depreciation to recover portion capital expenditures in recent years	DR 2-1		300,000	
Amortization - 8 months			3,223	
Materials to close manholes	1-7 (50)	39,200		Yes *
Material to disconnect customers	1-7 (50)	16,500		Yes *
Rent office/workshop space - June through November (6 months)	1-7 (50)	15,000		
Office expenses - phone, office supplies	1-7 (50)	7,500		Yes *
Accounting assistance to close	1-7 (50)	10,000		Yes *
Legal assistance to close	1-7 (50)	30,000		Yes *
Retention bonus (3 months pay) - Plant operations/maintenance	1-7 (50)	167,666		Yes *
Retention bonus (3 months pay) - Distribution	1-7 (50)	55,890		Yes *
Retention Bonus (3 months pay) - Administration	1-7 (50)	41,791		Yes *
Allowance for extra OT and outside contracted labor	1-7 (50)	78,585		Yes *
Retention - 3 months health insurance extension	1-7 (50)	25,838		Yes *
Retain Distribution staff for 3 months past 5/31/17 for disconnect and manhole cl	1-7 (50)	36,170		Yes *
Retain Admin staff for 6 months past 5/31/17	1-7 (50)	166,858		Yes *
Health insurance for extended employees	1-7 (50)	20,000		Yes *
Pay off Line of Credit (TD Bank)	1-7 (50)	1,200,000		Yes *
Pay off truck loan (F 150)	1-7 (50)	14,181		Yes *
Pay off loan for CATCH equipment	1-7 (50)	<u>13,497</u>		Yes *
		1,938,675	1,938,675	
Operating Rent - 8 instead of 12 month steam plant rent payments to State	DR 2-1	(33,505)		Yes *
Rent office/workshop space - June through November (6 months)	DR 2-1	<u>15,000</u>		
		(18,505)	(18,505)	
Total Expense Adjustments			<u>2,714,610</u>	

* Decommissioning Cost

CONCORD STEAM CORPORATION
Employee Wages & Benefits - Adjusted Test Year

Source: AR GL Reconciliation (spreadsheet supporting filing provided by CSC)

Wages/Payroll

	12 Months Ended 12/31/2015	Percent Increase	Annual Cost	Payroll 8 Months (Oct - May)	Proforma Adjustment
superintendence plant (COE)	102,861	5.00%	108,004	72,003	(30,858)
boiler labor (COE)	480,017	5.00%	504,018	336,012	(144,005)
superintendence distribution	60,002	5.00%	63,002	42,001	(18,001)
O&M Distribution lines	42,859	5.00%	45,002	30,001	(12,858)
meter operating labor	59,946	5.00%	62,944	41,962	(17,984)
meter reading/collection labor	25,715	5.00%	27,001	18,001	(7,715)
customer billing labor	15,579	5.00%	16,358	10,905	(4,674)
Plant Equip Maint labor	85,717	5.00%	90,003	60,002	(25,715)
general office labor	25,965	5.00%	27,263	18,175	(7,789)
Total Wages/Payroll	898,661		943,594	629,063	(269,598)

Employee Benefits

	12 Months Ended 12/31/2015	Percent Increase	Annual Cost	Payroll 8 Months (Oct - May)	Proforma Adjustments
Employer FICA	68,708	5.00%	72,144	48,096	(20,613)
sep/ira	9,371	5.00%	9,839	6,560	(2,811)
SUTA	1,609	5.00%	1,690	1,127	(483)
FUTA	717	5.00%	753	502	(215)
SUTA Admin. C	55	5.00%	58	38	(16)
Employee Medical & Dental	106,530	5.00%	111,857	74,571	(31,959)
Total Employee Benefits	186,991		196,341	130,894	(56,097)

Incremental Increase for President (Management Fee paid to Bloomfield Associates)

	12 Months Ended 12/31/2015	Percent Increase	Annual Cost	Percent Increase	Payroll 8 Months (Oct - May)	Proforma Adjustment
President (Management Fee) (Note 1)	85,104	39,896	125,000	46.88%	83,333	(1,771)
Vice President (COE) (Note 2)	99,001	25,999	125,000	26.26%	80,033	(18,968)
Vice President Benefits (COE) (Note 2)	20,600	4,286	24,886	20.81%	15,904	(4,696)
	184,105	65,895	250,000		163,367	(20,738)

Total Test Year Adjustments to Wages & Benefits

	Proforma Adjustment	Allocation	
		COE	Non-COE
Wages/Payroll	(269,598)	(174,863)	(94,735)
Benefits	(56,097)	(36,385)	(19,712)
President & VP	(23,663)	(23,663)	0
Total	(349,359)	(234,912)	(114,447)

Note 1 - President compensation paid under the terms of the consulting contract with Bloomfield Associates, it is a third party payment and not reflected in payroll expenses.

Note 2 - Vice President compensation is a payroll expense and therefore the pro-forma adjustment was reduced by the 5 percent adjustment on total 2015 wages/payroll. Employee benefit adjustment calculation: ratio of VP pay increase to total wages, times total benefits, times 20%.

CONCORD STEAM CORPORATION
Employee Wages & Benefits - Decommissioning Cost
Source: Company response to Staff Data Request 3-2

Employee Retention Cost - 3 Months Pay

Wages/Payroll	12 Months	Percent Increase	Annual Cost	Retention Bonus 3 Months
	Ended 12/31/2015			
superintendence plant	102,861	5.00%	108,004	27,001
Remove VP Retention Bonus	(99,001)	5.00%	(103,951)	(25,988)
boiler labor	480,017	5.00%	504,018	126,004
superintendence distribution	60,002	5.00%	63,002	15,751
O&M Distribution lines	42,859	5.00%	45,002	11,250
meter operating labor	59,946	5.00%	62,944	15,736
meter reading/collection labor	25,715	5.00%	27,001	6,750
customer billing labor	15,579	5.00%	16,358	4,089
Plant Equip Maint labor	85,717	5.00%	90,003	22,501
general office labor	<u>25,965</u>	5.00%	<u>27,263</u>	<u>6,816</u>
Wages/Payroll Total	<u>799,660</u>		<u>839,643</u>	<u>209,911</u>
Retention Benefits				
	12 Months	Percent Increase	Annual Cost	Extended Benefits 3 Months
	Ended 12/31/2015			
Employer FICA	68,708	5.00%	72,144	18,036
sep/ira	9,371	5.00%	9,839	2,460
SUTA	1,609	5.00%	1,690	422
FUTA	717	5.00%	753	188
SUTA Admin. C	55	5.00%	58	14
Employee Medical & Dental	<u>106,530</u>	5.00%	<u>111,857</u>	<u>27,964</u>
Benefits Total	<u>186,991</u>		<u>196,341</u>	<u>49,085</u>
Total Employee Retention Costs - Wages & Benefits				<u>258,996</u>

Wages/Payroll/Benefits for Employees Following Termination of Utility Service

Employee Job Title	2,015 Salary (DR 1-5)	Percent * of Total Payroll	Annual Adjusted Salary	Months beyond Adjusted Salary (DR1-6)	Annual ** Adjusted Wages	Monthly Adjusted Benefits	Monthly Adjusted Benefits	Monthly Adjusted Benefits
President			125,000	5	52,083			
Vice President	99,001	11.02%	125,000	5	52,083	21,630	1,802	9,012
Treasure	42,000	4.67%	44,100	5	18,375	9,176	765	3,823
Distribution Supervisor	75,704	8.42%	79,489	2	13,248	16,540	1,378	2,757
Lead Operator	70,256	7.82%	73,769	1	6,147	15,350	1,279	1,279
Operator	56,272	6.26%	59,086	1	4,924	12,294	1,025	1,025
Lead Mechanic	86,272	9.60%	90,586	1	7,549	18,849	1,571	1,571
Meter Technician	47,575	5.29%	49,954	2	8,326	10,394	866	1,732
Meter Technician	45,564	5.07%	47,842	2	7,974	9,955	830	1,659
Laborer	27,833	3.10%	29,225	1	2,435	6,081	507	507
					<u>68,978</u>			<u>23,365</u>
Total Employee Wages & Benefits Following Termination of Utility Service					<u>92,343</u>			

* Percentage: 2015 salary divided by 2015 total wages.

Total 2015 Payroll	898,661
Total 2015 Adjusted Payroll	943,594

** Annual Adjusted Benefits: 'Total 2015 Adjusted Benefits' multiplied by 'Percent of Payroll of Total Payroll'

Total 2015 Adjusted Employee Benefits	196,341
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CONCORD STEAM CORPORATION
Property Tax

State Property Tax	Reference	
Per Settlement Agreement with NH Dept of Revenue Administration		
Revised Utility Property Tax	DR 1-13	37,630
Credit for overpayments be be applied to 2016 tax year	DR 1-13	<u>(17,195)</u>
2016 State Property Tax payable		<u><u>20,435</u></u>
City of Concord Property Tax - 2015 (Company estimated payment for 2016)		
Plant	DR 2-6	29,330
Distribution System	DR 2-6	86,184
ROW	DR 2-6	241
2015 City of Concord Property Tax		<u><u>115,754</u></u>
Annual Property Tax based on 2015 property assessment		153,384
Property Tax if property assessment reduce 50%		76,692
8 months of Property Tax at 50% of 2015 Assessed Property Value		<u><u>51,128</u></u>
2015 Property Tax	CSC 1 (42)	180,891
2015 Property Tax minus Estimated Property Tax during Emergency Rates		<u><u>129,763</u></u>

CONCORD STEAM CORPORATION
Decommissioning Costs

Decommissioning Costs	Source	
Retention Pay - 3 Months Wages & Extended Benefits (payroll p. 2)	SPF-1 p. 6	258,996
Wages & Benefits for employees for May 2017 thru October 2017	SPF-1 p. 6	92,343
Allowance for extra OT and outside contracted labor	CSC 1-7 (50)	78,585
Rent office & work space - 5 months	CSC 1-7 (50) & DR 1-6	12,500
Office Expenses - phone, office supplies - 5 months	CSC 1-7 (50) & DR 1-6	6,250
Outside Accounting	CSC 1-7 (50)	10,000
Legal Assistance to Close	CSC 1-7 (50)	30,000
Materials to close manholes	CSC 1-7 (50)	39,200
Materials to disconnect customers	CSC 1-7 (50)	<u>16,500</u>
Total Decommissioning Costs		<u><u>(544,374)</u></u>
Proceeds from Sale of Assets		
Backhoe, forklift, service vehicles, generators and transformer	CSC 1-1 (43)	63,000
Purchase price per Asset Purchase Agreement with Liberty Utilities	CSC 1-1 (43)	<u>1,900,000</u>
Total Proceeds from Sale of Assets		<u><u>1,963,000</u></u>
50% Unrecovered Rate Base	SPF-1 p. 9	<u><u>(2,995,599)</u></u>
Decommissioning Costs to be Recovered through Emergency Rates:		
Costs plus 50% of Rate Base less Proceeds from Sale of Assets		<u><u>(1,576,973)</u></u>

CONCORD STEAM CORPORATION
Rate Base

	Supporting Schedule (Bates Page)	Test Year Ending <u>12/31/2015</u>	Test Year Ending <u>12/31/2015</u>
Plant in service	CSC 3-B (65)	12,720,290	
Less: accumulated Depreciation	CSC 3-B (65)	<u>(6,245,494)</u>	
Net Utility Plant		<u>6,474,796</u>	6,474,796
Plus			
Cash working capital	SPF-1 p. 10	470,961	470,961
Materials and supplies	CSC 3-B (65)	122,522	
Prepayments	CSC 3-B (65)	30,860	
Deferred Taxes (sched 2 p. 59)	CSC 2 (59)	<u>615,896</u>	
		<u>1,240,239</u>	1,240,239
Less			
Deferred Taxes (Sched 3B)	CSC 3-B (65)	1,178,813	
Investment tax credit			
Customer deposits (Sched 3-B)	CSC 3-B (65)	1,100	
Customer advances			
Contribution in aid of construction	CSC 3-B (65)	671,975	
CIAC accum amortization	CSC 3-B (65)	<u>(128,051)</u>	
		<u>1,723,837</u>	<u>(1,723,837)</u>
Rate Base			<u>5,991,198</u>

CONCORD STEAM CORPORATION
Working Capital

	Company Proformed Test Year	Staff Proformed Test Year	Company Over/(Under) Staff
	<u> </u>	<u> </u>	<u> </u>
Operational Expenses for Proformed Test Year (SPF-1 p. 2)	8,554,059	6,763,286	1,790,773
Less: Depreciation & Amortization	<u>(127,977)</u>	<u>(2,995,599)</u>	<u>2,867,622</u>
Net O&M	8,426,082	3,767,687	4,658,395
Monthly Average (Net O&M / 12 months)	702,174	313,974	388,200
45 day average (1.5 * monthly average)	<u>1,053,260</u>	<u>470,961</u>	<u>582,299</u>
Total Working Capital	<u><u>1,053,260</u></u>	<u><u>470,961</u></u>	<u><u>582,299</u></u>

CONCORD STEAM CORPORATION
Capital Structure & Weighted Cost of Capital
December 31, 2015
Source: CSC 2015 Annual Report

<u>Item</u>	<u>Amount</u>	<u>Component Ratio (%)</u>	<u>Component Cost Rate(%)</u>	<u>Weighted Average Cost Rate (%)</u>
Common Stock	\$3,176,409	65%	9.50%	6.16%
Long Term Debt	\$179,186	4%	4.02%	0.15%
Short Term Debt	\$1,540,013	31%	2.73%	0.86%
Total	\$4,895,608	100%		7.17%