

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: July 13, 2011

AT (OFFICE): NHPUC

FROM: Robert J. Wyatt *RSW*
Utility Analyst IV, Gas & Water Division

SUBJECT: DG 11-135
Concord Steam Corporation
Petition for Approval of a Special Contract with State of New Hampshire

TO: Commissioners
Docket File
Service List



BACKGROUND

On June 10, 2011, the petitioner, Concord Steam Corporation (“Concord Steam” or “Company”), filed with the New Hampshire Public Utilities Commission (Commission) a petition for approval of a special contract with State of New Hampshire, Department of General Services (“State”) for service in connection with multiple office spaces, facilities, and buildings currently owned or leased by the State, which are located at various locations in the downtown and H. Gallen Office Park areas of Concord, New Hampshire. Concord Steam has been providing retail steam service to the State at various locations in Concord for over thirty years.

Included with the petition for approval of the special contract (“petition”) is a statement of special circumstances in which Concord Steam asserts that it provides steam service in the city of Concord, New Hampshire. 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 Purchase Agreement (“SPA”) for its steam supply requirements from Concord Power and Steam, LLC (“Concord Power”). Concord Steam is an affiliate of Concord Power.¹ Concord Power intends to develop an 18 MW wood-fired steam boiler-electric generating unit (the "Unit") which will be the source of the steam supply to be provided to Concord Steam under the SPA.

The financing that is necessary for Concord Power to be able to construct the Unit cannot be obtained unless the Unit's electric generation 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,

¹ Order No. 24,969 (May 22, 2009) the Commission indicated that the terms of the Steam Purchase Agreement (SPA) were reasonable but deferred approval of the SPA pending receipt of information not available at that time, such as the identity of the equity investor, arrangements with the investor, terms of the debt financing and lease or ownership arrangements for the wood yard and land for the plant site.

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 recovering the fixed costs incurred by Concord Steam to serve all of its customers. 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 electric power 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.

STAFF INVESTIGATION AND ANALYSIS

The proposed special contract, executed by representatives of the State and Concord Steam on June 1, 2011, and approved by the Governor and Executive Council on June 22, 2011, specifies that the State will purchase all of its steam requirements from Concord Steam for the term of the special contract. This term will commence on January 1, 2014 (after the expected completion date for the new combined steam/power plant), and is structured as an initial ten-year term, with two five-year automatic renewals (subject to the prior approval of the Governor and Executive Council). The State will pay an "initial base rate" (i.e., the "Usage Rate" referred to in Concord Steam's tariff) of \$5.00 per Mlb of steam under the terms of the special contract. This \$5.00/Mlb base rate/Usage Rate will increase annually, beginning on January 1, 2015, by the annual percentage increase in the Gross Domestic Product Implicit Price Deflator. The State will pay the other components of Concord Steam's tariff (i.e., Meter Charge and Cost of Energy components, and any applicable tariff surcharges) at the same rates applied to all customers under Concord Steam's tariff. Under the terms of the special contract, Concord Steam will continue to maintain the steam distribution system on the campus of the Governor Hugh Gallen Office Park at Concord Steam's expense.

Staff met with Company representatives and issued discovery related to the petition. In addition to the material provided through the discovery process, Staff reviewed related dockets that were pertinent to this case, including DG 08-107 which pertains to the SPA between Concord Steam and Concord Power, and DG 09-154, pertaining to the special contract between the Company and the Concord School District, on behalf of Rundlett School.

Order No. 25,030 (October 27, 2009), approved the special contract between Concord Steam and the Concord School District (School District). The Commission found that the discounted delivery rate was in excess of the incremental costs associated with serving that load and that the term of the contract was appropriate in that it allows the School District the opportunity to recoup its contribution in aid of construction for the steam line extension to the school.

The terms of the proposed contract between Concord Steam and the State closely mirror those approved for the School District, with the exception of the two options for renewal of the contract and a few other minor differences that are discussed later in this

recommendation. As in the contract between the Company and the School District, the discounted rate (i.e., the Usage Rate, as listed in the Concord Steam tariff) exceeds the incremental cost to serve that load² and provides for annual usage rate increases indexed to inflation, helping to ensure that the discounted delivery rate will exceed long-run marginal costs over the life of the contract. Attachment RJW-1 demonstrates the Company's approximate incremental cost to serve in both 2008 and 2010 and Attachment RJW-2 provides the spreadsheet template and an example of how the special contract usage rates will be adjusted each year, based on the change in the Gross Domestic Product from year to year.³

As for the term of the steam special contract, the proposed contract is tied to the length of the electric power contract between Concord Power and the State and allows the State the opportunity to recoup potentially higher electric costs than it would otherwise incur absent the contract.

In Docket DG 08-107, regarding the SPA, Concord Steam testified that the overall cost of steam service would drop by approximately 30% once the new power and steam plant was built whereas continuing operations at the existing plant would require significant upgrades, the cost of which would lead to a significant rate increase. At that time Concord Steam estimated a total rate of \$24.82 per Mlb with a new plant compared to a rate of \$63.02 per Mlb without. Based on updated costs, the estimated combined, overall rates are now \$25.60 and \$42.40, respectively [See Attachment RJW-3]. The special contract that will enable construction of the new plant will result in substantial overall savings to all Concord Steam customers, with varying bill impacts on individual customers. An analysis of the rate impact on customer segments indicate that all customers will benefit from the efficiencies of the new power and steam plant. Although the State will achieve the greatest savings, this benefit is offset by its acceptance of additional risk exposure related to potentially higher electricity costs. The results are summarized below:

Table 1

| Steam Customer Segment | Current Overall Steam Rate | Estimate of Overall Steam Rate without New Steam Plant | Estimate of Overall Steam Rate with New Steam Plant | Estimate of Rate Change % without new plant | Estimate of Rate Change % with new plant |
|--------------------------------|----------------------------|--|---|---|--|
| City and State Buildings | \$34.37 | \$43.26 | \$22.29 | 26% | -35% |
| Other Special Contact Accounts | \$25.93 | \$29.01 | \$24.01 | 12% | -7% |
| Remaining Tariff Accounts | \$35.57 | \$44.89 | \$28.77 | 26% | -19% |
| Total | \$33.97 | \$42.40 | \$25.60 | 25% | -25% |

² The Company asserts in response to Staff data request 1-1 that other than cost of fuel, the marginal cost of generating steam is the cost of ash disposal, boiler chemicals, boiler plant electricity requirements, and water and sewer expenses. Staff adds that most of these costs will be absorbed by Concord Power under the SPA and that other than some possible inflation-related effects these expenses should remain relatively flat during the term of this agreement.

³ As reflected in line no. 1 of the U.S. Department of Commerce, Bureau of Economic Analysis, Table 1.1.9. Implicit Price Deflators for Gross Domestic Product, quarterly format, Quarter III results each year.

The bill impacts do not reflect the cost of the 6,800 foot line extension that will be required to connect the new plant to the steam distribution system or the system upgrades to repair and re-insulate approximately 5,500 feet of existing steam pipes to improve their performance and decrease line losses. In Docket DG 08-107 Concord Steam estimated the cost of the interconnection and distribution system upgrades would be \$4 million. The cost to connect the new plant to the steam distribution system is necessary to provide service to all customers and the system upgrades will reduce line losses and reduce the cost of energy rates, thereby benefiting all customers. Therefore, these costs should be recovered from all customers. Staff recommends that the Commission consider assessment of a new surcharge, to be paid by all Concord Steam customers, including the State, upon completion of the new combined steam/power plant, to recover these costs.

The minor differences referenced earlier, between the approved Concord Steam/School District special contract and proposed Concord Steam/State special contract are clarifying language regarding metering charges and a rate adjustment in the event of thermal renewable energy credits or certificates.

The Concord Steam/School District special contract states that the base rate discount does not apply to the meter charge, whereas the Concord Steam/State special contract is silent on that point. Concord Steam has clarified with the State that the base rate discount rate does not apply to meter charges. As noted earlier, the discount only applies to the Usage Rate portion of the State's steam bills and meter charges and the cost of energy rates are to be billed at the effective tariff rates. See Attachment RJW-4.

The proposed special contract includes a provision that would further reduce steam costs though a credit to Concord Steam's Cost of Energy of any value obtained through thermal renewable energy credits or certificates which may be realized as part of the renewable portfolio standard established under RSA 362-F, if adopted in New Hampshire. This reduction in steam costs would benefit all steam customers and would not be limited to the State's steam accounts.

Concord Steam expects that the proposed special contract with the State will represent 37% of the steam load of the company in 2014.

STAFF RECOMMENDATION

Staff recommends that the Commission approve the special contract between Concord Steam and the State, as Staff considers the proposed special contract to be in the public interest, as required by RSA 378:18. Specifically, the special contract offers Concord Steam the opportunity to complete its long-planned combined power and steam plant, which would offer all Concord Steam customers, along with the State, economic benefits derived from the plant's increased efficiency. The changeover to the new plant would also provide significant environmental benefits to the general public, as the new plant would have modern pollution controls. Approval of the special contract will enable the Company to finance and move forward with the construction phase of building the new

plant. Moreover, the fact that 37% of Concord Steam's steam load will be delivered under the auspices of the special contract is not against the public interest, for the reasons discussed above; also, the very local nature of the company's steam service means that any large customer (i.e., the State) would have a relatively high percentage of its steam load in any instance.

Staff recommends that the Commission include language in an approval Order that indicates that

- the Commission approves special contracts on a case-by-case basis under the RSA 378:18 public interest standard, and that load percentages are not dispositive in the Commission's analysis of special contracts under this standard;
- the special contract rate applies specifically to a discount to the usage rate portion of the bill for each State steam account. The normal effective tariff rates will continue to apply to the Meter Charge and Cost of Energy rates paid by the State, together with surcharges;
- the Commission indicate in its approval Order that it will consider the assessment of a new surcharge, at the time construction of the new plant is completed, to be paid by all Concord Steam customers, including the State during the term of the special contract, to recover distribution-system upgrade costs;
- at no time during the term of this agreement shall the discount to the usage rate be less than the initial special contract rate;
- Concord Steam will file annually, prior to each new contract year, the rate adjustment calculation using the template attached to this recommendation, to the New Hampshire Public Utilities Commission, referencing this docket number;
- at the end of the special contract, the State of New Hampshire steam accounts will return to normal steam tariff rates.

Attachments

DG 11-135 Concord Steam/State of NH Special Contract

Marginal Cost Calculation Comparisons
 Rundlett School Special Contract (DG 09-154) vs. State of NH Special Contract (DG 11-135)

| | DG 09-154 Projected Annual Costs 2008 {1} | FY 2008 Incremental Cost for Additional 50,000 Mlbs {1} | DG 11-135 Actual Costs FY 2010 {2} | Incremental Costs to serve existing State of NH load {3} |
|------------------------------|--|---|--|--|
| Electricity | \$ 94,391 | \$ 9,439 | \$ 59,364 | \$ - |
| Water/Sewer | 170,586 | 34,117 | 157,455 | - |
| Boiler Chemicals | 36,129 | 7,226 | 8,700 | - |
| Salt (softener, dealkalizer) | - | - | 23,423 | - |
| Air Permit Fees | 37,199 | 7,440 | - | - |
| Ash disposal | 34,000 | 6,800 | 30,633 | - |
| Total | \$ 372,305 | \$ 65,022 | \$ 279,575 | \$ - |
| Steam Sold | 144,000 Mlbs | 50,000 Mlbs | 122,107 Mlbs | - Mlbs |
| Actual Marginal Cost | \$ 2.59 /Mlb | \$ 1.30 /Mlb | \$ 2.29 /Mlb | \$ - /Mlb |

1. DG 09-154 Exhibit 2, Concord Steam petition - Rundlett School Special Contract.
2. DG 11-135 Concord Steam reponse to Staff data request 1-1.
3. The State of New Hampshire is already receiving steam service from Concord Steam and should result in a minimal increase to incremental generating costs to serve under the special contract. The Company has experienced load losses on its distribution system over the past several years making it less likely to need new steam distribution mains to accommodate incremental load growth.

DG 11-135 Concord Steam/State of NH Special Contract

Example of the how the special contract rate will be adjusted from year-to-year.

| Example of rate adjustment using 2006 as the hypothetical start of the contract term | | 2005-Q3 | 2006-Q3 | 2007-Q3 | 2008-Q3 | 2009-Q3 | 2010-Q3 | 2011-Q3 | 2012-Q3 | | |
|--|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Gross Domestic Product (re. Table I.1.9, Quarterly format, line 1) | Q3 results not available until after Sep-30 each year | 100.461 | 103.756 | 106.706 | 109.539 | 109.750 | 111.045 | | | | |
| Contract year | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Calendar Year | | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| Annual Rate Adjustment Factor (ARAF) | (Year "n" Q3)/(Year "n-1" Q3) | | 1.033 | 1.028 | 1.027 | 1.002 | 1.012 | | | | |
| Annual Usage Rate Adjustment (AURA) | ARAF "n" x AURA "n-1" | \$5.00 | \$5.17 | \$5.31 | \$5.45 | \$5.46 | \$5.53 | | | | |

Instructions and template to determine the actual Annual Usage Rate Adjustments:

- Step 1 Go to the following BEA web address: <http://www.bea.gov/national/nipaweb/DownSS2.asp>
- Step 2 Then, directly below the section header "1969 - Present" select the hyperlink to "XLS Format, Section 1"
- Step 3 Click on the tab for sheet "I0109 Qtr" which is "Table 1.1.9 Implicit Price Deflators for Gross Domestic Product" in the quarterly format
- Step 4 From line no. 1 copy Quarter 3 GDP results when they become available, beginning with 2013 Q3 and for each successive year during contract term into the Annual Usage Rate Adjustment Template in line 14 below to calculate each year's rate adjustment factor

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| Annual Usage Rate Template for Special Contract | | 2013-Q3 | 2014-Q3 | 2015-Q3 | 2016-Q3 | 2017-Q3 | 2018-Q3 | 2019-Q3 | 2020-Q3 | 2020-Q3 | 2020-Q3 |
|---|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1. Gross domestic product | Input GDP IPD Q3 -> | | | | | | | | | | |
| Contract year | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Calendar Year | | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
| Annual Rate Adjustment Factor (ARAF) | (Year "n" Q3)/(Year "n-1" Q3) | | | | | | | | | | |
| Annual Usage Rate Adjustment (AURA) | ARAF "n" x AURA "n-1" | \$ 5.00 | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|----|--|---------------------------------|-----------------------------|----------------------|------------------|------------------------|----------------------|------------------------|-----------------------------------|---------------------|------------------------|---------------|--------------|------------------------------|--|---|
| 1 | Concord Steam Tariff Rate, Special Contract, and Revenue Analysis | | | | | | | | | | | | | | Attachment RJW-3 | |
| 2 | Scenario 1 - Current status and rates | | | | | | | | | | | | | | 7/12/2011 | |
| 3 | | | | | | | | | | | | | | | from Attachment Staff Data Request 1-7 (Revised) | |
| 4 | Steam Account(s) | Tariff Rate or Special Contract | Annual Steam use (Mlbs) (3) | Percent of Total Use | Number of Meters | Avg Meter \$/Month (4) | Meter Charge Revenue | Average Usage Rate (4) | Usage (Volumetric) Charge Revenue | Cost of Energy Rate | Cost of Energy Revenue | Total Revenue | Blended rate | | | |
| 5 | | Input | Input | C/C18 | Input | G/E/12 | Input | I/C | Input | Input | JxC | G+I+K | L/C | | | |
| 6 | State of NH | Tariff rate | 55,000 | 37.4% | 39 | \$19.76 | \$ 9,250 | \$ 16.21 | \$ 891,750 | \$17.80 | \$ 979,000 | \$ 1,880,000 | \$ 34.18 | | | |
| 7 | City of Concord | Tariff rate | 4,500 | 3.1% | 7 | \$16.67 | \$ 1,400 | \$ 18.54 | \$ 83,430 | \$17.80 | \$ 80,100 | \$ 164,930 | \$ 36.65 | | | |
| 8 | Rundlett School | Special Contract | 7,000 | 4.8% | 1 | \$30.00 | \$ 360 | \$ 5.00 | \$ 35,000 | \$17.80 | \$ 124,600 | \$ 159,960 | \$ 22.85 | | | |
| 9 | Conant School (1) | Special Contract | 2,000 | 1.4% | 1 | \$30.00 | \$ 360 | \$ 5.00 | \$ 10,000 | \$17.80 | \$ 35,600 | \$ 45,960 | \$ 22.98 | | | |
| 10 | Kimball School (2) | Special Contract | 2,000 | 1.4% | 1 | \$30.00 | \$ 360 | \$ 5.00 | \$ 10,000 | \$17.80 | \$ 35,600 | \$ 45,960 | \$ 22.98 | | | |
| 11 | High School | Tariff rate | 11,000 | 7.5% | 4 | \$30.00 | \$ 1,440 | \$ 17.65 | \$ 194,200 | \$17.80 | \$ 195,800 | \$ 391,440 | \$ 35.59 | | | |
| 12 | YMCA | Special Contract | 5,000 | 3.4% | 3 | \$25.83 | \$ 930 | \$ 13.48 | \$ 67,400 | \$17.80 | \$ 89,000 | \$ 157,330 | \$ 31.47 | | | |
| 13 | Denev Realty | Special Contract | 1,000 | 0.7% | 1 | \$25.00 | \$ 300 | \$ 13.48 | \$ 13,480 | \$17.80 | \$ 17,800 | \$ 31,580 | \$ 31.58 | | | |
| 14 | All remaining customers | Tariff rate | 59,500 | 40.5% | 131 | \$ 9.94 | \$15,624 | \$ 17.50 | \$1,041,250 | \$17.80 | \$1,059,100 | \$ 2,115,974 | \$ 35.56 | | | |
| 15 | | | | | | | | | | | | | | | | |
| 16 | Sub Totals | City + State | 59,500 | 40.5% | 46 | \$19.29 | \$10,650 | \$ 16.39 | \$ 975,180 | \$17.80 | \$1,059,100 | \$ 2,044,930 | \$ 34.37 | | | |
| 17 | Sub Totals | Special Contract | 17,000 | 11.6% | 7 | \$27.50 | \$ 2,310 | \$ 7.99 | \$ 135,880 | \$17.80 | \$ 302,600 | \$ 440,790 | \$ 25.93 | | | |
| 18 | Sub Totals | Tariff Rate | 70,500 | 48.0% | 135 | \$10.53 | \$ 17,064 | \$ 17.52 | \$1,235,450 | \$17.80 | \$1,254,900 | \$ 2,507,414 | \$ 35.57 | | | |
| 19 | Totals | Combined | 147,000 | 100.0% | 188 | \$13.31 | \$ 30,024 | \$ 15.96 | \$2,346,510 | \$17.80 | \$2,616,600 | \$ 4,993,134 | \$ 33.97 | | | |
| 20 | | | | | | | | | | | | | | | | |
| 21 | Scenario 2 - Future status and estimated rates if new steam plant is not built | | | | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | | | | | |
| 23 | Steam Account(s) | Tariff Rate or Special Contract | Annual Steam use (Mlbs) | Percent of Total Use | Number of Meters | Avg Meter \$/Month | Meter Charge Revenue | Average Usage Rate | Usage (Volumetric) Charge Revenue | Cost of Energy Rate | Cost of Energy Revenue | Total Revenue | Blended rate | Blended Rate Scenario 1 vs 2 | | |
| 24 | | Input | Input | C/C38 | Input | G/E/12 | Input | I/C | Input | Input | JxC | G+I+K | L/C | M(S2)/M(S1)-1 | | |
| 25 | State of NH | Tariff rate | 55,000 | 37.4% | 39 | \$19.76 | \$ 9,250 | \$ 24.32 | \$1,337,625 | \$18.50 | \$1,017,500 | \$ 2,364,375 | \$ 42.99 | 25.8% | | |
| 26 | City of Concord | Tariff rate | 4,500 | 3.1% | 7 | \$16.67 | \$ 1,400 | \$ 27.81 | \$ 125,145 | \$18.50 | \$ 83,250 | \$ 209,795 | \$ 46.62 | 27.2% | | |
| 27 | Rundlett School | Special Contract | 7,000 | 4.8% | 1 | \$30.00 | \$ 360 | \$ 5.00 | \$ 35,000 | \$18.50 | \$ 129,500 | \$ 164,860 | \$ 23.55 | 3.1% | | |
| 28 | Conant School | Special Contract | 2,000 | 1.4% | 1 | \$30.00 | \$ 360 | \$ 5.00 | \$ 10,000 | \$18.50 | \$ 37,000 | \$ 47,360 | \$ 23.68 | 3.0% | | |
| 29 | Kimball School | Special Contract | 2,000 | 1.4% | 1 | \$30.00 | \$ 360 | \$ 5.00 | \$ 10,000 | \$18.50 | \$ 37,000 | \$ 47,360 | \$ 23.68 | 3.0% | | |
| 30 | High School | Tariff rate | 11,000 | 7.5% | 4 | \$30.00 | \$ 1,440 | \$ 25.60 | \$ 281,590 | \$18.50 | \$ 203,500 | \$ 486,530 | \$ 44.23 | 24.3% | | |
| 31 | YMCA | Special Contract | 5,000 | 3.4% | 3 | \$25.83 | \$ 930 | \$ 20.22 | \$ 101,100 | \$18.50 | \$ 92,500 | \$ 194,530 | \$ 38.91 | 23.6% | | |
| 32 | Denev Realty | Special Contract | 1,000 | 0.7% | 1 | \$25.00 | \$ 300 | \$ 20.22 | \$ 20,220 | \$18.50 | \$ 18,500 | \$ 39,020 | \$ 39.02 | 23.6% | | |
| 33 | All remaining customers | Tariff rate | 59,500 | 40.5% | 131 | \$ 9.94 | \$15,624 | \$ 26.25 | \$1,561,875 | \$18.50 | \$1,100,750 | \$ 2,678,249 | \$ 45.01 | 26.6% | | |
| 34 | | | | | | | | | | | | | | | | |
| 35 | Sub Totals | City + State | 59,500 | 40.5% | 46 | \$19.29 | \$10,650 | \$ 24.58 | \$1,462,770 | \$18.50 | \$1,100,750 | \$ 2,574,170 | \$ 43.26 | 66.9% | | |
| 36 | Sub Totals | Special Contract | 17,000 | 11.6% | 7 | \$27.50 | \$ 2,310 | \$ 10.37 | \$ 176,320 | \$18.50 | \$ 314,500 | \$ 493,130 | \$ 29.01 | 11.9% | | |
| 37 | Sub Totals | Tariff Rate | 70,500 | 48.0% | 135 | \$10.53 | \$ 17,064 | \$ 26.15 | \$1,843,465 | \$18.50 | \$1,304,250 | \$ 3,164,779 | \$ 44.89 | 26.2% | | |
| 38 | Totals | Combined | 147,000 | 100.0% | 188 | \$13.31 | \$ 30,024 | \$ 23.69 | \$3,482,555 | \$18.50 | \$2,719,500 | \$ 6,232,079 | \$ 42.40 | 24.8% | | |
| 39 | | | | | | | | | | | | | | | | |
| 40 | Scenario 3 - Future status and estimated rates if new steam plant is built and State, City and School special contracts are in place | | | | | | | | | | | | | | | |
| 41 | | | | | | | | | | | | | | | | |
| 42 | Steam Account(s) | Tariff Rate or Special Contract | Annual Steam use (Mlbs) | Percent of Total Use | Number of Meters | Avg Meter \$/Month | Meter Charge Revenue | Average Usage Rate | Usage (Volumetric) Charge Revenue | Cost of Energy Rate | Cost of Energy Revenue | Total Revenue | Blended rate | Blended Rate Scenario 1 vs 3 | Blended Rate Scenario 2 vs 3 | |
| 43 | | Input | Input | C/C58 | Input | G/E/12 | Input | I/C | Input | Input | JxC | G+I+K | L/C | M(S3)/M(S1)-1 | M(S3)/M(S2)-1 | |
| 44 | State of NH | Special Contract | 55,000 | 37.4% | 39 | \$19.76 | \$ 9,250 | \$ 5.00 | \$ 275,000 | \$17.11 | \$ 941,050 | \$ 1,225,300 | \$ 22.28 | -34.8% | -48.2% | |
| 45 | City of Concord | Special Contract | 4,500 | 3.1% | 7 | \$16.67 | \$ 1,400 | \$ 5.00 | \$ 22,500 | \$17.11 | \$ 76,995 | \$ 100,895 | \$ 22.42 | -38.8% | -51.9% | |
| 46 | Rundlett School | Special Contract | 7,000 | 4.8% | 1 | \$30.00 | \$ 360 | \$ 5.00 | \$ 35,000 | \$17.11 | \$ 119,770 | \$ 155,130 | \$ 22.16 | na | na | |
| 47 | Conant School | Special Contract | 2,000 | 1.4% | 1 | \$30.00 | \$ 360 | \$ 5.00 | \$ 10,000 | \$17.11 | \$ 34,220 | \$ 44,580 | \$ 22.29 | na | na | |
| 48 | Kimball School | Special Contract | 2,000 | 1.4% | 1 | \$30.00 | \$ 360 | \$ 5.00 | \$ 10,000 | \$17.11 | \$ 34,220 | \$ 44,580 | \$ 22.29 | na | na | |
| 49 | High School | Tariff rate | 11,000 | 7.5% | 4 | \$30.00 | \$ 1,440 | \$ 11.00 | \$ 121,000 | \$17.11 | \$ 188,210 | \$ 310,650 | \$ 28.24 | -20.6% | -36.1% | |
| 50 | YMCA | Special Contract | 5,000 | 3.4% | 3 | \$25.83 | \$ 930 | \$ 10.00 | \$ 50,000 | \$17.11 | \$ 85,550 | \$ 136,480 | \$ 27.30 | -13.3% | -29.8% | |
| 51 | Denev Realty | Special Contract | 1,000 | 0.7% | 1 | \$25.00 | \$ 300 | \$ 10.00 | \$ 10,000 | \$17.11 | \$ 17,110 | \$ 27,410 | \$ 27.41 | -13.2% | -29.8% | |
| 52 | All remaining customers | Tariff rate | 59,500 | 40.5% | 131 | \$ 9.94 | \$15,624 | \$ 11.50 | \$ 684,250 | \$17.11 | \$1,018,045 | \$ 1,717,919 | \$ 28.87 | -18.8% | -35.9% | |
| 53 | | | | | | | | | | | | | | | | |
| 54 | Sub Totals | City + State | 59,500 | 40.5% | 46 | \$19.29 | \$10,650 | \$ 5.00 | \$ 297,500 | \$17.11 | \$1,018,045 | \$ 1,326,195 | \$ 22.29 | -35.1% | -48.5% | |
| 55 | Sub Totals | Other Spec Contr | 17,000 | 11.6% | 7 | \$27.50 | \$ 2,310 | \$ 6.76 | \$ 115,000 | \$17.11 | \$ 290,870 | \$ 408,180 | \$ 24.01 | -7.4% | -17.2% | |
| 56 | Sub Totals | Tariff Rate | 70,500 | 48.0% | 135 | \$10.53 | \$ 17,064 | \$ 11.42 | \$ 805,250 | \$17.11 | \$1,206,255 | \$ 2,028,569 | \$ 28.77 | -19.1% | -35.9% | |
| 57 | Totals | Combined | 147,000 | 100.0% | 188 | \$13.31 | \$ 30,024 | \$ 8.28 | \$1,217,750 | \$17.11 | \$2,515,170 | \$ 3,762,944 | \$ 25.60 | -24.6% | -39.6% | |
| 58 | | | 147,000 | | | | | | | | | | | | | |
| 59 | Notes: | | | | | | | | | | | | | | | |
| 60 | (1) Conant school is not a customer now, but will come on as a special contract in 2012. | | | | | | | | | | | | | | | |
| 61 | (2) Kimball school was a standard tariff customer for part of 2010 and will return as a special contract in 2012. It was listed as special for comparison. | | | | | | | | | | | | | | | |
| 62 | (3) Steam usage amounts were approximately based on normalized weather. | | | | | | | | | | | | | | | |
| 63 | (4) Average Meter Charges and Usage Rates per month are a weighted average of seasonal and annual revenues divided by 12 months. | | | | | | | | | | | | | | | |
| 64 | | | | | | | | | | | | | | | | |

Attachment RJW-4

7/12/2011

Concord Steam

DG 11-135

Response to Staff Data Requests 1

Date received -6-23-11

Date of response 6-24

Peter Bloomfield

REQUEST -

- 5 In recent discussions between Staff and the Company related to this petition, the Company confirmed that, consistent with the other steam service special contracts, the special-contract discount applies to the usage rate portion of the customer bills. The other two normal components of a steam customer bill, i.e., the meter charge and the cost of energy, will continue to be billed at the normal tariff rates. Please provide written confirmation that the State understands this to be the correct interpretation of the special-contract terms.

RESPONSE -

We have had conversations with Mike Connor of Administrative services that the meter charge and the cost of energy will still apply under the special contract. He confirmed that understanding in a series of emails, copies of which are attached.