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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

October 23, 2012 - 9:12 a.m.
Concord, New Hampshire

NHPUC OCT31'12 AM 8:13

RE: DG 12-270
CONCORD STEAM CORPORATION:
2012 Cost of Energy.

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott
Commissioner Michael D. Harrington

Sandy Deno, Clerk

APPEARANCES: **Reptg. Concord Steam Corporation:**
Patrick Taylor, Esq. (McLane, Graf...)

Reptg. PUC Staff:
Alexander F. Speidel, Esq.
Stephen P. Frink, Asst. Dir./Gas & Water Div.
Robert J. Wyatt, Gas & Water Division

Court Reporter: Steven E. Patnaude, LCR No. 52

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24**I N D E X****PAGE NO.****WITNESS: PETER BLOOMFIELD**

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E X H I B I T S**EXHIBIT NO. D E S C R I P T I O N PAGE NO.**

1	2012 Cost of Energy filing, tariff page, testimony and attachments (09-11-12)	6
2	Revised schedules and tariff page to COE filing (10-04-12)	6
3	Revised Schedules 1-3	6

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P R O C E E D I N G

1
2 CHAIRMAN IGNATIUS: I'd like to open the
3 hearing in Docket DG 12-270, which is Concord Steam
4 Corporation's 2012-'13 Cost of Energy adjustment filing,
5 which Concord Steam made on September 12th, 2012. In the
6 filing, the Company requests an annual Cost of Energy rate
7 for the period November 1, 2012 through October 31, 2013.
8 And, as part of the filing, there's a request to change
9 the allocation of certain production costs between base
10 use rates and cost of energy rates, which is all tied to
11 another docket, DG 12-242. The proposal, if approved,
12 would result in an increase of approximately three to
13 three and a half percent to an average customer's total
14 bill.

15 By order of notice dated September 20th,
16 we called for a hearing on the merits, and also asked that
17 the Company publish the notice, which I see an affidavit
18 attesting to publication. So, thank you.

19 So, let's begin with appearances please.

20 MR. TAYLOR: Thank you. My name is
21 Patrick Taylor, from the law firm of McLane, Graf,
22 Raulerson & Middleton, representing the Concord Steam
23 Corporation. With me today from the Company are Peter
24 Bloomfield and Mark Saltsman. Mr. Bloomfield will be the

1 Company's only witness today.

2 CHAIRMAN IGNATIUS: Good morning.

3 MR. SALTSMAN: Good morning.

4 MR. BLOOMFIELD: Good morning.

5 MR. SPEIDEL: Good morning. This is
6 Alexander Speidel of the Staff of the Commission. And, I
7 have with me Robert Wyatt and Steve Frink of the Gas and
8 Water Division.

9 CHAIRMAN IGNATIUS: Good morning. Are
10 there any procedural matters to take up before Mr.
11 Bloomfield takes the stand?

12 MR. TAYLOR: None that I'm aware of.

13 CHAIRMAN IGNATIUS: All right.

14 MR. SPEIDEL: None that I'm aware of as
15 well. I do notice that there is a member of the public
16 present in the hearing room. Would you like to speak,
17 sir, or make a statement?

18 MR. LILLIOS: I can't hear you. I'm a
19 little hard of hearing.

20 MR. SPEIDEL: Would you like to speak,
21 sir, or make a statement at some point during this
22 hearing?

23 MR. LILLIOS: Well, I don't know. Can I
24 do it at the close or not?

1 CHAIRMAN IGNATIUS: You're welcome to,
2 either before -- you can, right now, if you would like.

3 MR. LILLIOS: No. I don't know what
4 this hearing is. I think it's about Cost of Energy or
5 something.

6 CHAIRMAN IGNATIUS: You're right.
7 Absolutely correct.

8 MR. LILLIOS: Well, I'm only -- I'm
9 here, curiosity, to see how you do it.

10 CHAIRMAN IGNATIUS: Okay.

11 MR. SPEIDEL: Sure.

12 CHAIRMAN IGNATIUS: Good. Well, we're
13 glad to have you here.

14 MR. LILLIOS: Thank you.

15 CHAIRMAN IGNATIUS: And, if being --

16 MR. LILLIOS: I'm a customer of Concord
17 Steam, by the way.

18 CHAIRMAN IGNATIUS: Good. If being
19 closer would help you to hear, please move up.

20 MR. LILLIOS: Okay. Thank you.

21 CHAIRMAN IGNATIUS: Your choice.

22 MR. LILLIOS: Thank you.

23 CHAIRMAN IGNATIUS: And, at the end, if
24 you would like to make a comment, we'd love to hear you.

1 MR. LILLIOS: Thank you.

2 CHAIRMAN IGNATIUS: So, Mr. Bloomfield.

3 MR. TAYLOR: Before I begin my
4 examination of Mr. Bloomfield, the Company has marked
5 exhibits for identification. Exhibit 1 is the Company's
6 September 12th, 2012 Cost of Energy filing. Exhibit 2 --
7 and, I believe the Commission already has those.
8 Exhibit 2 are revised schedules to the filing that the
9 Company submitted on October 5th, after a technical
10 session with the Staff, and those also have been filed in
11 the docket. And, Exhibit 3 is revised Schedules 1 to 3,
12 and those have been revised to correct certain dates per
13 the request of the Staff. And, we'll address that in a
14 bit.

15 (The documents, as described, were
16 herewith marked as **Exhibit 1**, **Exhibit 2**,
17 and **Exhibit 3**, respectively, for
18 identification.)

19 (Whereupon *Peter Bloomfield* was duly
20 sworn by the Court Reporter.)

21 MR. TAYLOR: May I proceed?

22 CHAIRMAN IGNATIUS: Yes, please.

23 **PETER BLOOMFIELD, SWORN**

24 **DIRECT EXAMINATION**

[WITNESS: Bloomfield]

1 BY MR. TAYLOR:

2 Q. Mr. Bloomfield, please state your name, employer, and
3 business address for the record.

4 A. Peter Bloomfield, President of Concord Steam, and 123
5 Pleasant Street.

6 Q. Mr. Bloomfield, as President of Concord Steam, what are
7 your job responsibilities?

8 A. General administrative control of the Company.

9 Q. Thank you. And, are you familiar with the documents
10 marked collectively as "Exhibit 1"?

11 A. Yes.

12 Q. And, can you please state generally for the record what
13 Exhibit 1 is?

14 A. It's the original Cost of Energy filing that we
15 submitted in September.

16 Q. And, does that filing contain testimony prepared by you
17 or under your direction?

18 A. Yes, it does.

19 Q. Mr. Bloomfield, do you have any corrections or changes
20 that you'd like to note with regards to the filing?

21 A. There are a number of minor corrections that we've made
22 during the process of working with Staff.

23 Q. And, in particular, are there changes to Schedule 1
24 regarding the under or the estimated undercollection

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[WITNESS: Bloomfield]

1 for the current Cost of Energy year?

2 A. Yes. In the original filing, there was a mistake in
3 the listing of projected sales. And, a correction of
4 that, it adjusted the projected undercollection from
5 what was originally an undercollection of \$123,000 to
6 an undercollection of \$146,000.

7 Q. Okay. And, I believe you're speaking generally. Is it
8 specifically "\$146,122"?

9 A. It is \$146,122, yes.

10 Q. Thank you. And, does that correction carry over to
11 your testimony as well?

12 A. Yes, it does.

13 Q. Could you please point out for the Commission where
14 those corrections would be made?

15 A. Yes. On Page 4 of my original testimony, in Lines 2
16 and 18, it references the "\$123,176" undercollection,
17 and that should be corrected to the \$146,000 change.

18 Q. Thank you, Mr. Bloomfield.

19 CMSR. HARRINGTON: Just one quick
20 question, I'm just trying to get this straight. So, the
21 Schedule 1 that appears in Exhibit 1, that page should be
22 replaced with the first page of Schedule 1 as it appears
23 in Exhibit 3?

24 MR. TAYLOR: Yes. And, as a point of

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[WITNESS: Bloomfield]

1 clarification, on October 4th, I believe, the Company
2 submitted revised -- a complete set of revised schedules
3 that included all of these numbers. Exhibit 3 is an
4 actual -- is actually a revision of the first three
5 schedules. It doesn't change the numbers substantively.
6 There were some dates in some columns that were
7 inaccurate, and so those have been changed for the record.
8 But, substantively, Exhibit 2 has all of the correct
9 up-to-date numbers.

10 CMSR. HARRINGTON: Exhibit 3?

11 WITNESS BLOOMFIELD: Exhibit 2 and
12 Exhibit 3 --

13 CMSR. HARRINGTON: Okay.

14 WITNESS BLOOMFIELD: -- both have the
15 correct numbers. Exhibit 3's dates were corrected only.
16 You'll see it, in Exhibit 2, I had "November 2011 to
17 October 2012", and it should have been "2012", "2013"?

18 CMSR. HARRINGTON: That was my question.
19 I was wondering how the dates changed.

20 WITNESS BLOOMFIELD: Yes. That's what
21 the change in the dates was.

22 CMSR. HARRINGTON: Okay. Thank you.
23 That clarifies it.

24 BY MR. TAYLOR:

{DG 12-270} {10-23-12}

[WITNESS: Bloomfield]

1 Q. Mr. Bloomfield, the Company's originally proposed new
2 Cost of Energy charge is \$20.90. Does the revised
3 undercollection number affect that proposed charge at
4 all?

5 A. Yes. It increased it slightly, 18 cents an Mlb, from
6 the \$20.90 to \$21.08.

7 Q. Thank you. Subject to those corrections, Mr.
8 Bloomfield, is your testimony and the associated
9 exhibits true and correct to the best of your
10 knowledge?

11 A. Yes, it is.

12 Q. Mr. Bloomfield, does the cost -- does the Company's
13 proposed Cost of Energy charge contain costs that were
14 previously included in base rates?

15 A. Yes. We've got a number of production costs that are
16 directly related to the production of steam, in terms
17 of purchase of water, sewer charge, ash disposal costs,
18 chemical costs, and air pollution/annual air permit
19 fees. As those are directly related to the production
20 of steam, we are requesting that those costs be
21 transferred to our Cost of Energy, partially in
22 anticipation of, when we get the new project on line,
23 that all of our production costs will be in Cost of
24 Energy. So, this is a step to it, and just trying to

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[WITNESS: Bloomfield]

1 move in that direction.

2 Q. Thank you. And, has the Company reached an agreement
3 with Staff regarding the transfer of these costs to the
4 Cost of Energy charge?

5 A. Yes. As part of the next case on the docket, our base
6 rate usage case, we've come to a settlement to agree to
7 transfer approximately \$312,000 of usage rate
8 costs/base rate costs into the Cost of Energy.

9 Q. Thank you.

10 MR. TAYLOR: And, just for
11 clarification, the case that Mr. Bloomfield is referring
12 to that we have a Settlement Agreement in is Docket DG
13 12-242.

14 BY MR. TAYLOR:

15 Q. Mr. Bloomfield, is it possible that some portion of the
16 costs will ultimately be removed from the Cost of
17 Energy charge and collected in delivery rates?

18 A. Yes. There's a percentage of the costs that we're
19 working with Staff to determine if, in fact, all of
20 those costs should be -- should remain in Cost of
21 Energy, or if perhaps some percentage of them should be
22 maintained in the base rates as a -- due to kind of
23 general maintenance requirements of the operation.

24 Q. And, is it your understanding that, once an agreement

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[WITNESS: Bloomfield]

1 is reached with the Staff, there could be an adjustment
2 to the Cost of Energy rate at the time the permanent
3 rates go into effect?

4 A. Yes. That's correct.

5 MR. TAYLOR: I have no further
6 questions.

7 CHAIRMAN IGNATIUS: Mr. Speidel.

8 **CROSS-EXAMINATION**

9 BY MR. SPEIDEL:

10 Q. Mr. Bloomfield -- Mr. Bloomfield, on Page 3 of your
11 testimony, at Lines 11 to 14, I'll give you a chance to
12 turn to that, and this would be in Exhibit 1.

13 A. Yes.

14 Q. On those lines, you explain that "all costs will be
15 included in the Cost of Energy charge." Is it correct
16 to say that these production costs will be shared
17 proportionally between both the Power and Steam
18 Divisions?

19 A. Yes. That's correct. When the new facility comes on
20 line, Concord Power & Steam is a separate -- entirely
21 separate entity, a separate corporation, with just
22 different ownership, with different controls. Concord
23 Steam will simply be buying steam from this entity as a
24 finished product. So that Concord Steam will not be --

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[WITNESS: Bloomfield]

1 will not be involved in the production of the equipment
2 -- of the steam and will just be buying it as a
3 finished entity.

4 Q. Thank you. These production costs that you've been
5 referring to are listed in Schedules 2, 8, and 9 of the
6 Cost of Energy filing. And, for instance, we can take
7 a look at Schedule 2 as presented in Exhibit 3. Can
8 you confirm that these charges are only used one time
9 in Schedule 2 to calculate the rate?

10 A. You're talking about the additional charges that we'd
11 like to transfer? Or, I'm not quite sure --

12 Q. The production costs that are included in the Cost of
13 Energy charge, the shifted costs?

14 A. The shifted costs, yes. Yes. We're only trying to
15 recover those once. And, as part of the Cost of
16 Energy, we expect them to be fully reconcilable, that
17 we'll go through every year, and, as we do with the
18 rest of our Cost of Energy costs, and reconcile them
19 with a Staff audit.

20 Q. Thank you. On Page 5 of your testimony, in Exhibit 1,
21 specifically on Line 22, you note that wood is expected
22 to meet about "70 percent" of the Company's fuel
23 requirements for steam generation. Is this consistent
24 with the Company's fuel mix over the past few years?

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[WITNESS: Bloomfield]

1 A. Yes, it has been pretty consistent. We have -- We burn
2 basically as much wood as we can. And, then, when we
3 get to our peak period of time, we are -- we do need to
4 burn a certain amount of additional fuel. And, our
5 additional fuel that we mostly burn nowadays is natural
6 gas. We do have to burn some oil, because two of the
7 boilers that we operate can only burn either oil or oil
8 and wood. We have two other boilers that can burn gas.
9 So, we do have to burn some oil, unfortunately. It's
10 more expensive, but --

11 Q. And, what type of price volatility does the Company
12 expect in the spot wood fuel market this winter?

13 A. We expect it to be relatively stable. The wood market
14 can change depending upon the effect of the price of
15 paper overseas, in the terms that it increases the pulp
16 market. And, so, logs that might normally be shipped
17 for fuel would go for pulp. And, so, it means they
18 have to go further abroad, and so trucking costs are
19 higher. So, our fuel costs could increase in that
20 respect. Or, it also can affect -- weather can affect
21 it. If it's a very wet fall or a very wet spring, it
22 reduces production from the loggers, and they also tend
23 to have to go further afield, and -- but, absent any
24 significant changes, we don't foresee any.

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[WITNESS: Bloomfield]

1 Q. Has the Company experienced any wood supply disruptions
2 in the past year?

3 A. No, we have not.

4 Q. Did the Company successfully add the newly opened
5 Abbott-Downing School in Concord as a new steam system
6 customer?

7 A. Yes, we have.

8 Q. Is the Company engaged in efforts to add to its steam
9 system customer stable during the next year?

10 A. Yes. Now that the new project has gotten some
11 traction, there are a number of the larger customers in
12 town that, not only ones that we've lost over the past
13 few years, but additional ones that we intend to
14 contact and see if we can get them as new customers.

15 Q. You mention the fact that there have been some
16 customers that have been lost. And, on Page 8, Line 20
17 of your testimony, you note that "The Company lost
18 three customers" during the past year. Do you know if
19 these customers converted to an alternative fuel
20 source?

21 A. Yes, they did. They converted to natural gas. With
22 the exception of the buildings that were torn down, it
23 wasn't really converted, you know, the Smile building
24 and the Bindery building, those old buildings were torn

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[WITNESS: Bloomfield]

1 down. Those had been on gas, they're now -- I'm sorry,
2 they had been on steam, now they're on gas.

3 Q. Does the Company expect to lose any additional customer
4 load to natural gas during this next Cost of Energy
5 year?

6 A. We do not expect to lose any in this coming year. We
7 have talked to many of our customers and let them know
8 that the future is looking good for the cost of steam
9 and our project. And, so...

10 MR. SPEIDEL: Thank you, Mr. Bloomfield.

11 The Staff has no further questions.

12 CHAIRMAN IGNATIUS: Thank you.

13 Questions from the Commissioners?

14 CMSR. HARRINGTON: Yes. Good morning.

15 WITNESS BLOOMFIELD: Good morning.

16 CMSR. HARRINGTON: I've just got a few
17 questions.

18 BY CMSR. HARRINGTON:

19 Q. One of them, just a clarification. On Page 8, which
20 was just asked about, "lost three customers, including
21 New Hampshire Bindery, [but] did not add any." And,
22 then, I thought you just answered affirmative to a
23 question that you added a school?

24 A. That's true. I guess that it's probably because the

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[WITNESS: Bloomfield]

1 school has been in action for so long. You know, we
2 made the arrangement to tie up to them, oh, geez, a
3 year and a half or two years ago now, and have only
4 just come on line. So, yes, they're a customer, but
5 it's --

6 Q. Okay. And, a question on Page 9 of your testimony, it
7 talks about "steps [taken] to reduce losses of steam in
8 its system", and you talk about "continued to repair
9 and upgrade underground steam lines." Is the cost of
10 this type of maintenance, is that being rolled into the
11 Cost of Energy or is that staying in the base usage
12 rates?

13 A. That's base usage rates, yes.

14 Q. Okay.

15 A. Yes. And, in fact, much of that repair gets
16 capitalized.

17 Q. Okay. I was going to say, that seems to --

18 A. Yes.

19 Q. -- that's where it would seem it should be. A couple
20 of other questions. Do you get renewable RECs, you
21 know, for this through the Renewable Portfolio
22 Standard?

23 A. We won't -- we don't qualify for it in this existing
24 plant, but we will at the new plant.

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[WITNESS: Bloomfield]

1 Q. And, you don't qualify at the existing plant because of
2 the pollution regulations?

3 A. Yes.

4 Q. Okay. Emission regulations?

5 A. Yes. The plant is old enough that we'd have to spend a
6 number of millions of dollars to meet the requirements.

7 Q. And, when you do this, you are -- I notice you burn a
8 mix of fuel. So, how are you going to account for that
9 factor? I mean, if you burn -- usually, the RECs are
10 given out in megawatt-hours, --

11 A. Uh-huh.

12 Q. -- but your megawatt-hours are going to be not
13 100 percent wood. So, --

14 A. At the new facility, it's going to be 100 percent wood.

15 Q. Okay.

16 A. We'll have natural gas for a start-up on a boiler.
17 And, then, we'll have low pressure back-up boilers, so
18 that, when we're not -- when we're not -- when the wood
19 boiler is down, we'll have steaming capability to meet
20 our needs, but they will be on low pressure gas
21 boilers. So, we won't be generating electricity. We
22 would probably -- and, we would therefore not get the
23 thermal RECs for that small amount of steam that would
24 be generated by gas.

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[WITNESS: Bloomfield]

1 Q. So, basically, you will be getting RECs when you burn
2 wood to produce electricity?

3 A. Yes. Correct.

4 Q. Okay. And, presently, you know, as you mentioned it,
5 and I think we've seen a lot of this, and just -- I was
6 just speaking to Commissioner Scott about they just
7 announced a nuclear plant in the Midwest is closing
8 down because of the economics of gas. You burn a mixed
9 fuel. And, you say you're going to, you know,
10 concentrate on burning wood. What would be the
11 economics if you would burn more gas for this present
12 winter coming up?

13 A. Even though gas is cheap, wood is still less expensive.
14 We have looked at that hard. And, looked at, you know,
15 we can -- we could reduce personnel, we could reduce
16 maintenance costs. But the cost of wood, what we're
17 paying, at, oh, it's something finished --

18 (Court reporter interruption.)

19 **BY THE WITNESS:**

20 A. The cost of wood, the finished heat output, with
21 burning wood after allowing for boiler efficiency, is
22 about \$5.00 a million Btu. And, the best we're getting
23 for gas is -- I would say it's about -- it's about
24 \$8.00 a million as raw product, so it would be pushing,

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[WITNESS: Bloomfield]

1 you know, 9, 9 and a half dollars a million Btu
2 finished steam. So, gas, bottom line, gas is still
3 more expensive for us, because of the delivery charge.
4 You know, we can buy the product at \$3.50 or \$3.00, but
5 the delivery charge pops it up for us.

6 BY CMSR. HARRINGTON:

7 Q. And, is it also something about your boiler that just
8 works -- operates more efficiently on wood more than on
9 gas, or is that just --

10 A. Yeah. No, it works really nice on gas. I really wish
11 we could burn gas, but we don't have that luxury.

12 Q. So, it's just because that the economics are you just
13 get more heat per dollar out of wood than you do out of
14 natural gas?

15 A. That's right. Yes.

16 CMSR. HARRINGTON: Okay. That's all the
17 questions I had. Thank you.

18 CHAIRMAN IGNATIUS: Thank you.

19 Commissioner Scott, questions?

20 CMSR. SCOTT: Yes. Thank you. And,
21 thank you for making the long trip over here.

22 WITNESS BLOOMFIELD: Yes. Yeah, I know.
23 It's a long trek.

24 CMSR. SCOTT: I get to look at your

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[WITNESS: Bloomfield]

1 plant from my window every day.

2 BY CMSR. SCOTT:

3 Q. You mentioned the new facility a few times already.
4 What's the latest status on that?

5 A. We have -- we've organized financing. We're getting in
6 the -- looking at the last throws of getting the issue
7 rated in order to be able to issue bonds on it. We've
8 got equity investors committed to it and lined up, and
9 the major equipment has been ordered. And, we've
10 started some construction onsite. So, we haven't
11 started big construction onsite yet, but we are -- we
12 are moving forward on it.

13 Q. So, it's -- and, I know this is all tentative, sounds
14 like, for financing and all that. Do you have a rough
15 time frame on when you expect --

16 A. Yes. We expect on a complete closing on the bond issue
17 the beginning of the year, beginning of next year. But
18 there's equity funds that are being spent now, and
19 bonds will kind of carry us through from forward on.

20 Q. And, so, what would your anticipated completion
21 date --

22 A. Estimated completion is the Winter of 2013/14. We're
23 hoping to synchronize the machine before the end of
24 2013, and be up and operating on a consistent, reliable

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[WITNESS: Bloomfield]

1 basis sometime in the early winter of 2014.

2 Q. And, the existing facility itself is owned by the
3 state, is that correct, the one you're currently using?

4 A. That's correct. Yes. Yeah, we lease that from the
5 state.

6 Q. Lease that. So, how does -- is there a decommissioning
7 that you'll do or the state will do?

8 A. Our lease requires that we return that facility in
9 operational condition. The state, however, has no
10 interest in operating it. So, they have asked us to go
11 through what do we need to do to decommission it and
12 shut it down. We can't just completely walk away from
13 it, because the steam distribution comes in -- into
14 there, well, it goes out of there now, but will
15 eventually come into there, and then go back out to the
16 state campus here. So, we have some areas that we need
17 to do some work on and make sure things don't freeze.
18 But, yeah, we're working with the state to decommission
19 it.

20 Q. Thank you. And, you also mentioned that you're working
21 with Staff on the Cost of Energy versus delivery rate,
22 and how do you put different components where. How's
23 that been done historically? Because it struck me that
24 this doesn't sound like a new issue, but yet we're

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[WITNESS: Bloomfield]

1 grappling with it now?

2 A. It's not a new issue. We've been modifying it over the
3 years. I mean, you know, originally, it was just
4 strictly fuel. When we added the wood yard, we have
5 now the cost of wood yard in Cost of Energy, because
6 that's an expense directly related to the cost of wood
7 fuel. And, we're taking this next step, as I said,
8 because we're just trying to get more of those costs
9 into our Cost of Energy. We have -- when the new plant
10 comes on, we'll have a much lower usage rate, and all
11 of the -- all of the production costs are going to be
12 wrapped into the price of steam that we buy from
13 Concord Power & Steam. So, we'll be paying our share
14 of their labor, their debt service, their operation and
15 maintenance costs, but we're paying that all through in
16 the price of steam that we buy. So that the steam that
17 we buy will cover all of the things that are now in our
18 usage rate. And, our usage rate will simply then cover
19 what it costs to operate and maintain the distribution
20 system itself, so...

21 CMSR. SCOTT: Thank you.

22 CHAIRMAN IGNATIUS: Thank you.

23 BY CHAIRMAN IGNATIUS:

24 Q. Mr. Bloomfield, I think a year or so ago there was a

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[WITNESS: Bloomfield]

1 dispute, maybe longer now, over a repair problem at the
2 corner of Pleasant Street and Green/South Street, --

3 A. Yes.

4 Q. -- and the difference, I think, between FairPoint and
5 Concord Steam over responsibility. Where does that
6 stand?

7 A. As I understand it, it's still in the hands of the
8 insurance companies. That there was a steam leak that
9 affected the other utility nearby. But the -- part of
10 the cause of the steam leak was some damage they had
11 done to our steam line originally, when they had put
12 their stuff in underneath ours. And, so, it's going
13 back and forth with the insurance company. We haven't
14 heard anything from them about it for months, six or
15 eight months anyway.

16 MR. SALTSMAN: It's been a year.

17 BY THE WITNESS:

18 A. Yeah. Yeah. Yeah, probably a year now.

19 BY CHAIRMAN IGNATIUS:

20 Q. And, the repairs that have been done, were they done at
21 the expense of both companies or at Concord Steam?

22 A. We did -- we repaired all of our costs. We took care
23 of all of our costs, and they dealt with their costs.

24 Q. If there were any recovery as a result of the insurance

{DG 12-270} {10-23-12}

[WITNESS: Bloomfield]

1 action, do you anticipate Concord Steam would see some
2 reimbursement for some of those expenses?

3 A. I wouldn't hold my breath. It's possible. It's
4 complicated. I mean, the fact there was a steam leak,
5 we do get steam leaks. And, you know, it's very
6 difficult to prove that it was because of them. So, --

7 Q. Is it possible it could go the other way, and that
8 you --

9 A. It is possible. We feel pretty strongly that the
10 evidence shows that, where the -- some of the problems
11 were was where they had poured some concrete around one
12 of our steam lines, and that's where the leak caused --
13 that's where the steam then escaped from our outer
14 casing and heated up their vault. So, --

15 Q. You're seeking that this Cost of Energy rate be
16 implemented on a service rendered basis as of
17 November 1, 2012?

18 A. Yes.

19 Q. All right. I think there's a typo on Page 9, which I
20 assume is just a goof. So, that it is "2012", not
21 "2011"?

22 A. Yeah. Yes.

23 Q. That's fine.

24 A. Yes.

{DG 12-270} {10-23-12}

[WITNESS: Bloomfield]

1 CHAIRMAN IGNATIUS: All right. I have
2 no other questions. Any redirect, Mr. Taylor?

3 MR. TAYLOR: If I could just have a
4 moment?

5 CHAIRMAN IGNATIUS: Please.

6 (Atty. Taylor conferring with Mr.
7 Saltsman.)

8 MR. TAYLOR: We're all set. Thank you.

9 CHAIRMAN IGNATIUS: All right. Then, I
10 think, is there any objection to striking the
11 identification and making the three exhibits full exhibits
12 to the file?

13 MR. TAYLOR: No objection.

14 CHAIRMAN IGNATIUS: All right. We'll do
15 that.

16 CMSR. HARRINGTON: Actually, just one
17 question I'm trying to get straight.

18 BY CMSR. HARRINGTON:

19 Q. What is the difference between Exhibit 2 and 3? They
20 both have a Revised Schedule 1 in there, --

21 A. Yes.

22 Q. -- starting with the same date.

23 A. The only difference with 3 is, they're only the first
24 three or four pages. You'll see where, on Exhibit 2,

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[WITNESS: Bloomfield]

1 the dates on the left-hand side go from "November '11"
2 to "October '12", and, on Exhibit 3, they go from
3 "November '12" to "October '13".

4 Q. Okay. So, Exhibit 3 is a correction to Exhibit 2,
5 which is a correction to Exhibit 1?

6 A. Yes.

7 CMSR. HARRINGTON: Okay. Now, I get it.
8 Thank you.

9 CHAIRMAN IGNATIUS: All right. Thank
10 you for the clarification. So, we'll make those full
11 exhibits. And, before we go to closings, sir, would you
12 like to make a comment?

13 MR. LILLIOS: No. No thank you.

14 CHAIRMAN IGNATIUS: All right. Then,
15 Mr. Speidel, closing comments?

16 MR. SPEIDEL: Thank you, Chairman.
17 Staff has completed its review of the Cost of Energy
18 forecast filed by Concord Steam for the upcoming winter
19 period, and recommends approval of the proposed rate in
20 the Cost of Energy filing to be implemented on a service
21 rendered basis for the upcoming year. The demand forecast
22 is consistent with those filed by the Company from
23 previous winter periods and approved by the Commission.
24 The 2011/2012 Cost of Energy year will close on

{DG 12-270} {10-23-12}

1 October 31st, 2012, and the New Hampshire PUC Audit Staff
2 will review those costs when the Cost of Energy
3 reconciliation is filed by the Company. Any discrepancies
4 between the prior year-end estimates of costs and
5 collections used to develop this new Cost of Energy
6 forecast will be addressed through the monthly adjustment
7 mechanism when the Company's actual year-end results have
8 been audited.

9 In Docket DG 12-242, Concord Steam, the
10 base rate case, the Company proposed to shift certain
11 production-related costs from delivery rates to Cost of
12 Energy rates. In the temporary rate proceeding, Staff was
13 a signatory to the Settlement Agreement that excluded
14 these in setting delivery rates, but provides for recovery
15 of these costs in the 2012/2013 Cost of Energy rate.
16 Staff and the Company will continue to review this issue
17 in the base rate proceeding, and may have additional
18 details to present to the Commission as part of the
19 hearing for permanent rates in DG 12-242. Thank you.

20 CHAIRMAN IGNATIUS: Thank you.

21 Mr. Taylor.

22 MR. TAYLOR: Thank you. Concord Steam
23 requests that the Commission approve the Cost of Energy
24 rates as set forth in Mr. Bloomfield's testimony and the

1 supporting exhibits that have been marked today. The
2 Company has been prudent in its effort to minimize the
3 Cost of Energy for the upcoming heating season as
4 reflected in its fuel mix, which is primarily wood, with
5 some oil and some gas. The Company -- the Company
6 procures natural gas through a competitive bid process,
7 and actively manages the cost of its wood.

8 With respect to the categories of costs
9 that the Company proposes to transfer from usage rates to
10 the Cost of Energy charge, the Company believes that they
11 are more appropriately recovered through the Cost of
12 Energy for the reasons discussed by Mr. Bloomfield today.
13 As Mr. Bloomfield testified, the Company has reached an
14 agreement with the Staff that would allow the transfer of
15 the costs to occur for the 2012/2013 Cost of Energy year.
16 Although, the Company and the Staff expect that some
17 percentage of those costs may be reflected in delivery
18 rates, and that will be subject to negotiations in DG
19 12-242.

20 Concord Steam appreciates the
21 opportunity to have been heard today, and requests that
22 the Commission approve its Cost of Energy filing as
23 submitted. Thank you.

24 CHAIRMAN IGNATIUS: Thank you. Unless

1 there's anything further, we will, I see nothing, we will
2 take it under advisement. We understand the request for a
3 very prompt turnaround of an order by November 1st, and we
4 will make our deadline. So, with that, we'll close the
5 hearing, and reconvene at 10:00 in the other Concord Steam
6 related case. Thank you.

7 **(Whereupon the hearing ended at 9:46**
8 **a.m.)**

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