

No wonder our

State, Federal, and Local Government

Have huge financial problems.....

They don't pay attention to what they spend!

Last year between them, they purchased

\$3.1 Million of the **most expensive energy in the country**

From

Concord Steam

And not one complaint!

Is that what folks mean when they say government is "Fat dumb & happy"

Now our representatives are standing quietly by while Mr. Bloomfield who owns Concord Steam (a utility which is supposedly "regulated" by the New Hampshire Public Utilities Commission) is going to transfer its assets to an "Unregulated" utility "Concord Steam & Power" which – surprise, surprise.... Mr. Bloomfield also owns – which will then sell heat to Concord Steam which will continue to sell it to our state, federal and local governments. Think there might be some loose change falling off the gravy train along the way?

Let's see if any representatives of our state, federal or local government show up at the PUC hearing in Concord on **Tuesday morning the 10th at 10AM**. When the public sector buys 65% of the out put of a utility you would expect them to have an interest in taking a seat at the table -

And talk about asleep at the switch – how about those PUC commissioners?

Cc:

Governor Lynch

Commissioner Linda M. Hodgdon

Mayor Bouley

Concord City Council

Congresswoman Carol Shea-Porter

Congressman Paul Hodes

Senator Judd Gregg

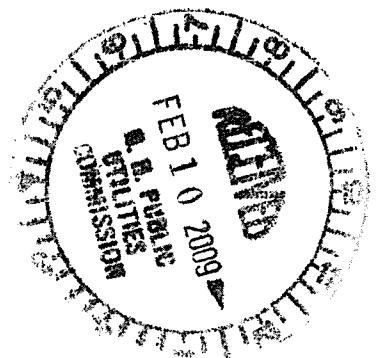
Senator Jeanne Shaheen

Commissioner Getz

Commissioner Morrison

Commissioner Below

Editor Concord Monitor



The Facts

- Concord Steam Corporation (CSC) currently supplies 148 million lbs of steam to 100+ customers in central Concord NH including state and federal office buildings, the Concord Hospital, and the New Hampshire Hospital.
- Government agencies account for 63% of steam sales
- In 2008 CSC steam sales of \$5.1m averaged \$34.46 per thousand lbs of steam (More expensive than **Con Edison in NYC**)
- A thousand pounds of steam contains 1,280,000 BTU's of heat energy
- Concord Steam generates steam by burning wood chips that cost \$30 per ton and each ton generates 7,500,000 BTU's of heat energy when burned – a low cost fuel (surely lower than the oil burned by ConEd in NYC)
- Do the math Mr. Bloomfield is currently buying energy at \$4 per million BTU's and selling it to us for \$27 per million BTU's – NOW THAT'S AN OPERATING MARGIN !!!

The Proposed Transaction

The proposed transaction which **Mr. Bloomfield** has negotiated with **Mr. Bloomfield** presumably in the interest of ~~rate-payers~~ **Mr. Bloomfield** (Do I smell a conflict of interest?) will cost Concord Steam and ultimately the rate payers (you and me) some **\$4 million** to extend a steam line to a new plant location where we will have the **“Opportunity” To Pay**

FULL PRICE
for
WASTE STEAM

..which is produced as a byproduct left over from the generation of electricity in the new plant which is – Surprise, surprise... owned by Mr. Bloomfield.

By the way the generation of electricity in that new plant will be immensely profitable as it will be produced using wood and qualify for Renewable Energy Credits (REC's) some 5 cents per kilowatt hour or \$8 million per year which will effectively pay for all the wood fuel the plant requires before they sell even 1 Kwh of electricity to PSNH or the fist pound of waste steam to Concord Steam.

So what makes me so upset you say? This is America isn't it? It is Mr. Bloomfield's waste steam and he can sell it to whomever he wishes and sell it at whatever price the market will bear! Right? – Well the answer in this case is **not so clear cut.**

In his role as a director of Concord Steam Mr. Bloomfield has a fiduciary responsibility to the rate payers to source his steam from the lowest cost source in order to protect the interest of rate payers – **AND THE NHPUC IS CHARGED WITH THE RESPONSIBILITY OF INSURING THAT HE DOES JUST THAT!**

What I want to know is what effort did Mr. Bloomfield make to confirm that buying steam from himself (Concord Steam & Power) was the best deal he could get for Concord Steam? Was there a public RFP to supply steam to Concord Steam? Or was it a backroom behind closed doors deal in which Mr. Bloomfield made a deal with himself?

We see folks around the country building new wood fired power plants with no customer for their waste steam – look at Berlin NH - two power plants proposed - and a couple in Maine.... So obviously the economics with no customer for waste steam are attractive enough today for someone to step up and build a power plant. – right ?

If that's the case then one can presume that a company like Concord Steam which has a use for waste steam should be able to negotiate an attractive deal to purchase it – right? After all Concord Steams purchase of waste steam represents "Gravy" on the profitability of an already profitable electric power plant.

So, keeping in mind that the steam purchased by Concord Steam is waste steam, which would otherwise be thrown away by the new electric power plant, why does the proposed deal call for Concord Steam and ultimately rate payers to effectively pay for:

- 100% of the cost of the pipe to connect the distribution system to the new plant \$4m
- 150% of its prorated portion of the capital cost of the new plant or \$12m
- 100% of its prorated portion of operating costs.
- 100% of its prorated portion of fuel consumed.

The fact that power plants are being built without customers for waste steam means that Mr. Bloomfield and his Concord Steam & Power are – thanks to the PUC - getting a sweet heart deal that not only reduces the capital cost of their investment in the power plant by some \$12 million but also reduces their operating costs of that power plant going forward by some \$4 million per year when compared to a stand alone electric plant with no steam customer.

Now I am not saying that Concord Steam customers should get their heat for free – But come on, someone should be looking out for their interests – **ISN'T THAT THE JOB OF THE PUC?** Or is this another one of those good old boy deals among friends – after all who cares - the rate payers are mostly fat dumb and happy government agencies. Come on guys we have to pay \$12m - 150% of the capital cost plus \$4m for construction of a new connection pipe for the right to purchase waste steam at full price??? Who is looking out for our interests?

Mr. Bloomfield uses the argument that the proposed solution will reduce Concord Steam's cost by 30%, and it probably will. What he doesn't say is that the costs we have paid for the past 20 years have been egregious. Now he expects us to make him into a hero and put a wad of cash in his pocket for reducing our charges to "**Semi egregious?**"
ENOUGH ALREADY.

Next thing you know we will find out that Mr. Bloomfield is getting paid big salaries by both Concord Steam and Concord Steam & Power – Check it out – Tiny Little \$5m in sales Concord Steam has \$700,000 in annual "Administrative Costs."