

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

RE: CONCORD STEAM CORPORATION

DOCKET NO. DG 09-__

**PETITION FOR APPROVAL OF SPECIAL CONTRACT
WITH CONCORD SCHOOL DISTRICT**

Concord Steam Corporation ("Concord Steam" or the "Company") hereby petitions the Public Utilities Commission for authority, pursuant to RSA 378:18, to provide service to the Concord School District at Rundlett Middle School ("Rundlett") pursuant to the terms of a special contract entered into by Concord Steam and the Concord School District as of October 1, 2009. In support of this Petition, Concord Steam states as follows:

1. For over 30 years, Concord Steam has been providing retail steam service to the Concord School District at different locations in Concord. The Rundlett Middle School is in need of new boilers and the School District and Concord Steam wish to connect the school up to the steam system instead of replacing the boilers.

2. On May 4, 2009, the Concord School Board voted to negotiate a 10 year contract with Concord Steam for steam service for the Rundlett Middle School. On July 28 2009, Concord Steam signed a Letter of Intent with the Concord School District for the provision of retail steam service to the Rundlett Middle School. This contract (Contract No. NHPUC 3) is being submitted contemporaneously with this Petition and includes a Statement of Special Circumstances in accordance with N.H. Code of Admin. Rules Puc 1606.03(b).

3. As described in the prefiled testimony of Mark Saltsman, which accompanies this Petition, the Company has been working with the Concord School District in an effort to provide

steam service to the building for the upcoming heating season. Mr. Saltsman's testimony also discusses the terms of the contract for Rundlett and the special circumstances that make it just and consistent with the public interest to the extent it varies from Concord Steam's tariff on file with the Commission.

4. For the reasons set forth in the Statement of Special Circumstances submitted with the Contract (which is hereby incorporated by reference) and in Mr. Saltsman's testimony, Concord Steam avers that special circumstances exist which render departure from the general schedules of Concord Steam just and consistent with the public interest.

5. Concord Steam respectfully requests that the Commission authorize the contract with the Concord School District and allow Concord Steam to provide service to the Rundlett Middle School in accordance with the terms of such contract.

WHEREFORE, Concord Steam Corporation respectfully requests that the Commission:

- A. Issue an Order *Nisi* approving Contract No. NHPUC 3;
- B. Authorize Concord Steam to provide service to the Concord School District at the Rundlett Middle School in accordance with the terms of the contract; and
- C. Grant such other and further relief as may be just and reasonable.

Respectfully submitted,
CONCORD STEAM CORPORATION

Date: August 25, 2009

By: 
Peter Bloomfield
President

Certificate of Service

I hereby certify that a copy of the foregoing Petition has been forwarded this 25th day of August 25, 2009 to Meredith Hatfield, Consumer Advocate.


Peter Bloomfield

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

RE: CONCORD STEAM CORPORATION

DG 09 -

PREFILED DIRECT TESTIMONY

OF

MARK SALTSMAN

AUGUST 25, 2009

1

2 **Q. Please state your name and business address.**

3 A. My name is Mark Saltsman. My business address is 123 Pleasant Street,
4 Concord, New Hampshire.

5 **Q. Please summarize your professional and educational background.**

6 A. I am Vice President and General Manager of Concord Steam Corporation
7 (“Concord Steam” or the “Company”). I have been employed by Concord Steam
8 since 1991. I have a Bachelor of Science degree in Business Management from
9 Franklin Pierce College, Rindge, New Hampshire where I graduated Summa Cum
10 Laude and a member of the Alpha Sigma Lambda National Honor Society. My
11 educational achievements have been supplemented by additional coursework at
12 various technical schools in subjects directly related to operations and
13 maintenance of central heat plants and associated equipment. My professional
14 activities in the community include having served on the Concord School board
15 and the Governor’s office of energy task force to study renewable energy credit
16 opportunities in thermal energy.

17 **Q. Please describe your role with regard to the negotiation of the special**
18 **contract with the Concord School District that is the subject of this**
19 **proceeding.**

20 A. I played the lead role on behalf of Concord Steam in negotiating the contract that
21 is being submitted to the Commission in this docket.

22 **Q. What is the purpose of your testimony?**

23 A. I will summarize the terms of and reasons for the Company's decision to enter
24 into a special contract with the Concord School District.

1 **Q. Please describe the historical background of Concord Steam's relationship**
2 **with the Concord School District.**

3 A. For over 30 years, Concord Steam has been providing retail steam service to the
4 Concord School District at several buildings in Concord. These are the high
5 school, the day care center, Kimball Elementary School, and the administrative
6 office building.

7 **Q. What is the benefit to other customers of increased steam load?**

8 A. The benefit is to be able to spread fixed costs over a wider customer base and help
9 keep tariff rates lower.

10 **Q. Is there adequate capacity at the existing plant?**

11 A. Yes, the existing plant has ample excess capacity.

12 **Q. Will there be adequate capacity at the new Concord Power and Steam**
13 **facility?**

14 A. Yes, the new facility has been sized to allow for significant growth in the steam
15 load.

16 **Q. Please describe the terms of the contract between Concord Steam and the**
17 **Concord School District .**

18 A. A copy of the proposed contract between Concord Steam and the Concord School
19 District is attached to my testimony as Exhibit-1. Pursuant to this contract, the
20 Concord School District has committed to use steam at the Rundlett Middle
21 School. The length of term is for ten years, beginning on October 1, 2009. The
22 Concord School District will pay a monthly rate for steam used at Rundlett that is
23 based on the current energy rate, as approved by the Commission, plus \$5.00/Mlb
24 to cover base rate marginal cost of steam generation.

1 **Q. What is the marginal cost to produce Steam?**

2 A. \$1.30/Mlb. See Exhibit 2.

3 **Q. What is the cost of the service connection and who will pay for it?**

4 A. The estimated cost of the service connection from the existing steam distribution
5 system to the school is \$550,000. The School district will reimburse Concord
6 Steam for the cost of the steam line in exchange for a discounted steam rate for 10
7 years. Part of the discount of the steam rate is pay the District back for the steam
8 line. Any excess savings over the total cost of the steam line is an incentive to
9 sign on as a new customer.

10 **Q. What are the total estimated savings in steam costs over the 10 year contract
11 period?**

12 A. Based on the projected use of 12,000 Mlbs/yr, the district will receive a discount
13 of over \$650,000 over 10 years.

14 **Q. Is this contract beneficial to the Company and in the public interest?**

15 A. Yes. As explained in the special circumstances statement attached to the front of
16 the contract, it is in the Company's interest to add the load associated with the
17 Rundlett Middle School. By adding this load and the revenues associated with it,
18 Concord Steam is able to keep rates down for all of its customers. The monthly
19 base rate under the contract is not less than the Company's marginal cost to
20 provide service. Thus, there will not be any undue subsidy by the Company's
21 current customers of the Concord School District.

22 **Q. Are there other reasons that would support a finding that this contract is just
23 and consistent with the public interest?**

24 A. Yes. Because adding the load associated with the Rundlett School also benefits

1 all of Concord Steam's customers, the Company believes that a deviation from
2 the terms of the Company's tariff is not only warranted but in the public interest.
3 There is also the likely possibility that the Conant School will be added on the
4 steam system in the future, further adding to the Company's base load.

5 **Q. What happens if the Concord School District defaults under the contract?**

6 A. Pursuant to Section 5 of the contract, the Concord School District has agreed to
7 pay all service connection charges related to the restoration of steam service and
8 associated costs to supply steam service if its service is disconnected as a result of
9 the Concord School Districts default under the contract. Further, the Concord
10 School District would be obligated to repay Concord Steam for any base rate
11 discounts applied to its account if the Concord School District is in default of the
12 contract or is disconnected.

13 **Q. Does that complete your testimony?**

14 A. Yes.

SPECIAL CONTRACT
CONTRACT NO. NHPUC 3
CONCORD STEAM CORPORATION
WITH
CONCORD SCHOOL DISTRICT, SAU 8

Date of Execution: October 1, 2009
Effective Date: October 1, 2009 (Subject to NHPUC Approval)
Date of Termination: Ten Years After Effective Date Unless
Terminated Sooner Pursuant to Terms Herein

STATEMENT OF THE SPECIAL CIRCUMSTANCES
RENDERING DEPARTURE FROM GENERAL SCHEDULES
JUST AND CONSISTENT WITH THE PUBLIC INTEREST

1. The service to be rendered under this Contract (the “Contract”) consists of the furnishing of steam service to Concord School District, SAU 8 legal owners of the Rundlett Middle School 144 South Street, Concord, New Hampshire 03301 at a price which takes into account the marginal cost of serving the Rundlett Middle School, the School District’s contribution of approximately \$550,000 of installation costs for the service main required to connect the school to the steam system in addition to the School District’s contribution towards Concord Steam’s fixed costs of serving its other rate payers.

2. This Contract has been designed to meet the specific needs of the Rundlett Middle School while at the same time providing benefits for Concord Steam and its other customers. The parties agree that steam supply is a vital element to the Rundlett Middle School mission, in that it is crucial to supply reliable heat from a renewable resource that provides energy at stabilized pricing to the school district as well as to the taxpayers of the City of Concord. Further, the inclusion of the Rundlett Middle School steam load is important to Concord Steam, because it adds a significant increase to Concord Steam’s annual steam sales. Thus, this Contract enables the Rundlett Middle School to make use of a local renewable energy source while reducing the pricing risks that inherent with using fossil fuels and also providing a regular revenue stream from the Rundlett Middle School to Concord Steam for services provided. In turn, this will contribute significantly to holding down rates for Concord Steam’s other customers by aiding in spreading the fixed cost over a wider base without additional investment in assets.

CONTRACT FOR STEAM SERVICE BETWEEN
CONCORD STEAM CORPORATION
AND
CONCORD SCHOOL DISTRICT, SAU 8
RUNDLETT MIDDLE SCHOOL 144 SOUTH ST.

Agreement made as of this th day of , 2009 by and between Concord Steam Corporation ("Concord Steam"), a New Hampshire corporation with a principal place of business of P.O. Box 2520, Concord, New Hampshire 03302 and Concord School District, SAU 8 ("Rundlett Middle School"), a New Hampshire business, with a principal place of business at 144 South Street, Concord, New Hampshire 03301.

WHEREAS, Concord Steam is engaged in business as a public utility in the City of Concord in providing steam service to the public;

WHEREAS, the CONCORD SCHOOL DISTRICT is providing educational services to the public in Concord, New Hampshire. Concord Steam has supplied steam service to the CONCORD SCHOOL DISTRICT for over 30 years;

WHEREAS, the CONCORD SCHOOL DISTRICT is upgrading its mechanical heating and ventilation system and installing a main steam service at RUNDLETT MIDDLE SCHOOL;

WHEREAS, Concord Steam desires to provide steam service to the RUNDLETT MIDDLE SCHOOL upon the terms and conditions set forth in this Contract in order to increase its steam load, for the benefit of all of its customers.

NOW, THEREFORE, Concord Steam and the CONCORD SCHOOL DISTRICT for and in consideration of the mutual covenants and agreements hereinafter set forth do hereby agree as follows:

1. Rate and Usage. CONCORD SCHOOL DISTRICT shall pay Concord Steam a monthly rate that is based on the current cost of energy rate plus five (5) dollars multiplied by the monthly use.

2. Cost of Energy. The Monthly Rate includes the cost of energy, at an expected initial rate of \$17.30/Mlb. In accordance with Paragraph 1 of this Agreement, the Monthly Rate will be adjusted based on Concord Steam's applicable cost of energy, as approved by the New Hampshire Public Utilities Commission (the "Commission").

3. Payments. All amounts due and payable under this Contract 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.

4. Default. Customer agrees to pay all service connection charges related to the restoring of the steam service and associated cost incurred to supply steam service by CSC if service is discontinued by the customer or by CSC if customer is in default at anytime during the

term of this agreement. In addition, the Customer agrees to re-pay any base rate discounts applied to it's account if service is discontinued by the customer or by CSC if customer is in default at anytime during the term of this agreement.

5. Term. The term of this Contract is ten years commencing on October 1, 2009.

6. Books and Records. During the Term hereof and for a period of at least two years thereafter, Concord Steam shall maintain such books and records (collectively "Records") as are necessary to substantiate that Concord Steam is in compliance with this Contract. CONCORD SCHOOL DISTRICT and its representatives shall have the right at any time during normal business hours, and upon reasonable notice, to examine the Records, make copies and take extracts therefrom and discuss the Records with Concord Steam's officers and employees as CONCORD SCHOOL DISTRICT deems necessary.

7. Regulatory Approval. Concord Steam agrees, upon execution of this Contract, to file the same with the Commission, and to request the required approval. Concord Steam agrees to use all commercially reasonable efforts to secure the regulatory approval of this Contract by the Commission. Concord Steam shall not, however, be liable to CONCORD SCHOOL DISTRICT for any damages, direct or indirect, resulting from its failure to obtain said approval. The performance by Concord Steam of its obligations under this Contract is subject to the condition that Concord Steam shall obtain from the Commission approval of this Contract as required by law.

8. Entire Agreement. This instrument constitutes the entire agreement between the parties and is executed by each without reliance upon any representations made by either to the other during the course of the negotiations with respect thereto; provided, however, that the parties understand and agree that, except to the extent it is inconsistent with this Contract, the terms of Concord Steam's tariff on file with the Commission shall govern the parties' relationship.

9. Successors and Assigns. Insofar as may be legally possible, each party covenants and agrees that the benefits and burdens of this Contract 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.

10. 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 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 CONCORD SCHOOL DISTRICT is Superintendent of Schools, 16 Rumford Street, Concord, NH 03301) at its address stated above or at such other address as may be substituted by notice given as herein provided.

11. Amendment. This Contract may be amended only by written agreement by and between Concord Steam and CONCORD SCHOOL DISTRICT and, if required by applicable law or regulation, only if approved by the Commission. If CONCORD SCHOOL DISTRICT desires to extend the term of this Contract, it shall give notice thereof to Concord Steam not later than September 1, 2019. If Concord Steam is willing to consider such an extension, the parties shall then discuss the terms and conditions thereof and if agreement is reached with respect to such terms and conditions, such agreement shall be evidenced in writing which, if required by applicable law or regulation, shall be submitted to the Commission for its approval.

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

13. 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 Contract.

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

CONCORD STEAM CORPORATION

By: _____
Name: Peter Bloomfield
Title: President, duly authorized

CONCORD SCHOOL DISTRICT, SAU 8

By: _____
Name:
Title: _____, duly authorized

Concord Steam
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Exhibit 2

Incremental operating cost of steam sold

Test year ending December 31, 2008

	Annual cost based on sale of 144,000 Mlbs	Incremental cost to Produce Additional 50,000 Mlbs	Cost per Mlb
Water and Sewer	\$ 170,586	\$ 34,117	\$ 0.68
Boiler chemicals	\$ 36,129	\$ 7,226	\$ 0.14
Electricity	\$ 94,391	\$ 9,439	\$ 0.19
Air Permit fees	\$ 37,199	\$ 7,440	\$ 0.15
Ash disposal	\$ 34,000	\$ 6,800	\$ 0.14
Total	\$ 372,305	\$ 65,022	\$ 1.30