

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Re: Request for Approval of Power Purchase Agreement
Between
Public Service Company of New Hampshire
and
Laidlaw Berlin BioPower, LLC

DG 10-195

REBUTTAL
TESTIMONY
OF
MARK E. SALTSMAN

November 23, 2010

1 Q. Please state your name and address.

2 A. My name is Mark E. Saltsman. My business address is Concord Steam Corporation, P.O.
3 Box 2520, Concord, NH 03302.

4 Q. What is your position at Concord Steam Corporation?

5 A. I am Vice President and General Manager.

6 Q. Have you previously testified before the Commission?

7 A. Yes. I have testified before the Commission in matters concerning Concord Steam
8 Corporation, a regulated utility.

9 Q. What is the purpose of this testimony?

10 A. The purpose of my rebuttal testimony is to comment on the pre-filed testimony on behalf
11 of the NH Public Utilities staff by George McCluskey. In that testimony Mr. McCluskey
12 stated at Page 25, Lines 3-7 that Concord Steam Corporation ("Concord Steam") made an
13 offer to enter into a PPA with PSNH:

14 "Yes, in 2008 PSNH received unsolicited long-term offers from two proposed biomass
15 projects, Clean Power Development ("CPD") and Concord Steam ("Concord"), and four
16 existing biomass facilities. Both proposed biomass projects and one of the four existing
17 facilities offered to supply PSNH the same products that Laidlaw is proposing to supply."

18 Additionally Mr. McCluskey alleged at Page 25, Lines 10-11 that Concord Steam had
19 prior knowledge of the details of the PSNH/Laidlaw-Berlin PPA when it submitted the
20 term sheet to PSNH:

1 “Although all four submitted prices that in bundled form undercut the Laidlaw bundled
2 prices, the discounts do not come close to bridging the gap between the PPA prices and
3 today’s market projections. It is also apparent from the structure of the offers that all four
4 suppliers had detailed knowledge of the PPA....”

5
6 Finally, Mr. McCluskey alleged at Page 25, Lines 11-13 that because there was prior
7 knowledge of the PPA there was no basis to conclude that the prices offered were
8 reasonable or a fair indication of the market, suggesting that Concord Steam would never
9 enter into a contract for such low prices:

10 “...which in my opinion substantially reduces their value as an independent measure of
11 the reasonableness of the PPA prices.”

12 **Concord Steam and Concord Power & Steam**

13 **Q. Is Concord Steam and Power the same entity as Concord Steam Corporation?**

14 **A.** No. While the concept of the new facility in Concord NH was an idea originally
15 developed by Concord Steam, the project has been developed in its entirety by Concord
16 Power & Steam (“Concord Power”). This is evident in docket DG 08-107 where the
17 Commission specifically recognized and treated Concord Power as a separate entity when
18 it approved the Steam Sales Agreement between Concord Steam and Concord Power.
19 Additionally while some of the ownership interest of the companies is the same, there are
20 equity partners in Concord Power that have no involvement in Concord Steam; and the
21 accounting, financials and management of both companies are independent and each
22 maintains a separate Federal Tax ID number.

23 **Q. Did Concord Power or Concord Steam have any prior knowledge of the offer made**

1 **to PSNH by Laidlaw?**

2 A. No, there was no prior knowledge of the terms of the PPA. It is my understanding that
3 when Concord Power submitted its proposed term sheet to PSNH, the only knowledge it
4 had was that there was an offer that PSNH might be considering from Laidlaw.
5 Moreover, it was made clear by counsel for PSNH in Docket 09-067 that the PPA was
6 only a “gleam in Laidlaw’s eye” at the time that Concord Power and Steam made its term
7 sheet available at the request of the NH Public Utilities Staff.

8 **Q. What specific knowledge did Concord Steam or Concord Power and Steam have**
9 **concerning the Laidlaw PPA?**

10 A. Concord Steam was not aware of any of the details and whether or not a PPA had even
11 been proposed. It is my understanding that Concord Power may have been aware of the
12 fact that an offer had been made but neither Concord Power nor Concord Steam had any
13 knowledge of any the pricing, details or specifics of the PPA . Concord Steam is surprised
14 at the suggestion by Mr. McClusky that knowledge of a competitor’s offer was used by it
15 to submit an artificially low term sheet to PSNH. Concord Steam and, to my knowledge,
16 Concord Power, were unaware of the pricing terms of the PPA until the Commission
17 ordered their disclosure in this Docket

18 **Concord Power & Steam PPA**

19 **Q. Were the terms offered to PSNH by Concord Power offered to any other interested**
20 **parties prior to or at the same time as those terms were made available to PSNH?**

21 A. Yes. It is my understanding that Concord Power & Steam was in serious negotiations
22 with two parties for a majority of the power available (approximately 73%) in 2008 and
23 entered into negotiations for sale of the remainder of the power with another party shortly

1 thereafter. It is also my understanding that the terms offered to all three parties were the
2 same or nearly the same as those offered to PSNH.

3 **Q. Did any of the three parties mentioned previously actually sign a PPA?**

4 A. Yes. It is my understanding that one of the parties has completed negotiations and signed
5 a long-term agreement for the purchase of power from the Concord Power project.

6 Furthermore, I understand that a second party has completed the negotiation process and
7 will be signing a long-term agreement by the end of this month. Copies of both
8 agreements have been filed with the Commission under a Motion for Confidential
9 Treatment and are made Exhibits A and B to this testimony.

10 **Q. Were the terms of the long-term agreements the same or similar to the terms offered
11 to PSNH and referred to by Mr. McCluskey in his testimony?**

12 A. Yes.

13 **Q. Does this conclude your testimony?**

14 A. Yes, it does.