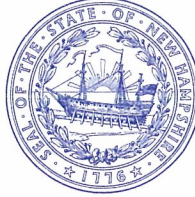


THE STATE OF NEW HAMPSHIRE

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EXECUTIVE DIRECTOR  
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January 7, 2016

NHPUC 7 JAN 16 PM 2:04

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301

Re: Recent Concord Steam Corporation Developments (in re: Reporting Requirements Established in Docket No. DG 14-233, by Order No. 25,728—Neglecting to Report)

Dear Ms. Howland:

The Staff of the Commission, specifically, the Staff of the Gas & Water Division and the Safety Division (collectively, "Staff"), hereby informs the Commission of a recurring pattern of Concord Steam Corporation (CSC) neglecting to report critical operational information to the Commission. The Commission ordered CSC to make provide such reports in Order No. 25,278 (Oct. 28, 2014). This Order requires CSC to "file a status report with the Commission regarding its new plant proposal, current operations, and future business plans, each quarter, beginning with a report to be filed on January 9, 2015, and interim reports at any time a significant development regarding these matters takes place." (Order No. 25,278 at 10, emphasis added).

On December 28, 2015, an article titled "Embattled Concord Steam faces fire, life safety code violations," by Megan Doyle, appeared in the *Concord Monitor*. The article indicated a series of facts, including: "During a Dec. 11 inspection, the state fire marshal's office found 14 violations of fire and life safety codes at the [CSC] plant. According to a letter documenting the inspection, five of those violations were found to pose 'an immediate danger' and were required to be corrected as soon as possible." Staff has been provided information by the State Fire Marshal's Office (NHFMO) indicating that these code violations were revealed to CSC in a series of NHFMO inspections and reports, with communications made to CSC in February, June, and December of 2015. Staff has reviewed the status reports filed with the Commission by CSC on May 4, 2015, September 25, 2015, and October 16, 2015. Staff has confirmed that CSC made no mention of the adverse NHFMO inspections in CSC's status reports. Furthermore, CSC has not filed any interim status report regarding this critical operational issue, nor have CSC personnel ever made informal contact with Staff to advise it of these issues.

In the view of Staff, this ongoing pattern of CSC failing to disclose this operational failure at CSC, and the NHFMO's reports, constitutes neglect to make a proper report to the Commission pursuant to RSA 374:17. Furthermore, it constitutes a pattern of misstatement by omission on the part of CSC, both in CSC's submission of status reports required by Order No. 25,278 and in CSC's oral testimony at a hearing before the Commission on October 19, 2015. This pattern of nondisclosure is extremely troubling to Staff, and serves as an indicator of managerial incompetence on the part of CSC senior personnel. Staff strongly urges the Commission to call a hearing in which CSC will be required to explain its failure to inform Staff and the Commission of its NHFMO adverse reports, and its unwillingness to communicate with the Commission in a frank and direct manner regarding its true operational status.

Finally, Staff wishes to draw the Commission's attention to the extremely frank statements of business condition made by CSC's President, Peter Bloomfield, within the *Concord Monitor* article (e.g., "If the State does not commit to stay, then we would really have to look hard as to whether the company [CSC] can survive or not"), and the factual statements provided by the article ("Concord Steam is currently planning a \$17 million renovation, but to secure the necessary financing, it needs the state in particular to sign a long-term contract"). Given that such information is now in the public domain, the Commission should determine whether the outstanding motions for confidential treatment filed by CSC for status reports it filed in 2015 should be partially denied. Staff would be prepared to provide detailed guidance to the Commission about how CSC's existing redactions of its status reports should be modified at a public hearing on these matters.

Sincerely,

A handwritten signature in blue ink that reads "Alexander F. Speidel". The signature is fluid and cursive, with the first name "Alexander" and last name "Speidel" clearly legible.

Alexander F. Speidel, Esq.  
Staff Attorney/Hearings Examiner

Cc: Peter Bloomfield, CSC  
Deputy Commissioner Mike Connor, N.H. Department of Administrative Services  
DG 15-377 Service List  
Directors Knepper, Moran, Naylor, and Shulock, Assistant Directors Frink and Wyatt

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**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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Docket #: 15-377-1      Printed: January 07, 2016

**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**

DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429

- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**

- c) Serve a written copy on each person on the service list not able to receive electronic mail.**