

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

February 10, 2016 - 10:04 a.m.
Concord, New Hampshire

REDACTED
(for Public Use)

NHPUC MAR04'16 PM12:09

RE: IR 16-202
CONCORD STEAM CORPORATION:
Investigation into Steam Plant Safety
and General Operational Status.
(Status conference)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott
Commissioner Kathryn M. Bailey

Adele Leighton, Clerk

APPEARANCES: Reptg. Concord Steam Corporation:
Susan S. Geiger, Esq. (Orr & Reno)
Peter Bloomfield, President
Mark Saltsman, Vice President

Reptg. State Fire Marshal's Office:
District Chief Danielle Cole
Section Chief Ronald Anstey

Reptg. Office of Administrative Services:
Michael Connor, Deputy Commissioner

Reptg. PUC Staff:
Alexander F. Speidel, Esq.
Randall S. Knepper, Director/Safety Division
Robert Wyatt, Asst. Dir./Safety Division
Stephen P. Frink, Asst. Dir./Gas & Water Div.

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

* * REDACTED - for Public Use * *

ORIGINAL

I N D E X**PAGE NO.****STATEMENTS BY:**

Mr. Speidel	8, 17, 34, 38, 42, 118
Ms. Geiger	11, 18, 35, 105, 119
Mr. Connor	15
District Chief Cole	25
Mr. Knepper	39, 67, 69
Mr. Frink	42
Section Chief Anstey	68
Mr. Saltsman	70
Status Report by Concord Steam Corp.	51

QUESTIONS BY:

Commissioner Bailey	20, 48, 95, 108
Mr. Speidel	23, 106
Ms. Geiger	28
Commissioner Scott	32, 45, 73, 114
Chairman Honigberg	105

P R O C E E D I N G

CHAIRMAN HONIGBERG: Good morning, everyone. We're here this morning in Docket IR 16-202, an investigation into steam plant safety and general operational status of Concord Steam Corporation. We initiated this proceeding pursuant to an order of notice, which cited a slew of statutes, directing Staff to investigate ongoing safety and -- sorry, ongoing violations of fire and life safety codes at the Concord Steam central plant as communicated by the Fire Marshal's Office to Concord Steam during 2015, and as reported in the press in late December.

We've examined -- we have directed the Staff to examine these matters carefully and recommend any appropriate remedies. The investigation shall include, at a minimum, review of the Company's compliance with applicable state and federal regulations, including, but not limited to, safety regulations, review of the Company's financial status and accounting, financial planning, continuity planning, contingency planning, and any other financial, operational, or managerial issues that Staff deems necessary.

We're here this morning for a status

1 conference. At this status conference, pursuant to our
2 order of notice, we've directed Concord Steam to detail
3 the actions the Company has completed for each item
4 mentioned in all State Fire Marshal reports issued on
5 or prior to the date of this status conference,
6 describe potential effects on Concord Steam's
7 operational capabilities, provide information as
8 requested by Staff prior to the status conference, and
9 explain any omission of the State Fire Marshal's
10 adverse inspection reports and related developments
11 from its 2015 status reports as required by Order
12 Number 25,278, statute or rule.

13 Before we go any further, let's take
14 appearances.

15 MS. GEIGER: Good morning, Mr. Chairman
16 and Commissioners Scott and Bailey. I'm Susan Geiger,
17 with the law firm of Orr & Reno. And, I represent
18 Concord Steam Corporation. With me today at counsel
19 table are the President of Concord Steam, Peter
20 Bloomfield, and Concord Steam's Vice President, Mark
21 Saltsman.

22 CHAIRMAN HONIGBERG: Anybody else?

23 MR. SPEIDEL: Well, Commissioners, this
24 is Alexander Speidel, Staff attorney representing

1 Staff. And, I have with me several members of the
2 Commission Staff. I have Assistant Director Stephen
3 Frink of the Gas and Water Division; Assistant Director
4 Robert Wyatt of the safety direction; Director Randall
5 Knepper of the Safety Division; and also Safety
6 Division personnel David Burnell and Joseph
7 Vercellotti.

8 If I may have leave to make an opening
9 statement at the opening of the status conference, that
10 would be greatly appreciated. And, in doing so, I'll
11 also invite other members and attendees here today to
12 make statements, if they so desire, or to identify
13 themselves for the Commission's consideration. Thank
14 you.

15 CHAIRMAN HONIGBERG: Before you do that,
16 Mr. Speidel, let's talk for a minute about that
17 schedule. It makes eminent sense to me for you to
18 start. I know we have representatives of other parts
19 of state government here. I don't know who else might
20 be here. I will note that we do have a sign-in sheet
21 at the back of the room -- excuse me -- if there are
22 people who wish to make public comments to the
23 Commission.

24 I know that the Department of

1 Administrative Services is here. I believe the State
2 Fire Marshal's Office is here. So, I think we'll want
3 to hear from anyone who wants to speak to us. But I
4 know that Administrative Services and the Fire Marshal
5 have a significant role to play.

6 Mr. Speidel, in addition to you offering
7 your comments at the beginning, how do you propose that
8 we hear from others?

9 MR. SPEIDEL: Well, I would invite them,
10 the sign-up sheet is a good tool, and I welcome anyone
11 signing in using that vehicle for identifying
12 themselves. But, I think, given that this is a
13 relatively informal proceeding, it wouldn't be a bad
14 idea for everyone just to identify themselves orally
15 before the Commission today, and just say "I am
16 such-and-such from so-and-so." And, "I do wish to
17 speak" or "I do not wish to speak", just so that we
18 have it on the record for Mr. Patnaude's availability.

19 CHAIRMAN HONIGBERG: That's not a bad
20 idea. I recognize all of the people who work for the
21 Commission. So, those people don't have to identify
22 themselves. But I also see Mr. Connor back there from
23 Department of Administrative Services. So, Mr. Connor,
24 I assume you want to say something today?

1 MR. CONNOR: Yes, sir. That would be
2 great. Thank you.

3 CHAIRMAN HONIGBERG: All right. The
4 State Fire Marshal's Office is probably behind you,
5 Mr. Speidel?

6 MR. SPEIDEL: Yes, I believe so.

7 CHAIRMAN HONIGBERG: And, who do we have
8 here?

9 DISTRICT CHIEF COLE: Danielle Cole,
10 District Chief for the State Fire Marshal.

11 SECTION CHIEF ANSTEY: Ron Anstey,
12 Section Chief for Engineering and Plans Review.

13 CHAIRMAN HONIGBERG: All right.
14 Welcome. Who else is here who doesn't work for the
15 Public Utilities Commission?

16 MR. WALTERS: Good morning. Aaron
17 Walters, from Green City Power.

18 MR. O'BRIEN: Tom O'Brien, from Green
19 City Power.

20 CHAIRMAN HONIGBERG: What's the first
21 word of the name of your company?

22 MR. O'BRIEN: Green City Power.

23 CHAIRMAN HONIGBERG: Green City.

24 MR. O'BRIEN: We're looking at acquiring

1 Concord Steam.

2 CHAIRMAN HONIGBERG: Thank you.

3 MR. O'BRIEN: Thank you.

4 CHAIRMAN HONIGBERG: Everybody else
5 works here. All right. Thank you all. Mr. Speidel,
6 why don't you proceed.

7 MR. SPEIDEL: Mr. Patnaude, did you get
8 all those names, do you think, to your satisfaction?

9 CHAIRMAN HONIGBERG: We'll do that off
10 the record.

11 MR. SPEIDEL: Okay. I'm sorry.
12 Ultimately, I would like to begin by thanking the
13 Commission for its consideration of Staff's
14 recommendation that had been made at the beginning of
15 this year in its letter of January the 7th. And, I
16 will not parse the various responses that came into
17 that letter, beyond just simply mentioning the fact
18 that in the October 24th -- I'm sorry, in the
19 October 28th, 2014 Order Number 25,728, in Docket
20 Number DG 14-233, within the 2014-2015 Cost of Energy
21 Adjustment proceeding, the Commission stated the
22 following on Page 7 of its order: "We agree with Staff
23 that quarterly reporting by Concord Steam regarding its
24 new plant proposal and its financing, current

1 operations, and future business plans is warranted and
2 advisable, and we order such reporting pursuant to our
3 duty to keep informed under RSA 374:4. We will require
4 the first such quarterly report to be filed on January
5 9th, 2015. Concord Steam shall also file interim
6 reports, in addition to its regular quarterly reports,
7 upon the occurrence of significant developments
8 regarding the new plant proposal, financing changes,
9 current operations, or future business plans."

10 In so ordering at the recommendation of
11 Staff, Staff was operating under the presumption that
12 the Commission desired and required real-time
13 information regarding not only the future business
14 prospects of Concord Steam, but also the current
15 operations of its physical plant. This message, Staff
16 believed, had been reinforced through numerous informal
17 interactions over the year 2015, in which we encouraged
18 Concord Steam to provide Staff with real-time
19 information regarding such developments.

20 If there had been any ambiguity
21 regarding Staff's desire for such information, I think
22 it's been dispelled. I think we've received quite a
23 bit of information in recent weeks, since the filing of
24 the Staff letter of January the 7th, that has provided

1 useful information to the Commission and to Staff, and
2 indicates a greater responsiveness on the part of
3 Concord Steam to the need for information, real-time
4 information, by the Commission, by Staff, to be able to
5 do its job as a regulator of this utility. That is the
6 philosophy behind the January 7th letter, the need to
7 have real-time information finally without ambiguity
8 provided. And, I think we've gotten to that place.
9 That is satisfactory to Staff, and we're appreciative
10 of that.

11 However, as the Commission indicated in
12 its order of notice opening this investigation, there's
13 a good deal of work to be done. I think now we've
14 gotten behind the hurdle of not having adequate
15 information regarding some of the interactions of the
16 Company with entities such as Department of
17 Administrative Services, the Fire Marshal's Office.
18 So, we're getting the information. But the information
19 we're getting indicates that there are some outstanding
20 issues that need to be resolved. And, there needs to
21 be some exploration of the current business status of
22 Concord Steam.

23 So, what we're doing today is, I think
24 we're going to go into some informal discussion on the

1 part of responsible Staff, to try to illuminate for the
2 Commission some of the aspects that we're concerned
3 about and what needs to be done in the coming weeks and
4 months related to this Company.

5 And, again, we thank the Company for its
6 timeliness in filing its updated and interim status
7 reports over the last several weeks, we're appreciative
8 of that. And, we look forward to continuing to work
9 with the Company, and also our sister agencies in state
10 government, to ensure that those that need the
11 information have it in a timely fashion. Thank you.

12 CHAIRMAN HONIGBERG: Thank you,
13 Mr. Speidel. Ms. Geiger, I know you want to provide
14 certainly an overview of what's going on here as well.
15 And, I'm going to give you an opportunity to do that in
16 just a second.

17 Mr. Connor, am I correct that you have a
18 time constraint this morning?

19 MR. CONNOR: Yes, sir. I do.

20 CHAIRMAN HONIGBERG: Then, Ms. Geiger,
21 why don't you do a brief overview, and then we'll let
22 Mr. Connor do what we needs to do, so he can leave.

23 MS. GEIGER: Thank you very much, Mr.
24 Chairman. Concord Steam Corporation's President, Peter

1 Bloomfield, and Vice President, Mark Saltsman, appear
2 today in response of Commission's order of notice
3 issued January 28th, 2016. Quite frankly, we took the
4 order of notice information literally and thought that
5 we would be the only people here making a statement.
6 We were not aware that the State Fire Marshal's Office
7 or Mr. Connor would be here making a statement. But,
8 be that as it may, we have no problem with that.

9 The order of notice references a Staff
10 letter dated January 7th, 2016, which alleges that
11 Concord Steam neglected to make a proper report of
12 certain violations of the fire and life safety codes
13 noted by the State Fire Marshal in inspection reports.
14 Concord Steam immediately responded to Staff's letter
15 that same day, on January 7th. And, they indicated in
16 a letter to Executive Director Howland its basic -- the
17 Company's basic response to the January 7th letter from
18 the Staff.

19 At the outset, Concord Steam would note
20 its strong disagreement with some of the
21 characterizations in that January 7th letter from
22 Staff. The first area of disagreement is with Staff's
23 characterization of the issues in the State Fire
24 Marshal's inspection report as being "critical

1 operational information or critical operational issues
2 or an operational failure at Concord Steam". Concord
3 Steam wishes to emphasize that the issues noted by the
4 State Fire Marshal, many of which have been addressed
5 or are in the process of being addressed, and which the
6 Company takes quite seriously, have at no time impacted
7 Concord Steam's ability to provide safe and reliable
8 service to its customers.

9 The secondary area of disagreement is
10 with Staff's allegation that Concord Steam's failure to
11 report the State Fire Marshal's inspection reports as
12 violating Concord Steam's reporting obligations under
13 Order Number 25,278, issued October 28th of 2014. That
14 order requires Concord Steam to file quarterly reports
15 on the status of its new plant proposal, current
16 operations, and future business plans.

17 The transcript of the hearing in DG
18 14-233 that gave rise to the order I just mentioned
19 clearly reveals, on Page 15, that Mr. Bloomfield was
20 asked if the Company was open to filing with the
21 Commission and Staff quarterly updates on the status of
22 the new plant proposal, air permitting, the lease
23 agreement with the State, along with other changes in
24 current operations and business plans. Mr. Bloomfield

1 responded "yes" at that hearing. And, the Company has
2 filed eight status reports, seven of which are
3 captioned as relating to the "status of repowering
4 Concord Steam'. The last and eighth report that was
5 filed on January 20th is captioned a "Supplement to
6 Concord Steam Status Report".

7 Simply put, Concord Steam believed, as
8 indicated in the hearing transcript and in the reports
9 that it filed, that its reporting obligations under the
10 October 24th -- October 28th, 2014 order was to report
11 on the status of its repowering plans and any changes
12 in current operations and business plans. Not
13 day-to-day issues or operations related to fire and
14 life safety code. That is an issue that the Company
15 believes is separate and distinct from the issues that
16 it was asked to report on.

17 As I've indicated, the Company takes
18 fire and life safety code issues extremely seriously,
19 and it also has a very good operational track record.

20 At the appropriate time, what we'd like
21 to do is have Mr. Bloomfield and Mr. Saltsberg --
22 Saltsman take the witness stand, or answer questions
23 from the Bench from their bench, their counsel table,
24 if the Commission deems it appropriate. Because this

1 is a status conference, and not a hearing, we're not
2 sure what the Commission's preference is. But we're
3 happy to accommodate however you want procedurally to
4 get the information that the Commission is looking for
5 in this proceeding.

6 CHAIRMAN HONIGBERG: Thank you,
7 Ms. Geiger. Mr. Connor, why don't we let you do what
8 you need to do. You're going to need to get to a
9 microphone, so Mr. Patnaude can get what you're saying.
10 And, off the record.

11 *[Brief off-the-record discussion*
12 *ensued.]*

13 MR. CONNOR: Thank you, Mr. Chairman,
14 members of the Commission. For the record, my name is
15 Michael Connor. And, I am from the Department of
16 Administrative Services, where I serve as the Deputy
17 Commissioner. I appreciate you taking the time today
18 in light of my tight schedule today.

19 I just want to reiterate our concerns
20 over the lack of proper response regarding the life
21 safety issues at the plant and the conditions of the
22 plant. I'd sort of like to remind the Commission that
23 the first letter from the Fire Marshal's Office was
24 sent almost a year ago, in February of 2015. And, a

1 lot of those issues were not addressed when we went
2 through a tour, I don't know, probably a month ago with
3 the Fire Marshal. Their total disregard for a lot of
4 life safety issues that were present there, and also a
5 follow-up letter that I sent in June and July to the
6 representatives from Concord Steam requesting that they
7 take appropriate action.

8 I am also here to express our concerns
9 over the conditions of the plant. And, my concerns
10 over the proper continuity of operations plan, if we
11 had a catastrophic event. And, we did have a
12 significant fire that took the plant down for a while,
13 it became very evident to us of the exposure to the
14 State of New Hampshire. We have 24 facilities that
15 currently purchase steam from Concord Steam.
16 Approximately 1.1 million square feet of office space,
17 that would affect 2,738 employees, should we have a
18 catastrophic event. So, we're very concerned about
19 that, and the lack of a proper continuity of operations
20 plan. When we did meet them, they reported that they
21 could have the plant back up and running in a couple
22 hours, which is really an unbelievable event. And,
23 they also stated that they didn't have an MOA in place
24 to actually acquire that boiler, if there actually is

1 one big enough to do that.

2 So, those are, in a nutshell, those are
3 my concerns. There are representatives here from the
4 Fire Marshal to get into more specific details of what
5 they found to talk about that. I'd be glad to answer
6 any questions that you may have.

7 CHAIRMAN HONIGBERG: All right. Before
8 we go any further, let me talk or have you all talk for
9 a minute about what might we need to do in a
10 confidential part of this process. Because there are
11 going to be discussions that I think we have a fair
12 number of red folders up here with confidential filings
13 and confidential material. What of what we may get
14 into going forward do the parties think or does the
15 Staff and the Company think needs to be done behind
16 closed doors? Mr. Speidel.

17 MR. SPEIDEL: Well, just for starters, I
18 think that what we have here today are the Company
19 themselves, they're within their own circle of
20 confidentiality. There is an informal indication that
21 the two gentlemen from Green City Power were also
22 within their circle of confidentiality, because they
23 have a reciprocal confidentiality agreement. And, I
24 will let the Company speak to that directly.

1 We have sister state agencies, the
2 Department of Administrative Services and the Fire
3 Marshal's Office, which I presume, and I don't want to
4 make a presumption that's incorrect, would also be
5 within the circle of confidentiality. And, we have a
6 group of New Hampshire Public Utilities Commission
7 personnel.

8 So, I think it's up to the Company to
9 protect its confidences, and certainly the Staff is
10 going to indicate, if anything, matters that require
11 confidential treatment, and then there could be entry
12 into a confidential segment of this proceeding.

13 But I don't think, at present, that we
14 require anyone to leave the room. And, perhaps we
15 could double-check that with the Company. But I don't
16 think we have to go through the exercise of excusing
17 people from the room. But, certainly, we can begin a
18 confidential transcript segment.

19 CHAIRMAN HONIGBERG: Ms. Geiger, do you
20 need a minute?

21 MS. GEIGER: I may, Mr. Chairman. We
22 have been provided with some data requests from Staff,
23 and they were all labeled "confidential". And, in
24 communication with Attorney Speidel, my understanding

1 was that, because this is an investigation, that at
2 least responses to those data requests would be held
3 confidential. And, I know that -- I note that one of
4 the items on the order of notice is to have the Company
5 personnel provide information as requested by Staff
6 prior to the status conference. So, I think, at the
7 very least, you know, those, to the extent that those
8 data responses come in today, that those should be
9 maintained confidential.

10 I don't agree that the sister state
11 agencies enjoy the same status as Commission Staff for
12 purposes of maintaining the confidentiality of this
13 record. So, I would object, to the extent that we get
14 into conversations that border on confidential
15 information, that either the State Fire Marshal's
16 Office or Administrative Services should be privy to
17 those conversations.

18 CHAIRMAN HONIGBERG: All right. I don't
19 think we need to necessarily decide that this second,
20 because I think there's some other things we can do.

21 How do people want to proceed with
22 respect to the Fire Marshal's reports? I don't know,
23 Ms. Cole, do you have -- do you want to say something
24 up front or do you just want to participate in the

1 discussion, to the extent there is a discussion of the
2 things that you've provided?

3 DISTRICT CHIEF COLE: I could just be --
4 I can just be available to answer questions, unless I'm
5 asked to give a brief overview of how we became
6 involved.

7 CHAIRMAN HONIGBERG: I think we'd
8 probably like to get that brief overview. Before you
9 do that, I understand that Commissioner Bailey has a
10 question for Mr. Connor.

11 COMMISSIONER BAILEY: Good morning, Mr.
12 Connor. Thank you for coming. Can you tell me, in the
13 information that I've reviewed from the Company, a lot
14 of their plans rely on a decision by the State as to
15 whether they're going to continue with steam and enter
16 into a new long-term contract, and I know you're
17 probably not prepared to tell me the answer to that.
18 But could you give me an indication of when we would
19 likely know what the state's plans are with respect to
20 the steam contract or another option?

21 MR. CONNOR: Yes. I would say, within
22 the next month, we'll be prepared to move forward with
23 a guaranteed energy savings contract. I don't know if
24 you're aware, but we went out for proposals for a

1 guaranteed energy savings contract for 28 facilities,
2 all of which are included that currently have Concord
3 Steam for purchasing steam. And, so, we're reviewing
4 those proposals. And, we're hopeful, within the next
5 months, to be able to move forward with the detailed
6 feasibility study, which is a detailed audit, which
7 will take probably about five months. So, it's a
8 two-phased approach. If, in fact, that's approved by
9 Governor and Council, we would go through and select a
10 vendor and do a detailed audit to confirm their energy
11 saving numbers that they're proposing.

12 And, then, at the end of that, if things
13 are still feasible, we would go forward with a
14 contract, with an energy performance contract, to make
15 those improvements. And, I anticipate that that would
16 probably be September or October of this year. So,
17 that's the timing.

18 COMMISSIONER BAILEY: Thank you. So,
19 your selection or your preliminary selection would be
20 sometime in the next month?

21 MR. CONNOR: Yes.

22 COMMISSIONER BAILEY: And, then you have
23 the audit of that one vendor whom you've selected?

24 MR. CONNOR: Yes.

1 COMMISSIONER BAILEY: And, if all goes
2 well, then you enter into the contract in the fall?

3 MR. CONNOR: Correct.

4 COMMISSIONER BAILEY: And, if all
5 doesn't go well, what happens? Are you back at square
6 one?

7 MR. CONNOR: I wouldn't say "square
8 one", because part of this process is to obtain a lot
9 of energy saving ideas. Actually, at the end of the
10 detailed feasibility study, we could -- we can say to
11 the vendor "Thank you very much for all your ideas."
12 Pay them a fee for completing that audit that we would
13 agree to. And, we could actually take any and all of
14 those measures ourselves.

15 So, it's hard to say at this point what
16 measures we might take. But we're paying a premium
17 right now, somewhere around \$1.8 million a year to be
18 good neighbors. We're concerned about increases in
19 costs. Are they even going to go above and beyond
20 their most recent tariff that that -- that doesn't
21 include. We're also aware that the City of Concord is
22 preparing to move in a different direction. That's no
23 secret. They have that budgeted. We heard from the
24 Merrimack County last week that they intend to move

1 away from Concord Steam, as well as the YMCA, who
2 called me last week.

3 So, we're very concerned about the
4 sustainability of any type of long-term contract. And,
5 so, we're -- and, we're going to be moving to do
6 something different, given the expense that we're
7 paying to stay with Concord Steam.

8 COMMISSIONER BAILEY: So, the \$1.8
9 million premium, can you explain that a little bit?

10 MR. CONNOR: Basically, that \$47 per M
11 pound, I'm paying about three and three-quarters times
12 what I would pay at my other facilities that have
13 natural gas or other fuels.

14 COMMISSIONER BAILEY: So, are you
15 prepared to say that you are not going to proceed with
16 a long-term contract with Concord Steam --

17 MR. CONNOR: We have no --

18 COMMISSIONER BAILEY: -- or you haven't
19 decided that?

20 MR. CONNOR: We have no intention of
21 entering into a long-term contract.

22 COMMISSIONER BAILEY: Okay. Thank you.

23 CHAIRMAN HONIGBERG: Mr. Speidel.

24 MR. SPEIDEL: Yes. I have a follow-on

1 question for Mr. Connor, in light of his statement.

2 Mr. Connor, Staff noticed that the lease
3 agreement with the Department of Administrative
4 Services that Concord Steam has has an expiration date
5 of August the 31st of this year, 2016. Could you shed
6 any light in terms of what the Department's plans are
7 related to the renewal of that lease?

8 MR. CONNOR: Our intention is to renew
9 that. Obviously, we're a major customer of Concord
10 Steam. So, we have no intention to not renew that.
11 There's been discussion of many several different other
12 plans, as you may have known. There was going to be
13 another plant. So, we'll be glad to extend that for
14 whatever duration we need to to continue the current
15 operations.

16 MR. SPEIDEL: And, so, your duration has
17 not yet been fixed, in terms of time?

18 MR. CONNOR: No. We would have some
19 discussions with Concord Steam to see what extension
20 they would be looking for.

21 MR. SPEIDEL: Thank you, Mr. Connor. I
22 appreciate it. Thank you, Mr. Chairman.

23 CHAIRMAN HONIGBERG: All right.
24 Ms. Cole, why don't you give us a brief overview of how

1 you became involved in this.

2 DISTRICT CHIEF COLE: Sure. So, in late
3 2014 and early 2015, from October to January, there
4 were three building fires or fires at the facility. As
5 a State building, the Fire Marshal's is notified when
6 Concord Fire responds to that facility. And, we began
7 just talking with Concord Fire about why we were having
8 three fires in such a short timeframe at the facility,
9 and also looking at the last time anyone had been in to
10 do a life safety inspection.

11 So, I reached out to Administrative
12 Services and Concord Steam and sat down with them in a
13 meeting in February of 2015 to talk about the status of
14 the plants, what was going on, and maybe potentially
15 why we were having these fires go on.

16 So, during that time, Vice President
17 Saltsman was there, and he indicated that they had been
18 planning to do either some new projects or new
19 construction at the facility. And, we communicated to
20 them that, you know, we would be the office that would
21 be reviewing and approving those projects, should they
22 come forward, and that those are going to take time, I
23 guess, come at a later date, and then that day we also
24 did a -- conducted a limited visual inspection of the

1 facility. Based on what was seen during that
2 inspection, an inspection report was generated and sent
3 out to Concord Steam, giving them a timeframe to be
4 able to respond back to the violations that were noted,
5 and what their plan of action was going to be in
6 response to those violations.

7 They did respond back in August of 2015.
8 And, when I kind of corresponded back and forth with
9 Mark Saltsman, in questioning about these projects or
10 this new developments that were going to take place at
11 this facility, if any of these projects would, I guess,
12 be able to mitigate some of the hazards that we had
13 seen there or to be able to improve, you know, the life
14 safety, we were told or actually it's mentioned in one
15 of their letters that the decision to move forward with
16 these projects wouldn't be made until October of 2015.
17 And, then, that got pushed back until December.

18 So, I guess not knowing what was going
19 to be going on with the facility, and not knowing how
20 things were going to move forward with these new
21 projects, I asked to meet with them again, as well as
22 State Administrative Services, to kind of get another
23 status and to find out where they saw the facility
24 moving forward, if these projects were going to take

1 place, and during which timeframe, and also to conduct
2 a more comprehensive inspection at the facility, given
3 its size and type of operations that happen there.

4 We did conduct an inspection, I guess a
5 more comprehensive inspection, in early October. And,
6 during that time had the opportunity to walk through
7 with some personnel from our office, Plans Review, and
8 I guess more of a technical expertise team to be able
9 to come in and document some of what was going on.

10 And, based on what we saw during that inspection,
11 another inspection letter was generated and sent out,
12 identifying some of the violations and hazards that we
13 saw as an imminent danger to life safety. And, those
14 were kind of marked out and described in the letter as
15 being something that needed to be taken care of
16 immediately.

17 We again went back with another team
18 from the Fire Marshal's Office, as well as
19 Administrative Services, in late December, and were
20 available and to walk through the whole facility again,
21 just because of the size and the complexity of what's
22 taking place there, to be able to see more extensively
23 what was going on, what would be needed, and to be able
24 to identify, maybe through engineers, structural, fire

1 protection, and electrical engineers, more specific to
2 those kind of operations than what we had seen during
3 the inspections, to be able to come up with
4 comprehensive reviews of what was, I guess, there at
5 the facility at that time, and what would, if anything,
6 be needed moving forward to be able to address some of
7 the concerns that we saw.

8 CHAIRMAN HONIGBERG: Thank you. Not
9 certain what the next thing people want to talk about
10 is. Attorney Geiger.

11 MS. GEIGER: Yes. Thank you, Mr.
12 Chairman. If I could just obtain some clarification
13 from Ms. Cole on the date of the inspection that she
14 referenced? That I believe she said there was an
15 inspection that occurred in October of 2015, is that
16 correct?

17 DISTRICT CHIEF COLE: No. That was what
18 was referenced in the response back from Concord Steam.
19 Was that, in a letter from their company on August 5th,
20 "the upgrade to the facility is dependent on whether
21 the State continues to use steam as a heat source, and
22 that decision will not be made until October at the
23 earliest." So, that was just correspondence between
24 our office and Concord Steam as to status of any

1 projects or repairs at the facility.

2 MS. GEIGER: I mean, I just wanted to
3 clarify for the record that I believe the date of the
4 comprehensive inspection was December 11th of 2015. I
5 believe Ms. Cole had said or at least my notes
6 indicated she had indicated "October".

7 CHAIRMAN HONIGBERG: My note was -- I
8 had the same note. So, I think, thank you for
9 clarifying that.

10 DISTRICT CHIEF COLE: Yes. December
11 11th and also December 30th were the two inspections.

12 CHAIRMAN HONIGBERG: All right. I want
13 to address a couple of things Attorney Geiger said
14 earlier. One about whether there would be others here,
15 I recognize the order of notice didn't specifically
16 note that others would be here. I think, from our
17 perspective, we need more information than we had.
18 And, it was coming in fairly slowly to the entire
19 Commission. And, it had -- it seemed obvious to us
20 that we needed as many people here as possible to get
21 as much information as possible.

22 And, I'll address another thing you
23 said, and I understand how you can carefully read the
24 transcript and the order that followed that transcript

1 to perhaps provide a technical limitation on what was
2 provided in that order. I understand that.

3 I find it difficult to believe that
4 someone could read the larger picture of what was going
5 on with the Company, and its relationship with the
6 Commission, and the Commission's need to oversee one of
7 its regulated utilities, that issues like any Fire
8 Marshal's report that had anything that had the word
9 "life safety" in it would not be something that would
10 be disclosed to the Commission. That seems very
11 difficult for us to believe.

12 And, the fact that that information
13 wasn't provided I think is what you saw in Staff's
14 letter to us. And, their reaction was not too
15 different from the reaction, at least speaking only for
16 myself, that I had. And, I'm also familiar with most
17 of the interactions that we've had in this room with
18 the Company over the last few years. I did happen to
19 miss a fairly significant one last summer, because I
20 had to go to a Governor and Council meeting. And, I'm
21 aware of the exchange that took place that day, and the
22 immediate follow-up correction that needed to be made
23 following that hearing.

24 So, I will be candid with you,

1 Ms. Geiger. We're beginning to be concerned that,
2 unless we ask a very specific question worded exactly
3 right, that we're not going to get the information that
4 we need from your client. I know you're knew to this
5 particular representation, at least at this point. But
6 that's a big concern that we have up here. And, if we
7 need to use magic words in order to get accurate
8 information, that's going to be a real problem. You
9 understand?

10 MS. GEIGER: Yes. Thank you,
11 Mr. Chairman.

12 CHAIRMAN HONIGBERG: Mr. Speidel, what's
13 your -- let me also address, I'm sorry, the
14 confidentiality. Having not discussed it, except very
15 briefly with Commissioner Scott, and maybe Commissioner
16 Bailey has a different view, I think Attorney Geiger
17 has probably the better view of who should be in the
18 room, if we do need to talk about something that's
19 confidential. My sense is that it would probably be
20 better if Mr. Connor and the Fire Marshal's Office were
21 not here, if we're going to discuss things that are
22 reasonably viewed potentially later down the line as
23 being confidential through the regular processes.

24 I don't think that's going to prevent us

1 from doing what we need to do today, because I think a
2 lot of the discussion is going to be about what
3 happened with the Fire Marshal. You know, obviously,
4 these other agencies might be able to enter into an
5 agreement with the Company about confidential
6 information, but that's not happening in this, in the
7 next 15 minutes.

8 So, if we get to what would need to be a
9 confidential portion of the record, we're probably
10 going to ask Mr. Connor and the Fire Marshal's Office
11 to leave for that portion of the proceeding.

12 All right. Commissioner Scott.

13 COMMISSIONER SCOTT: Thank you. I had a
14 couple follow-up questions for Ms. Cole, if I could.
15 And, you may have mentioned it, and maybe I missed it.
16 So, I apologize in advance. There's been an
17 implication, and maybe I've read too deeply into
18 things, that is there -- that perhaps there's some
19 structural issues with the facility itself, the
20 building itself. Is that a correct concern?

21 SECTION CHIEF ANSTEY: If I could,
22 Commissioner. We observed several areas of the
23 building where we had -- there had been structural
24 alterations or, in some cases, just lack of maintenance

1 that have created some structural difficulties. Mainly
2 in one area where there's a conveyor that goes through
3 the building that feeds the hoppers outside. There was
4 a cut made in a concrete wall. In that wall, there was
5 nothing to carry the load from the wall down to where
6 usually you would put in a lintel or something to carry
7 that load. Nothing was installed there, which is a
8 concern. Another cut was made, there's a passthrough
9 door, where you can actually see the concrete blocks
10 failing, because nothing was put in to carry that load
11 either. And, two places, one in the area where there's
12 a wooden roof, a lot of the wood is rotted, we have
13 photos where it's actually fallen down. In another
14 area, it's a concrete roof that has cracks of
15 sufficient size that actually rain water and snowmelt
16 are leaking through the cracks. Those are cause for
17 concern structurally. It's the reason that we asked
18 for a structural engineer to be secured to do an
19 evaluation of the building to make sure that it doesn't
20 have a potential to collapse.

21 COMMISSIONER SCOTT: And, my follow-up I
22 think is to Mr. Connor. So, correct me if I'm wrong,
23 the facility itself, the structure itself, is owned by
24 the State, is that correct?

1 MR. CONNOR: Yes, it is. But we have a
2 lease with Concord Steam that basically says they're
3 responsible for all maintenance at that facility and
4 all operations.

5 COMMISSIONER SCOTT: Thank you.

6 CHAIRMAN HONIGBERG: Mr. Speidel,
7 Ms. Geiger, how would you like to proceed next?

8 MR. SPEIDEL: Well, Mr. Chairman, Staff
9 would like to invite some unsworn discussion by Randy
10 Knepper and Steve Frink regarding the physical plant
11 and financial aspects of Concord Steam's current
12 status. Following that, we would invite Concord Steam
13 to make the responses they see fit.

14 There is one little wrinkle, and this
15 would pertain to Mr. Frink's discussion. Ms. Geiger
16 was correct in saying that we have characterized,
17 during the pendency of this investigation, all of the
18 questions and all the responses for data requests as
19 confidential. There is a summary schedule that has
20 quite a bit of interesting information from the
21 response to Staff 1-2 that just came in yesterday.
22 And, Mr. Frink, this morning, advised me that it would
23 be perhaps helpful for the Commissioners to follow
24 along that schedule. This is a little bit new, insofar

1 as what can be offered as a "exhibit" at a status
2 conference. I don't necessarily think that it has to
3 be a formal exhibit. It may be a useful informational
4 tool.

5 Mr. Frink has advised me that there may
6 be some minor technical errors in the schedule that was
7 produced. So, it's not necessarily a final document,
8 but it could be a useful tool for the Commission's
9 consideration of Mr. Frink's discussion. So, I just
10 want to put that on the table, while you're hearing
11 Mr. Knepper's discussion, that, when we get to
12 Mr. Frink's discussion, whether we want to involve
13 ourselves in such an exercise or not.

14 CHAIRMAN HONIGBERG: Ms. Geiger.

15 MS. GEIGER: Mr. Chairman, I'm a bit
16 concerned with having the Company put on the spot today
17 to respond directly to information that we don't quite
18 frankly know what the Staff is going to say. Our
19 understanding, from reading the order of notice, was
20 that, in the first ordered paragraph, that Concord
21 Steam personnel were supposed to appear to detail four
22 things. They're suppose to detail their actions in
23 response to the State Fire Marshal's inspection
24 reports, which we're prepared to do. We have a written

1 response that was prepared, and we can submit as an
2 exhibit. And, we can also have Mr. Bloomfield and
3 Mr. Saltsman walk you through those detailed steps,
4 responses to the most comprehensive report that we
5 believe the Fire Marshal says supersedes all prior
6 reports, indicate what they're doing or what they have
7 done to correct the outstanding issues, and what
8 they're doing currently to address ongoing issues.

9 And, then describe -- the second thing
10 in the order of notice is to describe the potential
11 effects on operational capabilities, provide factual
12 information, *etcetera*.

13 So, we were -- we were going by what was
14 in the order of notice. I'm not -- I don't know if the
15 Company is going to be prepared to respond to anything
16 that Mr. Frink or others may say. We're happy to try.
17 But, you know, we simply weren't expecting that to
18 occur today.

19 CHAIRMAN HONIGBERG: I understand what
20 you're saying. I think that -- I'm not sure how to
21 deal with the document that Mr. Speidel described.
22 It's not a document we have. So, we don't exactly know
23 what we're talking about there.

24 But, other than that, I think we would

1 like to hear from Mr. Knepper and Mr. Frink. To the
2 extent that they raise issues that you feel comfortable
3 responding to, that's fine. If they have raised issues
4 that you're not prepared to respond to at this minute,
5 I think we wouldn't expect you to do that on the fly.
6 It's what you're comfortable doing with respect to new
7 things.

8 And, I gather, given the way that
9 exchange just took place, that you have responded to
10 that first set of data requests generally?

11 MS. GEIGER: We were asked to respond to
12 three -- we just got those on February 5th. And, so,
13 we provided responses that Staff asked for by today.

14 CHAIRMAN HONIGBERG: Okay.

15 MS. GEIGER: We provided those
16 yesterday. And, then, I think we have until the 15th
17 to respond to the rest of the questions. And, so, --

18 CHAIRMAN HONIGBERG: Yes. As those who
19 aren't familiar with the processes up here, we only get
20 data requests and responses when someone needs to show
21 them to us. So, we don't know what you have already
22 done and what agreements you made there on what timing
23 is.

24 So, I think, if Mr. Frink is in a

1 position to discuss one of the things you've already
2 provided to him, I will leave it to you to sort out
3 whether that's a document that we should see at this
4 point, whether Mr. Frink can do it without us seeing
5 it, or what.

6 And, I agree with you, Ms. Geiger, we do
7 want to hear from you and your client regarding the
8 Fire Marshal's report and the response thereto.

9 So, Mr. Speidel, I guess you're going to
10 have Mr. Knepper go first. And, then maybe you and Mr.
11 Frink can figure out how best to present the
12 information that he wants to provide.

13 MR. SPEIDEL: Yes. Thank you, Mr.
14 Chairman. I think you hit the high notes, definitely
15 on the philosophy behind the status conference, is to
16 provide raw information to the Commission. There's not
17 going to be final dispositive order issued directly
18 after this. This is sort of an interim picture in time
19 regarding what's going on with Concord Steam as of
20 February. And, I think the reasoning behind that is
21 because the Commission was very much concerned about
22 some of the implications of what the Department of
23 Administrative Services was talking about in some of
24 its communications with Concord Steam, regarding the

1 need to maintain compliance with leasing terms, and
2 also what the Fire Marshal's Office was talking about
3 in terms of violations.

4 So, I think Mr. Knepper and Mr. Frink
5 are going to give a snapshot. It's not a final
6 picture. And, we appreciate the opportunity to do so.

7 So, I would invite Mr. Knepper to make a
8 statement at the present time. Thank you.

9 DIRECTOR KNEPPER: Thank you. Sorry, I
10 have a cold. So, if you can't understand me or I'm a
11 little raspy, you're going to have to bear with me.

12 The Safety Division, in this order of
13 notice, was asked to look at, there was, in my reading
14 the order of notice, I saw that there were six areas
15 that the Commission had concerns with. One was safety
16 regulations. I believe, in reading that order of
17 notice, that you're talking about these life safety
18 codes, which is primarily the Fire Marshal's Office is
19 very familiar with that code of regulations, and, so,
20 we're going to lean very heavily on the reports and the
21 correspondence that goes on regards to that. Another
22 area that was listed was "continuity planning". And, I
23 believe the Safety Division is going to be looking at
24 the continuity plans of the Company. And, then, the

1 fourth one would be "contingency planning". And, so, I
2 think both the Safety Division and the Gas and Water
3 Division together are going to have to look at the
4 contingency plans. Those are the three areas that we
5 will be focusing on.

6 I will leave the financial and
7 accounting and the financial planning and the other to
8 basically the Gas and Water Division.

9 So, under that tact, you know, we need
10 to make sure that we're all talking about what a
11 "continuity of operations plan" is, so that the Company
12 and the Safety Division have a full -- both a clear
13 understanding of what our expectations is and they have
14 an understanding, and what a "contingency plan" is.

15 And, so, we have not issued any
16 discovery questions on those things yet, at this point
17 in time. We will plan on doing that. But we're going
18 to have to first just make sure that we are all talking
19 the same language. Because some of this is contained
20 in "repowering" status plans, and some of their other
21 documentation that they have, which may or may not be
22 what we consider "continuity of operations plans".

23 And, so, those are going to be the three
24 areas that we will be focusing on as a Safety Division.

1 The Safety Division does not have the expertise that
2 the Fire Marshals have on the life safety codes. We're
3 somewhat familiar with them, but we're clearly not
4 trained and have the expertise to do that. So, it
5 makes sense for us to rely on some of that information
6 coming from one of our sister agencies. We will review
7 it and give our comments on it for the Commission, to
8 let -- they have those things.

9 How we first got involved in this was we
10 did attend a December 30th inspection, I believe the
11 end of December, of Concord Steam. And, that was done
12 with the Fire Marshal's Office and Department of
13 Administrative Services. Prior to that, we had not
14 been through the plant, had not looked at it in
15 extensive any detail. And, so, some of this, for us,
16 is getting us up to speed and knowing some of the
17 intricacies of their operations.

18 And, so, as we become more and more
19 involved in it, look at some of the information that's
20 come in through past dockets, past discovery, and
21 having more conversations with the Company, we'll be
22 able to give a better assessment at that time.

23 MR. SPEIDEL: Thank you, Mr. Knepper.
24 Would it be a good moment to invite the Commissioners,

1 and then perhaps Concord Steam, to make statements or
2 follow-up questions, Mr. Chairman, do you think?

3 CHAIRMAN HONIGBERG: Does anyone have
4 questions for Mr. Knepper?

5 *[No verbal response]*

6 CHAIRMAN HONIGBERG: Seems like no one
7 wants to engage Mr. Knepper right now.

8 MR. SPEIDEL: Okie-dokie. Well, then, I
9 would ask that Mr. Frink be given leave to make a
10 statement as well of this type.

11 And, after further deliberations, we've
12 decided not to involve Staff 1-2. It's probably
13 premature to do that and get into that level of
14 granularity.

15 CHAIRMAN HONIGBERG: All right.

16 MR. SPEIDEL: So, thank you.

17 CHAIRMAN HONIGBERG: All right. Mr.
18 Frink.

19 MR. FRINK: I would just like to say
20 I've been working with Concord Steam for probably close
21 to twenty years, and they have always been a pleasure
22 to work with. In all that time, they have had a good
23 history of providing safe and reliable service. I
24 think they provide outstanding customer service.

1 But one issue they have always had is
2 that their rates have always been higher than the
3 alternative energy sources. And, I've been involved in
4 a lot of rate cases, and it's in a lot of those orders
5 that, in every instance I believe, they have come in
6 for rates less than they're entitled to under
7 traditional ratemaking, because, really, it's the
8 market that's setting their rates. They're trying to
9 hold onto their customer base, and planning to build a
10 new plant that would give them rates that would be
11 competitive.

12 So, this is an ongoing issue, because
13 they get rates lower than what they might be entitled
14 to, cash flows are an issue. Their business is, you
15 know, it's a heating service. So, summers are, you
16 know, there's not a lot of revenue. So, there have
17 always been issues with earning a reasonable return or,
18 in some cases, even breaking even.

19 And, they have been planning on a new
20 plant. The first time it came up was in 2007, and they
21 had hoped to have it in service in the Summer of 2010.
22 In 2011, they entered steam purchase agreements with
23 the City and the State. Their plans had advanced to
24 that point. But there was an out for both the City and

1 the State that, if the plants didn't get built by a
2 date certain that, you know, the contract -- they could
3 exit the contract, which is what happened.

4 I looked at what steam sales were for
5 2000 -- for November 2002 through October 2003, their
6 normalized steam sales in their cost of energy was
7 220,000 M pounds for the year. This year's cost of
8 energy, the normalized sales are 128,000. So, as you
9 can see, their customer base and their sales have --
10 they have lost customers throughout the years. There's
11 been conservation efforts, there's been all sorts of
12 reasons.

13 But, with declining sales, and I think
14 what really cause the greatest problems was when the
15 natural gas market underwent a fundamental change, and
16 their rates dropped drastically and make that a much
17 more attractive alternative to steam.

18 So, it's been a struggle for Concord
19 Steam. And, if there's continued declining sales and a
20 new plant isn't built, there's a real concern about
21 their ability to continue into the long term.

22 And, the reason I had suggested entering
23 that one data response, Staff 1-2, was, basically, it
24 shows their sales and which customers are under special

1 contract and the volumes. And, that's, you know,
2 informationally, there's a lot of good information on
3 it. It hasn't been vetted. But it's something we ask
4 for commonly, and it does provide a lot of information,
5 as to, you know, what the State's getting, what the
6 schools are getting, who's under special -- how many
7 are under special contract, that sort of thing.

8 So, I thought it might be helpful and
9 generate some questions from the Commission. It's not
10 necessary to get into those details. But, for my
11 purposes, again, Staff's concern is Concord Steam's
12 feasibility going forward.

13 CHAIRMAN HONIGBERG: Does anyone have
14 questions for Mr. Frink? Looks like Commissioner Scott
15 does.

16 COMMISSIONER SCOTT: Thank you. Good
17 morning. You heard Deputy Commissioner Connor state, I
18 think I'm quoting him, that he has no intention of
19 entering into a long-term contract with Concord Steam.
20 Did you hear him say that?

21 MR. FRINK: Yes, I did.

22 COMMISSIONER SCOTT: Much of the -- and
23 I'll ask Concord Steam something similar, when it's
24 their turn, so don't feel neglected. Much of the

1 correspondence from Concord Steam would imply that the
2 future progress, as far as facility upgrades and other
3 work to be done, is contingent on that. Did I also
4 hear him say that, this is Deputy Commissioner Connor,
5 I think I also heard him suggest that the City, the
6 YMCA, and the County were of a similar mind. Is that
7 your understanding?

8 MR. FRINK: I heard that, yes.

9 COMMISSIONER SCOTT: So, I think that
10 leaves some smaller customers, and the school district
11 is probably the next largest customer, is that correct?

12 MR. FRINK: That's correct.

13 COMMISSIONER SCOTT: And, they have a
14 special contract on file?

15 MR. FRINK: They have a special contract
16 that they filed with the Commission for approval. And,
17 it's actually two contracts: One's a three-year
18 contract with the high school, which currently isn't
19 under special contract rates. And, then, the remaining
20 schools that are under special -- do have rates under
21 special contract. And, so, there's a three-year term
22 for the high school, and then a ten-year term for the
23 high school and the other schools all under that,
24 basically, a new contract, that was intended to take

1 effect at the time the new plant comes into service.

2 COMMISSIONER SCOTT: And, the special
3 contract that's been filed before us, can you give me
4 the status on where that is?

5 MR. FRINK: Staff is reviewing the
6 contract, and expects to have discovery requests out
7 likely this week, next week at the latest. We don't --
8 often times we don't have a prehearing conference.
9 We've done special contracts through nisi orders and
10 that sort of thing in the past. But we haven't had a
11 prehearing conference, and whether we will or not
12 remains to be seen. In this case, it probably makes
13 sense.

14 COMMISSIONER SCOTT: And, Staff -- has
15 Staff taken a position on that contract at this point?

16 MR. FRINK: Staff has some concerns
17 regarding the contracts. For instance, the Concord
18 Steam rate is a discounted rate. And, as we know, the
19 Company just filed an intent for a rate case. And,
20 there's a need for a rate increase. There's always
21 cash flow issues. And, to give a discount to a major
22 customer, and refund back to 2014, obviously, puts more
23 financial stress on the Company. And, the need to make
24 that up from other customers is, obviously, a concern.

1 So, Staff has concerns regarding that.

2 The ten-year contract, that we have
3 concerns with that. And, that -- it's a rate that's
4 set and subject to annual increases that would limit
5 the risk to the schools. But, again, if you do that
6 sort of thing, then that can burn the non-special
7 contract customers.

8 So, it's -- if we have a prehearing
9 conference, those would basically be Staff's initial
10 position that, you know, these are areas of concern.

11 COMMISSIONER SCOTT: Thank you.

12 CHAIRMAN HONIGBERG: Commissioner
13 Bailey.

14 COMMISSIONER BAILEY: Mr. Frink, did I
15 read somewhere in the record that the contract with the
16 school system is also contingent on Concord Steam's
17 ability to get a long-term contract with the State, and
18 that they can opt out if the State contract doesn't
19 materialize?

20 MR. FRINK: There are some outs in the
21 special contract that -- I don't know that is tied
22 specifically to the State. I think it's more, right
23 now, they constitute a percentage of the load. And, if
24 their percentage of the total load increases to a

1 certain point, then they would have -- one of the
2 conditions is they could opt out of the contract. So,
3 if the State were to leave, there's no question Concord
4 Steam would exceed that limit.

5 But it could be, you know, the
6 conservation measures or non-special contract customers
7 leaving or anything else. Again, it's a level that, if
8 they become that much of Concord Steam's load, they can
9 opt out. And, there's some other -- a few other opt
10 outs as well, but --

11 COMMISSIONER BAILEY: But I think we
12 know, from Mr. Connor, that the State is going to
13 leave. Is that right? I mean, so, --

14 MR. FRINK: Mr. Connor has stated that
15 the State has no intention of signing a long-term
16 contract. I don't know if it's his position -- as a
17 Staff member here, we don't have final say on certain
18 things. And, I don't know how it is at Administrative
19 Services, if he has final say on that matter or not.

20 But, yes, that is what he said. And, if
21 that's the case, then that's going to be a major
22 problem for Concord Steam.

23 COMMISSIONER BAILEY: Can you go back
24 over your remarks about the declining sales? You said

1 at one point the sales level was "285"?

2 MR. FRINK: 220,000.

3 COMMISSIONER BAILEY: 220,000 what?

4 MR. FRINK: 220,000 M pounds in a year.

5 That was the weather-normalized forecasted sales for
6 November 2002 through October 2003, that's their year
7 for the cost of energy. And, then, in this cost of
8 energy, it was -- weather-normalized sales is 128,000.
9 Again, that's M pounds annual sales.

10 COMMISSIONER BAILEY: Thank you. So,
11 the point is that, in the last 12 to 15 years, they
12 have lost half their sales?

13 MR. FRINK: Approximately.

14 COMMISSIONER BAILEY: And, you think
15 it's because of things like the gas market and the
16 price that isn't sustainable the way it is?

17 MR. FRINK: Yes. And, that is something
18 that the Company is on record, they have said that in
19 hearings, and that's why they have worked so diligently
20 in getting a new plant built, to get rates down to
21 where they would be competitive. But that, in coming
22 forward with new plant plans, typically, they -- it's
23 on record many times, you know, "our hope is" -- or,
24 "our plan is to get our rates" -- "lower our rates by

1 30 to 40 percent, and at that level it will be
2 competitive."

3 So, based on those representations, it's
4 safe to say they're probably 30 to 40 percent higher
5 than what energy costs -- what their current energy
6 costs are, compared to alternative natural gas.

7 COMMISSIONER BAILEY: Okay. Thank you.

8 CHAIRMAN HONIGBERG: All right.

9 Ms. Geiger, after sitting through a little over an hour
10 of things you weren't expecting to do, we'll let you do
11 what I think you were expecting to do.

12 MS. GEIGER: All right. Thank you, Mr.
13 Chairman. I think at this point, it probably makes
14 sense to turn it over directly to Mr. Bloomfield and
15 Mr. Saltsman, to, at the outset, provide you with the
16 information you've requested in the order of notice,
17 especially insofar as you've asked for detailed --
18 detailed actions that the Company has completed for
19 each item mentioned on the Fire Marshal's report.

20 So, if that's okay? And, given that the
21 other folks who have provided comments thus far have
22 done so from their seats, is it the Commission's
23 pleasure that these gentlemen do the same here, or
24 would you prefer that they be sworn as witnesses and

1 testify under oath?

2 CHAIRMAN HONIGBERG: I think we're okay
3 with them where they are.

4 MS. GEIGER: Thank you. Okay. As I
5 said, Mr. Chairman, I'll just turn it over -- I'll turn
6 it over to both Mr. Bloomfield and Mr. Saltsman. And,
7 would ask that they provide you with information that
8 actually is documented in a report back to Ms. Cole at
9 the State Fire Marshal's Office. This was provided
10 yesterday in writing. And, it responds to the State
11 Fire Marshal's report of December 30th, which Concord
12 Steam just received via e-mail on February 4th. So,
13 within, you know, five days of receiving this report,
14 even though it's dated -- the inspection is
15 December 30th, they have responded in writing, with
16 photographs.

17 And, I don't know if you have copies of
18 it at the Bench? I can give you -- do you have it?

19 CHAIRMAN HONIGBERG: I do. I think
20 Commissioner Scott does. And, we all have it, yes.

21 MS. GEIGER: And, you have all the
22 photographs and everything that have been -- okay.
23 Great. And, would you like color copies? Because I do
24 think that there's a couple, I will tell you from

1 personal experience, there are a couple where color
2 matters, because they will actually show you --

3 CHAIRMAN HONIGBERG: Sure.

4 MS. GEIGER: -- show you things that I
5 couldn't see in black and white. So, --

6 (Atty. Geiger distributing documents.)

7 CHAIRMAN HONIGBERG: Off the record.

8 *[Brief off-the-record discussion*
9 *ensued.]*

10 MS. GEIGER: Thank you.

11 MR. SALTSMAN: Thank you, Mr. Chairman
12 and Commissioners. Appreciate the opportunity to go
13 through this report with you.

14 First, let me start off by saying that
15 we do take life safety issues seriously. There's never
16 been an intent to intentionally not report this to the
17 Commission. We honestly did not think that that was
18 part of that quarterly report requirement. And,
19 therefore, our omission of that was not anything that
20 we did in an attempt to hide issues that were ongoing
21 at the plant.

22 We certainly realize that the plant that
23 we have right now poses many challenges. And, we are
24 doing our best to mitigate those challenges. Part of

1 the original mitigation, as you all are aware,
2 especially Commissioner Scott, as he's been here for a
3 while, was to build a new facility. And, that would
4 have completed mitigated all the issues at this plant.
5 But, unfortunately, we were unable to complete that.

6 So, as time goes on, as we came under
7 the realization that we were not going to be able to
8 leave that facility, we've steadily made improvements
9 to that facility. Most recently, we worked with our
10 insurance provider, Chubb, their inspectors, they have
11 inspectors at several levels. You know, they have a
12 fire protection engineer that's on staff. They also
13 have a boiler inspector that is on staff that is --
14 that routinely inspects our boiler equipment, not just
15 only the boilers, but all the associated equipment, any
16 pressure vessels that we have. All of that is
17 routinely inspected. Through those routine
18 inspections, when they identify issues that we have,
19 and I pre-identified ourselves, they identify those, we
20 must fix those in order to renew our policy with them.
21 So, they're addressed immediately.

22 Most recently, they identified our --

23 *[Court reporter interruption.]*

24 MR. SALTSMAN: Deaerating feed tank,

1 which is a large vessel, where all of the feedwater
2 goes to before it goes to the boiler, to get scrubbed
3 for oxygen and non-condensable gases, and be preheated
4 before it goes into the boiler. That tank, they
5 identified that tank to have some issues that concerned
6 them, and they saw it as a life safety issue. They
7 pointed it out to us, and provided reports to us to
8 read, that showed that tanks of that nature that showed
9 that kind of wear failed, and had caused serious damage
10 and/or a loss of life in the facilities that they
11 happened. We immediately replaced that vessel. That
12 vessel was replaced within the next year. A large
13 undertaking, not an inexpensive thing to do. It
14 required disassembly of the building, cranes on-site,
15 and a very costly piece of equipment, and the
16 installation was very costly. We did not avoid that.
17 We took it seriously. You know, we changed it.

18 So, just to make it clear, Concord Steam
19 does take life safety issues very seriously. And, we
20 take the report that came out from the Fire Marshal's
21 Office just as seriously. And, we're slowly working
22 through all of the issues that they put before us.

23 You'll see here in this report that
24 we've responded to many of those. I would not contend

1 that we have resolved every issue that the Fire Marshal
2 could find on the facility. We've noted, as we expect,
3 every time there is an inspection, something always
4 comes up. We try to be perfect, but we realize that
5 that's often a difficult thing to achieve. But our
6 intention to do our very best to get to perfection, as
7 they would expect it.

8 If you look at Page -- Item Number 1,
9 just there's -- the way we listed that is what they had
10 put in their report as an issue, and then we put our
11 response in there. And, you'll note that Item 1 had --
12 was concerning "installing and repairing illuminated
13 exit signage". We've had many signs throughout the
14 facility already. The main issue with several of them
15 was that their batteries had run low. And, so, when we
16 tested those, there was a few that didn't work.

17 And, there were some in places where
18 there shouldn't have been some, and there were some
19 missing in places where there should have been some.
20 So, we tried to correct that.

21 And, the various photos that you'll see
22 there are just an indication that we've done that, that
23 we've been working on it. I tried to put them in. The
24 inspector, Ron Anstey, and I'm hoping I'm not

1 butchering your name too much, Ron, he was very
2 specific, very helpful in pointing out where we should
3 take care of those, those issues. And, so, I tried to
4 do that as much as possible.

5 I think we got most of them covered.
6 Hopefully, we got them all covered. But, you know, I'm
7 not 100 percent certain, because the report wasn't
8 exactly specific. And, I had to rely on my memory and
9 my note-taking of the walk-through. And, I think we
10 did a pretty good job on getting those in every place
11 that they needed to be.

12 MR. BLOOMFIELD: And, this is Peter.
13 And, one point is that we started making these
14 corrections immediately after the visit was made. We
15 didn't wait till the report was received. You know,
16 the visit, you know, the inspection visit was the 30th,
17 and we have been doing this over the whole month of
18 January, we've been making these changes.

19 MR. SALTSMAN: Yes. I had personnel, on
20 that afternoon, begin to work on some of the issues
21 that they pointed out. We have -- there were some
22 electrical issues that were pointed out that we had --
23 we have a contractor, Doherty Electric, who provides us
24 with electricians, licensed electricians. We had them

1 come in immediately and cover up junction boxes that
2 were identified as potential hazards.

3 Also, there was rubber cords that were
4 being used for some of the lighting that the Fire
5 Marshal's Office felt were inappropriate. Rather than
6 to try to figure out exactly which ones met code, I
7 just had them go through and replace all of those
8 rubber cords, so the facility is essentially free of
9 those, for the most part, at least the ones that we
10 were able to identify readily. That was all done
11 within the first week of the inspection. That was
12 prior to receiving the report as indicated.

13 You'll also see, in Items 2 and 3, there
14 were the issues of exit access. I need to have a
15 conversation with Chief Cole and her staff to be able
16 to identify exactly what we were talking about there.
17 I didn't remember, from our conversation in the
18 walk-through or my notes, exactly where they were
19 talking about getting access. So, I need to -- I need
20 to get with them and find out where they feel those are
21 at resolve that issue. But we're work on that as well.

22 Fire extinguishers: We have contracted
23 with Hampshire Fire Protection for as long as I can
24 remember. So, it's at least 20 years we've had them or

1 somebody like them come into the facility to do the
2 annual inspections of our fire extinguishers, in
3 addition, to do a fire extinguisher replacement
4 whenever one has been exercised. They're responsible
5 to us for taking care of all those fire extinguishers.

6 I think we do a really good job of
7 keeping good working-order fire extinguishers
8 throughout the plant. My safety officer is going
9 through the plant right now to make -- to ensure that
10 we have the right number of fire extinguishers
11 distance-wise from one another. It refers in the
12 report later about those fire extinguishers not being
13 "more than 50 feet apart". We think we're covered on
14 that. Although, we did identify one -- a couple
15 various as questionable whether the fire extinguishers
16 are adequately placed. And, so, we're just going to
17 add a couple more just to make sure.

18 But, again, for as long as I can
19 remember, we've made sure that we had workable fire
20 extinguishers. One of the -- one of the issues was
21 some of the cards that were put on by Hampshire Fire
22 Protection didn't allow for putting in the monthly
23 inspection that our safety officer does on those. And,
24 quite honestly, he was doing the monthly inspection, he

1 just -- there wasn't a place on the card that was on
2 the fire extinguisher to fill it out, so, he didn't do
3 it. So, we've since had Hampshire Fire Protection
4 replace all those cards with the right one, so that it
5 can be adequately recorded.

6 Moving on, there is just -- you'll see
7 some photos again of the fire extinguishers. And,
8 that's typical throughout the facility.

9 The next item, Item 4, is "Illumination
10 of Means of Egress". Again, we've had Doherty Electric
11 going through the plant. They have added some -- they
12 have added some emergency lighting and exit signs with
13 lamps, to make sure that that is being done. They are
14 continuing to do that. I think they're pretty close to
15 being done on that.

16 And, Number 5, again, it's "Emergency
17 Lighting". That goes along with the same statement I
18 just made. We have Doherty Electric working on and
19 ensuring we have an adequate number of lights. And,
20 you'll see some of that that were just pointed out that
21 were recently added. If you'll notice, that photo
22 that's just below Item Number 5, you'll see there's a
23 little yellow label on that lamp. That is our -- one
24 of the things that we're trying to be more proactive on

1 is having a PM program as recommended or requested by
2 the Fire Marshal's Office, to have a -- basically, an
3 Excel spreadsheet type program that allows us to record
4 that we've done monthly and quarterly and annual checks
5 on these, on these lights. So, that's -- I'm just
6 pointing out that yellow sticker, that's one of the
7 things that we're doing.

8 MR. BLOOMFIELD: One of the -- one of
9 the issues with emergency lighting is, we don't
10 necessarily feel that we're working with fire
11 protection engineers and stuff. But, since we have an
12 emergency generator that comes on within five seconds
13 of loss of power that feeds the whole facility, we're
14 not absolutely certain that we actually needed to put
15 all these lights in. But we went and put them in
16 anyway as just a belts-and-suspenders. It's what the
17 Fire Marshal recommended, so, we went and put them in.

18 MR. SALTSMAN: Item 6 is "Fire
19 Reporting". At the time, and there's a note in there,
20 and you'll see it in italics there, "at the time of the
21 inspection, an active fire was discovered." Concord
22 Steam argued that that was a active fire, it was some
23 sawdust that was on a duct coming from our Number 6
24 boiler that was smoking, it wasn't actively on fire.

1 And, we don't want to parse words over
2 that, but it is bothersome that it was characterized as
3 an "active fire". I was up there with the inspector,
4 and I didn't see any fire. I did see some smoldering
5 wood dust. It comes off of a beater bar that we have
6 that clears dust off of a belt. And, it had gotten --
7 some of it had gotten on that hot duct. And,
8 essentially, it was like ash in an ashtray, it was
9 smoldering. But not we -- not that I -- I'm not trying
10 to make light of it, I just -- it wasn't an active
11 fire. So, I just wanted to point that out. And, we do
12 report fires. When we have a fire, we report it to the
13 Concord Fire Department.

14 "Damp and Wet Locations", that's Item
15 Number 7. We would -- well, I'm not going to go into
16 the detail, because that -- part of the discussion, and
17 I think it's going to be taken care of when we have the
18 fire protection engineer go through the facility and
19 the electrical engineer go through the facility, to
20 really identify whether one of the areas that was
21 pointed out was a serious issue or not.

22 But there was a drain from a steam
23 turbine generator that was open because we were
24 draining that particular turbine down, it was -- there

1 was steam that was wisping up, a cloud vapor of steam
2 that was going over by switchgear. Inspectors pointed
3 out that they saw that as an issue. And, I understand,
4 I understand their concern. We just -- that's kind of
5 normal in these kind of facilities. And, in a power
6 plant, you're going to see the turbine drains open
7 around electrical switchgear and equipment all the
8 time.

9 But, so, what we did, we've rerouted
10 that. Just to try to mitigate any issues, we've
11 rerouted that drainage so that it's going into a
12 different part of the building, where there's a
13 penthouse and a vent fan that pulls it out of the
14 facility and vents it outside. So, that's -- we've
15 done that.

16 There was also noted some water on an
17 electrical cabinet. We've taken care to make sure that
18 that's protected from that.

19 Number 8, "Personnel Doors", it talks
20 about "where electrical equipment rated at 1,200 amps
21 or more that contains overcurrent devices, switching
22 devices, or control devices installed, and there's a
23 personnel door intended for entrance or egress from the
24 working space shall be equipped with a panic bar".

1 And, then, there was -- you see that big set of wooden
2 doors there? That has a big deadbolt across it. And,
3 which, if it was meant to be a means of egress, it
4 should not have, absolutely. And, we realize that.
5 What I -- what didn't -- what always got by me, and I'm
6 not quite sure why it did, is that there was an exit
7 sign above that door. That door was never intended as
8 an exit. We don't use it as an exit. People don't use
9 it as a personnel door. It's used as a service door,
10 when we need to take large pieces of equipment in and
11 out of the generator room, we use that door for that
12 access only. And, so, what we did was just took the
13 exit sign down. And, the door is a service door, not
14 an exit door.

15 And, how we satisfied the requirement
16 for personnel, Mr. Anstey recommended that we put exit
17 lamp and a crash bar on the door that leads in through
18 the Plant Manager's office, and then there's a door
19 right there, and it goes directly outside. So, you see
20 that photo there, that shows the crash bar that was
21 added to the door and the exit lamp that was put up
22 above it, illuminated exit -- exit sign.

23 And, then, we also put an illuminated
24 exit sign over the double doors on the other side of

1 the generator room that leads into the boiler plant, to
2 take care of -- so that there's more than one means of
3 egress out of that, out of that room.

4 Number 9 was to "Clear Working Space
5 Around Electrical Switch Gear and Panelboards" --
6 "Disconnect, and Panelboards". Rightly pointed out by
7 the inspectors, our Chemistry -- our Water Chemistry
8 work station was in front of the panels that you'll see
9 on the next picture. We've since moved that work
10 station, so that you have access to those panels. We
11 moved those panels -- the work station over to a
12 different part of the plant.

13 Item 10 is developing a specific EPM.
14 It's not that we didn't have preventive maintenance on
15 our electrical equipment to begin with. But we concur
16 with the inspection team that we should have a more
17 specific EPM, instead of just a regular PM program for
18 that, that electrical switchgear. And, typically, in
19 the past, it's been done by in-plant electrician, by
20 our own staff. But we're going out-of-house for that
21 to get that done. And, again, we're working with
22 Doherty Electric to complete that. And, that will take
23 some time. That's no small task.

24 Item Number 11, just in general, to make

1 sure there's no deadbolts on the bars -- or, on the
2 doors or bars on the doors. And, I've directed plant
3 staff to remove all of the deadbolts that we could
4 identify that were egress issue doors. So, I believe
5 that's completed.

6 Items 12, 13, 14, and 15 are relative to
7 what kind of fire protection should be in the facility.
8 And, we are working with Nick Cricenti, from SFC
9 Engineering. He's our fire protection expert. And, he
10 was at the facility yesterday doing his initial
11 investigation and a walk-through. He's going to help
12 us identify exactly how we deal with these issues.

13 We're not -- we don't have the expertise
14 to know exactly how we should address each one of
15 these. And, he's going to give us guidance on that,
16 and he's going to work with the Fire Marshal's Office
17 to make sure that, where there's issues, that we take
18 care of them, and, where we need to seek waivers, we
19 get waivers.

20 Item 16, again, I mentioned that
21 earlier, that talks about the fire extinguishers being
22 within 50 feet of one another.

23 And, then, 17, 18, and 19 requested us
24 to do a series of inspections. And, we have -- we have

1 contracted with folks already to start that process.
2 As I said, SFC has already been on site. Bob Mohlin,
3 with Mohlin & Company, a structural engineer, has been
4 contacted. He is going to put us on his schedule as
5 soon as possible, to come over and take a look at the
6 areas that were identified as structural concerns.

7 And, then, Doherty Electric is, who has
8 a master electrician on staff, is going to do a review
9 of the electrical equipment in the plant, and make
10 recommendations to us and to the Fire Marshal's Office
11 of what should be addressed.

12 CHAIRMAN HONIGBERG: Ms. Geiger.

13 MS. GEIGER: Mr. Chairman, I guess I
14 would make Mr. Saltsman and Mr. Bloomfield available
15 for questioning by the Commission, if they have any
16 questions, or other parties.

17 CHAIRMAN HONIGBERG: Mr. Speidel, do you
18 or other members of Staff have questions for the
19 Concord Steam people at this point?

20 DIRECTOR KNEPPER: Yes. I hope Concord
21 Steam keeps us abreast, because some of these items are
22 long term, you know, development of plans, you have to
23 have people come in and inspect them. I hope that they
24 will share that with us going forward. And, I guess

1 that's all I have right now.

2 CHAIRMAN HONIGBERG: Ms. Cole,
3 Mr. Anstey, anything that the Company said that you
4 want to follow up with them on or comment on at this
5 moment, at this point?

6 SECTION CHIEF ANSTEY: Thank you, Mr.
7 Chairman. We've only -- we only got -- actually saw
8 this this morning. So, --

9 CHAIRMAN HONIGBERG: And, do you have
10 the lovely color version?

11 SECTION CHIEF ANSTEY: We do. We do.
12 And, we are very happy to see that several of the
13 housekeeping issues have been taken care of. It's a
14 great first step.

15 I have questions on a couple of things.
16 I'm not going to get into the definition of "fire" or
17 pyrolysis and other things. We obviously can prove
18 that, when there's smoke and char, that there's active
19 fire, even if you don't see a flame. We can deal with
20 that.

21 As far as reporting, they cited an OSHA
22 requirement not requiring them to report. The
23 statutory requirements do require it. And, I think
24 that's something we can work out with Concord Fire, as

1 to, they call and say "Listen, I've got something this
2 size." Then, if Concord Fire wants to respond or not,
3 that would be up to them as to how they want to deal
4 with that response.

5 CHAIRMAN HONIGBERG: It sounds to me
6 like you have lots to talk about with the Company with
7 respect to this?

8 SECTION CHIEF ANSTEY: We have some. We
9 didn't test their generator. It didn't seem like the
10 prudent thing to do in the middle of December, to shut
11 the power off. So, you know, it's something we would
12 like to probably do. They cited in their response
13 "we'd like to do that in the summer, when it's a better
14 timeframe."

15 But it's nice to see the response. We
16 await -- our letters gave them 30 days to get the
17 proper people in place. A lot of what we do is going
18 to be subject to the reports coming in from those
19 engineering professionals, showing where the deficiency
20 are and recommendations that they make, and then the
21 plan of correction in there.

22 CHAIRMAN HONIGBERG: Mr. Knepper?

23 DIRECTOR KNEPPER: Yes. I have one
24 comment. On Item Number 10, the EPM, you know, it

1 lists the four requirements. I mean, one of the things
2 at Concord Steam is they have a lot of equipment that
3 was used at one time or electrically was used at one
4 time. I just want to make sure that it gets included
5 in there the stuff that's no longer -- the electric --
6 there's a lot of electric stuff that, when you walk
7 through, you can't tell whether its live or dead. I
8 want to make sure that that plan necessarily identifies
9 that.

10 It would be very helpful, when it does
11 that, so that this just kind of lists, you know, get a
12 "listing of all electrical equipment and systems", the
13 ones that are most critical. But the ones that are no
14 longer used or out-of-service, that would also be very
15 helpful.

16 MR. SALTSMAN: If I can respond?

17 CHAIRMAN HONIGBERG: Yes.

18 MR. SALTSMAN: Okay. The equipment that
19 Mr. Knepper is referring to is the State-owned
20 equipment that's been in the facility since we've been
21 there. We've always deemed it not our right to remove
22 that, nor our responsibility to remove that, because we
23 don't know -- some of that stuff was active in the
24 plant for a good number of years while we were there,

1 and the State retired it from service, as they no
2 longer needed it for their purposes.

3 And, so, we -- we would certainly be
4 willing to mark it "out-of-service". But that's going
5 to take some -- that's going to take some cooperation
6 with the State folks over there at the facility, to let
7 us know what is and what is not of their electrical
8 panels of over there that are not out-of-service.

9 Unfortunately, it's -- our lease with
10 them is not quite as clean-cut as you would normally
11 anticipate, because, originally, when it was entered
12 into, there was quite a bit of equipment in that
13 facility that the State still relied on, (a) to either
14 power their equipment, actually, directly, originally,
15 when we first took over that facility, that whole
16 generating room, they still ran that, and they used the
17 power from that generating room for their own facility.
18 We used to sell them steam for their steam turbine
19 generators that were in that room, and then they
20 subsequently made power and powered their whole
21 facility. And, then, as they went on grid, so to
22 speak, they began to retire some of that. We bought
23 some of the generating assets. Some of those, some of
24 the switchgears, some of those panels in there, we did

1 not, because they still needed them for their purposes.

2 So, there's a little bit of a -- there's
3 a little bit of uncertainty on our part on exactly what
4 is in service and what is not in service that they own
5 over there. So, it just --

6 CHAIRMAN HONIGBERG: I think it's fair
7 to say that you can work with Mr. Knepper and your
8 landlord to identify clearly what is and isn't part of
9 what you do. And, if it's State of New Hampshire
10 surplus, maybe we'll find it over at White Farm one
11 day. But it can certainly be -- you can figure it --
12 you can work out with Mr. Knepper --

13 MR. SALTSMAN: Uh-huh.

14 CHAIRMAN HONIGBERG: -- how it needs to
15 be marked, or Mr. Anstey or whomever, after you've
16 conferred with your landlord as to what is and isn't
17 something that they want or need or need to have
18 preserved. It doesn't seem like an unreasonable
19 request.

20 MR. SALTSMAN: No. No. Certainly not
21 a -- no. No, I didn't mean to indicate that I saw it
22 as an unreasonable -- it's just, I was just trying to
23 make the point, it's more complicated than just us
24 identifying, us having an electrician come in or an

1 electrical engineer come in and identify that. It's
2 not quite that easy.

3 CHAIRMAN HONIGBERG: Understood.
4 Commissioner Scott.

5 COMMISSIONER SCOTT: Thank you. And,
6 thank you for coming to talk to us. Different
7 questions, but why don't we start with the report,
8 on -- I don't remember which item it is, but the
9 structural analysis that you contracted for or are
10 contracting for, I think that's -- I guess that's 18, I
11 think, right? Does that sound right?

12 MR. SALTSMAN: Yes.

13 COMMISSIONER SCOTT: Can you give me an
14 idea of the timing for that? When will you know the
15 analysis says "you need to do X"?

16 MR. SALTSMAN: Two things on that.
17 We're trying to get Bob Mohlin in here, or somebody
18 from his engineering firm, to look at that as quickly
19 as possible. And, I would think that that's going to
20 be in the next week or two. The report shouldn't take
21 a lot of time.

22 Just to point out, though, when that
23 hole was originally cut for the conveyors, Mohlin &
24 Company reviewed that at that time, and told us that

1 they didn't see it being an issue.

2 But we don't have -- we can't dig up a
3 report on that. So, --

4 MR. BLOOMFIELD: It was 35 years ago.

5 MR. SALTSMAN: Yes, it was 35 -- 35
6 years ago. So, we're going to have them look at it
7 again and give us a report. And, we'll also have them
8 look at that doorway and the other areas that were of
9 concern. And, if there's things that need to be done,
10 we'll certainly do them. But we'll have it done as
11 soon as possible, within a couple weeks, hopefully, at
12 least the initial inspection. Now, how long it takes
13 them to generate a report, hopefully, they can get that
14 out in a few days.

15 COMMISSIONER SCOTT: And, you may have
16 heard me question Deputy Commissioner Connor on whose
17 responsibility, ultimately, what I was getting at,
18 for the facility, and he suggested "that's in your
19 lease, --

20 MR. SALTSMAN: Yes.

21 COMMISSIONER SCOTT: -- so, it's your
22 responsibility"?

23 MR. SALTSMAN: Yes. Yes.

24 COMMISSIONER SCOTT: Even though it's a

1 State-owned property, it's --

2 MR. SALTSMAN: Yes.

3 COMMISSIONER SCOTT: All right. This is
4 in no particular order, so, you have to excuse my
5 notes. So, the Chair mentioned an exchange in our cost
6 of -- your cost of energy hearing this -- in October,
7 and you corrected some testimony that was given. I'd
8 like to follow up on that. So, I had asked about
9 emission fees for environmental permitting, that's --
10 my understanding is that's been paid, is that
11 correct, --

12 MR. SALTSMAN: Yes. That's correct.

13 COMMISSIONER SCOTT: -- subsequently?
14 The NOx RACT testing has now been completed, is that
15 correct?

16 MR. SALTSMAN: Yes, sir.

17 COMMISSIONER SCOTT: Do you, and I
18 understand it takes a while to go through the analysis
19 and all that, so, you may not know the answer to this,
20 I understand. Do you know if facilities passed?

21 MR. SALTSMAN: Yes. I believe they all
22 passed. In addition, we do have low NOx burners on.
23 So that we meet the requirement either way, whether
24 they pass by actual emissions or pass because of

1 technology. In either case, we're, as they say, "good
2 to go". But I believe they all passed emissions on an
3 emissions basis as well.

4 COMMISSIONER SCOTT: Excellent. That's
5 good to hear. And, my understanding, am I correct, you
6 probably passed the Continuous Emission Monitors
7 Relative Accuracy tests?

8 MR. SALTSMAN: Yes, we did.

9 COMMISSIONER SCOTT: Or, audits, rather?

10 MR. SALTSMAN: Yes. We have a
11 relatively new system on, so -- and it's been working
12 pretty good for us.

13 COMMISSIONER SCOTT: Excellent.
14 Excellent.

15 *(Mr. Saltsman and Mr. Bloomfield*
16 *conferring.)*

17 COMMISSIONER SCOTT: Do you want to
18 amend that or --

19 MR. BLOOMFIELD: Not at all. I was just
20 saying that we had a critical piece fail last year that
21 we had to replace. So, it took us -- we were a few
22 weeks with determining what the problem was, and then,
23 of course, we wanted the new equipment, and it took
24 another few weeks. So, there was some period of time

1 last year where we were not -- our system wasn't in
2 full service.

3 MR. SALTSMAN: Not in compliance.

4 MR. BLOOMFIELD: But now it's in good
5 shape.

6 MR. SALTSMAN: But to answer your
7 question, yes, we passed the RATA. I understood that
8 to be your question.

9 COMMISSIONER SCOTT: Good. You've been
10 talking life safety issues. Obviously, the Fire
11 Marshal's Office we understand has been in. Have you
12 had an OSHA inspection in recent --

13 MR. SALTSMAN: Not recently, no.

14 COMMISSIONER SCOTT: Can you give a
15 timeframe when -- have they been there before?

16 MR. SALTSMAN: They were there several
17 years ago, maybe six years ago, something like that.

18 COMMISSIONER SCOTT: Did that result in
19 fines?

20 MR. SALTSMAN: Yes, it did.

21 COMMISSIONER SCOTT: And, are those
22 issues still in compliance?

23 MR. SALTSMAN: Those issues are in
24 compliance. We had subsequent inspections from the

1 original one, where they reinspected. We provided --
2 we provided a report very similar to this, to them, to
3 show that we had taken care of their concerns.

4 COMMISSIONER SCOTT: Okay. And, let me
5 ask one of those "magic word" questions that I think
6 the Chair was referencing.

7 So, one of the things we're generally
8 concerned about, obviously, is the wellbeing for the
9 utility and, therefore, the customers, the ability for
10 the utility to be managed, and, in that guise, and if
11 there's anything that puts it at risk. So, I'll ask
12 you a global question. Is there any compliance issue
13 that would put the utility at risk, whether it's
14 financially or otherwise, that you're aware of?

15 MR. SALTSMAN: Let me answer that in a
16 long way. First of all, we weren't trying to parse
17 words with the report. We really did not understand
18 that, that that's -- some of these kinds of things were
19 what you were expecting to see in that quarterly
20 report. Our mindset was really towards what
21 operationally, as far as providing service to the
22 customers, and losing customers, gaining customers, and
23 the repowering project, were our primary focus, when we
24 thought of what needed to be required in the quarterly

1 reports, and the intermediate reports, when required.

2 And, the only -- the only issue that we
3 have that's outstanding right now that we need to take
4 care of is our tank closures. We do have two tank
5 closures, Number 6 oil tanks, that we have to complete,
6 our plan is to complete those this summer. Just to
7 make you aware of those.

8 And, there's also an issue before Weights
9 and Measures, that is our scale. Our scale is -- it's
10 a scale, that we've used this scale for forever, and it
11 was recently identified a number, well, a few years ago
12 that it really wasn't a certified scale, even though we
13 had it routinely tested and certified by test
14 companies. So, that's an issue. We've dealt with
15 that. We've made the Weights and Measures reasonably
16 comfortable that what we're doing there is adequate.
17 But they would like to see that replaced, and our plan
18 would be to replace that, if we did the repowering
19 project, would be to replace that scale.

20 So, those are some issues that it seems
21 that, hearing the tone today, that you probably want to
22 hear about those. So, I'm putting those on the table.

23 COMMISSIONER SCOTT: The oil tanks you
24 mentioned, are those -- the closures that need to be

1 done, are those aboveground or --

2 MR. BLOOMFIELD: Both.

3 MR. SALTSMAN: They're unique. Part of
4 them is underground and part of them is aboveground.
5 So, they're kind of a different animal for the State to
6 deal with. And, --

7 COMMISSIONER SCOTT: Is there leakage
8 associated?

9 MR. SALTSMAN: No.

10 MR. BLOOMFIELD: These were heavy oil
11 tanks that the State had converted part of the old coal
12 bunker into, they basically walled it up, and gunited
13 the inside, and just filled it with oil. And, so, they
14 did that in the 19 -- early 1950s. So, it's been --
15 always been just heavy oil. Since then, we have
16 stopped using it.

17 As we understand it, there's no concern
18 about the leakage. We do -- we were doing regular
19 groundwater sampling right near it with no indication.
20 But, in order to meet the requirements of the UST
21 folks, we're going to go through a closure. It was --
22 what it is is, as I say, it's two sides are buried, on
23 the high side, and two sides are open and exposed. So,
24 it's half buried and half aboveground.

1 MR. SALTSMAN: Because it is heavy oil,
2 Number 6 oil, it's virtually impossible for it to leak,
3 because it can't. It's like tar. So, it has a -- it
4 doesn't want to go anywhere once it hits anything
5 that's very cool. It actually has to be heated in
6 order to pump it.

7 COMMISSIONER SCOTT: Of course, when the
8 Commission is aware of --

9 *[Court reporter interruption.]*

10 COMMISSIONER SCOTT: Please be aware,
11 the Commission is aware of a tar remediation that's
12 going on with some of our utilities.

13 MR. SALTSMAN: Okay.

14 COMMISSIONER SCOTT: So, it's a
15 sensitive topic, obviously.

16 And, similarly, it sounds like, again,
17 it's a State-owned facility, but this is under your
18 purview per the lease, is that correct?

19 MR. SALTSMAN: One could argue one --
20 that, but we're going to take care of it.

21 COMMISSIONER SCOTT: I do have more
22 questions. I had asked Mr. Frink a question about
23 Deputy Connor's -- Deputy Commissioner Connor made a
24 statement about the intention -- his intention for the

1 State not to sign a long-term contract. He had also
2 implied that the YMCA, that the County were of a like
3 mind. Is that news to you all?

4 MR. BLOOMFIELD: Yes.

5 MR. SALTSMAN: Yes. I'll defer to Mr.
6 Bloomfield.

7 MR. BLOOMFIELD: We had communications
8 from the City maybe two weeks ago, that they got a
9 report back from their consultant that recommended that
10 they continue with Concord Steam. I had a conversation
11 with Jim Doremus, who runs the YMCA, maybe a month ago,
12 that he said he wanted to renew his contract. The
13 County, I'm not really familiar with that.

14 MR. SALTSMAN: Yes. I was aware with
15 the County, because the County is -- they're planning
16 on moving from that facility. So, we assumed that,
17 when that changed hands, it would -- they would do
18 something different.

19 MR. BLOOMFIELD: And, his --
20 Mr. Connor's statement of -- a flat statement of them
21 "not intending to sign any long-term steam contract" is
22 news to us. We've been waiting, without getting any
23 response, no matter how many times we ask them. So,
24 this is the first time we've heard that response.

1 So, --

2 COMMISSIONER SCOTT: And, understanding
3 it's the first time you've heard it, so, I understand
4 you may want to dwell on this, do you have a reaction
5 to that?

6 MR. BLOOMFIELD: I would refer to
7 Mr. Frink's comment about "it may be Mr. Connor's
8 position, but it may not be his boss's position." So,
9 we're going to talk to his bosses.

10 COMMISSIONER SCOTT: The other thing I
11 think I heard, that statement aside, I think I heard
12 the Deputy Commissioner mention is he hoped, within a
13 month, to have -- be in a position where they would do
14 the second stage of the analysis. And, I think I heard
15 him suggest that his hope was then by October of 2016,
16 this October, they would have a final result of what
17 would happen. Is that news to you?

18 MR. SALTSMAN: Yes.

19 MR. BLOOMFIELD: I think that we knew
20 what their general -- what their --

21 MR. SALTSMAN: Process.

22 MR. BLOOMFIELD: -- what their general
23 intent was, what their process was. But we didn't have
24 those specific dates yet. Those were new.

1 COMMISSIONER SCOTT: And, again, I'll
2 ask an unfair question, since you just heard it. Does
3 that change your -- how does that bear upon your future
4 plans?

5 MR. BLOOMFIELD: It, obviously, has a
6 significant effect. What we need to do is talk to his
7 bosses, and the -- and some of the people in the
8 political hierarchy. And, if that's the case, then,
9 yes. It would absolutely change our -- what we're
10 planning to do.

11 COMMISSIONER SCOTT: So, Mr. Saltsman
12 just mentioned he was aware the YMCA would be moving
13 anyways.

14 CHAIRMAN HONIGBERG: No, no. The
15 County.

16 COMMISSIONER SCOTT: Excuse me. I'm
17 sorry, the County. I apologize. I was curious about
18 any other customer migration that you're aware of,
19 either, you know, the past year people have left or
20 announced they are intending to leave?

21 MR. SALTSMAN: We did -- I think we, in
22 our last COE report, we reported all the ones that we
23 are aware of. Just there was a couple of smaller
24 commercial buildings that moved away. One in

1 particular I can think about is the Latchis Building
2 that's down on Theatre Street, they converted over to
3 natural gas.

4 MR. BLOOMFIELD: And, the Historical
5 Society redid one of its buildings and converted it
6 from steam to gas.

7 COMMISSIONER SCOTT: Okay. So,
8 Mr. Knepper mentioned that he'd be talking to you more
9 about continuity of operations and contingency plans.
10 I have similar concerns at that end, too. And, I'll
11 caution your counsel, you know, if we need to go to a
12 confidential session, you know, I'll rely on her to
13 tell us this.

14 So, one of the concerns I have is, and
15 I'll ask you straight out, I mean, you have a -- you
16 know, it's relatively small facility. I know you've
17 been at this for quite a while. Should the Commission
18 be assured that, if, you know, heaven forbid, something
19 happened to one of you two, that the facility still
20 operates? I mean, you know, how unique is the
21 facility? And, do we have others that can step in?
22 Again, I hope nothing does, I don't mean to suggest
23 that it will.

24 MR. SALTSMAN: It could. I mean, we're

1 all here -- we're all here temporarily. I believe that
2 the staff, one of the things that I've tried to do --
3 and I'm answering this, because I'm primarily
4 responsible for the day-to-day operations and all the
5 operational and distribution service personnel. One of
6 the things I've always prided myself on is having
7 people underneath me that are very adequately trained
8 and capable to do things in my absence.

9 So, I believe that, while it may be
10 painful, if one of the two of us were not here, I can't
11 honestly answer that question with absolute certainty,
12 but I believe we would -- Concord Steam will continue
13 to operate quite well. But it's -- you know, every
14 time you lose somebody that's a key person within the
15 staff, and, you know, there's other key personnel
16 there, other than just myself and Mr. Bloomfield, when
17 we lose a key person it's, you know, it's a difficult
18 transition, until you get somebody else that's able to
19 step in and take over that position.

20 But we've always been able to do that.
21 We've lost a number of key personnel over the last 24
22 years that I've been part of the facility, and we've
23 always been able to fill the shoes. And, sometimes a
24 more -- with somebody that's more competent than the

1 last person, and sometimes somebody that needs a little
2 time to come, you know, up to speed. You know, but
3 we've always been able to do that.

4 Now, Concord Steam is very proud of its
5 operational record. We have been able to weather many
6 storms, literally, quite literally and figuratively
7 speaking as well. We've had the rare instances where
8 our customer base has -- have been without steam. I
9 would say that our record far exceeds any of the
10 electric utilities that are in this state for
11 operational reliability, as far as making sure that our
12 product was delivered to the customer's doorstep as
13 required. We've done quite -- we've done quite well
14 with that. And, I'm really proud of it. It's not been
15 an easy task. As you can see, and you're hearing
16 through testimony, the facility has got some
17 challenges. But we've always been able to overcome any
18 challenge that we've ever had there.

19 In the 2006 Mother Day floods, we were
20 flooded, that facility was flooded. And, we were able
21 to dewater it, make the necessary repairs and have that
22 facility back on line before anybody even realized that
23 there was an outage with service. That was an
24 undertaking.

1 But what we do there is we have a number
2 of outside contractors that we rely on, because we're,
3 obviously, a small staff. We don't have the luxury of
4 the bigger utilities to overstaff ourselves with
5 technical personnel to address all these issues. What
6 we do is we make sure that we have reliable contractors
7 that will respond immediately, and they always have.
8 If they don't, we get somebody else. And, so, that's
9 how we deal with most of the operational issues that we
10 have, when we have a major failure. If we have a
11 boiler tube leak, we have at least three different
12 contractors that we can get ahold of and have them on
13 site within a matter of hours, usually less than a
14 hour, to deal with those kinds of issues.

15 So, we have contingency plans and
16 continuity of operation plans. And, I think we just
17 need to work with the Staff to make them understand how
18 we do things. It was mentioned that we don't have an
19 MOU. We have always, almost on an annual basis,
20 contacted local boiler rental companies, to make sure
21 that there's availability for what we would need.
22 Remembering that the Company already maintains three
23 boilers that any which one can go off line, and we've
24 got another one that can act as backup. We don't

1 need -- typically, we only need one boiler. So,
2 essentially, we have two backups. There is times where
3 one of those boilers has to act as a peak shaver. But,
4 generally speaking, we have a number of backups.

5 Also, all of our auxiliary equipment,
6 every piece of equipment that we have, whether it be a
7 feed pump, a fan, all of those have redundancy,
8 multiple redundancy. We have one boiler that has three
9 feed pumps. Our high pressure boiler, it's a critical
10 boiler, it's the one that does the most work for us, we
11 have three feed pumps for that boiler. So -- and any
12 one of those feed pumps can feed that boiler by itself.
13 So, we have three of them to make sure that we always
14 have water -- you know, lifeblood for a boiler is
15 water. So, we make sure that we have an adequate
16 feedwater supply.

17 The same thing with the low pressure
18 boilers. There's -- I think there's three feed pumps,
19 yes, there's three feed pumps for those as well. And,
20 we have an emergency backup generator that's capable of
21 providing backup power, black power, to the black start
22 capabilities to the plant. That thing's been exercised
23 once a week, starts every week. If it doesn't start,
24 we figure out why it's not starting. And, before the

1 day's end, it's working again, because we realize it's
2 critical to our operation to be able to have backup
3 power.

4 Additionally, because we have those
5 steam turbine generators in the facility, if push came
6 to shove, we can also, just in-house, produce power
7 through our steam turbine generators as well. So, we
8 have multiple power sources, the grid, a backup
9 generator, a steam turbine generator, to provide power.

10 And, staffwise, you know, I try to
11 keep -- we got to be doing something right there,
12 because we've had -- our staff has been with us for a
13 long time, most of them. We have some highly trained,
14 competent operators that know what they're doing. We
15 have an operation supervisor that lives very close by,
16 so, when there's an issue, he can be on-site to help --
17 help walk them through whatever casualty they may have.

18 Additionally, I live in town. So, when
19 it's something major, that my phone always rings, and
20 I'm always there at the facility to also help walk them
21 through any major issues. And, Mr. Bloomfield, as
22 well, lives reasonably close, he's just in Bow. So, we
23 have personnel that can respond for additional help
24 with all of us within, generally speaking, fifteen

1 minutes of the facility.

2 COMMISSIONER SCOTT: Along those lines,
3 and I appreciate your response, it sounds like it's a
4 fairly unique facility. Any facility that old is going
5 to have unique quirks, I suspect, that somebody, you
6 know, a trained boiler operator won't necessarily have
7 experienced before, is that fair?

8 MR. SALTSMAN: That's a fair statement.
9 It takes training. No matter what your experience is
10 in the boiler operating field, and it doesn't matter
11 whether it's our facility or you're going to another
12 one, a new facility to you as a -- in particular, as a
13 mechanic, not so much. I mean, you know, that kind of
14 work is that kind of work.

15 As a boiler operator, there's always
16 uniqueness to every facility. And, it takes a period
17 of time to be trained in that. And, that would extend
18 to the Plant Manager Operations Supervisor, and, Lord
19 forbid, something would happen to me, it would take the
20 General Manager some time to familiarize themselves.

21 COMMISSIONER SCOTT: So, to the extent
22 there may be unique knowledge to one or two
23 individuals, do you document that, so, you know, in a
24 worst case, that it's -- at least somebody can pick up

1 the ball and --

2 MR. SALTSMAN: We do have a training --
3 we have a training manual that has all the systems in
4 it. So, anybody could pick that up, and, if they know
5 what they're looking at, they could figure things out.

6 But, essentially, what I know, my Plant
7 Manager knows, as far as plant operations. What my
8 Plant Manager knows, my Operations Supervisor knows.
9 So, there's a chain of personnel that are pretty
10 familiar with the facility. And, then, the operators
11 themselves are all -- they have all been around long
12 enough that they could, if all three of us weren't
13 around, they could probably do quite well on their own.

14 It's just, it's more the business
15 decision, "who would we call?" You know, "who do we
16 call in this case?" "Who do we call in that case?"
17 You know, I have preferences. And, so, those are
18 things that are done on a higher level that may not
19 necessarily be known by personnel underneath me.

20 COMMISSIONER SCOTT: So, that answers a
21 lot of my "continuity of operations" concerns. And,
22 again, I hope you'll have more dialogue, I trust you'll
23 have more dialogue, I would like you to have more
24 dialogue with the Staff.

1 MR. SALTSMAN: Absolutely.

2 COMMISSIONER SCOTT: Contingency plans.
3 So, we just discussed, you've got new information
4 today, at least notionally, directionally, it sounds
5 like, you certainly know the Deputy Commissioner for
6 Administrative Services' desires. He implied some
7 information, as we mentioned, about the YMCA, *etcetera*.
8 So, there's new information for you. So, I assume, you
9 know, that your contingency plans moving forward
10 will -- you'll be revising those to reflect, "okay, now
11 what do we do in these circumstances?" Is that fair?

12 MR. BLOOMFIELD: Well, our contingency
13 plans we see as what we need to do to maintain steam
14 operations and steam going to our customers. Those
15 issues of how many customers we serve, really, I don't
16 see how that would affect into the contingency
17 operational issues. Yes, I mean, it makes an effect on
18 how much steam we have to put out. But none of those
19 customers are significantly large ones that would have
20 any, really, effect on our steam capacity requirements.

21 COMMISSIONER SCOTT: Okay. So, you have
22 submitted in the past, not this -- this docket, other
23 dockets, you have submitted, you know, "if the State
24 says "no", we're out of here." That's a final -- if

1 that's a final decision, you'll take certain actions.
2 You know, that would drive a lot -- a shutdown plan
3 would drive a lot of detail that we need to see.

4 MR. BLOOMFIELD: Absolutely. Right.
5 No, that's a whole nother -- whole nother thing that
6 we're trying to work out, actually. Is that, as we're
7 looking at trying to go forward with this upcoming rate
8 filing, I'm thinking in terms of making a couple of
9 different filings; one is if we go forward and one is
10 if we close, and how that rate structure would be put
11 together and those kinds of things. So, that's
12 certainly something that's got our attention.

13 COMMISSIONER SCOTT: Obviously, with --
14 it's of great interest to us, because keeping your
15 customers in a position where they can do what they
16 need to do, and give them enough time to cross over, if
17 that ends up happening, is of great concern to us. So,
18 that would definitely something we'd like to see
19 fleshed out.

20 MR. BLOOMFIELD: Uh-huh.

21 COMMISSIONER SCOTT: All right. I think
22 that's all I have for now.

23 CHAIRMAN HONIGBERG: Commissioner
24 Bailey.

1 COMMISSIONER BAILEY: Thank you. Can I
2 ask the Fire Marshal's Office a few questions before I
3 begin?

4 CHAIRMAN HONIGBERG: I expect so.

5 COMMISSIONER BAILEY: All right. Thank
6 you.

7 MR. SPEIDEL: And, Commissioners, just
8 one quick thing. When we will offer Mr. Patnaude a
9 break?

10 CHAIRMAN HONIGBERG: Off the record.

11 *[Brief off-the-record discussion*
12 *ensued.]*

13 CHAIRMAN HONIGBERG: All right. So, why
14 don't we take a couple of minute break, say, a little
15 over five minutes. And, the Fire Marshal can be on the
16 edge of her seat waiting to know what's going to be
17 asked.

18 All right. We'll be back in about five
19 minutes.

20 *(Recess taken at 12:05 p.m. and the*
21 *status conference resumed at 12:18 p.m.)*

22 CHAIRMAN HONIGBERG: Commissioner
23 Bailey.

24 COMMISSIONER BAILEY: Thank you.

1 Ms. Cole, on the response that the Company gave you, I
2 understand that you haven't had a chance to review it
3 very carefully, but some of the things that they talked
4 about they referred to as "housekeeping issues". And,
5 I took that to mean that there were some things that
6 they could do quickly, and other things that needed to
7 be done that would take a longer amount of time. Is
8 that true, do you think?

9 DISTRICT CHIEF COLE: So, yes. Some of
10 the things would be, you know, "clear an area
11 around" -- one of them was "in front of the shut-offs
12 for the electrical switchgear". So, there was kind of
13 just general storage all in front of that switchgear.
14 You know, it takes a short amount of time to be able to
15 move that away. So, this "housekeeping", I guess,
16 would refer to an inexpensive things that can be done
17 to mitigate that hazard quickly.

18 COMMISSIONER BAILEY: So, the things
19 that they showed us, like fixing the doors and putting
20 the exit signs up, and making sure the lighting is in
21 place, would you characterize all those things as
22 "housekeeping" or did they go a little bit further
23 already than that?

24 DISTRICT CHIEF COLE: So, I guess, when

1 it was brought up about the illumination of the exit
2 signs on the doors, I wouldn't say that those were
3 "housekeeping issues", but those were brought up in the
4 original inspection letter of February of last year.
5 So, you know, those had been kind of in queue for the
6 last three inspection letters. But, as far as
7 maintaining the distances around the electrical gear
8 for maintenance, clearing out the obstructions for the
9 exit pathways, and to be able to provide access to fire
10 extinguishers, those would be, I guess, what I would
11 consider the "housekeeping issues" that were taken care
12 of.

13 COMMISSIONER BAILEY: Okay. Do you
14 think that they have a lot left to do to comply with
15 your letter?

16 DISTRICT CHIEF COLE: Yes.

17 COMMISSIONER BAILEY: The majority is
18 still remaining, would you say? The majority of the
19 work?

20 DISTRICT CHIEF COLE: Yes. So, it's
21 great that the initial, like you said, "housekeeping
22 issues" were taken care of. But a lot of them are
23 going to require these experts to come in and to give a
24 finding or give a recommendation for, I guess, a larger

1 picture overview of what needs to take place there.

2 So, it's going to be more -- more costly and more time,
3 yes.

4 COMMISSIONER BAILEY: Okay. All right.
5 One more question. On Item 19, it says that you would
6 like them to "secure a New Hampshire licensed
7 electrical engineer to perform a comprehensive
8 evaluation of the electrical systems". Is there a
9 difference between a "master electrician who's
10 licensed" and a "licensed electrical engineer"?

11 DISTRICT CHIEF COLE: There is, yes.

12 COMMISSIONER BAILEY: Are you talking
13 about a "Professional Engineer"?

14 DISTRICT CHIEF COLE: Yes.

15 COMMISSIONER BAILEY: Okay. Thank you.

16 All right, Mr. Saltsman. You said that
17 you were going to hire a master electrician to take
18 care of that. Do you -- do you understand that that's
19 not going to work?

20 MR. SALTSMAN: We understand that the
21 Fire Marshal's Office would like a Professional
22 Engineer. We'd like to have a discussion with them,
23 what would be better suited to accomplish their goal.

24 COMMISSIONER BAILEY: Okay. So, more to

1 come on that. So, then, you don't have the expert
2 required under number 19 secured at this point?

3 MR. SALTSMAN: That is correct. From
4 what we're hearing today.

5 COMMISSIONER BAILEY: Okay. And, then,
6 just a follow-up on the structural engineer, Bob
7 Mohlin, you said. You said that you "contacted him",
8 and something was going to happen in the next week or
9 two. What was that that was going to happen? He was
10 going to come in and look at it or you were going to
11 get in touch with him and hire him?

12 MR. SALTSMAN: That's correct. I'll let
13 Mr. Bloomfield, because he actually made the contact,
14 I'll let him answer that question.

15 COMMISSIONER BAILEY: Okay.

16 MR. BLOOMFIELD: No, we've contracted
17 with him. He will come and make the investigation and
18 analyze the situation.

19 COMMISSIONER BAILEY: In the next couple
20 of weeks?

21 MR. BLOOMFIELD: Yes.

22 COMMISSIONER BAILEY: And, then how long
23 do you think it would be until he issues a report?

24 MR. BLOOMFIELD: Oh, he -- he can give

1 us a preliminary answer within a week of when he gets
2 here, I would think. And, his official report may take
3 a little longer, but we can get a fairly quick read
4 from him.

5 COMMISSIONER BAILEY: Do you plan to
6 file that official report with us?

7 MR. BLOOMFIELD: Yes.

8 COMMISSIONER BAILEY: Okay. And, the
9 fire protection engineer, have you hired somebody to do
10 that yet?

11 MR. SALTSMAN: Yes, we have. That's
12 Nick Cricenti, with SFC Engineering.

13 COMMISSIONER BAILEY: Okay. And, Item
14 15 on the list is the Fire Marshal's Office recommended
15 that you "install an approved, supervised automatic
16 extinguishing system". So, will that fire protection
17 engineer help you design and install that or will you
18 expect that you might ask for a variance on that or --

19 MR. SALTSMAN: Yes and yes. The fire
20 protection engineer will help us identify what should
21 be required. And, then, if what is required, for one
22 reason or another, we feel like it's not something that
23 we're capable of doing, not for whatever reason, I
24 can't tell you what that would be, I don't know. But

1 then we would ask the Fire Marshal Office for a waiver
2 of that requirement.

3 COMMISSIONER BAILEY: Okay. In your
4 January 8th, 2015 status report, you indicated that you
5 were going to be installing new pollution control
6 equipment, the electrostatic precipitator, and a
7 catalyst to reduce CO emissions, and an SCR, I assume
8 that's a scrubber?

9 MR. SALTSMAN: Uh-huh. Yes.

10 COMMISSIONER BAILEY: And, then, in the
11 next report you said you were going to do that, and
12 then it drops off, no mention of it in the last two
13 that we've had that I noticed. What's the status on
14 that?

15 MR. BLOOMFIELD: That would be done with
16 the repowering of the facility.

17 COMMISSIONER BAILEY: Okay.

18 MR. BLOOMFIELD: That's about a
19 \$4 million expense, 4 or \$5 million.

20 COMMISSIONER BAILEY: Okay. And, have
21 you finalized the details of the PPA with the Co-op?

22 MR. BLOOMFIELD: No, we have not. We're
23 going back and forth on a couple of issues on it. And,
24 before we spend a lot of their time and our attorneys'

1 time, the State is still the key player. If the
2 State's not going to be committing to buy steam, then
3 we're not going to be able to finance the project.

4 So, before we spend everyone's time
5 thrashing out some relatively minor details on the
6 power contract, we're waiting to hear something more
7 specific from the State.

8 COMMISSIONER BAILEY: Okay.

9 MR. SALTSMAN: If I may, we just
10 recently met yesterday with the Co-op, just to go over
11 things and status and where everything was at. And,
12 their indication is that they're ready to finish it up
13 as soon as we're ready with, and we're not -- we can't
14 be ready, we can't in good -- we can't finalize that in
15 good faith without knowing that we have something that
16 works with the State so that the whole project would go
17 forward. Because it's not fair to them to have a
18 contract in hand that they're presenting to their board
19 to get approval, and they have indicated that they're
20 confident they can get approval. But we don't want
21 them to go to their board with something that we can't
22 deliver. It would not look good on them or wouldn't
23 look good on us.

24 COMMISSIONER BAILEY: All right. Thank

1 you. In the September 25th report -- oh, your Green
2 Power people, they're gone?

3 MR. SALTSMAN: Yes. They had to fly
4 out.

5 COMMISSIONER BAILEY: Oh, okay. All
6 right. So, then, I can probably ask these questions
7 without worrying about it. But, in the September 25th
8 report, you said that one of your contingencies was "to
9 sell to Liberty". Can you give me an update on what
10 the status of that idea is?

11 CHAIRMAN HONIGBERG: Just a minute,
12 Mr. Saltsman.

13 MS. GEIGER: Yes, Mr. Chairman. I
14 believe we're going to start getting into some
15 confidential information. And, so, I would
16 respectfully ask that the parties aren't here with the
17 Company or with Staff, that they be excused from the
18 room.

19 CHAIRMAN HONIGBERG: Yes. Let's see if
20 we can get through everything that's not confidential,
21 and then we can circle back to this.

22 MR. BLOOMFIELD: I will say that, I
23 believe, in the follow-up report, whether it was the
24 January one, we responded on our discussions with -- on

1 that situation.

2 COMMISSIONER BAILEY: Okay. I'll take a
3 look at that again then.

4 I think that most of the rest of my
5 questions -- well, I have a couple more, have to do
6 with something that may be confidential from the most
7 recent report. So, I'll hold those for a minute.

8 You talked about "black start" testing
9 on your generator, you do that weekly?

10 MR. SALTSMAN: Yes, ma'am.

11 COMMISSIONER BAILEY: Have you ever
12 performed that -- do you perform that under the full
13 load of the plant?

14 MR. SALTSMAN: Yes.

15 COMMISSIONER BAILEY: Okay. All right.
16 I think the rest of my questions are going to be
17 confidential.

18 CHAIRMAN HONIGBERG: I have no other
19 questions.

20 So, is there anything else we want to
21 deal with in the open part of the proceeding?

22 MR. SPEIDEL: I think we're all set, Mr.
23 Chairman.

24 CHAIRMAN HONIGBERG: All right.

1 Ms. Geiger, yes.

2 MS. GEIGER: Just one minor clarifying
3 point for the record. I believe Ms. Cole, in her most
4 recent remarks, referred to a Fire Marshal's Office
5 inspection that occurred February 17th of 2015. And,
6 although we do have a report of that inspection, we did
7 not receive that inspection report I believe until June
8 of 2015. So, I didn't want the record to reflect
9 inaction on the part of Concord Steam since February of
10 last year. It was only in June that it received
11 documentation.

12 CHAIRMAN HONIGBERG: So, Ms. Cole, is
13 the general way these things work is that you do an
14 inspection, and then prepare a report, and there's a
15 lag between the actual inspection and the report that
16 gets generated?

17 DISTRICT CHIEF COLE: There is. It's
18 the research that's done in between time. And,
19 obviously, it's -- in the Investigations Bureau, we're
20 also investigating fires, as well as conducting
21 inspections and writing reports. So, there is a lag
22 time in between when a report would be generated from
23 the inspection date.

24 CHAIRMAN HONIGBERG: Okay.

1 MR. SPEIDEL: If I may cut in?

2 CHAIRMAN HONIGBERG: Yes, Mr. Speidel.

3 MR. SPEIDEL: So, for Ms. Cole, I'm
4 reading a Department of Administrative Services letter
5 dated June 3rd, 2015, referring to "receiving and
6 having reviewed the results of the fire and life safety
7 inspection conducted on February 17th, 2015". And, so,
8 there's a subject line that reads there "Fire and Life
9 Safety Inspection Report of February 17, 2015". Do you
10 happen to know the specific date it was sent to Concord
11 Steam, Ms. Cole?

12 DISTRICT CHIEF COLE: I don't have that
13 at this time. We usually give like anywhere from a 30
14 to 90 day response time. So, I'm guessing -- I would
15 be guessing. So, the end of May, early June.

16 CHAIRMAN HONIGBERG: Is that something
17 you might be able to get an answer to Mr. Speidel?

18 DISTRICT CHIEF COLE: Yes.

19 MR. SPEIDEL: Yes. I'd greatly
20 appreciate that. Thank you.

21 CHAIRMAN HONIGBERG: All right. Is
22 there anything else we want to do on the open record?

23 *[No verbal response]*

24 CHAIRMAN HONIGBERG: All right. Let's

1 go off the record for a second.

2 (Brief off-the-record discussion
3 ensued.)

4 (Whereupon the status conference
5 continues under a confidential record so
6 designated, and **Pages 108 through 117**
7 are contained in a separate transcript
8 designated as "**Confidential &**
9 **Proprietary**".)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

[REDACTED AS CONFIDENTIAL & PROPRIETARY]

***(Status conference continues on the
public portion of the transcript.)***

CHAIRMAN HONIGBERG: Thank you. Thank you for your patience. Is there anything else that the Company or Staff or the Fire Marshal's Office feels that we need to know at this point, before this proceeding goes on its own course? Mr. Speidel.

MR. SPEIDEL: Yes, Mr. Chairman. There's been sort of a slew of these status reports coming in through the door. And, as indicated in my January 7th letter, I need to carefully examine all of the requests for confidential treatment and the redactions presented therein. And, I think the best way to handle that would be a brief recommendation filed with the Commission supporting or requesting pare-backs for the motion for confidential treatment. I would imagine that it would generally be supportive at this point, given what I've seen thus far.

But I have to do the grunt work of actually examining all these materials carefully, before I make a final recommendation.

CHAIRMAN HONIGBERG: Okay. So, that makes sense to us. So, you'll be reviewing the request for confidential treatment and providing us with a

1 written recommendation?

2 MR. SPEIDEL: Yes. Thank you.

3 CHAIRMAN HONIGBERG: Okay. Anything
4 else we need to take up or hear about this morning?

5 Ms. Geiger.

6 MS. GEIGER: Yes. Thank you, Mr.
7 Chairman. On behalf of Concord Steam, we appreciate
8 the opportunity to appear before you this morning to
9 answer your questions and those of other parties. We
10 think this has been a helpful session and we appreciate
11 the opportunity.

12 One thing that the Company would greatly
13 appreciate, though, so that there is no
14 misunderstanding going forward, as Mr. Speidel said,
15 there is a slew of information the Company is providing
16 to Staff. And, it could be very helpful, to avoid any
17 problems in the future, to know exactly what Staff and
18 the Commission is looking for, in terms of the
19 reporting under the October 2014 order, and then any
20 subsequent reports that you want as a result of today's
21 session.

22 Again, we don't want to inundate the
23 Commission with day-to-day memos that may be of no
24 consequence. But, by the same token, we don't want to

1 overlook anything either. So, any guidance that you or
2 Staff can give us, we can do it offline with Attorney
3 Speidel, but we would --

4 CHAIRMAN HONIGBERG: I think it would
5 probably be best to work with Attorney Speidel and Mr.
6 Frink as to what their expectations are. I think our
7 expectations generally are that, if, as it's happening,
8 or the next day, Mr. Frink's or Mr. Speidel's name
9 enter your mind, you would be calling them. I think,
10 because if it's the kind of thing that might be of
11 significance to them, you would be letting them know
12 about it, even just on a -- on an informal basis.

13 I mean, we have an understanding,
14 perhaps not totally accurate, but just an
15 understanding, that there has long been regular
16 communication between the Company and Staff. I think
17 Mr. Frink indicated that in his statement. And, the
18 kind of relationship that has been built up over the
19 years, I think I sense from Mr. Frink, an expectation
20 that information would flow freely.

21 Because Staff's not interested in either
22 putting a company out of business or making their lives
23 more difficult. We know how difficult it can be to
24 make a living. We know how difficult it can be for a

1 company, like Concord Steam, in an era where gas prices
2 are low, and there are options for customers and
3 difficulty to even get and maintain a customer base.
4 So, I think everybody here is sensitive to that.

5 But I think we feel it's very important
6 that the information be shared. As I said, if
7 Mr. Frink's or Mr. Speidel's name, or Mr. Knepper's
8 name for that matter, enters their heads in connection
9 with an event, it probably makes sense to let them
10 know.

11 MS. GEIGER: Thank you. Obviously, the
12 Company will continue to work very closely with Staff
13 and the State Fire Marshal's Office and the Office of
14 Administrative Service to address all of the issues
15 that we talked about this morning.

16 CHAIRMAN HONIGBERG: And, I will say, we
17 appreciate the Fire Marshal's participation in this, we
18 appreciate the Department of Administrative Services,
19 and we certainly appreciate your -- the information you
20 all have prepared and provided, and the work that
21 you've obviously been doing, in response to what the
22 Fire Marshal has laid on you over the last 12 months.

23 So, if there's nothing else, I think we
24 are ready to adjourn?

1 *[No verbal response]*

2 CHAIRMAN HONIGBERG: It looks like we
3 are. So, thank you all. And, we look forward to
4 working through this over the next few months.

5 *(Whereupon the status conference was*
6 *adjourned at 12:49 p.m.)*