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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

October 21, 2013 - 10:08 a.m.
Concord, New Hampshire

NHPUC OCT31'13 PM 1:22

RE: DG 13-255
CONCORD STEAM CORPORATION:
2013 Cost of Energy.

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott
Commissioner Michael D. Harrington

Sandy Deno, Clerk

APPEARANCES: Reptg. Concord Steam Corporation:
Peter G. Bloomfield
Mark Saltsman

Reptg. PUC Staff:
Alexander F. Speidel, Esq.
Michael Sheehan, Esq.
Stephen P. Frink, Asst. Dir/Gas & Water Div.

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

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1	2013 Cost of Energy filing, including tariff page, testimony and attachments (09-12-13)	5
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P R O C E E D I N G

CHAIRMAN IGNATIUS: Good morning. I'd like to open the hearing in DG 13-255, which is Concord Steam Corporation's 2013-2014 Cost of Energy Adjustment docket. The Company filed on September 12th its proposed Cost of Energy rates for November 1, 2013 through October 31, 2014. Requesting at the time the rate remaining unchanged, though, I understand since then there's been a revision, and, actually, now we're looking at a potential decrease. By order of notice dated September 19, 2013, we scheduled this hearing for this morning. Called for interventions, but I'm not aware of any interested parties beyond the Staff and the Company.

So, let's begin first with appearances.

MR. BLOOMFIELD: Commissioners, I'm Peter Bloomfield, President of Concord Steam, and Mark Saltsman.

CHAIRMAN IGNATIUS: Good morning.

MR. BLOOMFIELD: Good morning.

MR. SPEIDEL: Good morning, Commissioners. Alexander Speidel, on behalf of Staff. I have with me Steve Frink of the Gas and Water Division, Assistant Director, and also my co-counsel, Michael Sheehan, of the Legal Division.

[WITNESS: Bloomfield]

1 CHAIRMAN IGNATIUS: Good morning. Do we
2 have anything to take up before Mr. Bloomfield's
3 testimony?

4 MR. SPEIDEL: Well, I suppose, in
5 general terms, we can allow the Commissioners a little bit
6 of a sneak preview of what we would like to do. I would
7 suggest that Mr. Bloomfield be called onto the stand, and
8 I will actually engage in the questioning of Mr.
9 Bloomfield regarding adoption of his filings, on behalf of
10 Concord Steam, and also the adoption of exhibits, and also
11 some general cross-examination questions.

12 CHAIRMAN IGNATIUS: That sounds fine.
13 All right. Why don't you proceed.

14 (Whereupon *Peter G. Bloomfield* was duly
15 sworn by the Court Reporter.)

16 **PETER G. BLOOMFIELD, SWORN**

17 **DIRECT EXAMINATION**

18 BY MR. SPEIDEL:

19 Q. Mr. Bloomfield, could you please state your full name
20 and your position.

21 A. Peter Bloomfield. President of Concord Steam
22 Corporation.

23 Q. Mr. Bloomfield, as president of Concord Steam
24 Corporation, did you prepare the September 12th filing?

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1 A. I did.

2 Q. And, also, as president of Concord Steam Corporation,
3 did you prepare the revised filing filed October the
4 2nd?

5 A. I did.

6 MR. SPEIDEL: Commissioners, I would
7 like to request that the September 12th filing be adopted
8 as "Exhibit 1", and the October 2nd filing be adopted as
9 "Exhibit 2".

10 CHAIRMAN IGNATIUS: So marked.

11 (The documents, as described, were
12 herewith marked as **Exhibit 1** and
13 **Exhibit 2**, respectively, for
14 identification.)

15 **CROSS-EXAMINATION**

16 BY MR. SPEIDEL:

17 Q. Mr. Bloomfield, these questions, unless specifically
18 mentioned otherwise, would relate to your revised
19 filing, or Exhibit 2. The PUC Audit Staff issued its
20 Final Report on October the 1st of 2013, and found that
21 the underrecovery contained in the original filing was
22 understated -- I'm sorry, overstated. Does the Company
23 revised filing reflect the corrected underrecovery?

24 A. Yes, it does. We went through the audit report from

[WITNESS: Bloomfield]

1 the Audit Staff and agreed with what they came up with.

2 Q. Mr. Bloomfield, regarding price stability, did Concord
3 Steam make any monthly adjustments to its Cost of
4 Energy rate over the past year?

5 A. No. Last year, we did not.

6 Q. Is the fuel mix Concord Steam is using for the upcoming
7 year similar to what was used last year?

8 A. Generally, with one exception. That we're -- we did
9 burn some heavy oil last year. But, due to a number of
10 reasons, we're hoping to eliminate the use of heavy oil
11 this year. We were having trouble actually getting it.
12 Fewer and fewer suppliers provide that type of oil in
13 this area. And, then, where it's so much more
14 expensive, that we're trying to burn less of it, and,
15 when we burn less of it, we have problems with the
16 equipment. So, we finally just made the changes that
17 we needed to do. And, now, our two fuel sources really
18 are natural gas and wood chips.

19 Q. What percent, Mr. Bloomfield, of forecasted energy
20 costs are at a fixed?

21 A. The fixed cost that we lock in for the year are the
22 natural gas prices. And, that is probably, as a
23 percentage, roughly 30 percent of our costs.

24 Q. Thank you. Referencing Schedule 2, Page 1, of the

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[WITNESS: Bloomfield]

1 revised filing, Exhibit 2, would you please comment on
2 the relative stability of each of the three cost
3 components.

4 A. The three cost components are natural gas, wood price,
5 and other production costs. Natural gas, we lock in
6 typically in September for the entire year. So, we get
7 a fixed price for natural gas for the entire year. Our
8 wood price is -- follows market, although the market
9 has been very stable. What we're not quite sure of
10 this year is, the new plant in Berlin is coming on
11 line, and that may have an effect on wood pricing in
12 this area. We don't really think it will, but -- so,
13 we have not allowed for any increase in wood pricing
14 because of that. But that's the only kind of unknown
15 in the mix this year. And, then, our other production
16 costs are pretty stable from year to year. There's no
17 significant changes expected there.

18 Q. How are the natural gas cost forecasts for Concord
19 Steam developed?

20 A. We go out to bid to four natural gas suppliers and lock
21 in those prices in September, this past September.

22 Q. Can normal fluctuations in Concord Steam's energy costs
23 be accommodated through monthly adjustments with a
24 maximum cap of 20 percent of the proposed rate?

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[WITNESS: Bloomfield]

1 A. Yes. Yes. That's something that's been in effect for
2 quite a few years. And, even if there were fairly
3 significant changes in the cost of wood, we would
4 expect to easily handle it within that plus or minus
5 20 percent.

6 Q. So, the Company is generally satisfied with the current
7 banding scheme?

8 A. Yes. That's correct.

9 Q. Mr. Bloomfield, could you give an overview of the
10 transition to the new summer/winter meter charge scheme
11 as approved in the last rate case?

12 A. This is part of the usage rate or base rate case, where
13 we had a restructuring of our meter charges. There was
14 a significant increase on all classifications of meters
15 during the heating season, and then that reduced for
16 the few customers that we have that take year-round
17 steam. We have had no -- really, no comments really
18 one way or the other from customers on it. So, it
19 apparently wasn't that big of an increase, I guess.

20 Q. Thank you for that. How does last year's unaccounted
21 for steam compare to prior years? And, what steps is
22 the Company taking to control or reduce steam losses in
23 the upcoming year?

24 A. Our steam losses are primarily the heat losses in the

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1 underground steam lines that we have buried around the
2 city. We monitor the system, have a couple of
3 different mechanisms we use to monitor the system. We
4 have a thermal imaging camera that we have developed a
5 baseline on of the system that we use, in looking at
6 surface temperatures. And, then, we go back and review
7 the whole system with that same thermal imaging camera
8 to see if anything's gotten worse or just to keep an
9 eye on things. So, we maintain the system as best we
10 can.

11 There are a couple of trouble areas that
12 we have already located that we plan to work on next
13 year. And, we're putting them off mainly because it's
14 in our main supply header, that the whole system would
15 have to be shut down. So, we'll do when there's no
16 call for heat. When there's no heating system, no
17 heating customers. The overall losses, between this
18 year and the previous year, have been fairly -- fairly
19 similar. There have been no significant changes.

20 Q. Mr. Bloomfield, your testimony filed on September the
21 12th provided an update on the status of the new steam
22 plant project, generally, around Page 9. Have there
23 been any further developments? And, does Concord Steam
24 expect to begin taking steam from the new plant in

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[WITNESS: Bloomfield]

1 December 2015?

2 A. We are working with an investment group, in fact, right
3 now, it's the investment group that is a one-third
4 owner of the Berlin plant. And, we're working through
5 details and due diligence issues with them. And,
6 hopefully, we'll be finalizing things with them in the
7 next month or so, and getting that project finally on
8 line. And, if that was the case, then, yes, we would
9 expect it should be about a two-year construction
10 period, so...

11 MR. SPEIDEL: Commissioners, the witness
12 is available for your Bench questions.

13 CHAIRMAN IGNATIUS: Thank you.
14 Commissioner Harrington, questions?

15 CMSR. HARRINGTON: Yes. Good morning.
16 Just a couple of questions.

17 BY CMSR. HARRINGTON:

18 Q. On your testimony in September 13 filing, I'm just
19 trying to make sure I understand something. If you
20 could turn to Page 5 on that?

21 A. Yes.

22 Q. There's an explanation there of "What are the expected
23 savings due to burning wood instead of oil and gas?"
24 And, the first sentence opens with "delivered cost of

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[WITNESS: Bloomfield]

1 approximately \$28 a ton", and then you break down where
2 that cost comes from from the wood. And, as you go
3 down further, you have how that compares to the price
4 of oil, the equivalent price of oil and the price of
5 gas. And, then, on the next page, there's a question
6 that says "Are any of the costs associated with the
7 operation of the wood yard included in this filing?"
8 The answer is "Yes." What I'm trying to find out is,
9 the first sentence on that paragraph at Page 5, which
10 is on Line 13, says "delivered cost of approximately
11 \$28 a ton." Then, on the 17th line it says "wood at a
12 total combined cost of \$35 a ton is attractive and
13 economical." What accounts for the delta of the \$7 a
14 ton there?

15 A. The price we pay for the wood is the \$28, that we pay
16 to the loggers. And, then, there's other overhead
17 costs for operating the remote wood yard. And, those
18 we wrap into the total cost of wood.

19 Q. So, that would be the cost, at Page 6, where they talk
20 about the lease of the yard, direct costs --

21 A. Yes. Exactly.

22 Q. All right. And, with the price differential the way it
23 is, why is it that you just don't burn exclusively
24 wood? What advantage do you have to burning some

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[WITNESS: Bloomfield]

1 natural gas, if it looks like it's effectively going to
2 be more expensive?

3 A. It's a nature of the equipment we have. The gas we
4 use, primarily to peakshave, just because we don't have
5 enough boiler capacity in burning wood to meet all of
6 our peak steam requirements.

7 Q. So, that's used -- wood is, I guess for lack of a
8 better term, wood would be your baseload fuel, --

9 A. Exactly.

10 Q. -- and gas would be your peaking fuel?

11 A. Yes. That's right. We do also have to use gas a
12 little bit when we have -- when we have breakdowns, of
13 course, but also when we go through grate cleaning and
14 other procedures on the operation of the boiler, we
15 have to use a little bit of gas during that, too. But
16 the majority of it is the peakshaving.

17 Q. And, on Page 9 of your testimony, I notice in there,
18 again, this is on Line 15 and 16, it talks about the
19 permits that have been -- this is for the new steam
20 project, it says "The power sales agreements with the
21 State and the City have been canceled."

22 A. Uh-huh.

23 Q. Can you give us a little more detail on what the
24 implications of that is?

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[WITNESS: Bloomfield]

1 A. We had -- we had an arrangement for the State and the
2 City were going to buy roughly 38,000 megawatt-hours a
3 year of electricity. And, it was a complicated deal,
4 where we were going to sell the power to South Jersey
5 Energy, who is a re-marketer of power, and then they
6 were going to supply that electricity to the 120 some
7 odd retail meters that the State and the City had. The
8 contract was supposed to go into effect in January of
9 this coming year, of January 2014. Because of the
10 delays, obviously, we weren't going to have that --
11 have the plant on line. The contract was still in
12 force, where they were still going to be buying -- the
13 contract called for the State and the City to buy
14 electricity from South Jersey, but we weren't going to
15 be on line, so that the contract was canceled by the
16 State and the City because of that, because of that
17 time issue.

18 And, then, revisiting it, we have --
19 where the project sits now, we have restructured it
20 slightly, so that we've reduced the size of the project
21 and eliminated the need for the State and City to buy
22 the power. It was, as I said, it was a very
23 complicated deal, with that there was three parties
24 involved, and the State didn't want to go longer than

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- 1 ten years, which was causing problems with financing.
2 So, by eliminating that piece and restructuring it, we
3 think we're getting a closer to making it happen.
- 4 Q. Now, will there still be excess power from the new
5 downsized plant to sell into some market?
- 6 A. Oh, yes. Yes. We're still planning it to be -- it
7 will be a 16-megawatt plant roughly. So, we'd be
8 selling roughly 100,000 megawatt-hours to the New
9 Hampshire Electric Co-op and Reading Municipal Light
10 Department.
- 11 Q. And, those are contracts you already have?
- 12 A. Yes.
- 13 Q. Okay. And, their effective date on those is?
- 14 A. Those, the effective date, those two parties have been
15 willing to push back as long as we give them notice,
16 and we've been doing that, so --
- 17 Q. Okay. And, that's, you said, with the Co-op, and who
18 was the other one?
- 19 A. The Co-op, and Reading Municipal Light Department, of
20 Reading, Mass.
- 21 Q. And, that would be -- they're targeted now for when in
22 2015 you said?
- 23 A. December, end of the year. It would be a two-year
24 construction time. So, we're talking end of 2015,

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[WITNESS: Bloomfield]

1 beginning of 2016.

2 Q. And, did I hear you right when you said you think that
3 this work with the investment group will come to
4 fruition within the next couple months?

5 A. Yes. Right.

6 CMSR. HARRINGTON: Thank you. That's
7 all I have.

8 CHAIRMAN IGNATIUS: Commissioner Scott.

9 CMSR. SCOTT: Good morning.

10 WITNESS BLOOMFIELD: Good morning.

11 BY CMSR. SCOTT:

12 Q. Let me preface this by saying I hope and trust your
13 project will go ahead wonderfully. But, forgive me if
14 I don't -- I mean, this is kind of like "*deja-vu* all
15 over again".

16 A. Uh-huh. You're telling -- yes, I know.

17 Q. So, what would happen -- what's the plan if, in a
18 month, month and a half, this doesn't work?

19 A. We're, as a kind of parallel track, we're working on a
20 plan of trying to rebuild, essentially, and put a new
21 boiler and a new turbine into the existing site where
22 we are here. So, it would be a new boiler, pollution
23 control equipment, all new equipment, and trying to,
24 again, downsizing even further, to something maybe

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[WITNESS: Bloomfield]

1 closer to 120,000 pound per hour boiler, or
2 10-megawatt, roughly.

3 And, with qualifying for electric RECs
4 and thermal RECs, the project will work on that basis.
5 Being in the old plant is not something we hope to do,
6 but we're willing, we can still make it work. So,
7 that's our backup to the South Main Street site.

8 Q. And, the state's on board with that? Obviously, it's a
9 state-owned --

10 A. Yes. That's right. We've talked with Administrative
11 Services, and they're willing to help us. Really, what
12 we need to do is extend the lease that we've been
13 extending, and we need to get a longer term lease.
14 We've been extending that lease two or three years at a
15 time, as we're trying to figure out what we're going to
16 do with the project. And, Administrative Services is
17 -- we're keeping them informed as to what we need to
18 do.

19 Q. Okay. On a similar front, I'm glad to see that you're
20 working on thermal imaging and looking at the existing
21 infrastructure. Is there a long-term plan regarding
22 that infrastructure or how does that work?

23 A. It's kind of continuing to, as we discover problem
24 areas, working on those areas and fixing them. There's

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[WITNESS: Bloomfield]

1 no -- there's no "big picture" plan of replacing
2 wholesale the entire system or anything like that. We
3 just -- there are areas that we know that need some
4 attention, and we schedule that and work that through
5 when we can.

6 Q. And, just refresh my memory, at one point there was
7 some news coverage of the City wanting to heat their
8 sidewalks. What's the status of that?

9 A. That is still in the works. What we had done, what we
10 proposed to the City, well, many years ago, actually,
11 was the customers use the steam in their buildings, and
12 then the condensate, even when they have got some heat
13 recovery on it, the condensate is still 140 degrees
14 Fahrenheit that gets dumped into the sewer. And, what
15 we have done at a number of places now, on the sidewalk
16 on Theatre Street, the entrance to the Capitol Center
17 for the Arts, entrance to the Federal building, and the
18 sidewalk in front of Charter Trust, and we take that
19 waste heat and use it for a snow melt system in front
20 of the buildings. And, so, what they're going to do is
21 expand that and just use the -- all of the buildings
22 that we provide heat to now, and when they rip up the
23 sidewalks, put in the snow melt system then and using
24 the waste heat that's already there and in place.

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[WITNESS: Bloomfield]

1 Q. So, that particular project wouldn't actually add any
2 additional load, *per se*, on the system?

3 A. No, it would not. A very, very small amount, because
4 there are some areas of sidewalk that, when there would
5 be a big storm, they might have to augment it somewhat
6 with live steam. But it would be -- it's really an
7 insignificant amount.

8 Q. Interesting. And, if I remember reading, you say your
9 customer base hasn't change basically in the past year?

10 A. That's right. Right. We've, in the past couple of
11 years, we've lost some and added some, and it's about
12 the same.

13 Q. Okay. And, do you, assuming the project moves forward,
14 do you see expanding or any changes to it?

15 A. We do. With the project moving forward, the cost of
16 our steam is going to drop significantly. And, we hope
17 to recover some of the customers we lost previous, as
18 well as add a few new ones.

19 CMSR. SCOTT: Well, thank you. I look
20 forward to hearing the progress. Thank you.

21 WITNESS BLOOMFIELD: You're welcome.

22 CHAIRMAN IGNATIUS: A couple more
23 questions, although I think most everything I was going to
24 ask has been asked already.

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[WITNESS: Bloomfield]

1 BY CHAIRMAN IGNATIUS:

2 Q. On the customer count, it hasn't gone up or down in the
3 past year, but do you anticipate losing any? Is there
4 anybody you think is about to go?

5 A. We have not -- we haven't heard about anybody. But
6 that doesn't mean that it's not going to happen. But
7 we don't -- we have not heard of anybody converting
8 from steam.

9 Q. So, it sounds like your customers are willing to wait a
10 little longer to see if the new project comes on?

11 A. That's right. Yes.

12 Q. When you describe the snow melt system that it wouldn't
13 add new load, and I take it, so it wouldn't add any new
14 revenue to the Company?

15 A. That's right.

16 Q. What does it mean for the costs to make the changes
17 necessary? Who bears the cost of that?

18 A. The City would bear that cost.

19 Q. So, is there a contract in place? Or, that would be,
20 upon construction of the new plant, you would then
21 negotiate that?

22 A. Yes. It's really -- it's really two separate systems,
23 because they have got the downtown Main Street
24 reconstruction project that is really, again, would be

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[WITNESS: Bloomfield]

1 dealing with that. Where they -- where they started to
2 get a little overboard was thinking that they could do
3 it all of Main Street, from Storrs Street to Storrs
4 Street. In which case, then, at one point, we're
5 talking we could do it -- we could do it in a similar
6 fashion to how a town in Michigan, Holland, Michigan,
7 does it. Where there's a power plant, nearby town, and
8 they take the cooling water that would normally go into
9 the cooling tower and use that waste heat to snow melt.
10 But, then, there would be a lot more piping, a lot more
11 infrastructure that would have to be put in, and that
12 would require the new plant to be built. I don't think
13 the City has quite decided how or what they're going to
14 do with that. But, again, that's not Concord Steam,
15 that's not our -- that's not really going to affect our
16 load, nor is it going to require any kind of capital
17 infusion from us.

18 Q. And, there's no ratepayer impact for the creation of
19 the snow melt system?

20 A. That's correct.

21 CHAIRMAN IGNATIUS: I have no other
22 questions. But Commissioner Harrington does.

23 BY CMSR. HARRINGTON:

24 Q. Just to follow up, I'm just trying to picture how this

[WITNESS: Bloomfield]

1 sidewalk heating system works.

2 A. Uh-huh.

3 Q. You have the -- the steam comes out of your plant, it
4 goes into the buildings to provide space heating.

5 A. Uh-huh.

6 Q. And, in the process, it condenses into liquid?

7 A. Yes.

8 Q. And, that's the 140 degree condensate you were talking
9 about?

10 A. Yes.

11 Q. Okay. Now, then, without the sidewalk heating, is that
12 then recycled as feedwater back to the boiler?

13 A. No.

14 Q. Okay. So, it just --

15 A. No. That just goes to the sewer.

16 Q. It just goes to the sewer. And, so, you continually
17 replace that with water?

18 A. Yes.

19 Q. Okay. All right. That's what I was trying to figure
20 out how it wouldn't affect the efficiency, because it
21 wouldn't affect the temperature of your feedwater.

22 A. Right. Yes.

23 Q. So, it doesn't. Okay. And, as far as the new plant
24 goes, will you plan on burning the same level of wood,

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[WITNESS: Bloomfield]

1 assuming prices stay the same?

2 A. With the new facility, it should be 98 percent wood.
3 You know, other than the little bit of gas when the
4 plant is down for maintenance, where they have to burn
5 gas to supply our steam, it's going to be really, you
6 know, essentially 100 percent wood-fired.

7 Q. And, given the fact that the only thing we know about
8 future energy prices is that we don't know anything
9 about future energy prices, does the plant have
10 flexibility to, let's, for example, if oil came down
11 and gas went up or wood went up, would you be able to
12 use an alternate fuel?

13 A. Oil would be a little bit more of a difficulty. The
14 new plant is designed to be able to handle Concord
15 Steam's load 100 percent on gas or 100 percent on wood.
16 It's not permitted to burn oil.

17 Q. Okay.

18 A. But, who knows? If it really worked out, I'm sure we
19 could change that, because it's just another port.

20 So, --

21 Q. It's probably more likely that gas and wood prices
22 might fluctuate a little bit.

23 A. Yes. Right.

24 Q. And, the new pollution rules that I think the EPA is

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[WITNESS: Bloomfield]

1 working on now, that originally were going to be
2 suspended for three years, --

3 A. Uh-huh.

4 Q. -- and now I guess there's a court order or something
5 that's bringing them back. Will the new plant be able
6 to address those? And, what, if any, effect will it
7 have on the revised -- or, the rebuilt plant?

8 A. The EPA's new area MACT rules, the ones you're
9 referring to that came out, the new plant meets all of
10 those requirements. And, so, really, there's no change
11 in what we had originally intended versus what the new
12 MACT rules require.

13 Q. And, the plant, if you were to go with the non-new
14 option, I guess you talked about refurbishing the
15 existing plant?

16 A. Yes.

17 Q. Could that be done in one non-heating season or would
18 you have to close down?

19 A. That would be -- we would not be able to burn wood for
20 some period of time. And, I think that would impact at
21 least one heating season. So, we'd be burning gas more
22 than we would otherwise through at least a portion of
23 one heating season.

24 Q. But you would be able to supply your customers needs?

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[WITNESS: Bloomfield]

1 A. Oh, yes. Yes.

2 Q. Okay.

3 A. Yes.

4 Q. And, would the -- with those MACT rules, does the new
5 plant require a retrofit to make those, if you went
6 with the refurbishment route rather than the new route?

7 A. Well, with the refurbishment, what we would do there is
8 we would take out the older high pressure boiler that
9 now burns most of our wood and replace that with a new
10 boiler. So, there would be the new boiler, new
11 pollution control equipment, and all that with that.

12 Q. Okay.

13 A. And, then, the other lower pressure boilers we have,
14 one of them is gas-fired, has been gas-fired for some
15 time, we're just converting the second one, that can
16 burn wood and oil, now we're taking the oil burners out
17 and making it burning gas and wood. So, we'll do that.
18 And, then, the third one is what would be the final,
19 that's -- it's actually out-of-service at the moment,
20 we would put that back into service and, again, just
21 convert that to natural gas, and that would, again,
22 would meet all the rules.

23 CMSR. HARRINGTON: All right. Thank
24 you. That's all I had.

{DG 13-255} {10-21-13}

[WITNESS: Bloomfield]

1 CHAIRMAN IGNATIUS: Commissioner Scott.

2 CMSR. SCOTT: Sorry to sort of belabor
3 all this.

4 WITNESS BLOOMFIELD: Yes.

5 BY CMSR. SCOTT:

6 Q. So, again, I'm hopeful everything will move forward
7 great and we'll have a great system, you'll have a
8 great system by the time we're done. Right now, I was
9 just curious, are there any compliance issues going on
10 with, obviously, you have, understandably, you have
11 older boilers.

12 A. Uh-huh.

13 Q. Trying to work with that can be a challenge.

14 A. Yes. Yes. We have no outstanding compliance issues
15 with DES. That we've got pretty much of a clean slate.
16 Yes, we have issues. I mean, one of our -- our
17 continuous emission monitoring computer died. And, so,
18 it's still measuring, but it lost the capacity to make
19 some of the calculations that it needs to do. The
20 Company that makes that system went out of business ten
21 years ago. And, so, we've ordered a new one, but it's
22 going to be another five or six weeks before we can get
23 it. So, there's those kinds of things. So, we're
24 working with DES. We're still taking all the

{DG 13-255} {10-21-13}

[WITNESS: Bloomfield]

1 measurements and working with them on it.

2 Q. And, this is -- I think anybody in your situation,
3 it's, obviously, a balance of, you hate to put
4 long-term money into a plant you're hoping to --

5 A. Right. Well, you know, we have to -- we have to have
6 the CEM system. We finally decided we had to do
7 something with that natural gas, we actually had bought
8 the burner three years ago, and finally just said "we
9 have to" -- "we just can't keep trying to burn oil."
10 So, it's with those kinds of things that, you're right,
11 we've been putting off. And, we just need to keep
12 things running as best we can.

13 Q. And, hopefully, in your plan, your first preference
14 would be this new site, new location, new facility.
15 And, again, obviously, there will be a lot -- we'll be
16 discussing that further should that happen, obviously.
17 In that plan, the existing infrastructure, which is at
18 the State facility, who decommissions that? Who pays
19 for all that?

20 A. Our lease with the State calls for us to deliver them
21 an operational boiler plant. So, that's their problem.

22 CMSR. SCOTT: Thank you.

23 CHAIRMAN IGNATIUS: One other question.

24 BY CHAIRMAN IGNATIUS:

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[WITNESS: Bloomfield]

1 Q. I was just looking at the proposed tariff on Page --
2 the first sheet in Exhibit 2. Under "Cost of Energy",
3 you have "\$20.83", which looks like it matches your
4 other materials. But the date is "November 1, 2012",
5 is that "2013"?

6 A. Oh, sorry. I didn't catch that.

7 Q. That's okay. So, this is the correct tariff
8 information, --

9 A. Yes. That's correct.

10 Q. -- other than the date? All right. And, the net
11 effect of the changes in the components of the Cost of
12 Energy is a drop, your cover letter says a drop of
13 "1.2 percent", is that correct?

14 A. Yes.

15 Q. The actual change to customers is slightly different,
16 because of the other charges that they see in their
17 bill?

18 A. Right. Some of the -- in terms of the Cost of Energy,
19 with all the increases and decreases involved, it would
20 change from what we're now presently charging at
21 \$21.08, and would reduce to \$20.83.

22 CHAIRMAN IGNATIUS: Thank you. Anything
23 further in the form of redirect, Mr. Saltsman?

24 MR. SALTSMAN: Can I ask a clarification

[WITNESS: Bloomfield]

1 question?

2 WITNESS BLOOMFIELD: Yes.

3 **REDIRECT EXAMINATION**

4 BY MR. SALTSMAN:

5 Q. If the new facility is built, in reference to the snow
6 melt system, --

7 A. Yes.

8 Q. -- is it true that there may be some revenues that can
9 be generated by that, that are not necessarily
10 recaptured by Concord Steam, but that are available?

11 A. If the waste heat system that I referenced, that I
12 think is less likely to happen, where they actually use
13 the waste heat from the cooling tower and using snow
14 melt, that could -- that could qualify for thermal
15 RECs, which could be a source of revenue.

16 CHAIRMAN IGNATIUS: Thank you. Anything
17 else? Mr. Speidel.

18 MR. SPEIDEL: Thank you very much,
19 Commissioners. Staff supports Concord Steam's proposed
20 2013-2014 Cost of Energy rate. The sales forecast and
21 supply plan for the 2013-2014 Winter Period is consistent
22 with last year's, and there will be a reconciliation of
23 forecast and actual costs. Concerns that may arise
24 related to the actual usage and costs during the upcoming

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1 year can be addressed in the next year's Cost of Energy
2 review.

3 The Commission Audit Staff has reviewed
4 the 2012-2013 Cost of Energy reconciliation, and Concord
5 Steam's revised filing addressed the concerns raised in
6 the Final Audit Report. Thank you.

7 CHAIRMAN IGNATIUS: Thank you. Any
8 objection to striking the identification on the exhibits?

9 (No verbal response)

10 CHAIRMAN IGNATIUS: Hearing none. Then,
11 is there anything further that the Company wants to say,
12 Mr. Saltsman or Mr. Bloomfield?

13 MR. BLOOMFIELD: I guess the only point
14 is, it would be in terms of service rendered as of
15 November 1, that's all, 2013.

16 CHAIRMAN IGNATIUS: All right. Did you
17 file a request to waive our rule for service rendered
18 billing?

19 MR. SPEIDEL: Did the Company file?

20 CHAIRMAN IGNATIUS: Yes.

21 MR. SPEIDEL: I don't think that they --
22 did they do so as part of the original? They did not.

23 CHAIRMAN IGNATIUS: I know we have done
24 that in the past. I won't make you go back and submit

1 one, and we'll take it as an oral request to do so.

2 MR. SPEIDEL: Isn't service rendered the
3 usual basis, instead of --

4 CHAIRMAN IGNATIUS: Oh, you're right.

5 MR. SPEIDEL: Bills rendered is the
6 waiver.

7 CHAIRMAN IGNATIUS: You're right. I had
8 a brain cramp.

9 MR. SPEIDEL: That's all right. It
10 happens.

11 MR. FRINK: That's this afternoon.

12 CHAIRMAN IGNATIUS: It's the other
13 company.

14 MR. SPEIDEL: I was sort of --

15 CHAIRMAN IGNATIUS: It's the company at
16 1:30.

17 MR. SPEIDEL: That's New Hampshire Gas,
18 that's their thing. I was sort of puzzled for a minute.
19 I thought "well, what is this?" But --

20 CHAIRMAN IGNATIUS: Yes. You need a
21 waiver to comply with our rule, but you're already in
22 compliance. All right. I apologize. So, this is for
23 request for effective date November 1. And, unless
24 there's anything else, we will take all of this under

1 advisement. We appreciate it. And, we wish you luck in
2 the final stages of negotiations.

3 MR. BLOOMFIELD: Thank you.

4 **(Whereupon the hearing was adjourned at**
5 **10:43 a.m.)**

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