

Concord Steam

Steam and Power Generation

Concord Steam
P.O. Box 2520
Concord, NH 03302-2520
Fax: 603. 224. 7816
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**CONFIDENTIAL
MATERIAL
IN COMM FILE**

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Redacted
DG 14-233

May 4, 2015

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
Walker Building
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: DG 14 - 233 Report on status of Repowering Concord Steam

Dear Ms. Howland:

As ordered in 25-728, Concord is providing this status report.

New Plant/Repowering –

The air permit for the repowered plant has been issued. We plan to install a new Electrostatic Precipitator for particulate emission control, a catalyst to reduce CO emissions and an SCR to control NOx and rebuild the two primary wood fired boilers.

We are continuing to meet with [REDACTED] about financing the construction of the rebuilt plant with a combination of taxable and tax free bonds. [REDACTED] is proposing to be the underwriter for the bonds. We are in the process of providing them with the critical components (i.e. power contract, air permits and interconnect) in order to receive the firm commitment. We have hired counsel (Bill Ardinger at Rath, Young) to work with us on this issue.

We are finalizing some of the details of the PPA with [REDACTED] about the sale of the excess electricity and RECs from the facility. [REDACTED] has committed to moving forward with the purchase of the power that we would generate. The contract is complete, however the formula for the fuel pass-through is being reviewed.

We have met with Mike Connor of Administrative Services about steam sales to the State. We sent him the attached summary of the projected costs of steam with the new project, and are waiting on a reply.

Current Operations -



There was a fire at the plant on January 4 that damaged a small belt conveyor and burned up some control wiring. There were no injuries and there was no interruption in service to the customers, although the fire resulted in burning more gas and less wood than planned. The system was mostly back in service by January 13, and was completely operational by February 10.

Future Business plans -

We are focusing on the repowering of the existing plant and relying on the resultant reduction in steam rates. Once the project is well underway, we will be working on increasing sales.

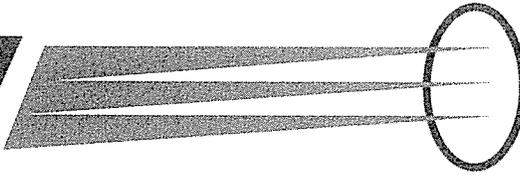
Yours Truly,

A handwritten signature in cursive script that reads "Peter Bloomfield".

Peter Bloomfield, PE
President

Confidential

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Steam and Power Generation

April 22, 2015

Mike Connor
Dept of Administrative Services
25 Capitol St
Concord, NH 03301

Re: Concord Steam

Dear Mike,

We have been working on a proposal for you for steam, and would like to meet with you to discuss it.

The basic structure would result in steam costs to the State of \$27/Mlb with a long term contract. I have attached a comparison sheet that is an extension of the one you used to compare natural gas vs steam.

As part of this, we will need to extend the plant lease for 25 years. We need this for the financing and the bond issue that TD Securities will be underwriting.

Let me know when you would like to meet.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Bloomfield".

Peter Bloomfield
President

cc: Senator Dan Feltes
Councilman Van Ostern

CSC Analysis
 Steam VS NG for
 NH Dept. of Admin Services

Current Quantity and Prices:

Annual State of NH Steam Usage for FY14 55,000 Mlbs

Current Steam Costs:	Energy	\$	25.10	per Mlb
	Base	\$	21.50	per Mlb
		\$	46.60	
Current Natural Gas Costs:	Supply	\$	0.62	per therm
	Delviery	\$	0.30	per therm
		\$	0.92	

Predicted '17 Steam Costs:	Energy	\$	6.00	per Mlb
	Base	\$	21.00	per Mlb
		\$	27.00	
Predicted '17 NG Costs:	Supply	\$	0.82	per therm
	Delivery	\$	0.32	per therm
		\$	1.14	

<u>Assumptions:</u>	
Natural Gas Boiler Efficiency	90%
MBtu's per Mlb of Steam	1167
100 kbtu's per therm	100
Capital cost of NG boilers	\$ 7,000,000
Amortization (years)	20
Annualized capital costs, including interest at 2.5%	\$ 449,000
Loss of income to State if CSC closes (Lease, BET, property tax, other state fees)	\$ 238,000
Increased O&M from operation of individual boilers (Water/Sewer, chemicals, electricty, etc.)	\$ 85,000
See page 2 for detailed breakdown	

Analysis using current rates	Quantity	Cost per Unit	Other Costs	Total Cost
Mlbs	55,000	\$ 46.60		\$ 2,563,000
Therms	713,167	\$ 0.92	\$ 772,000	\$ 1,428,113
			Difference	\$ 1,134,887

Analysis using predicted rates	Quantity	Cost per Unit	Other Costs	Total Cost
Mlbs	55,000	\$ 27.00		\$ 1,485,000
Therms	713,167	\$ 1.14	\$ 772,000	\$ 1,585,010
			Difference	\$ (100,010)

CSC Analysis
 Steam VS NG for
 NH Dept. of Admin Services

Detail sheet

Annual Usage Mlbs Steam 55,000

Income Loss	(Annual PUC Fee)	<u>16,000</u>
Income Loss	(State utility real estate taxes)	<u>37,000</u>
Income Loss	(BET Tax)	<u>9,000</u>
Income Loss	(Lease of steam plant)	<u>101,000</u>
Income Loss	(Air emissions Fees)	<u>75,000</u>
TOTAL REVENUE LOSS		<u>238,000</u>

Increased O&M cost from operation of individual boilers

	Cost per Mlb	
Water & Sewer	0.1	<u>5,500</u>
Water Softening	0.08	<u>4,400</u>
Boiler Chemicals	0.08	<u>4,400</u>
Operating Cost	0.2	<u>11,000</u>
Maintenance Cost	0.4	<u>22,000</u>
Electricity	0.69	<u>37,950</u>
TOTAL ANNUAL OPERATING COST		<u>85,250</u>

capital cost \$7,000,000 finance 20 yrs at 2.5%
 Boiler systems installed annualized capital cost 449,030