

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

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

September 9, 2016 - 9:11 a.m.  
Concord, New Hampshire

NHPUC OCT04'16 PM 3:51

RE: DG 16-770  
LIBERTY UTILITIES (ENERGYNORTH  
NATURAL GAS) Corp. d/b/a LIBERTY  
UTILITIES AND CONCORD STEAM  
CORPORATION: *Joint Petition for  
Approval of an Asset Purchase  
Agreement.*

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

Sandy Deno, Clerk

**APPEARANCES:** **Reptg. Liberty Utilities (EnergyNorth  
Natural Gas) Corp. d/b/a**  
Liberty Utilities:  
Michael J. Sheehan, Esq.

**Reptg. Concord Steam Corporation:**  
Susan S. Geiger, Esq. (Orr & Reno)

**Reptg. Dept. of Admin. Services:**  
Christopher G. Aslin, Esq.  
Asst. Attorney General  
N.H. Department of Justice  
Cmsr. Vicki Quiram  
Dep. Cmsr. Michael Connor

**Reptg. City of Concord:**  
James W. Kennedy, Esq., City Solicitor  
Carlos Baia, Dep. City Mgr. - Develop.

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

 ORIGINAL

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

**APPEARANCES: (c o n t i n u e d)**

**Reptg. Concord School District:**

John Teague, Esq.

Jack Dunn, Business Administrator

**Reptg. the Jordan Institute:**

Laura Richardson

James Monahan (Dupont Group)

Richard Husband, Esq., *pro se*

**Reptg. Residential Ratepayers:**

Donald M. Kreis, Esq., Consumer Adv.

Office of Consumer Advocate

**Reptg. PUC Staff:**

Alexander F. Speidel, Esq.

Mark Naylor, Dir./Gas & Water Div.

Stephen Frink, Asst. Dir./Gas & Water

I N D E X

PAGE NO.

**STATEMENTS RE: PETITION FOR INTERVENTION  
FROM THE JORDAN INSTITUTE BY:**

Ms. Richardson	9
Ms. Geiger	10
Mr. Sheehan	11
Mr. Speidel	11

**STATEMENTS RE: PETITION FOR INTERVENTION  
FROM RICHARD HUSBAND BY:**

Ms. Geiger	12, 13
Ms. Sheehan	14
Mr. Husband	15, 20

**STATEMENTS RE: LETTER FILED BY  
THE CONSUMER ADVOCATE BY:**

Chairman Honigberg	21
Ms. Geiger	22
Mr. Sheehan	22
Mr. Aslin	23
Mr. Teague	23
Mr. Kennedy	25
Mr. Kreis	27

***QUESTIONS BY:***

Chairman Honigberg	25, 33, 35, 37, 39
Cmsr. Scott	30
Cmsr. Bailey	31

**RESPONSES TO QUESTIONS:**

Mr. Kreis	27, 30, 32, 33, 36, 39
Ms. Geiger	36
Mr. Sheehan	37

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

**I N D E X (continued)**

**PAGE NO.**

**WITNESS PANEL:**           **WILLIAM J. CLARK**  
                                  **STEPHEN R. HALL**  
                                  **PETER BLOOMFIELD**  
                                  **STEPHEN P. FRINK**

Direct examination by Mr. Sheehan	44
Direct examination by Ms. Geiger	47
Direct examination by Mr. Speidel	49
Cross-examination by Mr. Aslin	50
Cross-examination by Mr. Teague	53
Cross-examination by Mr. Baia	54
Cross-examination by Mr. Kreis	56
Interrogatories by Cmsr. Scott	84
Interrogatories by Cmsr. Bailey	107
Interrogatories by Chairman Honigberg	112
Redirect examination by Mr. Sheehan	127
Additional questions by Mr. Kennedy	129

**WITNESS:**                   **MICHAEL P. CONNOR**

Direct examination by Mr. Aslin	136
Cross-examination by Mr. Kennedy	139
Cross-examination by Mr. Speidel	142
Redirect examination by Mr. Aslin	156

\*           \*           \*

**PUBLIC COMMENTS BY:**

Ms. Martin	157
Ms. Richardson	159

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

**I N D E X (continued)**

**PAGE NO.**

**CLOSING STATEMENTS BY:**

Mr. Aslin	161
Mr. Kennedy	163
Mr. Teague	165
Mr. Kreis	166
Mr. Speidel	171
Mr. Sheehan	173
Ms. Geiger	176

\* \* \*

**E X H I B I T S**

**EXHIBIT NO.                    D E S C R I P T I O N                    PAGE NO.**

1	Joint Petition for Approval of an Asset Purchase Agreement consisting of the Petition, Testimonies, Attachments, and Asset Purchase Agreement (07-21-16)	42
2	Settlement Agreement (08-15-16)	42
3	Direct Testimony of Michael P. Connor (09-08-16)	138

**P R O C E E D I N G**

1  
2 CHAIRMAN HONIGBERG: Good morning,  
3 everyone. We're here in Docket DG 16-770,  
4 which is a Joint Petition by Liberty Utilities  
5 (EnergyNorth Natural Gas) Corp. and Concord  
6 Steam Corporation for Liberty to acquire  
7 certain assets of Concord Steam.

8 This is a hearing on the merits. We  
9 have a number of preliminary matters that I  
10 know of, and there may be others that you all  
11 bring to our attention.

12 So, before we do anything further,  
13 let's take appearances.

14 MS. GEIGER: Good morning, Mr.  
15 Chairman and Commissioners. I'm Susan Geiger,  
16 from the law firm of Orr & Reno, representing  
17 Concord Steam Corporation. And with me this  
18 morning is Mr. Peter Bloomfield, who is  
19 President of Concord Steam.

20 MR. SHEEHAN: Good morning,  
21 Commissioners. Mike Sheehan, for Liberty  
22 Utilities (EnergyNorth Natural Gas) Corp.

23 MS. RICHARDSON: Good morning, Mr.  
24 Commissioner. Laura Richardson, for the Jordan

1 Institute. With me today is Scott Maslansky,  
2 the C-PACE Program Manager of the Jordan  
3 Institute.

4 MR. HUSBAND: Good morning,  
5 Commission. Richard Husband. I am a  
6 petitioning intervenor. I'm not sure if I'm  
7 supposed to announce myself now, but I will.  
8 I'm an attorney from Litchfield. I'm involved  
9 in this matter, though, purely -- purely as a  
10 concerned citizen.

11 CHAIRMAN HONIGBERG: We understand  
12 you're a perspective intervenor. Perfectly  
13 appropriate for you to identify yourself for  
14 us. Thank you.

15 MR. ASLIN: Good morning. Chris  
16 Aslin, Assistant Attorney General, on behalf of  
17 the Department of Environmental Services. And  
18 with me are Commissioner Vicki Quiram and  
19 Deputy Commissioner Michael Connor.

20 CHAIRMAN HONIGBERG: Mr. Aslin, you  
21 want to try again as to who you're representing  
22 here today?

23 MR. CONNOR: Administrative Services.

24 MR. ASLIN: Yes. Department of

1 Administrative Services. Thank you.

2 CHAIRMAN HONIGBERG: We all feel  
3 better about that now.

4 MR. KENNEDY: Jim Kennedy, Attorney  
5 for the City of Concord. We've filed a motion  
6 to intervene. I'm here with Department City  
7 Manager Carlos Baia.

8 MR. TEAGUE: Attorney John Teague,  
9 with the law firm of Upton & Hatfield,  
10 representing the Concord School District. And  
11 we also have a motion to intervene pending.  
12 And with me is Business Administrator Jack  
13 Dunn.

14 MR. KREIS: Good morning, Mr.  
15 Chairman, members of the Commission. I'm the  
16 Consumer Advocate, Donald Kreis, here today on  
17 behalf of residential utility customers.

18 MR. SPEIDEL: Good morning,  
19 Commissioners. Alexander Speidel, representing  
20 the Staff of the Commission. And I have with  
21 me Mark Naylor, Director of the Gas and Water  
22 Division, and Stephen Frink, Assistant Director  
23 of the Gas and Water Division.

24 CHAIRMAN HONIGBERG: All right. We

1 have, as a number of you have mentioned,  
2 intervention petitions from a number of  
3 entities. The Department of Administrative  
4 Services, the Concord School District, and the  
5 City are all customers of Concord Steam. Their  
6 intervention petitions are granted.

7 Jordan Institute, there was a filing  
8 opposing, Ms. Richardson, your petition. Is  
9 there anything you want to say in response to  
10 what was filed by the Petitioners?

11 MS. RICHARDSON: Yes. Thank you, Mr.  
12 Chairman. I have created some testimony that I  
13 would like to share with everyone today. And I  
14 believe that intervention status would be the  
15 most appropriate route to go with that.

16 I am looking to -- the purpose of my  
17 testimony is threefold: To provide information  
18 about the public good that is derived from  
19 energy efficiency, that specifically will  
20 address one of the concerns raised by Concord  
21 Steam; to describe the concerns we at the  
22 Jordan Institute have about the speed of this  
23 docket, relative to the complexity of the  
24 issues at hand; and possible solutions to

1 support those building owners who are part of  
2 this transition.

3 So, our focus is really specific to  
4 energy efficiency, which we do see as relevant  
5 to this docket.

6 CHAIRMAN HONIGBERG: Do any of the  
7 other people who are in the docket want to say  
8 anything in response to Ms. Richardson, either  
9 in support of the Jordan Institute or opposed?

10 Mr. Kreis, we've already heard from  
11 you from your letter yesterday. Ms. Geiger, is  
12 there anything you want to add?

13 MS. GEIGER: Yes, Mr. Chairman.  
14 Concord Steam would object to any testimony  
15 being filed by the Jordan Institute in this  
16 proceeding, unless and until the Commission  
17 were to grant the Petition for Intervention.  
18 All of the arguments that we have opposing the  
19 intervention request are laid out in our  
20 objection, which we filed jointly with Liberty.  
21 And we don't really have anything further to  
22 add.

23 We would note, however, that the  
24 Commission, as the Commission knows, the

1 Commission denied a similar request for  
2 intervention in a companion docket earlier this  
3 week.

4 CHAIRMAN HONIGBERG: And,  
5 Mr. Sheehan, would I be correct in assuming  
6 that you fully agree with Ms. Geiger?

7 MR. SHEEHAN: Yes, sir. Thank you.

8 CHAIRMAN HONIGBERG: Mr. Speidel,  
9 does Staff have any position?

10 MR. SPEIDEL: Staff takes no position  
11 on the Jordan Institute intervention request.  
12 However, many members of the public in the past  
13 have made oral and/or written statements as  
14 comments in a given proceeding. And, so, that  
15 may be an appropriate alternative for the  
16 Jordan Institute's points to be made.

17 CHAIRMAN HONIGBERG: Thank you,  
18 Mr. Speidel. I was going to note that as well.

19 Ms. Richardson, your intervention  
20 petition is going to be denied. The  
21 information you want to provide can be  
22 submitted as part of public comments. As part  
23 of this proceeding, we will be taking comments  
24 from the public on the merits of the matters

1 before us. And, for that reason, you'll have  
2 an opportunity to get your positions in front  
3 of us in that way.

4 Mr. Husband, Mr. Husband's petition,  
5 I don't know, has anybody filed anything in  
6 response to that? Ms. Geiger? Mr. Sheehan.

7 MS. GEIGER: No, Mr. Chairman. Not  
8 yet.

9 MR. SHEEHAN: We have not had a  
10 chance to read it.

11 CHAIRMAN HONIGBERG: When did you  
12 think you might do that, given that we're here  
13 on the hearing on the merits?

14 MS. GEIGER: Right. We just  
15 received -- well, speaking for Concord Steam,  
16 we just received the motion recently, I think  
17 it was Wednesday or Thursday. I reviewed it.  
18 I also went back and looked at the Order of  
19 Notice issued in this docket, and it indicated  
20 that objections to intervention requests could  
21 be made on or before September 9th. I took the  
22 word "made" to mean that they could be made  
23 orally here at the hearing, and followed up, if  
24 necessary, in writing.

1           So, I am prepared to make an oral  
2           objection, but I don't have anything in  
3           writing.

4           CHAIRMAN HONIGBERG: No, that's fine.  
5           I was just wondering if you were going to take  
6           a position.

7           MS. GEIGER: Yes.

8           CHAIRMAN HONIGBERG: I kind of assume  
9           you are?

10          MS. GEIGER: Yes. Yes. Concord  
11          Steam would object.

12          CHAIRMAN HONIGBERG: You want to  
13          elaborate?

14          MS. GEIGER: Sure. Basically, for  
15          the same reasons that we asserted in our  
16          objection to the intervention petition filed by  
17          the Jordan Institute, we don't believe that  
18          Mr. Husband has asserted any facts indicating  
19          rights, duties, privileges, or other  
20          substantial interests in a legal sense that  
21          would be affected by the outcome of this  
22          proceeding.

23                 Therefore, we don't think he  
24          qualifies for intervention either under the

1 mandatory standard under RSA 541-A:32, or the  
2 discretionary standard that the Commission has  
3 invoked from time to time.

4 As Mr. Husband indicated this morning  
5 orally, his interests are as a concerned  
6 citizen. And, therefore, I don't think  
7 anything in his Petition for Intervention  
8 indicates that his rights are distinguishable  
9 from those that are held by the public at large  
10 or those that are being represented by the  
11 Office of Consumer Advocate in this docket.

12 So, I don't think that there is  
13 sufficient basis upon which the Commission can  
14 grant Mr. Husband's request for intervention in  
15 this docket, and we would request that it be  
16 denied.

17 CHAIRMAN HONIGBERG: Mr. Sheehan.

18 MR. SHEEHAN: I can simply join what  
19 Ms. Geiger just articulated as the basis for  
20 Liberty's objection as well.

21 CHAIRMAN HONIGBERG: Does any of the  
22 other folks in the docket have a position on  
23 Mr. Husband's participation as an intervenor?

24 *[No verbal response.]*

1 CHAIRMAN HONIGBERG: Mr. Husband, do  
2 you want to say anything in response to what  
3 Ms. Geiger said?

4 MR. HUSBAND: Yes. Thank you.

5 CHAIRMAN HONIGBERG: Just make sure  
6 you're using the microphone. You can remain  
7 seated. It will be easier for you and you can  
8 be near a microphone that way.

9 MR. HUSBAND: Is this working?

10 CHAIRMAN HONIGBERG: I don't know.  
11 Let's find out.

12 MR. HUSBAND: Is that working now?

13 CHAIRMAN HONIGBERG: Let's go off the  
14 record for a minute.

15 *[Brief off-the-record discussion*  
16 *ensued.]*

17 CHAIRMAN HONIGBERG: All right.  
18 Let's go back on the record.

19 MR. HUSBAND: Thank you. Yes. In  
20 response to Attorney Geiger, first of all, I  
21 did e-mail her, as well as everyone else, all  
22 the pleadings on the 6th. There's no reason  
23 why they shouldn't have been received. I used  
24 her correct e-mail address. I don't hear that

1 as a real objection now. She certainly had  
2 time, between when I served the Petition to  
3 Intervene and now, to file a written objection.  
4 And, therefore, I am going to object to any  
5 subsequent written objections being filed in  
6 this.

7 Obviously, when the Order of Notice  
8 said you should object by the time of the trial  
9 on the merits, that means that any petitioning  
10 intervenors have the right to have a written  
11 objection in hand going into that hearing on  
12 the merits, or at least the consideration of  
13 the petition to intervene. It's a little late  
14 to file anything at this point on that.

15 In terms of what has been stated  
16 orally, I am not, as I indicated in the  
17 Petition, really represented by anyone else who  
18 is here today. I've noted some real concerns  
19 that I have with this proceeding.

20 As you know, for a long time now,  
21 Concord and the PUC have been a battle ground  
22 over political and public debate concerning the  
23 use of fracked gas going forward. And I've  
24 expressed concerns in a couple of major

1 proceedings, the DG 14-380 and DG -- DE, I'm  
2 sorry, DE 16-241 matters, involving pipelines  
3 that would be added to the region to produce  
4 more fracked gas. I've been involved in those  
5 proceedings, but the concern over what that  
6 would do to the region and citizens and the  
7 environment and all the other issues I've  
8 raised.

9 But also because of the procedural  
10 concerns that I have expressed involving the  
11 way these matters are litigated. They seem to  
12 be, for whatever reason, put on a rocket docket  
13 without any need, and pushed through by the  
14 PUC, before citizens can get involved and the  
15 public can have a material involvement in the  
16 matter.

17 But we have a lot of issues that are  
18 outstanding at this point. Apparently, there's  
19 going to be a claim made of confidentiality  
20 concerning the underlying documents and  
21 discussions. But there's been no formal  
22 request for confidentiality filed that I could  
23 object to, or anyone else. So, it's  
24 inappropriate to make that claim.

1 I see that there was just filed --  
2 testimony filed yesterday by the Department of  
3 Administrative Services, which is material and  
4 really should be considered, but no one's had a  
5 chance to look at that.

6 It appears that the Concord School  
7 District is getting stuck right now with all  
8 sorts of improvements they made to put in steam  
9 infrastructure in their schools that they're --  
10 they have to swallow because of this. And they  
11 should be given the opportunity, as well as the  
12 taxpayers who are going to have to foot that  
13 bill, to see if they can't work something out  
14 on this.

15 I don't understand why a petition  
16 that was not presented on an emergency basis,  
17 that's the case of this Petition, and involves  
18 a deal that is only going to be consummated  
19 next May, has to go forward immediately on this  
20 day, when we don't even have all the procedural  
21 matters tied up yet going into this.

22 And the public hasn't had an  
23 opportunity to submit oral public comments.  
24 There have been no forums. I heard a

1 discussion at the technical session about  
2 forums to educate the public on why this is a  
3 good deal. I haven't heard that any have taken  
4 place, and they certainly wouldn't help in this  
5 proceeding if they had.

6 So, yes. Those are my -- those are  
7 my basic responses to Attorney Geiger's  
8 concerns, that nobody's representing those  
9 interests. The State didn't file a motion to  
10 continue, the Consumer Advocate didn't file a  
11 motion to continue. Nobody's objected to any  
12 confidential treatment afforded in this  
13 proceeding, except me. No one has objected to  
14 the way this is getting pushed through without  
15 the right to discovery.

16 CHAIRMAN HONIGBERG: Thank you,  
17 Mr. Husband. Your Petition to Intervene is  
18 being denied. All of the things you've  
19 articulated, as the interests of the Concord  
20 School District, the City, the Department of  
21 Administrative Services, they're all  
22 represented here. Where, if they have  
23 concerns, they will certainly be able to  
24 articulate them.

1           You, like other members of the  
2 public, will be able to provide public comment  
3 as part of this proceeding, probably at the  
4 end.

5           I'm going to have a conversation with  
6 Mr. Kreis in a few minutes about his suggestion  
7 about how we should proceed, and that may also  
8 lead to some further discussions that could  
9 involve you. But your intervention petition is  
10 being denied.

11           MR. HUSBAND: May I -- I'm sorry, may  
12 I articulate one further consideration that I  
13 don't think has been mentioned?

14           CHAIRMAN HONIGBERG: Sure. Why not.

15           MR. HUSBAND: In terms of lumping me  
16 into the general public. I think I've  
17 thoroughly made the case for why I really am an  
18 environmentalist, an activist in this area.  
19 And, if I don't have the credentials, based on  
20 what I spelled out in my Petition to Intervene,  
21 I don't see how any individual would ever have  
22 the ability to intervene as an activist.

23           And I don't think that's a good  
24 public policy decision made going forward is to

1           exclude people like me from proceedings like  
2           this. I'm the only one you've got in here with  
3           this voice.

4                         CHAIRMAN HONIGBERG: Thank you,  
5           Mr. Husband.

6                         Mr. Kreis, you have filed a document  
7           that is not a motion to continue, because of  
8           your view you were precluded from doing that  
9           under the rules. You certainly could have  
10          asked for a waiver of those rules. But we  
11          understand you think we should not be  
12          proceeding today with a hearing on the merits.

13                        There's a number of things in your  
14          letter that I believe the parties would take  
15          strong issue with. I don't know whether  
16          anybody has filed anything in response. I may  
17          ask them to comment before we truly engage on  
18          this one.

19                        Maybe I should do that, before we go  
20          any further. Mr. Speidel, Ms. Geiger,  
21          Mr. Sheehan, do you want to say anything in  
22          response to the letter that Mr. Kreis filed  
23          yesterday afternoon?

24                        Ms. Geiger.

1 MS. GEIGER: Mr. Chairman, I don't.  
2 I really haven't had the opportunity to discuss  
3 it with my client. So, I think, at this point,  
4 Concord Steam doesn't take a position on it.

5 CHAIRMAN HONIGBERG: Okay.  
6 Mr. Sheehan?

7 MR. SHEEHAN: I'm not sure it would  
8 be helpful to do a line-by-line response to  
9 Mr. Kreis's letter.

10 To the extent he's asking for a  
11 continuance of the merits, we object. We're  
12 ready to go forward today. We would prefer to  
13 go forward today.

14 I think there's some  
15 misunderstandings of what's happening in this  
16 hearing portrayed by Mr. Kreis's letter. But,  
17 again, that should be taken up during the  
18 course of the hearing. And, if he has  
19 questions about what this transaction proposes  
20 to do, that's probably the better context to  
21 address them.

22 CHAIRMAN HONIGBERG: Mr. Speidel?

23 MR. SPEIDEL: No comment.

24 CHAIRMAN HONIGBERG: Mr. Teague, Mr.

1 Aslin, Mr. Kennedy, anyone have anything you  
2 want to say in response to the letter that Mr.  
3 Kreis filed?

4 Mr. Aslin.

5 MR. ASLIN: Thank you, Mr. Chairman.  
6 I would just comment, on behalf of DAS, that,  
7 as you may have seen in Mr. Connor's testimony,  
8 the suggestion to postpone we didn't join in or  
9 oppose that suggestion, but we do think there  
10 are some issues that are in flux, with both  
11 this docket and the docket we heard on 16-769  
12 on Tuesday. Those two dockets overlap quite a  
13 bit. So, there may be issues that will be  
14 better decided upon by the Commission once  
15 you've heard in both dockets all the  
16 information.

17 But, other than that, I don't have  
18 any specific comments to Mr. Kreis's letter.

19 CHAIRMAN HONIGBERG: Mr. Teague?

20 MR. TEAGUE: Yes. Can I borrow your  
21 mike?

22 Thank you. I just want to make the  
23 point that's kind of obvious, but it needs to  
24 be reiterated. And that is that, by

1           October 2017, Concord Schools have to heated in  
2           order to run. If you take that timeline and  
3           back it up to how long it takes to convert the  
4           existing system to a new system, you come to  
5           today. We should be starting the conversion  
6           today.

7                        So, in terms of the proceedings here,  
8           my only -- we're looking for definition, we're  
9           looking for clarity. But, in a situation where  
10          our deadlines don't change regardless of what  
11          the Commission does or how quickly this  
12          proceeds, if Concord Steam is indeed going out  
13          of business May of next year, that's another  
14          date that doesn't change, I think, regardless  
15          of what happens here.

16                       So, that's why we're faced with, and  
17          you'll probably hear us say it several more  
18          times, with a practical necessity to get this  
19          situation clarified.

20                       A specific continuance, a specific  
21          proceeding delay, is not critical from our  
22          point of view. So, we don't really want to  
23          enter that list. But so long as our eye is on  
24          the prize here, and that is we need to heat

1 those buildings October 2017. Thank you.

2 CHAIRMAN HONIGBERG: Mr. Kennedy?

3 MR. KENNEDY: Excuse me. Yes, Your  
4 Honor. I would -- the City would adopt the  
5 reasoning provided by Mr. Aslin. Recognizing  
6 that we're newcomers here, but looking at the  
7 documents [dockets?] 769 and 770, they seem to  
8 be interrelated, and one seems at least to be  
9 dependent upon the other. There are some  
10 issues here that are presented and looking at  
11 today will significantly impact the docket 769.

12 So, to the extent that it's necessary  
13 to hold the final ruling in 770, pending the  
14 outcome of 769, we would just suggest that  
15 maybe that be considered.

16 CHAIRMAN HONIGBERG: Mr. Kreis, one  
17 of the basic questions I'm going to ask you is,  
18 what would you do, specifically, what would you  
19 want to have happen, if we didn't proceed  
20 today, and what would happen Monday? What  
21 would happen next Friday? What specifically  
22 would you be looking for, not just discovery,  
23 but discovery of what? What would you be  
24 asking questions about?

1           And I want you to think about  
2           something about the perspective intervenors who  
3           were not granted intervention, and your  
4           interests, how they align with those players,  
5           and whether you would be working with them?  
6           Whether that would be something you would want  
7           to do?

8           I would also ask you, as you get  
9           ready to answer whatever it is we ask up here,  
10          you, on the first page of your letter, asked --  
11          presented this as what you considered to be a  
12          "straightforward question", whether it was  
13          consistent with "the public good" standard in  
14          the statute for Liberty, a natural gas utility,  
15          to pay Concord Steam \$1.9 million to shut down  
16          next year and turn its heating customers over  
17          to the gas utility?

18          I can guarantee you that Concord  
19          Steam, Liberty, Staff, and the customers of  
20          Concord Steam don't understand that to be the  
21          question in front of us. Because I think you  
22          understand from the testimony that was filed,  
23          in the other docket and in this docket, that,  
24          in Concord Steam's view and in Staff's view,

1 this Company is on a death spiral, because a  
2 death spiral implies horizontal motion. So,  
3 this Company is going down and closing.

4 So, think about it with that frame,  
5 and tell me what you would do if we were to say  
6 "okay, we're not going to hold a hearing today,  
7 we're going to do something instead, and do a  
8 hearing on the merits in a few weeks"?

9 MR. KREIS: Those are excellent  
10 questions, Mr. Chairman, and I'm pleased to  
11 answer them. Let me just say, as a preliminary  
12 matter, that, other than the concerns you just  
13 articulated, none of the parties had any  
14 rebuttal to any of the assertions in my letter.  
15 And, so, it's very difficult for me to respond  
16 to anything that any of them said, because none  
17 of them said anything.

18 What I would do? I don't actually  
19 think that there needs to be a -- really, any  
20 further discovery in this case. We did have a  
21 technical session back on August 19th. And I  
22 think, for the most part, the factual  
23 underpinnings beneath the Petition are pretty  
24 clear, at least to me.

1           What I think would be useful, and the  
2           reason I suggested a delay, is I think there's  
3           some opportunities here for a, frankly, a  
4           settlement agreement that would involve  
5           everybody, and all of the concerns that have  
6           been articulated.

7           One thing I would do, if I had a  
8           brief postponement, is I would cross the room  
9           and ask Ms. Richardson whether she would like  
10          to testify on behalf of the Office of Consumer  
11          Advocate. I've become familiar with the issues  
12          that she intended to raise in her testimony, I  
13          believe they deserve to be of record in this  
14          proceeding. The concerns of my office align  
15          very closely with the concerns of her  
16          organization. And, so, I would be willing to  
17          put her on the stand and have her testify on  
18          behalf of my office.

19          Now, to do that on the fly, I don't  
20          think it would be that unfair to me, but it  
21          might be unfair to you and the other parties.  
22          Nobody likes surprises. And, this docket, the  
23          way it has been structured and organized, is  
24          full of surprise and uncertainty, because we

1 don't really know what the record will produce  
2 at the hearing today.

3 I heard Mr. Sheehan say that there  
4 are certain assertions in my letter, factual  
5 ones, presumably, with which he disagrees. I  
6 have no idea what he means by that. I think  
7 the skepticism or the concerns that you  
8 articulated with the way that I chose in my  
9 letter to characterize the question that is  
10 pending before the Commission goes directly to  
11 issues that need to be resolved factually in  
12 this case.

13 To what extent is Concord Steam  
14 simply turning its customers over to Liberty  
15 Utilities, without any intervening  
16 consideration being given to other options? I  
17 honestly don't know. I'm willing to find out  
18 today. I don't think that prejudices me in any  
19 way. But I think the uncertainties that swirl  
20 around that are a problem that could be cured  
21 by not moving forward today, perhaps moving  
22 forward, I don't think a long delay is what we  
23 really need here, you know, maybe a week.

24 CHAIRMAN HONIGBERG: Commissioner

1 Scott.

2 CMSR. SCOTT: Thanks for your  
3 response. I was -- I'm struggling with, has  
4 not your office been involved since the  
5 beginning of this docket? And, am I missing  
6 something here?

7 MR. KREIS: My office has been  
8 involved. We were served, actually, we were  
9 served with the Petition when it was filed. We  
10 knew about it before it was filed. We were  
11 offered an opportunity to sign onto the  
12 Settlement Agreement that you have before you.  
13 And my response to that was that I did not want  
14 to do that prior to the technical session,  
15 because I wanted to discover what the issues  
16 truly were in a docket like this.

17 And, you know, to a significant  
18 extent, those issues became obvious in the  
19 technical session. I know what happened at the  
20 technical session, because I was there. You,  
21 Commissioners, do not, because you were not  
22 there. And there's nothing in the record about  
23 what we learned and talked about at the  
24 technical session, beyond certain

1 characterizations of it that I provided in my  
2 letter.

3 CMSR. SCOTT: So, at the end of your  
4 statement you said you -- ultimately, you'd  
5 like a week, is that correct?

6 MR. KREIS: Yes. I will say, I  
7 haven't looked at the schedule. So, I don't  
8 know what's feasible either for me or for you,  
9 particularly for you.

10 CMSR. SCOTT: Thank you.

11 CHAIRMAN HONIGBERG: Commissioner  
12 Bailey.

13 CMSR. BAILEY: Your letter mentions  
14 "unresolved state of the issues", "controversy  
15 this docket has engendered". You've been  
16 involved in this since the beginning. I think  
17 I'd like to here what controversy you're  
18 talking about, and also why you couldn't have  
19 asked Ms. Richardson or the Jordan Institute to  
20 join with you after the technical session, and  
21 why yesterday was the first -- it seems like  
22 yesterday is the first time that you thought  
23 about doing that. And here we are on the  
24 hearing on the merits, which you've known about

1 since July 19th. So, I don't -- if you could  
2 like help me through that, I would appreciate  
3 it.

4 MR. KREIS: To be candid,  
5 Commissioner Bailey, I believe the Commission  
6 has made an erroneous ruling with respect to  
7 not allowing the Jordan Institute to intervene.  
8 I believe that it has easily qualified under  
9 the very liberal standard in the Administrative  
10 Procedure Act.

11 And I'm surprised that the Commission  
12 doesn't want the concerns that she was prepared  
13 to bring to be made of record in this  
14 proceeding. I think they're important, and I'm  
15 prepared to do that.

16 CMSR. BAILEY: Well, the Company has  
17 the burden of proof to show that this is in the  
18 public interest. Is it anywhere in their  
19 testimony that the idea of energy efficiency is  
20 part of what they're relying on to find for our  
21 finding that it's in the public interest?

22 MR. KREIS: To the best of my  
23 recollection, there's no mention of energy  
24 efficiency in any of their documents, either

1 their Petition or their testimony.

2 CMSR. BAILEY: All right. Thank you.

3 CHAIRMAN HONIGBERG: But it's your  
4 view that energy efficiency is a necessary  
5 component to our consideration of "public good"  
6 under RSA 374:30? That's a question.

7 MR. KREIS: Yes. And my answer is --  
8 I believe that my answer is "yes". I don't  
9 know that it's necessary as a matter of law.  
10 But I think that, in the exercise of your  
11 discretion, as the interpreters of that  
12 statute, I think the answer is "yes". That's  
13 an issue that you should consider.

14 CHAIRMAN HONIGBERG: You're aware,  
15 are you not, that there was legislation  
16 proposed last year that would have made it a  
17 matter of law, that virtually every docket that  
18 we have in front of us would require  
19 consideration of energy efficiency, and  
20 specifically, in some of the legislation, the  
21 need for additional capacity, in terms of gas?  
22 And that legislation failed. You're aware of  
23 that, are you not?

24 MR. KREIS: I am. But I don't

1 believe that legislation that was proposed and  
2 not adopted has any legal significance here, or  
3 even any practical or persuasive significance.

4 CHAIRMAN HONIGBERG: Really?

5 MR. KREIS: Yes, I do.

6 CHAIRMAN HONIGBERG: Okay.

7 MR. KREIS: Because, Mr. Chairman, we  
8 have no way of knowing, there's nothing on any  
9 record anywhere that tells us why the  
10 Legislature chose not to adopt a particular  
11 bill. That could have been for political  
12 reasons or for reasons of time, or any number  
13 of reasons that I am not aware of.

14 CHAIRMAN HONIGBERG: I understand  
15 that, that argument. But the fact that it  
16 doesn't say it today, and there were many  
17 people who were unhappy with the Commission's  
18 framing of the issues in other dockets led to  
19 the -- led directly to the introduction of that  
20 legislation that did not pass, I think you'll  
21 find there's at least one Supreme Court case  
22 interpreting RSA 91-A where that, that pattern  
23 of events, was relevant to the Supreme Court's  
24 analysis of the meaning of RSA 91-A.

1 MR. KREIS: Well, indeed, Mr.  
2 Chairman. And, if I can be perfectly frank  
3 with you, I would be reluctant to appeal a  
4 decision made in this docket based on your  
5 alleged failure to consider energy efficiency.  
6 I'm not sure that would succeed at the Supreme  
7 Court.

8 What I'm really appealing to here is  
9 your policy discretion. You have determined,  
10 in docket 15-137, that it is the public policy  
11 of this state to adopt all cost-effective  
12 energy efficiency. That's what an Energy  
13 Efficiency Resource Standard is. And, so, you  
14 have, I think, the authority to deem that to be  
15 a relevant issue in this case. If you don't, I  
16 don't think that I would be able to cause your  
17 decision to be overturned on appeal. So, I do  
18 want to be frank about that.

19 CHAIRMAN HONIGBERG: Okay. Is there  
20 anything preventing Ms. Richardson from working  
21 with the Department of Administrative Services,  
22 the Concord School District or the City in what  
23 it is that her entity does to help them with  
24 their transition plans?

1           MR. KREIS: I don't know the answer  
2 to that question.

3           CHAIRMAN HONIGBERG: Are you aware of  
4 anything that prevents her from working with  
5 them?

6           MR. KREIS: Well, Mr. Chairman, --

7           CHAIRMAN HONIGBERG: I know, I should  
8 probably ask her that, don't you think?

9           MR. KREIS: That would be my  
10 preference, yes.

11          CHAIRMAN HONIGBERG: All right. Ms.  
12 Geiger, you looked like you wanted to say  
13 something a moment or two ago.

14          MS. GEIGER: Yes. Thank you, Mr.  
15 Chairman. Just following along the last  
16 thought, about the suggestion that the Jordan  
17 Institute work with others to address the  
18 Jordan Institute's concerns.

19          Concord Steam and -- Concord Steam  
20 would like to make the Commission aware that it  
21 has, in fact, scheduled a public forum in  
22 Concord on September 21st, at 5:30, at the Red  
23 River Theater, to answer any questions that  
24 affected customers may have. I believe this

1 notice is going to be publicized.

2 MR. BLOOMFIELD: It has been.

3 MS. GEIGER: Mr. Bloomfield informs  
4 me that it has been publicized. I believe that  
5 that would be an appropriate forum at which  
6 Ms. Richardson, or others who are interested in  
7 customer conversions and energy efficiency  
8 issues, could work with the parties that are  
9 most directly affected by the conversion issue,  
10 and that would be the customers here.

11 The other thing I would note is that  
12 there's only one residential customer that  
13 Concord Steam serves. And we'll just leave it  
14 at that.

15 CHAIRMAN HONIGBERG: This is in the  
16 testimony somewhere, I believe, but -- and  
17 we'll get to it, I think, when the hearing  
18 starts. But can someone confirm for me that  
19 Concord Steam's customers are not required to  
20 convert to gas, are they?

21 Mr. Sheehan, why don't you take that  
22 one.

23 MR. SHEEHAN: That's correct.  
24 Analytically, we see this the same way as

1 where, when Concord Steam close, we certainly  
2 hope they become gas customers. But it's just  
3 that. We will approach them like we would  
4 approach any other customer, and ask that they  
5 convert, and make our case on the merits.

6 CHAIRMAN HONIGBERG: And Concord is  
7 already in your franchise territory, correct?

8 MR. SHEEHAN: Correct.

9 CHAIRMAN HONIGBERG: You have many  
10 customers in Concord already, correct?

11 MR. SHEEHAN: Correct. And part of  
12 the death spiral is the fact that existing  
13 steam customers have already converted to  
14 natural gas.

15 CHAIRMAN HONIGBERG: Okay. We're  
16 going to start the hearing, and we're going to  
17 go, and we're going to see how it goes. And,  
18 Mr. Kreis, if there are things that you or  
19 other parties feel that isn't -- that they  
20 aren't able to do today, we're going to  
21 identify them and get them put on the record  
22 and we'll decide whether we need to keep this  
23 record open.

24 We're going to be taking a break at

1           some point. And, Mr. Kreis, I would encourage  
2           you to confer with Ms. Richardson, and anyone  
3           else you would want to confer with, to decide  
4           what type of offer of proof, if you're not  
5           allowed to put on testimony, you might want to  
6           make.

7                        I guess, before we go further along  
8           those lines, I do have one more question for  
9           you, Mr. Kreis. What is your view of the  
10          position of Liberty's current customers? You  
11          have -- there are many residential ratepayers  
12          of Liberty who should be interested, in a  
13          colloquial sense, in what's going on here. Is  
14          that part of your jurisdiction, as it will, and  
15          your concerns here?

16                       MR. KREIS: Yes. Indeed, it is, Mr.  
17          Chairman. Thank you for asking me about that.

18                       I am hoping that that question,  
19          although very important to me and my office, is  
20          more easily and straightforwardly addressed.  
21          The Petition asserts that the overall body of  
22          residential customers of Liberty come out ahead  
23          in this docket based on their DCF analysis. I  
24          would like to ask the Company, and perhaps they

1 intend to do this on direct exam, to go through  
2 the attachment that purports to demonstrate  
3 that.

4 I have no reason to suppose that  
5 their claims are incorrect, however.

6 CHAIRMAN HONIGBERG: All right.  
7 That's helpful. Thank you.

8 I think then, are there any other  
9 preliminary matters? That was a long  
10 preliminary set of matters. But are there any  
11 other matters we need to deal with before we  
12 put witnesses in the witness box?

13 *[No verbal response.]*

14 CHAIRMAN HONIGBERG: All right.  
15 Let's -- actually, let me get one thing on the  
16 record from the parties. Is there any motion  
17 for confidential treatment here? Mr. Husband  
18 alluded to it, and even filed a preemptive  
19 objection to anyone doing so.

20 I think the only reference is a  
21 reference to "settlement discussions", which  
22 were, as is routine, they are kept confidential  
23 and not discussed on the record. Is there  
24 anything else?

1 I see shaking heads from the  
2 lawyers.

3 MR. SHEEHAN: No, from Liberty.

4 MS. GEIGER: No.

5 MR. KREIS: I'm not aware of any, Mr.  
6 Chairman.

7 CHAIRMAN HONIGBERG: Okay. Thank  
8 you. All right. Who are the witnesses here  
9 and what order are we going to hear from them?  
10 Mr. Speidel, Ms. Geiger, what's the plan?

11 MR. SPEIDEL: Moving party.

12 MS. GEIGER: Mr. Chairman, I believe  
13 that the Settling Parties have agreed to put on  
14 all of the witnesses that have prefiled  
15 testimony as a panel, in addition to a witness  
16 from Staff.

17 MR. SPEIDEL: Mr. Frink, yes.

18 MS. GEIGER: And Mr. Frink. So,  
19 there would be four witnesses.

20 CHAIRMAN HONIGBERG: All right. And,  
21 then, when we're done with that panel, Mr.  
22 Connor is going to testify, is that right?

23 MR. ASLIN: That's correct.

24 CHAIRMAN HONIGBERG: Are any other

1 witnesses, subject to Mr. Kreis's conversations  
2 he may have at the break?

3 *[No verbal response.]*

4 CHAIRMAN HONIGBERG: All right. Why  
5 don't we proceed then with the panel.

6 MR. SHEEHAN: And one other thing,  
7 Commissioner. We would like to mark two  
8 exhibits at today's hearing. And I propose --  
9 I process, as "Exhibit No. 1", the Joint  
10 Petition, which has the attached prefiled  
11 testimony of Clark, Hall, and Bloomfield, and  
12 has the APA itself. And it is Pages 1 through  
13 44. And "Exhibit 2" would be the Settlement  
14 Agreement, which is number 10 on the  
15 Commission's filing, which has been signed by  
16 the Parties and Staff.

17 (The documents, as described,  
18 were herewith marked as  
19 **Exhibit 1** and **Exhibit 2**,  
20 respectively, for  
21 identification.)

22 MS. GEIGER: And, Mr. Chairman, just  
23 to add to that list. I would then propose that  
24 Mr. Bloomfield's prefiled testimony be marked

1 for identification as "Exhibit 3".

2 MR. SHEEHAN: I believe that's part  
3 of the package.

4 MS. GEIGER: Okay.

5 CHAIRMAN HONIGBERG: Would that be a  
6 "never mind"?

7 MS. GEIGER: That would be a "never  
8 mind". I had it separated in my documents.  
9 So, I had assumed it had been separated here.

10 MR. SPEIDEL: And, just as a matter  
11 of housekeeping, Mr. Chairman, have the  
12 intervention requests of the three customer  
13 parties been approved?

14 CHAIRMAN HONIGBERG: Yes, they have.

15 MR. SPEIDEL: Thank you very much.

16 CHAIRMAN HONIGBERG: Off the record.

17 (Whereupon **William J. Clark,**  
18 **Stephen R. Hall, Peter**  
19 **Bloomfield,** and **Stephen P. Frink**  
20 were duly sworn by the Court  
21 Reporter.)

22 CHAIRMAN HONIGBERG: Mr. Sheehan.

23 MR. SHEEHAN: Thank you.

24 **WILLIAM J. CLARK, SWORN**

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1                   **STEPHEN R. HALL, SWORN**

2                   **PETER BLOOMFIELD, SWORN**

3                   **STEPHEN P. FRINK, SWORN**

4                   **DIRECT EXAMINATION**

5 BY MR. SHEEHAN:

6 Q.     I'll start with the Liberty's witnesses. Mr.  
7         Clark, your name and your employer please.

8 A.     (Clark) William Clark. I am the Director of  
9         Business Development for Liberty Utilities.

10 Q.    And were you involved in the work that led to  
11        the Agreement and the Petition?

12 A.     (Clark) I was.

13 Q.    And did you file testimony in this docket?

14 A.     (Clark) Yes.

15 Q.    And do you have any changes or updates to your  
16        filed testimony?

17 A.     (Clark) I do not.

18 Q.    And, if I were to ask you the same questions  
19        today that are contained in the prefiled  
20        testimony, would your answers be the same?

21 A.     (Clark) They would.

22 Q.    And could you just give us a one-paragraph or  
23        three-sentence description of what the APA, the  
24        Asset Purchase Agreement, says?

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 A. (Clark) Yes. The Asset Purchase Agreement  
2 requires Liberty to pay the sum of \$1.9 million  
3 to Concord Steam Corporation on May 31st of  
4 2017. In consideration for that payment,  
5 Concord Steam has agreed to utilize natural gas  
6 as their primary fuel source for this coming  
7 Winter of 2016/2017, with the minimum of  
8 170,000 decatherms. They will be able to  
9 remain dual fuel and utilize biomass wood chips  
10 through the winter as well. And they will be  
11 required to utilize biomass on design days for  
12 Liberty Utilities, until we have some upgrades  
13 completed this fall or next spring.

14 It also requires a non-compete for the  
15 underground piping, and that the underground  
16 piping be retired by Concord Steam. That  
17 Concord Steam will work towards notifying their  
18 customers and attaining their consent to share  
19 information that would allow us to design the  
20 system to handle the existing Concord Steam  
21 customers.

22 Q. Mr. Hall, your name and position with the  
23 Company please.

24 A. (Hall) My name is -- there we go. My name is

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Stephen R. Hall. I'm Director of Rates and  
2 Regulatory Affairs for Liberty Utilities  
3 Service Corp.

4 Q. And were you involved in the work that led to  
5 the Agreement, the Petition, and the Settlement  
6 Agreement?

7 A. (Hall) Yes, I was.

8 Q. And did you have prefiled testimony in this  
9 case?

10 A. (Hall) Yes, I do. I have joint testimony with  
11 Mr. Clark.

12 Q. And do you have any changes or updates to that  
13 testimony?

14 A. (Hall) No.

15 Q. And, if I were to ask you the written -- the  
16 same questions that are written in that  
17 testimony, would your answers today be the  
18 same?

19 A. (Hall) Yes, they would.

20 Q. And you were involved with the work that lead  
21 to the Settlement Agreement, which is Exhibit  
22 2, is that correct?

23 A. (Hall) Yes, it is.

24 Q. And can you give us a, again, a short overview

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 of what the Settlement Agreement calls for?

2 A. (Hall) Certainly. The Settlement Agreement  
3 provides for the creation of a regulatory  
4 asset, once Liberty makes the \$1.9 million  
5 payment referred to by Mr. Clark to Concord  
6 Steam Corp. That regulatory asset will accrue  
7 carrying charges, and it will begin to be  
8 amortized at the time that permanent rates are  
9 implemented pursuant to EnergyNorth's next  
10 distribution rate case.

11 EnergyNorth is planning on filing a  
12 distribution rate case next spring. So, upon  
13 the implementation of permanent rates in that  
14 docket, that regulatory asset would begin to be  
15 amortized. It would be amortized over a period  
16 of five years through distribution rates, at  
17 which point it would be removed from  
18 distribution rates and distribution rates would  
19 decrease.

20 MR. SHEEHAN: Thank you.

21 BY MS. GEIGER:

22 Q. Mr. Bloomfield, could you please state your  
23 name for the record.

24 A. (Bloomfield) Peter Bloomfield.

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Q. Where are you employed and what position do you  
2 hold?

3 A. (Bloomfield) President of Concord Steam  
4 Corporation.

5 Q. Have you previously testified before this  
6 Commission?

7 A. (Bloomfield) Yes, I have.

8 Q. Did you prefile testimony in this docket that  
9 accompanies the Petition that has been marked  
10 as "Exhibit 1"?

11 A. (Bloomfield) Yes, I did.

12 Q. And do you have any updates or changes to that  
13 prefiled testimony?

14 A. (Bloomfield) No, nothing changed in that  
15 prefiled testimony.

16 Q. And, if I were to ask you the same questions  
17 today under oath as those contained in your  
18 prefiled testimony, would your answers be the  
19 same?

20 A. (Bloomfield) Yes, they would.

21 Q. Do you have anything you wish to add to your  
22 prefiled testimony?

23 A. (Bloomfield) I guess about the only thing, at  
24 what point in the proceedings we get into that,

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 but we will be having a meeting, a forum for  
2 our customers in September, September 21st.  
3 And we would invite Jordan Institute to have 15  
4 minutes or so of making a presentation there to  
5 the customers, to help with this issue of  
6 energy efficiency.

7 Q. And have you notified your customers of that  
8 public information forum?

9 A. (Bloomfield) Yes, we have. We mailed out -- we  
10 told them about it orally, and we mailed out to  
11 all of our customers yesterday.

12 MS. GEIGER: Thank you. No further  
13 questions.

14 BY MR. SPEIDEL:

15 Q. Mr. Frink, could you please state your full  
16 name and business position for the record.

17 A. (Frink) Stephen P. Frink. I'm the Assistant  
18 Director of the Gas & Water Division of the New  
19 Hampshire Public Utilities Commission.

20 Q. Are you familiar with the Settlement Agreement  
21 that has been referenced today?

22 A. (Frink) Yes, I am.

23 Q. And was the Settlement Agreement executed by  
24 myself on August the 12th with your support and

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 knowledge?

2 A. (Frink) Yes, it was.

3 Q. Do you support the Settlement Agreement in its  
4 entirety?

5 A. (Frink) I do.

6 Q. Would you have any elaborations, brief  
7 elaborations, you'd like to make for the record  
8 regarding the Settlement Agreement at this  
9 time?

10 A. (Frink) Not at this time. Thank you.

11 MR. SPEIDEL: Thank you.

12 CHAIRMAN HONIGBERG: Mr. Aslin, do  
13 you have any questions for the panel?

14 MR. ASLIN: Thank you, Mr. Chairman.  
15 I just have one question, and I think it's  
16 directed toward Mr. Clark and Mr. Hall.

17 **CROSS-EXAMINATION**

18 BY MR. ASLIN:

19 Q. On Page 3 of your joint testimony, towards the  
20 bottom line, 21 to 23, you state that "In  
21 essence, the APA requires Concord Steam to wind  
22 down operations effective May 31, 2017." I  
23 haven't heard that stated this morning in your  
24 summary, but I just wanted to confirm for the

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 record that that's essentially a condition of  
2 the APA, that the Concord Steam actually  
3 complete its shutdown by May 31st, 2017?

4 A. (Hall) That's essentially correct. I believe  
5 that there is a carve-out with respect to  
6 serving some customers, provided that Concord  
7 Steam utilizes natural gas as its source of  
8 fuel. There's a small carve-out in the APA for  
9 that provision. But that's essentially  
10 correct.

11 Q. Thank you. If I could follow up on that just  
12 briefly. In what way would Concord Steam be  
13 able to serve multiple customers after that  
14 timeframe, if they have discontinued service as  
15 a utility?

16 A. (Hall) Bear with me for just a moment?

17 Q. Sure.

18 A. (Hall) I'm trying to find it.

19 MR. SHEEHAN: Bates Page 031.

20 WITNESS HALL: Thank you.

21 MR. SHEEHAN: Bottom of the page.

22 **BY THE WITNESS:**

23 A. (Hall) It's in Section 5.07 of the APA. And  
24 that says that "Except for serving Seller's

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 customers", "Seller" being Concord Steam, "in  
2 the normal course of business through the  
3 Serving [Closing?] Date, the Parties agree  
4 that...the Seller won't use its facilities...or  
5 solicit any business." And the section that I  
6 was referring to --

7 MR. SHEEHAN: It's part of  
8 Subparagraph (a), if I could --

9 *[Court reporter interruption.]*

10 MR. SHEEHAN: It's part of  
11 Subparagraph (a).

12 WITNESS HALL: Thank you.

13 **CONTINUED BY THE WITNESS:**

14 A. (Hall) There's a provision that Liberty will  
15 waive that restriction, if the use of the  
16 Seller's facilities is for the production or  
17 distribution of heat that's generated solely by  
18 burning natural gas.

19 That was the carve-out that I referred to  
20 earlier.

21 BY MR. ASLIN:

22 Q. Okay. So, under that provision, the  
23 non-compete would not apply to Concord Steam  
24 continuing to provide service to one or more of

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 its customers for a period of time, if they're  
2 purchasing their fuel from Liberty, is that  
3 correct? Am I understanding that correctly?

4 A. (Clark) That is correct. However, if there was  
5 only a few customers left on that system, the  
6 bills would be extremely high. So...

7 MR. ASLIN: Okay. Thank you. I have  
8 no further questions.

9 CHAIRMAN HONIGBERG: Mr. Teague, do  
10 you have any questions for the panel?

11 MR. TEAGUE: I just would --

12 CHAIRMAN HONIGBERG: Just make sure  
13 you're using a microphone.

14 BY MR. TEAGUE:

15 Q. I'd just like to follow up on that. Can you be  
16 a little clearer in terms of what you're  
17 talking about here? Do you anticipate that  
18 there will be this group? And, if so, who's in  
19 it?

20 A. (Clark) No. We do not anticipate that we would  
21 execute that and that there would be a need for  
22 it. But we wanted to put it in there, as an  
23 emergency situation, that if all customers or a  
24 certain large customer did not get off onto

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           their own direct-fired heating equipment, that  
2           the underground piping could be utilized. We  
3           would waive that right, provided the steam  
4           service being provided was generated by natural  
5           gas.

6                       MR. TEAGUE: Thank you.

7                       CHAIRMAN HONIGBERG: Mr. Baia, did we  
8           lose Mr. Kennedy?

9                       MR. BAIA: Yes. He has a hearing in  
10          Merrimack County Superior Court.

11                      CHAIRMAN HONIGBERG: Mr. Baia, do you  
12          have any questions for the panel?

13                      MR. BAIA: Just a clarification, if I  
14          could.

15          BY MR. BAIA:

16          Q.       Just one of the provisions was for the piping  
17                   to be retired by -- from Concord Steam at the  
18                   effective date of May 31st. So, just goes back  
19                   to what was discussed several days ago. Just  
20                   for clarification at some point as to what the  
21                   status will be of that piping? If there is an  
22                   interim agreement made, for example, with one  
23                   of the customers represented here today. So,  
24                   we'd like clarification on that, if we could,

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 at some point.

2 CHAIRMAN HONIGBERG: Does someone  
3 want to provide a response to Mr. Baia?

4 **BY THE WITNESS:**

5 A. (Bloomfield) We have been working with the  
6 State and have offered the use of a specific  
7 section of the distribution system that the  
8 State would like to use to be able to heat its  
9 immediate downtown or the five or six buildings  
10 that are circled around the State House. So,  
11 that is the only piece that is -- has been in  
12 discussion of being continued to be used and  
13 not abandoned immediately.

14 However, the intent is that it would only  
15 be -- that existing system would only be  
16 continued to be used for two years, and would  
17 then at that time be abandoned.

18 MR. BAIA: If I could follow up just  
19 real quickly?

20 CHAIRMAN HONIGBERG: Uh-huh.

21 BY MR. BAIA:

22 Q. So, does that mean that Concord Steam is the  
23 owner of the pipes for a period of two years?

24 A. (Bloomfield) No. Concord Steam would not be

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 in -- it would not exist, and, so, it would not  
2 be the owner. That the owner of those pipes is  
3 part of what the primary issue of discussion  
4 has been, as to how -- who takes the  
5 responsibility for those and how that's  
6 handled. That's still in the works.

7 MR. BAIA: Thank you.

8 CHAIRMAN HONIGBERG: Mr. Kreis.

9 MR. KREIS: Thank you, Mr. Chairman.

10 BY MR. KREIS:

11 Q. I think I will start with some questions for  
12 Mr. Bloomfield. Mr. Bloomfield, how many  
13 residential customers does Concord Steam have  
14 at present?

15 A. (Bloomfield) We have one residential customer.

16 Q. Are there any residential end-users of Concord  
17 Steam's service who are not direct customers of  
18 the Company?

19 A. (Bloomfield) We do have some apartment  
20 buildings that are also heated by steam.

21 Q. How many apartment buildings?

22 A. (Bloomfield) I can think of three.

23 Q. And approximately how many units in those  
24 apartment buildings?

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 A. (Bloomfield) It would be somewhere between --  
2 depending on the apartment building, between 10  
3 and 20, perhaps, order of magnitude.

4 Q. You heard the Chairman express a certain degree  
5 of concern or maybe skepticism about the way I  
6 characterized the transaction in the letter  
7 that I submitted yesterday. I, in an effort to  
8 be somewhat succinct, said that "Liberty  
9 Utilities was paying Concord Steam \$1.9 million  
10 to turn its customers over to them." Is that  
11 an unfair characterization of the transaction  
12 from your perspective or an inaccurate one?

13 A. (Bloomfield) It's perhaps a little too  
14 simplified. The issue that all of our existing  
15 customers have is that their buildings are  
16 heated by steam, and not by hot water. And  
17 their only simple alternative, unless they want  
18 to completely redo the whole building and  
19 convert all of their heating systems from the  
20 steam radiators to forced hot water or to, you  
21 know, a forced air/air conditioning type  
22 system. Steam is really kind of their only  
23 option. And the only practical way of  
24 generating steam economically is with natural

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 gas. It could be done with electricity. It  
2 can't be -- in terms of an electric boiler, but  
3 that's -- that gets very expensive.

4 So, on a practical side of things, we  
5 expect all, certainly most of our customers, to  
6 go to natural gas, simply as a feature of how  
7 their buildings are now and what their choices  
8 are.

9 Q. But it doesn't happen automatically, that's  
10 your testimony?

11 A. (Bloomfield) Absolutely, yes. These customers  
12 have a choice as to where they want to go.  
13 They could go with oil. They could renovate  
14 their buildings and go with heat pumps. You  
15 know, there's no -- absolutely no -- we have no  
16 control over our customers in how they do it.  
17 So, it's entirely up to them.

18 Q. And the purpose of your public forum,  
19 presumably on September 21st, is to acquaint  
20 them with the situation?

21 A. (Bloomfield) Yes. To acquaint with the  
22 situation and what their alternatives are. So,  
23 it's to assist that, to provide mechanical  
24 contractors, have Liberty there to have them

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 explain how the Liberty gas system works to  
2 them, if they're not familiar. And to have  
3 some financing alternatives for the customers,  
4 so that they can have a solution, they could  
5 put together a solution with what's offered.  
6 And, as I said, I'd be perfectly happy to  
7 have -- offer some time in that to the Jordan  
8 Institute or -- if they wanted to talk about  
9 some other alternatives would be perfectly  
10 fine.

11 Q. Had you issued that invitation to them prior to  
12 mentioning it today?

13 A. (Bloomfield) No, I have not.

14 Q. Who else have you invited to speak at that  
15 gathering?

16 A. (Bloomfield) As I said, it's been a -- we have  
17 a bank who has agreed to work with downtown and  
18 its customers, and Liberty, Merrimack County  
19 Savings Bank will be there for financing  
20 package reasons. There's two or three  
21 mechanical contractors that have been invited,  
22 and our -- and Concord Steam's customers.

23 Q. Have you invited any providers, other than the  
24 Jordan Institute, of energy efficiency services

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 or insights?

2 A. No, we have not.

3 Q. If you'll forgive a somewhat glib question,  
4 what exactly are you selling to Liberty that's  
5 worth \$1.9 million?

6 A. (Bloomfield) It's a -- it allows for a  
7 controlled and coordinated conversion of a  
8 large batch of customers. By agreeing to work  
9 with them and having a controlled shutdown,  
10 they're able to be much more efficient in the  
11 upgrades and expansion that they need to --  
12 that they need to do.

13 Now, I'm speaking for Liberty, so, in our  
14 respect, it's -- our agreement with them is to  
15 work with them and coordinate with our  
16 customers with them to try to make this  
17 shutdown as painless as possible.

18 Q. I'm having trouble squaring that with what you  
19 previously said about how your current  
20 customers are completely free to do anything  
21 they want, and the fact that you're holding  
22 this forum as a way of presenting a variety of  
23 options to them. That would suggest something  
24 other than coordinated control and conversion

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 of these customers from service from your  
2 utility to service using gas from Liberty  
3 Utilities?

4 A. (Bloomfield) As I said before, the practical  
5 aspects of it is that the only -- only real  
6 economic choice for the downtown customers is  
7 go with steam. And the only practical,  
8 economically efficient way of creating steam is  
9 by burning either gas or oil.

10 A. (Clark) And I think I'd like to jump in here  
11 and add a little Liberty color to that, is,  
12 first, to step back. That meeting, the Liberty  
13 Utilities Energy Efficiency Department will be  
14 at that meeting on the 21st, and we will be  
15 able to discuss all prescriptive and custom  
16 rebates available through our CORE energy  
17 efficiency programs as well, both equipmentwise  
18 and building envelopewise.

19 And, then, as far as the \$1.9 million, the  
20 DCF analysis shows that it was a net present  
21 value positive for our existing customers, we  
22 felt it was a good business decision for  
23 Liberty to move forward.

24 The controlled aspect of doing this in one

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 construction season would save us roughly 30 to  
2 35 percent in construction costs. As also  
3 stated in the APA, it requires Concord Steam to  
4 burn natural gas this coming winter as their  
5 primary fuel source, which gives incremental  
6 revenues to Liberty this coming winter as well.

7 We also believe that natural gas will be  
8 the most economic choice for the end-use  
9 customers, when compared to oil and propane. A  
10 lot of these customers are located downtown.  
11 Oil tanks/propane tanks will be very difficult  
12 to install down there. Natural gas is piped  
13 directly to the building. Peter mentioned that  
14 the Merrimack County Savings Bank will be at  
15 this meeting as well.

16 You know, as stated in Mr. Connor's  
17 testimony from yesterday, with the new rates  
18 that are proposed from Concord Steam, a  
19 customer could save up to 75 percent on natural  
20 gas service, as opposed to their current steam  
21 bill. So, we believe that customers would be  
22 able to convert their equipment to natural gas,  
23 borrow money, if needed, and still have a lower  
24 monthly payment than what they would be paying

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Concord Steam.

2 MR. KREIS: Mr. Chairman, insofar as  
3 I did not ask Mr. Clark a question, I would  
4 like to request that the entire answer that he  
5 just gave be stricken from the record.

6 If Liberty would like to ask Mr.  
7 Clark questions on redirect, obviously, they  
8 may.

9 CHAIRMAN HONIGBERG: Mr. Sheehan.

10 MR. SHEEHAN: Mr. Kreis's questions  
11 did elicit Mr. Bloomfield saying this is the  
12 Concord Steam's position, and Mr. Clark jumped  
13 in with Liberty's position. I can certainly  
14 ask Mr. Clark the same question in a few  
15 minutes and get the same answer.

16 CHAIRMAN HONIGBERG: In light of the  
17 fact that Mr. Sheehan could, in fact, ask the  
18 same question in a few moments and likely get a  
19 very similar answer, the motion to strike is  
20 denied.

21 MR. KREIS: I think that's fair, Mr.  
22 Chairman. I guess what I'm really trying to  
23 say, though, is it would help me conduct my  
24 cross-examination if you would instruct the

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 witnesses simply to answer the questions that I  
2 ask from the witness to whom I pose them. And,  
3 then, if there are other things that need be  
4 dealt with on redirect, that would be an  
5 appropriate way to do that.

6 CHAIRMAN HONIGBERG: I understand the  
7 request, Mr. Kreis. I would ask the witnesses  
8 that, if Mr. Kreis does direct a question to  
9 you, you answer it. If you believe someone  
10 else might be able to provide additional  
11 information or supplement your answer in some  
12 way, you can certainly allude to that, and Mr.  
13 Kreis can decide whether he wants to ask that  
14 question. And, certainly, Mr. Sheehan, Ms.  
15 Geiger, Mr. Speidel know how to ask questions  
16 of their witnesses.

17 So, if you can try to stick to his  
18 questions. And, if you feel like you have  
19 something you want to add, you'll almost  
20 certainly be given an opportunity to do that.

21 WITNESS CLARK: My apologies.

22 MR. KREIS: Thank you, Mr. Chairman.

23 CHAIRMAN HONIGBERG: Oh, you don't  
24 need to apologize at all, Mr. Clark. Just so

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 people, people who are not here regularly,  
2 there's almost a standard statement, in fact,  
3 Mr. Kreis made it at the last hearing, that  
4 "I'm directing these questions to the panel,  
5 and anyone who feels qualified to answer should  
6 feel free to do so."

7 He didn't do that in this instance.  
8 And I think his intention was to focus on one  
9 individual at a time.

10 But you were certainly -- I was not  
11 surprised, Mr. Clark, when you were ready to  
12 jump in, because it is the typical practice  
13 around here. But, today, we're going to try  
14 and stay a little bit more focused at Mr.  
15 Kreis's request.

16 MR. KREIS: Thank you, Mr. Chairman.  
17 That's helpful. It creates a little more order  
18 out of cross, I guess.

19 BY MR. KREIS:

20 Q. But, since Mr. Clark did jump in, and since he  
21 did mention that he is going to have his  
22 company's energy efficiency staff present at, I  
23 believe, the September 21st forum, my question  
24 for him is, have you invited the energy

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 efficiency staff from the local electric  
2 utility, Unitil?

3 A. (Clark) Liberty did not invite them, no.

4 Q. Mr. Bloomfield, have you done that?

5 A. (Bloomfield) No. We have not.

6 Q. Why not?

7 A. (Bloomfield) Just didn't occur to me, mostly  
8 because, again, that we're trying to replace  
9 steam, and electricity is not a particularly  
10 effective or efficient way of replacing steam.

11 Q. So, my question I guess now is to the entire  
12 panel. Has anybody on the panel reached out to  
13 the energy efficiency folks at Unitil to ask  
14 them whether they feel that their electric  
15 energy efficiency programs have any relevance  
16 or potential application here?

17 *(Short pause.)*

18 CHAIRMAN HONIGBERG: I think silence  
19 is your answer, Mr. Kreis.

20 MR. KREIS: Well, I would prefer to  
21 have an actual answer.

22 **BY THE WITNESS:**

23 A. (Clark) I thought I answered that, Liberty did  
24 not.

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 A. (Frink) Staff did not.

2 BY MR. KREIS:

3 Q. And, presumably, Mr. Bloomfield --

4 A. (Bloomfield) And, that's right. No, I did not  
5 either.

6 Q. Okay. Thank you. I want to ask some specific  
7 questions that relate to different assertions  
8 in the prefiled testimony that Mr. Clark and  
9 Mr. Hall made. So, I guess, as to those  
10 questions, it would be appropriate for either  
11 or both of them to answer as their discretion  
12 suggests. I'm looking at Page 3 of 8, --

13 *[Court reporter interruption.]*

14 MR. KREIS: Sorry about that.

15 BY MR. KREIS:

16 Q. I'm looking at Page 3 of 8, which is -- I don't  
17 have a Bates number -- oh, Bates Page 005. At  
18 Line 12, you say "Liberty will acquire all  
19 pertinent Concord Steam customer information".  
20 What information is pertinent?

21 A. (Clark) For Liberty Utilities, that would be  
22 usage date, that would allow us to engineer  
23 service lines, main upgrades, in an orderly  
24 fashion.

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Q. So, you'll acquire that usage data as to all of  
2 Concord Steam's customers?

3 A. (Clark) Provided they sign a consent.

4 Q. Right. So, that's what I'm trying to get at.

5 A. (Clark) Okay.

6 Q. What information only comes to you if the  
7 customer signs a consent and what information  
8 do you get automatically?

9 A. (Clark) We will not get any information  
10 automatically. We will get their contact  
11 information, usage information, provided they  
12 sign a consent for that.

13 Q. And, presumably, there will be opportunities to  
14 do that at the forum that Mr. Bloomfield is  
15 organizing?

16 A. (Clark) That would be an opportunity. I  
17 believe that was part of the APA for Concord  
18 Steam to solicit that consent in an ongoing  
19 manner.

20 Q. Still looking at the same page, down at Lines  
21 20 and 21, it says "Liberty will also acquire  
22 easements and rights-of-way currently held by  
23 Concord Steam, which could facilitate expansion  
24 of natural gas distribution lines." Could you

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 elaborate on what you meant by that?

2 A. (Clark) Yes. Concord Steam has easements that  
3 feed buildings that are kind of land-locked  
4 from public access through steam lines.

5 Whereas, Liberty, to serve those buildings,  
6 will need to attain an easement to get to that  
7 building. And this easement would be  
8 transferred over to Liberty that we could  
9 utilize it to running a gas service to those  
10 customers.

11 Q. You'll have to bear with me here. I'm in this  
12 new experiment of being entirely paperless,  
13 which seems to be working out. On Page 5 of 8  
14 of the prefiled testimony, which is Bates Page  
15 007, you state "Although the expected financial  
16 benefit to EnergyNorth is slightly greater  
17 under the "no deal" scenario, there's  
18 significantly more risk associated with the  
19 assumptions."

20 So, I guess what I'd like to do is have  
21 you, Liberty witnesses, elaborate on what the  
22 risk is that you're talking about with respect  
23 to the assumptions, and why it is that -- well,  
24 let me just start with that. What risks are

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           you talking about?

2   A.       (Clark) The uncertainty of how long this  
3           process would play out, having a defined date  
4           of May 31st as a wind-down date ensures that  
5           customers will need to make a decision. And  
6           Liberty feels that the best economic decision  
7           will be natural gas service. The longer the  
8           process takes, the more time that Concord Steam  
9           tried to make a go of this business, the more  
10          risk involved for Liberty, as far as revenues.  
11          So, we felt that a defined period was the best  
12          business decision for Liberty.

13   Q.       To what extent is the risk that you were just  
14           describing one that you share with your  
15           customers?

16   A.       (Hall) It could impact construction costs.  
17           And, also, the timing of when customers might  
18           make the decision to convert to gas, which  
19           would impact all other customers.

20   Q.       Because the construction costs that you're  
21           talking about are ones that would be shared by  
22           all of your customers?

23   A.       (Hall) Yes.

24   Q.       Have you done an analysis that supports those

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 assertions?

2 A. (Hall) An analysis that tests the assertions?

3 Q. Well, yes. You said, let me -- well, the  
4 testimony is basically that, even though the  
5 "expected financial benefit to EnergyNorth is  
6 actually greater under the "no deal" scenario",  
7 that's not the scenario that you're  
8 recommending. You've entered into this  
9 Agreement, the Asset Purchase Agreement, --

10 A. (Hall) Uh-huh.

11 Q. -- that provides presumably less financial  
12 benefit, in exchange for lessening the degree  
13 of risk. And you have also testified that, at  
14 least to some extent, maybe to a complete  
15 extent, that risk is shared with your  
16 customers, meaning your existing customers.  
17 And I'm just wanting to get at exactly how much  
18 analysis supports that claim or whether that's  
19 just your instinct or whether it's a more of a  
20 back-of-an-envelope calculation?

21 A. (Clark) The "deal" scenario was not a  
22 back-of-the-envelope, that was the detailed DCF  
23 analysis, that takes into consideration the  
24 incremental revenue received from Concord Steam

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 this winter, as well as future revenues for  
2 customers that convert all in the same calendar  
3 year.

4 The "no deal" scenario was full of  
5 assumptions. You know, I tried to put what my  
6 thoughts were on a reasonable amount of time  
7 before Concord Steam was not viable. You know,  
8 how many customers would convert per year,  
9 knowing that the State had an RFP, and their  
10 decision was 2019 to get off of the Concord  
11 Steam service. I estimated a five-year  
12 wind-down, where I staggered the customers  
13 coming over on conversions through five years,  
14 with the State coming on in year three. I  
15 built those revenues into the model. I added  
16 the capital cost to construct each one of those  
17 segments over a five-year average -- over a  
18 five-year period to come up with the "no deal"  
19 scenario. I believe it's fairly -- it was  
20 fairly accurate, but it is assumptive.

21 And, you know, both -- I just want to  
22 state, the "deal" and the "no deal" scenario,  
23 the "no deal" scenario had a higher NPV.  
24 However, the "deal", the known commodity,

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           resulted in a \$1.4 million positive DCF  
2           analysis, which Liberty feels is great for its  
3           existing customers.

4   Q.   And, just for clarify, "NPV" is?

5   A.   (Clark) Net present value.

6   Q.   So, it sounds to me like there is or must be a  
7           document that's similar to Attachment WJC/SRH-2  
8           that contains that analysis of the so-called  
9           "no deal" scenario?

10  A.   (Hall) It is in WJC/SRH-2.

11  Q.   Okay. Great. So, maybe the thing to do, and  
12           I'm sensing that maybe the Commission might  
13           find this helpful, is to have the Liberty  
14           witnesses walk us through Attachment WJC/SRH-2.  
15           I have had the benefit of having you folks do  
16           that in some of the other dockets where  
17           expansions have been an issue.

18  A.   (Hall) Uh-huh.

19  Q.   I find that attachment to be useful, but not  
20           self-explanatory. So, I think it would help if  
21           you walk us through that, and I'd like to ask  
22           you to do it.

23  A.   (Hall) Sure. Attachment 2 is -- a lot of the  
24           information is premised on what's contained in

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Attachment 1. So, I mean, for brevity, I won't  
2 walk through every line item on Attachment 1,  
3 I'll take a leap of faith and assume that  
4 people have looked over Attachment 1. But, if  
5 you have questions on how the numbers in  
6 Attachment 1 were developed, please feel free  
7 to ask.

8 Attachment 2 basically looks at the  
9 revenue requirement that would be incurred in  
10 the event of a staggered transition of  
11 customers from steam service to Liberty, to gas  
12 service from Liberty.

13 Column 1, the first column, shows the  
14 assumption for the income tax rate. The second  
15 column shows the return and distribution on  
16 rate base. We haven't shown rate base in  
17 Attachment 2, because it's a fairly involved  
18 calculation, where we have certain amounts of  
19 rate base being placed into service during  
20 different time periods over a five-year period.  
21 It's a staggered type of placement in service.  
22 And, therefore, for the sake of simplicity, the  
23 attachment were to become very cumbersome  
24 trying to show differences in deferred income

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 taxes and so on, for this staggered type of  
2 investment.

3 Suffice it to say that the "Return and  
4 Depreciation" column, it would be the amount of  
5 return and depreciation that would need to be  
6 recovered from the varying amounts of rate base  
7 that are put into service over the five-year  
8 period that was assumed by Mr. Clark.

9 The third column is the assumed property  
10 tax rate for the City of Concord. Fourth  
11 column is an assumption for insurance costs.  
12 Next is operation and maintenance expense.

13 And we add up all of those costs,  
14 depreciation, return, property taxes,  
15 insurance, and O&M, and we come up with a  
16 revenue requirement. A revenue requirement is  
17 the amount of revenue that a utility needs to  
18 recover in order to recover all of its costs of  
19 serving the customer, primarily, return,  
20 depreciation, and taxes.

21 We then compare that revenue requirement  
22 to the actual amount of revenue that we would  
23 anticipate receiving under a staggered  
24 transition.

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           The last column is the delta. A positive  
2           delta indicates that the amount of revenue that  
3           we would anticipate to receive exceeds the  
4           revenue requirement associated with serving the  
5           customers. And a positive number indicates a  
6           benefit. We're getting more revenue than is  
7           needed to recover our revenue requirement.  
8           That additional revenue ultimately goes back to  
9           all of the customers in a rate case.

10   Q.   Thank you. Going back to the prefiled  
11       testimony, now on Page 6, at Lines 4 and 5 you  
12       mention "financing proposals from third  
13       parties", and you state that the Company was  
14       evaluating them. What proposals are you  
15       talking about there?

16                 MR. SPEIDEL: The Bates Page  
17       reference is 008.

18                 MR. KREIS: The Bates Page is -- I'm  
19       sorry, they don't show up readily on my screen  
20       here, so I'm having trouble getting them handy.

21                 WITNESS HALL: We have it. We're  
22       there.

23                 MR. KREIS: Okay.

24   **BY THE WITNESS:**

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 A. (Clark) The financing proposals were from  
2 various banks. And Merrimack County Savings  
3 Bank, which will be at the meeting, will  
4 provide energy loans -- could provide energy  
5 loans to customers seeking financing for  
6 conversion of their heating equipment.

7 Liberty has agreed to work with the bank,  
8 to provide certain potential billing  
9 information, where the customer would provide a  
10 service line agreement, an estimated natural  
11 gas bill, existing Concord Steam energy bills,  
12 apply for a loan, and hopefully be approved for  
13 that loan.

14 BY MR. KREIS:

15 Q. Are there any other financial institutions  
16 other than Merrimack?

17 A. (Clark) No.

18 Q. So, -- okay. This now relates to some  
19 questions that were asked earlier, about what  
20 happens after the transaction closing date of  
21 May 31st of 2017. There's some discussion of  
22 maybe Concord Steam continuing to operate, but  
23 it seems like the system would be without an  
24 owner. And I'm really having trouble

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 processing how that could possibly work.

2 Somebody has to own the assets in order for  
3 them to be operating, true? So, who would own  
4 it?

5 A. (Clark) Liberty would not own any assets. The  
6 carve-out was strictly, if a third party or  
7 Concord Steam wanted to try to make a go of  
8 supplying steam service to customers in  
9 downtown, and utilize the existing steam  
10 infrastructure to do that, that they would need  
11 to buy natural gas to provide that steam.

12 Q. Well, it was Mr. Bloomfield's testimony that  
13 his company ceases to exist as of May 31st,  
14 2017. Therefore, a nonexistent entity can't  
15 own something. Liberty isn't going to own the  
16 system. Does that mean the system is escheat  
17 to the City?

18 A. (Hall) I can't tell you what would happen in  
19 that case, because I don't know.

20 MR. KREIS: Okay. Mr. Chairman, I  
21 think that's all the questions I have.

22 CHAIRMAN HONIGBERG: Well, before  
23 you -- before you say that, I think it would be  
24 an appropriate time to take a break. You have

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           some consulting you may want to do with others  
2           in the room. So, I'm not going to hold you to  
3           "I have no more questions."

4                     Let's take a 15-minute break, and  
5           we'll come back, and Mr. Kreis will still have  
6           the microphone at that time.

7                     MR. KREIS: Thank you, Mr. Chairman.  
8           I appreciate the courtesy.

9                             (Recess taken at 10:30 a.m. and  
10                            the hearing resumed at 10:53  
11                            a.m.)

12                    CHAIRMAN HONIGBERG: Mr. Kreis.

13                    MR. KREIS: Mr. Chairman, I have just  
14           a couple of more questions, and I thank you for  
15           assuring that I had the opportunity to see if I  
16           had any other questions. Just a couple.

17 BY MR. KREIS:

18 Q. My first question is for Mr. Bloomfield.

19 Mr. Bloomfield, did you -- have you negotiated  
20 with any other potential buyers of your  
21 company?

22 A. (Bloomfield) Yes, we have.

23 Q. Can you identify them?

24 A. (Bloomfield) I don't remember all of them,

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           there were many over the past eight years,  
2           actually. But, most recently, there was a  
3           company "Green City, was interested in buying  
4           Concord Steam and investing in the plant, and  
5           continuing operation as a district heating  
6           burning wood, a cogeneration system.

7   Q.    What happened?

8   A.    (Bloomfield) One of the requirements was to  
9           have a long-term steam sales agreement with the  
10          State, in order to ensure that the steam would  
11          have a place to go. So, before they invested  
12          their \$20 million, they wanted to make sure  
13          they were a customer. And the State was not  
14          willing to sign a long-term agreement.

15   Q.    So, they were, if I'm understanding your  
16          testimony correctly, they were prepared to pay  
17          \$20 million, provided they were able to  
18          negotiate an agreement to continue to provide  
19          service to the State of New Hampshire?

20   A.    They were willing to invest \$20 million in the  
21          plant, yes.

22   Q.    And I think that my last little inquiry is also  
23          for Mr. Bloomfield. We talked earlier about  
24          providing data to Liberty of customers that

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           agree to have their data shared with Liberty.  
2           Presumably, some of that data comes from your  
3           meters, does it not?

4   A.     (Bloomfield) That's correct.

5   Q.     What data are your meters presently in a  
6           position to provide that would be useful to  
7           Concord Steam -- that would be useful to  
8           Liberty?

9   A.     (Bloomfield) Our meters would let them know  
10          what the monthly heating load or, actually,  
11          steam usage would be for each of the buildings  
12          that we meter.

13   Q.     Is there any sense in which the Concord Steam  
14          meters aren't functioning correctly or don't  
15          work?

16   A.     That does happen occasionally, yes.

17   Q.     Would that have a significant -- well, to what  
18          degree would that impact the quality of the  
19          data that you would provide to Liberty?

20   A.     (Bloomfield) We review that every month with  
21          our -- our technicians go out every month when  
22          they read meters, and flag a situation where a  
23          meter might be not working properly, we replace  
24          or repair that meter. So, I feel that our data

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 is as accurate as can reasonably be expected.

2 Q. And I think my last question is going to be for  
3 the Liberty witnesses, maybe two questions.

4 The regulatory asset that you're going to  
5 create that will compensate the Company for the  
6 purchase price is not the only expense that the  
7 Company will incur and recover from ratepayers  
8 in connection with this transaction, true?

9 A. (Hall) Correct.

10 Q. So, what are the other costs that we're talking  
11 about here?

12 A. (Hall) Let's take a look at Attachment 1 to the  
13 testimony. If you look in the at the top of  
14 the exhibit, there's a grayed out area. And  
15 the first line says "Capital Cost \$926,500".  
16 That's an estimate of the amount that we would  
17 invest in putting main and services in the  
18 ground to serve customers with gas instead of  
19 steam. And, then, the other items are similar  
20 to the items that were on Attachment 2; return,  
21 property taxes, insurance, and O&M.

22 Q. That exhibit notwithstanding, you are not here  
23 today asking for the Commission to approve or  
24 determine or limit any of those costs, are you?

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 A. (Hall) I'm not -- we're not here requesting a  
2 determination of the prudence of those costs.  
3 However, we are here requesting that the  
4 Commission approve the concept that is laid out  
5 in the Settlement Agreement with respect to  
6 cost recovery.

7 Q. Okay. With respect to that concept then, would  
8 Liberty consider including in implementation  
9 costs the funding to support technical  
10 assistance, grants toward energy audits, and  
11 similar measures that would contribute to the  
12 adoption by current Concord Steam customers of  
13 high efficiency equipment?

14 A. (Hall) I can't answer that sitting here on the  
15 stand. I'm sorry. That's something that I'd  
16 have to sit down and we'd have to talk more  
17 extensively about. And I can't sit here and  
18 negotiate something with you.

19 Q. Understood. And I assume Mr. Clark has the  
20 same answer?

21 A. (Clark) I do.

22 MR. KREIS: Okay. Mr. Chairman,  
23 thank you. Those are all of my questions.

24 CHAIRMAN HONIGBERG: Commissioner

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Scott.

2 CMSR. SCOTT: Thank you. Good  
3 morning.

4 BY CMSR. SCOTT:

5 Q. My first question will go to Mr. Bloomfield. I  
6 was just curious, is the Federal Courthouse one  
7 of your steam customers now?

8 A. (Bloomfield) Yes, they are.

9 Q. And does the General Services Administration --  
10 are they familiar with what's going on?

11 A. (Bloomfield) Yes, they are. They have a firm  
12 they contract to operate and maintain all their  
13 physical systems there. And we've been in  
14 contact with them and make sure they know  
15 what's going on, and that they work towards  
16 getting their heat in a timely fashion.

17 Q. So, this whole potential transaction should not  
18 be a surprise to them?

19 A. (Bloomfield) That's correct, yes. It doesn't  
20 do us any good to send an invoice -- to send  
21 notice in an invoice, because the invoice goes  
22 to Fort Worth, Texas or something. So, we're  
23 working with the local people who are running  
24 the building.

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Q. And thank you. That was my concern. I was a  
2 little bit worried about, potentially,  
3 bureaucracies have -- I'll leave that. Sorry.

4 Also, now, and I'll start with my -- now  
5 with my usual caveat, which whoever feels best  
6 to answer, please feel free to do so, at least  
7 from me.

8 There was a discussion about post May  
9 2017, and I just wanted to clarify what the  
10 request is for us to approve. Am I correct  
11 that after that date the utility franchise  
12 would be terminated, correct?

13 A. (Hall) Yes. That's my understanding.

14 Q. So, there was some discussion about Concord  
15 Steam would do X and X and X after that date.  
16 Can somebody elaborate on that and clarify that  
17 for me?

18 A. (Hall) Yes. When the Agreement was negotiated,  
19 one of the things we tried to take into account  
20 is that "what if something happens that was  
21 unanticipated?" That, for whatever reason, one  
22 or more customers can't convert in time to take  
23 natural gas service, and they have to continue  
24 to take steam service.

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           Obviously, we can't leave customers  
2           stranded. So, we had to put in a provision in  
3           the Asset Purchase Agreement to handle that  
4           unknown possibility. It's not clear what that  
5           might be. It's not clear what entity would be  
6           providing this type of service. But to have  
7           nothing in there would mean that some  
8           customers, possibly the State, might be put in  
9           a position where they're not able to convert  
10          their facilities quickly enough to take gas  
11          service, and now they'd be stuck come the  
12          Winter of 2017, and you just can't have a  
13          situation like that. So, we had to anticipate  
14          that possibility. And that's really what  
15          that's for.

16   Q.    So, to paraphrase perhaps, so, the APA allows  
17          this to happen, for some entity to take that.  
18          More to the point for my question, that entity  
19          is not envisioned to be the utility, Concord  
20          Steam, is that not correct?

21   A.    (Clark) Correct. It would be a third party, a  
22          new entity being created, using the existing  
23          plant, if there was a negotiation, temporary  
24          steam boilers that tied into the existing

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 infrastructure, that Liberty was fine with  
2 releasing the non-compete part of the APA for  
3 the utilization of the underground steam  
4 piping, provided natural gas was the fuel  
5 source for that steam.

6 Q. Okay. Similar lines, after -- again, after  
7 May, assuming we approve this, who actually is  
8 responsible to do the -- who will do the  
9 cutover from, even if it's the summer and  
10 there's no steam running, but to move customers  
11 from the Concord Steam pipe, to isolate that  
12 system and do whatever they need to for a  
13 natural gas system, somebody needs to physical  
14 cut the connection with the steam pipe. And, I  
15 assume, since it may still be operational  
16 later, has to -- you can't have a gaping whole  
17 in the steam pipe, who would do all that?

18 A. (Bloomfield) We have plans for doing just that.  
19 That, as part of our wind-down, we would be  
20 disconnecting pipes in customers' buildings and  
21 sealing the pipe, so that -- and labeling it,  
22 so that people 20 years from now know what it  
23 was. And, if necessary, doing those other  
24 kinds of closing up and decommissioning of the

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 system in order for it to be safe.

2 Q. And what I've gathered from some discussion,  
3 obviously, is the control, liability, ownership  
4 of abandoned pipes. That's yet to be  
5 determined, is that correct?

6 A. (Bloomfield) That's correct. Because they're  
7 talking about some pipes not being abandoned  
8 immediately. And it's a question of those,  
9 yes.

10 Q. And the ones that are abandoned immediately,  
11 who would control those?

12 A. (Bloomfield) They're abandoned. And abandoned  
13 pipes are all over the place. They're just  
14 abandoned.

15 Q. Okay. So, there's no liability --

16 A. (Bloomfield) Correct.

17 Q. -- issues associated?

18 A. (Bloomfield) Correct.

19 Q. We'll see if the City agrees with that. Okay.  
20 I'll move on.

21 We've kind of talked to it, I'd just like  
22 to elaborate a little bit more, on timing. You  
23 know, we've heard the School District say they  
24 need to move now, if they're going to do

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 something for the October heating system. I  
2 assume that most of your customers would have  
3 the same type of concerns?

4 A. (Bloomfield) Yes. Some of the smaller  
5 customers or smaller buildings do not have as  
6 much of an issue, others are in the same kind  
7 of situation as the School District, where they  
8 need to know what's going to happen, so they  
9 can make their plans and make everything happen  
10 in a timely manner.

11 There are a handful of customers that will  
12 actually need steam during the summer, because  
13 of -- be it a restaurant or hot water for  
14 apartments. And those -- actually, they need  
15 to have something in place by the end of May  
16 rather, rather than others who are only heat  
17 have to have something in place by October.

18 Q. Well, along the same lines, why is May 2017 the  
19 best date? Why not May 2018?

20 A. (Bloomfield) The time was chosen because it was  
21 felt that a year was ample notice for people  
22 to -- for the majority of the customers to deal  
23 with a solution. If we tried to drag it out  
24 another two or three years, as we reduce

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 customers, we'd have to increase rates. And  
2 the issue is "how do we" -- "how can we  
3 forecast how many customers we lose at what  
4 point over that two-year period?" And trying  
5 to figure out what our rates would be, and how  
6 we'd be able to stay solvent while we're losing  
7 all our customers during that time. It would  
8 just -- it would just be a wild guess, really.

9 Q. Thank you. Earlier, I think the  
10 representatives from Liberty mentioned that, in  
11 their estimation, "steam was really the only  
12 option for the downtown customers". First of  
13 all, did I characterize that right?

14 A. (Bloomfield) That was -- actually, I said that.

15 Q. Oh. Thank you. Did I characterize that right?

16 A. (Bloomfield) Yes. At least for the majority of  
17 the buildings as they are now, you know, they  
18 have got -- some of them have the old -- a lot  
19 of them have the old steam radiators, that all  
20 you can do is use steam.

21 Q. So, again, for the group, I was curious, the  
22 assertion that natural gas seems to be the only  
23 alternative, is anybody aware of anybody else  
24 proposing alternatives to customers?

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 A. (Clark) I'm not aware of any, no.

2 Q. Okay.

3 A. (Frink) No.

4 Q. And nobody's talking about adding biomass  
5 boilers or anything like that?

6 A. (Clark) Not that I'm aware.

7 Q. Okay. I know this has been discussed a little  
8 bit already, but, and I'll caveat this with,  
9 obviously, we've, you know, we had a discussion  
10 on intervenor status regarding based on energy  
11 efficiency, I hope you understand that that  
12 doesn't mean the Commission doesn't have an  
13 interest in energy efficiency. And, with that  
14 in mind, I was curious, you know, if you could  
15 elaborate a little bit more on how energy  
16 efficiency would be integrated into your  
17 outreach efforts?

18 A. (Clark) Well, other than the meeting that we're  
19 having on the 21st, we look at this as very  
20 similar to commercial customer additions on a  
21 yearly basis on the sales process. Every time  
22 one of our commercial, two account managers,  
23 meet with the commercial clients looking to  
24 convert to natural gas, we discuss energy

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 efficiency. We advice them of what programs  
2 are available. Whether it be a prescriptive  
3 boiler, you know, with a set rebate, or a  
4 custom application, if they're doing something  
5 outside of the norm. We do want to provide  
6 that service looking at them as being a  
7 long-term customer, and it's a relationship.  
8 We want them to make the best decision for them  
9 at the time of the conversion, and not just  
10 think about what is best today, but what is  
11 best for the next 20 years for their business.

12 A. (Hall) And may I add something?

13 Q. Please.

14 A. (Hall) Something I think that needs to be kept  
15 in mind is that there is nothing in the APA,  
16 nor in the Settlement Agreement, that precludes  
17 any customer from taking advantage of any  
18 energy efficiency services or services that the  
19 Jordan Institute may want to offer. There's  
20 nothing to prevent them from doing that, and  
21 they're free to do so.

22 Q. I guess what I'm more interested in is what  
23 does the utility, Liberty, intend to do.

24 A. (Hall) Understood. Uh-huh.

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Q. Along similar lines, I think, Mr. Kreis's  
2 question regarding "have you talked to  
3 Unitil?", I guess I'd like to explore that a  
4 little bit more. All your potential customers  
5 that we're talking about are electric customers  
6 also of Unitil, correct?

7 A. (Clark) Correct.

8 Q. So, is there not an opportunity for some  
9 synergies there, for instance, for the Unitil  
10 energy efficiency programs, perhaps to be  
11 lumped with your gas efficiency programs, and  
12 to try to provide a better, more attractive  
13 package for your potential customers?

14 A. (Clark) There very well may be. And, as I  
15 mentioned, I'm specifically not aware of any of  
16 those conversations. But I know our Energy  
17 Efficiency Manager, Eric Stanley, is in  
18 constant contact with Unitil on energy  
19 efficiency standards and collaboration. So, I  
20 would not be surprised if they have spoke.

21 Q. Could you give me more assurance that maybe you  
22 could do that?

23 A. (Clark) I will do that.

24 Q. Thank you. Again, I'm still on energy

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 efficiency. Is there any expectation that  
2 you'll be looking at creation of any special  
3 energy efficiency programs for this particular  
4 situation?

5 A. (Clark) Not that I'm aware of. When, from my  
6 point of view, when we say "special", those are  
7 "custom", and we do have custom applications  
8 available, where we could bring in an  
9 engineering firm to, you know, do an evaluation  
10 on steam traps, building envelope, make-up air  
11 units, variable speed valves, all of that are  
12 more of the custom application. So, we could  
13 go building by building and find out what's  
14 best for these customers.

15 Q. Okay. Thank you. Change the topic again. Am  
16 I correct that -- well, let me ask you this.  
17 Are the Concord Steam customers that would  
18 potentially -- that you're looking at, there  
19 are distribution lines nearby for all of those,  
20 is that not correct?

21 A. (Clark) Yes. We don't have the exact, you  
22 know, location of where their steam meters are,  
23 but we know the blocks that they're located on,  
24 and we know where our gas lines are, obviously.

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 And we can serve them, we believe, pretty  
2 easily without ripping everything up.

3 Q. And your last statement was where I was going  
4 next. So, are there -- is there a potential  
5 for a lot of road disruption for converting  
6 these customers, streets being torn up?

7 A. (Clark) Not downtown. There are some buildings  
8 that could be accessed through stores, and then  
9 through some of the alleyways. When the  
10 Concord Revitalization Project began a few  
11 years back, Liberty was contacted. And we had  
12 one of our engineers working with the City, and  
13 we evaluated all current services that would  
14 need to be upgraded or replaced or that were  
15 coming up on CIBS work. And we did a lot of --  
16 most of that work at that first summer, and I  
17 believe finished it the year after. Any  
18 customer that would potentially need an  
19 upgrade, we took care of at that point. So,  
20 we're not anticipating any disruption of what  
21 has been done downtown.

22 Q. Okay. So, my next follow-up question to that,  
23 sounds like the answer is "no", is if you were  
24 in a "no deal" scenario, one concern I had is,

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 if it did take five years for this conversion  
2 to happen, as you well know, in a lot of  
3 municipalities, you can't constantly dig up the  
4 road, --

5 A. (Clark) Correct.

6 Q. -- and you end up in a lock-out period, and  
7 which makes it impossible to put the customers  
8 on. That's not an issue here?

9 A. (Clark) That's not an issue here. That's one  
10 of the reasons we wanted this all done in one  
11 summer as well. So, if there were three  
12 customers on the same block, we could  
13 coordinate with the City, you know, rather than  
14 doing three individual patches, we could do  
15 something more substantial and get it all done  
16 quickly.

17 Q. So, in that respect, it is a benefit to the  
18 City to be able to --

19 A. (Clark) It could be.

20 Q. -- lump these?

21 A. (Clark) As far as working through one summer.

22 Q. Thank you. Can you define "CIBS" for the  
23 record?

24 A. (Clark) Cast Iron/Bare Steel replacement.

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Q. Thank you. So, also, in your testimony, you  
2 talk about a "30 percent estimated savings"  
3 from the "deal" scenario, compared to the "no  
4 deal". And I think I heard you earlier say  
5 maybe "30 to 35 percent", is that correct?

6 A. (Clark) With the overheads and the timing and  
7 the escalation, again, the "no deal" scenario  
8 was an estimate on how long that would take to  
9 wind them down. I believe I had a 3 percent  
10 inflation rate in there, which got me to the 30  
11 percent overall, plus contracted labor rates  
12 going up, and 30 to 35.

13 Q. Okay. And, if I would want to quantify that,  
14 is that just the -- looking at Attachments 1  
15 and 2, is that the differences between the  
16 capital costs between the two, the "CapEx"?

17 A. (Clark) Correct. The number that you see  
18 there, my eyes, the 9 -- the 900 --

19 A. (Hall) 926,5 -- 926,000 --

20 A. (Clark) Which is the direct.

21 A. (Hall) That's on Attachment 1. And Attachment  
22 2 is about 1.2 million.

23 Q. So, that's the 30-35 percent --

24 A. (Frink) There is a point I'd like to clarify.

{DG 16-770} {09-09-16}

1                                    *[Court reporter interruption.]*

2 BY CMSR. SCOTT:

3 Q.     Use the microphone.

4 A.     (Frink) There is -- Yes, I'm sorry. There is  
5         one point I'd like to clarify. This discounted  
6         cash flow analysis looks at the revenue  
7         requirement over the ten years, but it doesn't  
8         reflect when rates will actually be adjusted.  
9         So, they're coming in for a rate case next  
10        year. Liberty gets a rate increase. Then,  
11        that revenue requirement is basically in place  
12        until the next rate case. So, getting a large  
13        delta, a positive delta in year one, and  
14        getting that in this next rate case, is  
15        beneficial to customers over the next four or  
16        five years. Whereas, the differences in  
17        between rate cases, the customer is not going  
18        to realize that.

19                So, even though it's a ten year net  
20        present value that shows a revenue requirement  
21        by year, that's not the way the revenue  
22        requirement actually gets recovered. So, there  
23        is an advantage to getting immediate savings.

24 Q.     Thank you. That's helpful. And that's --

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 maybe I'll add that to my list. So, I'm trying  
2 to sketch out the financial benefits for  
3 Liberty gas customers. And, so, that adds to  
4 that. There's the 30 percent, 35 percent  
5 reduction. And, again, I'll clarify, between  
6 the "no deal" and "deal" scenario. I assume --  
7 well, I guess I'll ask this. I assume it's  
8 agreed for Liberty that most of these  
9 customers, whether the deal happens or doesn't  
10 happen, will eventually make the decision to go  
11 to gas. Is that a correct statement?

12 A. (Clark) Correct.

13 Q. So, comparing those two, I see the benefit  
14 would be the 30-35 percent for installations,  
15 if I just heard you correctly; the use of gas  
16 as a primary fuel over the next winter; the gas  
17 sale to the State, assuming there's an interim  
18 to your period beyond that?

19 A. (Clark) Correct.

20 Q. (a) Are there others that I should be thinking  
21 through?

22 A. (Clark) No. Those were the major. The  
23 incremental for this coming winter, the  
24 potential to pull the State, which is the

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 largest customer, a year early, from rather  
2 than the 2019, actually getting them on natural  
3 gas next year, the 30 percent savings in  
4 construction costs.

5 Q. Okay. And, again, back to Attachment 1 is,  
6 those are factored in, all that?

7 A. (Clark) Yes.

8 A. (Hall) Yes.

9 Q. Okay. Thank you.

10 A. (Frink) I would like to add one thing that's  
11 not factored in here. Is that the revenue  
12 requirement simply reflects the revenue with a  
13 full conversion with no adjustment for rate  
14 increases. So, when you look at actual  
15 revenues, which are projected revenues, that,  
16 if you look at year two, for instance, it's  
17 "\$660,760" for the entire period -- for the  
18 remaining period. But, in fact, there will, in  
19 all likelihood, be a rate increase next year,  
20 and that \$660,000 in revenues is going to be  
21 something greater. So, this is somewhat  
22 understated.

23 Q. Thank you. So, again, in the same context, I'm  
24 trying to figure what's in it, you know, why is

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 this a good deal for an existing Concord Steam  
2 customer, compared to what would happen, and I  
3 apologize, I'll use your same words, Mr.  
4 Bloomfield, the death spiral happens, we don't  
5 intervene and accept the Agreement. You know,  
6 is there any more that's in, you know, that's  
7 in this -- or, put another way, the  
8 \$1.9 million in the Settlement, where does that  
9 come from?

10 A. (Hall) It was a negotiated amount.

11 Q. So, I'll ask my question -- go ahead, sorry.

12 A. (Hall) I was going to say, there is no magic to  
13 how the number was arrived at. It was the  
14 result of, you know, some intense negotiation.

15 Q. So, is there any other, before I finish my  
16 questioning, so, those are the things I was  
17 trying to quantify --

18 A. (Hall) Uh-huh.

19 Q. -- and compare them to the 1.9. Is there  
20 anything else I should consider?

21 A. (Frink) I do -- I would like to add that, when  
22 the Company, both companies, both utilities, I  
23 believe Concord Steam approached Liberty about  
24 purchasing the system. And, at that time,

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           Concord Steam had a 20-year -- well, had a  
2           long-term contract with the schools. It was  
3           ten years. They were seeking to get a  
4           long-term contract with the State. They had an  
5           interested investor. At the same time, the  
6           Commission had opened an investigation into  
7           their operations, because there were concerns  
8           with the plant operations and, you know, the  
9           Fire Marshal's Inspection Report and that sort  
10          of thing. But, at that point in time, Concord  
11          Steam was a viable -- still had plans and  
12          intended to remain in service. And, so, they  
13          went to Liberty to try and see what would be  
14          viable, but the intent was "we're going to be  
15          around for a while".

16                 By negotiating this contract and paying  
17                 1.9 million, well, that eliminated the risk  
18                 that these customers or the State, again, takes  
19                 a long time to get things done, might drag on  
20                 and on. And, so, this realizes an immediate  
21                 revenue, a benefit to customers, by these  
22                 additional sales this winter.

23                 Now, that wouldn't have happened absent  
24                 this agreement. Concord Steam uses wood as its

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 primary fuel source, and natural gas for  
2 peaking. It's completely flipped here. So,  
3 that is a benefit to Liberty's customers that,  
4 okay, these are additional revenues that, when  
5 they come in for a rate case next year, that  
6 will help reduce the revenue requirement.

7 Then, you've got your capital costs. The  
8 capital costs that -- to convert these  
9 customers next year under -- as part of this  
10 agreement, they did they're engineering  
11 studies, they looked at what those costs would  
12 be. That's a million dollars. There's a  
13 30 percent savings. Add 30 percent to the  
14 costs, if you don't do it all at once. That's  
15 part of the analysis.

16 Then, the revenues from if Concord Steam  
17 did stay in service indefinitely, or if they  
18 went out of business over a course of five  
19 years, then all those revenues get moved up,  
20 and they get the benefit of those revenues,  
21 ratepayers get the benefit of those revenues.

22 So, in essence, this analysis gives the  
23 utility their allowed rate of return, because  
24 this 1.9 million could have been used for any

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 investment, to expand service to Windham and  
2 Pelham or up in Lebanon/Hanover, wherever. But  
3 their investment is 1.9 million, and they are  
4 getting, with certainty, this winter's gas  
5 revenues that they wouldn't have gotten  
6 otherwise. They're getting savings in the  
7 capital costs. And they're getting future  
8 revenues at this point in time, rather than  
9 somewhere down the road, where they have less  
10 value and less certainty.

11 So, that's what, when Staff evaluated this  
12 project, we looked at it two ways. One, we  
13 looked at it "what is Concord Steam getting out  
14 of it?" Well, Concord Steam customers are  
15 seeing approximately \$2 million of their costs  
16 being waived, as far as they're concerned.  
17 What -- and, so, it's a good deal, it goes  
18 without saying, that's a good deal for Concord  
19 Steam. The benefit to Liberty is less obvious,  
20 but ratepayers will see a lower rate when the  
21 utility, assuming these come true, and we  
22 already know parts of them have, when this  
23 comes to pass, ratepayers, in the next rate  
24 case, are going to see a lower rate than they

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 would see without this deal.

2 And I think it's important to keep in mind  
3 that this was negotiated at a different time.  
4 Right now, there's no way Concord Steam can  
5 continue on. The customer losses, as a result  
6 of the press that's taken place, and  
7 developments and announcements that have been  
8 made, and everything, at this point, there's no  
9 turning back. And the emergency rate that the  
10 Company has proposed for effect October 1, and  
11 that Staff supported, we factor in the usage  
12 rate and the Cost of Energy, that's a \$61.26  
13 charge. That is the equivalent gas rate, a per  
14 therm rate of over \$5.00. We have the  
15 EnergyNorth cost of gas filing. And, for a  
16 commercial/industrial customer, medium size,  
17 winter use, their per therm cost for that  
18 customer, average customer, 95 cents a therm.  
19 So, there's a huge savings to Concord Steam's  
20 customers, both -- if they convert to gas.

21 And you can be sure, if they have to stay  
22 open beyond next -- beyond May 2017, that  
23 rate's going to be even higher, because most  
24 every customer that can get off will get off.

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Unless -- the State is in a difficult position,  
2 but they're working with Liberty and Concord  
3 Steam to resolve that. And I think most  
4 everybody else, just on the economics alone,  
5 will be off the system, and for a substantial  
6 saving.

7 And I know Mr. Connor has filed testimony  
8 stating what the savings are for the State.  
9 And that's at these rates, and they're only  
10 going to go up, if they don't close after this  
11 winter.

12 Q. Thank you. And I think my last question, I  
13 just want to verify, again, for this coming  
14 winter, we talked about natural gas being the  
15 primary fuel under the Agreement. Mr.  
16 Bloomfield, so, you feel confident you'll still  
17 be able to have the wood ability to cover, if  
18 we end up in a -- my guess is, since we really  
19 didn't have a winter last year, we're likely to  
20 have one this year. And, to the extent we get  
21 gas constraints, like we did two years ago,  
22 you'll be able to supplement with wood, if gas  
23 prices are too expensive?

24 A. (Bloomfield) Yes. Yeah. We have made

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 arrangements to have enough wood stored and  
2 accessible and suppliers ready to supply us, if  
3 we need it.

4 CMSR. SCOTT: Thank you.

5 CHAIRMAN HONIGBERG: Commissioner  
6 Bailey.

7 CMSR. BAILEY: Thank you. Most of my  
8 questions have been answered, but I have a few  
9 questions about the details or the mechanics of  
10 it.

11 BY CMSR. BAILEY:

12 Q. Can we look at Attachment 2 -- no. Yes,  
13 Attachment 1 to the Clark and Hall testimony.  
14 Can you tell me why, in the "Actual Revenue"  
15 column, the numbers decrease in the second year  
16 and remain constant?

17 A. (Hall) The first year revenue includes the  
18 effect of Concord Steam burning gas in the  
19 first winter.

20 Q. And you didn't count in the actual revenue, the  
21 gas that you would -- the additional gas that  
22 you would be selling to the new customers? I  
23 mean, I don't understand why the revenue  
24 decreases? Oh, it increases. It goes from

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 816,000 to 660,000.

2 A. (Frink) I can explain, because I reviewed this  
3 with the Company. And it was actually  
4 something I requested. Is that there's a --  
5 there's a benefit of revenue from the  
6 additional sales. Now, they sell natural gas  
7 to Concord Steam every winter. But, again,  
8 this winter it's their baseload. So, the delta  
9 between the 660 and the 816, \$150,000, that is  
10 the additional revenues that they're going to  
11 realize from the additional sales of gas to  
12 Concord Steam this year. That's the delivery  
13 rate margins. And that, once that goes away,  
14 the 660 is basically what Concord Steam's  
15 customers will be using.

16 Q. Okay. Thank you.

17 A. (Frink) And I would like to point that, also in  
18 this analysis, the utility, Liberty, took into  
19 account the efficiencies from serving customers  
20 directly. So, they looked at Concord Steam's  
21 sales data. And, as you know, the Concord  
22 Steam system is very inefficient. It has a  
23 very large loss, line losses. Delivering gas  
24 directly to the customers is going to reduce

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 the revenues that Liberty will realize, than  
2 they would realize if they just were to  
3 serve -- if Concord Steam were buying that gas,  
4 pumping it through their lines and losing 30  
5 percent of it as it goes. So, that's another  
6 reason why going forward, once customers  
7 convert, it's a lower number than year one.

8 Q. Okay. Thank you. Mr. Bloomfield's testimony,  
9 on Bates Page 018, you say that "The purchase  
10 price paid to Concord Steam", the 1.9 million,  
11 "will enable Concord Steam to pay expenses that  
12 otherwise would be passed on to your  
13 customers". Can you elaborate a little bit  
14 about what those expenses are and how much they  
15 add up to?

16 A. (Bloomfield) Some of the expenses have to do  
17 with labor. And the steam plant is a fairly  
18 complicated and technical operation. And we  
19 need to make sure that our personnel stay with  
20 us up until -- up and until we're closing, the  
21 operators and maintenance people. So, part of  
22 the closing costs is a retention bonus we pay  
23 to employees, to make sure they stay up until  
24 through the time we need them.

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Q. But didn't we -- excuse me. But didn't we talk  
2 about that in the hearing the other day? Isn't  
3 that accounted for in the emergency rate  
4 increase?

5 A. (Bloomfield) It is. But, also, as part of the  
6 emergency rate increase, part of the revenues  
7 that we've included is the 1.9 million.

8 Q. Okay.

9 A. (Bloomfield) So, it's all kind of bundled into  
10 one lump sum of rate increase.

11 Q. Okay.

12 A. (Bloomfield) Of revenue, of rate increase, and  
13 the 1.9 is our total revenue for this year.

14 Q. And, if you didn't have this 1.9 million, then  
15 those rates would have to increase by another  
16 1.9 million?

17 A. (Bloomfield) Yes. That's correct.

18 Q. Okay. Thank you. And I think my last question  
19 has to do with Mr. Bloomfield's testimony on  
20 Page 19, but it's a question to Liberty. The  
21 question about the collection of past due  
22 amounts or the provision that he requests that  
23 we approve, to make sure that customers of  
24 Concord Steam have paid in full, before you

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 connect the gas service or before you turn it  
2 on. Do you have any opinion about that?  
3 That's not part of the Settlement Agreement or  
4 the Agreement that you've reached yet, is it?

5 A. (Hall) No. That is not in the APA.

6 Q. Do you have any concerns about that or do you  
7 have any opinion, I mean, are you willing to do  
8 that?

9 A. (Hall) Well, I think, from Concord Steam's  
10 perspective, it makes a whole lot of sense.

11 Q. I agree. I mean, I don't disagree. But I want  
12 to know what your opinion -- I mean, do you  
13 have any concerns about it?

14 A. (Clark) We have a concern about denying heating  
15 service or the ability to heat a building, if  
16 somebody is delinquent on a past energy bill.  
17 But we would like to get that customer, we do  
18 background checks and credit checks of  
19 customers. So, we could require a deposit from  
20 a customer that's in arrears or has a bad  
21 credit history. But, if they were to pay that  
22 deposit or escrow, we would provide service.

23 CMSR. BAILEY: Okay. I think that's  
24 all my questions. Thank you.

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 CHAIRMAN HONIGBERG: I have a few  
2 questions, following up on some other things  
3 that have been asked.

4 BY CHAIRMAN HONIGBERG:

5 Q. The forum later this month, I know there was  
6 some discussion about who's been invited or  
7 will be invited. Has anyone from the  
8 Sustainable Energy Division of the Commission  
9 been invited to that? And, if not, can we make  
10 that happen?

11 A. (Clark) I'm not aware, but I will make it  
12 happen.

13 Q. Mr. Hall, would you go through briefly a  
14 general explanation of what it means to "create  
15 a regulatory asset", and what the significance  
16 of that is for ratepayers?

17 A. (Hall) Certainly. I think everyone is familiar  
18 with the concept of utilities earning a return  
19 of and on rate base. You invest in plant, you  
20 put it into an asset account, the utility is  
21 entitled to recover depreciation, return of the  
22 asset, plus a return on the asset.

23 The payment that will be made to Concord  
24 Steam is not a rate base item. It's not an

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 investment in plant. It's not plant in  
2 service. So, absent any approval for special  
3 treatment from the Commission, it's money that  
4 Liberty would pay that could likely never  
5 recover from customers.

6 What we are proposing is that this money  
7 that gets paid out, instead of Liberty  
8 expensing it in the first year, it takes that  
9 money and sets it aside and puts it on its  
10 balance sheet. And it sits on its balance  
11 sheet very similar to the way investment in  
12 plant in service would sit on a balance sheet.  
13 It becomes an asset. That asset then gets  
14 amortized or depreciated over a five-year  
15 period, along with a return on those dollars.

16 And that's the concept that we're  
17 proposing under the Settlement Agreement, is  
18 essentially special treatment for this upfront  
19 payment to create an asset, rather than  
20 expensing it all at once.

21 Q. Thank you. We've received a number of written  
22 comments in this docket, I think the number is  
23 eight. They are largely opposed to the  
24 transaction, because it involves the

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 possibility of increased use of gas in the  
2 state. They all, not coincidentally, come from  
3 the part of the state where the Kinder-Morgan  
4 Pipeline was proposed. And, so, there's a  
5 concern, and some of the people here in the  
6 audience are people who I think submitted  
7 comments.

8 I'm going to ask you some questions based  
9 on some of those comments. Many of which, I  
10 will tell you through the presentation today  
11 and in written testimony were responded to, but  
12 there are some I would like you to comment on.

13 First, I'm going to direct one to Mr.  
14 Frink. Why are we on what is perceived to be  
15 an accelerated schedule, and what feels like an  
16 emergency, when you would be hard-pressed in  
17 the filings to find the word "emergency"? Was  
18 it not an emergency in July, and now it's an  
19 emergency? There's some element of that you've  
20 already testified to that may be there. But  
21 this schedule was already set before that  
22 happened. Talk a little bit, based on your  
23 experience and your knowledge of this docket,  
24 as to why we're on the schedule that we're on?

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 A. (Frink) As noted earlier, there was an  
2 investigation into, and actually has been an  
3 ongoing status report requirement from back in  
4 2014, about Concord Steam's continued  
5 operations and what their future looks like,  
6 what their plans were. And it even dates back  
7 farther than that.

8 Back in 2007, when it became obvious that  
9 Concord Steam was losing customers to the gas  
10 utility, that the only way they could compete  
11 was to build a new plant. And the State and  
12 the City actually entered long-term contracts.  
13 The engineering was done, land was purchased.  
14 The Commission approved the special contracts  
15 between the utility and the State and the City  
16 and a steam purchase agreement. Everything  
17 was -- every effort was made to help Concord  
18 Steam realize its dream, remain competitive,  
19 provide utility service indefinitely.

20 Well, the financing never -- I think it  
21 never realized the financing. They couldn't,  
22 despite all their best efforts, they couldn't  
23 get somebody to put up the money for it. That  
24 plant was \$100 million. And that plant, from

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 that point on, Concord Steam has been telling  
2 customers that we're going to get a new plant,  
3 and we'll reduce our rates by 30 to 40 percent.

4 Customers -- well, the customers that  
5 could easily convert to gas, most of them are  
6 gone. Customers that, where it's more  
7 difficult, stayed on. But, over time, there's  
8 been a steady erosion of customers, they left  
9 the system for economic alternatives.

10 And, then, during the state, it takes more  
11 sense for the utility to make in investments in  
12 plant and distribution, their distribution  
13 system, other than the absolute minimum,  
14 because they don't know if they're going to be  
15 in business beyond next year. So, you can only  
16 do that so long before there's an impact on  
17 service. And, so, they need a new plant, both,  
18 one, to be competitive, to have rates that are  
19 relatively competitive, and, two, just from the  
20 physical reliability. So, that's -- without  
21 that, it really can't survive.

22 Well, as part of the Staff's invest --  
23 part of the Commission's investigation into  
24 operations, the State came forward and said,

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1       you know, "we're looking at energy companies,  
2       and we can't enter a long-term contract."

3               The contract with the school, when Staff  
4       reviewed that, we didn't think it was a -- it  
5       was fair to customers, and we made a  
6       recommendation it not be approved. The whole  
7       thing, basically, the investors, who were  
8       actually at that technical session that opened  
9       the investigation, were here. But it became  
10      pretty obvious that a new plant wasn't going to  
11      be built, it wasn't going to be built in time  
12      to save Concord Steam.

13              So that, and they were already in for a  
14      rate increase anyway. Well, now, they have  
15      been holding costs back, holding costs down,  
16      now, with, again, the losses have reached a  
17      point, and there's no new plant on the horizon  
18      that would enable them to reduce rates, that  
19      customers are going to depart even more quickly  
20      than previously. And, as we've talked about a  
21      "death spiral", well, at this point, we're  
22      beyond a death spiral. You know, they're not  
23      going to be able to survive. They're in  
24      hospice care.

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           So, we've got until the end of this winter  
2           to get these customers in a position to find an  
3           alternative. And, if you -- and that's an  
4           emergency. It's going to be a hardship for  
5           existing customers for this year. They're also  
6           going to have to find the financing and the  
7           funding to convert from steam to an  
8           alternative, which is most likely natural gas.  
9           So, in addition to the higher rates, there's  
10          those costs.

11           But, as I just stated, there's a -- you  
12          can buy gas from the gas utility for a dollar,  
13          and, if you buy steam, it's \$5.00. So, there's  
14          a tremendous savings, and that \$5.00 is going  
15          to be even worse, much worse going forward.

16           So, and let's say the Commission decided  
17          to keep it open for another year. In all  
18          likelihood, the only customer that they will  
19          have will be the State of New Hampshire, and  
20          the State of New Hampshire will be paying for  
21          Concord Steam's 17 employees, and for keeping  
22          those lines wet during the winter, so they  
23          don't -- the seals won't dry out and crack and  
24          it's even worse. It's going to be very

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 expensive. And there are alternatives that are  
2 being explored that could -- that will help the  
3 State through this transition period, without  
4 incurring all of the utility costs that would  
5 basically be their entire burden. So, that's  
6 why it's an emergency. This allows enough  
7 time, and it provides some rate relief.

8 That \$1.9 million, that adds another --  
9 I've been putting it in a per therm basis, that  
10 adds like another \$1.50 to the per therm rate.  
11 Without that \$1.9 million, Concord Steam is  
12 going to need to recover almost \$7.00 a therm.  
13 So, it is an economic emergency.

14 And it's also a physical -- I won't say  
15 it's a "physical emergency", but it's reaching  
16 that point to where the plant itself and the  
17 system need some repairs. The Fire Marshal may  
18 be willing and the State willing to forgo a  
19 delay, you know, not making those repairs for  
20 one winter. But, I think, if you extend it  
21 beyond one winter, they're going to want to see  
22 some improvements made.

23 Q. So, it was, circling back to the question of  
24 "why we're on the accelerated emergency

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 schedule?", it's, working backwards, the  
2 physical plant issues, the Company being near  
3 the end of the death spiral, the added costs  
4 that will be shouldered by the remaining  
5 customers for as long as this goes on.

6 A. (Witness Frink nodding in the affirmative.)

7 Q. Did I miss any of the other reasons you, in  
8 short, just the bullet point versions, did I  
9 miss any?

10 A. (Frink) No.

11 Q. Okay. Also challenging comments, is this  
12 transaction consistent with the State's  
13 ten-year energy strategy? Is the ten-year  
14 energy strategy relevant to this transaction at  
15 all, in anyone's view? And the lawyers who  
16 represent parties here may want to say  
17 something about that in their closings.

18 A. (Frink) It's somewhat interesting, in having  
19 read that, that one of the recommendations was  
20 "expanding natural gas service". So, it's  
21 consistent in that respect. But, as far as the  
22 "getting off fossil fuel" requirements, I don't  
23 really know how it satisfies that. And that's  
24 probably a better question to ask the

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Department of Administrative Services.

2 Q. Well, there's an element of it that  
3 Administrative Services might want to address.  
4 And it's certainly true that those who feel  
5 that the State should not be becoming more  
6 dependent on fossil fuel should be doing that.  
7 But that's really a question between the  
8 citizens who are interested in that and the  
9 Department of Administrative Services.

10 But, in your view, you all have to deal  
11 with State law, State policy. I mean, I guess  
12 I would ask if the Company's witnesses, if  
13 Liberty's witnesses, have any opinion about  
14 how, if at all, this interplays with the  
15 ten-year energy strategy?

16 A. (Clark) As Mr. Frink mentioned, it does call  
17 for the expansion of natural gas, and one other  
18 element is "fuel diversity". And I believe  
19 this gives customers choice, just like  
20 expansion to new franchise towns, would give  
21 those customers the choice of a new fuel  
22 source, enhancing the diversity.

23 Q. Although, in this instance, I think we've  
24 already established that all of these customers

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 are already within your franchise territory,  
2 aren't they?

3 A. (Clark) That's right. Correct.

4 Q. How about the EERS, the Energy Efficiency  
5 Resource Standards? Is this consistent with,  
6 inconsistent with, or is the EERS not relevant  
7 to this discussion at all?

8 A. (Hall) I don't believe the EERS comes into  
9 play. As I said earlier, the EERS, which will  
10 take effect in 2018, I believe, will -- all of  
11 these customers, to the extent they become  
12 Liberty Utilities' customers, will be able to  
13 avail themselves of any opportunities for  
14 energy efficiency that are offered by  
15 EnergyNorth, or by Unitil, for that matter.

16 Q. Still channeling comments. There's a  
17 perception that, in other contexts, Liberty has  
18 said it needs access to more gas, --

19 A. (Hall) Uh-huh.

20 Q. -- and that it is starved for capacity. Do you  
21 have enough gas to serve this load, if you were  
22 to get all of the customers who are potentially  
23 available to you as the result of Concord Steam  
24 going out of business?

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 A. (Clark) We do.

2 Q. How are you going to assure that? And how is  
3 that consistent with what you've said in other  
4 dockets and in other contexts?

5 A. (Clark) I believe we mentioned in other dockets  
6 that we could be reaching a capacity shortfall  
7 in the next few winters. However, we do have  
8 current capacity to serve all of these Concord  
9 Steam customers. Once they became a customer,  
10 their capacity is assigned and they would not  
11 lose service in the future.

12 If we were not to find a viable capacity  
13 alternative in the next couple years, we could  
14 end up in a moratorium that would not allow us  
15 to hook any new customers up to our system.  
16 But these customers would already be connected  
17 and their capacity assigned.

18 A. (Hall) And, to perhaps more directly address  
19 what was said in other dockets, the NED docket  
20 is one the comes to mind, the testimony in that  
21 docket that discussed the need for capacity as  
22 of, I can't remember whether it was 2018 or  
23 whatever year it was, it took into account the  
24 assumption of load growth during that time

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 period. And, therefore, where we sit today, we  
2 have sufficient capacity to serve them.

3 Over time, obviously, if customers -- if  
4 customers wish to continue -- customers across  
5 the state wish to continue to take -- to avail  
6 themselves of gas service, at some point, load  
7 grows to the point where all of the available  
8 capacity is now used up. But those forecasts  
9 in other dockets assume load growth. And this  
10 is just part of that load growth assumption.

11 A. (Frink) And I would like to add that Liberty  
12 has filed its cost of gas filing for winter's  
13 rates, and their design day requirements are  
14 well below what they forecasted for this winter  
15 as part of the NED proceeding.

16 And, also, for this winter, there is a  
17 provision in the APA that, on a design day,  
18 Liberty require Concord Steam to burn wood.  
19 So, on a design day and capacity is  
20 constrained, customers won't have to -- Liberty  
21 won't have to go out on the market and pay high  
22 prices to serve their existing customers. So,  
23 customers for this winter are protected.  
24 There's no shortage this winter. And, also,

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 Liberty is required to file an Integrated  
2 Resource Plan on or before February 9th, 2017.  
3 So, they will be looking at what their -- will  
4 be looking at what their plans are going  
5 forward to serve current and forecasted load  
6 growth over the foreseeable future or the near  
7 future.

8 Q. The last thing I want to ask about is a slight  
9 and short, what I hope will be short,  
10 continuation of my exchange with Mr. Kreis.  
11 During his opportunity to question you, he  
12 asked about his characterization of the  
13 transaction that is in front of us as one that  
14 would have Liberty paying \$1.9 million to turn  
15 its heating customers over to the gas utility,  
16 and you answered some questions about that.

17 I'm going to read from his letter and ask  
18 you if you agree that it is an accurate  
19 description of the transaction. That it is to  
20 pay Concord Steam "\$1.9 million to shut down  
21 next year and turn its heating customers over  
22 to the gas utility".

23 Putting aside the second part, the  
24 "turning its heating customers over", which

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1           you've already addressed. Is Liberty paying  
2           Concord Steam to shut down next year?

3   A.     (Hall) No.

4   Q.     Is any part of this \$1.9 million attributed to  
5           or conditioned on the Company shutting down  
6           next year? Well, let's put it a different way.  
7           Are you paying -- maybe I don't need to ask the  
8           question again, Mr. Hall. You've answered it.

9           No, Mr. Bloomfield, do you perceive that  
10          the Company is paying Concord Steam \$1.9  
11          million to shut down next year?

12   A.     (Bloomfield) They are -- we are going to shut  
13          down. And I guess it's a question of timing as  
14          to when it shuts down. So, the 1.9 million is  
15          a -- allows us to shut down on an agreed  
16          timeline at the end of May. I don't know -- I  
17          don't think that they're paying us to shut  
18          down. It's we are going to be shutting down at  
19          some point, and this 1.9 million is being paid  
20          to allow us to have a controlled shutdown, a  
21          coordinated shutdown.

22   Q.     Mr. Frink, you want to add anything?

23   A.     (Frink) I'll echo what Mr. Bloomfield just  
24          said. They will be shutting down. It's the

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 question of "will they have that 1.9 million to  
2 apply against their expenses to cover the  
3 operations for this winter and the shutdown?"  
4 So, the Agreement really has no bearing on  
5 Liberty's -- on Concord Steam's continued  
6 existence.

7 CHAIRMAN HONIGBERG: All right. I  
8 don't have any other questions. Mr. Sheehan,  
9 do you have any further questions for your  
10 witnesses who are on this panel?

11 MR. SHEEHAN: Just a couple  
12 mechanical follow-ups.

13 **REDIRECT EXAMINATION**

14 BY MR. SHEEHAN:

15 Q. We've had discussion about the September 21  
16 meeting. And, from what I understand from Mr.  
17 Clark, what you've answered is, to the extent  
18 there has not been an expressed invitation to  
19 Unitil or the Sustainable Energy Division, that  
20 will happen, correct?

21 A. (Clark) That's correct. That will.

22 Q. And that Liberty certainly -- does Liberty have  
23 any issue with other parties like that  
24 participating in this meeting?

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 A. (Witness Hall indicating in the negative.)

2 A. (Clark) No, we don't.

3 MR. SHEEHAN: That's all I have.

4 Thank you.

5 CHAIRMAN HONIGBERG: Ms. Geiger, do

6 you have any further questions for Mr.

7 Bloomfield?

8 MS. GEIGER: I don't have any further

9 questions.

10 CHAIRMAN HONIGBERG: Mr. Speidel, do

11 you have any questions for Mr. Frink?

12 MR. SPEIDEL: No, Mr. Chairman.

13 CHAIRMAN HONIGBERG: All right. I

14 think you all can return to your seats.

15 Let's go off the record for a minute.

16 *[Brief off-the-record discussion*

17 *ensued.]*

18 CHAIRMAN HONIGBERG: Let's go on the

19 record for just a second. Mr. Kennedy, I

20 understand there were questions that were

21 unasked that you would have asked had you been

22 here. Before you ask them, would you like to

23 tell us what questions you would ask if you

24 were allowed to ask questions?

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 MR. KENNEDY: Yes. If I'm permitted  
2 to ask questions, they would have to do with  
3 the decommissioning plan, and the liability of  
4 the pipes after the shutdown of Concord Steam,  
5 and relative to who has the -- who will carry  
6 that liability, to the extent that there's any  
7 damage caused by those pipes after Concord  
8 Steam.

9 CHAIRMAN HONIGBERG: It's my  
10 recollection that those questions were asked by  
11 Commissioner Scott, among others, and by  
12 Mr. Baia. Does anyone have a different  
13 recollection?

14 *[No verbal response.]*

15 CHAIRMAN HONIGBERG: All right. Is  
16 there anything else you would ask?

17 MR. KENNEDY: And the second thing I  
18 would ask is whether or not, in the  
19 decommissioning plan, I think there's been some  
20 discussion about filling the manholes with  
21 cement. We also understand that there's a  
22 number of main lines that Concord Steam has  
23 that are shallow lines and close to the  
24 surface. And what plan, if any, there is to

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 fill those lines with gravel or other  
2 appropriate measures, to avoid any problems  
3 that may occur in the City's right-of-way?

4 CHAIRMAN HONIGBERG: All right. Is  
5 there any objection to Mr. Kennedy -- with us  
6 reconvening this panel and allowing Mr. Kennedy  
7 to ask those questions? Ms. Geiger.

8 MS. GEIGER: I don't have any strong  
9 objection, other than to note that it may be  
10 somewhat more relevant to the other docket, in  
11 which the Commission is considering the terms  
12 and conditions under which Concord Steam is  
13 allowed to discontinue business.

14 But we're all here now. So, we might  
15 as well get it on the record.

16 CHAIRMAN HONIGBERG: Mr. Sheehan?

17 MR. SHEEHAN: No objection.

18 CHAIRMAN HONIGBERG: Anyone else?

19 *[No verbal response.]*

20 CHAIRMAN HONIGBERG: All right. The  
21 panel, you can consider yourself reconvened and  
22 still under oath. And, Mr. Kennedy, the  
23 question -- does everybody remember Mr.  
24 Kennedy's question?

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 All right. Who wants to provide an  
2 answer?

3 WITNESS BLOOMFIELD: In response to  
4 the decommissioning of an abandonment of the  
5 steam lines, Concord Steam's intent is to, as  
6 Mr. Kennedy mentioned, fill the manholes with a  
7 concrete mix and disconnect the steam lines  
8 where they connect into the individual  
9 buildings that they serve, and disconnect trap  
10 lines that go into the sanitary sewer system  
11 where they occur. But we were not going to be  
12 doing anything with the existing steam lines  
13 other than abandoning them in place.

14 BY MR. KENNEDY:

15 Q. Okay. And, so, is there any concern that  
16 Concord Steam might have or that the City  
17 should have relative to the main lines that are  
18 more shallow in the City's right-of-way?

19 A. (Bloomfield) This is -- we view it as not, say,  
20 any significant difference from abandoning  
21 electrical conduit or water lines or gas lines.  
22 When you're saying it's "shallow", the top of  
23 pipe might be two feet below grade. And,  
24 from -- from just general experience from other

{DG 16-770} {09-09-16}

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1 distribution systems, be it on college campuses  
2 or other city situations, the steam lines have  
3 not deteriorated and collapsed, that I know of.  
4 It's not a concern that I would have.

5 Q. Okay. I mean, the reason I ask this is, this  
6 is somewhat of a unique situation, I think, for  
7 New Hampshire, where there's going to be the  
8 abandonment of lines and the dissolution of the  
9 company or the utility that's responsible for  
10 those lines. I know that, in looking at the  
11 Department of Transportation's regulations --

12 CHAIRMAN HONIGBERG: Mr. Kennedy, are  
13 you making an argument or are you asking a  
14 follow-up question?

15 MR. KENNEDY: It's a follow-up  
16 question.

17 CHAIRMAN HONIGBERG: And what would  
18 that question be?

19 BY MR. KENNEDY:

20 Q. And, so, is there any discussion in the APA or  
21 in the Settlement Agreement regarding the  
22 liability of those lines following the shutdown  
23 of Concord Steam?

24 A. (Bloomfield) No, there's not. But there have

[WITNESS PANEL: Clark~Hall~Bloomfield~Frink]

1       been, Manchester, the City of Manchester was on  
2       a large district heating system up until, I  
3       believe, the late '60s or early '70s, and those  
4       lines were all abandoned and left in place.

5       So, I mean, it has happened in the state  
6       before, and I don't -- haven't heard of any  
7       issues that they have had with those lines.

8   Q.   Okay. Do you know whether or not the entity  
9       that shut down that heating system still  
10      exists?

11  A.   (Bloomfield) I don't know. At one point, it  
12      was a -- I believe it was an arm of Public  
13      Service of New Hampshire, but I thought it was  
14      a separately -- a separate arm. I really -- I  
15      really don't know.

16                   MR. KENNEDY: Okay. Thank you.  
17      Thank you, Your Honor.

18                   CHAIRMAN HONIGBERG: All right. I  
19      really think we're done with them this time.

20                   Let's go back off the record.

21                                   *[Brief off-the-record discussion*  
22                                   *ensued.]*

23                   CHAIRMAN HONIGBERG: All right.  
24      Here's what we're going to do. We're going to

1 have Mr. Connor come up to testify, have the  
2 witness -- whatever parties cross-examine want  
3 to ask their questions. Then, we'll open it up  
4 for public comment, and then we'll allow the  
5 parties to sum up, and then we'll close the  
6 hearing.

7 While Mr. Connor is getting settled,  
8 I'm going to put on the record the reasons for  
9 our denial of the intervention requests of the  
10 Jordan Institute and Mr. Husband.

11 With respect to the Jordan Institute,  
12 we don't believe they qualify for mandatory  
13 intervenor status, notwithstanding Mr. Kreis's  
14 argument. Although they are in the business of  
15 providing the type of service that many of the  
16 customers may want, that's not the type of  
17 interest in this proceeding, given the nature  
18 of it, that gives them a right to intervene.

19 With respect to discretionary status,  
20 it's our view, again, contrary to some of the  
21 arguments that were made, that energy  
22 efficiency is not directly in front of us in  
23 this docket and is not ultimately relevant to  
24 our determination as to whether this is an

[WITNESS: Connor]

1 appropriate transaction for us to approve.

2 With respect to Mr. Husband, I think  
3 Mr. Husband, by his own statements here today,  
4 representing himself and his own interests,  
5 does not have any direct interests of the type  
6 that is covered by the -- by RSA 541-A and our  
7 rules.

8 With respect to discretionary status,  
9 while he is clearly interested, in a colloquial  
10 sense, and an avid and active participant in  
11 many dockets, that doesn't give him any unique  
12 skills or relevance to this docket. Virtually  
13 all of the interests that he said he wanted to  
14 protect were of parties, the people who have  
15 been granted intervenor status in this docket.  
16 Current customers of the utility, of Concord  
17 Steam, including the State, the School  
18 District, and the City. So, there would be  
19 nothing that he would bring to the table as an  
20 intervenor that others won't be able to do.

21 So, both of those petitions are were  
22 denied.

23 All right. Mr. Patnaude.

24 (Whereupon **Michael P. Connor** was

[WITNESS: Connor]

1                   duly sworn by the Court

2                   Reporter.)

3                   CHAIRMAN HONIGBERG: Mr. Aslin.

4                   MR. ASLIN: Thank you, Mr. Chairman.

5                   **MICHAEL P. CONNOR, SWORN**

6                   **DIRECT EXAMINATION**

7 BY MR. ASLIN:

8 Q. Mr. Connor, if you could please state your full  
9 name for the record.

10 A. Michael P. Connor.

11 Q. And if you could please tell us where you're  
12 employed and your position?

13 A. Yes. I am employed by the State of New  
14 Hampshire, Department of Administrative  
15 Services, where I serve as the Deputy  
16 Commissioner.

17 Q. Have you testified before the Commission  
18 previously?

19 A. Yes. I testified Tuesday in regards to DG  
20 16-769. And, also, I appeared in February at a  
21 status conference.

22 Q. And do you have a copy of the testimony that  
23 was filed in this docket yesterday?

24 A. I do.

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 Q. And, if you were asked those questions again  
2 today under oath, would you give the same  
3 answers as you gave in that written testimony?

4 A. Yes.

5 Q. And do you adopt that testimony today as your  
6 direct testimony?

7 A. Yes.

8 MR. ASLIN: Mr. Chairman, I'd like to  
9 have the Direct Testimony of Michael Connor,  
10 dated today, actually, on the document,  
11 admitted as Exhibit, I think we're at "3" for  
12 identification?

13 CHAIRMAN HONIGBERG: It is Exhibit --  
14 it is Exhibit 3, but I think it's the 9th  
15 today.

16 MR. ASLIN: It is the 9th. The  
17 document is dated today.

18 CHAIRMAN HONIGBERG: Oh, I see. The  
19 cover letter is dated the "8th".

20 MR. ASLIN: The cover letter was  
21 filed yesterday with --

22 CHAIRMAN HONIGBERG: The cover was  
23 predicting the future, on the ninth, that that  
24 is what would happen?

[WITNESS: Connor]

1 MR. ASLIN: Yes. The cover letter we  
2 got here a little faster than we originally  
3 anticipated. I don't know if you have a copy  
4 up there?

5 CHAIRMAN HONIGBERG: All right. So,  
6 that's "Exhibit 3".

7 (The document, as described, was  
8 herewith marked as **Exhibit 3** for  
9 identification.)

10 MR. ASLIN: Thank you.

11 BY MR. ASLIN:

12 Q. Mr. Connor, if you could please give a very  
13 brief summary of your testimony for the  
14 Commission, and then open up for  
15 cross-examination.

16 A. Yes. Basically, we support the concept of this  
17 document, the Asset Purchase Agreement, because  
18 it does include the closure of Concord Steam in  
19 May of 2017. We do still have some concerns  
20 regarding Liberty Utilities providing us with a  
21 temporary plant and operating that plant. So,  
22 we are in discussions and are working on an  
23 agreement with them.

24 And, also, we do have concerns regarding

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 access to the distribution system, the steam  
2 pipes that surround the State -- the State  
3 facilities down in downtown. There are six  
4 buildings there and that we are going to need  
5 access in order to provide the temporary heat.

6 MR. ASLIN: With that, Mr. Chairman,  
7 I'll provide Mr. Connor for cross-examination.

8 CHAIRMAN HONIGBERG: Mr. Kennedy, do  
9 you have any questions for Mr. Connor?

10 **CROSS-EXAMINATION**

11 BY MR. KENNEDY:

12 Q. Just, Mr. Connor, what, if any, plans have been  
13 made with the State and/or Concord Steam or  
14 Liberty Utilities regarding the use of any  
15 steam pipes within the City's right-of-ways?

16 A. We've had some preliminary discussions with  
17 them, but we have not come to any formal  
18 agreements as of yet.

19 MR. KENNEDY: Thank you.

20 CHAIRMAN HONIGBERG: Mr. Teague, do  
21 you have any questions?

22 MR. TEAGUE: No.

23 CHAIRMAN HONIGBERG: Mr. Sheehan?

24 MR. SHEEHAN: I have none. Thank

[WITNESS: Connor]

1           you.

2                           CHAIRMAN HONIGBERG:   Ms. Geiger?

3                           MS. GEIGER:   No.

4                           CHAIRMAN HONIGBERG:   Mr. Kreis?

5                           MR. KREIS:   Thank you, Mr. Chairman.

6           In my two minutes, I don't have devastating  
7           cross-examination questions.  I do have a few  
8           questions that I actually don't know the  
9           answers to.  And, so, I'm genuinely just trying  
10          to sort of increase maybe the Commission's  
11          understanding and mine as well.

12  BY MR. KREIS:

13  Q.    On Page 3 of your prefiled testimony, you were  
14          asked to "describe the State's reasoning for  
15          issuing a Request for Proposals to transition  
16          the State's buildings away from" -- excuse me  
17          -- "from Concord Steam service."  And you began  
18          your answer by saying "For many years the State  
19          has recognized that significant cost savings  
20          could be achieved by switching from Concord  
21          Steam service to natural gas-fired boilers in  
22          the state buildings."

23                           My question is, has it always been the  
24          position of your department that that's the

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1           only option with respect to retrofitting state  
2           buildings?

3   A.    The only option to convert to Concord Steam?  
4           Is that your question?

5   Q.    No. To convert to natural gas-fired boilers.

6   A.    No. We've looked at several different options,  
7           and we'll continue to do so.

8   Q.    At the end of your answer, you talked about the  
9           RFP that you issued in June of 2015 "seeking  
10          proposals for energy performance contracting  
11          services". That's similar to the project  
12          you -- your department did over in the Hazen  
13          Drive office complex, true?

14   A.    Yes. That's correct.

15   Q.    Did you convert all of those buildings to  
16          natural gas?

17   A.    No, sir. We actually converted our large  
18          laboratory building to a biomass boiler.

19   Q.    So, and, again, I honestly don't know the  
20          answer and I'm interested, what is it about  
21          this project that has made you decide that  
22          these conversions need to be limited to natural  
23          gas?

24   A.    I wouldn't say that we're "limiting to natural

[WITNESS: Connor]

1 gas". It's the most logical solution, as Peter  
2 Bloomfield mentioned earlier, because of a lot  
3 of our facilities are heated with steam, it's  
4 probably the most logical solution, but we're  
5 not limited exclusively to that.

6 As you mentioned earlier, we have an  
7 energy performance contract. It's actually due  
8 in October. And, as part of that, we will look  
9 at other alternatives, including heat pumps and  
10 other methods, solar, that will be another one  
11 that we'll look at, to heat our facilities.

12 MR. KREIS: Thank you. Mr. Chairman,  
13 those are my only questions.

14 CHAIRMAN HONIGBERG: Mr. Speidel.

15 MR. SPEIDEL: Thank you, Mr.  
16 Chairman.

17 BY MR. SPEIDEL:

18 Q. Mr. Connor, do you have your testimony in front  
19 of you?

20 A. I do.

21 Q. Okay. You see there's one reference on Page 2,  
22 Lines 21 and 22, essentially it says there "The  
23 State will require access to a portion of  
24 Concord Steam's distribution pipes in order to

[WITNESS: Connor]

1 utilize the temporary boilers." And, then,  
2 there's more elaboration, on Page 8, for  
3 instance, Lines 15 to 20, "The State supports  
4 approval of the APA in concept, however,  
5 because the APA is conditioned on the  
6 discontinuance of service by Concord Steam on  
7 May 31st, 2017, the State is not in a position  
8 to recommend approval of the APA until the  
9 State has clear rights to utilize Concord  
10 Steam's downtown steam pipes for the temporary  
11 boilers that will be necessary to maintain  
12 heating service in State buildings if Concord  
13 Steam discontinues service." So, you're  
14 familiar with these statements?

15 A. That's correct.

16 Q. This would be a continuation of some of the  
17 discussion we had in the 16-769 hearing on  
18 Tuesday. Have there been any changes or  
19 developments in the general factual situation  
20 since Tuesday, regarding your discussions with  
21 either Liberty Utilities or Concord Steam for  
22 rights to use those distribution pipes?

23 A. Not that I'm aware of.

24 Q. Okay. There's no graphic provided. There is a

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 general description that the loop or the pipes  
2 in question that need to be utilized by the  
3 Department of Administrative Services, they're  
4 located near the vicinity of the State House,  
5 is that correct?

6 A. Yes.

7 Q. Would you be able to tell the Commission and  
8 the parties as to what streets this loop  
9 doglegs around?

10 A. Yes. It doglegs -- basically, it surrounds the  
11 six State facilities that are downtown, on  
12 Green Street, Park Street, not quite Main  
13 Street, it actually cuts through the State  
14 House Plaza, and School Street.

15 Q. Okay. Now, with the necessity by the  
16 Department of Administrative Services to use  
17 that loop extend to any spur lines or feed-in  
18 lines, aside from that length of pipe itself?  
19 Any valves, any ancillary spurs that you're  
20 aware of? Or is that subject to more  
21 engineering consideration?

22 A. We would look to Concord Steam to determine.  
23 Really, there are three connections, or could  
24 be possibly four, to that loop. And we've

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 looked to them to successfully terminate those.  
2 So, we would isolate that ring around the State  
3 House for our use, the State House Complex.

4 Q. And, so, when you mention "your use", would  
5 this be a system or a miniature system serving  
6 only State buildings?

7 A. Yes.

8 Q. So, no privately-owned buildings, no third  
9 parties, just buildings for which the State has  
10 ownership and operational responsibilities  
11 within your agency's control, is that correct?

12 A. Yes.

13 Q. Okay. So, you do not expect that the  
14 Department of Administrative Services would  
15 qualify as a public utility under the New  
16 Hampshire statutes, is that correct?

17 A. No. We have no desire to becoming a utility.

18 Q. Oh, jeez. Sorry about that. But, in any  
19 event, though, honestly, you're serving  
20 yourselves with this loop, with this  
21 infrastructure, is that correct?

22 A. Yes.

23 Q. Now, the question is, are you going to hire  
24 personnel to operate that steam system? Would

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 the personnel be provided by Liberty as part of  
2 the special contract for the package boilers?  
3 Could you elaborate a little bit as to what is  
4 planned by your agency?

5 A. Yes. We have been in discussions with Liberty  
6 Utilities. And we've actually started to look  
7 at a draft agreement, where they would take  
8 responsibility to furnish, install, and operate  
9 those temporary boilers in order to provide  
10 service to our 25 facilities.

11 Q. So, they would also have operational  
12 responsibility for the steam loop along the  
13 streets that you described as well?

14 A. Not the loop, but the boiler -- temporary  
15 boilers.

16 Q. Okay. So, will Administrative Services hire  
17 personnel with day-to-day operational  
18 responsibility for that loop?

19 A. We will take responsibility to maintain that  
20 loop while we're using it as a temporary -- as  
21 the means of temporary heating our facilities.

22 Q. So, will you have a single person responsible  
23 for day-to-day inspection and oversight of that  
24 facility? Or is it just going to be under your

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 general operational staff/personnel  
2 responsibility?

3 A. No. We would anticipate hiring someone that  
4 would be qualified to do that and maintain  
5 that. It's out of the expertise of our people.

6 Q. Do you think it could be someone who's  
7 operating under the Concord Steam corporate  
8 umbrella right now?

9 A. Could be very likely.

10 Q. Could be very likely. So, they actually do  
11 know to operate a steam system, and this  
12 wouldn't be a learning curve for them?

13 A. Correct.

14 Q. Okay. Now, then, if you're taking operational  
15 responsibility for the steam system, would you  
16 have DigSafe and other ancillary requirements  
17 for reporting when there's excavation being  
18 undertaken?

19 A. Sure, as we do now.

20 Q. As you do now for --

21 A. For all of our plant, yes.

22 Q. Okay. So, has Administrative Services gotten  
23 up to speed with our Safety Division regarding  
24 how DigSafe operates with these complex utility

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 installations?

2 A. No, not to that degree.

3 Q. Do you think you could certify to the  
4 Commission that going forward, certainly, after  
5 May of 2017, but, in the interim, maybe you  
6 could have some informational meetings with our  
7 Safety Division to have some training and  
8 learning about that?

9 A. Absolutely.

10 Q. Okay. So, if there were to be an incident,  
11 either a leak or a more serious incident, would  
12 Administrative Services have primary emergency  
13 response responsibility --

14 A. Yes.

15 Q. -- for that system?

16 A. Yes. It would be in our best interest, to  
17 provide service, to continue operations to our  
18 existing facilities.

19 Q. Now, as far as liability insurance is  
20 concerned, would this loop be folded into the  
21 general -- I must confess, I don't know the  
22 specific details of how Administrative Services  
23 insures its buildings, but I imagine you have  
24 an insurance carrier with umbrella liability

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 for all your physical plant, is that correct.

2 A. We have excess liability insurance for our  
3 facilities.

4 Q. So, would this installation be part of that  
5 liability insurance?

6 A. It could be. We're looking into different  
7 options right now. We haven't made a  
8 determination. But we are looking to that  
9 possibility.

10 Q. So, has the State explored taking title of the  
11 steam loop from Concord Steam, for a nominal  
12 fee, perhaps, so that it would have complete  
13 control and ownership of the loop for the  
14 period of time that it needs to use it?

15 A. As we stated on Tuesday, we have no interest in  
16 actually owning that steam plant -- that steam  
17 pipe, I'm sorry.

18 Q. So, have you confirmed with your liability  
19 insurance carrier that you are able to have  
20 coverage for this infrastructure, even though  
21 you might not have physical title and ownership  
22 over it?

23 A. It's ongoing as we speak.

24 Q. Ongoing?

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 A. Uh-huh.

2 Q. So, you would update to the Commission perhaps,  
3 when you would find out an answer to that?

4 A. Yes.

5 Q. Would you be willing to accede to an open-ended  
6 record request, so that you could send in  
7 information to the Commission regarding when  
8 that question is resolved and how it was  
9 resolved?

10 A. Sure.

11 CHAIRMAN HONIGBERG: I guess I have a  
12 question about that. An "open-ended record  
13 request" implies the record remains open for as  
14 long as this takes. Is what you have in mind  
15 instead an order, to the extent we can issue an  
16 order, directed at Administrative Services, a  
17 request for Administrative Services to update  
18 the Commission on this?

19 MR. SPEIDEL: Well, that's what I'm  
20 trying to square. Because I would hope that  
21 the matter would be resolved relatively  
22 quickly, I think it must be resolved relatively  
23 quickly. We're concerned that we don't want to  
24 have problems of no liability insurance being

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 applied or covering a hot steam line in the  
2 downtown area.

3 CHAIRMAN HONIGBERG: Oh. So, is it  
4 your view then that we shouldn't be issuing a  
5 final order until this is resolved, so we would  
6 need to -- we'd need to -- I hate to use this  
7 phrase "close that loop", giving the phrasing  
8 that's been used. Apologize for that. That we  
9 need to get that resolved fully, before we  
10 could issue an order on the merits?

11 MR. SPEIDEL: I hesitate to foreclose  
12 your administrative discretion, Mr. Chairman,  
13 or that of the Commission. I would suggest  
14 that we have a hard deadline for this response  
15 time for the record request that would be  
16 relatively short. If we could find out if the  
17 liability insurance can cover this steam loop  
18 during its period of operation, Staff would be  
19 satisfied, that that's an acceptable solution  
20 of the issue. So, maybe we could have the  
21 record request answered within two weeks.

22 CHAIRMAN HONIGBERG: Mr. Aslin, do  
23 you understand that?

24 MR. ASLIN: I'm trying to understand.

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 I think we can certainly, and I believe Mr.  
2 Connor just said, we'd be happy to provide the  
3 Commission and Staff and any of the parties  
4 with information about the feasibility of our  
5 liability insurance coverage in a situation  
6 where we don't own the pipes. But, until we  
7 actually negotiate the structure of how our use  
8 of those pipes would go forward, in conjunction  
9 with Liberty and Concord Steam, it's sort of a  
10 hypothetical. And we are in the process of  
11 that, as we discussed in the other docket of  
12 16-769, and anticipate getting there in the  
13 not-too-distant future. But I'm having a  
14 little trouble deciding if we can, in fact,  
15 comply.

16 CHAIRMAN HONIGBERG: Yes. I  
17 understand. Ms. Geiger.

18 MS. GEIGER: Yes. Just on the  
19 subject of deadlines, Mr. Chairman, this issue  
20 is somewhat related to issues in Docket 16-769.  
21 And, in that docket, the parties agreed, and I  
22 reflected it in a the letter to the Commission  
23 thereafter, a proposed procedural schedule for  
24 additional discovery in that docket. And we

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 have a deadline of Monday to propound data  
2 requests, and a deadline of September 19th for  
3 responses. And, to be perfectly honest, I had  
4 some questions about Mr. Connor's testimony in  
5 the other docket, which is very similar to the  
6 testimony in this docket, that I was going to  
7 propound data requests on on Monday, with the  
8 expectation that I would get answers on the  
9 19th.

10 MR. SPEIDEL: So, whatever we do, I  
11 think Staff would ask that it be on a written  
12 record of some sort or on the oral record  
13 that's sworn, so that we can provide it as an  
14 exhibit to the Commission for its  
15 consideration, and to reassure the Commission  
16 that this steam line is not going to be in kind  
17 of a "liability insurance no-man's land" after  
18 the termination of public utility status by  
19 Concord Steam.

20 CHAIRMAN HONIGBERG: All right.  
21 Here's what we're going to do, to try and keep  
22 this moving right now.

23 We're going to keep the record open  
24 in some way when we close the hearing today.

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 We're going to ask the parties to have a  
2 discussion about how best to document what can  
3 be documented and send a letter in explaining  
4 what you're going to do. And, if you can't  
5 figure it out, we'll order something. But I'm  
6 guessing that you'll be able to work out  
7 something that makes sense without having to do  
8 it on the fly on the record. Make sense?

9 Okay. I see nodding heads. So,  
10 that's good enough.

11 Mr. Speidel, you may continue.

12 MR. SPEIDEL: Just one moment, Mr.  
13 Chairman. I want to make sure I got all of my  
14 questions.

15 BY MR. SPEIDEL:

16 Q. Yes. Mr. Connor, just as the Concord Steam  
17 Corporation intends to abandon in place its  
18 distribution network around the City of  
19 Concord, does the State intend to abandon in  
20 place the loop after its operational necessity  
21 terminates, sometime within the 18-month  
22 framework that you indicated for operation  
23 after June of 2017?

24 A. Yes.

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 Q. So, who would handle the operational aspects of  
2 abandonment, such as having manholes covered or  
3 aggregate material put into the pipe? So,  
4 whatever you intend to do, are you going to  
5 hire a consulting engineer to help you with  
6 that or are your own engineering personnel  
7 folks going to help you with that?

8 A. I hadn't really thought about that. I don't  
9 know of any manholes. Our thought was just to  
10 abandon it as it was going to be prior to our  
11 use.

12 MR. SPEIDEL: Okay. I have no  
13 further questions. Thank you.

14 CHAIRMAN HONIGBERG: Commissioner  
15 Scott.

16 CMSR. SCOTT: No more questions.

17 CHAIRMAN HONIGBERG: Commissioner  
18 Bailey?

19 CMSR. BAILEY: No questions.

20 CHAIRMAN HONIGBERG: I have no  
21 questions for Mr. Connor. You can return to  
22 your seat. Oh, I'm sorry. Wait. Before you  
23 do that, Mr. Aslin, do you have any follow-up  
24 questions for your witness?

{DG 16-770} {09-09-16}

[WITNESS: Connor]

1 MR. ASLIN: I guess, just to  
2 clarify --

3 CHAIRMAN HONIGBERG: Did I skip you?

4 MS. GEIGER: You asked me, and I said  
5 I had no questions.

6 CHAIRMAN HONIGBERG: That's what I  
7 thought.

8 MR. SHEEHAN: You asked us at the  
9 outset.

10 CHAIRMAN HONIGBERG: Yes. Okay.

11 Mr. Aslin.

12 **REDIRECT EXAMINATION**

13 BY MR. ASLIN:

14 Q. Just to clarify the last comment by Mr. Connor,  
15 in terms of abandonment of pipes. The State --  
16 what is the State's, it's sort of a legal  
17 question, but, if the State doesn't actually  
18 own the pipe, subject to whatever deal we work  
19 out, would the State have something to abandon?

20 A. Technically, no.

21 MR. ASLIN: Okay. Thank you.

22 WITNESS CONNOR: Thank you.

23 CHAIRMAN HONIGBERG: Now, Mr. Connor,  
24 you can return to your seat.

{DG 16-770} {09-09-16}

1 I believe that is all of the  
2 witnesses. Before we open up for public  
3 comment, we have Exhibits 1, 2, and 3 that have  
4 been marked, and I assume there's no objection  
5 to making them full exhibits?

6 *[No verbal response.]*

7 CHAIRMAN HONIGBERG: All right.  
8 Seeing none, the ID is struck.

9 All right. Public comment, I believe  
10 there was one member of the public who wanted  
11 to speak, plus the comments from, actually,  
12 two, I guess, we have Ms. Richardson and  
13 another member of the public.

14 Ma'am, why don't you go first. Why  
15 don't you come forward and find a microphone.

16 Would you please identify yourself.

17 MS. MARTIN: My name is Pat Martin.  
18 And I live in Rindge, New Hampshire. And I  
19 have several concerns. One is that this is all  
20 based on, as far as I can tell, or most of it  
21 is based on pricing. And fracked gas pricing  
22 is volatile. And we heard that it's 95 cents  
23 per therm versus \$5.00 per therm for Concord  
24 Steam. I would have appreciated hearing what a

1 five-year average was on the price of gas  
2 versus the price of Concord Steam. So, this  
3 argument for lower pricing may not continue.  
4 You know, it could become a very expensive  
5 proposition in the end.

6 Second of all, I heard arguments  
7 during the technical session, in particular,  
8 that direct-feeding the natural gas to the  
9 boilers would be more efficient than the  
10 district steam. However, one has to think  
11 about, you know, if you had a solar thermal  
12 system installed a few years ago, at the time  
13 it was the best solution for heating hot water  
14 because PV solar was so expensive. That's  
15 since changed. And, now, it's much more  
16 cost-effective to install solar PV and an  
17 electric hot water heater. However, if you had  
18 a solar thermal system already installed, you  
19 would not rip it out and replace it with solar  
20 PV.

21 And, finally, I'm concerned that the  
22 costs are being shifted that, by the time you  
23 add up how much it's going to cost the State,  
24 and that, in fact, is the taxpayer, and the

1 School District, who recently installed steam  
2 piping to their schools, and all the other  
3 parties involved, that we've simply shifted the  
4 cost of a decent district steam project to the  
5 taxpayers and the businesses in the area.

6 And I still am not satisfied that the  
7 answer to Green City Power's proposal has been  
8 sufficient. I think it would have been in the  
9 public interest to have Green City Power come  
10 in and present their proposal or other  
11 proposals, instead of fracked gas.

12 Thank you very much.

13 CHAIRMAN HONIGBERG: Ms. Richardson.

14 MS. RICHARDSON: Thank you. I will  
15 be submitting written comments. I don't need  
16 to rehash a lot of the comments that -- the  
17 points that I really wanted to make have been  
18 covered today. And, so, I will document that  
19 in a written piece.

20 I would be curious as to what  
21 deadline you would like for that?

22 CHAIRMAN HONIGBERG: Tell me when you  
23 can get it in.

24 MS. RICHARDSON: Okay. Late next

1 week?

2 CHAIRMAN HONIGBERG: Oh. That may be  
3 a little bit longer than I think we had in  
4 mind.

5 MS. RICHARDSON: That's why I'm  
6 asking.

7 CHAIRMAN HONIGBERG: Yes. I mean, I  
8 thought I understood that you had prepared  
9 testimony?

10 MS. RICHARDSON: I have prepared  
11 testimony that looks like testimony, and I  
12 wasn't planning on submitting it as comments.  
13 But, if you would like, I can finish  
14 formulating that -- formatting that and submit  
15 that.

16 CHAIRMAN HONIGBERG: Let's go off the  
17 record for a minute.

18 *[Brief off-the-record discussion*  
19 *ensued.]*

20 CHAIRMAN HONIGBERG: All right.  
21 We'll go back on the record. So,  
22 Ms. Richardson, I think we'd be okay if you  
23 just want to provide us with what you had  
24 prepared as testimony. If you want to provide

1 something in addition or to supplement or even  
2 replace that, you can certainly do that any  
3 time next week.

4 MS. RICHARDSON: Okay. Great. Thank  
5 you very much.

6 CHAIRMAN HONIGBERG: All right. Is  
7 there anything else, before we allow the  
8 parties to sum up?

9 *[No verbal response.]*

10 CHAIRMAN HONIGBERG: Didn't think so.  
11 All right. Let's start in the back.  
12 Mr. Aslin.

13 MR. ASLIN: Thank you, Mr. Chairman  
14 and Commissioners. The State's general  
15 position you heard from Mr. Connor, as a  
16 customer of Concord Steam that will benefit  
17 from reduced rates if this asset sale goes  
18 forward, we are generally in favor of that  
19 approach. It would save the State money.

20 We do have some concerns based on  
21 timing and wrapping up some of these additional  
22 details that would allow the State to have a  
23 temporary solution for its heat in the 2018  
24 heating season, which has been discussed at

1 greater length in Docket 16-769. It's relevant  
2 here only because the asset sale agreement  
3 contemplates the shutdown of Concord Steam on  
4 the same timeframe as the other docket is  
5 asking permission for.

6 That's our primary concern at this  
7 point. We are working with Liberty on a  
8 special contract that will get submitted to  
9 Commission for approval. And we believe that  
10 that's well on its way, and that we don't have  
11 any major concerns at this point there. But,  
12 really, the question of timing of an approval  
13 of the asset sale versus approval of  
14 discontinuance of service is a question that we  
15 have, since the two overlap considerably in the  
16 conditions.

17 But, overall, I think we've gone over  
18 all the details of both documents a couple  
19 times now. The State's got a temporary  
20 solution in mind that we think we can get to,  
21 and subject to a bit more work with the parties  
22 that we hope will happen very quickly, and  
23 we'll be able to be in a position to support  
24 both the asset sale agreement and the other

1           discontinuance piece in the other docket.

2                     Thank you.

3                     CHAIRMAN HONIGBERG: Mr. Kennedy.

4                     MR. KENNEDY: Yes, Your Honor. The  
5           City is most concerned about with the  
6           decommissioning plan for this closure of  
7           Concord Steam. And I know that this is  
8           interrelated to the 769 docket.

9                     The City would certainly like to  
10          have, in the APA or the Settlement Agreement, a  
11          discussion relative to the ongoing liability  
12          for the underground pipes that exist within the  
13          City's right-of-way.

14                    We would also like to have a  
15          discussion with Concord Steam identifying  
16          certain locations in the City where we know  
17          that pipes may be a problem, some of those  
18          shallow pipes concerning these steam mains that  
19          we believe should be filled with some type of  
20          grout or removed. We also believe -- we  
21          applaud the idea of filling the manholes with  
22          cement or some type of fill in order to make  
23          those safe and not to present future problems  
24          in the City's right-of-way.

1           We have some questions concerning the  
2           ongoing use of the Concord Steam pipes by the  
3           State and how that's going to work, and the  
4           liability that will attach thereto.

5           As we know, from our relationship  
6           with Concord Steam, that a very positive  
7           relationship we've had with them for many, many  
8           years in the City of Concord, we know that the  
9           steam pipes sometime break, there's leaks and  
10          there's problems, and they create damage to the  
11          City. And, so, there's ongoing liability that  
12          damage may be occurring right now, next year,  
13          or may have occurred five years ago that we  
14          don't know and won't discover until future work  
15          is done. And, so, we think that there has to  
16          be some discussion of who is going to maintain  
17          that liability following the closure of Concord  
18          Steam.

19          And, like I said, I think that this  
20          is related, in part, to the other docket that  
21          this Commission heard on Tuesday. And, to the  
22          extent that it's practicable, and I don't know  
23          that it is, but it may be to have a final  
24          decision on both of the dockets coinciding with

1 one another, I don't know, if maybe conditioned  
2 on each other being approved. But it seems to  
3 me that we're having discussions here today  
4 that were also discussed on Tuesday. But we  
5 would certainly be very interested in the  
6 liability of those pipes in the City of  
7 Concord.

8 CHAIRMAN HONIGBERG: Mr. Teague.

9 MR. TEAGUE: Thank you. First, a  
10 minor matter. The Superintendent of Schools  
11 called me yesterday on using the term "Rundlett  
12 Junior High School" in my Motion to Intervene.  
13 I assured her I would correct that on the  
14 record. It is "Rundlett Middle School". And  
15 I'm a victim of my own habits in terms of what  
16 we call buildings around here.

17 But, more substantively, we do have a  
18 critical issue facing, obviously, the Concord  
19 School District. And we are going to be  
20 wrestling with that in the next couple weeks.  
21 We have considerable concern about the interim  
22 rates and other questions. But I've been  
23 informed that October 5th would be a much  
24 more -- a better time to raise those issues,

1 and it would have only thrown us off track  
2 today. So, that we -- and I've already stated,  
3 obviously, the importance and urgency of the  
4 timing. But that point has been made, so, I  
5 don't need to make it again. But we will be  
6 here October 5th.

7 CHAIRMAN HONIGBERG: Mr. Kreis.

8 MR. KREIS: Thank you, Mr. Chairman.  
9 Let me begin by apologizing for taxing the  
10 patience of the Commission. As I think is  
11 obvious, our interest in this docket is  
12 relatively attenuated. And, so, my approach to  
13 this case was (a) not to intervene in the  
14 companion case involving the Concord Steam  
15 rates, and (b) to sort of hang back and see  
16 whether issues in this case would get resolved  
17 by other parties that have more of a direct  
18 interest in the fate of commercial customers.

19 And it was only when that didn't seem  
20 to be happening that I decided to leap in in  
21 the form of submitting that letter that has  
22 been the subject of -- the letter that I filed  
23 yesterday that has been the subject of so much  
24 discussion at today's hearing.

1           This isn't the way things usually go  
2           in Commission proceedings. And the Order of  
3           Notice the Commission adopted adopted a  
4           procedural schedule that's different than the  
5           normal procedural schedule, and I responded to  
6           the stimuli somewhat unconventionally as well.

7           CHAIRMAN HONIGBERG: Mr. Kreis, you  
8           do not need to apologize for doing your job  
9           well. And you are working zealously to  
10          represent your constituency's interests, and we  
11          understand that. And you will hear no  
12          complaint from us about the way you do that  
13          job.

14          MR. KREIS: Thank you. I just wanted  
15          to make sure the honeymoon continues.

16                           (Laughter.)

17          MR. KREIS: So, with respect to the  
18          merits of the case, there are really two issues  
19          from our standpoint. Issue number one is the  
20          effect of this transaction on the existing body  
21          of Liberty customers, including their  
22          residential customers. And we are satisfied,  
23          based on the analysis that is attached to the  
24          Company's prefiled testimony, that overall

1           there will not be financial harm to Liberty's  
2           existing customers if the transaction goes  
3           forward on the terms that have been proposed.  
4           And that is the most important consideration to  
5           us, and, with respect to that issue, I think  
6           there are no issues from the standpoint of  
7           residential ratepayers.

8                         There are bigger questions that were  
9           alluded to around the Company's gas supply, but  
10          there are other dockets and other forums for  
11          addressing those questions.

12                        I am concerned, though, about the  
13          idea that energy efficiency is not directly  
14          relevant to a determination that the Commission  
15          makes under RSA 374:30. I readily concede that  
16          there is some urgency to this matter, and that  
17          urgency might, in some sense, has trumped  
18          things that would ordinarily be pressing  
19          considerations. But the standard here is still  
20          public interest. And the effect of this  
21          transaction, even though it is an emergency  
22          transaction, is still going to linger for  
23          possibly many decades in the future.

24                        And I really do think that it would

1 be in the public interest for the Commission to  
2 add some conditions to this transaction that  
3 assure that the customers, who currently are  
4 served by Concord Steam, are not simply turned  
5 over to Liberty Utilities, without making sure  
6 that every opportunity is given to them to take  
7 advantage of energy efficiency programs that  
8 are offered either by Liberty Utilities, by  
9 Unitil, or maybe by some third party.

10 In the draft testimony that  
11 Ms. Richardson prepared and that she is going  
12 to massage and present to you in the near  
13 future, she suggested that included in the  
14 implementation costs that Liberty will incur  
15 and recover, there be some funding to support  
16 some technical assistance and grants towards  
17 energy audits for certain, some or all of the  
18 existing Concord Steam customers. I think that  
19 would be a useful addition to the steps in this  
20 transaction.

21 It is very laudable that Concord  
22 Steam has decided to invite folks who can speak  
23 to this question of energy efficiency, meaning  
24 folks from Liberty, folks from Unitil, folks

1 from the Sustainable Energy Division of the  
2 Commission, but it's looking like your order  
3 won't issue before that September 21st forum  
4 takes place. So, it's hard for you to sort of  
5 issue a directive to Concord Steam about what  
6 to do on September 21st.

7 So, it's my respectful suggestion  
8 that the Commission craft something in its  
9 order that stresses the importance of making  
10 sure that these customer conversions takes  
11 place in an manner that is consistent with the  
12 standard of all cost-effective energy  
13 efficiency reflected in the EERS decision the  
14 Commission made in Docket Number 15-137.

15 I think it's a matter of discretion  
16 for the Commission, frankly. As I said  
17 earlier, if you decided you wanted to  
18 affirmatively rule that energy efficiency has  
19 no relevance to this transaction, I don't think  
20 I could take that up to the State Supreme Court  
21 and win an appeal.

22 But, I think, for policy reasons,  
23 that's something you should do. And, if you  
24 did do that, I think the interests of

1 residential utility customers, who benefit from  
2 the deployment of all cost-effective energy  
3 efficiency because it reduces everybody's  
4 costs, will be well-served.

5 And I think that's all I have to say.

6 CHAIRMAN HONIGBERG: Mr. Speidel.

7 MR. SPEIDEL: The Staff of the  
8 Commission has delineated today, and in earlier  
9 communications made in this docket, supports  
10 the Commission's approval of this proposal as  
11 being in the public good under the relevant  
12 standards. The proposal and the acquisition of  
13 the assets by Liberty Utilities from Concord  
14 Steam ameliorates the emergency rate effects on  
15 Concord Steam customers significantly. And  
16 those customers are local businesses and  
17 institutions that need all the help they can  
18 get on an economic level to make sure that they  
19 aren't suffering from excessive rate shock and  
20 hits to their bottom line that can be avoided  
21 with this. To be frank, it's an innovative  
22 approach by one private sector utility that is  
23 a competitor of another to assist it during a  
24 very difficult time of business transition.

1           Customers of Concord Steam can always  
2           avail themselves of energy efficiency measures  
3           at their own election. And there's no  
4           requirement that they convert to natural gas as  
5           part of this transaction. It is their own free  
6           choice based on options available in the  
7           market. So, if there are third parties,  
8           including folks that have spoken today, that  
9           have ideas on energy efficiency, they should  
10          approach these business owners and institutions  
11          and offer whatever they can to help them out.  
12          And, as Liberty Utilities indicated today,  
13          their own energy efficiency personnel is always  
14          available to explore options with potential  
15          customers, before and after conversion.

16                 The Staff expects that, as  
17                 delineated, Liberty customers will derive  
18                 benefits from increased sales, reduce revenue  
19                 requirements, and reduction of risk associated  
20                 with the conversion of Concord Steam customers.

21                 And Staff would expect that the  
22                 Department of Administrative Services have  
23                 proper liability insurance in place during the  
24                 period that it operates the downtown loop. And

1 we will expect a written filing to that effect  
2 presenting that information to the Commission  
3 very shortly during the pendency of this  
4 proceeding.

5 Thank you very much.

6 CHAIRMAN HONIGBERG: Mr. Sheehan.

7 MR. SHEEHAN: Thank you,  
8 Commissioner. Just a brief response to a  
9 couple of things you've heard already.

10 Administrative Services, we are  
11 working with them on an agreement, and we do  
12 expect to have it ready, and it will be filed  
13 with the Commission soon. I can't tell you  
14 what "soon" is, but it's weeks, not months, if  
15 not sooner than that. And that will, as  
16 Mr. Aslin said, it's at the point of details,  
17 and we have a framework for a solution that  
18 will get the state through the Winter of  
19 '17/'18. And, from then, the expectation is  
20 whatever comes out of the RFPs is where the  
21 State will go from there. The agreement will  
22 have, just like this one does, an option to  
23 continue that temporary solution as long as the  
24 State needs.

1           Second, the City of Concord has  
2           legitimate concerns about ongoing liability.  
3           This is not the docket to address that.  
4           There's a wind-down plan proposed in the other  
5           docket, and that would be the most appropriate  
6           place to address who has liability for what as  
7           time goes on. And I would urge the Commission  
8           not to impose conditions in that regard in this  
9           case.

10           We do have a Settlement Agreement  
11           before you for approval that has the standard  
12           language that it is -- conditions are imposed,  
13           it gives both parties the right to opt out.  
14           And, obviously, you can always impose  
15           conditions, but I'd urge you to consider the  
16           opening up the can of worms again.

17           And the same with the request from  
18           the OCA to put some formal conditions regarding  
19           energy efficiency the same caveat.

20           As far as the September 21 meeting,  
21           you've heard sworn testimony from Mr. Clark  
22           that we will invite people there. I'm  
23           repeating it now. The Staff will be invited,  
24           Unitil will be invited. And, as Mr. Bloomfield

1 said, everyone will be given an opportunity to  
2 present what they have. This really is an open  
3 forum for the customers to come and figure out  
4 what's best for them. We've done a lot of work  
5 getting the bank involved. We have contractors  
6 coming forward who can help do these big  
7 conversions, and there's plenty of them to do  
8 the work next year.

9 So, in conclusion, we believe we've  
10 submitted sufficient evidence to meet the  
11 statutory requirements that the APA is in the  
12 public interest. We ask that you authorize  
13 Concord Steam to make the transfer of assets  
14 described in the APA, and that you approve our  
15 proposal for recovery of those costs as is  
16 outlined in the APA and in the Settlement  
17 Agreement.

18 And, last, as far as concurrent  
19 orders, it probably does make sense to issue  
20 these orders at the same time. The actual  
21 timing of the order approval is less important  
22 to us. I understand why it's very important to  
23 Concord Steam to have them together. But,  
24 again, the hesitancy I have is not making this

1 order conditioned on things that may reopen the  
2 APA to further conditions.

3 Thank you.

4 CHAIRMAN HONIGBERG: Ms. Geiger.

5 MS. GEIGER: Yes. On behalf of  
6 Concord Steam, we would echo the comments  
7 provided by Attorney Speidel and Attorney  
8 Sheehan. We would respectfully ask the  
9 Commission to approve the Asset Purchase  
10 Agreement without condition. It's an integral  
11 part of Concord Steam's proposal to discontinue  
12 service, which is, obviously, the subject of  
13 another document. But they are companion  
14 dockets. And we do recognize that the APA is  
15 an integral component of the plan to  
16 discontinue service. And, therefore, we find  
17 that it would be -- the Company respectfully  
18 requests that the Commission approve that, so  
19 that the Company can execute its plan to  
20 discontinue.

21 Thank you.

22 CHAIRMAN HONIGBERG: All right.

23 Thank you. I think that is going to wrap  
24 things up today. We're leaving the record

1 open, as we've discussed, for whatever you can  
2 come up with that was discussed between  
3 Mr. Speidel and Mr. Connor. We're also going  
4 to hear from Ms. Richardson.

5 And, with that, I think we will  
6 adjourn today, and close the hearing. Thank  
7 you.

8 **(Whereupon the hearing was**  
9 **adjourned at 12:47 p.m.)**

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24