

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

October 17, 2016 - 1:34 p.m.  
Concord, New Hampshire

NHPUC OCT21'16 AM 8:08

RE: DG 16-811  
CONCORD STEAM CORPORATION:  
*2016 Cost of Energy.*

**PRESENT:** Commissioner Robert R. Scott, Presiding  
Commissioner Kathryn M. Bailey  
Sandy Deno, Clerk

**APPEARANCES:** **Reptg. Concord Steam Corporation:**  
Peter Bloomfield, President  
Mark Saltsman, Vice President

**Reptg. PUC Staff:**  
John S. Clifford, Esq.  
Stephen Frink, Asst. Dir./Gas & Water  
Al-Azad Iqbal, Gas & Water Division

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

**CERTIFIED  
ORIGINAL TRANSCRIPT**

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**

**PAGE NO.**

<b>WITNESS:</b>	<b>PETER BLOOMFIELD</b>	
	Direct examination by Mr. Clifford (as courtesy)	5
	Cross-examination by Mr. Clifford	6
	Interrogatories by Cmsr. Scott	11, 28
	Interrogatories by Cmsr. Bailey	11, 21

\* \* \*

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

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	2016 Cost of Energy filing, consisting of Tariff Pages, Direct Prefiled Testimony of Peter Bloomfield and Attachments (08-31-16)	4

\* \* \*

**CLOSING STATEMENTS BY:**

	Mr. Clifford	33
	Mr. Bloomfield	34

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

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

CMSR. SCOTT: Good afternoon. We're here on DG 16-811, for Concord Steam Corporation, their annual Cost of Energy adjustment.

With that, why don't we start with appearances, and then I'll ask Mr. Clifford how we're going to proceed.

MR. BLOOMFIELD: Good Afternoon. Good afternoon, Commissioner Scott. This is Peter Bloomfield of Concord Steam, and with me is Mark Saltsman.

CMSR. SCOTT: Good morning -- good afternoon.

MR. CLIFFORD: Good afternoon.

CMSR. SCOTT: It's morning someplace.

MR. CLIFFORD: John Clifford, New Hampshire Public Utilities Commission Staff. With me at counsel's table is Steve Frink, Assistant Director of Gas & Water Division, and Al-Azad Iqbal, Staff Analyst, Gas & Water Division.

CMSR. SCOTT: How are we proceeding today?

1 MR. CLIFFORD: You mentioned how we  
2 are going to proceed. I think the parties were  
3 going to offer as "Exhibit 1", as stipulated,  
4 as the Tab 1 in the docketbook, which was filed  
5 on 8/31/16. It includes the tariff pages, the  
6 Direct Prefiled Testimony of Mr. Peter  
7 Bloomfield, and the attachments.

8 CMSR. SCOTT: That's "Exhibit 1"?

9 MR. CLIFFORD: And that's "Exhibit  
10 1".

11 CMSR. SCOTT: Okay.

12 (The document, as described, was  
13 herewith marked as **Exhibit 1** for  
14 identification.)

15 MR. CLIFFORD: That is the only  
16 exhibit we intend to use today.

17 CMSR. SCOTT: That sounds good. And  
18 are we doing a panel or how are we proceeding?

19 MR. CLIFFORD: I'd like to just have  
20 Mr. Bloomfield take the stand. He's the only  
21 one that's going to have questions asked of  
22 him.

23 CMSR. SCOTT: Please do.

24 (Whereupon **Peter Bloomfield** was

[WITNESS: Bloomfield]

1                   duly sworn by the Court  
2                   Reporter.)

3                   **PETER BLOOMFIELD, SWORN**

4                   **DIRECT EXAMINATION**

5 BY MR. CLIFFORD:

6 Q.     Okay.   Good afternoon, Mr. Bloomfield.   Could  
7           you please state your name and position with  
8           the Concord Steam Company for the record  
9           please.

10 A.    Peter Bloomfield, the President of the Concord  
11       Steam Company.

12 Q.    And are you familiar with the tariff pages and  
13       your testimony and attachments as filed in this  
14       proceeding?

15 A.    Yes, I am.

16 Q.    Do you adopt them as your own and have any  
17       changes that you need to make to those coming  
18       here today?

19 A.    No.   No.   There's some things that we would  
20       like to request that are slightly different  
21       than what was admitted in the Petition.   But  
22       the filing itself, the numbers in it, are still  
23       correct.

24                   MR. CLIFFORD:   Okay.   Thank you.   I'd

{DG 16-811}   {10-17-16}

[WITNESS: Bloomfield]

1 like to proceed with a few questions, if I may.

2 **CROSS-EXAMINATION**

3 BY MR. CLIFFORD:

4 Q. Can you please turn to Schedule 2, Page 1, the  
5 attachment to your prefiled testimony?

6 A. Yes.

7 Q. Okay. Can you explain -- there's a note, a  
8 \$44,000 gas contract cancellation charge. Can  
9 you explain that for the benefit of the  
10 Commissioners please?

11 A. Yes. When -- it was last February that we  
12 locked into a contract for gas pricing that  
13 would last us for this entire upcoming heating  
14 season, starting from November 1 through  
15 October 31 of 2017. Since then, we have gone  
16 through this, the closure procedure. And,  
17 assuming that we get a order approving the  
18 Company closure, we will then cancel that  
19 contract. The \$44,000 is a result -- is a  
20 penalty that we're estimated we're going to  
21 have to pay, because we will not be burning the  
22 gas that we had contracted for from June 1  
23 through October 31.

24 That price will -- the actual fee, the

[WITNESS: Bloomfield]

1 actual penalty on that, will vary, depending on  
2 what the price of gas is when we actually  
3 cancel that contract.

4 Q. And do you have at this moment any estimate of  
5 that, that fee?

6 A. It should be in the neighborhood of that  
7 \$44,000.

8 Q. Okay. All right. Can you turn to Schedule 3  
9 please? And you see there's a column entitled  
10 "Change in Customers" on that page?

11 A. Yes.

12 Q. Can you briefly explain, walk us through the  
13 customer changes from November '15 through May  
14 of '16?

15 A. Yes. The actual steam sales from November 1,  
16 2015 to October 31, 2016 are listed on the  
17 left-hand column. Those are the actual sales  
18 of those appropriate months. The "Change in  
19 Customer" column is the customers that we've  
20 lost since then. And, so, that was the  
21 steam -- that represents the steam sold to  
22 customers that are no longer customers that --  
23 and those numbers were included in those sales  
24 of 2015-16.

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1           We also, in terms of another estimate I  
2           put in is, to the right of that "Change in  
3           Customers" is a column that's not headed, and  
4           that's also a reduction in steam sales. That  
5           was an estimated 2 percent of sales that I  
6           used, because there were going to be customers  
7           that we didn't expect to get, that we would  
8           lose. And, so, I've made some additional  
9           estimate there.

10                   CMSR. SCOTT: Can you point us again  
11           where we are?

12                   WITNESS BLOOMFIELD: Yes. On  
13           Schedule 3, there's the "Change in Customer"  
14           heading. Oh, maybe I done -- may I -- okay.  
15           It might be that the sheet I have is not the  
16           one you have. So, there's no column to the  
17           right of the "Change in Customers"?

18                           (Cmsr. Bailey indicating in the  
19                           negative.)

20                   WITNESS BLOOMFIELD: Ah. Okay.

21                   MR. CLIFFORD: It says "Actual" --

22                   MR. BLOOMFIELD: I copied off the  
23           wrong one then.

24                   So, if there's nothing there, then

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 the "Change in Customers" listed is just those  
2 customers that are lost, that we have lost,  
3 that we know about -- that I knew about when I  
4 made this filing.

5 BY MR. CLIFFORD:

6 Q. And, so, you're referring to something else  
7 then --

8 A. I was referring to another one that I had done  
9 since then that I was looking at what the  
10 effect of additional customer losses would be.  
11 I didn't realized that I had pulled out the  
12 wrong spreadsheet.

13 Q. Well, that leads me to my next question.

14 A. Yes.

15 Q. Have you been notified of any other customers  
16 that will be leaving or have terminated service  
17 since you filed your testimony?

18 A. Yes. We have -- it's been determined that  
19 roughly another at least three or four  
20 customers, at four or five buildings, some of  
21 them we don't quite know how much of the  
22 heating season we're going to lose. But our  
23 estimate, it's going to be roughly a thousand  
24 Mlbs is what we think is going to be the effect

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 on it. So, it would be the reducing our  
2 adjusted base rate sales from the -- roughly  
3 down by roughly 1 percent, or about a thousand  
4 Mlbs.

5 Q. And can you recall the names, the identify of  
6 those customers, off the top of your head?

7 A. Yes. There was a building downtown called "The  
8 Suitcase". They're putting in heat pumps.  
9 There was another couple of buildings on Warren  
10 Street that are putting in gas boilers, that  
11 was Oakstream Properties. And there are a  
12 couple other buildings that they have just told  
13 us they're not turning the steam on. So, we're  
14 not quite sure what they're doing. But one is  
15 a small building on Pleasant Street, and the  
16 other is the Cheers Restaurant.

17 Q. And, so, if you were to update your sales  
18 forecast, what would --

19 A. It would be a reduction of roughly a thousand  
20 Mlbs, or a little -- approximately 1 percent of  
21 sales.

22 Q. Okay. And, then, can I point -- I'd like to  
23 point you to your testimony, on --

24 BY CMSR. SCOTT:

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 Q. Excuse me, before we leave this page, just for  
2 efficiency, can you explain to me the  
3 Schedule 3 it says "Adjusted Base Rate Sales"?  
4 Does that have that on your copy?

5 A. Yes.

6 Q. And, then, it has "2014/15", and then, to the  
7 right of that, it has "'16", "'17". Can you  
8 tell me what I'm looking at?

9 A. Since I don't have the right one, it's one I  
10 corrected, the "Adjusted Base Rate Sales"  
11 should be sales for '16-17.

12 Q. Okay.

13 A. So, I suspect I just didn't correct the heading  
14 on that.

15 CMSR. BAILEY: Can I ask a question?

16 WITNESS BLOOMFIELD: Yes.

17 BY CMSR. BAILEY:

18 Q. So, on the "Adjusted Base Rate Sales", that  
19 should be the difference between the actual  
20 sales from '15-16 and the amount that you're  
21 losing in change of customers, right?

22 A. It's also adjusted for degree days.

23 Q. Okay.

24 A. So, last year was particularly warm.

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 Q. Okay.

2 A. So, it's -- we lost customers, but we increased  
3 our projected sales based on assuming it's  
4 going to be a normal year.

5 CMSR. BAILEY: Okay. Thank you.

6 CMSR. SCOTT: Thank you.

7 Mr. Clifford.

8 MR. CLIFFORD: Are we satisfied  
9 with -- thank you.

10 BY MR. CLIFFORD:

11 Q. So, I was pointing you to Page 4 of your  
12 prefiled testimony. And, specifically, I  
13 wanted you to look at Page 4, Line 13, and tell  
14 us how this year's natural gas costs compare  
15 with last year's?

16 A. The cost of gas this year is going to be around  
17 \$8.40 a decatherm, or a million Btu. The cost  
18 for our gas last year was \$8 -- was, I'm sorry,  
19 \$11.22. So, it's about a 25 percent reduction  
20 in the cost of our natural gas.

21 Q. Then, I would also like you to opine on this  
22 year's cost of wood compares to last year's?

23 A. Cost of wood this year, the pricing is soft,  
24 mainly because the -- it's a function of

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 weather, in the fact that it's been dry, the  
2 loggers have had a lot of opportunity to cut a  
3 lot of wood. So, there's more wood waste  
4 available. And, at the same time, with the  
5 price of power where it is, a lot of the power  
6 plants are cutting back and not burning as  
7 much. So, the price of wood is actually soft.  
8 We're expecting it to be somewhat less than  
9 next year. We haven't quite -- it's going to  
10 be -- it plays out, but that's why we've got  
11 the \$28 a ton average price.

12 And the pricing of our wood is slightly  
13 different, depending on how they deliver it and  
14 where they deliver it. So, it should average  
15 out at 28 or slightly less.

16 Q. And, while we're on that topic, what's your  
17 expected fuel mixture, gas versus wood, this  
18 year versus last year, what are your plans?

19 A. We'll be burning more gas this year than last  
20 year. On a Btu basis, it's probably going to  
21 be, oh, something like 40 percent gas/60  
22 percent wood. On a dollar basis, it will  
23 probably be something like -- probably be more  
24 like 65 percent gas/35 percent wood. Some of

[WITNESS: Bloomfield]

1 that is complicated, because, in our COE, are  
2 some other costs that are not directly related  
3 to fuel. So, the cost of water and sewer, and  
4 the yard rental, that kind of thing, is not  
5 directly related to the cost of energy that we  
6 buy.

7 Q. And, then, turning now to I think it's  
8 Schedule 6, are the bill impacts that you're --  
9 you've charted here, are they for the whole  
10 year or just through the proposed closure date?

11 A. They're intended to be for just the -- just for  
12 the proposed closure date. It says "annual  
13 sales". For the small and the medium  
14 customers, that really is just heating season  
15 anyway. So, that would be really their annual  
16 usage, because their annual usage is just  
17 heating season.

18 The large customer, the annual usage there  
19 would actually be less, because this,  
20 obviously, won't have a full year of operation  
21 and sales. So...

22 Q. So, if I were to ask you to estimate for the  
23 large customer, how would -- that figure is  
24 "4797", how --

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 A. Yes. It might drop by -- it might drop by --  
2 it might drop to 4,500, a small -- a relatively  
3 small amount.

4 Q. And you are familiar with the emergency rate  
5 order -- or, the emergency rate proceeding in  
6 DG 16-769, that docket?

7 A. Yes. Yes.

8 Q. So, if the emergency rate was used in  
9 Schedule 6, what's the proposed impact in that  
10 change in that schedule?

11 A. If the -- the overall cost of our energy is  
12 going down. However, if you mean, if we  
13 compare last year's actual rates versus this  
14 year's total rates? Is that the question?

15 Q. Yes. The question is, if you take the proposed  
16 emergency rate in 16-769, --

17 A. Yes.

18 Q. -- which I've got in front of me, and you apply  
19 that to Schedule 6, what's your -- if you can  
20 eyeball this or flash-bang it, what's the  
21 proposed change over last year, if you already  
22 have that new rate in effect, just in round  
23 numbers?

24 A. That's right. It would be in 20 to 25 percent

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 order of magnitude increase, if we're -- if  
2 you're looking at total of energy and usage  
3 rate, in other words, which I think is your  
4 question is.

5 Q. That's my question.

6 A. Yes.

7 Q. That's right. And, with regard to this year's  
8 natural gas supplies, did you procure those  
9 through a competitive bidding process?

10 A. Yes, we did.

11 Q. And is that delivery assured at a fixed price?

12 A. Yes. We've done that in two tranches. And the  
13 amount that we contracted for is at a fixed  
14 price. If we use more or less than that, then  
15 there's some adjustments to that, based on  
16 market cost. But the amount that we've  
17 contracted for is at a fixed price.

18 Q. Then, I want I want you to turn to Page 5 of  
19 your testimony. You see Lines -- well, let me  
20 know when you get there.

21 A. I don't have it with me. So, you'll have to  
22 remind me.

23 Q. Okay. So, I'll read it into the record then.  
24 You said "The Company has entered into

[WITNESS: Bloomfield]

1 contracts for its wood supply that will result  
2 in an average delivered cost of approximately  
3 \$28 a ton. Of this, approximately \$1.00 is for  
4 the actual cost of the wood, and \$14 is for  
5 labor and chipping, and then 13 for transport."

6 And I think you alluded to it earlier, but  
7 I want to just have you go back, go on the  
8 record with it, will the Company be prebuying  
9 market wood in November for later use during  
10 the heating season?

11 A. Yes, we will.

12 Q. And how much of that is at a fixed price?

13 A. None of our wood is at a fixed price. We enter  
14 into a contract for supply. But the price of  
15 wood is often dependent upon other demand,  
16 outside factors, such as with the health of the  
17 pulp and paper industry, and weather. So, our  
18 contract is actually for supply, not  
19 necessarily at a fixed price, but for a certain  
20 supply.

21 So, we will be buying wood. We have a --  
22 we know what the price is going to be for the  
23 next month. But there's no guarantee that  
24 price is going to stay there for the entire

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 heating season.

2 Q. And, based on your testimony a little bit  
3 earlier, you mentioned that the wood prices  
4 were relatively soft this year compared to  
5 last. So, would you expect that to change much  
6 over the season or how does that -- what's the  
7 impact?

8 A. Yes. Considering what the market is, we expect  
9 it still to be somewhat soft all throughout  
10 this winter.

11 Q. So, to come back full circle on this, how much  
12 of the total 2016-2017 energy price -- or,  
13 energy supply, excuse me, I meant to say  
14 "energy supply", is at a fixed price? So,  
15 you've got the gas component, and then you've  
16 got the wood component.

17 A. Right.

18 Q. And, so, --

19 A. We have the gas component, we have the wood  
20 component, and then there's the other costs.  
21 So, the gas component and the other costs are  
22 relatively fixed. And the wood, we have a good  
23 handle on. So, in terms of -- there's probably  
24 60 percent of our dollar cost is fixed, and not

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 expecting it to change, and the other 40  
2 percent, being the wood and some of the minor  
3 odds and ends, are going to be -- it's very  
4 stable pricing. We don't expect it to change  
5 significantly at all.

6 Q. So, can you identify for the record any  
7 non-energy fixed costs?

8 A. Non-energy fixed costs would be cost of water  
9 and sewer, which is \$200,000 a year. Part of  
10 the cost of wood is the lease of the wood yard,  
11 which is a -- those wood yard costs are another  
12 \$150,000 a year, approximately.

13 Q. And what about labor?

14 A. There's no labor in COE.

15 Q. So, there's no labor in the cost of the yard,  
16 to run the yard?

17 A. That's correct.

18 Q. And, of the projected COE costs, what  
19 percentage, if you add those numbers of 200 and  
20 150K, I gather, what's the percentage on the  
21 projected cost of energy?

22 A. It's our -- it's probably order of magnitude  
23 of, say, three or four hundred, maybe as much  
24 as \$500,000, out of a two and a half million

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 dollar COE.

2 Q. And how confident are you that the 20 percent  
3 cap on monthly adjustments are going to allow  
4 you to adjust the Cost of Energy rates in a  
5 timely fashion to protect against any over- or  
6 under-recovery in May 2017?

7 A. Normally, we have not had any issues with that.  
8 This year, with the loss of customers, it could  
9 be a little -- a little trickier. And, so, I  
10 think that, rather than 20 percent, we'd ask  
11 for something -- a somewhat larger margin, 25  
12 or 30 percent.

13 Q. And have you discussed any of that with the  
14 Staff previously?

15 A. Yes. Yes, I have discussed it with Staff. And  
16 they feel 25 percent, seeing as that's what the  
17 gas corp. -- companies get, that that should be  
18 acceptable to them, as I understand it.

19 Q. And have you had a chance or an opportunity to  
20 review the Final Audit Report issued by the  
21 Commission Staff on last year's Cost of Energy?

22 A. Yes. Yes, I have.

23 Q. And how did the filed expenses compare with  
24 actual audited?

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 A. Out of the three and a half million dollars,  
2 there was roughly \$19,000 that was under --  
3 under reported.

4 Q. And did you take any issue with that?

5 A. No. No. We agreed with their adjustments.

6 MR. CLIFFORD: So, at this time,  
7 Commission Staff does not have any further  
8 questions to pose to this witness today.

9 CMSR. SCOTT: Commissioner Bailey.

10 CMSR. BAILEY: Thank you. I think  
11 you're going to need your schedules, because I  
12 have questions about the schedules.

13 WITNESS BLOOMFIELD: Okay. Sure.

14 CMSR. BAILEY: Mr. Saltsman, do you  
15 have a copy of his filing?

16 WITNESS BLOOMFIELD: Yes, if he would  
17 bring my computer.

18 MR. SALTSMAN: Glad to help.

19 (Mr. Saltsman handing laptop  
20 computer to the witness.)

21 WITNESS BLOOMFIELD: Okay.

22 BY CMSR. BAILEY:

23 Q. So, my first question, I think I know the  
24 answer to, but I just want to make sure. On

[WITNESS: Bloomfield]

1 Page 3, you say that, on September 1st, you had  
2 to raise the Cost of Energy to \$30.26, and, on  
3 November 1st, you're going to lower it to  
4 \$23.73?

5 A. Yes. That's correct.

6 Q. And why did you need to raise it on  
7 September 1st, because you hadn't collected  
8 enough for the last year, based on the last  
9 year's cost?

10 A. That's right.

11 Q. And you're still under -- still you're under  
12 recovery for last year is like \$68,000?

13 A. Yes. After adjustments from the Audit  
14 Commission of the Staff, it's \$81,000 actually  
15 under-collected.

16 Q. Okay. Can you turn to Schedule 2 please?

17 A. Yes.

18 Q. Can you tell me what the "Other Production  
19 Costs" in April and May are?

20 A. In "Schedule 2", you said?

21 Q. Right. The second table.

22 A. The second table.

23 Q. It's when you're no longer burning wood.

24 A. "Other production costs"?

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 Q. Yes.

2 A. That is itemized on Schedule 9, which is, in  
3 April and May, it's primarily when the air  
4 emission fees are due.

5 Q. Okay.

6 A. So, the one paid in April would be for air  
7 emission fees due for 2016. And the one in May  
8 is what we think we'll due -- we'll owe for the  
9 fees due for 2017 operations.

10 Q. And that's three-quarters of the whole year for  
11 2016, because most air emissions happen in the  
12 winter?

13 A. That, and the fact that that price per ton  
14 seems to go up every year when we -- when we  
15 file. So, we've made an adjustment for that,  
16 too.

17 Q. Okay. But, if it doesn't cost that much,  
18 then --

19 A. Right.

20 Q. -- you won't charge your ratepayers that much  
21 or it will come out in the reconciliation at  
22 the end?

23 A. Yes. That's right.

24 Q. Okay. And is the reason that, back on

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 Schedule 2, there's additional natural gas in  
2 those projected costs, in April and May,  
3 because there's no wood burning?

4 A. That's correct. We're going to stop burning  
5 wood as of April, in terms of preparing for  
6 closure at the end of May.

7 Q. And the cost of gas in April is going to be  
8 more than the cost of gas in March, because --  
9 oh, I see, because the cost of wood isn't  
10 there?

11 A. That's right. Right.

12 Q. Right.

13 A. Gas is still less expensive than it was last  
14 year, but it's still more expensive than wood  
15 on a Btu basis.

16 Q. Okay. And that leads me to another question  
17 that I had.

18 A. Yes.

19 Q. In DG 16-769, I think it is, where you're --  
20 that's the -- where you have the Asset Purchase  
21 Agreement.

22 A. Yes.

23 Q. Is that the right docket? Either 769 or 770 --

24 A. Well, 770 is the Asset Purchase Agreement.

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 Q. Okay. The Asset Purchase Agreement says that  
2 you have to buy 170,000 Mcf of gas from  
3 Liberty?

4 A. That's correct.

5 Q. And where does that fit in, if you've purchased  
6 your gas under this filing from competitors?

7 A. We don't have to buy the gas from Liberty, just  
8 we have to buy gas, and, therefore, Liberty  
9 gets paid as a delivery.

10 Q. Okay.

11 A. So, we don't have to buy it from them. But we  
12 need to buy gas, so it is delivered, so they  
13 get their fees for delivery of the gas.

14 Q. Okay. So, have you taken all of that into  
15 account in this filing?

16 A. Yes, we have.

17 Q. Okay.

18 A. That's why we're not burning wood in April or  
19 May. When we contracted for additional gas,  
20 the price of gas during the winter is much  
21 higher. So, we could get -- still get  
22 relatively inexpensive gas if we burned April  
23 and May, and did not burn wood in April and  
24 May.

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 Q. Okay.

2 A. So, we've accomplished the same thing also with  
3 burning wood in September and October of this  
4 year, but that's not this COE, that was the  
5 previous COE.

6 Q. Burning wood?

7 A. Sorry. We're not -- we're not burning wood in  
8 September or October. This month, we're not  
9 burning wood, we're burning gas.

10 Q. Okay.

11 A. Also to meet Liberty's requirement that we burn  
12 a certain amount of gas.

13 Q. Okay. Can you tell me what you mean when you  
14 say "the price of wood is soft"? What does  
15 "soft" mean?

16 A. Well, we know what other plants are paying for  
17 wood. And we have budgeted \$28 a ton. We know  
18 that, I believe, Schiller Station is paying  
19 something just a little above that, and we can  
20 usually charge \$3.00 less than Schiller. So,  
21 if Schiller is paying 29, we should be able to  
22 get by with only having to pay 26.

23 So, that's what I'm saying, the other wood  
24 plants have cut some of their wood pricing for

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 what they buy. So, the pricing is favorable to  
2 us.

3 Q. I understand everything that you just said, but  
4 I don't know how that relates to the term  
5 "soft"?

6 A. Just meaning that there's more wood waste  
7 available on the market than there is -- than  
8 there is a market for.

9 Q. Okay.

10 A. So, there's more people, the loggers are just  
11 having trouble getting rid of their woodchips.  
12 So, they're looking to sell it at a reduced  
13 price, if they need to.

14 Q. Okay. Thanks. Oh. At the -- on Page 7, Lines  
15 13 through 15, you say that you "will carry  
16 forward a positive or negative balance as an  
17 adjustment to the energy cost calculation for  
18 the next year." But there is no next year. Is  
19 that just an artifact from an old testimony?

20 A. Yes. Exactly. Yes. Yes.

21 CMSR. BAILEY: Okay. I think that's  
22 all I have. Thank you.

23 WITNESS BLOOMFIELD: Okay.

24 BY CMSR. SCOTT:

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 Q. I want to talk a little bit more about the 20,  
2 and now the ask for 25 percent. So, I think  
3 that -- the collar.

4 A. Yes.

5 Q. I think, if I remember right, that was said in  
6 the context of a potential for a negative  
7 reconciliation. So, costs are more than you  
8 anticipated, and you're falling outside of what  
9 would be the 20 percent. Help me a little bit.  
10 How does that help your situation, where I  
11 think -- I think the concern articulated was,  
12 with a reducing customer base, towards the end,  
13 if you have variability, how do you recover  
14 that? How does the 25 percent help? Can you  
15 walk me through that?

16 A. Yes. If, for instance, part way through the  
17 year we lose another 20 percent of our load,  
18 or, alternatively, if it ends up being another  
19 very warm winter, we have a certain amount of  
20 fixed losses that we have in the steam system  
21 and heating the steam lines that stay, we have  
22 those losses, whether we have a cold winter or  
23 a warm winter. So, even though we're selling  
24 less steam and using less energy, we're not --

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1           it's not a one-to-one relationship there. It's  
2           a 1-to-1.3 relationship or 1.4 relationship or  
3           something. So that, if we lose 20 percent of  
4           our steam sales, the amount of fuel we use  
5           might only go down by 10 percent, which means  
6           then we got to -- have to increase the cost of  
7           our energy cost to the rest of our customers by  
8           asking for the increased collar.

9   Q.   And the collar would give you -- well, you'd be  
10       able to increase up to 25 percent, instead of  
11       20, --

12  A.   That's right. Yes. Right.

13  Q.   -- is what you're saying.

14  A.   Right.

15  Q.   So, it would give you a little bit more  
16       flexibility.

17  A.   Right. Yes. And this last year, this past  
18       year, I think was the first time we actually  
19       ever went -- used the full 20 percent, and that  
20       was just toward the very end of the summer.

21  Q.   And is that -- you know, you're citing steam  
22       losses. Is that an example or is that the  
23       primary factor, do you think?

24  A.   That's the -- that's the primary factor

[WITNESS: Bloomfield]

1 relative to steam sales versus energy use.  
2 Because, otherwise, if we're making less steam,  
3 then our energy cost is less. It's not the  
4 quite the same affect as our usage rate, which  
5 is all of our fixed costs. In there, our fixed  
6 are the same whether we sell, you know, twice  
7 as much steam or half as much steam.

8 So, there's less of an effect in loss of  
9 sales with energy than it was with usage, but  
10 it's the same, in general.

11 Q. And, in the discussion you had with  
12 Commissioner Bailey about the "soft wood", not  
13 meaning "pine", --

14 A. Yes. Yes.

15 Q. -- but the availability of wood chips. Am I  
16 correct that, with your gas purchase, that's a  
17 fairly stable commodity price, because  
18 you've -- it's a firm price, is that right?

19 A. Yes. That's correct.

20 Q. Where wood is going to be variable, depending  
21 on those market forces, that currently are  
22 making it soft, but it could change over the  
23 year, is that true?

24 A. That's correct.

[WITNESS: Bloomfield]

1 Q. So, is that why or is it just a happy  
2 happenstance perhaps? What it looks like is,  
3 towards the end of your -- the life of the  
4 plant, you're going to almost exclusively gas,  
5 so that would eliminate some of that  
6 variability. Is that a correct statement?

7 A. That is true. That's a side benefit of what we  
8 plan to do anyway. In order to clean things  
9 up, we need to stop burning wood prior to  
10 ending of -- the end of the plant. And, with  
11 the agreement with Liberty, the primary reason  
12 for it is Liberty wanted us to use a certain  
13 amount of gas, and that was part of the  
14 arrangement.

15 Q. But, again, a side benefit would be, that's a  
16 more predictable --

17 A. Yes. That's correct.

18 Q. -- future. So, you should, even though it's  
19 likely you will have less and less customers,  
20 you'll be able to predict what's going to  
21 happen a little bit easier with one less  
22 variable, which would be the wood?

23 A. Yes. That's correct.

24 Q. Okay. Is there -- does this filing fully meet

[WITNESS: Bloomfield]

1 the Settlement Agreement, assuming it's  
2 approved?

3 A. Yes, it does.

4 Q. I think you started the questioning with  
5 Attorney Clifford with the "44,000"?

6 A. Yes.

7 Q. Can you walk me through how that's recovered  
8 here?

9 A. Oh. In -- I plugged it into the cost of gas on  
10 Schedule 2, Page 1, I believe. And, in the  
11 cost of gas, "May '17 Projected Costs", where  
12 it says, in the first column, is "\$77,000"?

13 Q. Yes.

14 A. It would normally have been \$33,000. And I  
15 added an additional \$44,000 into that  
16 particular cell, to allow for the cancellation  
17 charge. That's how I fit it into the program.

18 Q. Thank you. And, back to the 25 percent. So,  
19 you've articulated that Staff is supportive of  
20 that, is that a correct statement?

21 A. Yes.

22 CMSR. SCOTT: Okay. Maybe Staff  
23 could nod their head for me?

24 MR. CLIFFORD: Yes. Staff is in

{DG 16-811} {10-17-16}

[WITNESS: Bloomfield]

1 agreement with that. We've had a conference  
2 about it, and we support that.

3 CMSR. SCOTT: Okay. That's all I  
4 have. Normally, I'd ask for redirect, but I  
5 don't know if there's any other questions?

6 MR. SALTSMAN: We have nothing.

7 CMSR. SCOTT: Okay.

8 MR. CLIFFORD: So, in closing, we,  
9 Commission and Staff -- the Commission Staff  
10 supports the Cost of Energy rate requested by  
11 the Concord Steam Corporation as submitted in  
12 its filing.

13 And, as just recently discussed --  
14 excuse me -- we do support the increase in the  
15 cap on the monthly rate adjustment to  
16 25 percent. And we think that's reasonable, in  
17 light of the service termination, and the fact  
18 that there's not going to be any opportunity to  
19 recover or refund any over- or under-collection  
20 in subsequent years. So, this may be the best  
21 way of dealing with that going forward.

22 CMSR. SCOTT: And the effective date?

23 MR. CLIFFORD: The effective date is  
24 to be November 1st, 2017 through May 31st,

{DG 16-811} {10-17-16}

1 2017 -- excuse me, November 1st, 2016. I've  
2 been -- I have been writing so many gas orders,  
3 I've been having to think which years we're  
4 referencing.

5 CMSR. SCOTT: Okay. And I assume  
6 there's no objection to striking the exhibits?

7 *(Mr. Bloomfield indicating in*  
8 *the negative.)*

9 CMSR. SCOTT: We'll admit the  
10 exhibit.

11 And do you have any closing also?

12 MR. BLOOMFIELD: My only closing is I  
13 appreciate the Commission's attention. And  
14 hopefully, don't take this wrong, but we won't  
15 have to see you folks from the stand again, the  
16 same format again.

17 CMSR. SCOTT: Well, we'll wave across  
18 the parking lot.

19 MR. BLOOMFIELD: That's right.

20 CMSR. SCOTT: All right. If there's  
21 nothing else, we'll get this out as soon as we  
22 can. Thank you. We're adjourned.

23 ***(Whereupon the hearing was***  
24 ***adjourned at 2:12 p.m.)***