

DG 02-125

CONCORD STEAM CORPORATION

Petition for Permanent and Temporary Rate Increases

Order Scheduling Prehearing Conference and Temporary Rate
Hearing
and Suspending Proposed Tariffs

O R D E R N O. 24,039

August 19, 2002

On June 17, 2002, Concord Steam Corporation (Concord Steam) filed with the New Hampshire Public Utilities Commission (Commission), a notice of intent to file rate schedules. On July 23, 2002, Concord Steam filed a petition for an increase in permanent rates, to be effective on September 1, 2002, in the amount of \$501,702, which represents a 13.9% increase over weather normalized pro forma test year revenues. The Petition was accompanied by the testimony of Peter G. Bloomfield, President. On August 8, 2002, Concord Steam filed a Petition for Temporary Rates in the amount of \$496,405 or 13.7% over weather normalized test year revenues.

Concord Steam is a public utility organized and existing under the laws of the State of New Hampshire and supplying steam service to approximately 120 commercial and institutional customers in Concord, New Hampshire. Concord Steam asserts that the increase in rates is required because it is not earning a reasonable return on the actual cost of

its property used and useful in the public service and that continuation of current rates will result in the confiscation of its property. Concord Steam contends it experienced a loss of \$99,000 in the test year, resulting in a negative 3% overall rate of return, compared to its currently allowed 8.44% overall rate of return.

The filing raises, inter alia, issues related to: RSA Chapter 378 relative to rates and charges and more specifically the level of current earnings; whether the current rates are just and reasonable; whether temporary rates should be implemented and, if so, at what level; RSA Chapter 366 relative to affiliates of public utilities and the role and function of services provided to Concord Steam by affiliate companies and the allocation of costs between affiliated companies; RSA Chapter 374 regarding general regulation of utilities; the basis for the quantitative information used to determine the revenue requirement; the appropriate return on equity; pro forma adjustments; whether the filing is consistent with the settlement agreement approved in Commission Order No. 23,822 (November 1, 2001), approving the Cost of Energy mechanism and requiring the removal of \$76,500 of energy costs allocated to maintenance in the next general rate filing; the appropriate level of permanent rates; customer retention in a competitive market;

sales trends; the appropriate level of permanent rates; and bill impacts.

Based upon the foregoing, it is hereby

ORDERED, that Concord Steam Corporation's NHPUC No. 2 Steam 17th revised Page No. 11, Superceding 16th revised page No. 11, be and hereby are SUSPENDED pursuant to RSA 378:6, I(a); and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.05, be held before the Commission located at 8 Old Suncook Road, Concord, New Hampshire on September 11, 2002, at 10:00 a.m. at which each party and Commission Staff (Staff) will provide a preliminary summary of its positions with regard to the Petition; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Concord Steam, Staff and Intervenors hold a First Technical Session to review the noticed issues; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.01, Concord Steam notify all persons desiring to be heard at this hearing by sending a copy of this order by first class mail, such action to be no later than August 26, 2002, and to be documented by affidavit filed with this office on or before September 11, 2002; and it is

FURTHER ORDERED, that Concord Steam serve a summary of its proposed rate change and a copy of this Order on the Concord City Clerk by first class U.S. mail, postmarked no later than August 26, 2002; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to Concord Steam on or before September 5, 2002, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.02 (a) (2); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before September 11, 2002; and it is

FURTHER ORDERED, that Staff and Intervenors may file testimony on Concord Steam's temporary rate request no later than October 4, 2002; and it is

FURTHER ORDERED, that a hearing on the request for temporary rates will be held on October 15, 2002 at 10:00 a.m. at the Commission.

By order of the Public Utilities Commission of New
Hampshire this nineteenth day of August, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Michelle A. Caraway
Assistant Executive Director