

DG 04-156

CONCORD STEAM CORPORATION

Petition for an Increase in Temporary and Permanent Rates

**Order Scheduling Prehearing Conference and Temporary Rate Hearing
and Suspending Proposed Tariff**

ORDER NO. 24,400

November 16, 2004

On November 1, 2004, Concord Steam Corporation (Concord Steam) filed with the New Hampshire Public Utilities Commission (Commission) an increase in permanent rates in the amount of \$292,451, with the increase to be spread proportionately over all three classes of delivery rates. Also included in its filing is a petition for an increase in temporary rates of the same amount to be effective January 1, 2005. The amount of this temporary increase represents a 6.4% increase above the currently approved rates. Concord Steam contends that it could have requested a revenue increase of over \$390,000, or approximately 8.6%. However, in order to remain competitive, Concord Steam seeks an increase of only 6.4%.

Concord Steam is a public utility organized and existing under the laws of the State of New Hampshire and supplying steam service to one residential customer and approximately 119 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. Also, Concord Steam asserts that it has started to burn wood for its primary fuel, and there are increased operating costs involved with burning this fuel. Concord Steam contends it has not earned its authorized

overall rate of return of 6.81% during the test year; instead, it asserts it has earned approximately a 1% rate of return for the test year.

In addition, Concord Steam proposes to transfer the assets of its unregulated cogeneration (Cogen) division to its regulated steam division at the depreciated value of the assets. It requests that the Cogen equipment be transferred without the payment of any purchase price and that all future income, expenses, and capital expenditures related to the Cogen equipment be applied to the regulated utility accounts. Effectively, the Cogen division would cease to exist and all of the assets of Concord Steam, including the Cogen assets, would be regulated under the N. H. Admin. Rules, Puc 1100 as a steam utility.

The filing for permanent rates and the petition for temporary rates 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; the appropriateness of the transfer of the assets of its unregulated Cogen affiliate to its regulated steam division and the treatment of the related costs and benefits of this Cogen transfer; 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 recently filed Cost of Energy approved in Commission Order No. 24,390 (October 29, 2004) pertaining to the treatment of certain wood burning direct costs; the appropriate level of permanent rates; customer retention in a competitive market; sales trends; and bill impacts.

Based upon the foregoing, it is hereby

ORDERED, that Concord Steam’s 32nd Revised Page No. 11, superceding 31st Revised Page No. 11, be and it hereby is **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 21 S. Fruit St., Suite 10, Concord, New Hampshire on December 2, 2004 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition for temporary rates and any of the noticed issues; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow Concord Steam to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that the following procedural schedule:

Responses to oral data requests propounded at the first Technical Session	12/08/04
Testimony by Staff and Intervenors regarding temporary rates	12/13/04
Hearing on Temporary Rates and further procedural schedule	12/15/04 at 10 a.m.

is established unless otherwise ordered following the Prehearing Conference; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.01, Concord Steam shall notify all persons desiring to be heard at this prehearing conference by publishing a copy of this Order of Notice no later than November 19, 2004 in a newspaper with statewide circulation or of general circulation in those portions of the state in which operations

are conducted, publication to be documented by affidavit filed with the Commission on or before December 2, 2004; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rule Puc 203.01, Concord Steam notify all customers by sending a copy of this Order of Notice by first class U.S. mail postmarked no later than November 19, 2004; and it is

FURTHER ORDERED, that Concord Steam serve a summary of its proposed revisions to delivery rates and a copy of this Order of Notice on the Concord City Clerk by first class U.S. mail postmarked no later than November 19, 2004; 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 and the Office of the Consumer Advocate on or before November 29, 2004, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin Rule Puc 203.02 and of RSA 541-A:32; and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before December 2, 2004.

By order of the Public Utilities Commission of New Hampshire this sixteenth day
of November, 2004.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Michael D. Harrington
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary