

STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

October 24, 2011 - 10:06 a.m.  
Concord, New Hampshire

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RE: DG 11-209  
CONCORD STEAM CORPORATION:  
*2011 Cost of Energy.*

PRESENT: Chairman Thomas B. Getz, Presiding  
Commissioner Amy L. Ignatius  
Sandy Deno, Clerk

APPEARANCES: Reptg. Concord Steam Corporation:  
Carol J. Holahan, Esq. (McLane, Graf...)

Reptg. PUC Staff:  
Alexander Speidel, Esq.  
Stephen Frink, Asst. Dir./Gas & Water Div.  
Robert Wyatt, Gas & Water Division

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

ORIGINAL

**I N D E X**

**PAGE NO.**

**WITNESS: PETER G. BLOOMFIELD**

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\* \* \*

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

**EXHIBIT NO.**

**D E S C R I P T I O N**

**PAGE NO.**

1 Concord Steam Corp. 2011  
Cost of Energy Filing (09-15-11) 4

2 Revised 2010 Annual Cost of  
Energy Over/Under Reconciliation  
Report (10-07-11) 8

1                                    P R O C E E D I N G

2                                    CHAIRMAN GETZ:    Okay.    Good morning,  
3    everyone.    We'll open the hearing in Docket DG 11-209.    On  
4    September 15, 2011, Concord Steam filed its annual cost of  
5    energy rate for the period November 1, 2011 through  
6    October 31, 2012.    The proposed cost of energy rate is  
7    \$15.63 per thousand pounds, which is a decrease of \$1.01  
8    per thousand pounds compared to the year ending  
9    October 31, 2011.

10                                  We issued an order of notice on  
11    September 21 setting the hearing for this morning.    I'll  
12    note that the affidavit of publication has been filed.

13                                  So, let's take appearances.

14                                  MS. HOLAHAN:    Good morning, Mr.  
15    Chairman.    Carol Holahan, from the McLane law firm, on  
16    behalf of Concord Steam.    With me today at counsel table  
17    are Mr. Peter Bloomfield and Mr. Mark Saltsman from  
18    Concord Steam.

19                                  CHAIRMAN GETZ:    Good morning.

20                                  MS. HOLAHAN:    Thank you.

21                                  MR. SPEIDEL:    Good morning,  
22    Commissioners.    Alexander Speidel, on behalf of Staff of  
23    the Commission.    And, also, I have Steve Frink and Bob  
24    Wyatt with me of Staff.

1 CHAIRMAN GETZ: Good morning. Is there  
2 anything we need to address before the Company proceeds?

3 (No verbal response)

4 CHAIRMAN GETZ: Hearing nothing, then,  
5 Ms. Holahan.

6 MS. HOLAHAN: Thank you. Mr.  
7 Bloomfield, would you like to take the stand please. We  
8 have one exhibit that we're intending to introduce today.  
9 I'd like marked for identification the Company's  
10 September 15th, 2011 filing. I have copies available for  
11 you, if you need them. You're all set? Okay.

12 CHAIRMAN GETZ: We have our copies.  
13 And, we'll mark that for identification as "Exhibit Number  
14 1".

15 (The document, as described, was  
16 herewith marked as **Exhibit 1** for  
17 identification.)

18 MS. HOLAHAN: Okay. Would you raise  
19 your -- I'm sorry, go ahead. You're going to swear him?

20 (Whereupon **Peter G. Bloomfield** was duly  
21 sworn by the Court Reporter.)

22 **PETER G. BLOOMFIELD, SWORN**

23 **DIRECT EXAMINATION**

24 BY MS. HOLAHAN:

[WITNESS: Bloomfield]

1 Q. Good morning. For the record, would us please state  
2 your name.

3 A. Peter Bloomfield, President of Concord Steam.

4 Q. Business address please.

5 A. 123 Pleasant Street.

6 Q. Mr. Bloomfield, can you briefly describe your  
7 responsibilities as President of Concord Steam?

8 A. A little bit of everything, I guess. Basically,  
9 running the Company.

10 Q. Are you familiar with the document that's been marked  
11 for identification as "Exhibit Number 1"?

12 A. Yes.

13 Q. Was it prepared by you or at your direction?

14 A. Yes.

15 Q. Can you briefly describe its contents?

16 A. Summarizing what we're -- what our cost of energy was  
17 over the previous year, what we forecast it to be for  
18 this upcoming year, and the back-up and explanation of  
19 that.

20 Q. Mr. Bloomfield, are there any incorrect portions of  
21 this testimony today?

22 A. There are a couple of minor items, yes.

23 Q. Okay. Would you please identify, I think the first one  
24 is on Page 5?

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[WITNESS: Bloomfield]

1 A. Yes. There is a typo on the price of the oil that we  
2 buy. It's not "\$858 a barrel", it's "\$85 a barrel".

3 Q. And, that would be Page 5 --

4 A. That would be like for whale oil.

5 Q. I'm sorry. That would be Page 5, Line 14, correct?

6 A. Yes.

7 Q. Okay. Other than that typographical error you've just  
8 identified, if I were to ask you the same questions  
9 that are contained in your prefiled testimony that is  
10 Exhibit 1 today, would your answers be the same?

11 A. Yes.

12 MS. HOLAHAN: Thank you. I can make the  
13 witness available for cross-examination or, if you would  
14 prefer, I can ask him to flesh out his testimony with some  
15 additional questions?

16 CHAIRMAN GETZ: I think we're ready to  
17 proceed.

18 MS. HOLAHAN: Great. Thank you.

19 CHAIRMAN GETZ: Mr. Speidel.

20 MR. SPEIDEL: Yes. Thank you, Mr.

21 Chairman.

22 BY MR. SPEIDEL:

23 Q. Mr. Bloomfield, if we could turn to Page 3, Lines 14  
24 through 15 of your testimony. And, you referred to an

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[WITNESS: Bloomfield]

1 estimated overcharge of "\$107,535" for the previous  
2 cost of energy period. Is the previous period  
3 referenced here the 2010-2011 cost of energy year that  
4 comes to a close on October 31st, 2011?

5 A. Yes.

6 Q. Okay. After filing its 2011-2012 cost of energy  
7 forecast, did the Company need to make an adjustment to  
8 Schedule 4 of the filing, related to the final PUC  
9 audit report?

10 A. Yes. Yes. The Audit Staff, in reviewing our 2009-10  
11 heating year, found some adjustments that we needed to  
12 make.

13 Q. Was this adjustment related to the final reconciliation  
14 of the 2009-2010 cost of energy year?

15 A. Yes, it was. It changed it from what we had originally  
16 listed as an overcollection of \$12,000 and change, and  
17 reduced that by approximately \$10,000 to -- as there  
18 are some corrections that were in the -- showed up  
19 during the audit.

20 Q. Thank you.

21 MR. SPEIDEL: Just one moment please.

22 (Atty. Speidel conferring with Mr.

23 Wyatt.)

24 BY MR. SPEIDEL:

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[WITNESS: Bloomfield]

1 Q. Did the Company file the corrected 2009-2010 cost of  
2 energy reconciliation with the Commission?

3 A. Yes, we did.

4 Q. Once the final 2010-2011 cost of energy reconciliation  
5 is filed with the Commission and audited, will the  
6 appropriate corrections be factored into the monthly  
7 cost of energy over/under calculation for the current  
8 year cost of energy?

9 A. Yes, it will.

10 Q. Thank you.

11 CHAIRMAN GETZ: Well, while we're there,  
12 let's mark that October 7 revision as "Exhibit Number 2"  
13 for identification.

14 (The document, as described, was  
15 herewith marked as **Exhibit 2** for  
16 identification.)

17 MR. SPEIDEL: Thank you.

18 BY MR. SPEIDEL:

19 Q. On Page 7 [6?] of the testimony that you filed, on Line  
20 20, you note that wood is expected to meet about  
21 "70 percent" of the Company's fuel requirements for  
22 steam generation. Is this consistent with the  
23 Company's fuel mix over the past few years?

24 A. Yes, it is.

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[WITNESS: Bloomfield]

1 Q. What type of price volatility does the Company expect  
2 in the spot fuel market for wood this winter?

3 A. The wood pricing market is dependent on a couple of  
4 things. One of the issues that we're having right now  
5 is wet weather. We had a wet August, a wet September,  
6 and that causes harvesting issues with the loggers. It  
7 also -- the other effect that happens is competitive  
8 use for the lower grade wood. And, the pulp and paper  
9 industry in New England is actually healthy right at  
10 the moment. And, they have a high demand for hardwood  
11 pulp. So that trees, smaller trees that would normally  
12 be considered too low grade for pulpwood and being  
13 taken for pulpwood, instead of being chipped for  
14 things, for fuel. So, there's not as much wood  
15 available now as there has been. So, loggers tend to  
16 be having to truck it a little bit further and it's  
17 tending to be costing a little bit more. We're  
18 maintaining our price, which just means that we're not  
19 getting quite as much wood into our storage yard as we  
20 would normally this time of year and building up  
21 supplies for the winter. So, the fluctuations in wood  
22 pricing is dependent on other factors. It's on the --  
23 it's kind of pushing to trying to increase right now.  
24 But, if we get a good cold fall, with no snow, freeze

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[WITNESS: Bloomfield]

1 the ground, the loggers will be right back in and able  
2 to get into properties and territories they weren't  
3 able to before. And, we expect the volume to drop back  
4 down -- or, drop back up -- come back up, rather, the  
5 pricing to drop back down. So, the short answer is, I  
6 don't expect any significant volatility, but it's  
7 really kind of weather-related and other market forces.

8 Q. So, the Company hasn't experienced any actual wood  
9 supply disruptions over the past year, has it?

10 A. We have not. We have had no -- we've never been short  
11 of wood since we restarted up with the wood yard.  
12 We've always had ample supplies.

13 Q. Mr. Bloomfield, last year you reported that the  
14 Rundlett Middle School had successfully converted its  
15 heating and hot water systems over to a system that  
16 utilizes steam energy as its heat source. Does the  
17 Company expect to add the new Conant School currently  
18 under construction in Concord as a new steam system  
19 customer?

20 A. Yes, we do.

21 Q. Are there any other new customers that the Company  
22 plans to add to its steam system during the next year?

23 A. Not that we know of at the moment.

24 Q. Has the Company lost any customer load during the past

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[WITNESS: Bloomfield]

1 year?

2 A. Not significant. I believe there was one small  
3 customer that came off, but...

4 Q. Do you happen to remember or recall the identity of  
5 that customer?

6 A. I do not.

7 Q. Okay. Does the Company expect to lose any further  
8 customer load over the course of the next year?

9 A. No, we don't. We don't expect to.

10 Q. Last year, the Commission approved the Company's  
11 request to use some of its PCAP funds to purchase a  
12 thermal energy camera and other materials that would  
13 enable the Company to locate and prioritize problem  
14 areas and repairs of problem areas of the distribution  
15 system. Would you provide a brief update as to how  
16 this thermal energy imaging technology works and how  
17 the Company has been able to use it?

18 A. It's actually a camera that takes a visible picture, as  
19 well as infrared picture, of any kind of area. And,  
20 it's sensitive enough that it can tell very accurately,  
21 within a relatively small range of degrees, so that, by  
22 using the camera and examining the ground just above  
23 where the steam lines are, we can see where there would  
24 be a heat plume, where there would be hot areas, and

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[WITNESS: Bloomfield]

1 identify those hot areas with this thermal imagery.

2 And, not just determine what is a hot area, but able to  
3 give a qualitative review, if one area is hotter than  
4 another, implying that one leak would be much worse  
5 than another. So that it gives us a much more accurate  
6 picture of our system and where the more serious  
7 problems in our system is, so that we can address those  
8 quickly.

9 Q. Thank you. Mr. Bloomfield, how many -- approximately  
10 how much of the steam distribution system has the  
11 Company been able to survey so far?

12 A. We have surveyed the entire system, in terms of walked  
13 it, looking at it with the camera, examining it as a --  
14 to look for hot spots, quite literally. We're  
15 probably, oh, a third of the way through in more  
16 accurately documenting the system, so that we have a  
17 baseline. So that we can say "Okay. Jeez, last year,  
18 this area was this temperature", or, "under these  
19 conditions, is it getting worse or better?" So that we  
20 have a baseline of what to compare to the next time we  
21 go out. So, we've looked at all of it, but we're in  
22 the process of getting hard documentation on the  
23 remainder of it.

24 Q. What are the results of the survey to date?

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[WITNESS: Bloomfield]

1 A. We've found some areas that were -- are suspect. We  
2 found two or three leaks that we weren't aware of. We  
3 have always known, at certain times of the year,  
4 especially like the first snowfall, we walk around, we  
5 drive around, and you can see where the hotter areas  
6 are. But we didn't have a more qualitative idea of how  
7 much warmer it was. So, with the camera, we found two  
8 or three locations that it was actually -- seemed to be  
9 a significant enough leak that we needed to deal with  
10 right then and there. And, some other areas that we  
11 had suspected were an -- could be an issue, but they  
12 weren't, didn't need to be addressed right away. We  
13 can only fix so many at a time, with balancing the  
14 system and maintaining service to the customers. So,  
15 we repaired the worst of what we did and have located  
16 the other, and have plans to fix the others as we can  
17 next summer.

18 Q. So, one of the leaks actually has been repaired this  
19 summer?

20 A. Oh, we repaired four leaks, I think, this summer.

21 Q. Four?

22 A. Yes.

23 Q. Does the Company believe the use of this new technology  
24 has been a successful endeavor in locating and

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[WITNESS: Bloomfield]

1 prioritizing leaks in the system?

2 A. Yes. Yeah, it's been very helpful.

3 Q. Thank you, Mr. Bloomfield. Now, on Page 12 of your  
4 testimony, you note that the Company has "installed new  
5 steam flow meters" between the steam plant and the  
6 distribution system. Has the Company been able to  
7 extract any initial conclusions related to being able  
8 to meter the steam volumes coming from the plant?

9 A. We installed these late spring, and have a few months  
10 of operation. And, we don't really have enough data to  
11 give us anything definitive. These are accurate flow  
12 meters, in the sense that we can actually see how much  
13 steam flow is entering our downtown distribution  
14 system. We have two main lines that go out of the  
15 plant. And, we have a meter on each one of those, so  
16 that we can now compare how much steam is actually  
17 going into the distribution system, as opposed to how  
18 much we're making in the plant and how much we're using  
19 in the plant. So, it gives us a much better tool of  
20 determining where some of our losses are and how we can  
21 address those. But, since we've only had -- really,  
22 only had a few months of data on it, we haven't been  
23 able to come up with anything definitive or any  
24 conclusions, *per se*.

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[WITNESS: Bloomfield]

1                   We do expect to be able to reuse those  
2           meters at the new facility. They're easily relocated  
3           and reused. They're actually a relatively small  
4           system, they're actually an acoustic meter, that just  
5           takes a couple of small probes and can be put into a  
6           steam pipe. So, it's not -- it's not even limited to a  
7           size of steam line. Often times, a meter, you buy a  
8           meter for a specific size of pipe. But these meters  
9           are such that they can be used in anything from a  
10          6-inch pipe to a 16-inch pipe. So, we expect to reuse  
11          those at other locations later.

12   Q.   Thank you, Mr. Bloomfield. Now, are you familiar with  
13          the recent proposal in Massachusetts to require biomass  
14          plants to burn at 40 percent efficiency or more to be  
15          able to qualify to sell RECs or Renewable Energy  
16          Credits in that state?

17   A.   Yes, I am.

18   Q.   Would you happen to know what the expected efficiency  
19          of the wood-fired boilers in the proposed Concord Power  
20          & Steam plant will be?

21   A.   Yes. That efficiency is actually referring to an  
22          overall thermal efficiency for a plant, all fuel going  
23          in and all energy going out, thermal and electrical  
24          energy. And, as the steam plant, the new power plant

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[WITNESS: Bloomfield]

1 is going to be making electricity and steam, during --  
2 at different months we have different efficiencies.  
3 When it's mostly electricity, the efficiency is less;  
4 when it's more steam, the efficiency is more. So, the  
5 Massachusetts regulations measure that efficiency by  
6 quarter. And, out of the four quarters of the year, we  
7 expect to meet that 40 percent in two of the quarters.  
8 The short answer is is that we don't expect to be  
9 selling RECs into Massachusetts. It will certainly  
10 have an effect on the pricing in the REC market.  
11 Because of that issue, as well as restrictions that  
12 they have on wood fuel harvesting and documentation of  
13 wood fuel harvesting, we're not expecting to actually  
14 sell RECs into the Massachusetts market.

15 Q. Do you think that this requirement in Massachusetts you  
16 say would probably reduce your ability or probably  
17 eliminate your desirability to send RECs into the  
18 Massachusetts market, would that have a negative impact  
19 on Concord Steam's finances, do you think?

20 A. The off-take agreements, the PPAs that Concord Power &  
21 Steam has for sale of electricity, is such that the  
22 Company is not taking any of the renewable energy  
23 credit risk. So, all of our PPAs pass that REC risk  
24 and the pricing of that RECs through to the buyers.

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[WITNESS: Bloomfield]

1       So, in an overall picture, the pricing of the RECs  
2       isn't that much of a -- doesn't have that much of an  
3       effect to us. It doesn't mean that it -- I do expect  
4       the Mass. REC to have an effect on REC pricing, but  
5       it's going to be -- well, it will be interesting to see  
6       how it all ends up. Because, if they can't buy  
7       baseload power, that means, basically, they can't buy  
8       thermal power from wood, means they're only going to be  
9       able to buy renewable energy to meet their REC  
10      requirements, they're only going to be able to buy wind  
11      power, which is not baseload power. So that most of  
12      the -- and, as a result, I suspect that their pricing  
13      is going to tend to be higher. So that most of the  
14      wind energy that's being developed is going to try and  
15      sell into Massachusetts. That would leave the biomass  
16      energy -- I expect there to be a shuffle. So that  
17      there's a -- some plants in Maine and one in New  
18      Hampshire that's selling RECs into Massachusetts right  
19      now. I expect there to be a period of time, as the  
20      percentage of RECs increase, and the market changes,  
21      that it will balance itself out. But time will tell.

22    Q.   Thank you for that, Mr. Bloomfield. Would you be able  
23          to give us an overview of the latest developments  
24          regarding the new steam plant?

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[WITNESS: Bloomfield]

1 A. We have all of our power purchase agreements in place  
2 now. We are in the process of trying to finalize our  
3 financing. And, we have got contractors lined up.  
4 And, the last piece now is to finalize financing. We  
5 have a couple of different financing offers on the  
6 table, and we're trying to finalize those and decide  
7 which one of those two is the best for the project, and  
8 we're working along those lines. We do expect to  
9 complete that and start construction this year.

10 Q. This calendar year 2011?

11 A. This calendar year, yes.

12 Q. And, you would expect, Mr. Bloomfield, that Concord  
13 Steam would be making an additional filing, let me see,  
14 I just want to make sure I have the correct docket  
15 number reference, on the DG 08-107 docket, to update  
16 the Commissioners on the project as a whole?

17 A. I assume that's the docket that approved the Steam  
18 Purchase Agreement between Concord Steam and Concord  
19 Power & Steam?

20 Q. Correct.

21 A. Yes. Okay. Yes. We certainly intend to come back to  
22 the Commission. But, until I have the terms of the  
23 financing defined, we won't know what those actual  
24 numbers will be, because the steam contract, the price

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[WITNESS: Bloomfield]

1 of the steam is, in part, a function of the financing  
2 terms for the remainder of the project. So that, when  
3 the Commission first reviewed it, and said "yes, we can  
4 accept the general concept of this. But, you don't  
5 have the final numbers, so we're not going to give you  
6 final approval." So, we need to get you folks the  
7 final numbers, so that we can go through the final  
8 approval.

9 MR. SPEIDEL: Thank you very much, Mr.  
10 Bloomfield. Staff has no further questions at this time.

11 CHAIRMAN GETZ: Commissioner Ignatius.

12 CMSR. IGNATIUS: Thank you. Good  
13 morning.

14 WITNESS BLOOMFIELD: Good morning.

15 BY CMSR. IGNATIUS:

16 Q. A couple questions about the new plant. If you do  
17 start construction the end of this year, when would you  
18 expect to be operational?

19 A. Before the end of 2013. It's about a little less than  
20 a two-year construction period.

21 Q. And, then, is there a dismantling plan for the existing  
22 plant or is that out of your hands and --

23 A. Yes. We're leasing that from the State. And, in fact,  
24 our lease requires to turn over to them an operational

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[WITNESS: Bloomfield]

1 steam plant. So, that, thankfully, doesn't become our  
2 problem.

3 Q. I have a couple of questions about the numbers that you  
4 presented. And, I may be mixing my schedules, and  
5 that's why I'm confused. So, I will tell you my  
6 confusion and then you can explain what I'm getting  
7 wrong here.

8 A. Okay.

9 Q. The original filing had identified an overcollection of  
10 over \$100,000?

11 A. Yes.

12 Q. Then, you had a revised filing, and the overcollection  
13 was listed at about \$1,500?

14 A. No. The overcollection from the year ending in 2010  
15 was originally 12,000. That was corrected down to  
16 1,500. Our projected overcollection for this past  
17 year, which will be ending this month, we had projected  
18 approximately \$100,000 of overcollection for this  
19 present heating season.

20 Q. And, that still remains a sound projection?

21 A. Yes. Yeah. Some of it's going to depend on what our  
22 actual steam sales are this month, for instance. But,  
23 yes, it's in that order of magnitude.

24 Q. So, the projected rate that you filed remains the rate

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[WITNESS: Bloomfield]

1           that you're proposing?

2   A.    Yes, that's correct.

3   Q.    Okay.

4   A.    Yes.  There may be a need to have some adjustments.

5           But our tariff allows for that plus or minus 20 percent

6           adjustment that we can do with notification to the

7           Commission.

8   Q.    The attachment that would show the initial 12,000

9           overprojection is what?  That you then corrected with

10          the revision?

11  A.    Yes.  Yes.  If you look on Schedule 4, --

12  Q.    Yes.

13  A.    -- over on the left-hand column, you see it says

14          "Over/(under) collection", it says "10/11".

15  Q.    Yes, I see that.

16  A.    That should have been -- that was for the start of this

17          heating season.  So, it was actually what was the

18          result of last -- of 09/10 heating season.

19  Q.    Thank you.  I was looking at the bottom line.  So that

20          that 12,000 should be in the 1,500 range?

21  A.    Yes.  That's right.

22  Q.    I also wanted just to be certain that I -- that the

23          record is clear.  You had said, in a question from

24          Mr. Speidel, that you thought you lost one customer

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[WITNESS: Bloomfield]

1           this year. Your prefiled testimony said that you had  
2           lost River Bend and three other customers?

3   A.   That's right.

4   Q.   Is that correct?

5   A.   Yes. Yes, that's correct.

6   Q.   River Bend was more significant in size?

7   A.   It's one -- I wouldn't say it's one of our larger  
8           customers, but, you know, compared to some of the other  
9           customers. But, yes, it is -- it was not -- it's not a  
10          small customer, I guess, but it's an intermediate, I  
11          mean, it's not even medium. They have -- because their  
12          building, although it's fairly large, they have some  
13          gas heat in there, as well as some steam heat. And,  
14          so, the loss of River Bend was not particularly  
15          significant. And, that's why it was easy for them to  
16          convert the remainder of that building to gas, because  
17          they already had gas in there, actually.

18   Q.   And, you had mentioned that, when the Conant School is  
19          completed, that will be connected to steam. How about  
20          the Kimball School, had that already been a steam  
21          building?

22   A.   The Kimball was previously a steam building, and the  
23          new building will also be on steam.

24                   CMSR. IGNATIUS: Okay. All right.

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[WITNESS: Bloomfield]

1 Thank you. Nothing else.

2 CHAIRMAN GETZ: Anything further,  
3 Ms. Holahan?

4 MS. HOLAHAN: No. All set. Thank you.

5 CHAIRMAN GETZ: Then, the witness is  
6 excused. Thank you.

7 WITNESS BLOOMFIELD: Thank you very  
8 much.

9 CHAIRMAN GETZ: Is there any objection  
10 to striking the identifications and admitting the exhibits  
11 into evidence?

12 (No verbal response)

13 CHAIRMAN GETZ: Hearing no objection,  
14 they will be admitted into evidence. Anything we need to  
15 address before opportunity for closings?

16 (No verbal response)

17 CHAIRMAN GETZ: Hearing nothing, then,  
18 Mr. Speidel.

19 MR. SPEIDEL: Thank you, Mr. Chairman.  
20 Staff has completed its review of the Concord Steam cost  
21 of energy forecast for the upcoming winter period and  
22 recommends approval of the proposed rates in the cost of  
23 energy filing. The demand forecast is consistent with  
24 those filed by the Company for previous winter periods and

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1 approved by the Commission.

2 The 2010-2011 cost of energy year will  
3 close on October 31st, 2011, and the New Hampshire PUC  
4 Audit Staff will review those costs when the cost of  
5 energy reconciliation is filed by the Company. Any  
6 discrepancies between the estimated 2010-2011 year-end  
7 costs and collections used to develop this 2011-2012 cost  
8 of energy forecast and actual 2010-2011 year-end results  
9 will be addressed through the monthly adjustment  
10 mechanism.

11 Staff supports the Company's use of the  
12 new thermal imaging camera to improve its steam system  
13 leak detection capabilities as it continues to make actual  
14 repairs of its most significant system leaks, thus  
15 reducing its system losses, and, as a direct result,  
16 lowering its future cost of energy rates to all steam  
17 customers. Thank you.

18 CHAIRMAN GETZ: Thank you. Ms. Holahan.

19 MS. HOLAHAN: Thank you. The Company  
20 asks that the Commission approve the cost of energy  
21 charges as set forth in the Company's September 15th  
22 filing marked today as "Exhibit 1". As indicated in that  
23 exhibit, and through the testimony of Mr. Bloomfield, the  
24 Company has been prudent in its efforts to minimize the



1 cost of energy for the upcoming heating service -- excuse  
2 me, season, in the way it mixes its fuel supplies, which  
3 would be predominantly wood, some gas, and a little bit of  
4 oil. The gas contracts are competitively bid. And, Mr.  
5 Bloomfield actively manages the cost of wood.

6 The Company has also been very  
7 aggressive in using improved technology through its  
8 thermal imaging and flow meters to detect and repair  
9 leaks, which it hopes will have a direct impact on energy  
10 rates going forward.

11 Accordingly, we would ask that the  
12 Commission determine that the rates are just and  
13 reasonable and approve the Company's request as filed.

14 CHAIRMAN GETZ: Okay. Thank you.

15 MS. HOLAHAN: Thank you.

16 CHAIRMAN GETZ: Then, we'll close the  
17 hearing and take the matter under advisement.

18 **(Whereupon the hearing ended at 10:39**  
19 **a.m.)**