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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

February 22, 2013 - 10:05 a.m.  
Concord, New Hampshire

NHPUC MAR22'13 PM 4:22

RE: DG 12-371  
CONCORD STEAM CORPORATION:  
Petition for Approval of the Transfer of  
Assets and Approval of Steam Purchase  
Agreement to Concord Power & Steam, LLC.  
(Prehearing conference)

PRESENT: Chairman Amy L. Ignatius, Presiding  
Commissioner Robert R. Scott  
Commissioner Michael D. Harrington

Sandy Deno, Clerk

APPEARANCES: Reptg. Concord Steam Corporation:  
Steven V. Camerino, Esq.

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

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

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

1  
2 CHAIRMAN IGNATIUS: I'd like to open the  
3 hearing in Docket DG 12-371. This is Concord Steam  
4 Corporation's Petition for Approval of a number of things.  
5 On December 17th, 2012, Concord Steam, pursuant to a  
6 Commission Order 24,969, filed for a determination by the  
7 Commission that its updated plan to enter into a Steam  
8 Purchase Agreement with Concord Power & Steam, LLC, under  
9 which Concord Power will supply all of Concord Steam's  
10 steam requirements for retail steam service for a minimum  
11 period of 30 years would be prudent and in the public  
12 interest. Also, a determination that the plan for the  
13 construction of system upgrades by Concord Steam in order  
14 to interconnect its distribution system to the proposed  
15 new cogeneration facility would be prudent and in the  
16 public interest. And, approval pursuant to RSA 374:30 for  
17 Concord Steam to sell some of its utility assets to  
18 Concord Power for \$500,000.

19 By order of notice dated February 4th,  
20 2013, we scheduled a prehearing for this morning, to be  
21 followed by a technical session. And, publication of the  
22 order also called for interventions no later than today.

23 Do we have a notice of publication?  
24 Good. Thank you. Then, let's begin with appearances

1 please.

2 MR. CAMERINO: Good morning,  
3 Commissioners. Steve Camerino, from McLane, Graf,  
4 Raulerson & Middleton, on behalf of Concord Steam  
5 Corporation. And, with me today is Pete Bloomfield of  
6 Concord Steam.

7 CHAIRMAN IGNATIUS: Good morning.

8 MR. SPEIDEL: Good morning,  
9 Commissioners. Alexander Speidel, on behalf of Staff.  
10 And, I have with me Bob Wyatt and Steve Frink of the Gas &  
11 Water Division.

12 CHAIRMAN IGNATIUS: Good morning.  
13 Welcome. I see nothing in the file to suggest anyone has  
14 sought intervention. Is anyone aware of any other,  
15 anything that's come in today?

16 (No verbal response)

17 CHAIRMAN IGNATIUS: Seeing nothing, it  
18 appears no one has sought to intervene. So, I think we  
19 want to understand any issues that the Company  
20 anticipates, in terms of scope matters that we should take  
21 up or contentious or complex discovery issues that we  
22 should air beforehand, sort of summary of where you think  
23 we're going, and then we'll leave you to a tech session  
24 and development of a procedural schedule. So,

1 Mr. Camerino.

2 MR. CAMERINO: Thank you. Given the  
3 issues that the Chairman identified, rather than give a  
4 summary of the filing, I'll address those issues directly.  
5 We're not anticipating anything contentious. There are  
6 some changes to the Steam Purchase Agreement that are  
7 being proposed. And, those are important, because they  
8 delink the Project and the financing costs from the  
9 pricing. So, the Capacity Charge will now be more of a  
10 fixed nature. And, so, the details of the financing won't  
11 impact that. That's relevant as to where we are in the  
12 proceeding, because, right now, the proposed equity  
13 investor that's identified in the Company's filing is  
14 still working on its financial package. And, there may be  
15 some changes with regard to some of the information that  
16 was submitted in the filing in that regard. And, we  
17 don't, for the reasons I indicated, that won't have an  
18 impact on the Steam Purchase Agreement, but it would  
19 change some of the information that we provided about the  
20 equity investor and some of those details that were in  
21 there.

22 So, what we're proposing is, the Staff  
23 and the Company have spoken, we would not enter into a  
24 procedural schedule coming out of this hearing today, but

1       rather wait until we know whether the Company is going to  
2       need to make amendments to its filing related to the  
3       financing of the Project. In the meantime, discovery can  
4       continue on issues that aren't subject to change. The  
5       Staff has already sent out some discovery in order to move  
6       things along. I'm sure there will be some additional  
7       questions about the Steam Purchase Agreement, maybe about  
8       the extension of the main to connect the Project to the  
9       Company's existing distribution system.

10                       And, so, our thought is, those issues,  
11       where the Company is not expecting any change, we would  
12       proceed on a -- without a schedule, let's say. And, then,  
13       once the Company has notified the Commission and the Staff  
14       as to whether there are any updates to its filing, we  
15       would submit a proposed proposal schedule for approval by  
16       the Commission.

17                       CHAIRMAN IGNATIUS: All right.

18       Mr. Speidel.

19                       MR. SPEIDEL: Yes. Staff would concur  
20       with the Company's conception for this docket at the  
21       present time. We have been engaged in discovery with the  
22       Company regarding various issues related to the Steam  
23       Purchase Agreement and the potential redevelopment of the  
24       plan for the cogeneration plant. We will continue with

1 those discovery efforts, starting with the technical  
2 session this morning. We have several questions prepared  
3 that we'd like to ask of the Company.

4 And, so, on a rolling basis, in advance  
5 of the development of a formal procedural schedule, we'll  
6 be engaged in discovery and discussions, and also respond  
7 to new developments as they come about. Thank you.

8 CHAIRMAN IGNATIUS: Questions?  
9 Commissioner Harrington.

10 CMSR. HARRINGTON: Yes. With regard to  
11 Mr. Bloomfield's testimony, on Page 3, this is the  
12 prefiled testimony, there's a couple of dates listed  
13 there. When it expects to have a "financial closing for  
14 the long-term financing in February of 2013", and "begin  
15 construction of the cogeneration facility in the second  
16 quarter of 2013." In lieu of what was just stated, are  
17 these dates still valid?

18 MR. CAMERINO: No. And, that's one of  
19 the things that we'll need to change. But, until we have  
20 the financing structure nailed down, there aren't new  
21 dates to indicate.

22 CMSR. HARRINGTON: Okay. So, we don't  
23 know what the new dates are, but we know these ones aren't  
24 going to be met?

1 MR. CAMERINO: That is correct.

2 CMSR. HARRINGTON: Thank you. That's  
3 all.

4 CHAIRMAN IGNATIUS: It's interesting, I  
5 had that same section marked off. One other question I  
6 had, and that's, there's a reference in the testimony to  
7 the likelihood that the State will not have a problem with  
8 an extension for the existing plant location. We don't  
9 need to address that today. But, I think, when we get to  
10 that point, it would be helpful if there's a letter from  
11 the State to that effect, or, if an actual extension has  
12 been negotiated, obviously. Something to give a basis for  
13 the Company's confidence that that won't be an issue would  
14 be helpful.

15 And, I assume that the reference to,  
16 when this was filed, it came under the old docket number,  
17 DG 08-107, and we reassigned it to a new one, 12-371. So,  
18 the reference to "supplemental testimony" from Mr.  
19 Bloomfield was supplemental to what had been in that prior  
20 docket?

21 MR. CAMERINO: Yes. And, at some point,  
22 I suspect we're going to need to, I know the Commission  
23 doesn't generally like to do this, but take notice of that  
24 entire docket. What happened was, the Company had

1 originally filed the Steam Purchase Agreement and the  
2 request for transfer of assets in that other docket.  
3 There was a proceeding and a settlement, and the  
4 Commission issued a conditional order that required the  
5 Company to come back with certain information when it  
6 wanted a final order. So, the Company made its filing as  
7 a supplemental filing to get that final order. I think  
8 simply what happened is, the Commission had long since  
9 closed that docket. And, so, administratively decided to  
10 give it a new docket number. But these two are, really,  
11 one is just a continuation of the other.

12 CHAIRMAN IGNATIUS: Well, we can figure  
13 out what needs to be either individual documents from the  
14 old docket moved into this one, or, if we need to take  
15 notice of the entire docket or a portion of it, we can do  
16 that. We can see how that plays out. We tend not to keep  
17 things open forever, just to be able to close out the old  
18 and begin anew. But we don't want you to duplicate  
19 things, if they're still valid. If so much has changed in  
20 the meantime, there's less benefit to moving everything  
21 wholesale into the new docket. But why don't you see, as  
22 it plays out, what really is important to do, and not put  
23 anyone to the trouble of restating all of those things,  
24 that would not be time well spent.

1 MR. SPEIDEL: And, Chairman, if I may  
2 within the order of notice, as sort of a seed for such  
3 efforts, there was a reference to the original order  
4 establishing the terms of this current docket. So, the  
5 Commission Order Number 24,969 was referenced, with the  
6 date of "May 22nd, 2009", and it was referred to as being  
7 "issued in Docket Number DG 08-107". So, there is a basis  
8 for linking the two documents, at least on a notice level.  
9 Thank you.

10 CHAIRMAN IGNATIUS: Good. And, I don't  
11 recall if anybody intervened in that docket. We should  
12 double-check. And, if they did, we'll send them a notice  
13 that this is -- the next phase of this is underway. But  
14 we can check that from our records.

15 MR. SPEIDEL: I can actually let you  
16 know, Chairman, that there were no intervenors. I'm  
17 looking at the May 22nd, 2009 order. And, as far as the  
18 positions of the parties are concerned, let me take a look  
19 here. Yes. I don't see any reference to any intervenors.

20 CHAIRMAN IGNATIUS: All right. Thank  
21 you. Well, this has been a project a long time in the  
22 making. And, we look forward to seeing the next  
23 submissions and further developments that take place.  
24 Unless there's anything else?

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(No verbal response)

CHAIRMAN IGNATIUS: We will adjourn the hearing and leave you to work out further discovery and other issues in the tech session. Thank you.

**(Whereupon the prehearing conference ended at 10:15 a.m., and the Company & Staff conducted a technical session thereafter.)**