

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 13-152

CONCORD STEAM CORPORATION

Petition for Approval of a Special Contract for CATCH Neighborhood Housing

Order *Nisi* Approving Special Contract

ORDER NO. 25,558

August 2, 2013

On May 17, 2013, Concord Steam Corporation (Concord Steam) filed a petition pursuant to RSA 378:18 seeking Commission approval of a special contract with CATCH Neighborhood Housing (CATCH) for service to the former Endicott Hotel property (the Property) located at 3 South Main Street in downtown Concord. Concord Steam filed a revised special contract on July 22, 2013. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, is posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-152.html>.

Concord Steam asserts that special circumstances exist which render a departure from its general tariff schedules just and consistent with the public interest. Concord Steam has provided retail steam service to the Property for over 30 years. Historically, usage at the Property represents approximately 56% of the Company's load in the immediate downtown area. CATCH purchased the Property in June 2011 and, as part of a renovation, began exploring alternate forms of heat for the Property, including natural gas. CATCH would only consider heating the property with steam if the Company could provide some long term certainty regarding rates. The Company asserts that the proposed contract is designed to meet the specific

needs of CATCH while providing benefits to the Company and its other customers. The Company asserts that by retaining the load associated with the Property and the revenues associated with the load for the seven year term of the contract, the Company will be able to keep rates down for all of its customers. The Company also asserts that the revenues lost by providing services at the lower rate contained in the contract are less than the revenues that would be lost as a result of losing the load altogether.

The revised special contract has a seven-year term commencing October 1, 2013, and an effective date of June 30, 2013. During the first four years of the contract term, CATCH will pay a usage rate equal to the lowest tier base rate in effect in the Company's tariff. For the remaining three years of the contract, CATCH will pay a usage rate equal to the applicable tariff rate (i.e., the rate that would be applicable without a special contract). For the full seven years of the contract, CATCH must pay all other components of the Company's tariff (i.e., meter charges, cost of energy charges, and surcharges) at the same rates applied to all other customers under the Company's tariff.

On July 25, 2013, Staff filed a memorandum recommending approval of the revised special contract. Staff stated that retention of the Property's load will benefit all steam customers by contributing to fixed costs that are embedded in the Company's base rate and cost of energy rate components. If, by comparison, CATCH were to convert the Property to an alternate heating fuel, such as natural gas, then the Company and its other customers would not receive the benefit of any contribution to fixed costs. Staff considers the revised special contract to be in the public interest, as required by RSA 378:18.

RSA 378:18 requires the Commission to approve a special contract when “special circumstances exist which render such departure from the general schedules just and consistent with the public interest.” We review the Company’s filing with this standard in mind, giving consideration to the policy precepts established in *Generic Discount Rates*, 77 N.H. PUC 650 (1992) and *Generic Discount Rates Docket*, 78 NH PUC 316 (1993).

We find that the benefits of retaining the load associated with the Property create special circumstances which make a departure from the tariff just and in the public interest. CATCH receives the price certainty of a special rate for a four year period, while the Company receives assurance that CATCH will remain a customer for seven years. The special contract rate is not below the Company’s marginal cost to provide service and will therefore not require the Company’s current customers to unduly subsidize CATCH. The rate is specific to the usage rate portion of the steam service bill and will equal the lowest tier usage rate in effect at the time of usage for all metered steam measured in units of 1,000 pounds per month (Mlbs). This special contract rate will apply only during the first four years of the term. During the fifth, sixth, and seventh years of the term, the usage rate will revert back to the applicable tariffed usage rate and tier in effect at that time, based on the Property’s monthly steam usage. During the full seven year term, CATCH will be required to pay all other components of the Company’s tariff at the same rates as any other customer taking under the Company’s tariff, including any surcharge approved by the Commission. Accordingly, we approve the Company’s special contract with CATCH Neighborhood Housing as revised and filed on July 22, 2013.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, Concord Steam Corporation's special contract with CATCH Neighborhood Housing, as revised and filed on July 22, 2013, is APPROVED; and it is


FURTHER ORDERED, that Concord Steam Corporation shall cause a copy of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than August 13, 2013 and to be documented by affidavit filed with this office on or before August 27, 2013; and it is


FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than August 20, 2013 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than August 27, 2013; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective August 30, 2013, unless Concord Steam Corporation fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this second day of
August, 2013.


Amy L. Ignatius
Chairman


Michael D. Harrington (KNS)
Commissioner


Robert R. Scott (KNS)
Commissioner

Attested by:


Debra A. Howland
Executive Director

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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