



**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

DG 16-827

**Petition for Approval of a Transition Fund
For Concord Steam Non-Governmental Non-Profit Customers**

Concord Family YMCA

DIRECT TESTIMONY

OF

JIM DOREMUS

KENNETH E TRAUM

February 8, 2017

1 **Q. Please state your names and positions.**

2
3 A. My name is James Doremus. I am the Executive Director of the Concord
4 Family YMCA which is located at 15 N State Street, Concord, NH.

5 My name is Kenneth E Traum. I am on the Board of Directors for the Concord
6 Family YMCA and Chair of the Board's Buildings and Grounds Committee.

7
8 **Q. Mr. Traum have you previously testified before the New Hampshire**
9 **Public Utilities Commission (Commission)?**

10
11 A. Yes on many occasions representing the Office of Consumer Advocate for
12 over 20 years, as a private consultant, and initially as a member of the PUC Staff.

13
14 **Q. What is the purpose of your testimony?**

15
16 A The YMCA as one of the Joint Petitioners in this proceeding is seeking
17 Commission approval of said Petition in order to assist the non-governmental
18 customers of Concord Steam who are faced with incurring extremely high
19 conversion costs with very long payback periods, forced upon them by the
20 upcoming closure of Concord Steam Corp

21 The YMCA believes that the Commission consistent with its Mission Statement
22 should "provide necessary customer protection" as it did for the customers of the
23 Claremont Gas Corporation in DE 94-056, Order #21,309 where it ordered the
24 company to cover conversion costs.

25 By comparison in this docket, Staff's lack of "provid(ing) necessary customer
26 protection" is clearly stated in the final sentence of Staff's response to Data

1 Request #1 from the Joint Petitioners: “There is no “exceedingly long” payback
2 period that would lead to a Staff recommendation for financial assistance for
3 Concord Steam customers through the proposed Transition Fund.”
4

5 **Q. Please provide some background on the Concord Family YMCA (Y) and**
6 **its mission.**
7

8 A. The Y is a charitable nonprofit organization whose mission promise is to
9 strengthen the foundation of community through a focus on youth development,
10 healthy living, and social responsibility. In the past 12 months the Y served
11 10,300 unduplicated people, 2,800 of which received services for free or reduced
12 rates valued at over \$585,000.

13 The Y has 2 buildings that had historically been served by Concord Steam, our
14 Main Building and the Fire House Building. As will be explained later in this
15 testimony, the Main Building was converted to natural gas in October, 2016, so
16 our involvement in this docket is due to the situation with the Fire House Building.
17 The Fire House Building houses the Y’s pre-school; program and one of our 7
18 after school sites. Over 60% of our preschool and 57% of the total building
19 population qualifies as low-income and receives financial assistance.

20 On average the Y serves 160 children in this building on a daily basis and 92 of
21 those kids come from low-income families.

22 Both of these programs are License Plus Certified (only 11% of all childcare
23 providers are License Plus). Not only does high quality childcare help to prepare
24 kids to be more successful in school and as adults, but it also helps low-income
25 families become employed or maintain full employment enabling them to provide
26 financial stability and support for their children’s learning.

1

2 The Y spent over \$110,000 in direct aid for childcare assistance in our most recent
3 fiscal year. This is money that we raise through fundraising, grants, and the
4 United Way. If this petition is not approved, we will probably have to divert
5 money that would normally be used for childcare financial assistance to pay for
6 the Fire House Building's steam conversion to gas fired boilers. This means we
7 would not be able to serve as many low-income families and children.

8

9 **Q. What is the Y's annual budget?**

10

11 A. The Y's annual budget exceeds \$3 million but only includes a \$50,000
12 projected surplus. So it will be very difficult for us to handle any large non-
13 budgeted costs without impacting our charitable mission.

14

15 **Q. Previously you said the Y has 2 buildings that had historically been**
16 **served by Concord Steam, but as far as this Petition is concerned, you are**
17 **only seeking relief as it relates to the Fire House Building. Why is that?**

18

19 A. For several years the Y Board's Buildings and Grounds Committee (B&G)
20 had been analyzing the costs and benefits of converting our Main Building from
21 Concord Steam to natural gas.

22 On March 29, 2016 the Y Board approved the recommendation of the B&G
23 Committee to borrow up to \$375,000 to cover the conversion of the Main Building
24 to natural gas. Then in April the Board approved a contract with a company to
25 handle the conversion.

1 Here we would note that these actions occurred prior to any filings in DG 16-769
2 or 770.

3 The conversion was completed in October, 2016.
4

5 **Q. Why didn't the Y convert the Fire House Building at the same time?**
6

7 A. The Fire House Building was only billed \$6,217 by Concord Steam for the
8 year ended September, 2016. When comparing the potential savings from
9 conversion to natural gas (assumed to be in the \$4,500 range) against the initial
10 rough estimate we had received for conversion of \$125,000, we estimated a
11 payback period of approximately 30 years assuming we could borrow the funds
12 necessary at a minimal interest rate.

13 With that we turned our attention to other more pressing issues facing the Y.
14 At this point we are seeking hard quotes for the conversion and pursuing other
15 grant opportunities
16

17 **Q. Is the Y actively seeking a grant for renovations of the Fire House**
18 **Building?**
19

20 A. Yes. As Mr. Frink correctly noted in his prefiled testimony on behalf of the
21 PUC Staff in this proceeding, the Y is pursuing a Community Development Block
22 Grant for renovation of the Fire House Building. However receiving the support
23 from the City of Concord is not the final step, but just one in what is a statewide
24 competition for funds that is still ongoing.
25 Even if the Y were to be awarded the grant, we would have to provide a match that
26 would probably mean that we would pay for the cost of the steam conversion.

1

2 **Q. Was the extremely long payback period the only reason the Y didn't**
3 **proceed with the conversion of the Fire House Building at the same time as its**
4 **Main Building?**

5

6 A. No. Being aware of the Commission's decision in DE 94-056, which Mr.
7 Traum had testified in, as well as the Commission's Mission Statement, we felt
8 that the Commission would look out for the interests of the remaining Concord
9 Steam customers should anything happen to Concord Steam's ongoing operations.

10

11 **Q. Please elaborate on your prior answer.**

12

13 A. As far as we were aware, the last time a NH public utility voluntarily
14 discontinued service was Claremont Gas Corporation. The docket in which the
15 Commission granted them the right to do such was DE 94-056, and specifically
16 Order # 21,309.

17 In that Order and Settlement Agreement, the Commission stated on page 15 of
18 said Order:

19 "For those customers who are forced to convert to a fuel source other than bottled
20 propane (i.e., those customers who cannot be converted legally and safely to
21 bottled propane), Claremont will bear all costs of conversion to an alternative
22 source at a comparable level of service, including the replacement of appliances.
23 We believe this is an appropriate safeguard."

24 We felt because of this precedent as well as the Commission's Mission Statement
25 which in part states, "To provide necessary customer protection", that the

1 Commission would protect utility customers placed in situations like this due to
2 actions taken by a public utility.

3

4 **Q. Do you believe approval of the Joint Petition is discriminatory to**
5 **Liberty's existing customers, not just and reasonable, or can be viewed as**
6 **single issue ratemaking?**

7

8 A. No, and here we strongly disagree with Mr. Frink's position on how this \$1
9 million should be viewed. In fact we interpret Mr. Frink's statement on page 79
10 of the October 5, 2016 Transcript in DG 16-769 as being at odds with his current
11 position. There he stated "So, I think that's a proposal that can be made after-the-
12 fact, and something can be established, if that's what -- if that's appropriate."
13 And it is appropriate. We agree with the memorandum provided by the Joint
14 Petitioners that the \$1 million requested here should not be viewed independently
15 but as part of the total price being paid by Liberty of \$2.9 million, thus resulting in
16 a benefit to all of Liberty's customers per the previously filed DCF analysis.

17

18 **Q. If the Commission were to agree with this Petition, do you believe that**
19 **would be consistent with Order # 25,920 in the Eversource generation**
20 **divestiture case which included "property tax stabilization payments"?**

21

22 A. Yes, There the Commission sought to provide some financial protection to a
23 group potentially negatively impacted by Commission approval of the divestiture.
24 There the "property tax stabilization payments" were not viewed independently
25 from the balance of the docket, which would be consistent with Staff's position in
26 the Instant docket, but were considered as a part of the whole and thus approved.

1

2 **Q. Does this complete your testimony?**

3

4 A. Yes.