

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

ORIGINAL

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P R O C E E D I N G

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

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

Do we have a notice of publication?
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?

1 (No verbal response)

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

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

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