

1 **Q. Please state your name and business address.**

2 A. My name is Mark Saltsman. My business address is 123 Pleasant Street,
3 Concord, New Hampshire.

4 **Q. Please summarize your professional and educational background.**

5 A. I am Vice President and General Manager of Concord Steam Corporation
6 (“Concord Steam” or the “Company”). I have been employed by Concord Steam
7 since 1991. I have a Bachelor of Science degree in Business Management from
8 Franklin Pierce College, Rindge, New Hampshire where I graduated Summa Cum
9 Laude and a member of the Alpha Sigma Lambda National Honor Society. My
10 educational achievements have been supplemented by additional coursework at
11 various technical schools in subjects directly related to operations and
12 maintenance of central heat plants and associated equipment. My professional
13 activities in the community include having served on the Concord School board
14 and the Governor’s office of energy task force to study renewable energy credit
15 opportunities in thermal energy.

16 **Q. Please describe your role with regard to the negotiation of the special
17 contract with CATCH Neighborhood Housing ("CATCH") that is the
18 subject of this proceeding.**

19 A. I played the lead role on behalf of Concord Steam in negotiating the contract that
20 is being submitted to the Commission in this docket.

21 **Q. What is the purpose of your testimony?**

22 A. I will summarize the terms of and reasons for the Company's decision to enter
23 into a special contract with CATCH.

24 **Q. Please describe the historical background of Concord Steam’s relationship**

1 **with CATCH and the Endicott Hotel.**

2 A. For over 30 years, Concord Steam has been providing retail steam service to the
3 building located at 3 South Main Street , Concord, New Hampshire (the “Endicott
4 Hotel”). This building consists of approximately 24 units of low-income
5 residential housing and several commercial spaces that historically have been
6 heated with steam and whose domestic hot water has been provided through retail
7 steam service. The Company’s customer has been the owner of the building, not
8 the individual tenants of the apartments. Until recently, the building’s
9 commercial spaces were owned by Harry Shapiro & Son’s.
10 In June of 2011, Harry Shapiro & Son’s sold the Endicott Hotel commercial
11 spaces to Catch Realty, LLC. In June of 2011 Concord Steam was approached by
12 Mike Reed of Catch to discuss Catch’s intention of a complete renovation of the
13 Endicott Hotel including an upgrade of the commercial spaces and significant
14 improvements to the apartments. On January 24, 2013, Concord Steam entered
15 into a contract with Catch for the provision of retail steam service to the Endicott
16 Hotel effective June 30, 2013

17 **Q. Were you able to reach any agreement with CATCH regarding continuation**
18 **of steam service?**

19 A. Yes. CATCH was in the process of exploring alternate forms of heat for the
20 Endicott Hotel, including natural gas. I met with a representative of CATCH,
21 Mike Reed, to discuss continuation of steam service to the Endicott Hotel given
22 it’s significance to Concord Steam’s customer load. CATCH has been in the
23 process of exploring alternate fuel sources as a way to reduce its long term fuel
24 costs. CATCH was only willing to consider restoring steam heat to the Endicott

1 Hotel if the Company could provide some long term certainty, to the greatest
2 extent possible, regarding Concord Steam's rates. Because it is beneficial to all of
3 Concord Steam's customers to retain the load associated with the Endicott Hotel,
4 I reached agreement with Mr. Reed to provide retail steam service to the Endicott
5 Hotel for a term of seven years at a rate lower than the otherwise applicable
6 tariffed rate.

7 **Q. Please describe the terms of the contract between Concord Steam and**
8 **CATCH.**

9 A. A copy of the contract between Concord Steam and CATCH is attached to my
10 testimony as MS-1. Pursuant to this contract, CATCH has committed to remain a
11 customer of the Company for seven years, beginning on June 30th 2013. CATCH
12 will pay a monthly rate that is based on the current lowest tier base rate and the
13 current energy rate, as approved by the Commission. The contract assumes that
14 CATCH's annual steam usage will be 1,545 Mlbs/year, which is consistent with
15 its historic usage.

16 **Q. Is this contract beneficial to the Company and in the public interest?**

17 A. Yes. As explained in the special circumstances statement attached to the front of
18 the contract, it is in the Company's interest to retain the load associated with the
19 Endicott Hotel. The Endicott Hotel represents approximately 56% of the
20 Company's load in the immediate area. By retaining this load and the revenues
21 associated with it, Concord Steam is able to keep rates down for all of its
22 customers and eliminate the risk associated with losing the Endicott Hotel load
23 over the next several years. While there is some revenue loss associated with
24 providing service at this lower rate, that revenue loss is less than the revenue cost

1 to the Company's customers in the event that the Endicott Hotel load was lost
2 altogether. Further, the monthly rate under the contract is not less than the
3 Company's marginal cost to provide service to the Endicott Hotel. Thus, there
4 will not be any undue subsidy by the Company's current customers of CATCH.

5 **Q. Are there other reasons that would support a finding that this contract is just**
6 **and consistent with the public interest?**

7 A. Yes. The Endicott Hotel provides critical housing to residents in downtown
8 Concord, particularly given the lack of affordable housing in Concord. Given the
9 financial pressures on CATCH operating as a non-profit, it is critical that steam
10 service be as affordable as possible so that CATCH can meet its obligations to its
11 tenants and yet maintain affordable housing. Because retaining the load
12 associated with the Endicott Hotel also benefits all of Concord Steam's
13 customers, the Company believes that a deviation from the terms of the
14 Company's tariff is not only warranted but in the public interest.

15 **Q. What happens if CATCH defaults under the contract?**

16 A. Pursuant to Section 5 of the contract, CATCH has agreed to pay all service
17 connection charges related to the restoration of steam service and associated costs
18 to supply steam service if its service is disconnected as a result of CATCH's
19 default under the contract. Further, CATCH would be obligated to repay Concord
20 Steam for any base rate discounts applied to its account if CATCH is in default of
21 the contract or is disconnected. This provision creates an incentive for CATCH to
22 remain in good standing and to avoid any disconnection of its steam service.

23 **Q. Does that complete your testimony?**

24 A. Yes.