

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

October 19, 2015 - 9:01 a.m.  
Concord, New Hampshire

REDACTED  
(for public use)

NHPUC OCT23'15 AM 8:42

RE: DG 15-377  
CONCORD STEAM CORPORATION:  
2015 Cost of Energy.

**PRESENT:** Commissioner Robert R. Scott, Presiding  
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

**APPEARANCES:** Reptg. Concord Steam Corporation:  
Peter Bloomfield  
Mark Saltsman

Reptg. PUC Staff:  
Alexander F. Speidel, Esq.  
Stephen P. Frink, Asst. Dir./Gas & Water Div.  
Al-Azad Iqbal, Gas & Water Division

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

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**I N D E X**

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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Concord Steam Corporation's Cost of Energy filing, including Tariff Pages, Direct Prefiled Testimony of Peter Bloomfield, with attachments (09-11-15)	7
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[WITNESS: Bloomfield]

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

2                                   COMMISSIONER SCOTT: Good morning.

3                                   MR. BLOOMFIELD: Good morning.

4                                   MR. SPEIDEL: Good morning.

5                                   COMMISSIONER SCOTT: Chairman Honigberg  
6 is unable to be here this morning. So, you're stuck with  
7 me.

8                                   So, I'll start with, I suppose,  
9 appearances. Well, actually, I'll introduce very briefly  
10 first. Again, we're here for DG 15-377, for Concord Steam  
11 Corporation's 2015-16 Cost of Energy adjustment.

12                                   And, with that, I'll take appearances.

13                                   MR. BLOOMFIELD: Commissioners, this is  
14 Peter Bloomfield, Concord Steam, and Mark Saltsman with  
15 me.

16                                   COMMISSIONER SCOTT: Good morning.

17                                   MR. SPEIDEL: Good morning,  
18 Commissioners. Alexander Speidel, representing the Staff  
19 of the Commission. And, I have with me Stephen Frink,  
20 Assistant Director of the Gas & Water Division, and  
21 Utility Analyst of the Gas & Water Division, Iqbal  
22 Al-Azad.

23                                   COMMISSIONER SCOTT: Good morning.

24                                   MR. SPEIDEL: Good morning.

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 COMMISSIONER SCOTT: Is there a  
2 procedure we plan on following this morning?

3 MR. SPEIDEL: Well, I would suggest that  
4 we bring Mr. Bloomfield to the stand, as he is the  
5 testimonial presenter for this proceeding. And, I don't  
6 know if Mr. Saltsman would like to engage in some direct  
7 questioning of Mr. Bloomfield or not?

8 MR. SALTSMAN: Yes.

9 MR. SPEIDEL: Okay. Then, after  
10 Mr. Saltsman concludes his direct questioning, I would ask  
11 some cross-examination questions.

12 COMMISSIONER SCOTT: Let's do so. Is  
13 that a surprise?

14 MR. BLOOMFIELD: Yes.

15 (Whereupon **Peter A. Bloomfield** was duly  
16 sworn by the Court Reporter.)

17 MR. SALTSMAN: Good morning, Mr.  
18 Bloomfield.

19 WITNESS BLOOMFIELD: Good morning, Mr.  
20 Saltsman.

21 **PETER A. BLOOMFIELD, SWORN**

22 **DIRECT EXAMINATION**

23 BY MR. SALTSMAN:

24 Q. Can you tell -- can you tell the Commission if there

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 has been any significant steam line repairs done this  
2 year?

3 A. Yes. There has been. We have repaired a couple of  
4 large -- replaced a couple of large expansion joints in  
5 the system, as well as some -- two or three smaller  
6 ones and smaller steam leaks that were in the system.

7 MR. SALTSMAN: Thank you. That will be  
8 all.

9 COMMISSIONER SCOTT: Do we have exhibits  
10 we'd like to be marked?

11 MR. SPEIDEL: It's a little unusual  
12 doing it through cross, but I can certainly oblige. We're  
13 all amateurs at this on one level or another, but I'm a  
14 little more familiar with it than Mr. Saltsman might be.  
15 So, what I would suggest -- Mr. Frink, would you mind  
16 handing that over to me please? Thank you.

17 **CROSS-EXAMINATION**

18 BY MR. SPEIDEL:

19 Q. There is a filing that was made on September the 11th  
20 of 2015. And, it has the caption "Concord Steam Annual  
21 Cost of Energy Filing". Mr. Bloomfield, did you  
22 prepare that exhibit --

23 A. Yes.

24 Q. -- or this material for the Commission's consideration?

[WITNESS: Bloomfield]

1 A. Yes, I did.

2 Q. Do you have any corrections that you would like to make  
3 to this material?

4 A. I do not believe so.

5 MR. SPEIDEL: Very well. Then, I would  
6 ask that the Commission mark this as "Hearing Exhibit 1"?

7 COMMISSIONER SCOTT: Okay. Thank you.

8 (The document, as described, was  
9 herewith marked as **Exhibit 1** for  
10 identification.)

11 BY MR. SPEIDEL:

12 Q. And, there is a second piece of material that was sent  
13 to the Commission a little bit earlier, on September  
14 the 4th of 2015. And, it has the caption "Concord  
15 Steam Corporation, Correction of typo on tariff". Do  
16 you recognize this material, Mr. Bloomfield?

17 A. Yes, I do. Yes.

18 Q. And, did you have a role in preparing this?

19 A. Yes, I did.

20 Q. Any corrections to this correction material?

21 A. I don't think so.

22 MR. SPEIDEL: Thank you very much. I  
23 would ask that the Commission mark this as "Hearing  
24 Exhibit 2"?

[WITNESS: Bloomfield]

1 COMMISSIONER SCOTT: Okay. We'll need  
2 copies at some point.

3 MR. SPEIDEL: It hasn't made it to the  
4 Commissioners. Well, we'll clarify that. If need be,  
5 we'll have it resubmitted. But it appears to have been  
6 filed officially with the Commission under Docket Number  
7 DG 14-233.

8 MS. DENO: Oh, I have that.

9 MR. SPEIDEL: Okay. So, I think that  
10 would be in the docket files. And, we would have it  
11 cross-referenced within this DG 15-377 file, if possible.  
12 Thank you so much, Clerk.

13 (The document, as described, was  
14 herewith marked as **Exhibit 2** for  
15 identification.)

16 BY MR. SPEIDEL:

17 Q. Mr. Bloomfield, with regards to Hearing Exhibit 1,  
18 would you please compare this year's over-collection  
19 with last year's under-collection? For instance, on  
20 Page 3, there's a reference.

21 A. Yes. We had -- this year, there was an over-collection  
22 of roughly \$5,000, versus last year's under-collection  
23 of \$145,000. Part of the 145,000 was a one-time charge  
24 of oil that was in our large storage tanks that was

{DG 15-377} [Redacted - for public use] {10-19-15}



[WITNESS: Bloomfield]

1 unusable/unretrievable. And, there was a \$50,000  
2 charge on that.

3 Other than that, it was -- it was a  
4 colder winter in this past year, so that we, having  
5 sold more steam, and our line loss was a slightly  
6 smaller percentage of our steam sales than it would  
7 have been normally, those are probably the two largest  
8 impacts I can think that would make that difference.

9 Q. Thank you. Could you tell us, Mr. Bloomfield, how this  
10 year's diesel costs compared with last year's.

11 A. The diesel fuel we use is primarily in the woodyard,  
12 heavy equipment, and in the truck delivery of wood.  
13 And, that cost is probably a dollar, \$1.50 less than it  
14 was a year ago, I think.

15 Q. Thank you. Can you tell us how diesel fuel prices  
16 impact the cost of wood in our area? Is there some  
17 correlation that you can describe?

18 A. There is. A significant portion of the cost of fuel --  
19 rather, the cost of wood is diesel, because there's a  
20 lot of the harvesting of wood that's automated, run by  
21 large skidders and feller bunchers and shears --

22 *[Court reporter interruption.]*

23 **CONTINUED BY THE WITNESS:**

24 A. "Feller buncher" it's called. As well as the

[WITNESS: Bloomfield]

1 transportation of the truck to and from the woods. So  
2 there's a rough rule of thumb that some of the  
3 foresters have developed that for every dollar change  
4 in the cost of diesel fuel, the cost of wood fuel  
5 changes about \$2.00 per ton.

6 BY MR. SPEIDEL:

7 Q. Thank you. Can you tell us how this year's natural gas  
8 costs compared with last year's?

9 A. Last year, we were paying around \$14 and change, and  
10 this year it's somewhere around \$12 and change.

11 Q. Thank you.

12 A. We have locked in gas prices at that price for the  
13 year.

14 Q. And, given the \$150,000 decrease or swing in the  
15 over-/under-collection figures, lower diesel costs and  
16 lower natural gas costs, would you be able to give us  
17 an explanation as to why this year's cost of energy  
18 rate is almost identical to last year's? For instance,  
19 the 2014 rate was \$25.10 per Mlb, and the 2015 rate is  
20 \$25.22 per Mlb.

21 A. We started last year at \$25.10, and we raised it a  
22 dollar part way through the winter. So that we, for at  
23 least half of the heating season, we were at \$26.10.  
24 The amount of gas that we have -- that we have planned

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 on burning in the past, we have always seemed to have  
2 underestimated it, and, therefore, had to make  
3 corrections. So, this year, we were a little more  
4 aggressive in trying to figure out really how much  
5 natural gas we might burn. And, so, we allocated a  
6 little bit more of that to our -- to our budget this  
7 year.

8 Q. On Page 4 of your testimony, within Hearing Exhibit 1,  
9 you state that "the Berlin Burgess Biopower plant has  
10 had no noticeable impact on Concord Steam's wood  
11 prices." Where does Concord Steam get most of its wood  
12 from?

13 A. The majority of our wood comes from south and west of  
14 us. North and east of us either tends to go to  
15 Schiller, on the coast, or the wood-fired plants north  
16 of us. And, although Berlin had been paying in the  
17 neighborhood of \$42 a ton for its wood up in northern  
18 New Hampshire, it's enough of a long-haul truck that  
19 the loggers down here were not willing to make that, it  
20 wasn't worth it for them. So, we're paying to our yard  
21 about \$26, compared to the \$42 up in Berlin. And, most  
22 of that, as I said, comes from south of us and west of  
23 us.

24 Q. So, in general terms, that would be Cheshire County

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 area --

2 A. Yes.

3 Q. -- and western Merrimack County?

4 A. We occasionally would get something from Massachusetts,  
5 but, generally, it's in about a 30-mile radius of  
6 Concord.

7 Q. Okay. On Page 8 of your testimony, you state that you  
8 "lost four customers this year". Do you know if those  
9 customers converted to natural gas?

10 A. Yes, they did.

11 Q. Okay. How much of that -- an impact did the lost of  
12 customers have on your sales forecast?

13 A. Their historical use was approximately 2,000 Mlbs.

14 Q. Okay. And, would that be elucidated on Schedule 3 of  
15 Hearing Exhibit 1?

16 A. Yes, it would.

17 Q. Have any other customers left or notified, you know,  
18 have they provided notification to the Company that  
19 they will be terminating service since you filed your  
20 testimony?

21 A. There was, I think, one other small customer that  
22 already converted, years ago they converted most of  
23 their building, and just recently they finished the  
24 conversion. And, I don't remember how much it was

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 offhand, but it was a small customer.

2 Q. Do you know the identity of that customer?

3 A. I do, but I don't remember right off the top of my  
4 head.

5 Q. That's all right. This can happen.

6 A. Yes.

7 Q. So, we'll move on. Did you receive a copy of the Final  
8 Audit Report issued by the Commission Staff on last  
9 year's cost of energy?

10 A. Yes, I did.

11 Q. How did the filed expenses compare with the audited  
12 expenses?

13 A. They were -- there was a difference of about -- a net  
14 difference of about \$12,000. And, it was out of a  
15 \$3 million budget of cost of energy, it was roughly  
16 \$12,000, or a small percentage.

17 MR. SPEIDEL: Thank you. Just one  
18 moment please.

19 *(Atty. Speidel conferring with Mr.*  
20 *Frink.)*

21 MR. SPEIDEL: Commissioners, I would at  
22 the present time request that we begin the confidential  
23 segment of this hearing, so that we could discuss certain  
24 material provided by Concord Steam Corporation in its

[WITNESS: Bloomfield]

1 quarterly updated progress report or status report. And,  
2 after the conclusion of Staff's questions, we would invite  
3 the Commissioners to engage in their bench questioning.

4 And, the sequence would be as follows:  
5 We will ask our questions regarding the status report.  
6 Then, you can ask your bench questions about the same.  
7 And, then, we can save any general matters, if you have  
8 any bench questions about that.

9 COMMISSIONER SCOTT: That sounds good.  
10 I note, fortunately, in that respect, there's no audience  
11 here, so, we don't have to clear a room. So, that works.

12 MR. SPEIDEL: That's correct.

13 COMMISSIONER SCOTT: Thank you.

14 MR. SPEIDEL: Therefore, I ask that Mr.  
15 Patnaude begin the confidential segment of the hearing.

16 (**Pages 15 through 28** of the hearing  
17 transcript is contained under separate  
18 cover designated as "**Confidential &**  
19 **Proprietary**".)

[WITNESS: Bloomfield]

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[WITNESS: Bloomfield]

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[WITNESS: Bloomfield]

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[WITNESS: Bloomfield]

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[WITNESS: Bloomfield]

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[WITNESS: Bloomfield]

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**[REDACTED - CONFIDENTIAL]**

[WITNESS: Bloomfield]

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[WITNESS: Bloomfield]

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**[REDACTED - CONFIDENTIAL]**

[WITNESS: Bloomfield]

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**[REDACTED - CONFIDENTIAL]**

[WITNESS: Bloomfield]

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[WITNESS: Bloomfield]

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**[REDACTED - CONFIDENTIAL]**

[WITNESS: Bloomfield]

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**[REDACTED - CONFIDENTIAL]**

[WITNESS: Bloomfield]

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[WITNESS: Bloomfield]

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**[REDACTED - CONFIDENTIAL]**

[WITNESS: Bloomfield]

1                   *(Hearing resumes on the public portion*  
2                   *of the record.)*

3                   MR. SPEIDEL: Thank you.

4                   COMMISSIONER SCOTT: And, are you done  
5 with the non-confidential stuff?

6                   MR. SPEIDEL: There is one small piece  
7 of housekeeping. I don't know if Mr. Bloomfield needs to  
8 be a sworn witness for this. But, Ms. Deno, as the court  
9 clerk, have you received the affidavit of publication for  
10 this matter?

11                   MS. DENO: Yes.

12                   MR. SPEIDEL: You have. And, it came in  
13 a little late, didn't it?

14                   MS. DENO: It came in that day, the day  
15 it was supposed to, but later in the day.

16                   MR. SPEIDEL: Oh, later in the day. It  
17 did, in deed. Okay. I'm sorry.

18                   So, does that have to be stricken? I've  
19 never done that before. No need to strike the testimony.  
20 We just clarified it came in.

21                   It is important to get the affidavit of  
22 publication in timely to Ms. Deno, because she's, and  
23 Ms. Carmody, they're together, kind of our weather eye on  
24 the technical requirements of RSA 541-A under the

[WITNESS: Bloomfield]

1 Administrative Procedures Act. And, some of it is really  
2 tuned in to the pre-computer age.

3 WITNESS BLOOMFIELD: Uh-huh.

4 MR. SPEIDEL: But the affidavit of  
5 publication, if it isn't brought in three days in advance  
6 of the hearing, especially three business days would be  
7 ideal, but certainly three days in advance of the hearing,  
8 folks get nervous, because we've had situations where we  
9 had to have a republication and a rescheduling of the  
10 hearing date.

11 And, if you can be proactive in  
12 communicating with her and Ms. Carmody about when the  
13 affidavit comes in, that would be a real help to all of  
14 us, since it's one of those administrative pieces that is  
15 mandatory. So, --

16 WITNESS BLOOMFIELD: Yes. Okay. No, I  
17 got that message. And, in years past, we had often just  
18 submitted the affidavit at this hearing.

19 MR. SPEIDEL: Right.

20 WITNESS BLOOMFIELD: And, so, I  
21 understand the situation. And, we, obviously, we publish  
22 it within the time we're supposed to, and we get the  
23 affidavit back typically from the newspaper then. So,  
24 we'll just make sure to pass it on.

[WITNESS: Bloomfield]

1 MR. SPEIDEL: Yes. It wasn't so long  
2 ago that we did that.

3 WITNESS BLOOMFIELD: Right.

4 MR. SPEIDEL: But, in one instance, a  
5 major utility was going to bring it in and it didn't, and  
6 that caused a real hassle.

7 WITNESS BLOOMFIELD: Okay.

8 MR. SPEIDEL: So, it was literally four  
9 days before the end of the cost of energy period or the  
10 cost of gas period. And, so, thank you for that. And,  
11 thank you for your testimony. And, thank you for the  
12 Company's participation.

13 COMMISSIONER SCOTT: Thank you.  
14 Commissioner Bailey, do you have any questions on the  
15 non-confidential side?

16 BY COMMISSIONER BAILEY:

17 Q. Do you have Exhibit 1 with you?

18 A. I do.

19 Q. Can you look at Schedule 5 please? I reviewed these or  
20 I looked through these schedules, and I have to  
21 confess, I couldn't really follow them very easily.

22 A. Yes.

23 Q. And, so, I thought maybe, since Schedule 5 looks like  
24 it has a lot of information on it, you could walk me

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 through that.

2 A. Yes. Okay.

3 Q. How you get the, you know, --

4 A. Right.

5 Q. -- what are the formulas in the columns?

6 A. Okay. Schedule 5 is our reconciliation of what we  
7 have -- a comparison of what we've actually projected  
8 our steam sales and our cost of energy was to what it  
9 actually is. And, so, that the first upper left-hand  
10 quadrant there is the actual Btus of energy that is  
11 used in both natural gas and wood on the months listed.  
12 The center top is what that natural gas then would cost  
13 us. And, then, there's a summary of costs on the  
14 right-hand side.

15 Adding in is, where he have "other  
16 production costs", which are things that are related to  
17 the cost of -- related to the cost of energy, in terms  
18 of, for instance, ash disposal. That the more or less  
19 wood we burn, the more or less ash we anticipate we'd  
20 cost that. Air emissions fees, the more fuel we burn  
21 or the less fuel we burn, our air emission fees are  
22 changed appropriately. So, that's the "other  
23 production costs" that are in there.

24 The lower left-hand is what we

{DG 15-377} [Redacted - for public use] {10-19-15}



[WITNESS: Bloomfield]

1 originally projected, and on -- and in terms of actual  
2 energy usage. And, the bottom lower right-hand is what  
3 we had projected for our original cost of materials.

4 So, the top is our -- ends up being our  
5 actuals, and the bottom is our projected.

6 Q. So, the very top line, where it says "Cost of  
7 Energy", --

8 A. Yes.

9 Q. -- that's -- I see. That's the monthly total from the  
10 right-hand table?

11 A. Yes. Yes, exactly.

12 Q. So, say, just for an example, the cost of natural gas  
13 of "\$184,847", in "November 2014", is that just the  
14 bill that you got from the gas company or is that some  
15 amount of usage times a rate? How do you get that  
16 number?

17 A. That is the bill we get from the gas companies,  
18 actually, because we buy gas from -- I don't think it's  
19 Hess this year, it's --

20 MR. SALTSMAN: Direct.

21 **CONTINUED BY THE WITNESS:**

22 A. -- Direct Energy. Direct Energy. And, then, we also  
23 get bills from Liberty for the distribution and  
24 delivery of the gas. So, we get more than one bill.

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 But that is what our bill for gas was.

2 BY COMMISSIONER BAILEY:

3 Q. Okay.

4 A. So that it was not a calculated number, it was a billed  
5 invoice number.

6 Q. And, so, you don't show that calculation anywhere?

7 A. We don't. Because that's the -- that is just the  
8 invoice amount we get from the gas company.

9 Q. Okay. And, the same with the price of wood?

10 A. Well, no. The wood is a little different, because  
11 there we pay a dozen or so different suppliers. And,  
12 how much they -- any one supplier gives us is dependent  
13 upon weather, it depends on where they are harvesting  
14 their material, whether they're delivering it to us or  
15 delivering to another wood plant. And, so, the actual  
16 suppliers change week-by-week, in terms of the wood  
17 supply.

18 Q. So, again, this column for "wood" supply is just based  
19 on your invoices?

20 A. That is, again, just based on invoices, yes.

21 Q. Okay.

22 A. The center column of "wood" also has some other costs  
23 in there related to what it costs us to operate our  
24 woodyard.

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 Q. Okay. So, that's included in the cost of wood, not the  
2 "other production costs"?

3 A. That's correct.

4 COMMISSIONER BAILEY: Okay. All right.  
5 Thank you.

6 WITNESS BLOOMFIELD: Yes.

7 COMMISSIONER SCOTT: Thank you.

8 BY COMMISSIONER SCOTT:

9 Q. On -- while we're still on the same charts, you're  
10 showing "waste oil". Is that an artifact of past  
11 years?

12 A. Yes. We haven't burned waste oil in a number of years.

13 Q. Okay.

14 A. I just didn't change it yet.

15 Q. If we go to CB-4?

16 A. Yes.

17 Q. You may be there, but I need to get there.

18 A. Toward the back. Yes.

19 Q. I was curious, when you look at "July-15", if you could  
20 just talk to why the -- just help me why the cost to  
21 generate per kilowatt-hour is so much more expensive  
22 there, on that last -- the very last line for  
23 "July-15", it's over a dollar per kilowatt-hour. I was  
24 just curious, why the cost -- is it because kind of a

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[WITNESS: Bloomfield]

1 economy of scale issue going on?

2 A. It is. You see, in July, we're only running for a  
3 short period of time. We only made a little over 2,000  
4 kilowatt-hours. And, some of the cost, where we  
5 calculate through that, is the "Total Overhead" number,  
6 and the return on investment gets plugged into there.  
7 If you look at, toward the center, it says "Total Fuel  
8 Cost of Steam"?

9 Q. Yes.

10 A. For July, it was only "\$106", as compared to January,  
11 it was 30,000. But, then, you get down to the "Grand  
12 Total Costs", and, so, we're -- of July, it was almost  
13 \$2,700 for our total cost that we allocate for that  
14 month for energy. So, it's just skewed because of  
15 the -- that we charge -- we flatten out our total  
16 overhead and our return on investment on a monthly  
17 basis, instead of doing it on an annual basis per  
18 kilowatt-hour.

19 Q. So, that would indicate to me, which is kind of  
20 obvious, that if you significantly -- had significantly  
21 less load/customer base, you would -- the cost per  
22 unit, if you will, would go up, because --

23 A. Yes. That's right.

24 Q. You talk about -- you had mentioned "air emissions

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[WITNESS: Bloomfield]

1 fees" in some of your costs. Are those fees paid? Are  
2 you in compliance?

3 A. We are up-to-date with our payments, yes.

4 Q. How about stack testing? Is that all --

5 A. Yes. We have done all of our stack testing and all of  
6 our RATA and calibration of the equipment.

7 Q. You get the NOx RACT tests done?

8 A. Did we get the NOx RACT tests done? Yes, we did.

9 Q. I may know more about this than the average  
10 commissioner.

11 A. Yes. I know.

12 Q. So, overall, you're in compliance, to your knowledge,  
13 of --

14 A. Yes. We're in compliance.

15 Q. I saw, and I'm just curious if you knew, recent press,  
16 I think it was Pinetree Bethlehem had a major issue of  
17 late, is that --

18 A. Yes. The past couple of weeks their generator failed  
19 and lost their switch gear and transformers. And, I am  
20 betting that they don't restart up.

21 Q. Will that have a -- you know, bad for them, but will  
22 that help you in some way?

23 A. No. I think what it will help is it will help Berlin.  
24 You know, that's 200,000 tons a year that now is more

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 available on the market and will help Berlin.

2 Q. Okay. And, trust me, I'm not hoping any of this would  
3 happen to you. But, if you had a similar situation,  
4 obviously, you're on a thin margin, and you've been  
5 talking about financing. Do you have insurance that  
6 would cover you?

7 A. Yes.

8 Q. Okay.

9 A. Yes, we do. For instance, we had a small fire that  
10 damaged some conveyors last winter, that it was covered  
11 by insurance. It caused us to not be able to burn wood  
12 in January. And, so, we had to buy gas. It was  
13 expensive. But the cost of the gas and the repairs to  
14 the equipment was all covered by insurance, minus a  
15 deductible.

16 Q. So, and, again, I hope nothing happens, but, in a  
17 catastrophic issue, you could probably put a package  
18 boiler in there or something?

19 A. That's not likely to happen to us. In Bethlehem's  
20 situation, they had one turbine generator. That was  
21 the -- that's all they generate. That's all they sell,  
22 is electricity from that one piece of equipment. That  
23 piece of equipment failed, and they're dead. We've got  
24 multiple boilers and a lot of redundancies that we're

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[WITNESS: Bloomfield]

1 not quite in the same situation. Yes, we are covered  
2 in that case.

3 Q. Good. You mentioned earlier the four lost customers,  
4 it's in your testimony.

5 A. Yes.

6 Q. Did they -- I assume they all went to natural gas?

7 A. Yes. They did.

8 Q. And, did you have an indication why? Were they at a  
9 point where they had to do some infrastructure issues  
10 in a building or something?

11 A. The Historical Society was doing some significant  
12 renovations, and looking at improving the overall air  
13 quality and air conditioning systems for their -- for  
14 keeping some of their older materials. And, so, when  
15 they were renovating all of that, that's when they  
16 chose to convert from steam to gas. That was the  
17 largest of the ones. And, as I say, so, they were  
18 going through a renovation.

19 The others, one was a school, the  
20 St. John's School.

21 MR. SALTSMAN: That was the same  
22 situation.

23 WITNESS BLOOMFIELD: Yes. Right.

24 **BY THE WITNESS:**

{DG 15-377} [Redacted - for public use] {10-19-15}

[WITNESS: Bloomfield]

1 A. So, those were at least two that I suspect were the  
2 same kind of thing, they were doing some renovations.

3 BY COMMISSIONER SCOTT:

4 Q. Okay. So, that -- okay. That helps. And, so, it's a  
5 common thread. So, while the building is being looked  
6 at and they're redoing the building, that's what caused  
7 those decisions to be made?

8 A. Yes. Right. Right.

9 Q. All right. And, I think my final question is, and I'm  
10 sure it's in here, but, when I look at your -- the  
11 different schedules, I didn't catch where you see your  
12 revenues from RECs, is that --

13 A. We do not get RECs.

14 Q. You do not?

15 A. We do not qualify.

16 Q. Okay. I guess I lost that thread earlier then.

17 A. Yes. Right now, we do not qualify for RECs, for  
18 electric RECs or thermal RECs, because of our -- our  
19 NOx emissions are too high and our particulate  
20 emissions are too high to qualify for the --

21 Q. Okay.

22 A. -- levels needed.

23 Q. So that, in that respect, that's a planned revenue  
24 source --

{DG 15-377} [Redacted - for public use] {10-19-15}



1 A. Yes.

2 Q. -- when you upgrade? Okay.

3 COMMISSIONER SCOTT: All right. I think  
4 that's all I have. I'm going to ask if the Company had  
5 any redirect?

6 MR. SALTSMAN: No.

7 COMMISSIONER SCOTT: Okay.

8 MR. SALTSMAN: Thank you.

9 COMMISSIONER SCOTT: We can do closing  
10 statements.

11 MR. SPEIDEL: Yes. Closing statements.  
12 I can begin. On behalf of Staff, we recommend to the  
13 Commission that Concord Steam's 2015-2016 Cost of Energy  
14 rates be approved as filed, based on Staff's review of the  
15 supporting schedules and discovery. Staff notes that  
16 these rates are subject to reconciliation and adjustment.  
17 And, that the Audit Report for the prior year found no  
18 major issues.

19 And, we thank the Company and the  
20 Commission for its consideration and time. Thank you.

21 COMMISSIONER SCOTT: And, the Company?

22 MR. SALTSMAN: On behalf of the  
23 Company -- oh. On behalf of the Company, we thank the  
24 Staff and the Commission for their diligence, and would

1 appreciate a positive rate order in corresponse [sic] to  
2 what we've submitted. And, that's all.

3 COMMISSIONER SCOTT: Is there a time  
4 frame by which you need an order?

5 MR. BLOOMFIELD: November 1st.

6 MR. SALTSMAN: November 1st.

7 MR. BLOOMFIELD: Is when our --

8 MR. SALTSMAN: That's when our rates  
9 are -- that's when our rates typically change, is  
10 November 1st.

11 COMMISSIONER SCOTT: Thank you. And, I  
12 assume there are no objections to marking the exhibits?

13 (Atty. Speidel shaking head in the  
14 negative.)

15 COMMISSIONER SCOTT: Okay. We'll do  
16 that. Okay. If there are no other procedural issues, we  
17 will adjourn.

18 *[No verbal response]*

19 COMMISSIONER SCOTT: Thank you.

20 ***(Whereupon the hearing was adjourned at***  
21 ***9:51 a.m.)***

22

23

24