

1                                   **STATE OF NEW HAMPSHIRE**  
2                                   **PUBLIC UTILITIES COMMISSION**

3  
4   **October 5, 2016 - 1:24 p.m.**  
5   Concord, New Hampshire

NHPUC OCT13'16 PM 2:18

6  
7                   **RE: DG 16-769**  
8                   **CONCORD STEAM CORPORATION:**  
9                   **Petition for Emergency Rates and**  
10                   **to Discontinue Service.**

11  
12           **PRESENT:**   Chairman Martin P. Honigberg, Presiding  
13                           Commissioner Robert R. Scott  
14                           Commissioner Kathryn M. Bailey

15                           Sandy Deno, Clerk

16  
17           **APPEARANCES:**   **Reptg. Concord Steam Corporation:**  
18                           Susan S. Geiger, Esq. (Orr & Reno)

19                           **Reptg. Dept. of Admin. Services:**  
20                           Christopher G. Aslin, Esq.  
21                           Asst. Attorney General  
22                           N.H. Department of Justice  
23                           Cmsr. Vicki Quiram  
24                           Dep. Cmsr. Michael Connor

**Reptg. Concord School District:**  
                         John Teague, Esq.  
                         Jack Dunn, Business Administrator

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

**CERTIFIED  
ORIGINAL TRANSCRIPT**

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**APPEARANCES: (c o n t i n u e d)**

**Reptg. City of Concord:**

James W. Kennedy, Esq./City Solicitor  
Ed Roberge, City Engineer

**Reptg. PUC Staff:**

Alexander F. Speidel, Esq.  
Mark Naylor, Dir./Gas & Water Div.  
Stephen Frink, Asst. Dir./Gas & Water

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

1  
2 CHAIRMAN HONIGBERG: We're this  
3 afternoon in Docket DG 16-769, which is Concord  
4 Steam's proceeding, which seeks permission to  
5 stop doing business as a public utility and  
6 also asks for the setting of rates until the  
7 time that they stop acting as a public utility.

8 We are not, as I understand it, in  
9 Docket DG 16-770, although someone may correct  
10 me before too long.

11 Before we go any further, let's take  
12 appearances.

13 MS. GEIGER: Yes. Good afternoon,  
14 Mr. Chairman and Commissioners. I'm Susan  
15 Geiger, from the law firm Orr & Reno. I  
16 represent Concord Steam Corporation. And with  
17 me today at counsel's table are Peter  
18 Bloomfield, President of Concord Steam, and  
19 Mr. Mark Saltsman, Vice President.

20 MS. FIELD: Good afternoon. My name  
21 is Rebecca Field. I am a member of the Council  
22 of the South Congregational Church. And I am  
23 here in support of the proposal, and have some  
24 written documentation.

1 CHAIRMAN HONIGBERG: All right,  
2 Ms. Field, we're circle back to you in a few  
3 minutes, okay?

4 MS. FIELD: I may not be able to stay  
5 beyond two o'clock, though.

6 CHAIRMAN HONIGBERG: All right.  
7 Then, we'll circle back to you before two  
8 o'clock.

9 MR. ASLIN: Good afternoon. Chris  
10 Aslin, from the Office of Attorney General, on  
11 behalf of the Department of Administrative  
12 Services. Along with me is Commissioner Vicki  
13 Quiram and Deputy Commissioner Michael Connor.

14 MR. KENNEDY: Good afternoon. Jim  
15 Kennedy, for the City of Concord. And here  
16 with me is City Engineer, Ed Roberge.

17 MR. TEAGUE: Attorney John Teague,  
18 here for Concord School District. And with me  
19 is Business Administrator, Jack Dunn.

20 MR. SPEIDEL: Alexander Speidel,  
21 representing the Staff of the Commission. And  
22 I have with me Assistant Director Stephen Frink  
23 and Director Mark Naylor of the Gas and Water  
24 Division.

1 CHAIRMAN HONIGBERG: I note that  
2 representatives of Liberty are here as well.

3 Mr. Speidel, what's on the agenda for  
4 this hearing?

5 MR. SPEIDEL: Well, I think we ought  
6 to hear Ms. Field's public comment. I believe  
7 she wants to distribute a paper version of  
8 those comments to you. I think that should be  
9 accommodated before two o'clock, if possible.

10 CHAIRMAN HONIGBERG: Oh, no problem.  
11 I just want to know what is the --

12 MR. SPEIDEL: Yes.

13 CHAIRMAN HONIGBERG: What are the  
14 questions that need to be answered today? What  
15 is the -- what are the orders of business for  
16 the Commission today?

17 MR. SPEIDEL: So, after that, we  
18 would like to call three witnesses in  
19 succession. The first witness would be Mr.  
20 Bloomfield of the Company, to explain, as the  
21 moving party of this docket, the Settlement  
22 Agreement and answer questions, in terms of  
23 clarifying elements of the Settlement Agreement  
24 for which Concord Steam is responsible. And,

1           then, we would have Mr. Frink, representing the  
2           Staff of the Commission, providing Staff's  
3           perspective on this issue. And, then, third,  
4           we would have Mr. Connor, of the Department of  
5           Administrative Services, offer testimony for  
6           the Commission's benefit, especially in light  
7           of certain elements, such as the Downtown Loop  
8           that will be in operation after the termination  
9           of the utility status of Concord Steam.

10                   CHAIRMAN HONIGBERG: Any of the  
11           parties have a different or supplemental view  
12           of what needs to get done today?

13                           *[No verbal response.]*

14                   CHAIRMAN HONIGBERG: I'm interested,  
15           before we turn to Ms. Field, what the position  
16           of the School District and the City are on the  
17           Settlement? Not in any great detail, I just  
18           want to know are you --

19                   MR. TEAGUE: Yes.

20                   CHAIRMAN HONIGBERG: -- supporting,  
21           opposing or taking no position?

22                   MR. TEAGUE: No, we're here in  
23           support. The Concord School District is here  
24           in support of the Settlement Agreement. And



1           there was a discussion as to formal signing,  
2           and it was felt by the School District, as I  
3           believe Jim will talk about with the City, that  
4           we believe the governing boards needed an  
5           opportunity to ratify the Settlement.

6                         But we strongly support its terms.  
7           And we participated in that, and our requested  
8           amendment to the Settlement Agreement has been  
9           put in, despite the fact that we don't have a  
10          formal signing. So, we appreciate that, on  
11          behalf of the School District, that the Concord  
12          Steam has been accommodating in that way.

13                        CHAIRMAN HONIGBERG: Thank you, Mr.  
14          Teague.

15                        Mr. Kennedy.

16                        MR. KENNEDY: Yes, Mr. Chairman. The  
17          City has some current concerns with the  
18          Settlement Agreement with respect to some  
19          repairs in the Concord's water and sewer system  
20          that the Concord Steam Corporation has created.  
21          And we're concerned that the rate established  
22          does has not establish any payment for those  
23          repairs.

24                        CHAIRMAN HONIGBERG: Okay. You don't

1 need to go any further. I just wanted to get  
2 where you were. You're going to get an  
3 opportunity to ask questions, develop whatever  
4 it is you need developed.

5 MR. KENNEDY: Yes. We can talk about  
6 it in the testimony.

7 CHAIRMAN HONIGBERG: Okay.

8 MR. KENNEDY: And we've got some  
9 other issues.

10 CHAIRMAN HONIGBERG: All right.

11 MR. KENNEDY: Thank you.

12 CHAIRMAN HONIGBERG: Ms. Field, you  
13 would like to offer some comments, and you have  
14 something to hand out, is that what I  
15 understood?

16 MS. FIELD: Yes. That's correct.

17 CHAIRMAN HONIGBERG: Why don't you --  
18 is what you're going to hand out something  
19 you're going to read from?

20 MS. FIELD: In part, yes. Do you  
21 want the handouts at this time?

22 CHAIRMAN HONIGBERG: I'll leave that  
23 up to you, however you want to make your  
24 presentation.

1 MS. FIELD: Thank you, Chairman. I  
2 am speaking on behalf of South Congregational  
3 Church located at 27 Pleasant Street. We are  
4 current customers of Concord Steam and have a  
5 direct interest in the docket items pending  
6 before the PUC. We are requesting that the PUC  
7 require Liberty Utilities to create a fully  
8 funded grant to assist charitable organizations  
9 with the cost the conversion from Concord Steam  
10 to gas-powered boilers as a condition of  
11 approval of Liberty Utilities' purchase of  
12 Concord Steam assets.

13 In August 2016, South Church first  
14 learned that Concord Steam was planning on  
15 ceases operations and selling its assets to  
16 Liberty Utilities. That gave us just nine  
17 months to make the conversion of our church  
18 facility to another heat source.

19 At the same time, we learned that  
20 Concord Steam would be instituting a 23 percent  
21 rate increase for the upcoming season, at an  
22 increased cost of \$5,290 to the church.  
23 Needless to say, this information came as a  
24 shock to our congregation. We had just been

1 through a long budget process two months  
2 earlier, and barely passed a budget that  
3 already anticipates a 7,300 deficit due to  
4 revenue decreases.

5 None of these new expenses from  
6 Concord Steam were anticipated or budgeted. An  
7 unbudgeted 23 percent rate increase, coupled  
8 with the cost of conversion, will be crippling  
9 for the church.

10 Less than two weeks ago, on  
11 September 21st, members of South Church  
12 attended the informal meeting at Red River  
13 Theatre. We learned that Concord Steam and  
14 Liberty Utilities would make -- had made no  
15 arrangements to help its commercial and  
16 nonprofit clients with the transition other  
17 than to connect them with commercial leaders  
18 [lenders?]. We also learned that other  
19 charitable organizations, like ourselves, are  
20 struggling to make ends meet during this  
21 process. When we left the meeting, we knew the  
22 PUC would be considering final approval of the  
23 agreement between Concord Steam and Liberty  
24 Utilities in less than two weeks.

1           Given how little information is  
2           available and how quickly the process has  
3           unfolded, our church, which is run primarily by  
4           volunteers, has been unable to formally connect  
5           with other organizations to petition the PUC  
6           for relief. For these reasons, we have not  
7           been able to file a formal petition to  
8           intervene in these dockets.

9           Senator Don [Dan?] Feltes, who has  
10          been in communication with many affected  
11          constituents, contacted us the other day to  
12          inform us that he has been discussing with  
13          stakeholders the possibility of a grant funded  
14          by Liberty Utilities to assist organizations  
15          like ours through this difficult transition.  
16          South Church enthusiastically supports a  
17          petition that may be filed for the financial  
18          reasons described in this communication.

19          If the PUC is unwilling to require  
20          Liberty Utilities to fund a grant at today's  
21          meeting, South Church requests that the PUC  
22          delay final action -- excuse me -- on these  
23          agenda items to give stakeholders -- excuse  
24          me -- like South Church, time to craft a

1 proposal that would help us avoid the  
2 devastating financial impact of a rapid  
3 transition from Concord Steam to gas.

4 Thank you for your consideration of  
5 this request.

6 CHAIRMAN HONIGBERG: All right. That  
7 comment, thank you, Ms. Field, I think obviates  
8 the need for me to identify the letter we  
9 received from the church in this morning's  
10 mail, which is what Ms. Field was just reading  
11 from. That is part of our record already.

12 *[Ms. Field distributing*  
13 *documents.]*

14 CHAIRMAN HONIGBERG: So, it's not  
15 really necessary for us to get it again, but  
16 that's fine.

17 MS. FIELD: Thank you.

18 CHAIRMAN HONIGBERG: And that's been  
19 filed in both of the dockets that are related  
20 to this, to this matter.

21 I'm going to go off the record for  
22 just one second.

23 *[Brief off-the-record discussion*  
24 *ensued.]*

1 CHAIRMAN HONIGBERG: Back on the  
2 record. No one seems to be interested in  
3 correcting me that 16-770 is not before us  
4 today. Am I correct, Ms. Geiger and  
5 Mr. Speidel, that the record in that proceeding  
6 is actually closed?

7 MS. GEIGER: That's my understanding.

8 MR. SPEIDEL: The answer is "yes".

9 CHAIRMAN HONIGBERG: I saw Senator  
10 Feltes here. He's still here. Senator Feltes,  
11 would you like to say anything on this?

12 SEN. FELTES: Yes, Mr. Chairman.  
13 Good afternoon, Mr. Chairman, members of the  
14 Commission. Thank you for the opportunity to  
15 provide some public input. I'm here in my  
16 capacity as a State Senator for District 15,  
17 Concord, Hopkinton, Henniker, and Warner.

18 Obviously, this issue, Mr. Chairman,  
19 has a significant impact on the City of  
20 Concord, its businesses, its nonprofits. You  
21 heard from Ms. Field, from South Church, of  
22 what they're going through. I've been in  
23 constant communication with many customers  
24 throughout this process, and there are similar

1 types of situations. Folks who don't have  
2 money to interconnect. Folks who are just in  
3 the process of getting RFPs and looking at this  
4 type of thing. Folks, in my cases, like  
5 nonprofits, who need board authority to  
6 intervene in PUC dockets, don't have board  
7 meetings every week to be able to have met the,  
8 you know, the tight timeframe with respect to  
9 this docket, both dockets.

10 So, what Ms. Field has mentioned is  
11 the concept of "what can we do to help these  
12 customers that are struggling, and struggling  
13 to meet the timeframe that has been laid out in  
14 these dockets?"

15 So, you know, earlier today, Mr.  
16 Chairman, I circulated a draft proposal of a  
17 draft petition, a separate petition than these  
18 dockets. That is going to be filed at some  
19 point with this Commission. That proposal,  
20 fundamentally, Mr. Chairman, goes to the issue  
21 of creating a fund to help with the transition,  
22 interconnection, principally dealing with  
23 customers that don't have the financial ability  
24 to do it and meet it on time.



1           With respect to the amount of the  
2 fund, I think that could be the subject of  
3 ongoing discussions. There's different  
4 provisions in a draft petition that I  
5 circulated, Mr. Chairman. That, certainly,  
6 people have different ideas about, that's fine.

7           But the upshot, Mr. Chairman, is that  
8 what isn't fine is what's happening to the  
9 businesses and the nonprofits in Downtown  
10 Concord in this current situation that they're  
11 in. This is not the fault of anyone, it's just  
12 the situation that we're in.

13           And, you know, Mr. Chairman, ideally,  
14 I'm here with an argument and all the ducks in  
15 the row on something, but I don't have all the  
16 ducks in the row, because of the timeframe and  
17 how unusual this circumstance is.

18           But, given the unusual circumstance  
19 of shutting down a utility that would  
20 dramatically impact the heat and hot water  
21 through many businesses and nonprofits in  
22 Downtown Concord, I feel it's imperative that a  
23 fund be set up to help with that cost, with  
24 interconnection and transition.

1           And, so, you know, folks are  
2 struggling. I'm in constant communication with  
3 them. I'm only here today if, you know, if I  
4 really truly believe that this is a problem.  
5 It is a sincere problem, Mr. Chairman. We will  
6 file a petition. I don't know who will be  
7 joining it. But, you know, we'll file that  
8 petition within the context of this docket or  
9 outside of this docket. I know some folks  
10 would prefer that the dockets go forward.  
11 Whatever the Commission prefers, but, you know,  
12 if we file a separate petition, that would be  
13 fine.

14           Finally, I'll just say this. You  
15 know, the 1.9 million, there's plenty of  
16 arguments about it. But, at the end of the  
17 day, that's, you know, fundamentally easements  
18 and the customer list, it's not, at the end of  
19 day, guaranteeing interconnection. If you look  
20 at the cost/benefit, you're assuming that a  
21 certain amount of folks are interconnecting. I  
22 can tell you that, what you heard from South  
23 Church, some folks are not going to get there,  
24 Mr. Chairman, without some help.

1           So, I think it's a reasonable  
2           concept, and happy to file it as a separate  
3           petition, with whichever stakeholders and  
4           groups would like to join in.

5           Thank you, Mr. Chairman.

6           CHAIRMAN HONIGBERG: Thank you,  
7           Senator Feltes.

8           Ms. Geiger, I have a question.

9           MS. GEIGER: Yes.

10          CHAIRMAN HONIGBERG: The Order of  
11          Notice in this proceeding was dated July 26th.  
12          And there was a directive that no later than  
13          August 5th that the notice be sent to all of  
14          the Company's customers. Was that done?

15          MS. GEIGER: It was. And I neglected  
16          at the last hearing, Mr. Chairman, to actually  
17          provide you with a copy of the notice that was  
18          sent to each customer. There was no  
19          requirement that we file it in this docket.  
20          But I did have a copy, and I'm happy to send it  
21          to the Commission after today's hearing. But  
22          that was done.

23          CHAIRMAN HONIGBERG: Seems like a  
24          prudent thing to have on file.

[WITNESS: Bloomfield]

1 All right. Are there any other  
2 members of the public who would like to make  
3 comments before we proceed?

4 *[No verbal response.]*

5 CHAIRMAN HONIGBERG: All right.  
6 Seeing none, Mr. Speidel, I think you outlined  
7 a process for us to go forward. Is there  
8 anything else we need to do before we proceed?

9 *(Atty. Speidel indicating in the*  
10 *negative.)*

11 CHAIRMAN HONIGBERG: The record will  
12 reflect that Mr. Speidel's head was shaking.

13 CMSR. SCOTT: From side-to-side.

14 CHAIRMAN HONIGBERG: Shaking  
15 side-to-side, yes, Commissioner Scott  
16 clarifies.

17 Ms. Geiger, I think your witness is  
18 going first?

19 MS. GEIGER: Yes. Thank you, Mr.  
20 Chairman. Concord Steam calls Peter  
21 Bloomfield.

22 *[Brief off-the-record discussion*  
23 *ensued.]*

24 (Whereupon **Peter Bloomfield** was

[WITNESS: Bloomfield]

1 called as a witness, having been  
2 previously sworn by the Court  
3 Reporter in this docket on  
4 September 6, 2016.)

5 CHAIRMAN HONIGBERG: Ms. Geiger, I  
6 think the witness is already sworn and under  
7 oath. So, you may proceed.

8 MS. GEIGER: Thank you, Mr. Chairman.

9 **PETER BLOOMFIELD, PREVIOUSLY SWORN**

10 **DIRECT EXAMINATION**

11 BY MS. GEIGER:

12 Q. Mr. Bloomfield, as Chairman Honigberg has  
13 indicated, you testified at the hearing held  
14 previously in this docket on September 6th,  
15 2016, is that correct?

16 A. Yes.

17 Q. And do you have anything further to add to the  
18 prefiled testimony that you submitted or the  
19 oral testimony that you gave at that hearing?

20 A. Since the hearing, there's been some relatively  
21 minor adjustment of steam sales, but nothing  
22 substantial that I can think of that was  
23 changed from the original testimony.

24 Q. And has Concord Steam, the State of New

[WITNESS: Bloomfield]

1 Hampshire, Department of Administrative  
2 Services, and the Staff of the New Hampshire  
3 Public Utilities Commission entered into a  
4 Settlement Agreement in this docket?

5 A. Yes, we have.

6 Q. And was that Settlement Agreement filed with  
7 the Commission yesterday, October 4th, 2016?

8 A. Yes.

9 MS. GEIGER: Okay. Mr. Chairman, I'm  
10 assuming that the Bench has copies of the  
11 Settlement Agreement, is that correct?

12 And Concord Steam would ask that that  
13 be marked as the next exhibit for  
14 identification, which I believe is "Exhibit 6"?

15 CHAIRMAN HONIGBERG: That's correct.

16 (The document, as described, was  
17 herewith marked as **Exhibit 6** for  
18 identification.)

19 MS. GEIGER: Thank you.

20 BY MS. GEIGER:

21 Q. Mr. Bloomfield, could you briefly summarize the  
22 provisions of the Settlement Agreement for the  
23 Commission.

24 A. Okay. There are a number of different points.

{DG 16-769} {10-05-16}

[WITNESS: Bloomfield]

1 So, I'll kind of walk through them. Settlement  
2 agreed that there would be a \$1.4 million  
3 increase in our usage revenue for the short  
4 year that we have, starting from October 1 to  
5 May 31. It would result in an increase in  
6 rates of roughly \$35 per thousand pounds for  
7 the usage rate. The COE rate is expected to be  
8 another approximately \$24 an Mlb.

9 The usage rate for the Abbott-Downing and  
10 Christa McAuliffe Schools will be \$3.08 per Mlb  
11 effective through the end of May. All of the  
12 other Concord Steam tariff and charges will  
13 also apply to the schools, but their usage rate  
14 will be \$3.08.

15 There's a projected -- or, a suggested  
16 mechanism to eliminate any under recovery that  
17 the Staff and the Company has agreed on, such  
18 that we'd be monitoring steam sales and usage  
19 revenue during the year, and, if need be,  
20 adjusted as the heating season goes on.

21 If there's a overrecovery of usage revenue  
22 in excess of 5 percent, then there would be a  
23 refund to customers.

24 If there is some kind of unusual

{DG 16-769} {10-05-16}

[WITNESS: Bloomfield]

1 situation, we can ask for an increase in  
2 emergency rates, if there was an extraordinary  
3 expense, but that would happen as part of a  
4 full rate review.

5 We have a Rate Expense Surcharge that we  
6 have as part of this package.

7 We would continue -- discontinue service  
8 to steam customers on May 31, 2017. Some are  
9 likely to be sooner as they go off.

10 We will return the steam plant to the --  
11 and the distribution -- steam piping  
12 distribution system on the Hugh Gallen Campus  
13 back to the State. And, then, as part of the  
14 arrangement, allow the use of part of the  
15 Downtown underground steam piping system that  
16 services the State buildings, and allow the  
17 state to use that on a temporary basis until  
18 they can put a permanent solution into their  
19 heating needs Downtown.

20 Through that, it involves, since Concord  
21 Steam will no longer exist, there will be a  
22 holding company that would be formed to hold  
23 the ownership of the loop, as the State does  
24 not want to be an owner of it, of the loop.

{DG 16-769} {10-05-16}



[WITNESS: Bloomfield]

1 And, so, that complicates the arrangement  
2 somewhat, but it's basically going to be a  
3 pass-through arrangement that, whatever costs  
4 are incurred as part of the holding company,  
5 that the State pays it.

6 That, as part of that, when the State  
7 finally abandons the loop, they will be closing  
8 up the manholes that are part of that loop.  
9 And we will give them a credit for the value of  
10 that work on their last bill. What that  
11 primarily is is that all of the steam manholes  
12 Downtown, we'll be filling with something  
13 called "flowable fill", it's a light concrete,  
14 just to fill the manholes so that it is in no  
15 danger of future collapse.

16 We ask that the Commission allow -- that  
17 Concord Steam customers only be allowed to be  
18 connected to Liberty Utilities once they have  
19 paid all outstanding charges owed to Concord  
20 Steam. In fact, we're already having some  
21 issues with that, where some customers are  
22 converting and I suspect we're not going to be  
23 able to collect on those.

24 There is a Phase I and Phase II

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1 Environmental Assessment of the facility that  
2 will be done, and a report provided to --  
3 provided to the Commission relative to any  
4 contamination that may or may not be on the  
5 existing steam site.

6 Environmental liability issues covered in  
7 it, that we ask that the equipment lease for  
8 the CATCH equipment should be approved, and  
9 also that the -- that the contract that  
10 provides for steam service for Rundlett Middle  
11 School, it's an agreement between the Company  
12 and the School District, that, once the Company  
13 closes, that the contract shall terminate, and  
14 neither will -- both entities will release the  
15 other from any further commitments.

16 That's a rough pass.

17 Q. And, Mr. Bloomfield, are you familiar with the  
18 Commission's Order Number 25,947, issued  
19 September 28th, 2016 in this docket, which  
20 approved interim emergency rates?

21 A. Yes. Yes.

22 Q. And what percentage rate increase did that  
23 order -- did the rates in that order  
24 represent --

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[WITNESS: Bloomfield]

1 A. That was an approximate 23 percent rate  
2 increase.

3 Q. And what rate increase is represented by the  
4 rates contained in the Settlement Agreement?

5 A. Something a little over 19 percent.

6 Q. Okay. So, in other words, the rate increase  
7 under the Settlement Agreement is less than the  
8 interim rates that were put into effect on  
9 October 1st?

10 A. Yes.

11 Q. Thank you. And, Mr. Bloomfield, I think the  
12 final question I have for you, does Concord  
13 Steam support the Settlement Agreement that you  
14 just summarized?

15 A. Yes.

16 MS. GEIGER: Mr. Chairman, this  
17 witness is available for cross-examination by  
18 the non-Settling Parties.

19 CHAIRMAN HONIGBERG: All right. And,  
20 Ms. Geiger, don't let me forget to come back to  
21 offer you a chance for redirect, which I have  
22 done twice to you at other hearings.

23 MS. GEIGER: I think just once.

24 CHAIRMAN HONIGBERG: It feels like

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1 twice. So, don't let me forget, please.

2 All right. Just before we get to  
3 Mr. Kennedy, do any of the Settling Parties  
4 have any questions they need to ask Mr.  
5 Bloomfield? Mr. Speidel?

6 (Atty. Speidel indicating in the  
7 affirmative.)

8 CHAIRMAN HONIGBERG: Does any of the  
9 other Settling Parties?

10 MR. ASLIN: No.

11 CHAIRMAN HONIGBERG: All right. I  
12 see shaking heads. Mr. Speidel, why don't you  
13 ask your questions, and then we'll give  
14 Mr. Kennedy his crack.

15 MR. SPEIDEL: Thank you, Mr.  
16 Chairman.

17 Mr. Bloomfield, I'm going to ask you  
18 a series of questions that are pretty technical  
19 in nature, and some of them might shade a  
20 little bit into the area of legal opinions.  
21 But they're more for you as a well-educated  
22 businessman, you have a lot of experience in  
23 this regulatory area.

24 If you do feel comfortable answering

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[WITNESS: Bloomfield]

1           them, please do.  If not, please turn to your  
2           counsel, you know, you can kind of raise your  
3           objections.  But it's designed to clarify some  
4           of the statements that you made.  Just wanted  
5           to have that preface.

6                           WITNESS BLOOMFIELD:  Okay.

7   **CROSS-EXAMINATION**

8  BY MR. SPEIDEL:

9  Q.     So, Mr. Bloomfield, I heard you mention the  
10         fact that Concord Steam will cease to exist at  
11         the end of May of 2017, is that right?

12  A.     That may have been what I said, yes.

13  Q.     So, when you say that "Concord Steam will cease  
14         to exist", it will no longer have, in your  
15         opinion, the status of a public utility under  
16         RSA 362:2, in that it won't be offering service  
17         to any customers, in theory, right?

18  A.     That's correct.

19  Q.     But it will still exist as an incorporated  
20         private corporation in the State of New  
21         Hampshire, correct?

22  A.     Yes, it will, we have work that needs to be  
23         done during the summer closing up.  So, we  
24         expect to actually dissolve the corporation

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[WITNESS: Bloomfield]

1           sometime toward the end of 2017,  
2           November/December.

3   Q.    So, that is when it will be terminated?

4   A.    That is correct.

5   Q.    The holding company that you mentioned, has  
6           Concord Steam decided, within the framework of  
7           of the Settlement Agreement, as to whether it  
8           will be a subsidiary of Concord Steam or sort  
9           of another holding under the principals of  
10          Concord Steam or have you not decided that yet?

11  A.    We have not discussed that.

12  Q.    Okay.

13  A.    It will be a single-purpose LLC.  It's not  
14          likely to be held by Concord Steam, because we  
15          don't expect Concord Steam to continue be in  
16          existence.

17  Q.    Okay.  So, just to drive the point home, some  
18          of the points of the Settlement Agreement, such  
19          as Point 11, talking about "Concord Steam  
20          providing the State with specifications for the  
21          material used by Concord Steam to fill  
22          non-Downtown loop manholes", and Point 13,  
23          reports and assessments being delivered to  
24          Concord Steam within five business days after

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1 they're received by the State, that will be  
2 provided to the private entity, Concord Steam,  
3 and not necessarily the public utility, but it  
4 will still exist as a corporate entity,  
5 correct?

6 A. Yes. That's right.

7 Q. And it will have those responsibilities?

8 A. Yes.

9 Q. Now, in the framework of those  
10 responsibilities, I think you're familiar with  
11 the fact that the Commission has a law. It's  
12 a -- you don't have to know the specific  
13 citation, but it's under RSA 374:19. And it  
14 says that "no public utility shall willfully  
15 make any false statement or false entry in any  
16 report to the Commission or in any answer to  
17 any question lawfully asked by the Commission?

18 A. Yes.

19 Q. Excellent. So, I think you understand, as part  
20 of your agreeing to this Settlement Agreement,  
21 that Concord Steam was entering into a series  
22 of undertakings as conditions precedent,  
23 enabling the Commission to assess whether a  
24 discontinuation of service under these

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[WITNESS: Bloomfield]

1 circumstances was appropriate, is that correct?

2 A. Yes.

3 Q. So, you would agree that, even after the  
4 termination of public utility service by  
5 Concord Steam, that the Commission would still  
6 have a general oversight and overview  
7 responsibility for these undertakings and would  
8 have some level of standing to challenge  
9 failure to meet those commitments. Would you  
10 agree?

11 A. *[Answer stricken as directed on Page 34]*

12 MS. GEIGER: Mr. Chairman, I'm going  
13 to object to the question and ask that the  
14 answer be stricken from the record. I think  
15 that the -- Mr. Speidel is asking for a  
16 conclusion of law that I don't believe this  
17 witness is qualified to give. In fact, I don't  
18 think I'm qualified to give the answer right  
19 here contemporaneously.

20 So, I'm going to -- I'm going to  
21 object to the answer and ask that, if any  
22 utterance that Mr. Bloomfield might have made  
23 while I was objecting, be stricken.

24 CHAIRMAN HONIGBERG: Mr. Speidel.



[WITNESS: Bloomfield]

1 MR. SPEIDEL: I would tend to agree  
2 that there's some good grounds for the  
3 objection. I would have hoped that the answer  
4 would have been "yes, we understand that these  
5 are undertakings that the Commission would have  
6 some standing to be concerned about."

7 But, if that's the position of  
8 counsel, I would understand that there's some  
9 reasonable basis for that objection.

10 CHAIRMAN HONIGBERG: Ms. Geiger looks  
11 like she wants to say something else.

12 MS. GEIGER: I think that the  
13 question that Mr. Speidel just suggested is a  
14 little bit different than the question that I  
15 heard. And that is, understanding that the  
16 Commission might be concerned about something  
17 is one thing, asking the witness to opine on  
18 whether or not there's a legal obligation on  
19 the part of Concord Steam or any other entity,  
20 I think is a different question.

21 CHAIRMAN HONIGBERG: I think Ms.  
22 Geiger is probably correct there. That you may  
23 have mis -- you may have changed your question  
24 a little bit.

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[WITNESS: Bloomfield]

1           But I think we're going to grant the  
2           motion -- I'm sorry, we're going to sustain the  
3           objection and strike the answer that may or may  
4           not have been given, which I actually didn't  
5           hear.

6                           *[NOTE: Prior answer stricken as*  
7                           *directed.]*

8           CHAIRMAN HONIGBERG: So, there's a  
9           legal argument that can be made, if people want  
10          to make it.

11          Off the record.

12                           *[Brief off-the-record discussion*  
13                           *ensued with the court reporter.]*

14          CHAIRMAN HONIGBERG: All right.  
15          We're back on the record. Mr. Speidel.

16          MR. SPEIDEL: That's fine, Mr.  
17          Chairman. Staff accepts the ruling.

18 BY MR. SPEIDEL:

19 Q. Looking at the --

20                           WITNESS BLOOMFIELD: I guess, to  
21           interrupt Mr. Speidel, to clarify. Yes,  
22           Concord Steam does understand that, as part of  
23           this Settlement and part of the agreement for  
24           shutting down, there's a certain amount of work

[WITNESS: Bloomfield]

1 that has to be done during the summer after the  
2 end of steam service. And we've accepted that  
3 and budgeted that. And, in fact, actually, I  
4 assume we're going to have to report, to put in  
5 a final annual report, that we're going to have  
6 to have some final reports to the Commission on  
7 all of that, all of those issues that we need  
8 to clear up before we finally walk away.

9 CHAIRMAN HONIGBERG: Okay. Thank  
10 you, Mr. Bloomfield.

11 Mr. Speidel, do you have any further  
12 questions for Mr. Bloomfield?

13 MR. SPEIDEL: Yes. One, just one  
14 generic question.

15 BY MR. SPEIDEL:

16 Q. The question that comes to mind is, in another  
17 docket, the specific number escapes me, there's  
18 an ongoing requirement to have quarterly  
19 reports to the Commission regarding the status  
20 of Concord Steam's physical plant and  
21 operations. Does Concord Steam have a feeling  
22 regarding whether those still add any value for  
23 the Commission's monitoring purposes, perhaps  
24 within the context of this docket, or would you

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1 recommend that that be terminated, that  
2 requirement?

3 A. I feel that the need for reporting on the  
4 physical status of the facility is not  
5 required. We do intend to make regular reports  
6 to Staff on issues of steam sales and other  
7 pertinent company statuses.

8 MR. SPEIDEL: Okay. I think all the  
9 remaining questions that might come up actually  
10 would be more appropriately asked by other  
11 parties. So, Staff has concluded its  
12 cross-examination.

13 CHAIRMAN HONIGBERG: Mr. Aslin and  
14 Mr. Teague indicated they had no questions.  
15 So, Mr. Kennedy, you may proceed.

16 MR. KENNEDY: Yes, Mr. Chairman.  
17 Just a few questions for Mr. Bloomfield. And  
18 some of these are just for clarification. I  
19 just want to understand this dissolution, at  
20 least with respect to the City here.

21 BY MR. KENNEDY:

22 Q. Has the Company set aside funds for its  
23 property taxes through the dissolution, Mr.  
24 Bloomfield?

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[WITNESS: Bloomfield]

1 A. We have allocated funds for property taxes,  
2 yes.

3 Q. And you understand that the tax year for 2017  
4 starts and taxes will be due and owing as of  
5 April 1, 2017?

6 A. Yes. And we expect to pay them for the two  
7 months that would be appropriate.

8 Q. Right. So, all taxes for April for the 2017  
9 tax year, that entire year is assessed on  
10 April 1, 2017.

11 A. Okay.

12 Q. And the entire year is due, and you pay. And  
13 you understand that, isn't that correct?

14 A. No. That's not how I understood it, actually.  
15 I was under the impression that, when we no  
16 longer own any assets in the City, that we  
17 should not have to pay any property tax. I can  
18 see paying property tax for April and for May,  
19 but not for the remainder of the year, when we  
20 will not own any property.

21 Q. Okay. I mean, I don't mean to have a property  
22 tax law discussion with you. But, for purposes  
23 of just frankness with the discussion, April 1  
24 of each tax year is the year that taxes are

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1 assessed, and they are due on that date. But  
2 the City of Concord, what it does is, with  
3 respect to its taxpayers, has quarterly billing  
4 statements. And, so, in fact, Concord Steam's  
5 last tax bill will be March 31st of 2018. So,  
6 we just want to be certain that, when Concord  
7 Steam dissolves, it will have set aside funds  
8 to pay its full tax bill, which will be  
9 assessed as of April 1, 2017.

10 CHAIRMAN HONIGBERG: And, Mr.  
11 Bloomfield, there actually wasn't a question  
12 asked in there. But, Mr. Kennedy, are you --  
13 are you asking the witness to assume that to be  
14 the law, and that, assuming that is the law and  
15 the obligation, if he set aside sufficient  
16 funds for that?

17 MR. KENNEDY: Yes. Assuming -- yes,  
18 thank you. You may answer the Chairman's  
19 question on my behalf.

20 CHAIRMAN HONIGBERG: You're  
21 adopting -- Mr. Kennedy is adopting that  
22 question I think.

23 MR. KENNEDY: Very good.

24 WITNESS BLOOMFIELD: We have only

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1 budgeted for two months of the 12 months of the  
2 year. We have not budgeted, in our closing  
3 costs, to pay from April 1 and pay an  
4 additional 12 months of taxes.

5 MR. KENNEDY: Okay.

6 BY MR. KENNEDY:

7 Q. My next question has to do with the filling and  
8 the stabilization of manholes. Have you set  
9 aside sufficient funds for all the filling of  
10 all the manholes within the Concord Steam  
11 system?

12 A. Yes, we have.

13 Q. And how is it that Concord Steam is going to  
14 ensure that the filling and the stabilization  
15 is done accurately?

16 A. We will have Staff monitoring it and making  
17 sure it's done correctly.

18 Q. Will you be obtaining permits from the City of  
19 Concord to fill these manholes?

20 A. I hadn't thought that far along in the process.  
21 But, yes, probably. I guess it's not quite the  
22 same as a dig permit, but it would probably be  
23 along the same kind of lines.

24 Q. Okay. Is there any type of oversight built

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[WITNESS: Bloomfield]

1 into your system to, you know, ensure the  
2 safety of this process of filling manholes?

3 A. We've done it before on other manholes. It's  
4 just a matter of, as far as we're concerned,  
5 arranging for the appropriate type of fill  
6 material, and monitoring the fill and the  
7 process to make sure that it's done  
8 appropriately.

9 Q. Has there been any funds set aside in escrow or  
10 otherwise beyond the dissolution of Concord  
11 Steam to cover for any errors or mistakes or  
12 damage that may result from filling these  
13 manholes?

14 A. No.

15 Q. Just a couple more things. Mr. Bloomfield, are  
16 you aware of -- or, in fact, you are aware of  
17 certain damage that the Concord Steam has  
18 caused to Concord's sewer system?

19 A. I'm aware of some sewer drain manholes that  
20 have deteriorated that the City is asking for  
21 us to repair.

22 Q. And have you set aside funds prior to the  
23 dissolution of Concord Steam to pay for those  
24 repairs?

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[WITNESS: Bloomfield]

1 A. No, we have not.

2 MR. KENNEDY: Your Honor, may I  
3 provide or approach the witness for an exhibit?

4 CHAIRMAN HONIGBERG: Sure.

5 *[Atty. Kennedy distributing*  
6 *documents.]*

7 CHAIRMAN HONIGBERG: Mr. Kennedy, you  
8 want this marked for identification as number  
9 "7"?

10 MR. KENNEDY: Yes, please.

11 (The document, as described, was  
12 herewith marked as **Exhibit 7** for  
13 identification.)

14 BY MR. KENNEDY:

15 Q. Mr. Bloomfield, do you recognize this document?

16 A. I do.

17 Q. What do you understand this document to be?

18 A. It's a description of six of the manholes  
19 Downtown that Concord Steam presently  
20 discharges condensate to.

21 Q. And you understand that it's the City's  
22 position that these manholes need repairs,  
23 isn't that correct?

24 A. Yes.

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[WITNESS: Bloomfield]

1 Q. And the estimated cost for these repairs is  
2 \$1,200? The estimated cost is roughly \$1,200,  
3 isn't that correct?

4 A. \$1,200 each, that's correct. Yes.

5 MR. KENNEDY: I have no further  
6 questions, Your Honor.

7 CHAIRMAN HONIGBERG: Commissioner  
8 Scott.

9 CMSR. SCOTT: Thank you. Good  
10 afternoon.

11 BY CMSR. SCOTT:

12 Q. Mr. Bloomfield, looking at the Settlement,  
13 number -- I'll start with number 12. So, it's  
14 saying "Concord Steam's customers converting to  
15 service provided by Liberty Utilities may do so  
16 only if they have paid all outstanding  
17 charges", and you've referenced, if I heard you  
18 right, you're already having issues along those  
19 lines?

20 A. That's correct.

21 Q. So, what mechanism is that -- would that happen  
22 under this Settlement? Liberty is not a  
23 signatory to this. So, do you have some  
24 leverage, as Concord Steam? And, if you did, I

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[WITNESS: Bloomfield]

1 guess you probably wouldn't need this, I would  
2 suggest.

3 A. Well, that's right. Right. So, we have  
4 discussed it with Liberty, and I'm speaking for  
5 them. And they would just as soon not do it,  
6 but they are able to do it and will do it, if  
7 so ordered. But just simply, before they  
8 connect one of our customers, just simply ask  
9 us if there's outstanding monies due to us.

10 Q. So, to put this another way, it's an element of  
11 the Settlement, but the party who needs to do  
12 the work here is not a part of the Settlement.

13 A. You're right.

14 Q. So, certainly not binding on them, am I correct  
15 on that?

16 A. Yes. You are correct, yes.

17 Q. All right. And, just to clarify the discussion  
18 you had with Attorney Speidel, is -- what I  
19 think I heard you say, and I just want to make  
20 sure it's clear in my mind. Despite the fact  
21 that your presumption is you wouldn't be  
22 providing service as a utility after May, you  
23 still feel, through the Settlement, there's an  
24 obligation there to fill the manholes and

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1 everything else you've indicated here as part  
2 of Concord Steam, is it?

3 A. That's correct. I mean, Concord Steam, as a  
4 corporation, will shut down the steam plant on  
5 the end of May, move out of the existing  
6 facilities, but we'll still be paying invoices,  
7 we'll still be collecting revenues. We expect  
8 to be in business for other reasons, other than  
9 even just closing up the manholes and doing  
10 some of the work in the customers' buildings  
11 that we're expecting to do.

12 Q. Okay. Bear with me, I wrote my questions in  
13 the margins, sometimes I can't read my own  
14 writing. I'll move off the Settlement  
15 Agreement for a little bit. While I have you  
16 on the stand, the September 21st informational  
17 session, I was curious, how well was that  
18 attended? Can you give me some feedback from  
19 it?

20 A. There were a lot of people there. I'm not  
21 quite sure how many customers, because we had,  
22 you know, there was a lot of vendors, there  
23 were mechanical contractors, Liberty, a couple  
24 banks were there. So, it was hard to judge

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[WITNESS: Bloomfield]

1 exactly how many customers. I think there were  
2 probably representative for maybe 30 to 40  
3 customers there. And, then, immediately after  
4 that meeting, we summarized that meeting and  
5 sent around to all customers a summary of the  
6 meeting and a list of all the contractors and  
7 contacts that were there. So that, even  
8 customers that did not attend, would have the  
9 contacts for the different contractors and the  
10 banks and that sort of thing.

11 Q. So, how would that list be communicated to the  
12 customers?

13 A. We mailed that to all of our customers.

14 Q. Excellent. Okay. So, obviously, you've heard  
15 from the public statement we had from the South  
16 Congregational Church. It sounds like they  
17 felt a little bit surprised, at least in  
18 August, that you may be going away. Is it fair  
19 to say at this point you're confident every  
20 customer knows what's going on now?

21 A. Oh, yes. Yes. I'm sure every customer knows  
22 now.

23 Q. Okay. So, nobody moving forward should be  
24 surprised?

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[WITNESS: Bloomfield]

1 A. That's correct.

2 Q. Okay. In your verbal statement, you talked a  
3 little bit in your summary, I'm back on the  
4 Settlement, the May 31st date. And you implied  
5 it could be earlier than that, depending on  
6 customers coming off. Can you explain that a  
7 little bit more to me? The State's going to be  
8 on, I assume?

9 A. Oh, yes. You're right. Yes, the State will be  
10 on. So, we would close the steam plant down on  
11 that day. I just mean that there are some  
12 customers that I expect, the ones that need hot  
13 water, for instance, have made other  
14 arrangements earlier than May 31. So that some  
15 of the customers will be maybe going off of  
16 steam earlier than May 31. But the steam plant  
17 itself will be shut down based on planning on  
18 May 31.

19 Q. Okay. And the Settlement, again, this may be a  
20 legal thing. So, I'll leave that to how you  
21 want to answer it. But it says "on or about",  
22 is that a nod to the other docket, which is  
23 16-770? Or, why does it say "on or about"?

24 A. That your -- I don't know.

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[WITNESS: Bloomfield]

1 Q. Okay.

2 A. I just assume May 31, the end of May 31 we're  
3 going to close down.

4 Q. Okay. Thanks for that clarification.

5 A. Yes.

6 CMSR. SCOTT: I think that's all I  
7 have.

8 CHAIRMAN HONIGBERG: Commissioner  
9 Bailey.

10 CMSR. BAILEY: Thank you.

11 BY CMSR. BAILEY:

12 Q. I'm following up on one of Commissioner Scott's  
13 questions. Do you think that decommissioning  
14 activities are a part of utility service?

15 A. Yes, I do.

16 Q. I have some questions to clarify some of the  
17 provisions in the Agreement. The proposed  
18 usage rates that are intended to collect \$3.4  
19 million, roughly, are they intended -- is that  
20 total intended to be collected between  
21 October 1st and May 31st?

22 A. Yes.

23 Q. And that is an annual revenue requirement that  
24 normally would be collected over 12 months?

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[WITNESS: Bloomfield]

1 A. Yes. We have adjusted it to allow for the  
2 eight-month --

3 Q. Okay. So, --

4 A. -- period of time. It's not a -- that's not a  
5 twelve-month number. That's the actual revenue  
6 we're expecting to receive during that  
7 eight-month period.

8 Q. That you need to receive during that  
9 eight-month period?

10 A. Yes. Yes. That's right. Yes.

11 Q. Okay. Thank you. In your original testimony,  
12 you talked about some engineering studies that  
13 were required to be done by the Fire Marshal's  
14 Office. Have those been completed?

15 A. Yes, they have.

16 Q. Then, are there any costs that you're going to  
17 incur as a result of those?

18 A. There are costs that we have incurred as a  
19 result of those, that we've already made the  
20 changes and corrections that were -- that were  
21 recommended in the reports. And I believe  
22 they're still are some additional corrections  
23 that were suggested in the reports that we have  
24 not gotten to yet.

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[WITNESS: Bloomfield]

1 Q. Is the revenue required to pay for those  
2 expenses included in?

3 A. Yes.

4 Q. Okay. Does the revenue, in the proposal to  
5 recover \$3.4 million, allow the Company to  
6 correct for increases or decreases in the costs  
7 of plant closure?

8 A. No. No. Well, it does, in that, if we find  
9 there's a significant change, and we ask for a  
10 change in that, it would trigger a full rate  
11 review of all expenses. So, if we had  
12 something that was -- let's say there was some  
13 soil contamination that we had to clean up that  
14 was 15 or \$20,000, we could ask for that. But  
15 it would mean going through a full rate review,  
16 and, for that amount, we probably wouldn't  
17 bother. If it was \$200,000, it would be a  
18 different story.

19 Q. Do you have Mr. Frink's testimony with you?

20 A. I do not.

21 (Atty. Geiger handing document  
22 to the witness.)

23 CMSR. BAILEY: Thank you.

24 WITNESS BLOOMFIELD: Now I do.

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[WITNESS: Bloomfield]

1 CMSR. BAILEY: Okay. Thanks.

2 BY CMSR. BAILEY:

3 Q. On Bates Page 018, he identifies the expected  
4 decommissioning costs?

5 A. Yes. Yes.

6 Q. And one of the decommissioning costs accounted  
7 for is for environmental assessment of 67,500?

8 A. Yes.

9 Q. And, in the Settlement Agreement, the State's  
10 going to pay for that?

11 A. That's correct.

12 Q. So, should that remain in the decommissioning  
13 costs?

14 A. Well, as part of the back-and-forth, the  
15 arrangement was that Concord Steam was going to  
16 pay for the environmental assessment, the State  
17 would pay for the disconnection, the loop  
18 disconnecting. There's a certain amount of  
19 work that needs to go to disconnect the steam  
20 loop Downtown from the rest of our system. So,  
21 the State was going to pay for that and we were  
22 going to pay for the environmental assessment.

23 The State decided that, since they're  
24 actually the property owner, that they would

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1           rather do the environmental assessment. So,  
2           they're now going to pay for the environmental  
3           assessment, and, as a trade-off, we're paying  
4           for the disconnection of the steam loop  
5           Downtown.

6 Q.       And how much is that going to cost, do you have  
7           any idea?

8 A.       Expecting an order of magnitude of \$50,000.

9 Q.       Okay. So, if, in the event that there's more  
10          expense included in these decommissioning costs  
11          than you ultimately need, that would be part of  
12          the refund that would go back to customers at  
13          the end? All other things being equal?

14 A.       Yes. Right. Yes. Assuming that we went to  
15          Staff and said "we have this additional  
16          expense", and we go through the whole rate  
17          review, yes, that would be involved in the  
18          refund.

19 Q.       So, if the environmental assessment reveals  
20          some amount of remediation that needs to  
21          happen, and it's, say, \$50,000.

22 A.       Yes.

23 Q.       Do you have to go through a rate case to  
24          recover that \$50,000?

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[WITNESS: Bloomfield]

1 A. Not as I understand it. It just it would be a  
2 review from Staff of all of our true, actual  
3 expenses. And they would compare actual  
4 expenses with our projected expenses, in not a  
5 full rate case, *per se*, but a Staff review of  
6 all of our expenses and comparing it to what  
7 was projected.

8 Q. Of all your expenses, not just your remediation  
9 expense?

10 A. Yes. That's right.

11 Q. Okay. I want to make sure that I understand  
12 the provision about the CATCH contract. So, as  
13 I understand it, that's a contract that was  
14 with the Endicott Hotel, because there are  
15 residential customers in there. And, for the  
16 first four years, they were going to pay the  
17 usage rates at the lowest tier?

18 A. That's correct.

19 Q. So, is that still part of the agreement?

20 A. I believe that agreement --

21 Q. It will expire in June of 2017.

22 A. Yes. Yes. Right.

23 Q. The four years would.

24 A. Yes, the four years would. Right. Right. But

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[WITNESS: Bloomfield]

1 part of that was -- the reason that reference  
2 on the CATCH equipment lease was that, as part  
3 of the arrangement, we had to put about \$35,000  
4 worth of equipment into the CATCH building.  
5 And we leased that from an equipment leasing  
6 company.

7 Q. Uh-huh.

8 A. And, through some misunderstanding on our part,  
9 we hadn't gotten official approval of that  
10 lease as a financing arrangement through the  
11 Commission. So, we're asking for approval of  
12 that.

13 Q. Yes, I understood that. And that was a lease  
14 for seven years?

15 A. Yes.

16 Q. Right?

17 A. Yes.

18 Q. And, so, you're asking for approval to recover  
19 the full amount of that lease or will you be  
20 able to return the equipment early and not have  
21 to pay for the full amount?

22 A. We're asking for full recovery of the amount of  
23 that lease. The equipment that's in there is  
24 probably -- it's not -- it's not really

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[WITNESS: Bloomfield]

1 returnable, *per se*, in that it was specialized  
2 equipment for a particular use. And its value  
3 as used equipment at this point is low.

4 Q. What did you expect to have happen to that when  
5 the seven-year lease was up?

6 A. When the seven-year lease was up, the equipment  
7 would have been paid off, and that equipment  
8 would have been turned over to CATCH. CATCH  
9 would have been responsible for that.

10 Q. Okay. Now, back to the usage rates. Are the  
11 usage rates being paid under the CATCH contract  
12 still at the lowest tier, so that would be the  
13 \$30 rate?

14 A. Yes. Yes, that's correct. The \$34, or  
15 something, whatsoever it was.

16 Q. The lowest one?

17 A. Yes.

18 Q. Is it the lowest -- is it the lowest price or  
19 the lowest amount of usage?

20 A. The intent was the lowest price, which would be  
21 the highest amount of usage, the lowest-priced  
22 tier.

23 Q. Right. So that would be \$30.72?

24 A. Yes. Right.

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[WITNESS: Bloomfield]

1 Q. Per account, okay. With respect to a rebate  
2 necessary, in case you've over-collected  
3 revenue?

4 A. Yes.

5 Q. Who would that rebate be returned to?

6 A. We haven't gone over the exact structure of it.  
7 But what I had assumed was that we know how  
8 much steam each customer would have bought over  
9 this eight-month period, and we would return an  
10 appropriate amount to them on a pro rata basis  
11 over the eight-month period.

12 Q. So, if somebody is a customer on October 1st,  
13 and they leave on December 1st, they've  
14 purchased a certain amount of steam in that  
15 period, they would get a pro rata portion of  
16 the rebate?

17 A. Yes.

18 Q. Even though they're not a customer when the  
19 rebate happens?

20 A. I haven't worked that through. But, yes, I  
21 that would probably be the case.

22 Q. Okay. So, that means you need to keep track of  
23 customers who leave until the end of May?

24 A. Yes. Right. And we have our steam sales

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[WITNESS: Bloomfield]

1 records, so that's --

2 Q. Okay. The provision about Liberty making sure  
3 that customers have paid you before they  
4 connect electric -- before they connect gas  
5 service, is the request that you're making in  
6 the Settlement Agreement to have the Commission  
7 order Liberty to do that?

8 A. Yes.

9 CMSR. BAILEY: Okay. That's all I  
10 have. Thank you.

11 CHAIRMAN HONIGBERG: I believe  
12 Commissioner Scott has another question or two.

13 CMSR. SCOTT: The Chair wisely never  
14 believes me when I say "I have no more  
15 questions."

16 WITNESS BLOOMFIELD: Yes. You've  
17 managed to decipher some of your scribbles in  
18 the margins?

19 CMSR. SCOTT: I have.

20 BY CMSR. SCOTT:

21 Q. So, you already talked a little bit about the  
22 site environmental assessment. When I go to  
23 Section 14 of the Settlement, what I think I'm  
24 reading is, if there is any remediation or

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[WITNESS: Bloomfield]

1 environmental liability that's assigned to  
2 Concord Steam, there's a joint report in  
3 February of 2017 that would identify that, is  
4 that correct?

5 A. Yes.

6 Q. And, if your plan is you'll go out of service  
7 by the end of May, so, what happens -- just  
8 help me connect the dots here. If it's a  
9 significant, hopefully, it's not, hopefully,  
10 there's nothing, but, if there's a significant  
11 environmental liability that's assigned to  
12 Concord Steam, how do you do that recovery or  
13 how does that work?

14 A. We would try and get the -- we'd try and get  
15 the environmental study done as soon as  
16 possible, and any estimated cost of remediation  
17 as soon as possible and get it to you before  
18 February. But it would be an increase or a  
19 surcharge or some kind of additional charge to  
20 customers.

21 Q. And, at that late date, you probably wouldn't  
22 have a lot customers, am I correct?

23 A. That's right.

24 Q. So, again, I'm not -- hoping I'm not foreseeing

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[WITNESS: Bloomfield]

1 a problem --

2 A. Yes. No, we understand what the situation is.

3 But there's not a lot of other, you know, we

4 don't believe that there is anything. There's

5 an underground -- there's oil storage tanks.

6 If there is any issue with those, the State has

7 a UST (Underground Storage Tank) Fund to deal

8 with it. And it has been filled with Number 6

9 oil since 1945 or thereabouts. So, I, you

10 know, --

11 Q. On that front, have you worked out with the

12 State at this point where the line is drawn of

13 what's yours potentially and what's theirs?

14 It's an old site, correct?

15 A. It's a very old site, yes. I mean, the State

16 has operated that site as a steam plant since

17 the late 1800s. So, no, we haven't really

18 defined whose responsibility is what. We're

19 expecting to have that discussion once we get

20 the environmental assessment done.

21 Q. So, it sounds like you're in the same frame of

22 mind that I am, the sooner the better for that,

23 I think, --

24 A. Yes.

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[WITNESS: Bloomfield]

1 Q. -- for all involved?

2 A. Yes.

3 CMSR. SCOTT: That's, I believe, my  
4 final question.

5 BY CHAIRMAN HONIGBERG:

6 Q. Mr. Bloomfield, I'm interested in the property  
7 tax question, the issue that Mr. Kennedy raised  
8 with you. I know that there's a discussion of  
9 property taxes associated with your testimony  
10 in Exhibit 1. Do you have that with you? It's  
11 on Bates Page 052.

12 A. I do not have it with me.

13 Q. I guess, as a preview, what I would like to be  
14 able to do is figure out where in your filing  
15 you describe what is being set aside for  
16 property taxes?

17 A. Well, our annual property taxes are in the  
18 order of magnitude of 180 to \$200,000. We had  
19 assumed that, since it was a short year, that  
20 we would reduce those by approximately \$40,000,  
21 as I remember.

22 Q. All right. Well, who's going to own the  
23 property after Concord Steam stops being  
24 Concord Steam?

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[WITNESS: Bloomfield]

1 A. The steam plant reverts to its owner, which is  
2 the State of New Hampshire.

3 Q. So, the steam plant is part of the property on  
4 which you are paying property taxes?

5 A. Yes, it is.

6 Q. What is other property on which you're paying  
7 property taxes?

8 A. The steam pipes Downtown.

9 Q. I see in your -- on Page 52 of your filing,  
10 there's also something in Pembroke?

11 A. There's a wood yard in Pembroke that's part of  
12 the COE. That's right.

13 Q. All right. Now, I'm going to ask Mr. Frink  
14 about this, too, because he's got a page in his  
15 testimony regarding property taxes. So, you  
16 can -- I'm going to ask you to continue with  
17 what you were saying when I think I interrupted  
18 you. You expected a reduction of a certain  
19 amount because of the partial year, why don't  
20 you finish that explanation.

21 A. Yes. That's right. As I remember, we expect a  
22 partial reduction, I think I budgeted \$40,000  
23 for a partial reduction in property taxes.

24 CHAIRMAN HONIGBERG: Ms. Geiger?

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[WITNESS: Bloomfield]

1 MS. GEIGER: Yes, Mr. Chairman. With  
2 your permission, I'd like to give the testimony  
3 that Mr. Bloomfield filed originally in this  
4 docket to him, so that he can review it and  
5 hopefully clarify the record on this point?

6 CHAIRMAN HONIGBERG: Thank you.

7 (Atty. Geiger handing document  
8 to the witness.)

9 **BY THE WITNESS:**

10 A. Yes. So that the wood yard taxes are  
11 approximately \$15,000, and that's actually part  
12 of the COE. So, there's \$180,000 of taxes that  
13 we paid in 2015 of property tax, 40 to the  
14 State and 140 to the City. That's -- so that,  
15 on Bates Page 052, it gives what the actual  
16 taxes were that we paid in 2015. And, then, in  
17 the proforma adjustments, I made an estimate --

18 BY CHAIRMAN HONIGBERG:

19 Q. What page would we be looking at?

20 A. So, now, I'm going to Page 42, Bates Page 042,  
21 about just below the midline, it says "Taxes -  
22 Property", and it shows "\$180,000" of test year  
23 ended 2015, with a proforma adjustment of  
24 "40,000".

[WITNESS: Bloomfield]

1 Q. Okay. Thank you. Regarding customers who  
2 haven't paid, and if an order were to be issued  
3 to Liberty not to take those customers, what  
4 would happen to those customers?

5 A. I would assume that they would pay us and they  
6 get their gas turned on.

7 Q. Say that doesn't happen, what would happen?

8 A. I don't know.

9 CHAIRMAN HONIGBERG: I don't believe  
10 I have any other further -- any further  
11 questions for you.

12 Ms. Geiger, do you have any further  
13 questions for your witness?

14 MS. GEIGER: Yes. Thank you, Mr.  
15 Chairman. Just, I believe, one area.

16 **REDIRECT EXAMINATION**

17 BY MS. GEIGER:

18 Q. Mr. Bloomfield, do you recall questions from  
19 Commissioner Bailey regarding environmental  
20 remediation cost recovery?

21 A. Yes.

22 Q. And was it your testimony that you thought that  
23 those environmental remediation costs would be  
24 considered by the Commission as part of a full

[WITNESS: Bloomfield]

1 rate consideration?

2 A. No. As I understand it, it would be -- let me  
3 back up and say that, if there was any -- any  
4 extraordinary change in our expenses, whether  
5 our normal operating expenses or our closure  
6 expenses, that we could present -- basically,  
7 present that to Staff. But, in doing -- in  
8 looking at that one extraordinary item, they  
9 would also be looking at all of our other  
10 expenses. So, it would not necessarily be a  
11 full rate case, it just would be a full expense  
12 review by Staff, to determine whether they felt  
13 the increase was justified.

14 Q. And, Mr. Bloomfield, could you please turn to  
15 Paragraph 14 of the Settlement Agreement?

16 A. Yes.

17 Q. And could you please read the second sentence  
18 in Paragraph 14.

19 A. Okay.

20 Q. Could you read it into the record please.

21 A. Yes. That "The Parties, Concord Steam and the  
22 State, will file with the Commission a joint  
23 report identifying the environmental liability  
24 to be the responsibility of Concord Steam,

[WITNESS: Bloomfield]

1 remediation measures for which Concord Steam  
2 may be liable and the estimated cost of  
3 remediation, The Parties agree that the cost  
4 of any environmental remediation to be the  
5 responsibility of Concord Steam shall be  
6 included in the decommissioning costs and  
7 recovered from customers through Concord  
8 Steam's rates prior to discontinuance of  
9 service".

10 Q. Could you read the next sentence please.

11 A. And that "Concord Steam may request Commission  
12 approval to adjust emergency rates for  
13 potential remediation costs for which Concord  
14 Steam may be liable."

15 Q. Okay. So, in light of that, those provisions  
16 in Paragraph 14, is it your understanding that  
17 environmental remediation cost recovery can  
18 occur in a different manner than an  
19 extraordinary cost recovery?

20 A. Yes.

21 MS. GEIGER: Thank you. I don't  
22 think I have any more questions.

23 CHAIRMAN HONIGBERG: Mr. Kennedy,  
24 what can we do for you?

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[WITNESS: Bloomfield]

1 MR. KENNEDY: I just -- I hate to do  
2 this, but I just had a couple of follow-up  
3 questions, real quick.

4 CHAIRMAN HONIGBERG: We hate for you  
5 to do this, too. If you were allowed to ask  
6 questions, what would they be?

7 MR. KENNEDY: Well, one would pertain  
8 to Paragraph 10 of the Settlement Agreement  
9 with respect to the triple-net lease,  
10 concerning the holding company and the  
11 agreement that that will have with the State of  
12 New Hampshire, relative to whether or not that  
13 holds, there's a provision in that triple-net  
14 lease, which I suspect that there is, --

15 CHAIRMAN HONIGBERG: Well, and is  
16 there some reason why you didn't ask that  
17 question before?

18 MR. KENNEDY: Um, --

19 CHAIRMAN HONIGBERG: I didn't think  
20 so.

21 MR. KENNEDY: I don't know.

22 CHAIRMAN HONIGBERG: Is there -- are  
23 there other questions that you would have?

24 MR. KENNEDY: So, there's that

[WITNESS: Bloomfield]

1 triple-net lease question relative to the  
2 holding company.

3 My other question is that Ed Roberge,  
4 sitting next to me, who is the City Engineer,  
5 had raised a question with me while listening  
6 to Mr. Bloomberg's [Bloomfield's?] testimony,  
7 and asked where the disconnection of service  
8 would take place. Would it be taking place in  
9 the property or in the street? And, if it  
10 occurs in the street, we'd be concerned about  
11 disruption of the roadway.

12 CHAIRMAN HONIGBERG: All right. Ms.  
13 Geiger?

14 MS. GEIGER: I don't have any  
15 objection to that question.

16 CHAIRMAN HONIGBERG: What about the  
17 first one?

18 MS. GEIGER: I think that it's  
19 obvious that the triple-net lease hasn't yet  
20 been developed. So, I'm not sure whether the  
21 witness is going to have any information to  
22 provide on the provisions of that lease. It's  
23 clear from the provisions of the Settlement  
24 Agreement, in Paragraph 10, that that lease is

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[WITNESS: Bloomfield]

1 going to be developed in the future.

2 CHAIRMAN HONIGBERG: All right. Do  
3 any of the other parties have an objection to  
4 Mr. Kennedy asking the very limited number of  
5 questions he's identified?

6 MR. ASLIN: Not the State.

7 MR. KENNEDY: Your Honor, I'd also  
8 ask that --

9 CHAIRMAN HONIGBERG: You got another,  
10 Mr. Kennedy?

11 MR. KENNEDY: Yes -- well, it's not a  
12 question. I'd also --

13 CHAIRMAN HONIGBERG: Well, let's  
14 finish with the questions first.

15 Mr. Teague, I assume you have no  
16 problem with Mr. Kennedy?

17 MR. TEAGUE: I have no problem.

18 CHAIRMAN HONIGBERG: How about you,  
19 Mr. Speidel?

20 MR. SPEIDEL: No problem.

21 CHAIRMAN HONIGBERG: Mr. Kennedy,  
22 what else can we do for you before you follow  
23 up with your questions?

24 MR. KENNEDY: I think it would be

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[WITNESS: Bloomfield]

1 great if you'd remove the ID on Exhibit 7.

2 CHAIRMAN HONIGBERG: Yes. Okay. We  
3 generally do that at the end of the hearing.  
4 But, yes, we'll get to that.

5 MR. KENNEDY: It's my first time  
6 here, Your Honor.

7 CHAIRMAN HONIGBERG: No, that's fine.  
8 We're happy to have you.

9 All right. You may proceed with  
10 those two areas of questioning you identified.

11 MR. KENNEDY: Okay.

12 **RECROSS-EXAMINATION**

13 BY MR. KENNEDY:

14 Q. Mr. Bloomfield, I think you heard my question  
15 relative to the triple-net lease. Is there any  
16 discussion concerning the holding company  
17 paying whatever property taxes may be on that  
18 Downtown Loop?

19 A. With the triple-net lease, our intent and  
20 understanding of how that would develop is, if  
21 there were any property taxes to be paid, the  
22 State would be responsible for them. The  
23 holding company will not pay it. A "triple-net  
24 lease" means the person, the lessor -- or,

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[WITNESS: Bloomfield]

1 lessee --

2 Q. The lessee.

3 A. -- the person who's leasing the property is  
4 responsible for property taxes. So, that's --

5 Q. Okay. And my second question, relative to  
6 where the disconnection is going to take place,  
7 is that going to be inside or outside, in the  
8 street? Inside the building or outside, in the  
9 street?

10 A. It will be inside the buildings, not in the  
11 street.

12 Q. And do you know --

13 A. Well, with the exception of disconnecting of  
14 the Downtown Loop, or maybe I should clarify.  
15 Are we talking about, when we talk about  
16 "disconnecting the Downtown -- the State loop  
17 for the State House property? Or are we  
18 talking about just simply closing down in the  
19 end of May?

20 Q. Well, let's address both, since you brought it  
21 up.

22 A. Okay.

23 Q. Let's first talk about, when you close down in  
24 May, how that's going to occur with the

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[WITNESS: Bloomfield]

1 individual properties?

2 A. Yes. That will just be inside each individual  
3 building.

4 Q. So, no disruption in the roadway?

5 A. That's correct.

6 Q. Okay. And, then, with the Downtown Loop, can  
7 you explain that process for us please?

8 A. Yes. There are -- there are five, I believe  
9 there are five different connections, two of  
10 which will require some excavation, three of  
11 which are in manholes that will not require  
12 excavation.

13 Q. And who's going to perform that work?

14 A. Concord Steam will.

15 CHAIRMAN HONIGBERG: All right. Does  
16 anyone else have anything for Mr. Bloomfield?

17 *[No verbal response.]*

18 CHAIRMAN HONIGBERG: All right. Mr.  
19 Bloomfield, why don't you return to your seat.

20 Who's the next witness? Mr. Speidel,  
21 would it be Mr. Frink?

22 MR. SPEIDEL: Yes. It is Mr. Frink.

23 *[Brief off-the-record discussion*  
24 *ensued.]*

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[WITNESS: Frink]

1 CHAIRMAN HONIGBERG: All right. Mr.  
2 Frink, why don't you just stay where you are.  
3 Because we're going to take a short break, give  
4 Mr. Patnaude a chance to rest his fingers and  
5 for the machine to cool down. So, we'll be  
6 back in about ten minutes.

7 *(Recess taken at 2:37 p.m. and*  
8 *the hearing resumed at 2:52*  
9 *p.m.)*

10 CHAIRMAN HONIGBERG: Now, Mr. Frink.

11 (Whereupon **Stephen P. Frink** was  
12 called as a witness, having been  
13 previously sworn by the Court  
14 Reporter in this docket on  
15 September 6, 2016.)

16 CHAIRMAN HONIGBERG: And, Mr. Frink,  
17 you're still under oath from the earlier  
18 hearing in this same docket. You might not  
19 have realized that, but --

20 WITNESS FRINK: Well, I'm always  
21 truthful anyway.

22 CHAIRMAN HONIGBERG: We know that,  
23 but the formalities make everybody feel better.

24 Mr. Speidel, you may proceed.

[WITNESS: Frink]

**STEPHEN P. FRINK, PREVIOUSLY SWORN****DIRECT EXAMINATION**

BY MR. SPEIDEL:

Q. Mr. Frink, could you please state your full name and position at the Commission.

A. Stephen P. Frink. And I'm the Assistant Director of the Gas and Water Division.

Q. Are you familiar with the document that is marked "Docket Number DG 16-769 Direct Testimony of Stephen P. Frink"?

A. Yes, I am.

Q. Do you have it with you?

A. I do.

Q. Do you adopt it as your testimony in this proceeding?

A. Yes.

Q. Do you have any corrections that you would like to make to this document or any of the supporting schedules?

A. Yes, I do. On Page 5, Lines 1 through 4, as Commissioner Bailey pointed out, the State will be paying for the environmental site assessment. So, I would like to strike that, those four lines.

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[WITNESS: Frink]

1 Q. So, that's on Bates Page 006, correct?

2 A. Bates 006, yes.

3 Q. Thank you. And I think Commissioner Bailey was  
4 pointing out a supporting schedule as well.

5 A. Correct. That is Bates Page --

6 Q. Eighteen?

7 A. -- 018. And, actually, it flows through other  
8 schedules as well. But, while I normally  
9 wouldn't divulge what went on in settlement  
10 discussions, there was some back and forth.  
11 And I had the cost of disconnecting the loop  
12 and then the environmental assessment, and the  
13 loop. Anyway, that environmental assessment,  
14 on the second line, under "Decommissioning  
15 Costs", should be -- that should be -- we  
16 should strike that.

17 And, as I say, there is an impact going  
18 through the other schedules. But, if I were to  
19 include the cost to disconnect the loop, the  
20 \$50,000, it's not material. So, I'm not  
21 proposing to revise or correct any of the other  
22 schedules.

23 Q. So, when we're on the issue of decommissioning  
24 costs, there has been a document provided by

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[WITNESS: Frink]

1 the City of Concord, we don't have to make  
2 specific reference to it beyond mentioning that  
3 it seems to list \$7,200 of manhole repairs. Do  
4 you have any specific position that Staff has  
5 at the present time regarding such ancillary  
6 repair costs that are being proffered to the  
7 Company by the City?

8 A. Well, that's -- none of these costs, both in  
9 the -- the revenue requirement is based on  
10 estimated costs, operating costs. And we used  
11 a test year, proformed that. Which, using the  
12 test year, again, it's not a full 12 months.  
13 So, we actually adjusted the test year expenses  
14 to reflect that. So, we removed summer  
15 expenses in calculating the revenue  
16 requirement. So, that's accounted for.

17 But none of those expenses are -- they're  
18 estimates, they're a best guess as to what's  
19 going to happen. And, then, we design revenues  
20 to satisfy that requirement to cover those  
21 estimated costs. And some of those costs may  
22 be more or less normal operations. There may  
23 be manholes that need to be fixed, and maybe  
24 there were some fixed last year that are in

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1 that revenue requirement, that, you know, is  
2 reflected in rates.

3 So, that, you know, \$1,200 a manhole, I  
4 don't consider that a very significant cost.  
5 And I think the revenue requirement would  
6 accommodate that.

7 But, ultimately, if the Company decides  
8 that it's an extraordinary event and they want  
9 to request an adjustment, then they can do that  
10 as part of a full rate case, but I don't see  
11 that as being an issue. I don't think it's  
12 been decided as to whether Concord Steam feels  
13 they have that obligation, and that it may be  
14 that they don't. But that's something that is  
15 just -- will be handled in the course of normal  
16 operations. It doesn't need to be decided by  
17 the Commission in this proceeding.

18 Q. So, would you be able to just expand on or  
19 reiterate the idea of the adjustment to the  
20 test year to incorporate the eight-month period  
21 that we're dealing with here?

22 A. Yes. Again, as Commissioner Bailey pointed  
23 out, this is not a full -- we're looking at the  
24 revenue requirement for a October through May,

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1           it's not a full 12 months. And, so, we used,  
2           to try and determine what the costs will be  
3           that need to be covered through the revenue  
4           requirement over those months, we adjusted the  
5           test year expenses accordingly. So, because  
6           they're not going to be operating through the  
7           summer, there were quite a bit of savings from  
8           that that is reflected in the revenue  
9           requirement.

10   Q.    In terms of the quarterly status reports that  
11           we had some discussion about, do you still  
12           think that they have some value added and they  
13           should continue during the pendency of this  
14           shutdown period over the next year or so?

15   A.    I think they do. I think they should be filed  
16           in this proceeding. I think the status reports  
17           that were in a 2014 docket should be  
18           discontinued. I think what we should be  
19           getting is status reports that explain, update  
20           us as to, for instance, what's happening with  
21           the Fire Marshal repairs. And, I mean, they  
22           could cover something like the dispute on the  
23           manhole repairs, things like that.

24                   Not, obviously, the status of the Company,

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1 the standing of the Company going forward will  
2 have been resolved. But, I think, through the  
3 shutdown period, and certainly during the  
4 decommissioning, it would be helpful to say  
5 "Okay, get quarterly reports during the  
6 decommissioning." There are a lot of  
7 commitments that have been made as part of this  
8 Settlement as to what the Company and the  
9 holding company are going to do beyond  
10 terminating service. And I think it would be  
11 helpful to have quarterly reports to update the  
12 Commission as to whether they have actually  
13 been done.

14 Q. There was some discussion of the question of  
15 property taxes and the treatment of taxes in  
16 the revenue requirements and schedules for this  
17 proceeding. Does Staff have a perspective on  
18 how such taxes ought to be accommodated within  
19 the rates? And how they fit in with the  
20 Settlement Agreement that was presented?

21 A. Again, this is a normal operating cost that  
22 Concord Steam has paid throughout their  
23 existence. And I expect them to continue to do  
24 and meet there legal requirements to pay their

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1 taxes, and whatever they're required to pay,  
2 they will pay.

3 And that's -- again, that's not something  
4 I think that needs to be ruled on here. We've  
5 included a property tax amount in there. And  
6 it's a bigger adjustment than what Mr.  
7 Bloomfield had in his initial testimony. But  
8 my assumption was that there would be -- the  
9 Company would be requesting an abatement, that  
10 the assessed value was, given that they're  
11 terminating service, is far overstated.

12 I have actually contacted the Department  
13 of Revenue Administration for the State, and  
14 showed them my recommendation. And the  
15 response I got was that "that's a reasonable  
16 expectation." So, they will be -- they will  
17 issue a final ruling, the State will, on what  
18 the property tax will be for Concord Steam. It  
19 will be official on December 1. But it's my  
20 expectation that what we've provided for  
21 through rates should be enough to cover those  
22 costs.

23 Q. Thank you. In terms of the proposal that  
24 Senator Feltes shared with us this afternoon

[WITNESS: Frink]

1 and spoke about before the Commissioners in  
2 kind of a narrative form, do you think that we  
3 can move ahead with the current emergency rate  
4 petition and the termination of service  
5 petition pending the resolution of however that  
6 is resolved, so that -- go ahead.

7 A. Oh, absolutely. I think it's imperative that  
8 we move forward on this. My testimony states  
9 that, absent this shutdown and the terms of  
10 this Settlement, the situation will be much  
11 worse for customers. And, whether there's a  
12 fund to provide for the nonprofits or others  
13 that are having difficulty, they're going to  
14 have difficulty, tremendous difficulty, whether  
15 this is approved or not. And, so, I think  
16 it's -- we need to set emergency rates and  
17 collect money to decommission the plant and the  
18 distribution system.

19 So, I think that's a proposal that can be  
20 made after-the-fact, and something can be  
21 established, if that's what -- if that's  
22 appropriate.

23 Q. Thank you. In terms of what will be happening  
24 during the decommissioning process, you

[WITNESS: Frink]

1 understand that the Staff will have an ongoing  
2 oversight role in making sure that everything  
3 is going according to the plans delineated in  
4 the Settlement Agreement, correct?

5 A. Could you repeat. Sorry.

6 Q. You understand that the Staff will have an  
7 ongoing advisory and oversight role in making  
8 sure that what has been agreed to by Concord  
9 Steam in the Settlement Agreement will take  
10 place, correct?

11 A. Yes. There's actually a reporting requirement  
12 that we've set a target revenue. Obviously,  
13 once they stop service, they won't be able to  
14 bill customers. And, so, it's imperative that  
15 they collect the revenues necessary to meet  
16 their requirements for both operations  
17 throughout the termination period and to  
18 complete the decommissioning.

19 So, they will be filing monthly revenue  
20 reports that will tell us this is what they  
21 have collected to date, this is what they're  
22 projecting to collect, on normal weather. So,  
23 they have made a projection, a monthly  
24 projection for sales, based on normal weather.

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1 They will use those, that normal --  
2 weather-normalized sales for the months that  
3 are yet to come. They will be allowed to  
4 adjust those for customer losses. So, the  
5 revenue -- there are sales projections based on  
6 the current customer base.

7 And, from what Mr. Bloomfield said, they  
8 have already lost other customers, they will  
9 have to adjust their rates for that. If  
10 their -- if their sales are short, then they  
11 will adjust -- well, let me back up. They will  
12 look at the projection and actual revenues.  
13 So, they could collect October revenues. At  
14 the end of October, we're going to get a  
15 statement from the Company saying "these are  
16 what our" -- you know, "where our revenues  
17 stand now. And this is what our projected  
18 revenues look like going forward, based on  
19 normal weather, and adjusted for the loss of  
20 these customers."

21 And, once they do that, we'll compare it  
22 to the revenue requirement that has been  
23 established -- the target revenues have been  
24 established in the Settlement. And, if those

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1 revenues are short by or below 95 percent of  
2 what the requirements are, then they will be  
3 allowed to adjust the rates November 1. And,  
4 then, in the following month, we will get  
5 another report, and we'll have two months of  
6 actual revenues or whatever, you know, the best  
7 guess at that point and projections going  
8 forward.

9 So, again, as my testimony states, they  
10 don't have any control over when customers  
11 terminate service. They certainly don't have  
12 any control over the weather. If it's a colder  
13 than normal October or November, or any other  
14 month for that matter, then you would expect  
15 they'd exceed expected revenues, expected  
16 sales. If it's cold -- if it's warmer than  
17 normal, it would go the other way.

18 But the fact is, we've estimated what it's  
19 going to cost to continue service through this  
20 period and to decommission the distribution  
21 system and plant. And they have to be able to  
22 collect that over this, while they're still  
23 providing utility service.

24 Q. Thank you. If you could please turn your

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1 attention to Point Number 14 or Paragraph  
2 Number 14 of the Settlement Agreement, which I  
3 believe has been marked for identification as  
4 "Exhibit 6". And I think there's a line, the  
5 very last sentence reads: "To the extent that  
6 Concord Steam's responsibility for  
7 environmental remediation", and then onward,  
8 "are in dispute or otherwise unknown at the  
9 time of the February 15, 2017 joint report, the  
10 parties agree to submit the issue to the  
11 Commission for the fashioning of an appropriate  
12 remedy".

13 Now, Mr. Bloomfield had said something to  
14 the effect that "well, we're not very certain  
15 if the Commission necessarily has to hear the  
16 question." But, I think, would it be fair to  
17 say that Staff understands that, if there is a  
18 dispute, there would be a proceeding before the  
19 Commission where they can adjudicate the  
20 question of appropriate rates and  
21 responsibility on this point?

22 A. Yes. What we're trying to do here is,  
23 normally, the Commission doesn't do  
24 single-issue ratemaking. But, in this

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1 instance, the Staff and the Company and the  
2 State have agreed that it's appropriate that,  
3 if the environmental site assessment comes back  
4 and identifies a cost, that is a remediation  
5 cost that may be attributable to Concord Steam,  
6 that they should have the opportunity to  
7 recover those costs. So that Concord Steam  
8 would come forward with?

9 That. There may be a dispute as to  
10 whether they actually -- is with the City, and  
11 maybe Concord Steam doesn't feel it's their  
12 cost, and there's a dispute. But the  
13 expectation is, yes, they will file it. We  
14 won't do a full review, but we'll look at that  
15 assessment, we'll hear what the parties have to  
16 say, and the Commission can make a ruling on  
17 it.

18 But, if they are responsible for  
19 remediation costs, then they should be able to  
20 recover those costs from ratepayers.

21 Q. Thank you. So, Mr. Frink, in light of your  
22 testimony and -- provided today, and also  
23 prefiled, and the execution of the Settlement  
24 Agreement, does Staff believe and you believe

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1           that the Settlement's approval would be in the  
2           public interest under the relevant statutory  
3           standards for emergency rates and termination  
4           of service?

5   A.   Absolutely.

6   Q.   Would you like to offer any short summary of  
7           why?

8   A.   Well, this shutdown of Concord Steam has been a  
9           long time in coming.  They filed a rate case in  
10          March with the intent of continuing service,  
11          and building a new plant to make them  
12          competitive with natural gas rates.  But,  
13          unfortunately, that there was a bad publicity  
14          regarding the Fire Chief's report in the paper,  
15          and then, again, the rates, since 2007, have  
16          been much higher than natural gas rates, and  
17          customers have been leaving.  And, at that  
18          point in time, with the publicity, with the  
19          investigation into operations, everything that  
20          was going on, the Company approached Liberty  
21          about possibly a deal that would help get them  
22          through a transition, to the benefit of, you  
23          know, benefit the customers and the utility.

24                   And, so, once they were able to reach

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1 that, once that got out there, and I'm not  
2 sure, even without that, they would have been  
3 able to continue service. Their rates just are  
4 not competitive, and get less competitive with  
5 every rate increase. So, once that was  
6 announced, there's no going back. And they  
7 have lost a number of 12 percent of their  
8 customers prior to filing their testimony, they  
9 have lost customers since. You can't reverse  
10 it now. There's simply not the customer base  
11 to provide service at a reasonable rate, at a  
12 fair and reasonable rate. So, this needs to be  
13 done.

14 And, if they hadn't gotten a deal with  
15 Liberty that helped cover their revenue  
16 requirement and decommissioning, then, with the  
17 customer losses they're experiencing, they  
18 would have been in for another rate case right  
19 away. And it would have been higher rates,  
20 because, basically, they operate at -- there's  
21 really no fat in their operations, there's  
22 really no place to cut operations -- to cut  
23 operating costs. The Fire Marshal report  
24 identified problems that needed to be fixed.

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1 The State was saying "you need to make these  
2 repairs". It's just they're not in a position  
3 to make the repairs, to continue operations,  
4 and to build a new plant. And it's too late  
5 for all that. So, this really needs to be  
6 done.

7 Q. So, in terms of the new plant, I think we've  
8 seen quite a few comments come in from members  
9 of the public, in this docket and the 16-770  
10 docket, referencing a potential deal with  
11 GreenCity Power, that entity, for the  
12 refurbishment of the Concord Steam plant.

13 Are you aware of whether that's an actual  
14 still live deal, whether it's still out there,  
15 or whether it has terminated on its own terms  
16 before this proceeding?

17 A. Well, the Company would be in a better position  
18 to answer that. But I am sure that no investor  
19 at this point would be interested in acquiring  
20 Concord Steam and funding a new plant.

21 That one of the reasons, for ten years,  
22 the Company has taken a lower return and asked  
23 for modest increases, relative to what they  
24 could have been asking for, is because they

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1 needed to hold on to the customer base to  
2 entice an investor to build a plant. And, with  
3 the State and the schools and everybody getting  
4 off the system, there's no investor that's  
5 going to make a \$20 million investment without  
6 an adequate opportunity to recover that cost.

7 And, once customers convert to another  
8 fuel source, they're not coming back to steam,  
9 period. I mean, they're making a 20-year  
10 investment, something along those lines. So,  
11 that's pretty much closed.

12 MR. SPEIDEL: Thank you. Before I  
13 make Mr. Frink available for cross-examination,  
14 I would ask that Mr. Frink's testimony be  
15 marked for identification as "Hearing  
16 Exhibit 8"?

17 CMSR. SCOTT: Attorney Speidel, can I  
18 clarify? This is the 4 October testimony,  
19 right?

20 MR. SPEIDEL: That's right.

21 CMSR. SCOTT: Because I have in my  
22 file a 30 August also.

23 MR. SPEIDEL: Yes. The 30 August  
24 testimony would be something that had -- there

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1 had been an attempt to mark it as "Hearing  
2 Exhibit 5".

3 CHAIRMAN HONIGBERG: It is marked for  
4 identification as "Hearing Exhibit 5", but the  
5 ID has not been struck on the earlier  
6 testimony.

7 MR. SPEIDEL: Right. So, I think it  
8 would probably, to avoid confusion, especially  
9 for folks reading the oral transcript record,  
10 it might not be a bad idea to have this October  
11 4th testimony marked as "Exhibit 8" for  
12 identification, if that's all right?

13 CHAIRMAN HONIGBERG: That's correct.  
14 It's "Exhibit 8".

15 (The document, as described, was  
16 herewith marked as **Exhibit 8** for  
17 identification.)

18 MR. SPEIDEL: Thank you very much.  
19 Mr. Frink is available for cross-examination.

20 CHAIRMAN HONIGBERG: Do any of the  
21 Settling Parties have questions for Mr. Frink?  
22 Ms. Geiger?

23 MS. GEIGER: No.

24 CHAIRMAN HONIGBERG: Mr. Aslin?

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1 MR. ASLIN: No.

2 CHAIRMAN HONIGBERG: Mr. Teague?

3 MR. TEAGUE: No.

4 CHAIRMAN HONIGBERG: Mr. Kennedy, do  
5 you have any questions for Mr. Frink?

6 MR. KENNEDY: Yes, Your Honor. Just  
7 a couple here.

8 **CROSS-EXAMINATION**

9 BY MR. KENNEDY:

10 Q. Mr. Frink, with respect to the taxes that have  
11 been set aside for the -- I believe, is that  
12 the 2016 tax year?

13 A. Well, it's to cover the taxes during both the  
14 shutdown period and the decommissioning period.  
15 So, it's total taxes.

16 Q. Okay. So, you understand that the 2016 tax  
17 year starts April 1 and ends March 31?

18 A. If you say so.

19 Q. Okay. And you understand that the 2017 tax  
20 year will start April 1, 2017?

21 A. I'll accept that.

22 Q. And you understand that the assessors in each  
23 of the municipalities, and in this case  
24 Concord, will value the property as it is, as

[WITNESS: Frink]

1 it stands, and as it functions April 1, 2017?

2 A. If you say so.

3 Q. You said you spoke to the DRA on this issue?

4 A. I spoke to the State about the -- what the tax  
5 assessment and Concord Steam's taxes are likely  
6 to be going forward, and that's -- I contacted  
7 them, yes.

8 Q. So, whether it's the State or the DRA, who did  
9 you speak to?

10 A. I actually emailed, and this was done  
11 informally, and it's a draft assessment. So,  
12 I'm not really comfortable in saying who I  
13 spoke to and what he gave me for a number.  
14 That will be a -- a ruling will be made, and  
15 that will be made official and public on  
16 December 1st, is my understanding.

17 Q. And what tax year is that?

18 A. That's for the 2016 tax year.

19 Q. Okay. And, so, for local property taxes, you  
20 understand that it's the locality, i.e., in  
21 this case, the City of Concord, that assesses  
22 and sets the value of the property, is that  
23 correct?

24 A. That's correct.

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1 Q. And you haven't spoken with anybody at the City  
2 of Concord, have you?

3 A. No, I have not.

4 Q. So, your calculation that you come up with  
5 doesn't contemplate any property taxes  
6 determined by the City of Concord, is that  
7 correct?

8 A. No, it does. There are -- basically, we took  
9 the 2015 taxes, City and State, we're talking  
10 property taxes, and we cut those in half, on  
11 the assumption that there would be an  
12 abatement, given that the value of that  
13 property is -- the salvage value of that  
14 property, according to the Company, is \$63,000.

15 So, being a homeowner, I know the market  
16 value is used to determine my property tax.  
17 It's hard to see where the market value of  
18 Concord Steam's system and plant is what it was  
19 last year. And, so, I made an adjustment, and  
20 this Company and the parties that are  
21 signatories to the Settlement accepted that  
22 this is an appropriate revenue requirement.  
23 So, that's where things stand.

24 And, as I explained earlier, we've got a

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1 number of adjustments and expenses that are  
2 reflected in here. There's nothing  
3 appropriated specifically to pay taxes or to  
4 pay this item or that item. There's one -- a  
5 \$7 million revenue requirement that needs to be  
6 met, and it will satisfy their expenses going  
7 forward. If it's not, then they have the right  
8 to petition the Commission for a rate increase.

9 Q. Okay. And, just for clarification, you based  
10 this tax number that you came up with based  
11 upon your own discussions with Concord Steam  
12 and your experience as a property owner  
13 yourself?

14 A. Yes. That's what my -- when I made my  
15 estimate, that was -- those things were weighed  
16 into my decision.

17 Q. Okay. And you had no discussions with  
18 Concord's Assessing Department as to what the  
19 value might be in 2000 --

20 A. No, I did not.

21 CHAIRMAN HONIGBERG: I suspect the  
22 answer to that is the same as the answer he  
23 gave you the last time you asked it.

24 MR. KENNEDY: I just wanted to be

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1 certain, Your Honor.

2 CHAIRMAN HONIGBERG: Oh, I think it's  
3 pretty clear.

4 MR. KENNEDY: I'm finished with my  
5 questions, Your Honor. Thank you.

6 CHAIRMAN HONIGBERG: Commissioner  
7 Scott.

8 CMSR. SCOTT: Thank. And good  
9 afternoon again, I think. I said "good  
10 afternoon" earlier to you at some place, I'm  
11 sure.

12 BY CMSR. SCOTT:

13 Q. On the Settlement Agreement, the language for  
14 the shutdown is "31 May", "on or about 31 May".  
15 And, as you probably recall in my discussion  
16 with the previous panelist, there seemed to be  
17 some -- a little bit of back-and-forth on that.  
18 So, what does the "on or about" mean to you?

19 A. We fully expect Concord Steam to provide  
20 service through May 31st. If all their  
21 customers ask to stop service before then, then  
22 maybe they will close earlier. But, as long as  
23 there's still a Concord Steam customer taking  
24 service in May, we expect them to continue

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1 providing service through the entire month.

2 Q. Okay. And, under the Settlement, it wouldn't  
3 be beyond May 31st?

4 A. It would not be beyond May 31st.

5 Q. Okay. You talked about different -- I think  
6 you were questioned by Attorney Speidel about  
7 reporting and what would be appropriate and not  
8 appropriate. Would it make sense, in your  
9 mind, that, since Concord Steam has expressed a  
10 concern about being -- customers leaving with  
11 delinquencies, that that be something that  
12 should be reported also, so we can keep track  
13 of that? Is that necessary, do you think?

14 A. Yes. I think that would be very helpful to  
15 have that. And, actually, it might be a good  
16 idea to, in the order, require it. But the  
17 Company would probably agree to do that and be  
18 happy to do that, because it impacts their  
19 ability to achieve the funds they need.

20 Q. And, on that Item Number 12, which would seem  
21 to imply that this Settlement would require  
22 Liberty to not allow new customers, can you  
23 help me, what was your expectation that would  
24 be -- what would be done in this docket about

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[WITNESS: Frink]

1 that, that item in this Settlement Agreement?

2 A. I believe the Commission could order Liberty  
3 not to except customers that have an  
4 outstanding balance with Concord Steam, unless  
5 they have a letter saying that, basically,  
6 saying that, you know, maybe "we have a payment  
7 plan" or "we've received full payment", or even  
8 if there would even be a conversation. But I  
9 think the Commission has that right to say  
10 "Liberty can't add customers if they're not in  
11 good standing with Concord Steam." And, so,  
12 that would have to be in the Commission order.

13 Q. And you're suggesting it would be in this  
14 order?

15 A. Yes.

16 Q. And am I missing -- Liberty's not a party in  
17 this docket, are they?

18 A. No, they're not.

19 Q. Okay. I'm just thinking through my mind the  
20 due process issues, I think. Okay. I'll move  
21 on. The discussion about remediation, I think  
22 what I was trying to lay out with Mr.  
23 Bloomfield is, hopefully, a very worst-case  
24 scenario, where there are significant



[WITNESS: Frink]

1 remediation liabilities. I understood your  
2 point that they can come to us. But, if it's  
3 going to be on ratepayers, and there are no  
4 ratepayers effectively left, how does that  
5 work?

6 A. Well, there would be no point in coming to us,  
7 if this isn't decided expeditiously and there's  
8 still some time left to bill customers. I  
9 don't know what remedies the Company would have  
10 to meet a major remediation that they may be  
11 required to perform. And I don't know under  
12 what circumstances that situation might arise.

13 It's not our expectation that that's going  
14 to be what occurs. I don't have a good answer  
15 for that. And I think it's -- I don't know how  
16 else to go forward with this.

17 CMSR. SCOTT: I think we all agree  
18 it's not a -- nothing is perfect about this  
19 situation, obviously.

20 All right. That's all I have. Thank  
21 you.

22 CHAIRMAN HONIGBERG: Commissioner  
23 Bailey.

24 CMSR. BAILEY: Good afternoon.

[WITNESS: Frink]

1 BY CMSR. BAILEY:

2 Q. On Page 3 of the Settlement Agreement, in Item  
3 Number 1, and that first sentence is what got  
4 me confused about the \$3.4 million, whether  
5 that was to be recovered in October through  
6 May, or whether that was an annual revenue  
7 requirement, and because it says "Concord  
8 Steam's 2015 adjusted annual usage rate  
9 revenue" will be increased to 3.4 million.  
10 Now, is that their annual usage rate revenue  
11 for October through May, which isn't really  
12 annual?

13 A. Right.

14 Q. The word "annual" is confusing.

15 A. No, you're right. It is that \$2 million for  
16 2015 is adjusted, because, in 2015, I think  
17 they had sales of maybe 125,000. And, now, in  
18 this, the sales are 110 and about -- roughly,  
19 and about 8,000 are subject to -- or, at the  
20 fixed rate. So, this 2,004 [2,004,000?] is  
21 adjusted to reflect not -- that's not what  
22 their actual revenue was in 2015, it's adjusted  
23 to reflect the projected sales.

24 Q. Over eight months?

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[WITNESS: Frink]

1 A. Over -- from October to May, yes.

2 Q. Okay. Thank you. On the testimony that you  
3 asked us to strike in your testimony, let's  
4 just go to the page that we looked at with Mr.  
5 Bloomfield, Bates Page 018.

6 So, if we delete the "67,500" from the  
7 costs, then that would change the bottom line,  
8 right? Is that your intent or --

9 A. My intent is -- nothing in my recommendation  
10 changes. Like I said, there was some  
11 back-and-forth on what was the appropriate --  
12 what we were going to -- that Concord Steam is  
13 agreeing to pay for. And, at one point, it was  
14 the environmental assessment, and another point  
15 it was the disconnect --

16 Q. Right.

17 A. -- disconnecting that loop, roughly the same  
18 cost.

19 Q. Yes.

20 A. So, I flipped that in and out. But the fact  
21 is, the Settlement provides for a modest  
22 return. And, if you take the \$67,500 out, then  
23 what's going to happen is, that, if you go to  
24 Bates Page 011, you'll see that the Settlement

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[WITNESS: Frink]

1 provides for 2.85 percent --

2 Q. Right.

3 A. -- rate of return. And that might be  
4 3 percent, if you take out the 67. So, it's  
5 still a modest return. It's not a material  
6 change. So, that's why it really doesn't  
7 impact. This is -- the testimony is support  
8 for the Settlement increase of 1.4 million.  
9 And I feel like, even if you take that out, it  
10 does that.

11 Q. And I didn't understand, and maybe this is all  
12 really not important, but I didn't understand  
13 why you wouldn't add the \$50,000 back in that  
14 it costs to --

15 A. Well, I could. But, again, if I don't consider  
16 this to have a material impact, adding the  
17 50,000 back, just makes it more immaterial.

18 Q. Okay. Have you had any conversations with  
19 Liberty about the agreement to ask the  
20 Commission to order Liberty not to connect  
21 customers who have an outstanding balance to  
22 Concord Steam?

23 A. It was -- it's been raised. And they would  
24 prefer to be able to add customers that request

[WITNESS: Frink]

1 service, naturally.

2 Q. Right.

3 A. But, in this Settlement Agreement, and the  
4 revenue requirement, we did not provide for  
5 a -- for bad debts. So, if we didn't have that  
6 provision, then I think it would have been  
7 appropriate to assume that there were customers  
8 that were not going to pay and include some  
9 figure for that. So, to keep rates -- the  
10 proposed rates low, the alternative was "well,  
11 we'll just make all customers pay."

12 Q. And what happens if they don't pay, and  
13 May 31st comes around?

14 A. Well, they normally discontinue service in  
15 April, and then they don't restart until the  
16 following October. They will hopefully be able  
17 to find some way to finance to pay their bills  
18 and finance a conversion. And I would also  
19 say, they're not required to take natural gas.  
20 So, you could install electric heat. That  
21 would probably be cheaper than installing gas.  
22 But you wouldn't get the payback that you would  
23 if you were to install natural gas. But that's  
24 really, you know, that's the customer

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[WITNESS: Frink]

1 obligation.

2 CMSR. BAILEY: Okay. Thank you.

3 BY CHAIRMAN HONIGBERG:

4 Q. Mr. Frink, in developing your testimony and  
5 your schedules, is it fair to say that what you  
6 were trying to do was figure out how much money  
7 the Company needs to bring in to cover its  
8 obligations until it's completely done?

9 A. Yes. That's correct.

10 Q. And you're not trying to get to the precise  
11 dollar, you're trying -- or allocated  
12 specifically one way or another, you're just  
13 trying to add up the categories in ways that  
14 account for all of the categories, and maybe  
15 one is a little high and one's a little low.  
16 You're trying to get to a rough amount, is that  
17 right?

18 A. That's exactly right.

19 Q. And you talked a bit with Commissioner Bailey  
20 about 67 in and 50 out. And, I think, in  
21 another context, you talked about the manholes,  
22 which are, I guess if you add up all six, you  
23 end up at about \$7,200, that doesn't sound,  
24 based on what you said, to be something that

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[WITNESS: Frink]

1 would be material, is that right?

2 A. That's right.

3 Q. Now, while it's your view that we don't need to  
4 figure out who owes what in that context, we do  
5 need to be comfortable that we -- we are  
6 approving rates that will, in fact, get the  
7 Company enough money to cover its obligations,  
8 right?

9 A. That's correct.

10 Q. In that context, would you generally recommend  
11 that we be conservative, in other words, that  
12 we make the rate a little higher maybe than we  
13 would otherwise, to make sure that they have  
14 enough, or are we trying to get to some level  
15 of precision beyond that?

16 A. Staff and the signing parties believe that the  
17 4.1 million increase in rates gets them to  
18 where they need to be. And we're obviously --  
19 everybody is cognizant of the fact that this is  
20 going to be a severe hardship on customers.  
21 And, so, we've done our best to keep it as low  
22 as we think we reasonably can, and for them to  
23 do what they need to do.

24 Q. Within the same general topic, there's the

[WITNESS: Frink]

1 property tax issue. And I understand, from  
2 your schedule, which I think is Bates Page 017  
3 of your testimony regarding property taxes,  
4 that lays out the numbers associated with what  
5 you said orally to Attorney Kennedy, is that  
6 about right?

7 A. Yes, it does.

8 Q. I see, three lines from the bottom, the number  
9 "\$51,128". Is that the -- that's the number  
10 that you are arrived at after doing the "rough  
11 justice" abatement and partial year calculation  
12 that you testified about, is that right?

13 A. Which number were you saying?

14 Q. "51,000", the third number from the bottom?

15 A. Yes.

16 Q. Assume with me for a moment that that number  
17 were about \$100,000 higher. Would that be a  
18 material enough change that would cause you to  
19 reconsider your recommendation?

20 A. I would say, for, under the circumstances,  
21 something above 100,000 probably would.

22 Q. So, if you thought there was a \$100,000  
23 problem, and I'm not saying that there is, I'm  
24 just asking you to assume that for a moment,

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[WITNESS: Frink]

1 with that schedule, would that then cause you  
2 to go in and look at some of the other ins and  
3 outs, like the ones you spoke about with  
4 Commissioner Bailey, and the manhole covers, to  
5 see, you know, maybe recalculate some things to  
6 get you closer to where you feel you should be?

7 A. Well, one reason, the Settlement makes  
8 adjustments for revenue requirements and not  
9 expenses. And, for the cost of energy, we  
10 actually look at expenses and revenues, and do  
11 a reconciliation, and the over and under  
12 recoveries, to make sure they exactly match.  
13 The utility has some ability to reduce costs.  
14 The decommissioning, I've assumed that they  
15 could complete that in five months. Well,  
16 maybe they can complete it in four months and  
17 eliminate salaries and office leases and things  
18 like that. So, I think, if the Company -- the  
19 Company may, if you leave it out and it turns  
20 out to be higher, the Company has the right to  
21 come in and say "there's \$100,000 we hadn't  
22 planned on", well, at that point, we could say  
23 "okay, well, what are your other expenses  
24 doing?"

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[WITNESS: Frink]

1 Q. Would we be keeping this docket open for that  
2 purpose or would they be coming in with a new  
3 petition?

4 A. It would be a new petition.

5 Q. Okay. Similarly, I'm changing the topic, but  
6 within the thing we were just talking about,  
7 about closing this docket versus something new.  
8 One of the provisions, I think it's the one  
9 about environmental costs, leaves open the  
10 possibility of the Company coming in. And  
11 would that also be a new proceeding, in your  
12 view? I forgot which paragraph number it is.

13 CMSR. SCOTT: Fourteen.

14 BY CHAIRMAN HONIGBERG:

15 Q. It's 14, I'm being told.

16 A. Because it's a single issue, and it's raised,  
17 and recovery is part of the Settlement  
18 Agreement, I think it would be appropriate to  
19 do that in this docket.

20 Q. In terms of any order we issue in this  
21 proceeding, in the short term, related to your  
22 testimony regarding status reports, any order  
23 we issue here, in your view, should it  
24 terminate the requirement from the 2014 docket

[WITNESS: Frink]

1 for quarterly reports and replace it with a  
2 more relevant reporting requirement in this  
3 proceeding?

4 A. That is my recommendation.

5 CHAIRMAN HONIGBERG: All right. I  
6 think that's all I have.

7 Mr. Speidel, do you have any further  
8 questions for Mr. Frink?

9 MR. SPEIDEL: None. Thank you.

10 CHAIRMAN HONIGBERG: All right. Mr.  
11 Frink, you can return to your seat, I think.

12 Mr. Aslin, are you ready to proceed  
13 with Mr. Connor?

14 MR. ASLIN: Yes, I am. I would like  
15 to call Mr. Connor to the stand.

16 MS. GEIGER: Mr. Chairman, maybe to  
17 save a little time, while Mr. Connor is taking  
18 the stand, I looked through my file and did  
19 find the customer letter that I referenced  
20 earlier today, in response to your question  
21 about the order of notice dated July 26th, and  
22 the provision that Concord Steam notify its  
23 customers.

24 And I can submit that to the Clerk

[WITNESS: Connor]

1 for inclusion in the record in this docket.

2 CHAIRMAN HONIGBERG: Okay. That  
3 would be fine. But that doesn't need to be  
4 marked as an exhibit, does it?

5 *[No verbal response.]*

6 CHAIRMAN HONIGBERG: All right. So,  
7 we'll --

8 (Atty. Geiger handing document  
9 to the Clerk.)

10 MS. GEIGER: Thank you.

11 (Whereupon **Michael P. Connor** was  
12 called as a witness, having been  
13 previously sworn by the Court  
14 Reporter in this docket on  
15 September 6, 2016.)

16 CHAIRMAN HONIGBERG: Mr. Connor,  
17 you're already under oath from the prior  
18 hearing.

19 So, Mr. Aslin, up may provide.

20 MR. ASLIN: Thank you, Mr. Chairman.

21 **MICHAEL P. CONNOR, PREVIOUSLY SWORN**

22 **DIRECT EXAMINATION**

23 BY MR. ASLIN:

24 Q. Mr. Connor, are you familiar with the

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[WITNESS: Connor]

1 Settlement Agreement that has been marked as, I  
2 believe, "Exhibit 6" for identification?

3 A. Yes.

4 Q. And are you also familiar with the testimony  
5 that you -- the prefiled testimony that you  
6 provided in this docket at the September 6th  
7 hearing?

8 A. Yes.

9 Q. I don't recall the exhibit number.

10 CMSR. SCOTT: Four.

11 BY MR. ASLIN:

12 Q. Exhibit 4, I believe. In light of the  
13 Settlement Agreement, do you have any updates  
14 or additions to your previous prefiled  
15 testimony that was submitted on September 6th?

16 A. Yes. In my original testimony, I had talked  
17 about our concerns regarding access to the  
18 State House Complex Steam Loop, and also talked  
19 about the environmental assessment, that we had  
20 some concerns about that, and also a temporary  
21 boiler and enough time to be able to do a  
22 proper conversion.

23 Most of those items have been resolved as  
24 part of this Settlement Agreement. The access

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[WITNESS: Connor]

1 to the State House Complex Loop has been  
2 addressed. The environmental assessment, we've  
3 actually decided to take that on ourselves.  
4 And we're in the final negotiations for a  
5 temporary boiler with Liberty Utilities. So,  
6 with that, that basically addresses my initial  
7 concerns.

8 Q. Thank you. And, with regard to the Settlement  
9 Agreement, is it your position that DAS  
10 supports that Agreement?

11 A. Yes.

12 MR. ASLIN: Mr. Chairman, I would  
13 provide Mr. Connor now for any questions on  
14 cross.

15 CHAIRMAN HONIGBERG: Do any of the  
16 Settling Parties have questions for Mr. Connor?

17 Ms. Geiger?

18 MS. GEIGER: No.

19 CHAIRMAN HONIGBERG: Mr. Teague?

20 MR. TEAGUE: No.

21 CHAIRMAN HONIGBERG: Mr. Speidel?

22 MR. SPEIDEL: No.

23 CHAIRMAN HONIGBERG: Mr. Kennedy, do  
24 you have any questions for Mr. Connor?

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[WITNESS: Connor]

1 MR. KENNEDY: Just one quick one,  
2 Your Honor.

3 **CROSS-EXAMINATION**

4 BY MR. KENNEDY:

5 Q. With respect to the temporary boiler, Mr.  
6 Connor, can you explain or describe what that  
7 may be and where that may be located?

8 A. We're still actually in discussions. We're  
9 going to meet tomorrow with the vendor. But  
10 what we're thinking about is actually two  
11 different locations. We have a couple boilers  
12 here on the campus adjacent to the existing  
13 steam plant that would provide steam heat to  
14 the buildings on the campus during that  
15 interim.

16 We're also looking at placing one  
17 temporary boiler, potentially two, at the  
18 Department of Justice, in the parking lot,  
19 adjacent -- on the nearest side to the  
20 Legislative Office Building, so it won't  
21 disrupt the residents there. And that would  
22 provide temporary heat to the State House  
23 Complex.

24 Q. Is there any information relative to noise or

[WITNESS: Connor]

1 emissions for these boilers?

2 A. We're still in the initial stages. We're  
3 working with the providing company to get the  
4 emissions data. We've been in contact with  
5 Environmental Services and getting that  
6 information so we can work through the  
7 permitting process. And we're also cognizant  
8 of the noise, and that's why we're going to  
9 place it in a key location. But it's our  
10 understanding that it will be pretty minimal.

11 MR. KENNEDY: Thank you.

12 CHAIRMAN HONIGBERG: Commissioner  
13 Scott?

14 CMSR. SCOTT: No questions.

15 CHAIRMAN HONIGBERG: Commissioner  
16 Bailey?

17 CMSR. BAILEY: Just one.

18 BY CMSR. BAILEY:

19 Q. When do you plan to begin the environmental  
20 assessment and what kind of work do you have to  
21 do? Do you have to put that out as an RFP? Do  
22 you have to get it approved by Governor &  
23 Council? Do you just go get it done?

24 A. Basically, we're hoping to have an agreement by



[WITNESS: Connor]

1 Friday. We're going to be taking advantage of  
2 an existing statewide contract with an existing  
3 firm to get that done. So, we're actually  
4 waiting for their proposal that we're expecting  
5 today. So, we're hoping that we can come to an  
6 agreement by Friday, so we can start as soon as  
7 possible to get it done by December 23rd as  
8 required with the report.

9 CMSR. BAILEY: Okay. Thank you.

10 BY CHAIRMAN HONIGBERG:

11 Q. Mr. Connor, is it fair to say that the Public  
12 Utilities Commission doesn't tell the  
13 Department of Administrative Services how to  
14 heat its buildings or provide hot water?

15 A. True.

16 CHAIRMAN HONIGBERG: I have no  
17 further questions.

18 Mr. Aslin, do you have any further  
19 questions of Mr. Connor?

20 MR. ASLIN: No, I do not. Thank you.

21 CHAIRMAN HONIGBERG: Mr. Connor, you  
22 can return to your seat.

23 WITNESS CONNOR: Thank you.

24 CHAIRMAN HONIGBERG: Are there any

1 other matters we need to take up, before we  
2 start the closing process?

3 *[No verbal response.]*

4 CHAIRMAN HONIGBERG: All right. And  
5 I assume there's no objection to striking of ID  
6 on Exhibits 6, 7, and 8?

7 MS. GEIGER: Mr. Chairman, I do have  
8 an objection to striking the identification  
9 from what's been marked as "Exhibit 7". That  
10 document was actually circulated or received by  
11 Concord Steam in the context of settlement  
12 discussions with the City of Concord. And,  
13 pursuant to Puc Rule 203.20(a), information  
14 that is exchanged during settlement talks is  
15 not supposed to be admitted into evidence at  
16 proceedings. It's supposed to be held  
17 confidential.

18 And, so, while I understand that Mr.  
19 Bloomfield answered questions about the  
20 exhibit, I would object to it coming into  
21 evidence.

22 In addition, even if it is admitted,  
23 it is -- there's no testimony by Mr. Roberge or  
24 any other witness regarding authentication of

1 the information that's in it.

2 So, if it is an exhibit, I would ask  
3 that the Commission just give it the weight  
4 that they think it deserves as an unsworn  
5 document.

6 CMSR. SCOTT: Are you also suggesting  
7 that the discussion in the transcript should be  
8 confidential?

9 MS. GEIGER: I think, technically,  
10 that's probably right. I, again, --

11 CHAIRMAN HONIGBERG: I'm afraid the  
12 horse may have left that barn already.

13 MS. GEIGER: It may be. But I just  
14 wanted to draw the Commission's attention to  
15 the rule. That it doesn't come up very often.  
16 And, again, and I understand Mr. Kennedy  
17 doesn't practice here that often, but, again,  
18 this was a document that was circulated in the  
19 context of settlement discussions. And,  
20 therefore, I don't think that it should come  
21 in.

22 CHAIRMAN HONIGBERG: Mr. Kennedy.

23 MR. KENNEDY: Yes. I think, if  
24 Ms. Geiger reviews what was discussed, with the

1 City of Concord already advised that it would  
2 not be signing the Settlement Agreement and  
3 would not be a party to it, and this was  
4 brought up outside the context of settlements  
5 discussions, and it was brought up between the  
6 parties, i.e., Concord Steam and the City of  
7 Concord itself, to determine whether or not the  
8 parties could determine how these repairs are  
9 going to be paid for.

10 And, so, this -- Concord had already  
11 advised that it was not signing the Settlement  
12 Agreement. We are not going to be a party to  
13 it. This was just simply provided to Attorney  
14 Geiger, and, actually, Ed Roberge had  
15 discussions with Mr. -- I believe Mr.  
16 Bloomfield, or it may have been his partner,  
17 relative to the repairs that needed to be done.  
18 And, so, we weren't signing the Settlement  
19 Agreement at that juncture anyway when this  
20 document was transferred.

21 CHAIRMAN HONIGBERG: Just a moment.

22 (Chairman and Commissioners  
23 conferring.)

24 CHAIRMAN HONIGBERG: All right.

1 We're going to strike the ID on 6 and 8. We  
2 are going to hold off on ruling on 7, and we'll  
3 deal with it in a written order.

4 Anything else before the parties sum  
5 up?

6 *[No verbal response.]*

7 CHAIRMAN HONIGBERG: All right.  
8 Mr. Kennedy, you're going to go first, since  
9 you're opposing. Let everybody else follow up.

10 MR. KENNEDY: Okay. Just to be  
11 clear, Your Honor, we're not opposing  
12 everything in this Settlement Agreement. We  
13 just think that it needs to or perhaps the  
14 Court's order needs to -- or, this Court's  
15 order needs to address certain issues.

16 First, relative to the property tax  
17 issue, that the Company be required to hold  
18 sufficient funds for the property taxes for  
19 the -- both 2016 and the 2017 year.

20 It may be that Mr. Frink is correct  
21 in his analysis that those taxes will be what  
22 he anticipates they will be. But I think it's  
23 important that, to the extent that they're  
24 higher than that, that there's adequate funds

1 to pay whatever those property taxes are.

2 CHAIRMAN HONIGBERG: On that point,  
3 is there anything in the record that would tell  
4 us what the number should be?

5 MR. KENNEDY: No. But all we know in  
6 the record is that he did kind of a "best  
7 judgment" type of analysis, without conducting  
8 any type of appraisal or analysis with the  
9 professionals that actually conduct the  
10 assessment.

11 CHAIRMAN HONIGBERG: There are a  
12 number of exhibits that show various numbers  
13 for property taxes. Is there anything you can  
14 point me to in the record that tells me what we  
15 should direct the Company to set aside?

16 MR. KENNEDY: Well, we do know the  
17 2015 is a number that may be in the record that  
18 might be an estimate. Like I said, that could  
19 be much higher than what it's going to be, but  
20 we just don't know at this point.

21 CHAIRMAN HONIGBERG: Okay. You may  
22 continue.

23 MR. KENNEDY: Also, with respect to  
24 the Exhibit 7, and the repairs that we talked

1 about, we just think that it's important. And  
2 I think Mr. Frink affirmed in his testimony  
3 that, whatever the repairs that are necessary  
4 for Concord Steam to be responsible to pay for,  
5 that there was sufficient funds in what it set  
6 aside to repair that.

7 So, if it comes to the determination  
8 that this Exhibit 7, which amounts to \$7,200,  
9 not a lot of money that we're talking about  
10 here, is Concord Steam's responsibility, then I  
11 think Mr. Frink's testimony reflects that that  
12 will be covered.

13 The third thing is with the filling  
14 of the manholes. This is an important subject  
15 matter for the City of Concord relative to the  
16 infrastructure of its right-of-way and its  
17 Downtown and throughout the City where these  
18 manholes are located. And this filling, we  
19 think, should go through a permitting process  
20 at the City of Concord. That all the permit  
21 rules apply for the proper filling and  
22 maintenance of the streets and the manholes  
23 here. And that they're done in accordance with  
24 engineering guidelines here at the City of

1 Concord.

2 We also think that there should be  
3 some type of an escrow account or funds held in  
4 reserve, to the extent that there's any damage  
5 caused to the City's infrastructure or to any  
6 of the associated water or sewer systems  
7 resulting from this filling process.

8 This should also be included with the  
9 closure of the Downtown Loop for the -- for the  
10 State's temporary heating system that it will  
11 be running. I think the Settlement Agreement  
12 addresses that in two separate paragraphs.  
13 You'll see it in, I think, Paragraph 7, and  
14 then there's another discussion of filling the  
15 manholes in Paragraph 11. And I think it might  
16 be appropriate for the order to address that  
17 there's proper oversight, I think, ideally  
18 through the City of Concord through its  
19 permitting, and that there are funds set aside  
20 to the extent that damage occurs.

21 CHAIRMAN HONIGBERG: Are you asking  
22 us for a specific number to set aside a  
23 particular amount of money or direct the  
24 Company to set aside a particular amount of



1 money?

2 MR. KENNEDY: I don't have that exact  
3 amount of money in mind, what that would be.

4 CHAIRMAN HONIGBERG: And I don't  
5 think there's anything in the record that would  
6 tell us what that number might be.

7 MR. KENNEDY: Well, we do know that  
8 we can come back -- the Company can come back  
9 on an emergency basis, I suppose, to ask for  
10 additional money. But, just understanding that  
11 the filling process be conducted with oversight  
12 in accordance with the City's Engineering  
13 Department, I think may be suffice for that.

14 And the last thing is with respect to  
15 the temporary boiler. The City is, I guess,  
16 modestly concerned about this, relative to its  
17 new Downtown, and having these boilers located  
18 in its' Downtown area. The noise, the  
19 emissions, the aesthetics of a large boiler  
20 heating large State Buildings is somewhat  
21 concerning to the City and perhaps to its  
22 citizens in the City. And, so, we hope that  
23 the State would work with the City in any  
24 regard to help minimize whatever effect that

1 may be.

2 CHAIRMAN HONIGBERG: All right. For  
3 the Settling Parties, we'll go Mr. Aslin, then  
4 Mr. Teague, then Mr. Speidel, and Ms. Geiger.

5 Mr. Aslin.

6 MR. ASLIN: Thank you, Mr. Chairman.  
7 I would note for the record that, technically,  
8 the School District is not a Settling Party.

9 CHAIRMAN HONIGBERG: Ah, good point.  
10 You are correct. But we'll let Mr. Teague  
11 follow you anyway, because he did express  
12 support for the Settlement.

13 MR. ASLIN: Very good.

14 CHAIRMAN HONIGBERG: I'm putting him  
15 in that basket.

16 MR. ASLIN: Happy to have him. Thank  
17 you, Mr. Chairman and Commissioners.

18 The State supports the Settlement  
19 Agreement as a signatory. This, as we've  
20 heard, --

21 *[Court reporter interruption.]*

22 MR. ASLIN: As we've heard, this is a  
23 difficult situation for everyone involved. We  
24 believe that the Settlement, though, there are

1 still significant burdens on many of the  
2 parties, it is probably the best outcome  
3 possible, with regard to Concord Steam  
4 continuing in operation as a potential  
5 alternative outcome, that's, by fair, the worst  
6 outcome for everyone involved, because the  
7 rates that would be required would be so high  
8 that it would cost, frankly, quite a bit more  
9 than the State's temporary solution, and  
10 astronomically more than the State's potential  
11 permanent solution.

12 So, we believe that this is a good  
13 balance in the public interest to try and make  
14 at least a better situation out of a bad  
15 situation.

16 We support the Settlement Agreement  
17 and we believe the State's interests are  
18 adequately protected. There are some issues  
19 that we'll have to come back to the Commission  
20 potentially with regard to environmental  
21 assessment liability, and also the lease, if  
22 there are disagreements over the lease, we may  
23 be back here to resolve those in front of the  
24 Commission. We hope that's not the case.

1           But, ultimately, we believe this puts  
2 everyone on a path to a better position for the  
3 customers and for Concord Steam and the State.  
4 So, we do support the Settlement Agreement, and  
5 thank you for your consideration.

6           CHAIRMAN HONIGBERG: Mr. Teague.

7           MR. TEAGUE: Thank you. The closure  
8 of Concord Steam has created a real emergency  
9 for the Concord School District. As we've  
10 stated before, we have now a deadline, which we  
11 hadn't planned on, didn't anticipate, couldn't  
12 anticipate, prior to the fall-apart, basically,  
13 and closure of Concord Steam.

14           But we have to heat those buildings  
15 for those students that are serviced by -- the  
16 buildings that are serviced by Concord Steam by  
17 October 2017. And there is no negotiating room  
18 or room for compromise. And that creates an  
19 emergency for us, not on October 2017, because  
20 we can't wait to prove the emergency by having  
21 cold buildings. The emergency is right now.  
22 And I think it's very important to make that  
23 point, because it seems to be afoot amongst  
24 various State officials, that, because we still

1 have heat in the buildings, we don't have an  
2 emergency. We do have an emergency.

3 And this Commission has treated this  
4 whole question as an emergency. This  
5 Commission has adjusted its procedures. It has  
6 moved this question along. It has acted  
7 responsibly, as we would expect, because it  
8 recognizes that what this does to a whole slew  
9 of private businesses and residents, and then  
10 some really major public entities, including  
11 the State of New Hampshire itself, is to create  
12 an emergency. And I think it's really  
13 important that that be emphasized as we go  
14 along, because I think, here, we haven't had  
15 that, we haven't had to argue that case. The  
16 Commission knows it, has encouraged people to  
17 come to grips with it. And, in this Settlement  
18 Agreement, I think they have. And I think they  
19 have done a good job getting together and  
20 coming to grips with it. Is it perfect? No.  
21 It is nevertheless confronting a real situation  
22 with a real solution, that will get us  
23 transitioning to the new system in the new  
24 world.

1           So, we, as a school district, have  
2 supported, we participated to some degree in  
3 the Settlement itself by asking for additional  
4 language that was added.

5           And, therefore, we come today in  
6 support of it. We have asked each other about  
7 authority. And what we've agreed is that we  
8 won't sign it today. Because we don't have a  
9 explicit ratification of the Settlement by the  
10 Concord School Board, but that will happen.  
11 And we are confident that that will be only a  
12 matter of time. But we need to run this by  
13 them so they understand the terms.

14           But there really is no choice. And  
15 we're all stuck, and wishing that maybe it were  
16 not the case, but it is the case. And there's  
17 no point in crying over a whole bunch of spilt  
18 milk.

19           But dealing with it has been, I  
20 think, a good exercise for us to participate  
21 in, and I -- this is also my first hearing of  
22 this type before the PUC. I'm very impressed  
23 at everyone's comportment and sense of humor  
24 throughout the whole thing.

1           But thank you very much. And we will  
2           notify the Commission when there is the formal  
3           ratification.

4           CHAIRMAN HONIGBERG: Thank you. I  
5           was going to ask you to do that. I think, as  
6           all three of the former Concord School Board  
7           members in the room would tell you, the  
8           ratification process needs to happen.

9           Mr. Speidel.

10          MR. SPEIDEL: Staff recommends that  
11          the Settlement Agreement be approved as being  
12          in the public interest under both operative  
13          statutory standards. And we thank the  
14          Commission for its consideration.

15          CHAIRMAN HONIGBERG: Ms. Geiger.

16          MS. GEIGER: Yes. Thank you, Mr.  
17          Chairman.

18          Obviously, Concord Steam finds itself  
19          in a difficult situation. It's an unusual and  
20          very rare circumstance that a public utility in  
21          New Hampshire petitions the Commission for  
22          emergency rates, and even more unusual that it  
23          petitions a request to discontinue service.

24          However, we believe that the

1 Settlement Agreement that you have before you,  
2 that we worked very hard with Staff and the  
3 State to arrive at, is a just and reasonable  
4 resolution of the various issues that are  
5 before you.

6 We also believe that it should be  
7 approved as in the public interest under both  
8 of the statutes that apply to the emergency  
9 rates and the discontinuation of service.

10 In response to Commissioner Scott's  
11 question about -- or, concern about due process  
12 issues associated with an order in this case  
13 that requires Liberty to coordinate with  
14 Concord Steam, to make sure that Concord Steam  
15 customers with arrearages are not hooked up to  
16 Liberty's system until they have satisfied  
17 their financial obligations to Concord Steam.

18 A similar request was made in the  
19 companion docket, 16-770. So, we, obviously,  
20 don't have an order in that docket yet. We  
21 would ask the Commission consider that issue  
22 carefully when it decides the 770 case. And we  
23 would also ask that that issue be considered  
24 here, such that Concord Steam can have



1           assurances that it will be paid by customers  
2           that owe it for service that's been rendered  
3           during the period of its operations.

4                        In fact, Mr. Bloomfield reminded me  
5           that that's the Company's current policy.  When  
6           customers take service from Concord Steam for  
7           heating, they typically do so from November 1st  
8           to the end of May.  If there is an arrearage on  
9           that customer's account, come November 1st of  
10          the following year, Concord Steam will not  
11          provide service to that customer until that  
12          customer comes in to good standing and their  
13          arrearage is satisfied.

14                      So, we basically view the issue that  
15          I've just described as similar to the Company's  
16          current policy.  Such that customers who have  
17          arrearages would not be provided service until  
18          their accounts are satisfied.

19                      With that, again, Concord Steam  
20          appreciates very much the work that the  
21          Settling Parties put in to developing the  
22          Settlement Agreement.  Thank you to the  
23          Commission for your patience this afternoon.  
24          And we would respectfully ask that the

1 Settlement Agreement be approved.

2 CHAIRMAN HONIGBERG: Ms. Geiger, on  
3 the "unpaid bills" question, is it your view  
4 that it would be appropriate in this docket,  
5 where Liberty's not a party, to direct an order  
6 to Liberty?

7 MS. GEIGER: I think so, Mr.  
8 Chairman. Again, it's an issue that the  
9 Settling Parties agreed on. I think that the  
10 due process issue is taken care of because the  
11 issue was raised in the other docket.

12 I also think that there is another  
13 piece here that's missing. I know that the  
14 Commission's used to directing utilities to do  
15 certain things, but I also think that the  
16 Commission has the authority to direct  
17 customers to do certain things.

18 And, in this case, where Liberty is  
19 not a party, certainly, customers -- some  
20 customers are represented here, and it seems to  
21 me that it would be appropriate for the  
22 Commission to issue an order that would take  
23 care of the Company's interests and direct  
24 customers to ensure that their accounts aren't

1 in arrearage before they abandon Company  
2 service.

3 CHAIRMAN HONIGBERG: Thank you for  
4 your thoughts on that.

5 Is there anything else we need to do  
6 before we adjourn and take this matter under  
7 advisement?

8 *[No verbal response.]*

9 CHAIRMAN HONIGBERG: Then, we will  
10 adjourn and take this matter under advisement.  
11 Thank you all.

12 ***(Whereupon the hearing was***  
13 ***adjourned at 4:00 p.m.)***

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