



TO: Public Utility Commission

FROM: Nicolette Clarke, Capitol Center for the Arts Executive Director

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RE: DG16-827

DATE: December 21, 2016

Good morning Mr. Chairman and Commissioners, I am Nicki Clarke, Executive Director of the Capitol Center for the Arts. The CCA is one of the Joint Petitioners on DG 16-827. I am here today because we are seeking relief to successfully transition from Concord Steam to a new natural gas heating system for two sections of our property.

The CCA is a 501(c)3 charitable nonprofit that owns and operates two historic buildings on South Main Street, the (circa 1926) proscenium Chubb Theater with seating for 1304 and the Victorian era Benjamin Kimball House that provides event space and staff offices. Today, 80,000 people annually come through our doors, on 200 plus days of the year. We introduce 13,000 children to the magic of live performance and the adventure of creative learning. We bring the international world of performing arts to Concord, and provide a platform for launching local talent. In addition to a crowded performance schedule, we host 80 plus community and private events—from dance competitions to class reunions and business retreats—and collaborate with community partners across a wide spectrum of activities. We give back to the community that supports us by providing reduced rental rates to other nonprofit organizations and free and subsidized tickets to clients of social service agencies. On show days, we bring in additional business to area restaurants and shops.

Concord Steam currently supplies heat to two specific areas of the CCA campus; 1) the snowmelt system that serves the long gradual inclined walkway from South Main Street to the front doors of the theatre. This walkway is the main entrance point for the 80,000 patrons who visit the CCA each year; and 2) the stage area in the Chubb Theatre which directly affects the comfort level of performers. Both of these components are critical elements to operating the arts center for the public good.

Despite our vitality and 21 years of programming, we have significant challenges as a nonprofit business. Unlike performing arts center colleagues in other states, the CCA receives only minimal government support (\$9,000 in FY15-16) and relies on earned revenue from ticket sales for 70% of our income. The remaining 30% comes from business sponsorships and individual memberships and contributions. We operate with an annual budget between \$2.5- 2.9 million, but it is a break even budget at best and does not include depreciation.

The CCA also carries heavy mortgage debt of \$1.2 million dollars that includes a reserve requirement in the covenant with our lender. Our Board of Trustees devoted considerable time over the last two years identifying a list of key systems and equipment that need to be replaced as they reach the end of their useful life. However, we faced an unexpected crisis in 2015 when both the Kimball House boiler and 3 HVAC units serving the audience section of the Chubb Theatre died after 20+ years of continual use. Without cash on hand to cover the \$220,000 expense, the CCA applied and was awarded a NH Higher Education Finance Authority loan that must be paid back over five years. Our budget is stretched to the limit and we cannot afford the conversion to steam without outside resources.

→ at a cost of  
\$54,000. 173

Given the fact the CCA has maxed out its debt capacity, there are few other funding options other than hoping that some relief will come via this petition. With your financial assistance, we can quickly connect the walkway snowmelt system to its own natural gas boiler and provide safer access to our building. The heating system for the stage is more challenging, as we are dealing with the infrastructure of a historic theater and there are likely to be surprises. Preliminary conversations with vendors indicate that we are looking at another \$50-75,000 investment.

Neither of the projects necessitated by the Concord Steam termination was on the top of our priority list of critical infrastructure projects. Having to address them first without any financial relief from the PUC puts us at risk for being unprepared for the next piece of equipment or system that is most likely to fail in the coming year.

Thank you for considering the merits of this petition. As I see it, it is a win-win. By assisting the CCA and other vital organizations that need to make the transition to Liberty Utilities, you will help us make Concord a stronger capital city and serve the public good. At the same time current Liberty Utility customers will benefit in the longer term with addition of a significant number of new rate paying customers.

Thank you for the opportunity to speak with you today.