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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

March 2, 2017 - 2:16 p.m.
Concord, New Hampshire

NHPUC MAR16'17 PM 4:24

RE: **DG 16-827**
CONCORD STEAM CORPORATION
NON-GOVERNMENTAL CUSTOMERS:
Joint Petition to Establish
Interconnection/Transition Fund
for Non-Governmental Concord
Steam Customers.
(Status conference)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Robert R. Scott
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

APPEARANCES: *(No appearances taken)*

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

CERTIFIED
ORIGINAL TRANSCRIPT

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NOTED AS PRESENT (By the Court Reporter):

State Senator Dan Feltles (District 15)

Kenneth Traum, Concord Family YMCA
James Doremus, Concord Family YMCA

Deborah dePeyster, Woman's Club of Concord

James Kennedy, Esq., City Solicitor, City of Concord

Roy Schweiker, pro se

Michael Sheehan, Liberty Utilities

Michael Licata, Liberty Utilities

Stephen Hall, Liberty Utilities

William Clark, Liberty Utilities

Wayne Hartslief, Direct Energy

Mark Gilday, Direct Energy

Pradip Chattopadhyay, Asst. Consumer Advocate (OCA)

Alexander Speidel, Esq., Legal Div., N.H. PUC Staff

F. Anne Ross, Esq., Legal Division, N.H. PUC Staff

Mark Naylor, Director - Gas & Water Division

Stephen Frink, Asst. Director - Gas & Water Division

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P R O C E E D I N G

1
2 CHAIRMAN HONIGBERG: All right. Here
3 we are. Back in Docket DG 16-827. I don't
4 think it's necessary to take appearances right
5 now, unless somebody disagrees with that. But
6 I think we're here to hear from you on how
7 things went this morning in response to the
8 secretarial letter that was issued last week.

9 I'll just invite anyone who would
10 like to speak to grab a microphone and start
11 in. Don't all jump at once.

12 Mr. Kennedy, you look like you're
13 ready to go.

14 MR. KENNEDY: Sure.

15 CHAIRMAN HONIGBERG: Just make sure
16 your microphone is on.

17 MR. KENNEDY: Just for purposes of
18 understanding where we are procedurally, Your
19 Honor. Does the secretarial letter constitute
20 an order or a decision of the Commission?

21 CHAIRMAN HONIGBERG: What do you
22 think?

23 MR. KENNEDY: I will construe that it
24 does.

1 CHAIRMAN HONIGBERG: I'm not going to
2 offer any legal opinions here on the fly.
3 What's the significance of the question?
4 Because one of the cool things about this job
5 usually is we get to ask the questions. What's
6 the significance of your question?

7 MR. KENNEDY: Well, there's a
8 rehearing deadline that, under 541:3, I
9 believe, it's 30 days after a order or a
10 decision of the Commission. And, to the extent
11 that any of the Petitioners sought a rehearing
12 of that letter that may constitute an order or
13 decision, they have got 30 days to do so.

14 CHAIRMAN HONIGBERG: And I think the
15 general advice most lawyers would give their
16 clients is you do what you feel is necessary to
17 make your rights are preserved. Right, Mr.
18 Kennedy?

19 MR. KENNEDY: Well, you know, if a
20 letter constitutes an order or a decision, I
21 guess we could do that.

22 CHAIRMAN HONIGBERG: I will not
23 repeat what I just said.

24 So, what happened this morning?

1 Anything? Were you all just here hanging out?
2 Did somebody bring bagels?

3 Yes, sir.

4 MR. HARTSLIEF: Good day. My name is
5 Wayne. I'm from Direct Energy. Is this
6 working?

7 MR. SHEEHAN: You've got to get
8 really close.

9 MR. HARTSLIEF: So, my name is Wayne.
10 I'm from Direct Energy. This morning we had a
11 general discussion as we put in a market
12 solution as a alternative to what has been
13 discussed previously. And I just kind of
14 wanted to run through it. It was well
15 received. I think there's interest from all
16 parties to maybe bundle it in with what's been
17 proposed already.

18 As I said, Direct Energy, just so
19 everybody is aware of who we are. We are a
20 Global 500 company, about \$10 billion revenues.
21 We service about 70 percent of the Fortune 100
22 companies. We're the largest gas marketer of
23 supply on the East Coast, and the second
24 largest electric supply in the U.S.

1 So, in this morning's discussion,
2 what we discussed was the option for customers
3 to bundle the cost of conversion into their
4 bill. So, instead of having to go out and get
5 a loan, you could actually use your commodity
6 bill to finance their projects. This would
7 allow them not to get a loan, but to have an
8 operational expense. It would allow them also
9 to utilize our in-house engineers to vet and
10 make sure they're getting the correct scope of
11 work completed.

12 In addition to that, we would be able
13 to provide energy audits through the incentives
14 and rebates that are available. We're also
15 prepared to offer at no charge a CHP analysis
16 for anyone that had a thermal load that they
17 wanted to look at. And we would also then
18 propose -- I'm just looking at my notes here.
19 So, we would also propose that we would have a
20 dedicated engineering team look at this and
21 turn it around very quickly. And then
22 customers would have the option of fixing the
23 commodity cost for five years.

24 So, the savings discussed, steam was

1 about \$66 equivalent on an MMBtu. When they
2 get gas, it's about \$14. In New York City, we
3 worked with the Mayor's Office, NYPA, and Con
4 Ed, in which we worked with the low-cost
5 housing and customers that could not afford to
6 convert and used on-bill financing. And the
7 idea there was that the savings was about 40
8 percent, the other savings are larger. Taking
9 those savings and using those savings to pay
10 for the projects and then using the on-bill
11 financing option so you don't have to go out
12 for a loan. Have someone manage the project
13 for you. So, if you don't have in-house
14 engineers, we would provide that. And that was
15 the options. Giving the customer up to five
16 years to pay it back, budget certainty, and so
17 forth.

18 CHAIRMAN HONIGBERG: And how was that
19 received?

20 MR. HARTSLIEF: It was actually very
21 well received.

22 CHAIRMAN HONIGBERG: Mr. Traum.

23 MR. TRAUM: Certainly, Mr. Chairman,
24 Commissioners. Direct could market this

1 concept to customers at any time. It's
2 irrelevant of what the Commission decides now.
3 And I believe there was a built-in financing
4 cost of 17 percent.

5 Where everybody, the other parties
6 seemed to be reluctant to talk about, what I
7 viewed as progress that was made this morning,
8 I'll start the ball rolling. And this is
9 certainly -- no parties are agreeing to this,
10 but it's just sort of somewhat of a skeleton
11 concept.

12 Looking at Staff's ten-year
13 calculation, including current steam costs, and
14 the lack of a financing cost inherent in the
15 savings calculation, at least some parties seem
16 to think just going to a five-year, keeping the
17 current steam rates and ignoring financing
18 costs, might be a reasonable compromise.

19 Another thought was that Staff would
20 work with Concord Steam to, as quickly as
21 possible, send out a letter to all of their
22 customers to get some information on conversion
23 costs to see if the five-year payback would be
24 more or less than what that formula would lead.

1 And, if it -- if the payback period was more
2 than five years, then there would be the
3 possibility of grants for recovery through
4 LDAC.

5 There would also be made clear that
6 energy efficiency measures, as Liberty provides
7 now or Unitil provides now, would be available
8 to customers. And possibly some kind of flyer
9 from Direct could be included there also.

10 And, if I have it wrong, anybody
11 please correct me.

12 CHAIRMAN HONIGBERG: Well, before we
13 get to you, Mr. Schweiker, I think Direct
14 Energy wants to respond to that.

15 MR. HARTSLIEF: So, I just want to
16 correct the percentage, the interest rate
17 percentage of the 17 percent --

18 *[Court reporter interruption.]*

19 MR. HARTSLIEF: I'm sorry. So, the
20 17 percent that was referred to is not a
21 17 percent interest rate. We are not a bank
22 and we don't offer interest for financing,
23 straight financing. So, if a customer came to
24 us and said to us "I want to do a boiler

1 conversion" or "I want to do a conversion,
2 finance the project." We're not a bank and
3 we're not going to finance it.

4 What we are offering and what that 17
5 percent, it's actually more like 20 percent, is
6 we will provide the engineering, the audits,
7 the scope of work, the project management, and
8 everything else. If you look it as a cost of a
9 percentage, in the meeting this morning the
10 question was "what is the percentage rate or
11 the interest rate that's charged?" And the
12 response was that "We're not a bank, but we
13 provide all these services. If you wanted to
14 put a percentage to it at a high level, put in
15 a 17 or 20 percent fee to that would be." But
16 we're carrying the engineering costs, we're
17 carrying the risk. It's not a loan, it's an
18 operational cost. So, it's not an interest
19 rate. It's the cost of doing business.

20 CHAIRMAN HONIGBERG: Okay.

21 MR. TRAUM: I stand corrected.

22 CHAIRMAN HONIGBERG: I mean, is that
23 the people's understanding, that they charge
24 what they charge? And what people receive for

1 what they charge includes a bunch of services?

2 *[Multiple parties nodding in the*
3 *affirmative.]*

4 CHAIRMAN HONIGBERG: Okay. I see a
5 lot of nodding heads.

6 Mr. Schweiker.

7 MR. SCHWEIKER: Yes, Mr. Chairman. I
8 think that he started off with a good
9 description of what we discussed. Of course,
10 my feeling is that, rather than going to a
11 five-year payback, we should go to a payback of
12 the reasonable length of the equipment. So, if
13 you are putting in a 20-year boiler, you should
14 expect to be paying for it for 20 years. And,
15 if you decide to put in a 50-year boiler, you
16 should pay for it for 50 years. Because,
17 otherwise, there's nothing to prevent people
18 from putting in very high-end equipment, and
19 getting most of it paid for by others. As
20 compared to, if you want to put in something
21 with a long lifetime, you should expect to pay
22 longer for it.

23 I'm concerned on the basis of,
24 realistically, I think we have what the

1 Consumer Advocate called a "reverse Robin Hood"
2 situation, whereby, by including all the
3 customers of Liberty paying for a group that
4 has primarily got million dollar properties and
5 million dollar cash flows, you know, you're
6 taking from the poor and giving to the rich.
7 So, you should be fair about what you decide to
8 give to the rich. Maybe they're genuine
9 expenses and not, you know, being very generous
10 and saying "okay, you only have to pay for five
11 years on a 20-year boiler."

12 I'd like to point out that the two
13 cases that have been frequently cited, under
14 the Claremont Gas, the customers wound up with
15 a similar thing, but actually was less
16 valuable, because they could now only burn the
17 propane, which is more expensive. So, the
18 customers wound up worse off, and a third of
19 them chose not to take advantage of this
20 supposedly generous offer. And the payment was
21 made by the Company and not by the customers of
22 the Company.

23 And, then, there was also some talk
24 about some water companies, whereby there was

1 some cross-subsidization where, if you bought a
2 new water company, some of the old customers
3 might get charged for upgrades there. And I'm
4 not sure how that corresponds to the thing
5 about "you should only do service extensions
6 that pay for themselves". But, once again,
7 you're not giving stuff to individual
8 customers, you're giving stuff essentially to
9 the utility in a different location.

10 So, the plan that seems to be
11 proposed by the Petitioners still is "we want
12 the relatively poor to essentially give free
13 heating systems to the relatively rich." So,
14 that's why I was saying for more like a 20-year
15 payback. So, you know, help people that really
16 need it, but don't enrich the people that are
17 already richer to begin with.

18 CHAIRMAN HONIGBERG: Understood.

19 Thank you, Mr. Schweiker.

20 Yes, ma'am.

21 MS. dePEYSTER: I'm Debbie dePeyster.

22 I represent the Woman's Club of Concord. And I
23 take issue with what Mr. Schweiker has said. I
24 particularly don't feel particularly rich. I

1 think there's many of the Petitioners who don't
2 feel that way at all, because they faced a
3 very, very large expense that was
4 unanticipated.

5 And I think the reason -- one of the
6 things that we accomplished this morning was to
7 try to put some standards around who is
8 deserving of some support. I mean, when I
9 become a customer of Liberty, I will become a
10 unique customer, in that no matter what the
11 rates become with my joining and having maybe a
12 lower rate of gas, I still carry expenses for a
13 loan to become a customer of Liberty. So,
14 there's a little unfairness in how I become a
15 customer.

16 But that aside, I think the formula
17 that we tried to come up with this morning was
18 which members of this group actually are
19 suffering? And we've come up with this
20 five-year idea of, if your investment is more
21 than a certain amount, and you start, after
22 five years, still suffering from ongoing costs,
23 maybe it's reasonable to give you a hand.
24 Because I think five years, it's not about the

1 equipment, it's about the people trying to
2 support that and pay that off.

3 So, I guess I felt that we made some
4 really good headway and tried to come up with
5 some standardization around how to figure that
6 out.

7 CHAIRMAN HONIGBERG: Thank you,
8 Ms. dePeyster. Senator Feltes.

9 SEN. FELTES: Thank you, Mr.
10 Chairman, members of the Commission. Dan
11 Feltes, for the record. So, I missed the tail
12 end of the conversation this morning, I had to
13 go to something else. But here is how I
14 understand the folks who were at the tail end
15 of the conversation where they ended up. And
16 Attorney Speidel can correct me if I'm wrong.

17 Basically, the fund, the grant fund
18 is created with certain guidelines. It's
19 funded through the LDAC, up front, starting
20 right away with funding over the LDAC. What
21 isn't spent in the fund is reconciled in year
22 two, whatever that might be. The eligibility
23 for the fund is consistent with the guidelines,
24 trimming down to five years. That's my

1 understanding of where things have been left
2 off.

3 And here is my sense of some
4 suggestions. So, I think that's a major step
5 in the right direction. Obviously, if we were
6 working at this kind of framework a couple
7 months ago, it would have been better. But
8 we're at where we're at today.

9 Here's some suggestions to build off
10 of that framework, too. First, the rate in
11 August was 46, it's about 69 right now. In
12 August, folks were approached by Concord Steam
13 for long-term contracts. This is a closure not
14 of their choosing, a mandate not of their
15 choosing, with the deal that was struck in
16 August and announced in August. So, in
17 fairness, using the August rate of 46 makes
18 more sense in that formula. I think that is a
19 reasonable suggestion.

20 Second, --

21 CHAIRMAN HONIGBERG: Can I stop you
22 on that one? Just, and maybe Mr. Frink knows
23 this, do you know how the rate has changed
24 since August? Do you have that information

1 handy? Because it was probably something
2 different in October, and then changed, I
3 think, one or two times since then.

4 MR. FRINK: That's correct. There
5 was a -- well, there were current rates in
6 effect for 2015 and into 2016. They filed for
7 a rate case, then withdrew it before they filed
8 for emergency rates. So, there was going to be
9 a rate increase, there was a proposed rate
10 increase on the table before they even proposed
11 terminating service.

12 The Commission approved a temporary
13 emergency rate effective October 1, I believe.
14 And that -- and then approved a permanent
15 emergency rate effective December 1, with the
16 ability to adjust that monthly based on the
17 revenues. And, on December 1st, the permanent
18 temporary rates were almost the same as the
19 temporary emergency rates.

20 On December 1st, Concord Steam
21 increased their Cost of Energy and their usage
22 rates roughly by 17 percent. So, the rate that
23 was approved by the Commission effective
24 October 1, and then the rate that was supposed

1 to be effective December 1, which were very
2 close, actually went up about 17 percent.

3 CHAIRMAN HONIGBERG: Up 17 percent
4 from the 46 that they were in August?

5 MR. FRINK: From the 46.

6 CHAIRMAN HONIGBERG: So, what was
7 that October rate, do you recall?

8 MR. FRINK: It was probably close to
9 \$60, somewhere in that range.

10 CHAIRMAN HONIGBERG: Okay. And then
11 it went up --

12 MR. FRINK: Between 50 and 60.

13 CHAIRMAN HONIGBERG: And then it went
14 up 17 percent from that on December 1. So, if
15 someone were to -- I mean, this is all knowable
16 information, it's just no one as we're sitting
17 here knows it. But we can look that up, right?

18 MR. FRINK: Absolutely.

19 CHAIRMAN HONIGBERG: All right. Mr.
20 Feltes, I'm sorry to interrupt you. You can
21 return to your second point.

22 SEN. FELTES: Thank you, Mr.
23 Chairman. The second point, even under this
24 calculation, if you use the 46 in August and

1 you go down to five years, you know, the three
2 residential customers, because it's, you know,
3 such little money for them, under these
4 calculations, they're going to be out of --
5 they're going to be left behind.

6 So, my suggestion is to consider,
7 instead of subjecting them to the calculation,
8 just doing a grant for the residential
9 customers without doing the calculation.

10 Third, there's going to be other
11 folks left behind. I understand Staff's
12 formulation of energy savings as a benchmark of
13 hardship. There's other benchmarks of
14 hardship, including whether or not folks can
15 even get the financing from a New Hampshire
16 bank. So, maybe it's a commercial enterprise
17 that cannot secure financing. Maybe that
18 commercial enterprise, that commercial account,
19 has tenants. If that commercial enterprise,
20 for whatever reason, cannot secure financing
21 from a New Hampshire bank, I think it's worthy
22 of consideration by the Commission to have a
23 safety valve for that situation that doesn't
24 strictly subject them to the formula.

1 Finally, in terms of folks that might
2 be left behind, Mr. Chairman, members of the
3 Commission, the last sentence of the Petition
4 says "Wherefore, it is in the public interest
5 to approve this Petition, and grant such other
6 relief as is just." It's a broad statement.
7 There could be other formulations of relief,
8 some of which you heard this morning -- excuse
9 me, this afternoon.

10 But one thing I want to just bring to
11 the Commission's attention is that landlords
12 with tenants have to keep their units at
13 65 degrees. If they don't, let's say it does
14 dip in June, and they haven't transferred over
15 and converted, that could be a problem for
16 those landlords. Landlords that have hot water
17 through Concord Steam, that could be a problem
18 come June.

19 Under existing law, tenants can take
20 over the utility account of a landlord if the
21 landlord is not paying. What are we doing to
22 communicate to tenants, in addition to just
23 communicating to the primary commercial
24 account? I think tenants should have some

1 awareness of what's going on right now. Maybe
2 in addition to a mailing going to the actual
3 account holders, there should be mailings going
4 to the tenants, so they know what's going on,
5 and they can perhaps work with their landlord,
6 people can start working right now on this.

7 We talked this morning about, and Ken
8 alluded to it, we talked about audits, energy
9 audits. Part of the mailing that goes out, I
10 think most people -- I think everybody here
11 agrees energy audits are a good thing and
12 should be done immediately, as fast as
13 possible. Providing that information to folks.

14 There is a technical issue in terms
15 of who would do the audits under existing CORE
16 energy efficiency program. Technically, since
17 the folks are not Liberty customers right now,
18 unless they agree to be Liberty customers, they
19 will not be eligible to have the audit.

20 Perhaps there could be some wiggle room to
21 allow people, so they don't have to, like, pick
22 up the phone and call Unitil, and then right
23 now it's already incredibly confusing for
24 people out there, and people are frustrated,

1 and many people are angry. To keep it simple
2 would be better, so some flexibility maybe in
3 the auditing program.

4 Last suggestion. Maybe some
5 mechanism to keep this docket open, because,
6 again, it's in the public interest to serve
7 customers and provide customer protection. We
8 don't know, even if we did all these things,
9 Mr. Chairman, and, like I said, it's a major
10 step in the right direction, and with these
11 suggestions that I've made for the Commission
12 to consider, I think it would be even better.
13 But, even if we do all of these, we don't know
14 for sure what's going to happen in June. And
15 having some mechanism for people to potentially
16 petition for relief, if it's applicable, it may
17 not be, the right venue could be a local
18 district court or superior court, but keep the
19 docket open to allow for potential emergency
20 situations to come before the Commission.

21 And, last, just want to point out
22 this is my view, my opinion, as one of the
23 co-Petitioners. I haven't talked about all of
24 these things with all the other co-Petitioners.

1 I'm reacting to the tail end of the
2 conversation from this morning. However, time
3 is of the essence, so I wanted to provide some
4 additional elements to consider for the
5 Commission. Obviously, I haven't had a meeting
6 with all the co-Petitioners, and only a few of
7 them were here today.

8 So, thank you, Mr. Chairman.

9 CHAIRMAN HONIGBERG: Understood.

10 Thank you, Senator Feltes. Anyone else want to
11 offer anything?

12 Mr. Schweiker, yes.

13 MR. SCHWEIKER: Okay. A few more
14 things --

15 CHAIRMAN HONIGBERG: Make sure your
16 microphone is on.

17 MR. SCHWEIKER: A few more things
18 that were mentioned this morning. In the
19 letter, number (1) seemed to imply that you
20 could not have a on-bill financing under ten
21 years. And, so, I wanted, if the Commission
22 perhaps could make clear that on-bill financing
23 would be allowed for whatever period someone
24 needed to do it.

1 A second item was I expressed my
2 opposition to using, once again, funds from
3 extraneous people to subsidize snow melt
4 systems. That should be limited to heating
5 systems. And, once again, the Commission might
6 wish to consider that.

7 I also suggested that property that
8 had been recently transferred should not be
9 allowed to receive payment under this scheme,
10 because, presumably, the uncertainty was built
11 into this, and a gentleman who is no longer
12 here said "well, you know, we didn't know for
13 sure when it was happening." But, if you use
14 that July date, when they were allowed to shut
15 down service or whatever, say "any property
16 transferred after that, neither the buyer nor
17 the seller is eligible for money from this
18 scheme." I think that would be fair, because,
19 you know, we don't know who knew what, but,
20 hopefully, in the selling price it was taken
21 care of.

22 And the last thing is, you know,
23 people keep saying about, you know, all these
24 nasty things that Concord Steam was doing to

1 us, but I don't understand why it's customers
2 of Liberty Utilities that should pay for this.
3 If Concord Steam should be penalized for
4 unfortunate behavior, maybe they could be hit
5 up for it. I know there's one party that seems
6 to be exempt from any sanction under this is
7 Liberty Utilities themselves and not their
8 customers. Whereas, in the Claremont Gas case,
9 it was the company and not the customers that
10 had to pay. So, I think maybe you should
11 consider perhaps Liberty Utilities should have
12 to put up some of their own cash and not charge
13 it back.

14 Thank you.

15 CHAIRMAN HONIGBERG: Thank you,
16 Mr. Schweiker. Mr. Sheehan, and then
17 Mr. Speidel.

18 MR. SHEEHAN: Thank you. Just a
19 couple comments, taking the last, of course,
20 the last comment from Mr. Schweiker. The
21 distinguishing factor between this matter and
22 the Claremont is that the utility "at fault"
23 so-called, in this case, is Concord Steam, not
24 Liberty. So, there's -- the comparison, as far

1 as who should be paying, it would Claremont
2 versus Concord Steam. I'll put that aside.

3 The on-bill financing piece that was
4 mentioned, as I understand from Direct Energy's
5 presentation, they can do their on-bill, it's
6 not financing, because they are an energy
7 supplier, they separately bill their clients,
8 and they can just put the services he described
9 on that bill. So, that's the kind of on-bill
10 -- "on-bill financing" that his company is
11 willing to offer. And the five years is
12 because they don't sign fuel contracts for
13 longer than five years. So, there's the
14 outside term of the five years.

15 As far as Liberty goes, as we said
16 previously, the only on-bill financing type
17 things we do is through the Energy Efficiency
18 CORE Program. And that's not our money, it's
19 the RGGI and other monies that we bring in and
20 we can administer. So, Liberty is not in a
21 position to do traditional lending money
22 through on-bill financing.

23 What we can do and what was talked
24 about this morning and hinted at by Mr. Traum,

1 I believe, is making money available through a
2 Lay-DAC *[sic]* type arrangement. And we foresee
3 something like this: A order approving some
4 kind of program that's been outlined this
5 afternoon that will allow expenditures up to X
6 dollars, and at the same time an order allowing
7 us to put a small charge on a LDAC, so we can
8 collect that money and then distribute it under
9 the grant. And, so, sort of a -- and the
10 benefit of that is it avoids the return issue
11 that had been our sticking point. So, it would
12 be kind of money coming in and going out over a
13 number of months. We are willing to work with
14 some proposal like that.

15 CHAIRMAN HONIGBERG: Off the record.

16 *[Brief off-the-record discussion*
17 *ensued.]*

18 CHAIRMAN HONIGBERG: All right.

19 We'll go back on the record.

20 Mr. Speidel.

21 MR. SPEIDEL: Mr. Chairman, thank
22 you. I'd just like to interject, on behalf of
23 Direct Energy, the representative's full name
24 is Wayne Hartslielief, and his last name is

1 spelled H-a-r-t-s-l-i-e-f. That's his name,
2 Wayne Hartsliel. And we do thank Direct Energy
3 for showing up today, because they're offering
4 something that we were hoping to see for quite
5 a while, which would be someone out in the
6 competitive market offering attractive terms to
7 Concord Steam customers facing conversion cost
8 difficulties.

9 As clarified by Direct Energy, the
10 17 percent is not a cost of money percentage,
11 it's a total rolled in cost of services
12 percentage, including engineering services,
13 which, for a major commercial building, can be
14 quite significant. And they offer one-stop
15 shopping, where they provide energy audits on
16 the spot to the customer, offer them a series
17 of alternatives, in terms of energy efficiency,
18 and then they remove a recurrent fee from their
19 bill. So, that's good. I mean, that's the
20 kind of thing we were hoping to see earlier,
21 but to have it come at this late stage is also
22 welcome.

23 And we have an expectation that,
24 together with some of the financing options

1 that are being made available by banks, such as
2 Merrimack County Savings Bank, programs such as
3 Direct Energy, where you have an individual
4 customer negotiating bilaterally with a
5 counterpart, can offer help to just about
6 everyone that needs it.

7 That said, there is something to be
8 done in connection with that. We see that, as
9 soon as possible, we would like to have a
10 letter issued to all Concord Steam customers,
11 the content of the letter would essentially be
12 generated by Commission Staff. Whether or not
13 it's sent out by Concord Steam as a stuffer in
14 their latest bill mailing, or whether the
15 Commission itself issues it as a mailing, we
16 don't know quite yet, but I'm sure we'll find
17 out very soon.

18 But, either way, what we would have
19 is a communication explaining the existence of
20 options, such as the Direct Energy option, and
21 the availability of energy audits, through
22 either existing energy efficiency programs
23 offered through Liberty, in its gas franchise
24 territory of Concord, or Unitil, in its

1 electric franchise territory of Concord, and
2 advising them that there are possibilities for
3 having savings calculations developed with a
4 metric that will be provided within the letter.
5 And, so, the letter would outline "This is your
6 expected savings level. These are your
7 options." So, we're in the process of working
8 that out.

9 As far as some of the discussions
10 revolving around the LDAC-based fund are
11 concerned, I think we were all definitely
12 batting around the ideas of theoretical
13 possibility. There were disagreements on two
14 bases. There was uncertainty about what
15 screening criteria to use in terms of the
16 payback period. You've heard "five years" from
17 quite a few parties. The original Commission
18 letter describes a payback period of ten years.
19 Mr. Schweiker suggests 20 years, that's on the
20 basis on the expected useful life of the
21 heating equipment. There was no real agreement
22 there. But there is some signaling of possible
23 flexibility.

24 But, on the other side of the coin,

1 Staff made it clear that you have to have a
2 savings calculation metric that's based on
3 rates that actually exist within the current
4 heating season. Some parties were suggesting
5 "Well, maybe we should use the lower rates that
6 were prevailing before Concord Steam entered
7 into its termination proceeding." And Staff's
8 answer was "Well, look, that's not fair. You
9 can't have a double bogey, where you're
10 essentially cutting down the payback period to
11 the bare minimum, and then, on the other side,
12 you're cutting down the savings calculations to
13 the bare minimum by using an artificially low
14 rate." So, there was some disagreement there,
15 but nothing was definitively decided, either
16 negatively or positively there.

17 Certainly, Staff recognizes that
18 right now where we're at is that we have some
19 possibility for an agreement. But, if at all
20 possible, we would hope to develop data that
21 would indicate that most customers would be
22 better off with a program such as Direct
23 Energy's, rather than relying on direct grants.

24 Having a metric of need that

1 indicates as to what parties really need
2 assistance is a first step in that direction.
3 And the reasoning behind that is that, once you
4 swing open the door to an LDAC adder, it's
5 going to be hard to close it in future
6 circumstances.

7 We just want to have more data on
8 hand. And, certainly, I think we're moving in
9 that general direction right now.

10 CHAIRMAN HONIGBERG: Commissioner
11 Scott.

12 CMSR. SCOTT: Thank you for your
13 thoughts. I was just curious, and, again, I
14 know you haven't crafted anything, but for some
15 kind of informational materials going to
16 Concord Steam customers. You're not
17 suggesting, and again I appreciate Direct
18 Energy being here, but there are potentially
19 other energy providers that could do similar
20 things, right? So, we're not -- I just don't
21 want to get to the point of picking winners or
22 losers here. And, again, I appreciate that
23 Direct Energy has come to the table, that's
24 very good. But are we being anti-competitive,

1 I guess is my question?

2 MR. SPEIDEL: No. I don't think that
3 it would be, in terms of, you know, "use Direct
4 Energy services", I don't think we can
5 appropriately advertise a specific competitive
6 energy supplier services. But we would
7 indicate that there are competitive energy
8 suppliers offering such opportunities, and
9 direct them to, for instance, our website link
10 that lists those competitive gas suppliers.

11 And these gas suppliers operate in
12 the commercial and industrial space. They deal
13 with commercial and industrial customers.
14 That's where we're at in the restructuring of
15 the gas market in New Hampshire.

16 So, individual commercial customers
17 should be in a position to be able to negotiate
18 deals with potential energy suppliers for the
19 commodity. And what Direct Energy has done for
20 us today is they have indicated that there is
21 some scope for actual money-making opportunity
22 in floating on the commodity cost portion of
23 the bill the cost of physical infrastructure
24 for the customer's own use. So, that's a major

1 breakthrough of sorts today.

2 Certainly, we have heard the reports,
3 and I think there was a little bit of feedback
4 informally, that even though Direct Energy is
5 out there, and you still have the lending
6 financing available from Merrimack County
7 Savings Bank, that some parties, some
8 co-Petitioners still want outright grants, and
9 we heard that message.

10 So, we haven't, again, come to a
11 handshake deal on what the proper criteria for
12 calculating savings are, but we need that
13 screen, that's what we're saying. We need to
14 have a bounding to make sure that those that do
15 receive monies from a hypothetical program
16 actually really need it.

17 So, we're not all the way there, but
18 we're getting there. And I would hope that, in
19 due course, many of the parties will come to
20 the conclusion that, "You know what, we don't
21 really need to go through the red tape of a
22 Commission-directed program. We can just shake
23 hands with Direct Energy, or some other
24 competitor of theirs, or with Liberty perhaps,

1 I don't know, and decide that we can come to a
2 conclusion where we are satisfied that we're
3 going to get a fair shake and we don't have to
4 fret about the conversion costs."

5 But we haven't reached that final
6 position yet.

7 CHAIRMAN HONIGBERG: Thank you, Mr.
8 Speidel. Senator Feltes, it looked like you
9 wanted to say something.

10 And, if I'm wrong, you'll say so.

11 SEN. FELTES: Thank you, Mr.
12 Chairman. Look, I think the time for data
13 collection and formulas is kind of over. I
14 mean, if we wanted to do that, a few months ago
15 would have been a good idea, rather than filing
16 a motion to dismiss. We're at --

17 CHAIRMAN HONIGBERG: Senator Feltes,
18 I'm not sure that's necessarily helpful right
19 now. Because, as I think even you mentioned a
20 moment ago, we are where we are.

21 SEN. FELTES: Correct.

22 CHAIRMAN HONIGBERG: And we're not
23 going back to November, because that's not
24 possible. So, let's see if we can go forward

1 with some additional discussion.

2 I think Commissioner Bailey has a
3 question.

4 CMSR. BAILEY: I don't know who the
5 question is for. But, under the Direct Energy
6 plan, you said that you would use the savings
7 to pay for the cost of conversion, and it would
8 happen over five years. What happens if the
9 savings don't cover the cost of conversion in
10 five years?

11 MR. HARTSLIEF: So, we actually -- we
12 discussed this --

13 CHAIRMAN HONIGBERG: Sir, get your
14 microphone on and close to you.

15 MR. HARTSLIEF: Sorry about that.
16 So, we discussed that in --

17 *[Court reporter interruption.]*

18 CHAIRMAN HONIGBERG: Off the record.

19 *[Brief off-the-record discussion*
20 *ensued.]*

21 MR. HARTSLIEF: Okay. Can you hear
22 me now?

23 MR. PATNAUDE: Yes.

24 MR. HARTSLIEF: All right. So, this

1 morning we discussed that in length. And what
2 came out of the discussion was that 48 percent
3 of the customers have already converted. So,
4 those customers you could assume have looked at
5 the data. They have gone forward with it, it
6 makes good economic sense to move forward.

7 Out of the balance of the customers,
8 you've got 38 percent that are actively working
9 towards, meaning they have got an energy audit
10 or some form of data that has said let's start
11 moving this process forward. 14 percent are
12 unknown. Okay?

13 So, when you started looking at the
14 customers that are still remaining that need to
15 do conversions, the assumption could be made
16 that a big portion of those customers are going
17 need five years plus payback. We can only look
18 forward on a gas contract and fix a gas price
19 for five years. We can't go beyond that.
20 That's just something that we can't do.

21 If a payback is more than five years,
22 we are going to have to roll it back and
23 increase the payment to make it a five-year
24 contract. We can't extend it further. So,

1 it's not the ideal situation for companies like
2 the YMCA who have a high payback.

3 But out of the discussion what was
4 proposed, and one of the things that was left
5 open, was we got Liberty saying they will offer
6 a free energy audit, ASHRAE Level 1. So, that
7 is a standard that is set firm. We know what's
8 being delivered. It will give a payback, it
9 will give a return on the investment, the cost
10 and everything else. And what came out of the
11 discussion was saying that we need to
12 understand what needs to be done and what would
13 like to be done. Meaning that you might need
14 to pay \$100,000 for a conversion project to go
15 into gas, but you might want to do a number of
16 other things. So that 100,000 might be
17 200,000.

18 Doing the ASHRAE level audit for that
19 small percentage that haven't made up their
20 mind or started that five-year payback would be
21 the next thing, and understand what their
22 payback is, and then design a program around
23 that, once you have that data.

24 CHAIRMAN HONIGBERG: Commissioner

1 Scott.

2 CMSR. SCOTT: Thank you. Again, back
3 to Direct Energy. So, have you been marketing
4 to the area, to these customers already?

5 MR. HARTSLIEF: No, we haven't been.

6 CMSR. SCOTT: Okay. Basically, so,
7 the percentage and everything you gave were
8 based on the discussions you've heard today
9 then?

10 MR. HARTSLIEF: That was given today
11 in the meeting. I think Liberty provided those
12 numbers to us.

13 CMSR. SCOTT: Okay. Thank you.

14 CHAIRMAN HONIGBERG: Mr. Kennedy.

15 MR. KENNEDY: One thing I picked up
16 on with Direct Energy this morning was that it
17 would take about approximately eight months for
18 them to complete a process. So, I'm not sure
19 if that's correct, but I think that's what I
20 heard this morning. Was, once you contract
21 with them, it's about eight months for the
22 conversion to take place.

23 MR. HARTSLIEF: So, that does depend
24 on the size. You are correct in saying that.

1 So, based on our experience in New York City,
2 and having completed over 150 conversions in
3 New York City, it takes about eight months from
4 start to finish. Meaning customers that have
5 not started the process of energy audit or the
6 permitting or anything else like that, it has
7 taken eight months.

8 If they're in the process and they
9 have done the energy audit or they have done
10 the permitting, it's a lot less. You can do it
11 in four months. But it's the permitting and
12 audits that are required.

13 CMSR. BAILEY: A couple more
14 questions. On the proposal, Mr. Traum, that
15 you outlined, you suggested that, if the
16 payback was more than five years, the
17 difference should be funded through a grant.
18 And the grant would be -- would come from
19 Liberty?

20 MR. TRAUM: The source of the funds
21 would be LDAC, from Liberty.

22 CMSR. BAILEY: And how fast would
23 those funds be paid back through the LDAC in
24 your proposal?

1 MR. TRAUM: Well, it's the discussion
2 among the parties, it's not just my proposal,
3 by any means, or my interpretation of it.

4 That a Commission order
5 hypothetically approving this concept would
6 also approve an increase in the LDAC on the
7 same effective date. So, Liberty would start
8 receiving a cash infusion from LDAC at the same
9 time as they would start paying out grants or
10 whatever they would be paying out to the
11 Concord Steam's impacted customers.

12 CMSR. BAILEY: And how fast would it
13 get paid back? If a million dollars were used,
14 would we pay that, in your idea, would the
15 million dollars get paid back through the LDAC
16 over one year or did you not --

17 MR. TRAUM: Well, we were trying to
18 get a handle on what the magnitude of it is,
19 and that is certainly something that Staff's
20 letter would help in determining the magnitude.

21 But I believe, and Liberty can
22 correct me, that even if it's a million
23 dollars, and I don't think it would be anything
24 close to that, that that would be a one cent

1 rate for full recovery in a year.

2 CMSR. BAILEY: In a year?

3 MR. TRAUM: Yes, I believe that. And
4 I'd like Liberty to confirm that.

5 CMSR. BAILEY: Okay. Liberty, do you
6 have anything to add?

7 MR. SHEEHAN: We did. And this is
8 very much back-of-the-envelope calculations,
9 that collecting a million dollars would add
10 something like a penny to the LDAC in something
11 less than a year. So, if we were to expend a
12 million dollars and collect a million dollars,
13 with a one penny increase that could happen in
14 six to eight months. And, again, that's
15 subject to lots of checks.

16 CMSR. SCOTT: Mr. Sheehan, again, I
17 know this is kind of a work-in-progress, so I'm
18 just asking. Under the LDAC side of things,
19 I'm hearing, obviously, the focus clearly is
20 obviously for Concord Steam customers, and I
21 get that. Are you envisioning such program,
22 with whatever the needs test is, five years,
23 *etcetera*, to be available to any of your
24 customers or just Concord Steam customers?

1 MR. SHEEHAN: It would be limited to
2 just -- just this program. And I appreciate
3 Mr. Speidel's comment that this may be opening
4 a door that should be shut for other reasons.
5 But, certainly, the conversation has just been
6 for Concord Steam customers.

7 CMSR. SCOTT: Okay. Because I think
8 we'd have some legal hoops to try and figure
9 out, I think.

10 CMSR. BAILEY: Who would be the
11 administer of such a fund or program? Who
12 would decide who gets grant money?

13 SEN. FELTES: Thank you, Commissioner
14 Bailey. Unfortunately, Capital Regional
15 Development Council would not be able to
16 administer this. They indicated that, I sent
17 an email to the service list as such. They're
18 not in the business of doing formulas and that
19 kind of thing. So, it's just -- so, I don't
20 know who is going to administer it.

21 You know, if, theoretically, if
22 there's a letter that goes out that's more my
23 vision of the letter that goes out, it's more
24 "this is what we're doing and let's get to it",

1 rather than data collection, if it is "this is
2 what we're doing and let's get to it", and it's
3 a clear letter, the communications with Staff
4 and Liberty, hopefully, it's clear enough and
5 people are aware that they're eligible for that
6 assistance.

7 CMSR. BAILEY: Okay. Would there be
8 any reason not to open this program up for any
9 Liberty customer who wanted to convert their
10 boiler to a more energy efficient boiler, as
11 long as we limit it to a million dollars?

12 MR. SHEEHAN: Well, the red flags go
13 up to say "I don't know what I don't know."
14 And I think that's going to open a lot of
15 issues that I haven't thought through. And,
16 so, that's just my initial reaction is "I don't
17 know". And it's not a good "I don't know".
18 It's "I'm scared of what may happen" "I don't
19 know."

20 CHAIRMAN HONIGBERG: All right. My
21 sense is that there's still more to talk about
22 out there. That a lot of people have been
23 working diligently, productively, and
24 cooperatively. And, frankly, I'm not sure that

1 we haven't been in your way by coming down here
2 and interpreting you for an hour.

3 That said, is there something we
4 could do to help you now that would facilitate
5 more productive discussions going forward?

6 Mr. Hartsliel, and then
7 Mr. Schweiker.

8 MR. HARTSLIEF: I would think, being
9 new to the game, and please anyone correct me,
10 but I think if we could get feedback or some
11 guidance from the council, with regards to the
12 payback and firming that up, and then putting a
13 guideline in place and say "If it's a
14 five-year, then how do we measure a five-year?
15 What is required? And then who does it?"
16 Meaning that we've got the energy audits, we
17 know that we've got to service 52 percent of
18 the people roughly, with at least an energy
19 audit. And then coming up with -- at least
20 firming that up and say "an energy audit must
21 specify what is required to be converted", not
22 what we would like to have and heating
23 additional stuff and so forth, firm that up and
24 then say "it's a five-year payback", and just

1 firming that up, so people can calculate that
2 five-year.

3 Because what might come out of this
4 is that 90 percent plus of the customers will
5 have a five-year payback. I mean, the savings
6 are significant. And we might be spending a
7 lot time on something that is a very small,
8 small percentage of the total number of
9 customers. And I think, without us having that
10 data on hand, we're going to go around in
11 circles. So, it would be nice to kind of firm
12 it up, have the audit done, and say "Yes, X
13 amount of customers need to have five years
14 plus. How do we fix this?" And let's get that
15 firmed up.

16 CMSR. BAILEY: Sorry. What is the
17 energy audit going to tell you?

18 MR. HARTSLIEF: So, the energy audit
19 will specify, it's an ASHRAE Level 1 audit --

20 CMSR. BAILEY: I'm sorry, it's a
21 what?

22 MR. HARTSLIEF: An ASHRAE Level 1.

23 CMSR. BAILEY: ASHRAE?

24 MR. HARTSLIEF: ASHRAE. So, you get

1 different levels of audits. And ASHRAE is an
2 engineering audit. It's a specific audit that
3 delivers certain requirements. Meaning it will
4 lay out exactly all the energy efficiencies
5 within the building. It will lay out what the
6 payback is, what your savings are. And it's
7 very specific.

8 CMSR. BAILEY: Well, is it going to
9 tell me how much energy is needed to heat that
10 building?

11 MR. HARTSLIEF: Yes.

12 CMSR. BAILEY: Well, don't we have
13 that from Concord Steam?

14 MR. HARTSLIEF: The difference is
15 that you need to know how much of that heat is
16 required to -- so, some customer might have a
17 thermal load, meaning that they have got the
18 heat coming in, and they're using the heat for
19 different things within the building. So,
20 what's happening at the moment is people are
21 saying "We're using X amount of heat. We think
22 it's this much." But, by using so much heat,
23 your cost to convert could be really \$20,000 in
24 some cases, to a million dollars in other

1 cases. We need to work out "is it a 20,000 or
2 is it a million dollar?" And, from that, we
3 can actually firm up exactly what your payback
4 is. The audit tells you what your payback is.
5 It will say "X amount of years payback doing
6 this project", and it's very specific. If you
7 have that data, you can make a decision.

8 CMSR. BAILEY: But we have that data,
9 I believe, in the Concord -- Concord Steam
10 knows how much energy is supplied to each
11 building, and we have a conversion that
12 converts, is it Mlbs to -- Mr. Frink, help me
13 out?

14 MR. HARTSLIEF: To MMBtu.

15 CMSR. BAILEY: MMBtu.

16 MR. FRINK: It converts the --

17 *[Court reporter interruption.]*

18 MR. FRINK: Oh, I'm sorry. It
19 converts the current natural gas rates into an
20 equivalent steam rate. So, the analysis that
21 Staff sent out shows \$68 under current steam
22 rates versus the per therm rate, which was
23 about \$1.12, is the equivalent of \$1.14 in
24 Mlbs. So, using a customer's usage for 2015,

1 that's your differential.

2 CMSR. BAILEY: So, that's basically
3 what an energy audit would tell you?

4 MS. ROSS: Let me try to help. An
5 energy audit will go through your building, and
6 it will identify each mechanical system, your
7 roof, your walls, your floors, --

8 *[Court reporter interruption.]*

9 MS. ROSS: Sorry. Each mechanical
10 system, you can skip the rest.

11 And, for each system, where there's a
12 recommended upgrade to increase your energy
13 efficiency, they will price that upgrade. And
14 then they will calculate what energy savings
15 are attributed to that upgrade, and then they
16 will give you a payout. So, they may have
17 blown-in insulation in your ceiling, and there
18 will be a payout in a number of years. They
19 may have wall insulation. They may have
20 upgraded lighting. They may have a new heating
21 system with a more efficient, non-leaky vent.
22 They might have an energy efficiency furnace.
23 And each item in the audit will be priced, and
24 it will be shown over the life of the measure

1 and the savings.

2 So, the audit does more than give you
3 just your gross energy usage and a conversion
4 of that usage into gas. It tells you what your
5 future energy usage will be, given a set of
6 assumed repairs. Some of which may be well
7 beyond anything that the parties would want to
8 reimburse in this proceeding. So, the audit
9 can be a means of auditing the type of costs
10 that would be eligible. So, it's a vehicle
11 that can be used to figure out what the costs
12 of the different systems are and what the
13 savings are attributed to those systems.

14 CMSR. BAILEY: Okay. Thank you.

15 CHAIRMAN HONIGBERG: Yes.

16 MR. HARTSLIEF: So, just to add to
17 that. In New York City, and I'm sorry I'm
18 referring to New York City all the time, but
19 this is a similar case, NYSERDA, who administer
20 the funds, actually use energy audits to
21 determine what funds need to be allocated to
22 which customer. Without the energy audit, they
23 will not allocate funds to a customer.

24 CHAIRMAN HONIGBERG: Mr. Schweiker.

1 MR. SCHWEIKER: I'd like to say
2 approximately the same thing he did in simpler
3 words.

4 But the real thing you are missing
5 now is the data. And, until you know how many
6 folks there are out there that are going to
7 require how much money, you won't really know
8 how much you're spending. It's all very well
9 to say you should fund it for anything over
10 five years. But, if that means all the
11 customers are getting most of their systems
12 funded, a million dollars isn't going to go
13 very far.

14 So, what you really need to do is
15 have people come in with the sheets. He says a
16 "complete energy audit". If you're not going
17 to pay for the roof, I don't know why you need
18 to figure out how much you would save by fixing
19 the roof. You just need to know how much is
20 that boiler going to cost you. And I don't
21 know how long it would take for every customer
22 to get an estimate on what their new boiler
23 would cost.

24 But what I'm thinking is that, if you

1 put in that letter that "unless you tell us
2 this within two weeks, you're ineligible for
3 these grants". Then, you'd have these numbers
4 in and you could do them.

5 Thank you.

6 CHAIRMAN HONIGBERG: All right.
7 We're not in a position to issue any edicts
8 from here. My recommendation is that you
9 continue to talk. And lots of people have lots
10 of good ideas, and many of them require prompt
11 action. And developing an appropriately worded
12 letter or some other type of notice to the
13 relevant people would be an end product that
14 would be a good idea.

15 I think the parameters of calculating
16 payouts, I think you all have identified the
17 variables. And you could combine those
18 variables a couple different ways to reach what
19 probably most of you will conclude is a fair
20 calculation. Whether that means using current
21 rates and a shorter period or fall's rates in a
22 slightly longer period or August rates and a
23 really long period.

24 You know, what we put in our -- in

1 the secretarial letter were guidelines. And
2 none of us knows half as much as most of you
3 about what the variables are and how they could
4 be fit together.

5 Just speaking for myself, I mean, I
6 think there's an agreement out there. I don't
7 know exactly what it looks like. But I think
8 there's an agreement that everybody will sign
9 on to lurking in the ideas that people have
10 been discussing. And I don't think finding it
11 will take all that long when you understand
12 that you don't have a lot of time, because of
13 the realities that we're faced with how much
14 longer Concord Steam is, in fact, going to be
15 doing business.

16 That was just me. I wasn't speaking
17 for Commissioner Bailey or Commissioner Scott.
18 I don't know if either one of them want to
19 offer anything, or if anyone has any other
20 thoughts they want to share with us?

21 Ms. dePeyster, then Mr. Schweiker.

22 MS. dePEYSTER: Just a quick question
23 on the overview. I do -- oh, sorry.

24 I think we can -- am I on?

1 CHAIRMAN HONIGBERG: Yes, you are.

2 MS. dePEYSTER: I think that we can
3 probably come to some agreement on the formula
4 for your costs and how long it takes to get
5 those costs back. But the bigger picture is,
6 once we've determined that there are maybe 20
7 entities that actually have costs that will
8 take them longer than five years to pay back.
9 And this may be a question you can't answer,
10 but we are talking about then some sort of
11 grants to those people who are determined by
12 that formula to be in the category of suffering
13 financial burdens. Are you in agreement that
14 going to LDAC is a reasonable way of giving
15 grants to those people? Because that's kind of
16 what this is all about in the end is to provide
17 some relief.

18 And I'm just wondering, if that's
19 what we're trying to go for, is that something
20 that sounds reasonable to you?

21 CHAIRMAN HONIGBERG: Well, I think
22 the way you introduced the question was
23 correct, that we're probably not going to be
24 able to answer that as clearly as you would

1 like. I think we signaled in the secretarial
2 letter that the LDAC is a vehicle or a quick
3 return, so we're not talking about an asset
4 that's getting -- that needs that -- that ties
5 up the Company's money for a decade and
6 therefore needs a significant rate of return,
7 is something that makes sense at some level.

8 I think the notion -- the entire
9 notion of grants is one that requires some
10 discussion. Because the testimony we heard,
11 and I'm just again speaking for myself, from my
12 own memory of the record that's before us, is
13 that for many of the customers this was as much
14 a cash flow problem as it was a financial
15 hardship problem. And cash flow problems are
16 dealt with very differently from financial
17 hardships. So, I think that's all I can say
18 about that.

19 Mr. Schweiker, you want to offer
20 something else?

21 MR. SCHWEIKER: Yes. I think that
22 she's being slightly optimistic in terms of not
23 all of the Concord Steam customers are even
24 Petitioners. Of those who are Petitioners, I

1 don't know how many of them have submitted
2 information, but certainly very few of them
3 have showed up. So, I think it's going to be a
4 real problem to collect all the information of
5 who they are and what they need if you can't
6 issue an edict to that effect.

7 And the second thing I'd like to say
8 is, why are we limiting this to
9 non-governmental customers? If some of the
10 people with hardships are like Concord High
11 School is going to have to build a new building
12 for their steam plant, and if we're going to
13 distribute this to Liberty customers all over
14 the world, maybe the taxpayers of Concord
15 deserve their share of this money.

16 Thank you.

17 CHAIRMAN HONIGBERG: Thank you,
18 Mr. Schweiker.

19 Anything else anyone wants to offer
20 up, either from this side of the table or from
21 that one?

22 Commissioner Scott.

23 CMSR. SCOTT: Attorney Speidel, I was
24 curious. It sounds like, and, again, I don't

1 want to speak for anybody, whether it's a
2 grouping of LDAC funding or separately or
3 whatever, that your concept of some kind of
4 mailing to Concord Steam customers to educate
5 them sooner than later of what's available, I
6 assume there's no opposition in the room for
7 doing that, I assume, is that not correct?

8 MR. SPEIDEL: I didn't catch any such
9 opposition when we were talking this morning.
10 And we were planning on doing that regardless.
11 And, since we have access, a direct pipeline to
12 the information from Concord Steam, we can
13 develop such a mailing relatively quickly. I
14 keep double-checking to make sure that that's
15 the case. But it would be informative.

16 We don't know whether we would have
17 an in-person meeting made available, similar to
18 what we had at Red River. It would require a
19 physical venue. At least we are a physical
20 venue that could be used free of charge, but
21 that's another small detail that could be
22 developed. But get the customers back in the
23 room. Maybe have some informal outreach from
24 the Consumer Affairs Division to some other,

1 without being anti-competitive, some other
2 competitive suppliers. But Direct Energy took
3 the effort to come here. They're the only ones
4 who have. This has been going on for several
5 months, and at least we had some level of
6 outreach from them.

7 On the whole, we have to just
8 continue the conversation, I think that's a
9 fair bet. If we were to have a generally
10 available program under the LDAC, we want to
11 make sure that we don't run out of money in a
12 hurry, and that it at least be somewhat
13 targeted to the people in the City of Concord,
14 as that is where the Concord Steam has failed.

15 Thank you.

16 CHAIRMAN HONIGBERG: Dr.
17 Chattopadhyay.

18 MR. CHATTOPADHYAY: Yes. I'm Pradip.
19 I'm from the OCA. We support the initiative
20 that we were just talking about, sending a
21 letter. I'm just going to also add that, while
22 this letter may be sent out to all of the
23 customers of Concord Steam, the fact remains
24 that, if 48 percent, if I heard it correctly

1 during the morning session, have already
2 converted to something else, I mean, they have
3 made a choice by their own to go ahead and do
4 what they thought was right. I'm just
5 trying -- I'm trying also sort of almost
6 caution that we should be looking at only
7 customers that going forward are still facing
8 the problems, and not the ones that -- who have
9 already solved it.

10 CHAIRMAN HONIGBERG: Thank you.

11 Mr. Sheehan.

12 MR. SHEEHAN: And I'd just like to
13 put a number on that problem going forward. As
14 Direct Energy stated, those numbers are
15 correct. Almost half, 48 percent, has either
16 converted or are simply waiting for their
17 plumber to finish installing the boiler.
18 Thirty-six (36) percent are actively working
19 with Liberty and are in various processes of
20 that as well. And 2 percent have chosen
21 another fuel. So, that's either one or two
22 customers. And that leaves 14 percent of the
23 unknown. And we are in the process of -- we
24 can't, but we are talking to Concord Steam to

1 have them literally pick up the phone and call
2 every one of those, again, it's roughly 14
3 customers.

4 So that, if the program is a
5 going-forward program, we're talking a couple
6 dozen at most.

7 CHAIRMAN HONIGBERG: All right.
8 Anyone else?

9 Oh. And, by the way, I mean, I think
10 Mr. Speidel alluded to the possibility of a
11 live meeting someplace, and I think we would
12 certainly encourage the use of this facility
13 for such a meeting. As he said, it is free,
14 which is always a good thing.

15 Other thoughts anyone wants to offer?

16 *[No verbal response.]*

17 CHAIRMAN HONIGBERG: All right.
18 Well, thank you all. It sounds to me like you
19 you've had some good discussions, and I think
20 there's more good discussions to be had.

21 With that, we will adjourn.

22 ***(Whereupon the status conference***
23 ***was adjourned at 3:20 p.m.)***

24