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BEFORE
THE PUBLIC UTILITIES COMMISSION

2009 JUL 17 AM 11:56

In the Matter of the Application of Akron Thermal, Limited Partnership for an Emergency Increase in its Rates and Charges for Steam and Hot Water Service.) Case No. 09-453-HT-AEM

In the Matter of the Application of Akron Thermal, Limited Partnership for Approval of a Modification to an Existing Arrangement.) Case No. 09-442-HT-AEC

In the Matter of the Application of Akron Thermal, Limited Partnership for Approval of an Arrangement with an Existing Customer.) Case No. 09-441-HT-AEC

In the Matter of the Application of Akron Thermal, Limited Partnership to Issue Three Promissory Long-Term Notes.) Case No. 09-414-HT-AIS

In the Matter of the Application of Akron Thermal, Limited Partnership for Approval of Revised Tariffs.) Case No. 09-315-HT-ATA

Surrebuttal Testimony of

Shahid Mahmud
Capital Recovery and Financial Analysis Division
Utilities Department
The Public Utilities Commission of Ohio

Staff Exhibit _____

July 17, 2009

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Technician SM Date Processed JUL 17 2009

SURREBUTTAL TESTIMONY OF SHAHID MAHMUD

1 Q. Please state your name and business address.

A. My name is Shahid U. Mahmud. My business address is 180 East Broad Street, Columbus, OH 43215.

2. Q. Are you the same Shahid U. Mahmud whose direct testimony was filed on July 8, 2009?

A. Yes.

3. Q. What is the purpose of the surrebuttal testimony you are presenting at this time?

A. The purpose of this surrebuttal testimony is to respond to certain part of the rebuttal testimony of Jeffrey P. Bees filed in these proceedings on July 14, 2009 on behalf of Akron Thermal, Limited Partnership.

4. Q. What is the subject of the rebuttal testimony of Jeffrey P. Bees?

A. The subject of the rebuttal testimony of Jeffrey P. Bees is that Akron Thermal has the opportunity to restructure the payment obligations under the notes. Mr. Bees states that in view of my testimony and the testimony of the Staff witness Mr. Hodgden, Akron Thermal entered into discussions with holders of the notes, and entered into an agreement with Creditors Trust, the Treasurer of the State of Ohio and Thermal Venture II L.P. The details of the restructured payment obligations are shown in the Exhibit JPB (Rebuttal)-1 of the rebuttal testimony of Mr. Bees.

1
2 5. Q. What is your analysis regarding the restructured obligations presented in
3 the rebuttal testimony of Jeffrey P. Bees?

4 A. As presented in the rebuttal testimony of Jeffrey P. Bees, the restructured
5 debt agreement allows the deferral of principal and interest on the Thermal
6 Venture II L.P. (TV II) note of \$250,000 till 2015. The restructured debt
7 agreement also alters the payment obligations on the Creditors Trust notes
8 and the Treasurer of the State of Ohio notes. The combined reduction in
9 installment payment on these two notes will be \$100,000 per year of which
10 60% assignable to Creditors Trust note and 40% to the Treasurer of the
11 State of Ohio notes. Thus the restructured payment obligations of Akron
12 Thermal in 2010 changes from \$1,244,237 (as presented in Attachment–
13 SUM-1) to \$440,869 (as presented in Attachment-SUM-1 (Surrebuttal).

14 6. Q. What are your conclusions as a result of the restructuring of the debt
15 presented in the rebuttal testimony of Jeffrey P. Bees?

16 A. Taking the restructured debt service cost into consideration, Akron
17 Thermal's cash flow projections for 2009 under its proposed rates appear to
18 make Akron Thermal likely to be able to meet its debt service obligations
19 for approximately \$440,869 in 2010. Akron Thermal's request for
20 Commission approval of the restructured debt obligations is dependent
21 upon Commission granting the requested emergency rate relief. Absent the

1 requested rate relief, Akron Thermal will not even be able to service the
2 restructured debt in 2010.

3 7. Q. Does this conclude your testimony?

4 A. Yes, it does.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the **Surrebuttal Testimony of Shahid Mahmud** was served this 17th day of July, 2009 by electronic mail or, where no e-mail address is available, by regular U.S. mail, postage prepaid, or by hand delivery, upon the persons listed below.

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Attachment-SUM-1

**AKRON THERMAL, LIMITED PARTNERSHIP
CASE NO. 09-453-HT-AEM
Calculation of debt service cost in 2010**

	(a)	(b)	(c)	(d)
No.	Creditors	Principal Amount	Annual Interest Rate.	Annual Interest Plus Principal Payment
1	Creditors Trust of Cleveland, Ohio	\$2,060,000	5%	\$586,112.00
2	Treasurer, State of Ohio	\$1,350,000	5%	\$395,625.00
3	Thermal Venture II, L.P.	\$250,000	5%	\$262,500.00
4	Total	\$3,660,000		\$1,244,237.00

*Annual interest plus principal payment is calculated based on 8 semi-annual installments of \$293,055.76, of principal and interest, as described in the Case No. 09-414-HT-AIS Application (Page 2, Paragraph No. 5 of the Application).

**Annual interest plus principal payment is calculated based on 8 semi-annual installments of \$197,812.67, of principal and interest, as described in the Case No. 09-414-HT-AIS Application (Page 3, Paragraph 6 of the Application).

Attachment-D

	Steam Tariff	% increase	Hot Water Tariff	% increase	Children's Hospital	Canal Place	Total	% increase
Revenues	\$5,747,765 65.48%		\$108,293 1.23%		\$2,084,188 23.74%	\$838,119 9.55%	\$8,778,366 100.00%	
Proposed increase in Revenue	\$4,117,975 98.15%	71.60%	\$77,586 1.85%	71.60%	0.00%	0.00%	\$4,195,561 100.00%	47.80%
Proposed debt service cost	\$1,221,228		\$23,009				\$1,244,237	
Total Increase of revenue							\$5,439,798	
Overall increase in %	93%		93%		0%	0%		62%

Attachment-SUM-1 (Surrebuttal)

AKRON THERMAL, LIMITED PARTNERSHIP

CASE NO. 09-453-HT-AEM

Calculation of 2010 Debt Service Cost

No.	(a) Creditors*	(b) Principal Amount	(c) 2010 Interest Plus Principal Payment
1	Creditors Trust of Cleveland, ohio	\$2,060,000	\$263,056
2	Treasurer, State of Ohio	\$1,350,000	\$177,813
3	Total	\$3,410,000	\$440,869

*The obligations due to Thermal Ventures II. L.P. (TV II) under the \$250,000 note will be extended such that no principal or interest will be due until the Creditors Trust note and Treasurer of the State of Ohio note have been paid in full. The payment of \$262,500 to TV II will not be due until 2015 (Source: First paragraph of page 6 of Rebuttal Testimony of Mr. Bees).