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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

August 25, 2008 - 6:05 p.m.
Prospect Mountain High School
242 Suncook Valley Road
Alton, New Hampshire

RE: DW 08-052
PITTSFIELD AQUEDUCT COMPANY, INC.:
Notice of Intent to File Rate
Schedules. (Hearing to take
public statements)

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Graham J. Morrison
Commissioner Clifton C. Below

APPEARANCES: (No appearances taken)

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

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I N D E X

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PAGE NO.

4

Presentation by Mr. Camerino (PAC)

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PUBLIC STATEMENTS BY:

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Mr. Brickner

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Ms. Laliberte

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Ms. Croppen

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Mr. Nelson

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Mr. Weeks

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Mr. Michaelson

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Mr. Ferland

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Mr. Hanlon

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Ms. Chase

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Ms. Bowman

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Ms. Masse-Belanger

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Ms. Kalar

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Ms. Brandt

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Mr. Crane

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

2 CHAIRMAN GETZ: Good evening, everyone.

3 I'd like to open the public statement hearing in New
4 Hampshire Public Utilities Commission Docket Number DW
5 08-052 concerning the Pittsfield Aqueduct Company's
6 proposed rate increase. My name is Tom Getz. I'm the
7 Chairman of the Public Utilities Commission. On my left
8 is Commissioner Graham Morrison and on my right is
9 Commissioner Clifton Below. Also representing the
10 Commission tonight is Mark Naylor, on the left, on my
11 left, is the Director of the Gas and Water Division, and
12 from his Staff is Jayson LaFlamme, who is a Utility
13 Analyst with the Commission. And, also here this evening,
14 from the Office of Consumer Advocate, is Ken Traum, who's
15 the Deputy Consumer Advocate for the State of New
16 Hampshire.

17 You should have had, some of you may
18 already have, our Staff has been handing out forms. If
19 you're interested in speaking tonight, just raise your
20 hand, if you haven't gotten a form, and, if you could fill
21 out the form, and we get your name and address, and then
22 we -- and then we'll take these forms and just call on
23 people as we go through the piles. If you prefer not to
24 speak this evening, but you want to put a written comment

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1 in, you can use the form for that purpose as well. And,
2 then, just make sure that, before you leave this evening,
3 that Mr. Naylor or Mr. LaFlamme has a copy, if you just
4 intend on making a written comment.

5 I want to start with some background on
6 the Public Utilities Commission, and then describe the
7 process that we use for dealing with the cases that are
8 filed with the Commission. The term "Public Utilities
9 Commission" refers to both the Public Utilities Commission
10 as an agency and the 65 people that work for the
11 Commission, also refers to the three commissioners that
12 make the decisions in the cases that are filed with the
13 agency. The three of us will be acting in the same manner
14 as judges in this case, and we are subject to the same
15 types of rules as judges are. Most important, we are
16 subject to what are called "ex parte rules". This means
17 that we cannot talk about the merits of an ongoing case
18 with anyone outside the Commission, except when there is
19 an expressed opportunity and notice for all parties to
20 participate. This evening is one of those, one of those
21 instances where there's been public notice, and everyone
22 who wants to speak is going to have an opportunity to
23 speak. The Company is here and customers are here, and
24 other opportunities where that occurs is at the

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1 adjudicative hearings that will be held in Concord, both
2 on the temporary rates in October and on the permanent
3 rates in March.

4 The process used in cases before the PUC
5 is a formal judicial style proceeding. It includes
6 written and oral testimony, discovery, cross-examination,
7 written briefs, and ultimately a written decision by the
8 Commissioners, that is subject to rehearing and to appeal
9 to the New Hampshire Supreme Court. The process is
10 similar to that which occurs in a typical civil trial. I
11 will note that we are still relatively early in the
12 proceeding. At this point in the case, Pittsfield
13 Aqueduct Company filed a petition on May 2nd, asking that
14 we approve its request to increase rates. We held the
15 initial procedural hearing in a prehearing conference in
16 Concord on July 16. And, based on that procedural
17 hearing, we've approved a procedural schedule, and we did
18 that on July 25th, that provides for a hearing on
19 temporary rates on October 7 and a hearing on permanent
20 rates beginning on March 26.

21 Pittsfield Aqueduct Company has filed
22 its written testimony, and the other parties, which at
23 this point includes the Birch Hill Water District, Sunrise
24 Lake Estates Association, the Locke Lake Colony

1 Association, the Consumer Advocate, and Commission Staff
2 are currently conducting discovery on the Company's case,
3 which means they're asking the Company questions and
4 requesting documents that will be the basis for all of
5 those parties to file their own testimony, and eventually
6 to cross-examine Pittsfield Aqueduct Company in the
7 hearings at the Commission.

8 I want to emphasize one very important
9 point about the process and our roles, which is this: We
10 have formed no opinion on whether the petition to increase
11 rates should be approved or denied. In fact, it's
12 important that we do not form an opinion at this juncture
13 in the case. Our job is to hear all the evidence, and
14 then make a decision based on that evidence as it's
15 presented to us.

16 We've also scheduled three public
17 statement hearings, this is the second. And, let me speak
18 to the purpose of tonight's public statement hearing.
19 Anyone who is here tonight who would like to speak will
20 have the opportunity to speak. You will not be under oath
21 and you will not be subject to questions. Before we hear
22 from the public, though, we'll ask the Company to briefly
23 explain its request. We expect that there are many
24 questions about the request, and we are hopeful that the

1 Company's presentation will give you answers to some of
2 those questions. However, tonight is not the occasion for
3 either you or for us to cross-examine the Company about
4 its proposal, but it is prepared to stay around after we
5 close the formal portion of the proceedings tonight to
6 answer individually specific questions you may have of
7 them, and the Staff of the Commission will stay as well,
8 if there are questions you have of Staff that you would
9 like answered.

10 And, let me just at this point say a
11 little bit about that. We've done a lot of these public
12 statement hearings over the years. And, it's our
13 experience that it's more efficient to hear the statements
14 and the concerns of the customers. Any specific questions
15 you may have, the process works a lot better to have those
16 done informally after the close of this part of the
17 proceeding, if it's about how rates work, what the process
18 is, or any particular questions about the filing, to
19 address them both to -- or, either to the Company or to
20 Staff after we hear your public statements. And, that's
21 the second purpose of this evening's public statement
22 hearing. It's an opportunity for you to tell us your
23 concerns about the Company's request, and to recommend
24 areas that you think we should be examining as part of

1 this case. While the statements tonight do not constitute
2 the kind of sworn evidence subject to cross-examination
3 that can ultimately be the basis for our decision, we have
4 found that such comments prove helpful to us and to our
5 Staff and to the Consumer Advocate in identifying areas to
6 investigate during discovery and to pursue at hearing, and
7 can help them put together their testimony and
8 cross-examination. Your statements and your concerns are
9 also helpful to us in preparing lines of questioning that
10 we can pursue through our own questions at the hearing.
11 Unlike in most civil trials, the three Commissioners at
12 the Bench will be asking questions of all of the witnesses
13 when we get to that stage of the proceedings.

14 So, that's what we're hoping to
15 accomplish tonight. We have a stenographer, Mr. Patnaude,
16 is going to be recording your comments. And, we ask that
17 you speak clearly, and that, if you could come down to the
18 microphone here to my left, at the front of the
19 auditorium, and then he'll record that information, there
20 will be a transcript that will be ultimately available for
21 you to see that will be on our website.

22 So, if anybody has forms, Mark, if we
23 could have you bring us what you have so far. And, if you
24 just raise your hands, then Mark or Jayson will come

1 around to get additional forms.

2 So, at this point then, I think that
3 covers all of the introductory information I wanted to
4 share. So, I think we'll turn to the Company,
5 Mr. Camerino, if you could briefly explain the Company's
6 position.

7 MR. CAMERINO: Thank you, Mr. Chairman.
8 And, good evening, members of the public. And, if anybody
9 can't hear me, just raise your hand in the back and I'll
10 speak up. I think this mike is working okay. My name is
11 Steve Camerino. I'm a lawyer with the McLane law firm in
12 Concord. My firm represents Pittsfield Aqueduct Company
13 in this case before the Commission. Tonight, Don Ware and
14 Bonnie Hartley and John Boisvert, from Pittsfield Aqueduct
15 Company, are all here, and they're available after this
16 public statement hearing to talk with you and answer
17 questions you may have.

18 I want to thank all of you for coming
19 out tonight, and would like to take just a few minutes to
20 provide you with some information on this case as it
21 relates to Locke Lake and Sunrise Estates, and the two
22 systems that provide you with drinking water. Then, we
23 want to hear from you. As Chairman Getz indicated, that's
24 the purpose of tonight's meeting, to hear your thoughts.

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1 We've brought some fact sheets on the
2 Locke Lake and Sunrise Estates systems, and they're
3 stacked up on that seat in the middle in the back. If you
4 haven't received one, please feel free to grab one. And,
5 if those run out, we've got a few extras up here. We hope
6 that the fact sheet will provide you with further
7 information on your water systems and the work that the
8 Company has done on them.

9 As most of you know, when Pittsfield
10 Aqueduct Company acquired Locke Lake and Sunrise Estates
11 in 2006, there were many significant problems that had not
12 been addressed by the prior owner and needed attention.
13 In Locke Lake, there were significant water quality
14 problems, including an excess of arsenic and manganese,
15 both of which violated the Safe Drinking Water Act. There
16 was insufficient storage capacity in the system, and, as a
17 result, peak demand could not be met. There were also
18 extensive problems with the distribution system, including
19 problems with booster pumps, gate valves, and water mains.

20 In Sunrise Estates, there was a confined
21 space entry in the booster station that had to be
22 remedied, and wiring that did not meet code requirements.
23 The booster pumps were also worn. During the first year
24 that Pittsfield Aqueduct Company owned the system, all

1 three well pumps failed, and two of them had to be
2 replaced. The confined space entry and wiring problems
3 were fixed, the booster pumps were replaced, and meters
4 were installed at all the residences.

5 At the Locke Lake system, the Company
6 has installed a new well on the Peacham Road. Treatment
7 systems have been installed for arsenic, iron, and
8 manganese. A 250,000-gallon storage tank and water meters
9 have been installed, and upgrades have been made to the
10 distribution system.

11 In this case, the Company is requesting
12 two increases in rates. The first increase would generate
13 approximately \$757,000 in revenues for improvements that
14 have already been made. The second increase, which is
15 sometimes referred to as a "step increase", and will take
16 effect later, would be for \$228,800. And, that's for
17 improvements that will be completed later this year. The
18 Company is very aware that the rate increase it has
19 requested is substantial. But we also hope that customers
20 will recognize the importance and value of the
21 improvements that have been made and are being made to
22 their drinking water system. The Company appreciates all
23 of the cooperation it has received from all of you as
24 customers while making these improvements.

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1 With that, I'll close my remarks. We
2 very much look forward to hearing from all of you tonight.
3 And, we thank you for taking precious time out of our
4 family lives to come here this evening and share your
5 comments with us. Thank you.

6 CHAIRMAN GETZ: Okay. Before we start
7 with the list of folks who have indicated they wanted to
8 speak, Mr. Naylor, a number of people came in while
9 Mr. Camerino was speaking. If you would like to speak
10 tonight, please raise your hand, Mr. Naylor will bring you
11 a form that we'd ask that you fill out, and then hand it
12 back in. Mark, okay, and behind you, too.

13 CMSR. BELOW: Mark, over there.

14 CHAIRMAN GETZ: Okay. While mark is
15 handing out forms and collecting forms, let's start with
16 the first person on the list here, is Adam Brickner.

17 MR. BRICKNER: Good evening.

18 CHAIRMAN GETZ: Good evening.

19 MR. BRICKNER: I've lived in town my
20 whole life, lived in Locke Lake for ten years. When I
21 bought my house, I had the people show me their bills.
22 The water bill was \$30. I said "Paying for water seems
23 ridiculous to me", but, you know, we liked the house, we
24 bought it. Basically, at that point, we had water. We

1 had water prior to the Company purchasing this water
2 company. Suddenly, we find out that they spent an
3 enormous amount of money, and now are trying to jack up
4 our water rates to a point where I can't afford it. And,
5 it's ridiculous. It's out of control. It's not even
6 reasonable. Okay?

7 I have a single income. I have a wife
8 and three kids who stay home. The idea of me getting a
9 part-time job to pay my water bill is out of control.
10 And, I'm horrified that anybody, especially the Company
11 doing it to me, thinks it's reasonable. I cannot believe
12 that anybody would think that's reasonable, and it
13 shouldn't be legal. I'm not even sure if it is,
14 personally. Because I would not have a contractor work on
15 your house, without your knowledge, and then say "Oh,
16 here's a million dollar bill you have to pay", and you say
17 "But I didn't ask for the work". "Too late. Pay the
18 bill." That's a terrible concept and it borders on
19 terrible business practices.

20 The huge sum of money spent, again, I
21 can't even imagine what they did. I had a water meter on
22 my house. I'm not sure why they felt the need to put
23 another one on. The bottom line is, now I will not be
24 able to sell my house, if I wanted to go build a place

1 that has a well, because no one will buy my house with
2 this \$140 a month water bill. They'll say "No, that's not
3 worth it", and they'll move on. So, I effectively am
4 stuck in my mouse for the rest of my life, along with 900
5 other people, who never thought that when they bought the
6 place, because no one could have foreseen this action
7 that's been taken without our approval. Which, again, for
8 the volume of money spent, someone should have had to
9 approve it, because it's not right.

10 I would offer, basically, the Commission
11 should look at this in their own eyes and put yourself in
12 our shoes, and say "Would I think it was reasonable, fair,
13 or able to even pay for it, if I was in their position?"
14 And, none of you here would ever buy a house in Locke
15 Lake, knowing the bill was going to go to 140, because
16 you'd be smart enough to say "That's just a terrible idea.
17 I'll spend my 140 somewhere else, like gas, food, clothes
18 for my children."

19 Again, I will have to get a second job,
20 and I think that's wrong. And, I would encourage you to
21 not approve any increase. And, then, we could get a
22 company who actually can manage it properly. Or, just let
23 me dig a well, and everybody could dig a well and it would
24 be cheaper. Thank you.

1 CHAIRMAN GETZ: Thank you. Rachel and
2 Gerard Laliberte.

3 MS. LALIBERTE: Hi. My name is Rachel
4 Laliberte. I'm a resident of Locke Lake Colony. My
5 husband, before I returned from work today, I had asked
6 him if he would, one, take a look at our water filter and
7 see what the quality of our water is. And, if you could
8 give that to me, Gerard. This is my quality drinking
9 water (indicating). My husband and I, we change our
10 filter once a month. This is a very small water treatment
11 system. And, this is black. This is my quality drinking
12 water. Can everybody see that? I hope you all get a
13 water treatment system that is much bigger than the one
14 that my husband and I use.

15 Secondly, I would like to make mention
16 of minutes from a meeting at the Selectmen's office, dated
17 10/25/2005. And, at that time, Mr. Desmond -- Desberger,
18 if I'm saying that correct, he is the President of
19 Pennichuck Water Corp. In a comment he made, he further
20 explained that they would deal with the biggest problems
21 in Locke Lake first, and, even though that they would
22 invest a lot of money, it would recover -- it would be
23 recovered long term. I don't call "three years" being
24 "recovered long term". I call that "awfully short term".

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1 He added that "rates would probably be similar to
2 Pittsfield's rates or remain the existing rates." A
3 300 percent increase is a far cry from what he assured our
4 Selectmen of our town.

5 I can make this available to anybody.

6 CHAIRMAN GETZ: If you could give it to
7 the court reporter, that would be helpful.

8 MS. LALIBERTE: Another thing that I
9 wanted to make mention of is that PAC seeks an overall
10 increase in gross annual revenues of \$957,641. And, in
11 further reading down this order, it says that "this is to
12 cover capital improvements planned for completion by
13 November of 2008." I was reviewing statutes to see if
14 there was anything that I could find that would be
15 contrary to allowing such. RSA 378:30-a, "Public Utility
16 Rate Base; Exclusions". It says that "Public utility
17 rates or charges shall not in any manner be based on the
18 cost of construction work in progress." Unfortunately,
19 that was all my studies for today. I wish I had put more
20 effort into it, I'm sure I would have found a lot more.
21 But that is where I conclude. Thank you.

22 CHAIRMAN GETZ: Thank you. Judith
23 Croppen. And, I'll just note that, after Ms. Croppen, is
24 Bob Nelson would be the next speaker.

1 MS. CROPPEN: Hi. After much thinking
2 about this, and hearing from the beginning about
3 Pennichuck taking over from, is it -- Central Water, I've
4 looked into this a little bit and heard about it from
5 other people and so forth. But, right at the moment, the
6 average household of a family, in Barnstead, of a family
7 of four, by the Census Bureau is \$45,000 a year. Now, if
8 you think a family of \$45,000 a year can afford a
9 300 percent increase, I don't think they can. And, the
10 water company is a monopoly. We have no choice. We can't
11 choose another -- you can usually choose another oil
12 company, you can choose another gas company. We have no
13 other choice. Even as far as an artesian well, if we want
14 to drill, the rules in New Hampshire are such, from RSAs,
15 that if your septic system is in such a place, that you
16 can't have your well unless it's so many feet from the
17 septic system, and these are small lots. You can't even
18 put in an artesian well in 90 percent of all the lots in
19 Locke Lake.

20 Now, when companies take over or
21 purchase other companies, they must know there will be
22 some parts in good running condition and some parts in
23 need of repairs. This is normal. Maintenance is part of
24 forecasting purchase price. When Pennichuck purchased

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1 Central Water at a bargain price, what did they think, all
2 is in great shape? What other type of companies that have
3 to make repairs are able to pass on an increase of 311
4 percent to the consumer? The government would call that
5 inflation, which could topple our economy, if all
6 companies did that in the United States. If every company
7 raised their rates 311 percent, where is the consumers'
8 rights? Thank you.

9 MR. NELSON: My name is Bob Nelson. I
10 live at 14 Ripple Road, Locke Lake Colony. For about 17
11 years, I was involved in cable TV. I was a General
12 Manager. And, I have, with help of many others, done
13 three rebuilds; one in Reno, Nevada, one in Portsmouth,
14 Ohio, and one in Londonderry, New Hampshire, to rebuild
15 the entire part of southern New Hampshire. These cable
16 systems were subsystems, in other words, they were 330
17 megahertz, you offer about 25 channels, HBO, Cinemax, and
18 that's about it. Customers wanted more product. So, we
19 rebuilt. We spent millions of dollars to rebuild. At the
20 end of those rebuilds, no way could I charge an extra
21 300 percent. We also are governed by like a PUC, it's
22 called the "federal government", the FCC. They mandated
23 how much money I could increase customer bills. The
24 highest I could go was 6 percent. And, even at that, I

1 lost customers to satellite TV. You know why? Because we
2 were not a monopoly.

3 I have a backyard that will not allow a
4 well. I left cable TV because they wanted me to add Adult
5 Pay-per-View, and I would not do it. So, I left the
6 company. That's my decision. But the job that I have now
7 is not a well-paying job, but it pays the bills. If the
8 oil company came out and I saw Shell Oil or Mobil, or any
9 other gas station, all of a sudden go from 300 or \$3.60 to
10 \$8.95, and just kept going up, I couldn't pay gas for my
11 car. If all of a sudden I go to Market Basket, and bread
12 goes from, you know, two loaves for \$4.00, all the way up
13 to two loaves for \$8.00, I'd have to think about it. And,
14 things are changing. And, to increase a water bill, and
15 I'm not going to -- I can't ask the questions at this
16 point that I wanted to ask. Due diligence? Who did it?
17 Was it Pennichuck? Was it another contractor? When did
18 -- How much money did they ask for at the beginning? When
19 it came time that they realized that they were going to go
20 over what they asked for, did they come back to the PUC?
21 Did the PUC say "wait a minute"? Did they ever notify the
22 customers, "here's what's going to happen to your water
23 bill should we go forward"? Or, were they given a blank
24 check?

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1 We have a monopoly. And, I would just
2 like you to consider that. And, just think of it, if you
3 lived in that home, if you lived in this area, what would
4 happen to your families, with everything going up, and all
5 of a sudden 300 and whatever percent? Thank you.

6 CHAIRMAN GETZ: Thank you. Next is Tony
7 Weeks, and after Mr. Weeks will be Lawrence Michaelson.

8 MR. WEEKS: I'm sure the people before
9 me spoke more eloquently than I will, because, basically,
10 I'm a little bit upset because my wife and I just barely
11 bought our first house. We were very happy with this
12 house, we were looking for a house for three years in this
13 market. We finally found a house that came into our
14 budget rate. But the problem is is the budget rate, when
15 I was going through and doing the bills, I was including
16 water, I was including oil, I was including, you know,
17 electricity, everything, to make sure we could afford it.
18 Now, they're asking for a 300 percent increase to make it
19 harder for my wife and I to pay the bills. It would have
20 been almost as cheap to buy a house in Concord, to pay for
21 water, than it would be to pay in Barnstead. Because the
22 water bill in Concord is \$30, for my mom's house, who
23 lives in Concord, and that was with five us living in the
24 house. Now, you're asking for a water bill of, if we pay

1 what, \$30, it's going to be up to 120, 140, 150? Come on.
2 Water is water. Like people have said to me -- Like
3 people have said before me, you know, the rate increases,
4 what the person said at the Selectmen meeting, what this
5 gentlemen said by regulators coming up and saying that
6 they can only charge 6 percent more, because there was
7 other -- other competition out there. This is a monopoly
8 that we should really, really look forward to and make
9 sure that we do not have to pay that much more. I mean,
10 granted, the improvements are needed, always needed. I'm
11 all for improvements. And, I understand if there's a
12 slight increase. But the problem with the increase is is,
13 when you go from, you know, 1 percent to 300 percent, it's
14 absolutely ridiculous, and it's not actually conducive to
15 people paying their bills. So, now, Pennichuck is going
16 to come back later and say "Well, people aren't paying
17 their bill, we have to shut off their water." So, what
18 are those people going to do?

19 Because bills every month, even though
20 people would like to say, "oh, you know, it's not a big
21 deal." The economy is getting worse. We're worried about
22 how we can pay for everything. And, my wife and I work
23 two -- my wife works two jobs and I work two jobs, just to
24 pay for our house. I don't think, just to pay for our

1 water, getting a third job is going to actually help us.

2 Thank you.

3 CHAIRMAN GETZ: Thank you.

4 MR. MICHAELSON: Good evening.

5 CHAIRMAN GETZ: Good evening.

6 MR. MICHAELSON: Well, I don't know if I
7 can add much more, but I'd like to tell you a little
8 story. First of all, we've been up here 14 years.
9 Couldn't wait to get up here and drink the water. It was
10 great. But, for 14 years, it's been fine. I'm still
11 alive, and I must have drank the arsenic. Now, we have a
12 situation, you say "The water's no good. We've got to put
13 chlorine in it." Now, let me tell you a little story
14 about chlorine. I'd like you to note this particular
15 person, Marion Kelly, and the phone number is
16 (617)323-3200. She is the Director of the Y in West
17 Roxbury, Massachusetts. I joined there in 1983. And,
18 every morning I'd go there and I'd do my exercise. But
19 one morning we had a tragedy. What was the tragedy? The
20 chlorine, over a period of time, eroded the beam. And,
21 the beam broke, came down in the pool, and several people
22 got hurt. There was an investigation. And, they found
23 out that the chlorine had eroded that beam. Now, if
24 that's the case, what is the chlorine going to do to us?

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1 We drink it, we bathe in it, our skin absorbs it. What's
2 it going to do to us? Is it going to give us cancer? I
3 can't drink it, for one thing. No way. I have to go buy
4 bottled water. Now, if I have to pay 300 percent
5 increase, I think they ought to supply bottled water to
6 all of us. Don't you think so? Okay.

7 Now, another thing. If there was
8 misrepresentation from Central Water, why can't Pennichuck
9 go back to Central Water and sue them, bring them into
10 court, misrepresentation. They bought the water works
11 under possibly good intentions, but the good intentions
12 weren't delivered, because they didn't tell Pennichuck the
13 truth about the water. The government: We feed the whole
14 country. Water is a necessity of life. Why can't the
15 government take care of us a little bit? Why can't they
16 give Pennichuck a little money, so that they can upgrade
17 and do the things that they want to do? Why do you want
18 to take it out of our soul? I don't think it's right. I
19 don't think it's fair.

20 The budget of the family is gone,
21 between food, between gasoline, between oil, between
22 everything, the budget is gone. There's no way to split
23 the dollar bill anymore. I was in business, I was in
24 business with my father, and I took over I think in 1963,

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1 when I lost him. And, I've seen things go up, but not
2 300 percent. And, I could never jack up things 300
3 percent. I didn't have a captive -- captive customers.
4 Pennichuck does. And, I don't think it's fair at all for
5 them to go up 300 percent; 10 percent, 5 percent, fine.

6 That's basically about what I have to
7 tell you. I don't think I can add much more to it. I'm
8 rather surprised that I didn't see more of an out-turn of
9 people tonight protesting this outrageous increase. And,
10 I don't think it's fair. And, if you want to protect the
11 people, I think this is a way for you to protect the
12 people by not allowing it. Thank you very much.

13 CHAIRMAN GETZ: Next is Justin Ferland,
14 and after Mr. Ferland is William Hanlon. If there's
15 anybody who came in late, who would like to speak, if you
16 could raise your hand and we'll get you a form to fill
17 out. In the corner, in the back right.

18 MR. FERLAND: Good evening,
19 Commissioners.

20 CHAIRMAN GETZ: Good evening.

21 MR. FERLAND: Unlike most of you in the
22 room, my wife and I are new to Barnstead. We've only been
23 here about three months. And, like one of the other
24 people stated, you know, Barnstead is appeasing especially

1 to younger people, like myself, you know, just getting
2 started, so to speak, in the market. We lived in Concord
3 before that for a few years, taxes were six, seven
4 thousand dollars, you know, things were just getting out
5 of control; big-time city spending.

6 We looked around, we did a lot of
7 shopping. Actually, we were in the market for two years
8 looking for a suitable house. Found one here in Center
9 Barnstead. The things we looked at, water bills,
10 electricity, things of that nature, cost of living. It is
11 factored in. And, as a state -- I work for the State of
12 New Hampshire, too. So, if the State of New Hampshire
13 tries to get something, certainly, the Governor and
14 everybody else looks down at you and says "Well, how can
15 you try to minimize your expenses?" And, then they do
16 what's called an "audit". I don't know if that's been
17 done with this agency or not, but I know I drive down
18 Route 28, and every time, morning, about 8:00 in the
19 morning, usually about 10:00, noontime, 3:00, I see a
20 Pennichuck Water truck parked at the store, with one of
21 their employees chit-chatting, and basically wasting what
22 I call "my money". And, then, you know, I see a lot of
23 other companies, both in the private sector and the
24 government, driving vehicles that have 150,000 miles,

1 2001s. Most of the equipment that I've seen lately seem
2 to be brand-new equipment, not even a scratch on it.

3 So, that's all, you know, a lot of
4 things, I'm just asking basically that for you to consider
5 maybe doing an audit of what their expenditures are and
6 how they're being -- and how they're spending their money,
7 because I certainly think that there's a lot of waste in
8 Pennichuck.

9 And, also, you know, in closing, I just
10 want to say, you know, Barnstead is a good community.
11 There are a lot of hard-working people there, you know, I
12 see it firsthand. You know, I understand that there needs
13 to be an increase of some sort, with the prices of fuel
14 and gas and everything, that's understandable. But
15 300 percent is just an outrage. I mean, I can't afford
16 it. I don't think anybody in this room can even possibly
17 imagine to afford it. So, you know, I'm just asking you
18 to consider that. And, I know for a fact, you know, that
19 you gentlemen sitting there, if this was happening to you,
20 you would vote "no". There is no question in my mind.
21 So, thank you.

22 CHAIRMAN GETZ: Thank you. William
23 Hanlon signed a form, it wasn't clear if Mr. Hanlon wanted
24 to speak?

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1 MR. HANLON: Yes, I will speak. Thank
2 you.

3 CHAIRMAN GETZ: And, let me just note
4 also, following up on Mr. Ferland, and confirm this with
5 Mr. Naylor, that the Staff is conducting an audit right
6 now, is in the middle of an audit?

7 MR. NAYLOR: Yes.

8 CHAIRMAN GETZ: Yes. So, Staff is
9 conducting an audit. Sir.

10 MR. HANLON: Good evening. My name is
11 William Hanlon. I believe, thus far, I'm the only person
12 to speak from Sunrise Lake Estates. And, I'm confused.
13 I'm very confused. The proposed increase appears to be
14 leveled or levied against both developments, is that true?
15 And, if that's true, what is the breakdown of the cost
16 between Locke Lake and Sunrise Lake Estates? From what I
17 can read, they do not appear to be equal. So, I guess
18 that's -- later I'd like an answer to that question.

19 CHAIRMAN GETZ: The proposed increase
20 would apply to all of the what are called "North Country
21 Division". But, for the breakdown among them, I think
22 that would be a good thing to explore both with the
23 Company and Mr. Naylor afterwards.

24 MR. HANLON: All right. From a business

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1 model standpoint, it would appear that each development
2 should stand on its own, its own cost structure and its
3 own liabilities. That's just my personal opinion. And,
4 basically, that's the way industry operates, it has
5 operated in all my experiences.

6 From a practical standpoint, my wife and
7 I, we pay approximately \$30 per month for water. And,
8 from my experience, the Sunrise Lake Estates water is of
9 good quality. Of that \$30, \$10 appears to be a flat fee.
10 And, I've never been able to get an answer from Pennichuck
11 on this case, Pittsfield, of what that flat fee is. It's
12 whether -- I think it is, whether I drink a drop of water
13 or I drink, you know, 10 gallons, I'm going to be paying
14 \$10, and then it appears to be my usage. So, the way my
15 bill reads is \$10 flat fee, and then my usage. So, my
16 wife and I pay about \$30.

17 From what I can understand, and it's not
18 clear, is that I'm looking at a 300 percent increase per
19 month, which would take me over \$100 a month. Frankly, I
20 can't afford it. Two years ago, I retired. I probably
21 retired at the worst possible time in this country's
22 history, because all of my financial plans went down the
23 tube. Okay? So, we have a problem.

24 Pennichuck/Pittsfield, they appear to

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1 have an infrastructure problem. They have this huge debt
2 or this huge expenditure of funds to keep these water
3 systems going, and they're passing it all over to the
4 consumer, to both developments. And, my first question
5 is, who is being charged what and what percentage? It
6 doesn't appear accurate or legal that you can take two
7 separate developments, from what I can read here, Sunrise
8 Lake Estates has 79 individual homes, and the individual
9 homes in Barnstead number 832. So, just a quick analysis,
10 we see an imbalance here. Okay?

11 And, I'm going to go on the record right
12 now of saying that the costs being levied against Sunrise
13 Lake Estates is to offset the liabilities in Barnstead.
14 That's my first basis. So, there's something not correct
15 here. As one of my predecessors here mentioned something
16 about an audit. 300 percent is -- that's illegal. And,
17 you know, I'm not sure what the law in the State of New
18 Hampshire is, but I will find out of whether or not any
19 utility, public utility, and I believe the water company
20 is a public utility, or you wouldn't be here, sir.

21 CHAIRMAN GETZ: Correct.

22 MR. HANLON: So, 300 percent. I think
23 recently I read with the State of New Hampshire -- Public
24 Service of New Hampshire has petitioned for a 6 percent

1 increase. In further reading, they're entitled to do that
2 every six months. That's 6 percent, so that's 12 percent
3 per year, for their incurred costs. So, my question is
4 very simple, how can we justify 300 percent across the
5 board for both developments; one of which has 332 [832?]
6 people, homes, and Sunrise Lake Estates has 79?

7 I'm cutting my experiences as quickly as
8 I can, okay, to keep my standard of living as adequate as
9 possible. Okay? And, I think most of the people who have
10 preceded me here speaking said they'll have to do
11 something in order to pay 300 percent. And, I will also.
12 So, thank you very much.

13 CHAIRMAN GETZ: Thank you.

14 MR. HANLON: And, if you, sir, are the
15 representative of the Public Utilities Commission, I think
16 there's a tremendous amount of unanswered questions. And,
17 I'm really surprised that this public hearing is even
18 taking place with the amount of unanswered questions.
19 Thank you very much.

20 CHAIRMAN GETZ: Judy Chase, and after
21 Ms. Chase will be Carleen Bowman.

22 MS. CHASE: Hello, gentlemen.

23 CHAIRMAN GETZ: Good evening.

24 MS. CHASE: I appeared before you a

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1 couple years ago when the sale of this water company was
2 proceeding. I don't know how many -- were you all three
3 still on the Commission? So, I'm not telling you anything
4 new. But I understand, even at that time, that basically
5 Pennichuck was asked by the PUC to take over our water
6 company, Central Water Company. It's not -- It wasn't a
7 surprise, I think Pennichuck even mentioned it in a
8 statement a couple weeks ago or a couple months ago in our
9 local paper. So, with that in mind, this seems like kind
10 of a farce that we have to come before the PUC to ask
11 "Please don't raise the rates 300 percent", because, you
12 know, it's difficult knowing that you actually asked them
13 to take over the water company. They knew what they were
14 getting, that was clear. Our infrastructure was terrible.
15 They knew that there was a lot of needs in that water
16 system. And, the questions that were asked at that time,
17 by our selectboard, by myself, by Locke Lake Colony Board,
18 was "how is it going to be paid for? These changes need
19 to occur. We need to improve the infrastructure. But
20 who's going to pay for it?"

21 And, we were guaranteed that Community
22 Development Block Grants were going to be applied for,
23 that they were going to be sought. And, I'm not sure what
24 happened with that whole process, but it has not occurred,

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1 obviously. And, I'm hearing that it's because we don't
2 qualify, we don't have enough people in a certain income
3 bracket. I don't believe due diligence was done,
4 gentlemen, in ensuring that we have a good grasp on who
5 the people were in our community. A survey may have been
6 sent out by Pennichuck, but the number of people who
7 returned it was no where near a representative of the
8 number of people in our association and what their status
9 was.

10 I think, if people knew today, you know,
11 "hey, this 311 percent increase is going to occur, unless
12 you let Pennichuck or the PUC know what your status is in
13 our community, and what your income level is, perhaps we
14 might be able to qualify for CDBG grants." Our
15 selectboard was concerned a couple years ago, before the
16 sale went through, on whether or not they would be the
17 bearers and the holders of these grants, because it has to
18 be a municipality that holds these grants. They were
19 asked, and at that time, and I spoke before you at that
20 hearing, they did not say that they would be willing to
21 hold those grants on behalf of the association. There was
22 nothing guaranteed at that time.

23 So, we went into this sale with no firm
24 ground saying "we know the infrastructure has to occur,

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1 and we saw all the -- all the, you know, changes in the
2 storage tank going up, you know, the flow of our water was
3 occurring better, I don't know about the quality of it
4 really for sure, but, yes, the improvements have been
5 significant, they have been great, but they incurred a
6 cost that is not fair for this community to take on at
7 this time to that degree. But it's difficult knowing that
8 you guys also gave them the short-term revolving loans and
9 everything else so that they could do these repairs. At
10 no time, and I asked, and someone else asked you this,
11 too, did you require Pennichuck to go before these people
12 and say "Here's how much you are spending. Here's how
13 much it's going to cost you", and go in increments, you
14 know, do these changes slowly. Never were we asked, as
15 the users of the water system. And, if we were, I missed
16 it. I don't know. I didn't get any notice and any
17 opportunity to express my views at the time. And, if
18 that's what this is for, well, it's, you know, a little
19 too late, because the changes have already occurred.
20 They've spent a lot of money. They're guaranteed a
21 profit. That's part of what -- I don't know if everybody
22 knows that, I mean, that's what they're guaranteed. And,
23 you're guarantying and you're obligated to ensure that
24 they get a profit as well.

1 I hope that somehow our governor is
2 involved in all this, because I don't know what the appeal
3 process is in the event that whatever your decision is,
4 whether it be a 300 percent increase, 200 percent
5 increase, 100 percent increase. 100 percent increase is
6 too much right now. It is. There's got to be another way
7 to find funding to pay them back what they put in for the
8 infrastructure, so that we're not paying for that, but
9 we're paying for our actual water use and ensuring that
10 our water quality is good. So, if the Governor needs to
11 be involved, I hope that, you know, our state
12 representatives are continuing in talking with him. If it
13 has to go on the federal level, then so be it. Tell us
14 what we need to do. If we need to speak up more so that
15 we can go and get our, you know, State Senators, our U.S.
16 Senators, and our Congress people, to fight on our behalf,
17 to help cover the costs that were incurred to improve our
18 water system, let us know. But no one in this community
19 can afford what is being asked right now. And, I know you
20 must appreciate that.

21 I don't have anything else. But I
22 certainly hope that the communication lines open up a lot
23 better than they have been. I appreciate that you're
24 coming out here to let us speak, but it should have

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1 occurred before you allowed them to start building all
2 that, knowing that we would probably incur the cost.
3 Thank you.

4 CHAIRMAN GETZ: Thank you.

5 MS. BOWMAN: Good evening, gentlemen.
6 Carleen Bowman. I live at 11 Deer Run. I just want to
7 get up and, as my fellow neighbors have stated, I bought
8 my house just a couple years ago, after the discussions
9 with the water company had started. I'm surprised at the
10 huge increase. I also live in an area that I'm not able
11 to put a well in if I wanted to. We've talked about
12 possibly putting in, you know, a well within the
13 neighborhood, but, because of the water levels of the
14 lake, the type of soil that we have, it would be
15 astronomical to put in any type of well, not even sure if
16 we could do it because of the septic systems.

17 I also think it's unfair that a monopoly
18 is able to come in and charge whatever they feel is
19 appropriate, so that they can get their money back. My
20 question would be is, "why weren't these, you know,
21 questions asked when they took it over?" Understanding
22 that they were asked to come in and take it over, and
23 understanding that it's an old system. And, as a
24 gentlemen said at Sunrise, it's a smaller community. I

1 guess I don't understand, if they're making improvements
2 everywhere, why it's not spread out throughout the entire
3 company, because it's only going to help their
4 stockholders or their profit margin for a healthy water
5 system within the state.

6 So, my statement to you would be that I
7 can't pay a 300 percent plus increase. My other question
8 would be, is it 300 percent for a certain amount of time,
9 say, three years? Or, is it, we're stuck with the 300
10 percent forever? And, if they're making a profit now, why
11 are we being asked to pay so much?

12 CHAIRMAN GETZ: Thank you. Huguette
13 Masse-Belanger, and Janet Kalas will be after that. Was I
14 close?

15 MS. MASSE-BELANGER: Yes. Good evening,
16 sir.

17 CHAIRMAN GETZ: Good evening.

18 MS. MASSE-BELANGER: I'm a resident of
19 Locke Lake Colony. And, we've been there for almost four
20 years now. All along the quality of the water has been
21 poor. I have to agree with the woman that showed her
22 filter. We don't have good quality water. We run out of
23 water. And, when the water comes back, it is still coming
24 back as dark as it was four years ago. And, we're paying

1 for every gallon of that dark water that we just have to
2 run down the sewage. That's one thing.

3 The other thing is, before Pennichuck,
4 at least we didn't have the taste of the bleach in the
5 water, the taste of the chlorine. Like the other
6 gentleman, I am not able to drink that water, because the
7 taste of the chlorine is so strong. I have to buy bottled
8 water.

9 And, like the other people, I'm
10 wondering why grants weren't sought more closely than they
11 have been? And, the example that I'd like to give here
12 is, I would, if -- I'm going to explain the example, and
13 if that was done to me, I would feel gypped. And, that's
14 the way I feel about this situation. If I was to -- If I
15 was a cake baker, and you came and bought a cake from me,
16 and I would say to you "It's going to be \$45 for that
17 cake." And, you came back to me two weeks later to pick
18 up the cake, and I'd say to you "well, I had to buy a new
19 stove, and my hot water tank went, so it's going to be
20 \$250 for this cake now. Would you be interested in having
21 it?" Thank you.

22 CHAIRMAN GETZ: Janet Kalas.

23 MS. KALAR: "Kalar".

24 CHAIRMAN GETZ: I'm sorry. And, if

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1 there's anyone else that has forms still to hand in, if
2 you raise your hand. Okay. Thank you. And, then, the
3 last speaker would be Katie Brandt.

4 MS. KALAR: My name is Janet Kalar, and
5 I'm from Sunrise Lake. Good evening, gentlemen. I spoke
6 in Concord as well. We haven't seen changes in our water
7 since Pennichuck took over from what it was before.
8 Haven't increased any water -- any pressure levels or
9 anything, but then I didn't recall ever having a problem
10 with the pressure level. We don't drink the water either.
11 I don't know, I have never drunk, had a drink of the water
12 since we moved up here, and we've been there five years.
13 That, for us, is a personal choice.

14 However, we have friends that live in
15 Farmington. That, for the same number of people in their
16 household, over a three-month period, with metered water,
17 they're paying \$34. We're paying anywhere from 66, to our
18 new bill that just came in of 89. I had said something in
19 the last meeting in Concord about wells going in. We have
20 looked at putting a well in, we've gotten with one of our
21 neighbors. And, we are one of the few that probably can
22 do it. We also know that wells have been going in up in
23 Sunrise Lake, in our neighborhood. This is going to make
24 it real hard for the people who can't put wells in.

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1 311 percent is ridiculous. I also thought, and I could be
2 wrong, laws have changed over the years since I just heard
3 of this, that you had asked them to take the water
4 supplies over. I thought monopolies were illegal. There
5 is no other water company around. We don't have a choice
6 where to go, like an oil company or a gas company. And,
7 as I said before, to charge us for a natural resource is
8 ridiculous, when you give bottling companies the right to
9 take 400,000 gallons of water out of the ground on a daily
10 basis, and sell it without paying anything to the state
11 for taking that water, or to the towns they're taking it
12 from.

13 That's all I have to say. Thank you.

14 CHAIRMAN GETZ: Thank you. Katie
15 Brandt.

16 MS. BRANDT: Good evening, gentlemen.

17 CHAIRMAN GETZ: Good evening.

18 MS. BRANDT: My husband and I live on
19 Emerson Drive, in Locke Lake. We've been there for about
20 two years. And, our water bill is about \$30 a month. We
21 have a new baby. And, we are, I think, just like everyone
22 else, working to make ends meet. I'm a State employee,
23 and my husband has a small website design business. And,
24 I think that the most important thing is we're reasonable

1 people, and we understand that everybody has costs, and
2 costs are going up for everyone. We understand that when
3 we go to the grocery store, fuel, we understand repairs
4 had to be made, and costs rising are unfortunately a fact
5 of life.

6 I think that the message that we really
7 wanted to convey tonight was, one, it would be quite a
8 challenge for our family to absorb this significant
9 additional cost right before heating season and the
10 holidays, and then going forward with everything that our
11 family needs. But, also, we're very concerned about those
12 individuals who are living on a fixed income. And, we
13 hope that, not only will you consider a more gradual,
14 reasonable increase, but that you will pay a strong
15 consideration to those individuals who are living on SSI,
16 to the individuals who are retired and living on a fixed
17 income, to those who meet federal poverty income
18 guidelines. And, think about how water is a necessity,
19 and not something that people can do without, and, you
20 know, to just consider all of the families that your
21 service affects. Thank you.

22 CHAIRMAN GETZ: Thank you. And, David
23 Crane.

24 MR. CRANE: Thank you, Mr. Chairman.

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1 I'm a Locke Lake resident as well. Two concerns or issues
2 that I want to bring up. One, recently I was informed by
3 one of Pennichuck's employees that, during the tornado, we
4 still had water, which, even though the electricity was
5 out, so I had inquired about that. And, I was told that
6 they no longer had the pumps in various places where
7 needed, because they had the backup, the pump down at the
8 new booster station on Peacham Road, and were able to
9 deliver water without those lots. And, he told me that
10 the lots where the pumps were throughout the community
11 were going to be sold. And, I want to make sure that the
12 Commission takes into consideration the value of those
13 lots that are going to be sold, and that that should be a
14 reduction in the amount of money that Pennichuck needs to
15 recover. I know lots in my area, where one of the lots is
16 going to be sold, are over \$100,000, for the ones that
17 have been sold. If they have got two or three of those,
18 there's a third of the costs right there that they'll be
19 able to recover just by selling those lots. So that
20 certainly would be a significant rate reduction if that
21 were taken into consideration.

22 The other concern that I have is the
23 separation of customers by class. Pennichuck has
24 customers in Nashua, Pennichuck has customers in

1 Pittsfield, Pennichuck has customers in what they are now
2 calling their "North Country". Obviously, with any
3 utility, it's going to be much cheaper to serve its
4 customers in an urban area. There are more customers per
5 mile, there's less infrastructure that has to be built per
6 customer.

7 One of the reasons for having a
8 Commission is to make sure that costs are spread out among
9 customers, that all customers can afford service. In
10 having a monopoly, one of the disadvantages is that you
11 have to serve everyone within that franchise area. The
12 advantage is everyone has to come to you for service. So,
13 it's a give-and-take.

14 I'm very concerned about what the impact
15 of this decision, if a decision is made to allow this kind
16 of a rate increase, for the rural customers in Barnstead,
17 Middleton, and North Conway. What that's going to mean to
18 rural customers, not only of water services, but other
19 utilities throughout the state. Because, for telephone
20 and electric service, you've got to set more poles and run
21 more miles of line to serve communities that are rural, as
22 opposed to urban areas. This could be a precedent-setting
23 decision that you make here, if you allow this company to
24 separate its customers by the size of the community in

1 which they are, I'm concerned that other utilities will
2 take that lead and do the same with their areas. And,
3 that will have a devastating effect, not only on the
4 customers of these three communities, but all rural
5 communities in the state. So, I hope you take that into
6 consideration when you make your decision. Thank you.

7 CHAIRMAN GETZ: Thank you. That's all
8 the forms that were submitted. There's a good eight or
9 ten, some extensive comments. That these will all be --
10 the transcript will be made part of the file in this case,
11 as will the written comments that you've made tonight.

12 I wanted to go over a couple of things
13 that were raised this evening. One, there was a question
14 about appeal. And, as I said at the beginning, this is a
15 formal judicial process. The burden of proof is on the
16 Company. It needs to prove to us by a preponderance of
17 the evidence that its rate request should be approved. It
18 has to prove that its decisions were prudent. It has to
19 prove that the rates are just and reasonable. Any written
20 decision that we issue would be subject to rehearing and
21 then would be subject to appeal to the New Hampshire
22 Supreme Court. So, that's the general judicial process
23 that we work within.

24 And, the last gentleman kind of

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1 addressed some of the issue, there was a question about
2 monopolies. And, that the whole purpose of the Public
3 Utilities Commission is to regulate monopolies. And,
4 that's why the request is here, this company is a water
5 utility. It does have a monopoly, it has a franchise.
6 But, in order for it to increase its rates, it has to come
7 to us in a formal judicial setting and get approval of any
8 request.

9 And, then, so Mr. Naylor is the Director
10 of our Gas and Water Division. He'll be around to answer
11 some questions, because there were a lot of questions
12 tonight that seem to go to the issue of how rates are set,
13 how rates are designed. Should they be spread over a
14 large group or a small group of, you know, subsets of the
15 system? So, he can answer all of those questions. If you
16 have particular questions about what the Company has done,
17 he can answer some of those questions.

18 But there's a couple of times it's been
19 stated tonight that we asked the Pennichuck Water Works to
20 take over the predecessor company. And, that's just not
21 accurate. We didn't do that. There was a request made to
22 the Commission, and there was a whole case about the
23 acquisition, and that was part of another formal judicial
24 process. And, there is a written decision and the records

1 showing how that case progressed. A number of folks
2 mentioned tonight were involved in that previous case.
3 But there's a full set of orders and a full set of
4 documents that would show the whole history of how that
5 came about.

6 And, I think that kind of covers --
7 well, and then there's an issue again that I think Mr.
8 Naylor would be able to address for folks. We have an
9 audit. It's going to look at all their books and records.
10 It looks at what kind of return they're earning at the
11 moment. Part of the case will be about what's a fair
12 return for them. Did they, again, getting back to "are
13 the expenses reasonable, were the investment decisions
14 reasonable", all of that is part of the rate case. And,
15 as far as, you know, they're not guaranteed a profit, but
16 they have -- they should have, by -- the constitution
17 requires that they are provided due process, and that they
18 have an opportunity to earn a fair return. So, that's
19 kind of the, you know, the structure that we're obliged to
20 use when we're looking at any case that comes before us.
21 And, again, getting back to what I said at the beginning,
22 there's still a long way to go in this proceeding. And,
23 the decision on -- the hearings on permanent rates won't
24 be until March. And, there probably won't be a decision

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1 in this case then until sometime in April or May on
2 permanent rates. There will be something in the fall on
3 temporary rates.

4 So, I think that concludes the formal
5 part of the public statement hearing tonight. Thank you
6 all for coming out. I think a lot of this input is very
7 helpful to us in figuring out where we go next and what
8 issues we look at in making our decision. And, I hope you
9 take advantage of speaking to our Staff and to the Company
10 if you have specific questions. Thank you.

11 (Whereupon the hearing ended at 7:12
12 p.m.)

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