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 NICHOLAS LaCHANCE
 ROBYN DESCOTEAU

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12	Direct Testimony of Donald J. E. Vaughan, with attachments (filed 12-07-17)	<i>premarked</i>
13	Staff Recommendation on Rate Case Expenses (filed 08-15-19)	<i>premarked</i>
14	Abenaki Water Company - Rosebrook Division Response to Omni/BWPOA/Forest Cottage, as ordered by Order No. 26,295 (filed 10-15-19)	<i>premarked</i>
15	Staff Explanation of Rate Case Expense Recommendation (filed 12-11-19)	<i>premarked</i>
16	Audit Report dated 09-06-18, referenced in Staff's Explanation (Exhibit 15)	<i>premarked</i>
17	Rosebrook Updated Rate Case Expense Summary	<i>premarked</i>
18	Abenaki Water Company - Admin. & General Expense: Revenue Requirement Summary	<i>premarked</i>
19	Bretton Woods Property Owners and Forest Cottages Joint Response to Staff Recommendation filed 09-11-19	<i>premarked</i>
20	Abenaki Water Company Pressure Problem Report (filed 01-08-19)	<i>premarked</i>
21	Staff Recommendation on Step II Pressure Reduction Project (filed 07-15-19)	<i>premarked</i>

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22	Abenaki Water Company Pressure Reduction Presentation (filed 06-21-18)	<i>premarked</i>
23	Horizons September 18, 2018 Proposal	<i>premarked</i>
24	Abenaki Water Company - Rosebrook Division, Amended Motion for Protective Order and Confidential Treatment (Redacted version) (filed 07-15-19)	<i>premarked</i>
25	New England Service Company Annual Report - 2018	<i>premarked</i>
26	Abenaki Water Company - Rosebrook Division NHDES Sanitary Survey 2019 (filed 06-17-19)	<i>premarked</i>
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P R O C E E D I N G

1
2 CHAIRWOMAN MARTIN: Okay. Good
3 morning, everyone. Can you hear me?

4 MS. BROWN: Yes. This is Marcia.

5 CHAIRWOMAN MARTIN: Great. My name is
6 Dianne Martin. I'm the Chairwoman for the Public
7 Utilities Commission. We're here this morning in
8 Docket DW 17-165, which is the Abenaki Water
9 Company Request for Change in Rates. We're here
10 today for hearings on Abenaki's Motion to Extend
11 the Step II Filing Deadline and on the contested
12 rate case expenses pertaining to charges by New
13 England Service Company.

14 Because we are doing this
15 electronically, I need to make a few necessary
16 findings and go over some ground rules. I know
17 you've heard some from Attorney Wind at the
18 beginning, but I'm going to reiterate the most
19 important ones. I will start with the findings.

20 As Chairwoman of the Public Utilities
21 Commission, I find that due to the State of
22 Emergency declared by the Governor as a result of
23 the COVID-19 pandemic, and in accordance with the
24 Governor's Emergency Number 12 pursuant to

1 Executive Order 2020-04, this public body is
2 authorized to meet electronically.

3 Please note that there is no physical
4 location for this meeting, which was authorized
5 pursuant to the Governor's Emergency Order.
6 However, in accordance with the Emergency Order,
7 I am confirming that we are utilizing WebEx for
8 this electronic meeting. All members of the
9 Commission have the ability to communicate
10 contemporaneously during this meeting through
11 this platform, and the public has access to
12 contemporaneously listen and, if necessary,
13 participate. We are providing public -- we have
14 provided public notice for the necessary
15 information for accessing the meeting by
16 previously giving notice to the public in the
17 Order of Notice.

18 If anybody has a problem during this
19 proceeding, please call (603)271-2431 as soon as
20 you realize that you're having a problem. In the
21 event the public is unable to access the meeting,
22 the meeting will be adjourned and rescheduled.

23 Let's start the meeting by taking a
24 roll call attendance of the Commission. When

1 each commissioner states their presence, please
2 also state whether there is anyone in the room
3 with you during this meeting and where you are
4 located.

5 Commissioner Bailey.

6 CMSR. BAILEY: Commissioner Kathryn
7 Bailey. I'm located at my home, in Bow, New
8 Hampshire. And there's no one in the room with
9 me.

10 CMSR. GIAIMO: Michael Giaimo,
11 Commissioner, at the PUC Office. I am by myself.

12 CHAIRWOMAN MARTIN: Commissioner -- I
13 mean, Chairwoman, sorry, Dianne Martin. I am
14 also at the PUC Offices. And I am by myself.

15 At this point, I will go through some
16 of the ground rules that we have found to be most
17 helpful. But, if you have any questions after I
18 do, feel free to raise your hand.

19 Given the emergency circumstances
20 related to the Coronavirus, we are holding an
21 electronic hearing today. My biggest request of
22 everyone during this hearing is that you try to
23 be patient. We will do our very best to work
24 through all the issues that come up, and to try

1 to get through this hearing today. If we all
2 work together, I have no doubt we can get through
3 this meeting.

4 A few things that we found to be
5 helpful are to make sure that you mute yourself
6 when you're not talking. That helps to minimize
7 the amount of interference we get from other
8 people.

9 Please put your hand up if you want me
10 to recognize you. And I'm looking at a number of
11 different things. So, be persistent. I will
12 certainly try to recognize you as soon as I can.

13 If there is confidential information
14 that you need to point to, please be careful not
15 to talk about it or show it inadvertently. To
16 the extent possible, please just point everyone
17 to the document and page number where the
18 confidential information is contained. If it's
19 absolutely necessary to identify or show
20 confidential information, please let me know
21 first, so that we can make sure only those who
22 should have access to that information are still
23 online.

24 Please speak slowly. I know Mr. Wind

1 already said this. But it's really important for
2 our court reporter to speak slowly, and leave
3 time, when you ask a question, for others to
4 consider it and to consider the response before
5 proceeding on.

6 We have a court reporter who is going
7 to be trying his best to keep a record here.
8 And, to the extent we have things come up as we
9 go along, we may need to restate what we've said.

10 Due to security concerns, we are
11 discouraging the use of the chat between parties
12 or to everyone, unless you need to communicate to
13 me for some reason, but be aware that everyone
14 will see those.

15 If you need a recess, please let me
16 know. And any party who takes a recess should,
17 with anyone that you're taking the recess with,
18 make sure that you shut off your video and mute
19 yourself. And, as we just found, also turn your
20 speakers off, so that you're completely off the
21 record. You may want to even step away from your
22 computer.

23 We, the Commissioners, will all leave
24 the meeting entirely during a recess, and we'll

1 actually call back in, so that way we make sure
2 that there is no inadvertent communication.

3 So, we have taken the attendance. And
4 now, we're going to move on to appearances.

5 Attorney Brown.

6 MS. BROWN: Good morning,
7 Commissioners. And thank you, again, for
8 conducting business during this pandemic. We
9 greatly appreciate your time today.

10 My name is Marcia Brown, with NH Brown
11 Law, representing Abenaki. And I have the
12 witnesses today of Don Vaughan and Nicholas
13 LaChance for the rate case expense portion of the
14 hearing. For the Step II portion of the hearing,
15 I've informed the moderator that Mr. Gallo will
16 not be joining us. It will just be Don Vaughan
17 as a witness then.

18 Thank you.

19 CHAIRWOMAN MARTIN: Okay. Thank you.
20 Attorney Getz.

21 MR. GETZ: Good morning, Madam Chair,
22 Commissioners.

23 I'm Tom Getz, from the law firm of
24 McLane Middleton, on behalf of Omni Mount

1 Washington. And attending as well are Chris
2 Ellms, the Director of Operation, and Doug
3 Brogan, who is an engineering consultant.

4 CHAIRWOMAN MARTIN: Thank you.
5 Attorney Kreis.

6 MR. KREIS: Good morning, Chairwoman
7 Martin, Commissioners, everyone else.

8 I am D. Maurice Kreis, pursuant to RSA
9 365:28, I represent the residential customers of
10 the subject utility in my capacity as the state's
11 Consumer Advocate.

12 CHAIRWOMAN MARTIN: Thank you. And, is
13 it "Mr. Mueller" or "Muller"?

14 *[Court reporter interruption due to*
15 *inaudible audio.]*

16 CHAIRWOMAN MARTIN: Could you please
17 back up to the beginning? We missed the start.

18 MR. MUELLER: My name is Paul Mueller,
19 and I represent Bretton Woods Property Owners,
20 which is most of the residential customers at
21 Bretton Woods.

22 CHAIRWOMAN MARTIN: Okay. Thank you.
23 And Attorney Tuomala.

24 MR. TUOMALA: Good morning, Madam

1 Chairwoman and Commissioners.

2 My name is Christopher Tuomala. I am
3 the attorney for the Staff of the New Hampshire
4 Public Utilities Commission. With me today is
5 Utility Analyst Robyn Descoteau, she will be the
6 Staff witness for the rate case expense portion
7 of the hearing. In attendance is also Jayson
8 Laflamme, who is the Assistant Director of the
9 Gas & Water Division. But he is in the audience.
10 He will not be speaking today.

11 CHAIRWOMAN MARTIN: Okay. Thank you.
12 For preliminary matters, I think we have exhibits
13 that are all prefiled and premarked, Exhibits 12
14 through 26, and Exhibit 9, which was previously
15 admitted in this matter.

16 Is there anything else we need to do on
17 exhibits now?

18 *[No indication given.]*

19 CHAIRWOMAN MARTIN: Okay, seeing no one
20 with their hands raised.

21 I believe that we will start with the
22 rate case expenses, and hear that issue first,
23 hearing from the witnesses first, and then taking
24 argument on the issue.

1 Does anyone have any issues to raise
2 regarding that procedure?

3 MS. BROWN: The only question I have,
4 this is Marcia Brown, is having the witnesses
5 sworn in. Are you going to do that formality
6 with this WebEx?

7 CHAIRWOMAN MARTIN: Yes.

8 MS. BROWN: Okay.

9 CHAIRWOMAN MARTIN: And, if you
10 wouldn't mind just putting your hand up when you
11 want to speak, so that we don't have people
12 speaking up. Thank you.

13 Okay. Then, we will proceed with the
14 witnesses. And the first witnesses, as I
15 understand it, are Mr. Vaughan, Mr. LaChance, and
16 Ms. Descoteau.

17 So, Mr. Patnaude, if you wouldn't mind.

18 (Whereupon **Donald Vaughan, Nicholas**
19 **LaChance**, and **Robyn Descoteau** were duly
20 sworn by the Court Reporter.)

21 CHAIRWOMAN MARTIN: Okay. Ms. Brown.

22 MS. BROWN: Now -- just making sure I'm
23 not muted.

24 Attorney Tuomala, you had recommended

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 that we have these witnesses as a panel. I am
2 going to do a background of Mr. LaChance and Mr.
3 Vaughan. And then, do you want me to just turn
4 to you for the background of Ms. Descoteau, and
5 then I will continue on with my substantive
6 questioning?

7 CHAIRWOMAN MARTIN: Mr. Tuomala.

8 MR. TUOMALA: This is Attorney Tuomala.
9 Yes, Attorney Brown. That is what I anticipated.
10 An introduction, to lay the foundation for the
11 witnesses, and then, all three of them, and then
12 you can conduct your substantive direct
13 examination.

14 MS. BROWN: Thank you.

15 **DONALD VAUGHAN, SWORN**

16 **NICHOLAS LaCHANCE, SWORN**

17 **ROBYN DESCOTEAU, SWORN**

18 **DIRECT EXAMINATION**

19 BY MS. BROWN:

20 Q With that, Mr. LaChance, can you hear me?

21 A (LaChance) Yes.

22 Q Can you please state your name and your position
23 with Abenaki?

24 A (LaChance) Sure. Good morning. My name is

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Nicholas LaChance, and I am the Treasurer of
2 Abenaki Water Company.

3 Q Have you previously testified before this
4 Commission?

5 A (LaChance) I have not testified before this
6 Commission. I have provided testimony in front
7 of the Massachusetts DPU, as well as Connecticut
8 PURA, for various rate case applications,
9 finances, and acquisitions.

10 Q Thank you. Mr. Vaughan, can you hear me?

11 A (Vaughan) I can hear you.

12 Q Can you please state your name and position with
13 Abenaki Water Company?

14 A (Vaughan) Donald Vaughan, and I'm President of
15 Abenaki Water Company.

16 Q Have you previously testified before this
17 Commission?

18 A (Vaughan) I have.

19 MS. BROWN: That was the brief
20 background I wanted to introduce. So, Chris.

21 MR. TUOMALA: Thank you, Attorney
22 Brown. Pardon me, Madam Chairwoman.

23 BY MR. TUOMALA:

24 Q Good morning, Ms. Descoteau. Could you please

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 state your full name for the record?

2 A (Descoteau) Robyn J. Descoteau.

3 Q And whom are you employed by?

4 A (Descoteau) The New Hampshire Public Utilities
5 Commission.

6 Q And what's your position here at the Public
7 Utilities Commission?

8 A (Descoteau) I'm a Staff Analyst for the Gas and
9 Water Division.

10 Q And could you briefly describe your
11 responsibilities as a Utility Analyst?

12 A (Descoteau) I am responsible for the examination,
13 evaluation, and analysis of water rate filings --
14 excuse me -- for water rate, financing, and
15 acquisition filings.

16 Q And have you testified here at the Commission
17 before?

18 A (Descoteau) Yes, I have.

19 MR. TUOMALA: Thank you, Ms. Descoteau.
20 That concludes my introductory questioning.

21 MS. BROWN: Am I free to continue?

22 CHAIRWOMAN MARTIN: Sorry about that.

23 You can proceed. I had muted myself, so I
24 wouldn't interfere with the testimony. Go ahead.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 MS. BROWN: No. Thank you very much.

2 BY MS. BROWN:

3 Q Mr. Vaughan, I'm going to start with you, if you
4 don't mind. And we have premarked for
5 identification as "Exhibit 12" your testimony
6 filed in this rate case. Do you have that before
7 you?

8 A (Vaughan) I do.

9 Q And what is the -- was that testimony dated
10 December 2017?

11 A (Vaughan) Yes.

12 Q And can you please turn to Page 6 of that
13 document?

14 A (Vaughan) I have.

15 Q And I draw your attention to Lines 12 through 21.
16 There is a question "Does AWC have any
17 employees?" Do you see that?

18 A (Vaughan) Yes.

19 Q Can you please recap why Abenaki does not have --
20 or, I'm sorry, Abenaki-Rosebrook Division does
21 not have employees?

22 A (Vaughan) Particularly, because Abenaki would
23 require long-distance traveling. It would
24 require a lot of work covering various operations

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 that are presented by the water systems. And,
2 so, a single person or even two people would not
3 make efficient use as employees of Abenaki Water
4 Company. So, New England Service Company does
5 have a fairly deep, talented pool of employees
6 who have that kind of the expertise. And they
7 can offer assistance and actually full-time
8 operation for and on behalf of Abenaki Water
9 Company.

10 Q Now, Mr. LaChance, I would like to turn to you.
11 In your position, you manage Rosebrook's
12 employees, is that correct?

13 A (LaChance) Well, Rosebrook does not have any
14 employees.

15 Q Oh, I'm sorry. Manage New England Service
16 Company's delivery of person hours to Rosebrook,
17 is that correct?

18 A (LaChance) Yes. Yes. Sorry.

19 Q And, so, can you -- do you have additional
20 benefits, in addition to what Mr. Vaughan had
21 listed, as to why Rosebrook relying on New
22 England Service Company makes sense for the
23 utility?

24 A (LaChance) Yes.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q Can you please explain?

2 A (LaChance) Sure. So, as Mr. Vaughan had just
3 stated, Rosebrook, and Abenaki in general, is
4 able to utilize the talented -- or, the talent
5 pool of New England employees who possess
6 significant amounts of experience and expertise,
7 both administratively and in operational
8 management of water systems.

9 Secondly, would be that Rosebrook, and,
10 again, all of Abenaki, forgoes the cost of
11 full-time employment, wages, as well as the
12 associated benefits that go along with full-time
13 employment.

14 Because of the affiliate agreement that
15 we have, they are -- the various water systems,
16 and Rosebrook in general -- or, specifically, is
17 only billed for specific hours that's spent on
18 the system, and importantly to note that that
19 billing is at cost by the New England staff.
20 Which we believe, as a company, is the most
21 effective way to management the small systems
22 that we have in New Hampshire, and specifically
23 Rosebrook.

24 Q Thank you for that. Mr. Vaughan, if I can have

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 you turn again to your testimony, and to Page 12,
2 which is the affiliate agreement attached to your
3 testimony. Do you have that in front of you?

4 A (Vaughan) Yes.

5 Q And I should state the obvious, but is this
6 agreement on file with the Commission?

7 A (Vaughan) Yes, it is.

8 Q And it is on file with the Commission by virtue
9 of the fact that it was filed with your testimony
10 in this rate case, is that right?

11 A (Vaughan) That's correct.

12 Q Okay. Now, Mr. LaChance, turning to you, with
13 this affiliate agreement, are you familiar with
14 the terms of this agreement?

15 A (LaChance) Yes.

16 Q And what is the date of this agreement?

17 A (LaChance) The date is August 26, 2017.

18 Q Okay. And when did Abenaki file its rate case?

19 A (LaChance) December 7th, 2017.

20 Q So, this agreement was in effect prior to the
21 rate case filing?

22 A (LaChance) Yes.

23 Q And did Rosebrook use New England Service Company
24 for service related to the preparation of that

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 rate case?

2 A (LaChance) Yes.

3 Q Now, another -- I want to make it clear to the
4 Commissioners how Rosebrook is using New England
5 Service Company. So, a question for you. Did
6 Rosebrook use New England Service Company for
7 services related to the general operations of the
8 utility, separate from rate case work?

9 A (LaChance) Yes.

10 Q Is there separate accounting, so that Rosebrook
11 can keep track of what's rate case related and
12 what is operations related for Rosebrook?

13 A (LaChance) Yes, there is.

14 Q Can you please explain how that accounting works?

15 A (LaChance) Yes. So, specifically, for a rate
16 case, the expenses incurred on behalf of Abenaki,
17 from New England Service Company, are placed in
18 what's called a "deferred debit" account, which
19 is customary in any regulatory proceeding. The
20 expenses associated with ongoing operations and
21 maintenance have been booked to their respective
22 accounts per the prescribed PUC Chart of
23 Accounts.

24 Q Can you give a little more detail, if you could,

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 on how the deferred accounting works?

2 A (LaChance) Yes. A deferred debit account is set
3 up to capture the expenses that are not normal or
4 reoccurring. These expenses are kept off the
5 income statement until a time when the Commission
6 approves the amortization of those expenses over
7 a given period of time. An example of these
8 typical expenses, again, would be rate case
9 expense, expenses associated with a financing
10 docket, as well as expenses that we incurred due
11 to an act of nature.

12 These expenses are different from
13 ongoing operations and maintenance expenses,
14 which are immediately listed on the income
15 statement associated under their respected PUC
16 account by way of the Chart of Accounts. These
17 ongoing expenses are reoccurring. And some
18 typical examples of those types of expenses that
19 would be immediately put on the income statement
20 would be customer service expense, meter reading
21 expense, as well as system rounds and checks.

22 Q Okay. When you said that these were "at cost",
23 does that mean that there is -- that Rosebrook --
24 that there's no mark-up of the New England

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Service Company costs to Rosebrook?

2 A (LaChance) That is correct.

3 Q Okay. Just want to make sure that that's clear.

4 Does Abenaki use this arrangement with New
5 England Service Company in the affiliate
6 agreement with any of its other divisions?

7 A (LaChance) Yes.

8 Q And would that be White Rock and Lakeland?

9 A (LaChance) Correct.

10 Q Has there been a prior rate case where the
11 Commission -- or, where, I'm sorry, not the
12 "Commission", but where Rosebrook -- or, those --
13 sorry -- White Rock or Lakeland have used New
14 England Service Company, like Rosebrook, for rate
15 case work?

16 A (LaChance) Yes.

17 Q And, in the White Rock and Lakeland rate cases,
18 have those utilities submitted those New England
19 Service Company expenses to the Commission for
20 recovery?

21 A (LaChance) Yes. Yes, it has. And, specifically,
22 that was Docket Number DW 15-199.

23 Q Okay. Thank you for that. Did the Commission
24 approve recovery of those expenses for White Rock

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 and Lakeland?

2 A (LaChance) Yes.

3 Q Has Rosebrook used New England Service Company
4 similar to how Lakeland and White Rock have used
5 New England Service Company? And I'm focusing on
6 the use of New England Service Company for rate
7 case work?

8 A (LaChance) Yes.

9 Q Okay. Next question. Did the Commission approve
10 use of the New England Service Company affiliate
11 agreement in the Rosebrook rate case?

12 A (LaChance) Yes.

13 Q And how so? Well, let me rephrase the question.

14 Do you recall if the Commission
15 affirmatively approved the affiliate agreement or
16 was it implied, such as through approval of the
17 revenue requirement?

18 A (LaChance) It would be implied, as a -- yes,
19 exactly as you stated it.

20 Q And is that because the revenue requirement
21 included fees from the New England Service
22 Company affiliate agreement?

23 A (LaChance) That's correct.

24 Q Okay. Are you generally familiar with the

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Commission's 1900 rules regarding allowed rate
2 case expenses?

3 A (LaChance) Generally, yes.

4 Q And are you familiar with the type of expenses
5 that are objected to in this hearing?

6 A (LaChance) Yes.

7 Q And those relate to the New England Service
8 Company expenses, is that your understanding?

9 A (LaChance) Yes, it is.

10 Q Okay. Do any of those expenses that are objected
11 to relate to the operations of Rosebrook, or are
12 they solely rate case related?

13 A (LaChance) They are solely rate case related.

14 Q And, when I say "rate case related", it's
15 processing of a rate case. Is that -- do you
16 agree?

17 A (LaChance) Yes. That is correct.

18 Q Now, next question is, were these New England
19 Service Company expenses that are objected to
20 related to the preparation of items required for
21 a full rate case?

22 A (LaChance) Yes.

23 Q Were these expenses related to the preparation or
24 presentation of a full rate case proceeding

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 before the Commission?

2 A (LaChance) Yes, they were.

3 Q Are these expenses actually known and measurable?

4 A (LaChance) Yes, they are. And they're known and
5 measurable, as evidenced by the use of daily time
6 sheets that each and every New England Service
7 Company employee fills out on a daily basis.
8 Those time sheets are the basis of the invoicing
9 that New England would invoice to Abenaki, and
10 specifically to Rosebrook, in this case, for the
11 rate case expenses.

12 Q Thank you. Does New England Service Company
13 provide Rosebrook with expert consulting,
14 administrative services to the utility?

15 A (LaChance) Yes. Yes.

16 Q And --

17 A (LaChance) I'm sorry?

18 Q I didn't mean to interrupt.

19 A (LaChance) So, I was just going to further
20 explain our reasoning for stating "yes", and that
21 would be per Puc Regulation 1903.06. The New
22 England staff provided expert administrative
23 services for each of its subsidiaries in all
24 regulatory dockets, including Abenaki and the

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Rosebrook rate application.

2 Again, as a company, New England
3 believes that this is the most cost-effective
4 solution to utilize our own employees at cost,
5 versus solely relying on rate consultant experts
6 to put together the administrative portions and
7 the financial schedules of a rate application.

8 Q Thank you for that. I'm going to walk through
9 the next part of 1903.06. And were those New
10 England Service Company expenses related to
11 services not already included in the utility's
12 revenue requirement?

13 A (LaChance) I'm sorry. Could you repeat?

14 Q I just want to make sure, with respect to the New
15 England Service Company expenses that are
16 objected to, were they already included in the
17 revenue requirement?

18 A (LaChance) For the disputed charges, no. They
19 are not already in those -- in the revenue
20 requirement.

21 Q Thank you. I was just walking through the second
22 part of 1903.06.

23 A (LaChance) Okay.

24 Q So, would it be your opinion then that those

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 charges fall within the definition of a "service
2 provider"?

3 A (LaChance) Yes.

4 Q Okay. Now, it's been argued that these costs are
5 duplicative. And I just want to have you explain
6 why these costs -- if you have no other, you
7 know, explanation, that's fine, but do you have
8 any other explanation as to why these costs are
9 not duplicative?

10 A (LaChance) Yes. Yes, we can expand on that a
11 little bit. So, again, just to reiterate,
12 Abenaki has no employees, and it relies solely on
13 the New England staff on all operational and
14 administrative needs, and at cost, and to manage
15 such actions. As such, New England's other
16 entities utilize New England's staff in the same
17 manner. So, therefore, each New England employee
18 fills out the daily time sheet that I have
19 referenced just a little while ago. And, on that
20 time sheet, we allocate our time specifically to
21 the system that we may be working on on any given
22 day. In saying so, because it's based off of
23 purely time spent, there is no management fee or
24 retainer, which you can also see, as evidenced in

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 the affiliate agreement, there is no stipulation
2 for that.

3 So, again, that is set up that way, as
4 we would tend to think that, if you had a
5 management fee or retainer, then you could blur
6 the lines a bit as to how those expenses are
7 being actually allocated. So, however, you know,
8 to reaffirm, by allocating and billing based off
9 of the specific time that each New England
10 employee spent on a system, we know with no doubt
11 that that is the specific cost that's being
12 incurred.

13 Furthermore, as stated already, the
14 associated time spent charged to Rosebrook's rate
15 case is assigned specifically to a deferred
16 account. So, from an accounting standpoint, the
17 expenses remain 100 percent separate on the
18 books. The deferred account was audited, and it
19 was approved by the PUC Staff. We see that audit
20 and that approval of that audit as indicating
21 that the ongoing operation and maintenance
22 expenses had not been double-booked into the rate
23 case expenses -- rate case expense.

24 Further, Abenaki Water emphatically

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 engaged with PUC Staff's audited findings that
2 there is no double -- no double-booking or
3 double-recovery from customers. The deferred
4 accounting of this particular expense is
5 customary. It's normal, normally performed in
6 this manner for any regulatory proceeding.

7 Q I just want to bring it down to a customer level.
8 So, when you say that there's "no double-booking"
9 accountingwise, does that translate that the
10 customers are not paying twice for the fees?

11 A (LaChance) That is correct.

12 Q Okay. Now, Abenaki-Rosebrook filed documentation
13 of its rate case expenses with the Commission, is
14 that correct?

15 A (LaChance) Yes.

16 Q And it did so in May and July of 2019?

17 A (LaChance) Yes, it did.

18 Q And you've said that you were aware that the
19 Staff had audited those expenses that were filed,
20 including the updates in May and June, is that
21 correct -- or, May and July, is that correct?

22 A (LaChance) That is correct.

23 Q Okay. Are you familiar with Staff's
24 recommendation on rate case expenses, which I

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 believe is dated August 15th, 2019?

2 A (LaChance) Yes.

3 Q And I believe that is Exhibit 13 for the record.

4 Are you aware, at this point in the rate case, of
5 any factual misstatements or updates to this
6 recommendation?

7 A (LaChance) No.

8 Q Okay. Now, did Abenaki-Rosebrook accept the
9 recommended dollar amount or the dollar amount
10 recommended by Staff in this recommendation?

11 A (LaChance) Yes, it did.

12 Q Okay. Now, I just want to have you now turn to
13 what's been marked for identification as "Exhibit
14 24".

15 A (LaChance) Okay.

16 Q And I'm only focusing on Mr. St. Cyr's filing.

17 MS. BROWN: And, for the record, I know
18 that it is filed within the same tab as the
19 Motion for Protective Treatment. But, even
20 though they were separate filings, they were
21 filed on the same day. So, perhaps that's why
22 they're under the same docket, but I'm only
23 focusing on Mr. St. Cyr's letter.

24 BY MS. BROWN:

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q Does Mr. St. Cyr's letter summarize Abenaki's
2 position on accepting Staff's rate case expense
3 recommendations?

4 A (LaChance) Yes, it does. So, Abenaki had filed
5 its response in July, along with the Motion for
6 Protective Treatment, as you just mentioned. In
7 it, we attached a spreadsheet listing the
8 suggested disallowances, and whether it agreed or
9 disagreed with Staff's position on it. We also
10 provided documentation of expenses that it
11 sought to include with Staff's recommended
12 allowances.

13 Q Okay. Thank you.

14 A (LaChance) Yes.

15 Q Are you familiar with -- I'm going to turn to
16 Exhibit 15, if you can turn to that. Are you
17 familiar with this Staff letter dated "December
18 11th"?

19 A (LaChance) Yes.

20 Q Are you aware of any factual misstatements or
21 corrections that need to be made to Staff's
22 letter?

23 A (LaChance) No.

24 Q Okay. In this letter, Staff refers to an "Audit

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Report", which we've marked for identification as
2 "Exhibit 16". Are you generally familiar with
3 the Audit Report?

4 A (LaChance) Yes.

5 Q And are there any errors or omissions or
6 misstatements in this Audit Report that you feel
7 you need to bring to the Commission's attention?

8 A (LaChance) No.

9 Q Okay. Okay. The next line of questioning I want
10 to discuss is, do you recall the Commission
11 ordering Abenaki to respond to Omni's objection
12 to rate case expenses?

13 A (LaChance) Yes.

14 Q And I don't know if you have Exhibit 14 in front
15 of you?

16 A (LaChance) Yes.

17 Q Okay. And this is the letter dated "October
18 11th, 2019", is that correct?

19 A (LaChance) Yes, it is.

20 Q And did -- and Abenaki responded as to why the
21 rate case expenses were appropriate for recovery,
22 is that correct?

23 A (LaChance) Correct.

24 Q Can you please summarize those reasons?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) Sure. Again, as previously stated,
2 the charges of New England Service Company
3 employees are at actual cost. There is no
4 mark-up whatsoever. The affiliate agreement is
5 on file with the Commission, and it was reviewed
6 and audited by Staff as part of the rate
7 application. This affiliate agreement documents
8 the scope and services, as well as the costs that
9 would be allocated to Abenaki from New England
10 Service Company.

11 Specifically, for the rate case
12 expense, they are not in Rosebrook's revenue
13 requirement. The costs were booked to the
14 deferred account, as we've explained, or as I've
15 explained a couple times here.

16 Q Okay. Thank you. I would like you to comment,
17 when Omni is using the term "salaried employees",
18 can you please clarify, you know, how the
19 "salary" term is not relevant for rate case
20 expenses?

21 A (LaChance) Yes. So, though the -- the employee
22 itself is on a salary. However, as we -- or, as
23 I indicated earlier, each New England Service
24 Company employee fills out the daily time sheet,

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 which allows us to break down what the actual
2 expense incurred was. And we do this by way of
3 taking the actual salary of an employee and
4 getting an hourly rate. So, for instance, our
5 total salary, divided by 2,080 hours, gives you
6 an hourly rate. We then take the employee's
7 benefits and overheads, and apply it within that
8 rate as well, so then we have a true cost, at
9 cost, for what we charged as a hourly rate.

10 And, as it pertains to this case, since
11 we charge based off of actual time spent, then
12 it's going to be actual cost that's going to be
13 applied to the rate case expense for New England
14 labor.

15 Q Okay. Can I have you -- I'd like to draw your
16 attention to Exhibit 17, this has been marked for
17 identification. And Rosebrook has incurred
18 additional rate case expenses that have not been
19 submitted to the Commission, is that correct?

20 A (LaChance) That is correct.

21 Q And what are these additional expenses for?

22 A (LaChance) These are the ongoing expenses
23 associated with the continued -- the continued
24 litigation of the rate case expenses that we're

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 discussing here today. So, it's made up of New
2 England labor, as well as a rate consultant fee
3 was for legal.

4 Q And was Exhibit 17 prepared by you or under your
5 direct supervision?

6 A (LaChance) Yes.

7 Q And what are the additional rate case expenses
8 totaling to date?

9 A (LaChance) Well, as what we presently have booked
10 in our system, we're finalizing our 2019 year-end
11 financial audit, the rate case expenses that
12 are -- have not been identified as of yet, would
13 be through June 1st through January 31st of 2020,
14 and that total amount is 11,874.37.

15 Q Thank you. The documentation for this has not
16 yet been filed with the Commission, is that
17 correct?

18 A (LaChance) The backup documentation has not, yes.

19 Q And does Abenaki-Rosebrook intend to file that
20 documentation?

21 A (LaChance) Yes, it will.

22 Q Okay. Can you please explain how the rate case
23 expenses are currently being recovered from
24 customers?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) Yes. So, it is a fixed charge based
2 on the customer class. And then, that surcharge
3 is being spread out over 24 months for Omni's
4 accounts, and then 18 months for the remaining
5 residential and commercial customer accounts.

6 Q If the disputed expenses were approved by the
7 Commission, would Rosebrook simply add them to
8 the present surcharge, using the same formula
9 approved by the Commission?

10 A (LaChance) Yes, with the consent of the
11 Commission to do so. That, you know, we feel
12 that this would be the most efficient manner to
13 assess the recoverable expenses.

14 Further, we would like to indicate that
15 we feel, if we introduce another manner, that it
16 may be more confusing to deliver another type of
17 surcharge based off of the incurred expenses to
18 date.

19 Q Okay. Absent a calculation of the rate impact
20 right now, would -- if necessary, would Rosebrook
21 consider maybe a period of months extension of
22 the recovery term, if needed?

23 A (LaChance) Yes. Yes. In order to minimize any
24 type of rate impact, we -- we certainly would.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 MS. BROWN: Okay. Madam Chair, that is
2 all of our direct and getting the exhibits into
3 the record. I thank you for your time.

4 CHAIRWOMAN MARTIN: Thank you. Mr.
5 Tuomala.

6 MR. TUOMALA: Thank you, Madam
7 Chairwoman. I would like to conduct my direct
8 examination of Robyn Descoteau.

9 BY MR. TUOMALA:

10 Q So, Ms. Descoteau, could you please describe your
11 involvement with this docket?

12 CHAIRWOMAN MARTIN: Mr. Tuomala, can I
13 hold you up for a second? Are you able to see
14 Ms. Descoteau?

15 MR. TUOMALA: I am.

16 CHAIRWOMAN MARTIN: Are the other
17 Commissioners able to see Ms. Descoteau? I
18 cannot.

19 Let's pause for a second to see if we
20 can get that fixed.

21 MS. BROWN: I think she has to speak to
22 be visible. Is that correct?

23 CHAIRWOMAN MARTIN: No, I have everyone
24 else. She's coming in and out.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 I'm sorry, she's been on the whole
2 time, and now she's gone.

3 MS. MULLHOLAND: Madam Chair, this is
4 Kath Mullholand.

5 CHAIRWOMAN MARTIN: Hi, Kath.

6 MS. MULLHOLAND: Are we off the record?

7 CHAIRWOMAN MARTIN: We can go off the
8 record, yes.

9 *(Brief off-the-record discussion*
10 *ensued, and then a recess was taken at*
11 *11:05 a.m., and the hearing resumed at*
12 *11:13 a.m.)*

13 CHAIRWOMAN MARTIN: Attorney Tuomala.

14 MR. TUOMALA: Thank you, Madam
15 Chairwoman.

16 BY MR. TUOMALA:

17 Q Ms. Descoteau, could you please describe your
18 involvement in this docket?

19 A (Descoteau) I reviewed and tested the integrity
20 of Abenaki-Rosebrook's Petition for a change in
21 rates. I traced the filing schedules to the PUC
22 annual reports on file with the Commission, asked
23 several rounds of discovery questions about the
24 Petition, and reviewed the responses. I

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 participated in the settlement discussions, and
2 prepared the revenue requirement schedules
3 attached to the Settlement Agreement. I also
4 reviewed and tested the integrity of the
5 recoupment surcharge and rate case expenses
6 requested by the Company.

7 Q I would like to draw your attention to a document
8 that you drafted, and I would like you to adopt
9 it as part of your testimony this morning. I
10 circulated the document to the service list on
11 April 9th, 2020. It is premarked for
12 identification as "Exhibit 18". Do you have the
13 exhibit in front of you, Ms. Descoteau?

14 A (Descoteau) Yes, I do.

15 Q Can you please identify this document?

16 A (Descoteau) Yes.

17 Q Has the document been filed previously with the
18 Commission?

19 A (Descoteau) No, it has not.

20 Q Did you prepare this document?

21 A (Descoteau) Yes, I did.

22 Q Could you briefly describe the contents of this
23 document?

24 A (Descoteau) This document represents my analysis

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 and breakdown of the administrative and general
2 expenses included in Abenaki-Rosebrook's revenue
3 requirement.

4 Q Do you wish to make any revisions or corrections
5 to Exhibit Number 18?

6 A (Descoteau) No, I do not.

7 Q Is the information contained in Exhibit Number 18
8 true and accurate to the best of your knowledge?

9 A (Descoteau) Yes, it is.

10 Q Can you briefly summarize that document for the
11 Commissioners and everyone else?

12 A (Descoteau) Exhibit 18 shows that the
13 administrative and general expenses of
14 \$87,601 included in Abenaki-Rosebrook's
15 revenue requirement, as approved by the
16 Commission on December 27th, 2018, Order
17 Number 25,205 [26,205?] is comprised of many
18 different expense accounts. After noting the
19 reference to that amount in Abenaki -- excuse
20 me -- in Omni's January 13th, 2020 filing, I
21 wanted to clarify for the record any confusion
22 regarding the "\$87,601" figure.

23 Q Could you please further explain that?

24 A (Descoteau) The "\$87,601" figure represents the

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 total administrative and general expenses for
2 Abenaki-Rosebrook. The costs related to the New
3 England Service Company management labor is
4 included in that total calculation.

5 Q And what is the amount of the New England Service
6 Company management labor in the total
7 administrative and general expense?

8 A (Descoteau) That would be \$37,688.

9 Q I'm sorry, Ms. Descoteau. Could you please
10 repeat that number for me?

11 A (Descoteau) \$35,688.

12 Q So, it's "35,688", not "37,688", correct?

13 A (Descoteau) 35,688.

14 Q Okay. Thank you. And why is it important to
15 distinguish those two numbers?

16 A (Descoteau) It shows that Abenaki is authorized
17 for recovery in rates up to \$37,688 per year for
18 the New England Service Company management labor.

19 Q I'm sorry to correct you again. I just want to
20 make sure. You said it was "37,688". It's
21 "35,688", correct?

22 A (Descoteau) Yes. It's "35". It must be my
23 speakers.

24 Q Okay. I apologize. I could be mishearing you,

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 too. I just wanted to make sure the record
2 reflected "35,688".

3 A (Descoteau) "35,688" is the correct number.

4 Q Okay. And does Abenaki-Rosebrook have any
5 full-time employees?

6 A (Descoteau) No, it does not.

7 Q So, is it accurate to categorize that \$35,000
8 amount as the equivalent of the salary if Abenaki
9 did, in fact, have full-time employees?

10 A (Descoteau) No.

11 Q Why is that?

12 A (Descoteau) That is a lower than comparable --
13 that is a lower rate than comparable utilities
14 have to do full-time staff.

15 Q And why is that difference important to note?

16 A (Descoteau) Staff understands Omni's argument to
17 be that Abenaki-Rosebrook, which does not have
18 any full-time employees, is authorized to recover
19 \$87,601. Staff understands that Omni argues
20 that, despite no full-time employees, the
21 authorized amount of \$87,601 is the equivalent
22 cost of one full-time employee. Staff believes
23 Omni contends that the \$87,601 Abenaki receives
24 in rates represents the total cost of a full-time

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 employee, that Abenaki -- that bars Abenaki from
2 recovering the cost associated with using a
3 service provider to perform the rate case
4 preparation.

5 Q Do you still maintain the \$35,000 figure is the
6 correct amount representing the amount -- no.
7 The amount -- pardon me. Do you still maintain
8 that the \$35,000 amount is the correct figure
9 representing the amount in Abenaki-Rosebrook's
10 revenue requirement that reflects NESC management
11 labor?

12 A (Descoteau) Yes, I do.

13 Q And is it your opinion that the \$35,000 amount is
14 equivalent of a utility employee's full-time
15 salary?

16 A (Descoteau) No, it is not.

17 Q Is it your opinion the \$35,000 amount should
18 cover the salary for general and admin. --

19 CHAIRWOMAN MARTIN: Attorney Tuomala,
20 can you pause for a moment, so I can recognize
21 Commissioner Giaimo? Commissioner Giaimo, did
22 you have your hand up?

23 CMSR. GIAIMO: I did. It looks -- I'm
24 just making sure that Attorney Getz is okay.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 He's been --

2 CHAIRWOMAN MARTIN: Attorney Getz, are
3 you having trouble?

4 MR. GETZ: It looks like I'm about to
5 get shut off, and I'm trying to avoid that.

6 CHAIRWOMAN MARTIN: For power reasons?
7 Do you need to get a power cord? We can pause.

8 MR. GETZ: I do have one. But it's not
9 close [?] to the wall. I could mute myself
10 before I cause a scene.

11 CHAIRWOMAN MARTIN: Just let us know
12 when you're ready to go.

13 MR. GETZ: Thank you.

14 CHAIRWOMAN MARTIN: Thank you,
15 Commissioner Giaimo.

16 *[Short pause]*

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

19 CHAIRWOMAN MARTIN: Mr. Tuomala, you
20 can proceed.

21 MR. TUOMALA: Thank you, Madam
22 Chairwoman.

23 BY MR. TUOMALA:

24 Q Ms. Descoteau, I'm going to repeat I think, I

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 believe, two questions back, just to make sure we
2 have everything on the record.

3 I'll start with the question, is it
4 your opinion as Staff that the \$35,000 amount is
5 equivalent of a utility employee's full-time
6 salary?

7 A (Descoteau) No, I do not.

8 Q And is it your opinion as Staff that the \$35,000
9 amount should cover the salary for general
10 utility administration and for rate case
11 preparation?

12 A (Descoteau) No, it is not.

13 Q Okay. I would like to turn to some of the PUC
14 rules, some of which were briefly described by
15 Attorney Brown in prior direct examination.

16 As Staff, do you review the Puc 1900
17 rules when reviewing a motion for rate case
18 expenses by a utility?

19 A (Descoteau) Yes, I do.

20 Q And does that include 1903.06, which I'll read
21 into the record, defines a "service provider" as
22 "any natural person or legal entity who provides
23 expert, consulting, administrative, or legal
24 services to a utility and whose services are not

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 already included in the utility's revenue
2 requirement"?

3 A (Descoteau) Yes, it does.

4 Q Do you have an opinion as Staff as to this rule
5 in regards to Abenaki-Rosebrook's request for
6 rate case expenses?

7 A (Descoteau) Yes, I do.

8 Q And could you just briefly describe Staff's
9 opinion?

10 A (Descoteau) In my opinion, New England Service
11 Company qualifies as a service provider, because
12 the services they performed, specifically the
13 rate case expenses, are not already reflected in
14 Abenaki-Rosebrook's revenue requirement.

15 Q Could you please further explain that statement?

16 A (Descoteau) The \$35,688 included in the revenue
17 requirement is not the equivalent to a full-time
18 employee's salary that would typically perform
19 multiple utility tasks, including administrative
20 services for preparation of a rate case.

21 Thus, the work performed by New England
22 Service Company on the rate case itself is not
23 reflected in the \$35,688 approved in
24 Abenaki-Rosebrook's revenue requirement.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q As Staff, do you also review Puc Rule 1907, which
2 are the rules pertaining to expenses not
3 recoverable as rate case expenses?

4 A (Descoteau) Yes, I do.

5 Q And, if I can specifically draw your attention to
6 1907.01, Subsection (a), which prohibits the
7 recovery of, and I quote this from the rules,
8 "Expenses for matters handled by service
9 providers that are typically performed by utility
10 management and staff of the utility, based on
11 their experience, expertise, and availability"?

12 A (Descoteau) Yes, I do.

13 Q Do you have an opinion as to the rule's
14 applicability to the present situation?

15 A (Descoteau) Yes, I do.

16 Q And could you please explain that?

17 A (Descoteau) That rule prohibits a utility from
18 recovering rate case expenses for service
19 provider charges, if that utility is also
20 recovering in its revenue requirement salary for
21 staff which could perform those same matters.
22 Essentially, it prohibits a utility from
23 double-recovering, once for the payment of a
24 full-time salary recovered through rates, and

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 then again as rate case expense recovery for a
2 service provider to perform rate case work that
3 the utility's employee should be performing.

4 Q As Staff, do you think that Rule 1907.01,
5 Subsection (a) prohibits Abenaki-Rosebrook from
6 recovering the contested NESC rate case expenses?

7 A (Descoteau) No, I do not.

8 Q Could you briefly explain why?

9 A (Descoteau) Abenaki-Rosebrook does not have an
10 employee on its payroll qualified to prepare a
11 rate case. In fact, it does not have any
12 full-time employees. New England Service Company
13 performed the rate case preparation work for the
14 Company. Furthermore, Abenaki-Rosebrook's
15 revenue requirement does not include the salary
16 of such a person to perform work in connection
17 with the preparation of a rate case.

18 Basically, the rate case expenses are
19 outside Abenaki-Rosebrook's revenue requirement,
20 including the salary for a person to perform
21 those functions. The Company seeks to recover
22 this cost on a temporary basis through a
23 surcharge, for which Staff originally recommended
24 a period of eighteen months.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q Do you also look at Rule 1907.01, Subsection (b),
2 which prohibits rate case expense recovery for
3 "Expenses typically included in a utility's
4 test-year revenue requirement or any expense for
5 which recovery is prohibited by other Commission
6 rule"?

7 A (Descoteau) Yes, I do.

8 Q Do you have an opinion as Staff as to that rule's
9 applicability in the present situation?

10 A (Descoteau) Yes, I do.

11 Q Could you please briefly explain?

12 A (Descoteau) In my opinion, that rule prohibits a
13 utility for recovering rate case expenses or
14 expenses including -- included, excuse me, in the
15 utility's test-year revenue requirement or one
16 barred by any other rule. As discussed earlier,
17 these expenses, which were extensively vetted by
18 Staff, were not shown to be in
19 Abenaki-Rosebrook's test-year revenue
20 requirement.

21 Q As Staff, do you think that Rule 1907.01,
22 Subsection (b), prohibits Abenaki-Rosebrook from
23 recovering the NESC rate case expenses?

24 A (Descoteau) No, it does not.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q Could you briefly explain why?

2 A (Descoteau) Again, as explained, these expenses
3 were not shown in the test year, and are not
4 ultimately approved in the revenue requirement.

5 Q Is it Staff's opinion that the contested rate
6 case expenses of \$26,369 are allowable and just
7 and reasonable pursuant to the criteria described
8 in the PUC's 1900 rules, specifically 1904.02 and
9 1906 sections, or any other applicable section of
10 the 1900 rules?

11 A (Descoteau) Yes, I do.

12 Q Have you had similar experience analyzing rate
13 case expense requests that are similar to this
14 present situation?

15 A (Descoteau) Yes, I have.

16 Q Could you briefly explain?

17 A (Descoteau) I have analyzed and recommended
18 approval of rate case expenses in multiple
19 dockets, including DW 17-118, for Hampstead Area
20 Water Company.

21 Q And could you briefly explain how that is
22 similar?

23 A (Descoteau) There I recommended approval of
24 recovery for the cost of a return on equity

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 expert, which helped to prepare the Company's
2 rate case. I examined the Company's request in
3 light of the PUC rules, and determined that the
4 Company should recover that cost. The Company,
5 similar to this situation, did not have an
6 employee to handle that work, nor did it have the
7 salary of someone commensurate in its revenue
8 requirement who should perform that work.

9 As such, I recommended approval for the
10 recovery of that cost.

11 Q Could you please summarize, in Staff's own words,
12 what the outcome would be if Omni's arguments
13 prevail, and Abenaki-Rosebrook is barred from
14 recovery of these contested rate case expenses?

15 A (Descoteau) Abenaki-Rosebrook would be denied
16 recovery for payment of work actually performed,
17 for work that was not reflected in the revenue
18 requirement. In other words, it would be as if
19 the rate case preparation had been done for free.
20 There were no full-time employees collecting a
21 salary through the collection of rates to perform
22 the work, and denying the rate case expenses
23 prohibits Abenaki from collecting for work it
24 paid to New England Service Company to perform,

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 work that no one else at Abenaki could
2 accomplish.

3 Q In conclusion, do you, as Staff, believe that
4 Abenaki-Rosebrook is entitled to this recovery
5 pursuant to the PUC rules, and agree that the
6 resulting rates to customers are just and
7 reasonable?

8 A (Descoteau) Yes, I do.

9 Q Do you have anything else you would like to add
10 to the record?

11 A (Descoteau) No, I do not.

12 MR. TUOMALA: Thank you for your time,
13 Ms. Descoteau. Madam Chairwoman, that concludes
14 my direct testimony.

15 CHAIRWOMAN MARTIN: Okay. Thank you.
16 Mr. Getz.

17 MR. GETZ: Hello?

18 CHAIRWOMAN MARTIN: Yes.

19 *[Multiple parties speaking at the same*
20 *time.]*

21 MR. GETZ: I have some questions for
22 Ms. Descoteau.

23 CHAIRWOMAN MARTIN: Just a minute.
24 Commissioner Giaimo.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 CMSR. GIAIMO: To the extent it
2 matters, I don't -- I don't see Attorney Getz's
3 face. I don't know if his camera is off.

4 CHAIRWOMAN MARTIN: His camera is on.
5 I can see him.

6 CMSR. GIAIMO: Okay.

7 CHAIRWOMAN MARTIN: Can you see the
8 witnesses?

9 CMSR. GIAIMO: I can see -- no. I lost
10 Ms. Descoteau and Mr. LaChance. I do see Mr.
11 Vaughan.

12 CHAIRWOMAN MARTIN: Okay. Do you want
13 to try going out and coming back in again?

14 CMSR. GIAIMO: Sure. Just -- okay. If
15 everyone stays here, I can -- my system is
16 catching up. There we go. They're coming back.
17 Thank you.

18 CHAIRWOMAN MARTIN: Okay. Attorney
19 Getz.

20 MR. GETZ: Thank you, Madam Chair. Ms.
21 Descoteau, a number of questions.

22 **CROSS-EXAMINATION**

23 BY MR. GETZ:

24 Q To begin, the rate case expenses are nonrecurring

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 expenses, is that correct?

2 A (Descoteau) Correct.

3 Q And nonrecurring expenses are typically not part
4 of the revenue requirement for any utility, is
5 that correct?

6 A (Descoteau) Most of the time not.

7 Q And rate case expenses, they must be actual,
8 known, and measurable, is that correct?

9 A (Descoteau) Yes.

10 Q And they can be recovered if they are just,
11 reasonable, and in the public interest. Is that
12 correct as well?

13 A (Descoteau) Yes.

14 Q And is it true that allowable expenses include
15 fees for experts, consultants, lawyers, and
16 accountants? Is that true?

17 A (Descoteau) Yes.

18 Q And, in this case, that included Ms. Brown and
19 Mr. St. Cyr, is that correct?

20 A (Descoteau) Yes.

21 Q And they qualify as "service providers", because
22 the services they provide are not included in
23 Abenaki's revenue requirement, is that true?

24 A (Descoteau) That's true.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q However, if Abenaki, the Rosebrook Division, had
2 an employee with the same experience, expertise,
3 and availability as Mr. St. Cyr, then that work
4 of an outside consultant on the rate case would
5 not be allowed. Is that correct?

6 A (Descoteau) Not necessarily. If the -- if the
7 work hadn't been recovered already in revenue
8 requirement, we would look at it to be allowed.

9 Q Well, rate case expenses, that's nonrecurring
10 expenses or charges, are never included in the
11 revenue requirement, isn't that correct?

12 A (Descoteau) That's correct.

13 Q So, in this case, where Mr. St. Cyr did some
14 accounting work, if Abenaki-Rosebrook had an
15 employee with the same experience and expertise
16 as him, then Mr. St. Cyr's charges would not be
17 recoverable. Is that true?

18 A (Descoteau) Abenaki does not have any employees.
19 So, it wouldn't have that situation.

20 Q If you accept the hypothetical that they did,
21 would that be the situation?

22 A (Descoteau) Not necessarily.

23 Q But, if you look at Rule 1907.01(a), --

24 A (Descoteau) Rate case expenses aren't typically

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 performed on a daily basis. They're over and
2 above the daily basis.

3 Q I'm not sure I know what that means. But that --
4 can you elaborate on that?

5 A (Descoteau) Well, 1907.01(a) states that
6 "Expenses for matters handled by service
7 providers that are typically performed by utility
8 management and staff of the utility", and then it
9 goes on. But this doesn't -- but preparing a
10 rate case isn't a typical performance. They
11 don't do that on a daily basis. It wouldn't be
12 included in the revenue requirement, because it's
13 not done on a typical basis.

14 Q So, I think what you're saying is "it's a
15 nonrecurring expense, but it shouldn't be
16 recovered." Is that what you're saying?

17 A (Descoteau) It would be recovered outside of the
18 rate case.

19 Q Okay. If Mr. St. Cyr were an employee of
20 Abenaki-Rosebrook, would the time he spent on
21 rate case preparation be recoverable?

22 A (Descoteau) He isn't an employee of Abenaki,
23 though.

24 Q Would you accept the hypothetical that --

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (Descoteau) I cannot consider that question.

2 Q Can you accept the hypothetical that, if he were
3 an employee, with this expertise as an
4 accountant, that the time he spent on preparation
5 of the rate case would not be recoverable,
6 because his services are already in the revenue
7 requirement?

8 A (Descoteau) No. His services would not
9 necessarily be in the revenue requirement,
10 because, if it was work to prepare the rate case,
11 it would be separated and would be looked at for
12 a surcharge beyond the rate case.

13 Q So, even if he were a full-time employee of the
14 Rosebrook Division, with a salary commensurate to
15 what you believe is the appropriate salary of a
16 full-time employee, and that salary was in the
17 revenue requirement, your position is that any
18 charges for rate case expenses would also be
19 recoverable?

20 A (Descoteau) You're not comparing apples with
21 apples, though, because this Company doesn't have
22 employees. So, even in the hypothetical
23 situation, it wouldn't affect this case.

24 Q But in -- what's your opinion of the

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 hypothetical? Would those --

2 A (Descoteau) I don't have one. I don't. I can't,
3 not at this time.

4 Q Let me ask you about your exhibit, it's Staff
5 Exhibit I believe it's 18. And you make
6 reference to a filing that Omni made, referring
7 to "\$87,601" in administrative and general
8 expenses. Is it your point that, when I made
9 that filing, instead of referring to "\$87,601"
10 for administrative and general expenses, I should
11 have said "\$35,688" for administrative and
12 general salaries?

13 A (Descoteau) Yes.

14 Q But it's also your opinion that the salaries for
15 NESC employees are in Abenaki's revenue
16 requirement, is that correct?

17 A (Descoteau) No.

18 Q So, Abenaki's revenue -- well, if I turn you to
19 the document you filed December 11, 2019, that's
20 your explanation, which I think that should be
21 Exhibit Number 15. And turn to Page 5. Are you
22 there?

23 A (Descoteau) I am.

24 Q So, the last full paragraph, the second sentence,

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 says "The total amount of Admin. and General
2 salaries included in revenue requirement is
3 \$35,688." Do you see that?

4 A (Descoteau) Yes.

5 Q So, then, in Rosebrook's revenue requirement,
6 there is some number, some value of salary of the
7 employee of the Service Company, is that correct?

8 A (Descoteau) It is correct.

9 Q And your opinion is -- well, let me ask this.
10 Strike that. So, New England Service Company is
11 the service company for Abenaki, the parent.
12 There are several other affiliates, including
13 Rosebrook, and Bow, White Rock. Each of those
14 subsidiaries pays, out of its rates that it
15 collects from customers, pays a cost to Abenaki
16 every month, is that correct?

17 A (Descoteau) Yes. For work performed during that
18 month.

19 Q And, as I take it from what I've heard from Mr.
20 Vaughan earlier, the subsidiaries were not large
21 enough, in his view, to have their own employees.
22 So, they elected to have a service company, where
23 the employees would reside. The employees would
24 do the work for each of the subsidiary regulated

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 utilities, and each of those subsidiary utilities
2 would pay some amount to contribute to the
3 salaries of the Service Company employees. Is
4 that correct?

5 A (Descoteau) Yes.

6 Q So, it appears that you're taking the position
7 that it may be the case that an employee of a
8 regulated utility, a direct employee of a
9 regulated utility, that employee's salary may --
10 strike that. I'm sorry. This is confusing. So,
11 when you have a regulated utility who has its own
12 employees, to the extent those employees work on
13 a rate case, those rate case expenses are not
14 recoverable, because their salaries are included
15 in the revenue requirement. Is that an accurate
16 statement?

17 A (Descoteau) No.

18 Q And can you explain why?

19 A (Descoteau) During -- if you had a salaried
20 employee for a water utility, they would not be
21 doing their normal everyday job to be doing the
22 rate case. Perhaps, in over time, it happens
23 once in a while, for everyday work in the usual
24 forty hours. If they work on the rate case, they

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 would charge it separately, and they wouldn't be
2 doing their normal everyday work. So, we
3 wouldn't be able to consider that.

4 If there was a management fee that
5 was -- well, strike that. I'm not going to go
6 there.

7 Q So, even though the employee's services are
8 included in the revenue requirement, you would
9 recommend to the Commission that their work on a
10 rate case be recoverable as a separate rate case
11 expense?

12 A (Descoteau) Not necessarily. There are a lot of
13 factors involved in needing to look at the rate
14 case expense, and if it's been recovered and if
15 it hasn't been recovered. And that's what we've
16 done in this case.

17 Q So, let me ask this question. Are you familiar
18 with Docket Number DW 15-199, which was Abenaki's
19 rate case for Bow and Belmont?

20 A (Descoteau) Yes, I am.

21 Q And have you reviewed the Commission's final
22 order in that case?

23 A (Descoteau) Not recently.

24 Q Do you happen to recall if the order in that case

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 specifically discussed the recoverability of rate
2 case expenses from affiliates?

3 A (Descoteau) I believe it did.

4 Q Do you believe it is actually discussed in the
5 final order, the Order Number --

6 A (Descoteau) I don't have that order in front of
7 me.

8 Q Are you aware of when the 1900 rules took effect?
9 Or, would you accept that they took effect in
10 November of 2013?

11 A (Descoteau) Yes.

12 Q Let me ask another question. Did Abenaki, when
13 it filed its rate case filing, include a
14 description of its estimated rate case expenses,
15 as required under the Commission's Rule 1905?

16 A (Descoteau) I don't have that information in
17 front of me. I don't have the full record in
18 front of me right now.

19 Q Would it -- if they had not filed a detailed
20 description, and had not updated that
21 description, would it be fair to say that they
22 did not conform to the requirements of Puc
23 Chapter 1900?

24 A (Descoteau) Where those rules were put in in

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 2013, we've been allowing companies to get used
2 to those rules, and have been cutting them a
3 little bit of slack, for a better word, to be
4 able to get used to those rules. And we tell
5 them when they don't adhere to them, and, during
6 the following rate case, we expect them to
7 totally adhere to them.

8 Q But did you have such a conversation with
9 Rosebrook in this case?

10 A (Descoteau) Not me, specifically. But I believe
11 the conversation was made within the department.

12 Q Are you familiar with other cases with Rosebrook,
13 particularly docket 15-199? In that case, did
14 Abenaki submit a update of its rate case expenses
15 in that case? Are you aware?

16 A (Descoteau) I don't know.

17 MR. GETZ: That's all the questions I
18 have, Madam Chair.

19 CHAIRWOMAN MARTIN: Okay. Thank you.
20 Attorney Kreis.

21 MR. KREIS: Thank you, Madam
22 Chairwoman.

23 BY MR. KREIS:

24 Q I think I want to go back to Mr. LaChance, if I

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 might. And I am really interested in getting to
2 the right answer here, because I want the Company
3 to recover the costs that it should recover, and
4 I don't want them to double-recover anything.
5 And, so, I think I want to make sure I understand
6 Mr. LaChance's testimony.

7 Mr. LaChance, if I understand you
8 correctly, your position is that your company is
9 not double-recovering anywhere for the costs of
10 any of its employees, correct?

11 A (LaChance) That is correct.

12 Q And you, with respect to the expenses that we're
13 talking about here, your testimony was that your
14 company is accounting separately --

15 *[Clock chiming in the background.]*

16 MR. KREIS: Sorry for the chiming of
17 the clock in the background. I can't mute it. I
18 guess that means it's noon.

19 BY MR. KREIS:

20 Q Your testimony --

21 MR. KREIS: It's going to chime twelve
22 times.

23 WITNESS LaCHANCE: Saved by the bell.

24 MR. KREIS: I'll let the court reporter

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 decide how to reflect that in the transcript.

2 That will be interesting.

3 BY MR. KREIS:

4 Q So, your testimony is that your company accounted
5 for separately the time that the employee spent
6 on the rate case that we're arguing about?

7 A (LaChance) That is correct. That time is
8 specifically booked to a deferred debit account.

9 Q And, presumably, those employees's time that is
10 accounted for in Abenaki-Rosebrook's regular
11 revenue requirement, that's also accounted for
12 separately?

13 A (LaChance) That is correct.

14 Q And the time that those employees spent on other
15 companies, that have nothing to do with anything
16 we're talking about here, is also accounted for
17 separately?

18 A (LaChance) That is correct.

19 Q So, my question for you is, where in the record
20 would I look to assure myself, and to assure the
21 Commission, that the total recovery, as to any of
22 these employees, is equal to whatever their
23 actual cost is, that there's no double-recovery?
24 Where in the record is that nondouble-recovery

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 demonstrated?

2 A (LaChance) Let me see if I am on the same -- let
3 me see if I'm thinking correctly with what you're
4 asking.

5 So, are you essentially looking for a
6 reconciliation of Employee A's expense for rate
7 case, plus their expense on normal reoccurring
8 business, so then --

9 CHAIRWOMAN MARTIN: Mr. LaChance? Mr.
10 LaChance, can you pause for a moment. I can't
11 see you.

12 Commissioner Giaimo, can you see him?

13 CMSR. GIAIMO: I'm in the same
14 situation you are. No.

15 CHAIRWOMAN MARTIN: Let's give it a
16 second, you're coming in --

17 MS. MULLHOLAND: Madam Chairwoman, this
18 is Kath Mullholand. Can we go off the record
19 please?

20 CHAIRWOMAN MARTIN: Go ahead.

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

23 CHAIRWOMAN MARTIN: All right. Mr.
24 Kreis. Back on the record please, Steve.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 MR. KREIS: Okay. Let's me just help
2 Mr. LaChance out a little bit by maybe restating
3 my question.

4 BY MR. KREIS:

5 Q And my question was, where in the record do I
6 look for assurance that, as to any of the Service
7 Company employees whose time spent on the rate
8 case we are now arguing about, their time is only
9 recovered once, either in connection with the
10 rate case, in connection with
11 general/administrative expense, which is in the
12 Company's revenue requirement, or from work that
13 those employees performed that had nothing to do
14 with Abenaki Water Company's Rosebrook water
15 system?

16 A (LaChance) In the record, you're not going to --
17 you're not going to see expenses associated for
18 labor that was utilized for companies outside of
19 Abenaki. That won't be there.

20 I think the most reliable document that
21 is going to illustrate the difference between
22 ongoing expenses and in the deferred account is
23 going to be in Staff's audit.

24 Q Which exhibit number would that be?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) So, it's going to be Exhibit 13,
2 further supported by Exhibit 15.

3 Q Okay. So, maybe then the question is really for
4 Ms. Descoteau. Where in your audit documents, I
5 suppose Exhibits 13 and 15 that were just
6 referenced, do I look to assure myself, and,
7 therefore, the customers of the Company, that
8 there isn't any double-recovery happening here,
9 because the rate case expenses are not included
10 in the administrative and general expenses that
11 are being recovered here in the Company's regular
12 revenue requirement, and any of the other costs
13 associated with these employees are being
14 recovered from some other utility in some other
15 case, either here in New Hampshire or outside of
16 New Hampshire?

17 A (Descoteau) In my document that I submitted on
18 December 11th, filing the Exhibit Number 15.

19 Q Let me just take a look at Exhibit 15.

20 A (Descoteau) Yes.

21 Q Okay.

22 A (Descoteau) I'm trying to pull up the best place
23 to show it. On Page 4 of 5, it discusses the
24 Audit Report Page 45, and it shows a listing of

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 accounts. And a lot of these accounts are
2 displaying operation and maintenance accounts.
3 But, if you look about three-quarters of the way
4 down, "Admin. & General Salaries", is "\$35,688".
5 That was what was approved in revenue
6 requirement.

7 Q Okay. And, so, how do I know that there is no
8 rate case work accounted for in that \$35,688?

9 A (Descoteau) Through our testimony that we've
10 reviewed those costs.

11 Q Okay. I think that my next question is -- oh,
12 I'm sorry. Mr. LaChance is waving.

13 WITNESS LaCHANCE: Yes. Could I add a
14 supplement, just from the Company's point of
15 view?

16 CHAIRWOMAN MARTIN: I'm sorry. I
17 didn't see that.

18 MR. KREIS: So, it really is your
19 attorney's job to decide whether to ask you any
20 questions. I do not have a question pending with
21 you right now.

22 WITNESS LaCHANCE: Okay.

23 BY MR. KREIS:

24 Q But I do have a question to ask you, and that has

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 to do with Exhibit 17. As I understand it,
2 Exhibit 17 lays out some additional rate cases
3 expense -- additional rate case expenses of close
4 to \$12,000 that are over and above the \$26,000 of
5 rate case expenses that we've been talking about.
6 Do I have that correct?

7 A (LaChance) That's correct.

8 Q Is your company asking for the Commission to
9 decide here and now, based on this record, that
10 11.8 thousand --

11 A (LaChance) My -- I don't know if I froze or if
12 you froze, but I cut out halfway between your
13 question --

14 MS. MULLHOLAND: Madam Chairwoman, this
15 is Kath Mullholand. Can we go off the record
16 please?

17 CHAIRWOMAN MARTIN: Yes. Let's go off
18 the record. I lost him as well.

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

21 CHAIRWOMAN MARTIN: Are you ready to go
22 back on the record?

23 MR. KREIS: Yes, I am. And I apologize
24 for the interruption.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 BY MR. KREIS:

2 Q And my question was -- has to do with whether the
3 Company is asking for approval of the rate case
4 expenses reflected in Exhibit 17?

5 A (LaChance) Yes, we would be, provided that we
6 provide the additional supplementary backup to
7 substantiate those costs.

8 Q And then, circling back to the discussion of the
9 affiliate service agreement, I just want to make
10 sure I understood the import of the testimony
11 about that agreement.

12 Is your testimony that the rate case
13 work that your employees did is within the scope
14 or outside of the scope of that agreement?

15 A (LaChance) It's within the scope of the
16 agreement, in the context that the scope of the
17 agreement outlines how it would be billed.

18 MR. KREIS: Okay. Thank you. Madam
19 Chairwoman, those are all the questions I have of
20 these witnesses.

21 CHAIRWOMAN MARTIN: Okay. Thank you.
22 Mr. Mueller, did you have questions?

23 MR. MUELLER: I do. Yes, I do.

24 CHAIRWOMAN MARTIN: You can go right

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 ahead.

2 MR. MUELLER: Okay.

3 BY MR. MUELLER:

4 Q And I'll start with Robyn. Robyn, is it true
5 that the rate case expenses as submitted include
6 salaries for executive and managerial employees
7 for New England Service Company?

8 A (Descoteau) Yes.

9 Q And, as salaried employees, those are exempt from
10 overtime. In other words, there is no direct
11 additional incremental cash cost to that. Is
12 that correct?

13 A (Descoteau) I don't know right now. I don't
14 recall.

15 Q Well, let me rephrase it. In other words, if
16 they're salaried, they're exempt. They wouldn't
17 get paid any more or less if they spent zero
18 hours of rate costs or 2,080 hours of rate costs.
19 They would be paid the same amount regardless?

20 A (Descoteau) Yes. But I'm not sure the agreement
21 specifies that or not. I'd have to look at the
22 management agreement.

23 Q Okay. So, let's assume, if we stipulate for a
24 second they're not paid any additional amount for

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 an hour of rate case expenses, then, if they're
2 not paid any more, does that meet the definition
3 of an "actual expense" that they can recover?
4 Because, if there's no direct cash cost, how
5 could it be considered an actual cost?

6 A (Descoteau) I don't understand the question.

7 Q So, if there's no additional incremental cash
8 costs to a salaried employee spending an hour on
9 the rate case, because they're salaried, they're
10 exempt, --

11 A (Descoteau) Uh-huh.

12 Q -- then how could that be considered an actual
13 cost? There's no cost. There's no --

14 A (Descoteau) Because it's the time that they're
15 working on the case. Even though they're
16 salaried, they break up their time that, you
17 know, say, 40, 45 hours, they will break up their
18 time to how much they worked at each division.

19 MR. MUELLER: Okay. I have more
20 detailed questions, but I had a question for the
21 Chairwoman before I proceed?

22 CHAIRWOMAN MARTIN: Yes.

23 MR. MUELLER: So, my question is, when
24 I proceed, I'm going to get into actual detailed

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 charges that I have computed to a salary or a
2 compensation amount for a person with a certain
3 title. So, I don't -- I'm not going to refer to
4 a name, but to a title. So, I don't want to
5 cause any confidentiality problems. Again, it's
6 not a name, it's a title.

7 CHAIRWOMAN MARTIN: Is there an
8 objection to that?

9 *[No verbal response.]*

10 *[Atty. Brown indicating in the*
11 *negative.]*

12 MR. MUELLER: Okay. Thank you.

13 CHAIRWOMAN MARTIN: I don't see any
14 objection. So, you can proceed.

15 MR. MUELLER: Okay.

16 BY MR. MUELLER:

17 Q So, Robyn, I'm going to call your attention to
18 Exhibit 24, Page 37.

19 A (Descoteau) Let me pull that up. Okay.

20 Q The second line in there has a rate case charge
21 for a Controller at a rate of "\$79.12" an hour?

22 A (Descoteau) Yes.

23 Q If we then extended that by 2,080 hours, which
24 was quoted before, that would infer a salary that

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 they would charge for of \$164,570 a year, is that
2 correct?

3 A (Descoteau) Repeat that.

4 Q Sure. If I take the rate "\$79.12" per hour,
5 times 2,080 hours in a year, that would infer a
6 salary of \$164,570 annually.

7 A (Descoteau) Looking at it the way that you're
8 looking at it, yes, it does. But that \$79 charge
9 also includes benefits.

10 And I'm seeing Mr. LaChance shake his
11 head that he's agreeing with me on that. If you
12 want to get him on the record, you can do that.

13 But that \$79 charge is the labor dollar
14 and their benefit portion.

15 Q Okay.

16 A (Descoteau) Not their actual salary amount.

17 Q Okay. Let's stipulate that. In your opinion, if
18 it's labor and overhead of 160 -- let's call it
19 165,000 a year, is that a reasonable charge,
20 under the rules that you quoted in 1907, for a
21 small water company with about \$7 million in
22 revenues per year?

23 A (Descoteau) Yes, with benefits included. It's
24 salary and benefits, that would be in the realm

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 of the salary.

2 Q You've seen that in other rate cases?

3 A (Descoteau) Yes.

4 Q Okay. I'll also then go to refer you, it's in
5 the same exhibit, Page 35. Just let me know when
6 you're on that page.

7 A (Descoteau) Okay.

8 Q So, for the same title, "Controller", there's a
9 rate there of "\$65.25"?

10 A (Descoteau) Right.

11 Q And that invoice is dated April, the one we
12 talked about just previously was dated in May.

13 A (Descoteau) Uh-huh.

14 Q So that then is an increase in the hourly charge,
15 \$65.25 in April, to \$79.12 in May, which
16 represents an increase of 21 percent in one
17 month. Is that correct?

18 A (Descoteau) That's what the calculation shows.

19 Q And do you think that's reasonable, again, for a
20 small water company with \$7 million in revenue?

21 A (Descoteau) Yes.

22 Q Okay. I mean, do you have any idea what a 21
23 percent increase would be made up of? I mean,
24 certainly, cost of labor rates aren't going up.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (Descoteau) Actually, it could be a cost of labor
2 rate, because we don't know -- we, at the Public
3 Utilities Commission, I don't have a list in
4 front of me right now of what makes up that
5 amount. However, it's possible that the
6 insurance went up, or the salary, the yearly
7 salary increase might have happened, if they had
8 one. But, definitely, the benefits continue to
9 rise and fall during the course of the year. And
10 it's very possible that the health insurance went
11 up that much in one year.

12 Q Okay. On the same exhibit, I refer you to Page
13 30. Let me know when you're there.

14 A (Descoteau) I'm having a hard time seeing the
15 numbers, because they type over another set of
16 numbers. Do you have the Bates Page number at
17 the bottom?

18 Q I don't have it at the bottom. It's -- can you
19 see the page number at the top right-hand
20 corner?

21 A (Descoteau) In the top right-hand corner, I can
22 see the type, something behind it, so I'm having
23 a hard time seeing the number. Which number are
24 you looking at?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q So, it's May.

2 A (Descoteau) Okay. And what number are you
3 looking at?

4 Q The page number or the invoice number?

5 A (Descoteau) The invoice number.

6 Q So, it says "MAY2019RB".

7 A (Descoteau) Okay.

8 Q All right. So, the second line there is a charge
9 for "Affiliate Agreement Customer Service", and
10 the rate is "\$44.00" a month?

11 A (Descoteau) Right.

12 Q \$44.00 per hour, I mean?

13 A (Descoteau) Yes.

14 Q All right. And then -- just get you the page
15 number. And then, if we go to the previous month
16 for the same person, this would be Page 34 of the
17 same exhibit. Let me know when you pull that up.

18 CHAIRWOMAN MARTIN: Can we get some
19 clarity as to what page you are looking at in the
20 exhibit? I think some folks may be having a
21 little trouble following.

22 MR. MUELLER: The page --

23 CHAIRWOMAN MARTIN: Do you have the
24 page, the Bates page number you can share?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 MR. MUELLER: The exhibit page number
2 is Page 34.

3 CHAIRWOMAN MARTIN: Thank you.

4 WITNESS DESCOTEAU: Okay.

5 BY MR. MUELLER:

6 Q All right. And that has a rate for the same
7 titled person of "37.79" per hour.

8 A (Descoteau) Uh-huh.

9 Q And, so, if we just compare from April to May
10 then, that person's rate increased from 37.79 per
11 hour to \$44.00 an hour, for a 17 percent
12 increase. And, again, do you find that to be
13 reasonable?

14 A (Descoteau) I know we vetted all of the costs
15 associated with the rates. So, I would have to
16 say so.

17 MR. MUELLER: Okay. That's all I had.
18 Thank you. Madam Chairwoman, that's all I had
19 for questions.

20 CHAIRWOMAN MARTIN: Yes. Thank you.
21 Commissioner Bailey, did you have a question you
22 wanted to ask for clarity?

23 CMSR. BAILEY: I didn't follow you,
24 when you were on Page 30, because my Bates

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Page 030 is an invoice from March 31st, and you
2 were referring to an invoice from May. So, I
3 would appreciate it if you could show me what you
4 were trying to get there. I don't know if I was
5 on the right page.

6 MR. MUELLER: So, was it with respect
7 to the Controller or the Customer Service
8 Representative?

9 CMSR. BAILEY: It was the last line of
10 questioning that you were asking. I think it was
11 the Customer Service Representative. And, on my
12 Page 30, Bates Page 030, there's no Customer
13 Service Representative charges.

14 MR. MUELLER: Okay. So, the two
15 invoices that I referred to for Customer Service,
16 the last one was Exhibit 24, Page 34.

17 CMSR. BAILEY: Right. I have that.
18 And I can see that, --

19 MR. MUELLER: And then --

20 CMSR. BAILEY: -- on that page, for
21 "Affiliate Customer Service", is "37.79".

22 MR. MUELLER: Yes. Then, the next
23 month, for May, so that's Exhibit 24, Page 36, --

24 CMSR. BAILEY: Okay.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 MR. MUELLER: -- that was the "\$44.00"
2 an hour.

3 CMSR. BAILEY: Okay. I see that. I
4 got lost --

5 MR. MUELLER: Okay.

6 CMSR. BAILEY: I got lost when you were
7 on Page 30.

8 MR. MUELLER: Yes. I was trying to
9 help Robyn out with the previous pagination.

10 CMSR. BAILEY: Okay. All right. I'm
11 good. Thank you.

12 MR. MUELLER: Okay.

13 CHAIRWOMAN MARTIN: Attorney Getz, did
14 you have your hand up?

15 MR. GETZ: Madam Chair, I was asking if
16 it would be permissible to follow up on one of
17 the questions Mr. Mueller asked of Ms. Descoteau?

18 CHAIRWOMAN MARTIN: Is there any
19 objection?

20 MR. MUELLER: Go ahead.

21 MS. BROWN: None from Abenaki.

22 CHAIRWOMAN MARTIN: Okay. Thank you.
23 You can proceed.

24 MR. GETZ: Thank you.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 BY MR. GETZ:

2 Q Ms. Descoteau, Mr. Mueller asked you a question
3 about a salaried employee. And I believe the way
4 he put it was, if there's a salaried employee who
5 doesn't get overtime, he was asking how their
6 work on this rate case would be treated? And I
7 believe you said that you would look at the hours
8 that were spent by such an employee, but then you
9 would allow recovery of rate case expenses from
10 this salaried employee for what they did on a
11 rate case, even though there was no incremental
12 cost to the utility. Is that correct?

13 A (Descoteau) I would allow -- or, the Commission
14 would allow, well, not the Commission, the Staff
15 would recommend that recovery would be accepted,
16 if the employee's time sheet shows that the
17 salaried employee worked a certain number of
18 hours on a rate case, versus working on
19 accounting issues, because it would take them
20 away from their everyday accounting issues to
21 have them work on their rate case.

22 Q So, even in a situation, like here, so you have a
23 service company, where the service company
24 employee is effectively compensated, paid for by

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 all of the various affiliates. And they would
2 get their full salary, the parent would be
3 compensated for their salaries. But you would
4 set aside any actual work they did on a rate case
5 and allow recovery of that as well?

6 A (Descoteau) No, because, when they work an
7 eight-hour day, they're only charging eight
8 hours' worth of time to projects. They're not
9 charging the extra hours, unless they work
10 overtime. And then, with salaried employees,
11 they took that time and did a calculation, so
12 that everybody would get the same, the correct
13 amount.

14 And I can't describe that particularly
15 right this minute, because I don't have it in
16 front of me. But I know that there's a
17 calculation to get the forty hours of employees,
18 if they work overtime, down to the right amount.

19 And Nick LaChance might be able to go
20 further into that.

21 Q So, if you had an employee with a salary of
22 \$100,000, of course, the employee gets their
23 \$100,000 regardless. That \$100,000 is split up
24 among and allocated among the various regulated

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 utilities. So, there's recovery to the parent
2 for their salaries. But, then, you would still
3 allow, in addition to the recovery of their
4 salaries, the specific rate case expenses?

5 A (Descoteau) No, because the salaried employees
6 charges their time out to what they work on
7 during the course of a day. And they're not
8 going to be able to work at the same time on a
9 rate case and accounting issues, at the same
10 time, they have to work on one or the other.
11 And, if they're not working on reconciling, for
12 instance, month-end procedures, then they're
13 working on the rate case. And, if they're
14 working on the rate case, they can't do month-end
15 procedures. So, they need to be able to recover
16 that amount, because they worked on the rate
17 case, and they didn't put it in the everyday
18 figures.

19 Q But the Company is recovering for their salary,
20 plus for their work on the rate case expense?

21 A (Descoteau) They have not yet, that I know of.

22 MR. GETZ: Okay. If it were allowed,
23 yes.

24 That's all I have, Madam Chair. Thank

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 you.

2 CHAIRWOMAN MARTIN: Thank you. I just
3 want to check in with Mr. Patnaude.

4 *[Brief off-the-record discussion*
5 *ensued.]*

6 CHAIRWOMAN MARTIN: Commissioner
7 Bailey.

8 CMSR. BAILEY: Thank you. I had some
9 similar questions along this line. So, I'll
10 start with that.

11 BY CMSR. BAILEY:

12 Q Mr. Vaughan, could you tell me, do you receive an
13 annual salary?

14 A (Vaughan) I do.

15 Q And does your annual salary vary, depending on
16 how many hours you work?

17 A (Vaughan) No, it does not.

18 Q And, Mr. LaChance, could you explain again how
19 Mr. Vaughan's salary gets allocated to all the
20 subsidiaries under the New England Service
21 Company?

22 A (LaChance) Sure. So, Mr. Vaughan's total salary
23 will be divided by 2,080, which would be 52
24 40-hour workweeks, to come up with an hourly

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 rate. His benefits would also be broken out into
2 an hourly rate as well. Benefits, plus his wage,
3 would then give us a total cost, on an hourly
4 basis, that is used to employee Mr. Vaughan. And
5 then, as he utilizes his time on any given day,
6 he specifically notates the amount of time per
7 account that he is spending. And then, on a
8 monthly basis, New England Service Company would
9 allocate those charges to any one of its
10 subsidiaries that he charged time to, and/or to
11 New England Service Company itself.

12 Q Okay. And then, in a rate case, in this rate
13 case, we had charges allocated during the test
14 year, I think that -- let me just find the right
15 question.

16 Okay. New England Service Company, on
17 Exhibit 15, Page 3, billed Abenaki \$109,816
18 during the test year. Billed Abenaki, correct?

19 A (LaChance) Billed Abenaki in total for admin. and
20 general, yes.

21 Q In the test year?

22 A (LaChance) That's correct.

23 Q And Abenaki allocated \$60,604 of those -- of that
24 amount to Rosebrook during the test year. Is

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 that correct?

2 [*Court reporter interruption due to*
3 *inaudible audio.*]

4 **BY THE WITNESS:**

5 A (LaChance) Yes. So, \$60,604 is attributed to
6 Rosebrook, yes.

7 BY CMSR. BAILEY:

8 Q Right. But the \$35,688 that is in the revenue
9 requirement is \$60,604, minus some credit of
10 \$24,916 that happened during the test year, is
11 that correct?

12 Exhibit 16, Page 45, and Exhibit 15 --
13 oh, Exhibit 16, Page 45, is where you find the
14 \$35,688 that's included --

15 [*Court reporter interruption.*]

16 BY CMSR. BAILEY:

17 Q Exhibit 16, Page 45, is where you find that
18 \$35,688, is included in the revenue requirement,
19 and that's for general salaries and admin.,
20 correct?

21 And Ms. Descoteau and Mr. LaChance,
22 anybody on the panel who can answer my questions.

23 A (Descoteau) I can answer that question.

24 Q Thank you.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (Descoteau) This is Robyn. What you're seeing
2 here are two different things. The 60,000 that
3 was allocated to Rosebrook was a figure that was
4 taken in total, and it was what they used in
5 their New Hampshire PUC Report.

6 But, when the auditors were going
7 through it, Abenaki had been doing adjustments,
8 and they did reclasses, and they also brought
9 down the costs in their management fee from a
10 certain amount, from like a set amount of \$60 to
11 their actual salary amount, which saved money.
12 And the total that actually hit administrative
13 and general salaries is the \$35,688, and that was
14 what got put into the revenue requirement.

15 The 60,000 was just what was recorded
16 on the PUC report, when they were just
17 approximate numbers, I would guess "approximate"
18 might be the right word. That was before
19 adjustments.

20 Q Well, Exhibit 15 says there was a credit of
21 \$24,916. Let me see if I can find the page.
22 Under Executive Summary, on Page 1.

23 A (Descoteau) Right. That was the -- that was with
24 the adjustment. That they found that they either

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 reduced their costs by changing it from the
2 affiliate agreement, where it stated the \$60, and
3 then they decided to start charging it at a
4 reduced rate to save the Company money. Or, it
5 could have been that they found things that
6 needed to be reclassified, and reclassifications
7 were done. And those would have all totaled the
8 \$24,916.

9 Q So, but for that adjustment, Rosebrook would have
10 had \$60,604 for general salaries and admin. in
11 the revenue requirement, but Staff adjusted it,
12 that amount, by 24,000?

13 A (Descoteau) Those were Company adjustments
14 before. And, so, the Company adjusted their
15 financials in between filings.

16 Q Okay. All right. So, what does the \$35,688
17 cover in the revenue requirement, Mr. LaChance?

18 A (LaChance) So, that would be the administrative
19 and -- that would be administrative salaries or
20 the administrative portion of someone's salary.
21 So, for instance, customer service expense,
22 billing expense, accounts receivable/accounts
23 payable. Those general ongoing office expenses.

24 Q Anything for Mr. Vaughan's salary in that number?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) If there was, it would be extremely
2 minimal. It may be an operations meeting, for
3 instance, which would be normal, reoccurring.
4 But it would be very, very minimal.

5 And to further that, I guess, that
6 charge would be applied to the applicable PUC
7 account, you know, per the Chart of Accounts. So
8 that, again, it would be completely separate from
9 the contested expenses that we're discussing
10 today.

11 Q Right. I'm just trying to convince myself that
12 none of Mr. Vaughan's work is a recurring charge
13 in the rates. And what I hear you saying is that
14 it would only be for services that he performed
15 that were -- well, you tell me.

16 Overhead/administrative things that aren't
17 specifically charged to a certain company?

18 A (LaChance) If it's not charged to a specific
19 company, it would not be in rates.

20 Q Okay. Yes, that makes --

21 A (LaChance) So, generally speaking, you know, on
22 any given day, I may touch five different
23 companies, with my salary, based off of the
24 workload for the day.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q Right. Do you and Mr. Vaughan have to fill out a
2 time sheet accounting for all eight hours of
3 every day of the work year?

4 A (LaChance) Yes, ma'am.

5 Q And are there days when you work six hours and
6 not eight?

7 A (LaChance) Very far and few between.

8 Q And, on the days where you work ten, your
9 allocation gets redistributed based on eight
10 hours? Is that what I heard somebody say?

11 A (LaChance) So, my understanding in which that
12 would happen is, it's based on a forty-hour
13 workweek. And, if you go above and beyond that,
14 then your hourly rate is further reduced, to
15 distribute, again, the true cost of what you do
16 for the week.

17 Q Okay. So, it's trued up on a weekly basis?

18 A (LaChance) Through payroll, yes.

19 Q Okay. All right. Mr. Vaughan, I just want to
20 confirm with you a couple of basic facts, just so
21 that I understand the relationship between the
22 affiliates. Abenaki acquired Rosebrook, correct?

23 A (Vaughan) Yes, that is correct.

24 Q And Abenaki has no employees?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 CHAIRWOMAN MARTIN: Try again, Mr.

2 Vaughan. I think your mute is on.

3 WITNESS VAUGHAN: Okay.

4 CMSR. BAILEY: We can hear you.

5 WITNESS VAUGHAN: Okay. Thank you.

6 BY CMSR. BAILEY:

7 Q And then Abenaki has no employees?

8 A (Vaughan) That is correct.

9 Q And they didn't have employees before they bought
10 Rosebrook?

11 A (Vaughan) That is correct also.

12 Q Okay. When Attorney Brown introduced you, you
13 said that you were "President of Abenaki Water
14 Company".

15 A (Vaughan) That is correct.

16 Q How's that not being an employee?

17 A (Vaughan) Because I am not an employee of
18 Abenaki, I'm an employee of New England Service
19 Company. And I --

20 Q So, let me --

21 A (Vaughan) I beg your pardon. I'm sorry.

22 Q Go ahead.

23 A (Vaughan) I am a officer of Abenaki Water
24 Company, but I am an employee of New England

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Service Company.

2 Q Okay. And Abenaki also owns White Rock and
3 Lakeland, right?

4 A (Vaughan) That's correct.

5 Q And New England Service Company owns Abenaki?

6 A (Vaughan) That is correct.

7 Q Okay. Who is the operating company, the
8 operating utility?

9 A (Vaughan) The operating company of Abenaki?

10 Q Well, is Abenaki an operating utility or is
11 Rosebrook an operating utility?

12 A (Vaughan) I'm not sure I understand the question
13 completely, but let me try answering. Abenaki
14 has no employees, but New England Service Company
15 provides the service and the operational labor
16 necessary for Abenaki to function. So that New
17 England Service Company has water system
18 operators. New England Service Company has
19 accountants. New England Service Company has
20 engineers. And they are all allocated, to the
21 extent that they are used, to provide service to
22 Abenaki. And the allocation appears on daily
23 time sheets by every individual New England
24 Service Company employee.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q And do those -- do those employees do the same
2 thing for the four Massachusetts equivalents to
3 Abenaki?

4 A (Vaughan) They do. We have Colonial Water
5 Company, which covers the Town of Dover, as well
6 as Plymouth. And they have their own employees,
7 but they're operational employees, meaning that
8 they're water system operators. There's a need
9 for admin. assistance with Colonial Water
10 Company, as well as engineering. And, to the
11 extent that that is needed, I oftentimes charge
12 some of my time to Colonial Water Company.

13 We have also another company in western
14 Massachusetts, it's called "Mountain Water
15 Systems", which has no employees. And, so, the
16 same allocation applies for New England Service
17 Company to Mountain Water System.

18 And, just to go back to Abenaki, I
19 probably, to use the expression that Mr. LaChance
20 used, I probably touch every one of those systems
21 in Abenaki. And I do that through the Operations
22 Manager. So, to give you some tangible
23 information relative to the time I spent, I
24 probably allocate fifteen minutes a day in

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 communicating with Abenaki's Operations Manager.
2 Typically, I'm up there in his office, and we go
3 over projects, operations, subjects or problems,
4 customer service issues. And I might charge
5 maybe an hour or two for that Friday meeting.

6 But, on an ongoing basis, my admin.
7 time, my direction, my guidance is -- probably
8 amounts to fifteen minutes a day, maybe a half
9 hour sometimes on occasion. But, in the long
10 run, my allocation expenses is very minimal to
11 Abenaki. And that can be verified on my New
12 England Service Company time sheets that I do
13 daily and I pass in weekly.

14 Q So, if you spend fifteen minutes a day, let's
15 just say, hypothetically, fifteen minutes a day
16 overseeing Abenaki, does that fifteen minutes get
17 allocated into the revenue requirement?

18 A (Vaughan) It does. If I spend fifteen minutes a
19 day on rate case expense, it does not. And I
20 spend very little time on rate case expense.

21 Q And I'm just using you as an example.

22 A (Vaughan) Sure.

23 Q And I think that the same thing would apply for
24 every employee in the Service Company, correct?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (Vaughan) That's correct.

2 Q So, the \$35,000 that's in the revenue requirement
3 for New England Service Company includes your
4 fifteen minutes a day?

5 A (Vaughan) Approximately.

6 Q Yes. Approximately. Okay. And, if you worked
7 on the rate case, that would show on your time
8 sheet as a rate case expense. And, so, part of
9 that forty-hour workweek wouldn't be included in
10 the amount that gets allocated during the test
11 year for New England Service Company. It gets
12 put some -- it gets accounted for in a deferred
13 account?

14 A (Vaughan) That is correct.

15 Q Okay. I just want to confirm, is the affiliate
16 agreement that's attached to Exhibit 12, which
17 was your testimony, between Abenaki and New
18 England Service Company or Rosebrook and New
19 England Service Company?

20 A (Vaughan) It would be between New England Service
21 Company and Abenaki, subject to check. But I do
22 believe it was with -- I don't have it in front
23 of me.

24 And maybe Mr. LaChance can answer that

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 a little bit more. Let's see.

2 MS. BROWN: Madam Chair, may I speak?

3 This is Marcia.

4 CHAIRWOMAN MARTIN: If you can help us
5 find it, you may.

6 MS. BROWN: Yes. On the face of the
7 document, the New England Service Company
8 agreement is between Abenaki Water Company.
9 Which, for the record, is the only legal entity
10 that can hold Rosebrook, White Rock, and
11 Lakeland, because there is no separate corporate
12 entity registered in New Hampshire for Rosebrook,
13 White Rock, and Lakeland. Therefore, those are
14 divisions within the utility of Abenaki Water
15 Company.

16 Thank you.

17 CMSR. BAILEY: Thank you. That was
18 helpful.

19 CHAIRWOMAN MARTIN: Commissioner
20 Bailey, can you pause for a moment? I have just
21 lost all video, other than Mr. Wind.

22 Commissioner Giaimo, did you?

23 CMSR. GIAIMO: They're coming back,
24 slowly.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 CHAIRWOMAN MARTIN: We'll just pause
2 for a moment.

3 *[Short pause.]*

4 *[Brief off-the-record discussion ensued*
5 *regarding the video feed.]*

6 CHAIRWOMAN MARTIN: Mine are not coming
7 back on.

8 CMSR. GIAIMO: This is *[inaudible]* came
9 back, and Commissioner Bailey. They're coming
10 back again.

11 CHAIRWOMAN MARTIN: Steve, let's go off
12 the record, and I'll try to go out and come back
13 again. Thank you.

14 *[Short pause.]*

15 *[Off-the-record discussion ensued.]*

16 CHAIRWOMAN MARTIN: If everyone is in
17 agreement, we will take a break for half an hour
18 for lunch. Does anyone object to doing that at
19 this point in time?

20 MS. BROWN: Abenaki okay with this, I
21 believe?

22 WITNESS VAUGHAN: Yes. Abenaki is okay
23 with it. Yes.

24 *[Lunch recess taken at 1:09 p.m. and*

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 *the hearing resumed at 1:46 p.m.]*

2 CHAIRWOMAN MARTIN: We're back to
3 Commissioner Bailey.

4 CMSR. BAILEY: Thank you.

5 BY CMSR. BAILEY:

6 Q Back to Mr. LaChance. Mr. LaChance, do you know
7 how much revenue needs to be recovered to pay for
8 everything necessary to operate NESC and all of
9 its employees?

10 A (LaChance) I mean, not off the top of my head.
11 I'd have to refer back to financials.

12 Q Can you give me a ballpark? How many employees
13 are there?

14 A (LaChance) For New England Service Company?

15 Q Yes.

16 A (LaChance) Presently, there is about [?] 18.

17 *[Court reporter interruption to confirm*
18 *the answer.]*

19 **BY THE WITNESS:**

20 A (LaChance) Presently, about 18.

21 BY CMSR. BAILEY:

22 Q And does every water company that NESC owns
23 include some compensation for NESC in their
24 revenue requirement?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) Yes.

2 Q Okay. In New Hampshire, we know that Rosebrook
3 has \$35,688 in its revenue requirement for
4 recurring costs. Do you know how much White Rock
5 and Lakeland have?

6 A (LaChance) No. No, not off the top of my head.

7 Q Is that something that you could take as a record
8 request?

9 A (LaChance) Sure.

10 Q And how many other affiliates have revenue --
11 have NESC as part of their revenue requirement?
12 How many affiliates do you have in total?

13 A (LaChance) So, there's four subsidiaries
14 underneath the parent company of New England
15 Service Company.

16 Q Okay. But one of those is Abenaki, and they have
17 three divisions. So, they have three -- there's
18 three places where NESC is included in revenue
19 requirement in New Hampshire, correct?

20 A (LaChance) Correct.

21 Q Okay. And, in Massachusetts, there are three
22 other affiliates?

23 A (LaChance) There is, with New England -- Yes.

24 So, there's Mountain Water Systems, which is one

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 system. And then you have Colonial Water
2 Company, which is three systems. Then you have
3 Valley Water Systems, in Connecticut, which is
4 one system.

5 Q So, in addition to the three in New Hampshire, it
6 looks like there's five additional places where
7 NESC could be included in a revenue requirement?

8 A (LaChance) Yes.

9 Q How difficult would it be to find how much is
10 included in each one of those divisions' revenue
11 requirement for NESC?

12 A (LaChance) It's doable, yes. We would just refer
13 back to the last rate application and see what
14 was allowed.

15 Q Okay. So, just as a hypothetical, so that I can
16 show you what I'm trying to figure out -- well,
17 before we do that, let me get the record request
18 straight.

19 I would like to see how much in each
20 division's or in each water system's revenue
21 requirement is attributable to New England
22 Service Company. And I should get, including
23 Rosebrook, I should get three, six, seven, eight.
24 Right?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) Including Rosebrook, you'll have one,
2 two, three -- you'll have seven. There's --
3 Colonial Water Company I said has "three
4 systems", however, two of those systems have a
5 consolidated rate.

6 Q Okay. And then, the total cost, the total cost
7 for New England Service Company for a year.

8 A (LaChance) Okay.

9 Q All right. So, what --

10 A (LaChance) And, so, as far as cost goes, just
11 admin. and general or how far down into costs do
12 you want me to get?

13 Q Just one total number for, let's say, for 2019.

14 A (LaChance) So, purely the operating costs of the
15 Company?

16 Q Yes. So that would include the salary and the
17 overhead. How much money you have to collect in
18 order to pay everybody. How much you have to
19 collect from all the water companies to ensure
20 that everybody in the Service Company gets paid.

21 And it's not going to -- and the two
22 numbers aren't going to add up exactly, because
23 there's regulatory lag. But what I'm trying to
24 figure out is, --

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) Okay.

2 Q -- that there's \$35,000 in the revenue
3 requirement from Abenaki, and I can't -- I really
4 can't give you an example off the top of my head.
5 But I guess what I would be looking at is how
6 much of the total operating costs for NESC are
7 recovered through revenue requirements?

8 A (LaChance) Okay.

9 Q And then, I guess the other thing that we need to
10 know is how much revenue -- actually, let's just
11 say, for 2019, how much revenue requirement was
12 recovered through rates and how much was
13 recovered through deferred accounting charges not
14 recurring?

15 A (LaChance) So, you would like to see a complete
16 accounting of, basically, O&M expenses for each
17 of the subsidiaries down to the system level, as
18 well as all of the 2019 deferred accounts?

19 Q No. I would never pretend to be able to
20 understand that, no.

21 So, I want to know how much it costs,
22 how much all the costs for NESC, if you didn't
23 have any subsidiaries, what would it cost to run
24 the employees and the overhead of NESC, as one

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 number?

2 A (LaChance) Okay. All right. I can give you that
3 number that you're looking for, but it's
4 completely based upon the subsidiaries and the
5 requirements of the subsidiaries is how we would
6 model our overhaul headcount.

7 Q Okay. That's fine. I just need that total
8 number.

9 A (LaChance) Okay.

10 Q And then, I need to know how much you collect of
11 that from each one of the service companies --
12 from each one of the systems. And then, you
13 collect more from accounts that are not
14 recurring. And, so, how much did you collect in
15 2019 from those accounts?

16 A (LaChance) So, accounts that aren't reoccurring.
17 So, deferreds?

18 Q Yes. Like, for the rate case, I mean, in 2019,
19 it's not going to cover all the New Hampshire
20 rate case expenses, but there would be some
21 amount in 2019 that you charged to a deferred
22 account -- sorry -- that you charged to a
23 deferred account for New Hampshire, and there may
24 be other affiliates that you charged to a

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 deferred account.

2 A (LaChance) Yes. There's probably somewhere
3 around 30 to 40 deferred accounts at any given
4 time amongst all the subsidiaries.

5 Q Well, can you do that for the year of 2019?

6 A (LaChance) For everybody? Sure.

7 Q Yes. Okay. Now, I had some questions written
8 down for Ms. Descoteau.

9 Ms. Descoteau, have you ever worked on
10 a rate case for a utility that wasn't a water
11 utility?

12 A (Descoteau) Yes.

13 Q Eversource or PSNH?

14 A (Descoteau) I've worked with the audit of one.

15 Q Okay. All right. So, for a company like
16 Eversource, who has many affiliates, you know,
17 they have a service company that provides
18 regulatory staff, I believe. And the regulatory
19 staff is paid, for New Hampshire, assume it's
20 paid 100 percent from the revenue requirement,
21 the salary and benefits of one particular
22 employee. Let's maybe back it up to PSNH, when
23 it was easier, or relatively easier.

24 So, PSNH had a number of employees,

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 some of them were regulatory employees, and those
2 salaries were included in rates for those
3 regulatory employees. Agree or can you accept
4 that hypothetical?

5 A (Descoteau) If I remember correctly, yes. But
6 their management fee is done differently than the
7 way that Abenaki does their management fee.

8 Q Yes. Yes. I'm not comparing this to Abenaki.
9 I'm trying to clear up something that you
10 testified earlier about.

11 Okay. So, in that case, if the
12 regulatory employee -- the regulatory employee's
13 salary was included in the revenue requirement as
14 a recurring charge, because that person worked
15 for PSNH, and exclusively for PSNH. And, during
16 a rate case, that person filed testimony, and
17 spent some of their time, I mean, to me, that's
18 part of their regular duties, it doesn't happen
19 every year, but it's part of their regular
20 duties, and their salary is included in the
21 revenue requirement in the future. Would you
22 have permitted rate case expenses for that
23 employee?

24 A (Descoteau) Not in that case, because their full

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 salary was already allocated through the
2 management fee agreement.

3 Q Okay. Can you talk a little bit about the
4 management fee agreement, what you're talking
5 about there?

6 A (Descoteau) In several other utilities, they have
7 a management fee agreement that they take up
8 their total costs for the previous year, and
9 sometimes, depending on the company, they will
10 either do it based on the previous year or they
11 will do an estimate of the increase, but it's
12 usually done on the previous year. And they will
13 look at how -- they will look at where all the
14 expenses are going, and then they will divide
15 them up based on the affiliates, either how many
16 number of customers, how their property -- their
17 continuing property records percentages, or they
18 will get some substantiated allocation. And they
19 will take all the expenses and allocate it
20 appropriately to where the work has been done or
21 is typically done based on the previous year.
22 And then, at the end of the year, they will true
23 it up to the actual costs for that year.

24 Q Okay. And, in those cases, where the costs are

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 allocated through the management fee, where 100
2 percent of the costs are allocated through the
3 management fee, it wouldn't get additional
4 revenue for working on a rate case for those
5 employees?

6 A (Descoteau) There might be an exception here or
7 there, but, usually, no.

8 Q Okay. And have you ever seen a utility, who has
9 internal legal staff, hire an outside attorney to
10 help with a rate case?

11 A (Descoteau) I believe so.

12 Q And that outside attorney's expense would be
13 included in rate case expenses?

14 A (Descoteau) Yes, because they were hired to do --
15 to put together a rate case that their lawyer
16 didn't have the ability to do.

17 CMSR. BAILEY: Correct. I think that's
18 all I have. Thank you very much.

19 CHAIRWOMAN MARTIN: Commissioner
20 Giaimo.

21 CMSR. GIAIMO: You're not going to
22 believe this, but everyone just went blank on me.

23 Are you seeing the same thing as
24 well?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 CHAIRWOMAN MARTIN: I can see
2 everything right now.

3 CMSR. GIAIMO: Oh, everyone is coming
4 back.

5 CHAIRWOMAN MARTIN: Okay.

6 MS. MULLHOLAND: Eric, make a note,
7 that seems to have happened at 2:00 p.m.

8 CMSR. GIAIMO: Sorry for the delay.
9 I'm just seeing -- I'm sorry, my screen is blank
10 again.

11 CHAIRWOMAN MARTIN: Steve, let's go off
12 the record until it clears up.

13 *[Short pause.]*

14 *[Off-the-record discussion ensued.]*

15 CHAIRWOMAN MARTIN: So, we'll recess
16 for fifteen minutes, and come back around 2:40.

17 *[Recess taken at 2:24 p.m. and the
18 hearing resumed at 2:43 p.m.]*

19 CHAIRWOMAN MARTIN: Commissioner
20 Giaimo, we're going to go back to Commissioner
21 Bailey just for a couple follow-up questions. Go
22 ahead, Commissioner Bailey.

23 CMSR. BAILEY: Thank you.

24 BY CMSR. BAILEY:

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Q Mr. LaChance, during the break I had an
2 opportunity to look at Exhibit 25, which is the
3 NESC Annual Report. And I was wondering if some
4 of the answers to the questions that I asked you
5 to get for me in the record request are in that
6 document. Could you take a look at that, and
7 maybe go to Page 12. Exhibit 25, Page 12.

8 A (LaChance) Yes. I'm just pulling it up.

9 Q Okay.

10 MS. BROWN: There's a lot of typing. I
11 don't know who's typing, but it's coming over on
12 the mike.

13 WITNESS LaCHANCE: That was me.

14 **BY THE WITNESS:**

15 A (LaChance) Okay. So, on Page 12, you can see,
16 under "Operating expenses", the operations costs,
17 as well as maintenance costs. I mean, that's
18 going to be a portion of what you're looking for.
19 But there's going to be other -- there are going
20 to be other costs that are blended in those as
21 well.

22 BY CMSR. BAILEY:

23 Q Okay. What other costs would be included in the
24 costs to operate NESC?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) I mean, you're going to have -- you're
2 going to have sampling, sampling fees are going
3 to be in there.

4 Q What's a "sampling fee"?

5 A (LaChance) I'm sorry?

6 Q What's a "sampling fee"?

7 A (LaChance) You know, the cost that the
8 laboratories charge us for samples.

9 Q Oh. Okay.

10 A (LaChance) So that would be in there. You know,
11 gasoline for all of our trucks will be in there.
12 So, I think it's --

13 Q That's not in -- that's not in your Annual
14 Report, those costs?

15 A (LaChance) Broken down to that finite detail, no.
16 They're going to be embedded in a -- or, kind of
17 a more generalized cost as what you're seeing
18 here.

19 Q Right. But the generalized cost is included in
20 this Annual Report, isn't it?

21 A (LaChance) Generalized cost is --

22 Q All those, you know, the sampling fees and the
23 gas, all of those costs should be included in
24 some generalized cost that's included in this

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Annual Report, I would think. Doesn't the Annual
2 Report show you the total operating costs for the
3 Service Company?

4 A (LaChance) Yes. That would be -- yes. That's in
5 the operating expenses right there on Page 12.

6 Q Yes. So, I think that's what I was asking you
7 for.

8 A (LaChance) My understanding what you were asking
9 for was the labor expense only.

10 Q No. The total expense of the --

11 A (LaChance) Okay.

12 Q -- of the Service Company.

13 A (LaChance) So that would be it right there, the
14 "total operating expenses", "5,953" [5,953,621].

15 Q Okay. And that includes salaries, and it
16 includes all of the costs, like sampling costs
17 and gas, and all the things that we just talked
18 about?

19 A (LaChance) Correct.

20 Q Okay.

21 A (LaChance) Correct. And, in that as well,
22 there's also -- there's also, we had mentioned
23 Colonial Water has its own employees, --

24 Q Yes.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) -- that's the field operators, so
2 that's going to be in there, as well as Valley
3 Water, in Connecticut, has its own employees,
4 those will be in there as well.

5 Q In the operating expenses of the Service Company?

6 A (LaChance) Correct.

7 Q Hmm.

8 A (LaChance) It's all just a consolidated report.

9 Q Yes. That maybe complicates it a little bit?

10 A (LaChance) Correct. And then, we also have -- we
11 also have employees that are New England
12 employees, but they don't even touch the water
13 systems. They perform other unregulated work.

14 Q Okay. All right. So, maybe -- okay. So, then,
15 I guess just, you know, answer the record
16 request. You can do it for 2018, since I have
17 this Annual Report that I can look at and compare
18 it to.

19 A (LaChance) Okay.

20 Q Are the things like sampling costs and costs for
21 gasoline, that are general overhead costs of
22 running the Company, included in the overhead
23 rate, hourly rate that you charge for each
24 employee? Or, is it just the benefits of that

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 employee that are included in that hourly rate?

2 A (LaChance) If it's relative to vehicles, it's in
3 the overhead.

4 Q Okay. What about the sampling costs?

5 A (LaChance) Sampling would be ongoing O&M, so that
6 would not be the end of it. That's not an
7 individual employee expense. That's the expense
8 of the system.

9 Q And how does that get -- how does that get
10 recovered, that expense?

11 A (LaChance) Sampling? The sampling piece?

12 Q Yes.

13 A (LaChance) Is just a part of your -- part of your
14 test-year expenses, they're known and measurable.
15 It's prescribed by DES the sampling schedule that
16 we have to follow. So, they're all known and
17 measurable.

18 Q Oh. So, that's just a specific charge to each of
19 the systems for the work on that system?

20 A (LaChance) Yes. Well, for the specific samples
21 that we have to pull to satisfy DES requirements,
22 yes.

23 CMSR. BAILEY: Okay. All right. Thank
24 you.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 WITNESS LaCHANCE: No problem.

2 CMSR. BAILEY: I'm finished, Madam
3 Chair.

4 CHAIRWOMAN MARTIN: Okay. Commissioner
5 Giaimo.

6 CMSR. GIAIMO: Good afternoon. My
7 questions are for Mr. LaChance and Mr. Vaughan.

8 BY CMSR. GIAIMO:

9 Q Does NESC only service -- only service Abenaki
10 and sister affiliates? Or, does NESC offer its
11 services outside the -- outside the utilities?

12 A (LaChance) So, New England Service -- New England
13 Service Company has employees that service
14 Abenaki Water, and then we -- the Company
15 provides all services, operational and
16 administrative, for Mountain Water Systems, which
17 is in Massachusetts. And it provides all of the
18 administrative services for Colonial Water
19 Company. And then, for all systems, it provides
20 engineering services and -- for autumn systems.

21 Outside of that, there is unregulated
22 contract operations work that is performed by the
23 Company as well.

24 Q Okay. To the extent you can answer, do they

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 charge a similar rate as what gets charged to the
2 Connecticut [?], Massachusetts, and New Hampshire
3 utilities?

4 A (LaChance) I'm sorry, if you could repeat the
5 question. I'm getting some feedback issues.

6 Q Okay. I said, how does the rates that NESC
7 provides to the non-utilities compare to what it
8 charges Connecticut, Mass., and New Hampshire
9 utilities?

10 A (LaChance) You mean, like an hourly rate that we
11 would charge to an unregulated account?

12 Q Yes. Is there a difference, to the extent you
13 can answer that?

14 A (LaChance) Yes. Each contract is negotiated
15 separately. So, you would certainly have the
16 revenue that it's producing is at a profitable
17 revenue where it makes sense for the Company to
18 perform the work.

19 Q Are the revenues --

20 *[Court reporter interruption.]*

21 BY CMSR. GIAIMO:

22 Q Are the revenues mingled or are they kept
23 separately? It all goes to the bottom line of
24 NESC?

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) So, yes. So, each one of the
2 companies and subsidiaries, they all have their
3 own separate reporting structure, financial
4 reporting structure. And then, through the
5 consolidation of the audited annual financials,
6 they get consolidated into what was just being
7 referred to as the 2018 Annual Report for New
8 England Service Company.

9 Q Okay. So, what I hear is, the rates charged to
10 the Abenaki and its sister utilities are the same
11 that's charged to the other unregulated
12 utilities?

13 A (LaChance) To the unregulated? No.

14 Q Okay. But all the rates charged to, again, to
15 Abenaki, Connecticut, and Mass., those rates are
16 the same?

17 A (LaChance) Well, the cost basis will vary,
18 because, you know, just based off the fact that
19 it's different employees that are performing the
20 work. So, Employee A, that's an operator, he is
21 going to have a different salary or a different,
22 you know, hourly wage, versus Employee B down
23 here in Connecticut.

24 Q So, then, there might be variations, but they're

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 comparable to what's done here?

2 A (LaChance) Yes. The premise would be the same.

3 Q Okay. Okay. One of the things that I thought I
4 heard, or at least I heard suggested, was that
5 the Company thinks there's a value by having no
6 employees specifically up here in New Hampshire.
7 Is that right? I want to make sure I'm
8 understanding that correctly.

9 A (LaChance) Based off -- based off of the
10 customer -- the customer makeup that we have, and
11 where the systems are located, that's correct.
12 So, for instance, Abenaki, in totality of its
13 regulated systems, only has 700 customers. So,
14 in order to -- in order for 700 customers to
15 support full-time field employees, as well as
16 full-time administrative employees, it would be
17 significantly more expensive than to utilize the
18 type of affiliate agreement that we have now.

19 Q Well, how frequently are people out in the field,
20 and are they being sent from your offices in
21 Connecticut?

22 A (LaChance) No. No. So, there's an office in
23 Gilford.

24 Q Okay.

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 A (LaChance) So, the field employees, they're in
2 the field every day. Then, you know,
3 administrative duties are, obviously, separate.

4 Q So, there is a specific office here in New
5 Hampshire that services them?

6 A (LaChance) Yes.

7 Q Mr. Vaughan, you noted in your testimony that you
8 said that there has already been positive impacts
9 on system performance by your purchase of
10 Rosebrook. I wonder if you could elaborate on
11 that? You're still muted.

12 A (Vaughan) Beg your pardon. Beg your pardon.
13 Would you repeat that question for me please.

14 Q Sure. In your testimony, you noted that you've
15 already seen a positive impact on system
16 performance through your purchase. And I
17 wondered if you could get into that in a little
18 more detail, if you could?

19 A (Vaughan) Would that be relative to Rosebrook?

20 Q Yes.

21 A (Vaughan) There are several improvements that
22 we've made in system performance. One of the
23 first items that we did in Rosebrook was we
24 converted a analogue, very archaic billing

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 system, to radio reading, monthly billing. And I
2 think it's reduced a lot of customer complaints.
3 Prior to our acquisition, the billing was on a
4 quarterly basis.

5 From that, in addition to, you know,
6 reducing some of the customer complaints, we've
7 been able to calculate nonrevenue water on a
8 monthly basis. So, we track that. We -- I
9 believe the customer service aspect is much
10 better. And I think that we've separated the
11 Company more distinctly from the previous culture
12 of ownership.

13 And I can go on a little bit, if you
14 want. Will that suffice?

15 Q I think you laid out some things that that
16 suffices.

17 I wanted to double back to some of the
18 questions that Mr. Kreis was asking, and I think
19 Commissioner Bailey asked you a little bit about
20 it, too. So, I just want to understand what
21 prevents the double-booking of the services.
22 Let's take a hypothetical, let's say someone is
23 going to the National Water Association's --
24 Special Meeting of the National Water

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 Association. And, so, who -- how would those
2 costs flow? How would they be booked, to make
3 sure that there wasn't double-booking in any
4 capacity?

5 A (Vaughan) I can answer that. Let's use the
6 example of the NAWC National Conference. So,
7 just to dismiss that, nobody has gone to that
8 probably in years. But, as an example, with
9 industry meetings and so forth, that time would
10 be charged to New England Service under
11 education, and then it would be allocated using,
12 you know, as an example, a Mass. formula or
13 another allocation method.

14 So, there's sensitivity in not
15 impacting any one particular subsidiary. So,
16 it's done, in my opinion, very objectively and
17 fairly. So, there's a rationale for it.

18 Q So, what if you were to write a letter updating
19 all the customers about COVID-19? How would you
20 bill that? Would that be billed -- it takes you
21 three hours, but it goes out to all the
22 customers. How would that be billed? Now, would
23 those three hours go -- prorated by the
24 utilities? How do you ensure that that three

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 hours doesn't get booked in all three buckets?

2 A (Vaughan) Well, I'll take a shot at that. But I
3 think Mr. LaChance can supplement what I say.

4 But that would probably be communicated
5 in one of two methods, and there may be others.
6 But one would be, as an example, RAVE software,
7 which we've instituted, so that we can hit
8 virtually all of our customers electronically,
9 without the -- shall we say the vehicle of a bill
10 insert.

11 And then, the second option might be
12 the bill insert. So that we would prepare the
13 insert, and that shouldn't take too much time and
14 preparation, maybe about an hour, to hit all the
15 high points of COVID-19. And then, they would be
16 inserted in the billing process, and that process
17 would be a direct cost, whether it be Abenaki,
18 whether it be a Massachusetts company or a
19 Connecticut company.

20 Q So, in that situation, the hour would be divided
21 equally throughout the utilities?

22 A (Vaughan) It would be charged to a general
23 overhead item, which ultimately would be
24 allocated to all the utilities. So, that hour

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 would be proportioned, you know, in general
2 terms, according to customer count, as an
3 example. So, 700 Abenaki customers, divided by,
4 say, around 10,000 total customers. So that
5 Abenaki would get probably that proportion of
6 expense.

7 Q Okay. I was in Exhibit 12. I'm going to turn to
8 the affiliate agreement. And there was just two
9 quick things I want to make sure I can put my
10 head around.

11 I guess I want to hear the Company say
12 that rate case expenses do not find themselves as
13 "Regulatory and Compliance Reporting", which is
14 on Page 12, and also wouldn't be considered
15 "Other routine, periodic, and related tasks as
16 necessary"?

17 A (Vaughan) And, so, the question is "what is the
18 "regulatory/compliance reporting"?"

19 Q Right. And why would the rate case expenses not
20 find itself in that bucket?

21 A (Vaughan) Well, the regulatory compliance
22 reporting is on a monthly basis. So that every
23 system has to report, typically, to DES,
24 regarding sample testing, compliance with various

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 directives of DES.

2 Relative to the rate case expense, that
3 would be done, as Mr. LaChance said, at cost, and
4 that would be rolled into a deferred account,
5 because it's not ongoing. It's an irregular
6 expense. It maybe occur once every three years,
7 maybe five years, and, therefore, so it would be
8 improper to include that in the test-year
9 expense, because it would skew the expense.

10 Q Okay. On Page 14 of Exhibit 12, I want to make
11 sure I understand the first line, which is
12 line -- which says "(e) The following schedule
13 of charges rendered by NESC and paid to NESC
14 shall be increased by 2.5 percent annually:" So,
15 help me understand, "2.5 percent annually", that
16 these numbers each year going up 2.5 percent?

17 A (LaChance) So, the numbers that we have outlined
18 there, there is -- so, the "Regular work hours -
19 Operator" is "\$75 per hour". It would be, based
20 of this particular affiliate agreement that we
21 have right before us, a two and a half percent
22 increase annually.

23 Whereas, with the New Hampshire --
24 where is it? New Hampshire -- so, Point (b),

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 "New Hampshire Administrative
2 Support/Accounting", "to be billed at cost plus
3 benefits and overhead".

4 Q Okay. That one's at cost. But the others are --
5 all right. I'll get back to that in a second.

6 But I'm moving onto Exhibit 14. And I
7 appreciate that Mr. St. Cyr is not here. I'm
8 hoping someone can speak to this.

9 On Page 3, about two-thirds of the way
10 down the first paragraph says "When NES
11 employees provide services to AWC, NES
12 charges actual labor costs plus payroll taxes plus
13 overheads", and then he goes on to have a list of
14 what it entails in overhead. So, "health
15 insurance" makes sense, "dental insurance" makes
16 sense, then I see "profit sharing". I want to
17 make sure I understand that right.

18 Are Abenaki ratepayers paying employees
19 to own the company?

20 A (LaChance) I'm sorry. Could you just repeat that
21 last portion of your question.

22 Q I just want to make sure I understand what's
23 meant by "profit sharing" with respect to
24 overhead. And is the Company an employee-owned

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 company? And, if so, is it the ratepayers who
2 are actually paying?

3 A (LaChance) So, the Company -- the Company is a
4 publicly traded company. So, it's not
5 employee-owned, unless they decide that they
6 would like to partake in our Employee Stock
7 Purchase Program.

8 Q Okay.

9 A (LaChance) As far as "profit sharing" goes,
10 that's a part of our retirement package that we
11 offer to employees. So, we have a 401(k),
12 company matching into a 401(k) and profit
13 sharing, which gets directly deposited into their
14 401(k) account.

15 Q Okay. That's helpful. Thank you.

16 A (LaChance) Okay. Yes.

17 Q And I guess my -- the last question that I'd like
18 to hear more about is the Bretton Woods
19 Homeowners Association and Forest Cottage, Mr.
20 Mueller went through and explained how the rates
21 increased 21 percent and 17 percent. I want to
22 hear if the Company takes umbrage with those
23 numbers. And then I want to know why the
24 affiliate agreement, that allows for two and a

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 half percent increases, why that is different
2 than some of the larger increases that we see
3 here, with respect to what the Bretton Woods
4 Association had?

5 A (LaChance) So, I can take a stab at that one.
6 So, I think the particular increases that Mr.
7 Mueller had brought up beforehand was for
8 Customer Service and Accounting Manager, and that
9 was a 17 percent increase, which, again, is wage
10 plus benefits. So, a total cost of that employee
11 for that particular month versus month. The
12 other employee was the Controller had a 22
13 percent.

14 So, I'm going to try to explain it, so
15 try to follow me with this one. It's a tough one
16 to kind of wrap your head around.

17 So, we have our general wage increases,
18 which everybody experiences general wage
19 increases, so that happened during that time.
20 So, that accounts for a portion of that.

21 Further to that is we have -- our
22 overheads are charged based off of the historical
23 costs of the overhead. So, for instance, when
24 I'm billing on a monthly basis, and, presently,

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 right now, so, in Q2 of 2020, I'm billing based
2 off of what those expenses were in Q1 of 2020.
3 So, it means I can't -- I can't see exactly
4 what's happening in real-time. So, I have to
5 base it off the historical costs. So, because of
6 that, there will be some -- there will be
7 discrepancies in the Q2 billing, which then gets
8 trued up at the end of Q2.

9 So, when you look at some of the --
10 when you look at some of the exhibits and some of
11 the supporting documents that we filed, as it
12 pertains to New England labor, you'll see credit
13 memos going back and forth, because there may
14 have been overbilling, because we were using
15 historical expenses to bill in the present
16 quarter.

17 So, that's, quite honestly, a big
18 portion of why you're going to see swings like
19 that. I think, for the most part, that's going
20 to be -- that's going to be the real answer to
21 that question.

22 CMSR. GIAIMO: All right. Madam Chair,
23 I'm all set. Thank you.

24 CHAIRWOMAN MARTIN: Okay. I just have

[WITNESS PANEL: Vaughan|LaChance|Descoteau]

1 a couple questions left.

2 BY CHAIRWOMAN MARTIN:

3 Q First one, I wanted to follow up on Commissioner
4 Giaimo's question to Mr. LaChance about the rates
5 that are charged. He asked whether all of the
6 water utilities are charged the same rate, and
7 the answer as I recall was "there are variations
8 based upon the employee's rate of pay."

9 I just want to be really clear. You
10 used the term "Employee A". For Employee A, for
11 the same employee, is that employee's rate the
12 same for all work that it does regardless of what
13 utility it's billed to?

14 A (LaChance) That's correct.

15 Q Okay.

16 A (LaChance) That's correct.

17 Q Thank you. My other question is, getting back to
18 Mr. Kreis's question about redundancy in billing,
19 is there a report that you could run and submit
20 as a record request that would show, for the
21 \$35,000 plus, and then the amount that is sought
22 for the cost for the rate case, that could show
23 the times and employees worked were different?
24 Can you run those and provide those to us, so

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1 that it's very clear there is no redundancy?

2 A (LaChance) So, we were talking about this on the
3 break. And, after talking about it a little bit
4 further, I think that may already be on the
5 record. And, Robyn, you might be able to confirm
6 this for me.

7 So, through any -- any invoice that New
8 England Service Company produces to Abenaki
9 Water, on that invoice you're going to have the
10 employee's name, their title, and then the item
11 number that we're actually charging or the
12 account number that we're charging, and then
13 their rate of pay, quantity of hours, and then
14 the total amount for that line item being billed
15 out.

16 So, by virtue of the invoices that New
17 England is sending to Abenaki, that's a real-time
18 transaction happening, you'll be able to
19 distinguish that there was an X amount of charge
20 specific to that deferred account for the Office
21 Manager. Then, the next line item would say
22 "Office Manager, Account -- Account 920", General
23 & Admin., then there would be -- there would be a
24 total amount associated with that.

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1 So, based off of the invoices, you
2 would be able to see the separation of the wages.
3 And I know that -- gosh, in the first filing, I
4 think there was some 600 pages of backup
5 information that we had supplied.

6 And, Robyn, would you take -- if the
7 question could be directed over to Robyn as well,
8 would you think that that would be the detailed
9 information that we would be looking for?

10 MR. KREIS: I'm sorry. I really have
11 to object to this kind of activity. You know,
12 the witnesses aren't really allowed to
13 collaborate that way, and advise each other about
14 how to testify and that sort of thing. That's
15 not the way this is supposed to work.

16 CHAIRWOMAN MARTIN: Thank you, Mr.
17 Kreis. And, actually, I want to follow up on my
18 question with Mr. LaChance.

19 BY CHAIRWOMAN MARTIN:

20 Q I went through the invoices, at least in the
21 exhibits that are presented for this hearing, and
22 Exhibit 24 had invoices with varying amounts of
23 detail, and little handwritten mark-ups, like an
24 "R.C." and things that I think were attempting to

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1 indicate which type of charge they were. But I
2 was not able to decipher from that.

3 Can you point me to somewhere in the
4 record where there is that amount of the detail
5 where it would clearly identify the time and
6 employee, so it was not able to be questioned
7 whether it was redundant or not?

8 A (LaChance) If we go to Exhibit 24, and on the
9 bottom of the -- the page number is 11 for this
10 exhibit. And just for verification, it's a
11 February 2019 invoice.

12 Q You'll have to forgive me, I have to get to 24.
13 You can start walking through that explanation,
14 if you like. I'll catch up.

15 A (LaChance) Okay. All right. So, on this
16 particular invoice, again it's
17 "February2019RB-2", the first line item there is
18 for the "Customer Service/Accounting Manager",
19 and then you can see the account number is
20 "17-18-03", which is, again, that's a particular
21 account number specific to a project that's
22 happening. So, then, you can see the
23 corresponding charge to that.

24 The next line item -- or, the next item

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1 down would be "Account 920-01-03", in which, if
2 I'm recollecting that account number correctly,
3 that's Admin. & General for Lakeland, I believe.
4 And then, you can see the corresponding charge
5 with that. Which would be normal, ongoing O&M
6 expenses, which would be in the revenue
7 requirement for Lakeland.

8 The next line item down is "903-03",
9 which again is another General & Admin. account,
10 and you can see the corresponding charge that
11 way.

12 So, is that what you're looking for?

13 Q No. I think you're making my point for me.
14 Which is that, without knowing all the
15 information you described, I would have no way of
16 determining whether or not those are redundant
17 charges.

18 Are you able to put together a report
19 or a summary that can outline the specific
20 charges that make up each category, and submit
21 that as a record request?

22 In other words, not each individual
23 account number. But just, here's the 35,000
24 plus, and here's all of the charges that are on

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1 the different invoices that make that up, and
2 when they were billed, and do the same for the --
3 so, do that for the revenue requirement and do
4 that for the amount that's in the rate case
5 charges. So that we can see that they are two
6 separate things, and nobody is being paid twice.

7 A (LaChance) Yes. Yes, we can put together a
8 report like that.

9 CHAIRWOMAN MARTIN: I would appreciate
10 it. And that's my last question.

11 MS. BROWN: I have a question.

12 CHAIRWOMAN MARTIN: We can go back to
13 Ms. Brown, if you have any follow-up?

14 MS. BROWN: Yes. Yes. But I have a
15 question.

16 Do we have a record request number for
17 yours and for Commissioner Bailey's?

18 CHAIRWOMAN MARTIN: So, Commissioner
19 Bailey will be "27", "Exhibit 27", and mine will
20 be "Exhibit 28".

21 MS. BROWN: Okay. Thank you.

22 **(Exhibit 27 and Exhibit 28 reserved)**

23 CHAIRWOMAN MARTIN: And how soon could
24 that be in, just to make sure we have it?

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1 MS. BROWN: That would be helpful. I
2 would also like to continue, while we're on the
3 subject of exhibits, because the 600 plus pages
4 has not been entered as a express exhibit. But I
5 either am going to ask that they be marked as an
6 exhibit or just have the Commission take notice
7 of Tab 68, which was Abenaki's January submission
8 and extensively detailed documentation of the
9 expenses; Tab 72, which was the February
10 corrected filing, which has a different -- has a
11 summary sheet at the very beginning of the
12 document; and Tab 73, which was the May update of
13 rate case expenses and thorough documentation.

14 I think that would speak to Consumer
15 Advocate's question of "where in the record can
16 we find that there's no overlap?" We would need
17 to have those in the record to establish that.

18 MR. KREIS: Okay. But I am going to
19 object to introducing those documents into the
20 record at this point. I mean, you can't just
21 shovel anything you want into the record. That,
22 you know, you have to demonstrate why it's
23 relevant and what significance it's supposed to
24 have.

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1 You know, all of these record requests
2 and new reports that the Company is going to
3 generate, and all the stuff that Attorney Brown
4 just asked the Commission to just shovel into the
5 record wholesale, is just going to mean that
6 there's a pile of data that the Commission can
7 roam around in and consider, and talk about, and
8 generate an order with; that's not the way due
9 process is supposed to work.

10 The way this is supposed to work is the
11 Company has a burden of proof here, and it has
12 not sustained that burden, and therefore it is
13 not entitled to recover these rate case expenses.
14 End of story.

15 This was the Company's opportunity to
16 meet its burden of proof, and it has not met that
17 burden. And it can't now just shovel a ton of
18 stuff into the record, and say "Well,
19 Commissioners, just go route around in all that
20 stuff I'm telling you to look at and you'll find
21 it in there." That is not the way this process
22 is supposed to work.

23 MS. BROWN: I'd like to respond.

24 CHAIRWOMAN MARTIN: Can I cut you both

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1 off for a moment, and I hate to do this at this
2 moment, but I have lost all video, unfortunately.

3 So, I think -- Commissioner Giaimo, do
4 you have video?

5 CMSR. GIAIMO: Amazingly, yes.

6 CHAIRWOMAN MARTIN: I'm going to try to
7 go out and come back in. I apologize.

8 *[Short pause.]*

9 CHAIRWOMAN MARTIN: All right. We
10 left, or I exited and returned following an
11 objection from Mr. Kreis. I would like to hear
12 from the other parties on that as well.

13 MS. BROWN: I was going to ask for
14 ability to respond.

15 CHAIRWOMAN MARTIN: Well, let me hear
16 from the other parties first, then I'll get back
17 to you.

18 MS. BROWN: Okay.

19 CHAIRWOMAN MARTIN: Mr. Tuomala.

20 MR. TUOMALA: I'm sorry, Madam
21 Chairman -- Chairwoman. I was going through my
22 pile of papers here and I couldn't seem to locate
23 the exhibit number specifically.

24 But Staff would contend that Audit --

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1 Staff Audit has gone through those submissions,
2 the 600 pages, which Attorney Brown was trying to
3 get into the record, and followed by Staff itself
4 has reviewed all of those records in relationship
5 to the revenue requirement. So, we, as Staff,
6 feel that there is sufficient evidence on the
7 record, through both the Audit Report that's been
8 admitted and the Staff Recommendation saying that
9 it's vetted pursuant to the PUC rules, that these
10 charges are not double-recovering. That they're
11 just and reasonable. And they have been fully
12 vetted at this point.

13 I agree that I don't think anything
14 else should be entered into the record. The
15 Staff has gone through and vetted, if you take a
16 look at the Recommendation, which, I'm sorry, I
17 don't have the exhibit number in front of me,
18 it's Exhibit Number 13, that's Staff's
19 Recommendation on the rate case expenses, and
20 then, also, the Audit Report.

21 So, I would -- I wouldn't think that we
22 need the 600 pages to be brought in. Those have
23 already been reviewed by Audit Staff, Staff, and
24 it's concluded in its Recommendation that all of

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1 that has been vetted.

2 CHAIRWOMAN MARTIN: Okay. Mr. Getz.
3 You're muted.

4 MR. GETZ: -- Mr. Tuomala's point is
5 there, whether he's saying --

6 CHAIRWOMAN MARTIN: Could you start
7 over, Mr. Getz? We couldn't hear you.

8 MR. GETZ: Can you hear me now, Madam
9 Chair?

10 CHAIRWOMAN MARTIN: Yes.

11 MR. GETZ: I said that I was not sure
12 that I took Mr. Tuomala's point, and whether he's
13 saying all of this is information that's already
14 in the record, and therefore doesn't need to be
15 admitted separately.

16 But, putting that aside, I support the
17 Consumer Advocate's objection. There was a
18 specific effort made by the Commission, asking
19 parties to identify exhibits they wanted to be
20 presented, and the parties followed that
21 procedure. And, so, it seems a late time to be
22 adding more exhibits.

23 CHAIRWOMAN MARTIN: Okay. Thank you.
24 Mr. Mueller.

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1 MR. MUELLER: I agree with the Consumer
2 Advocate's position, that that seems like a late
3 time to be adding more in. And this was the time
4 to defend those rate case expenses, and I agree
5 that hasn't occurred.

6 CHAIRWOMAN MARTIN: Okay. Thank you.
7 I think that, to a certain extent, this
8 definitely depends upon what the full Commission
9 would like to have in the record. And, so, I
10 think we will take a brief recess so that I can
11 consult.

12 Commissioner Bailey.

13 CMSR. BAILEY: Can we hear Attorney
14 Brown's response before we take a break?

15 CHAIRWOMAN MARTIN: Oh, I'm sorry.
16 Attorney Brown, I did forget to come back to you.
17 Thank you, Commissioner Bailey.

18 MS. BROWN: No problem. Can everyone
19 hear me?

20 CHAIRWOMAN MARTIN: Yes.

21 MS. BROWN: Okay. I was simply trying
22 to respond to a level of detail that was beyond
23 what the audit and the Staff Recommendation and
24 Company responses were. Those responses, the

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1 Staff Recommendation, were at a higher level. If
2 people wanted to drill down, I just was making
3 note of where in the docketbook that information
4 is.

5 With respect to whether they should be
6 admitted as hearing exhibits, I understand where
7 the OCA is coming from. And that, you know,
8 entering exhibits, in a generic sense, at this
9 late date should be frowned upon. However, I was
10 pointing out that these do exist in the docket
11 record. It would not be prejudicial to folks,
12 because they have seen these since January,
13 February, and May. That, if they wanted to drill
14 down, that's where they would be.

15 When the Commission orders recovery of
16 rate case expenses, it doesn't usually get hung
17 up on whether something is marked as legitimately
18 a exhibit or not. It just pulls it from the body
19 of evidence that's in the docket record. So, I
20 don't see that, whether it's officially declared
21 a hearing exhibit or not, necessarily means that
22 the Commission can't review it.

23 We are here today also, I would remind
24 the Commission, that this was on Omni's motion to

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1 establish its case that these should not be
2 recoverable.

3 So, we think -- Abenaki thinks that,
4 because it's already filed the documentation,
5 it's been audited. There have been no -- you
6 know, we've come to a resolution on
7 disallowances, *etcetera*, that should -- that that
8 should suffice as the initial establishment of
9 the burden of proof.

10 Thank you very much.

11 CHAIRWOMAN MARTIN: And I just want to
12 respond quickly to the suggestion that the
13 Commission considers things outside of the
14 record. I, obviously, haven't been here very
15 long, but that has not been my experience.

16 Mr. Getz.

17 MR. GETZ: Thank you, Madam Chair.
18 Just to the extent that Ms. Brown is arguing that
19 it's the customers' obligation to prove that the
20 rates are unreasonable, I'd like to, you know,
21 make the point that Mr. Kreis made, that it's the
22 Company's burden to prove that the rates are
23 reasonable.

24 CHAIRWOMAN MARTIN: Mr. Kreis.

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1 MR. KREIS: Thank you. I, in deference
2 to the fact, Madam Chairwoman, that you just
3 openly alluded to the fact that you're relatively
4 new to the Commission's practice, let me just
5 explain, for your benefit, if not for everybody
6 else's, that, in the ordinary course, these rate
7 case expense issues are resolved informally by
8 the parties, and presented by agreement to you to
9 approve.

10 This is a contested proceeding. The
11 parties are not in agreement here. And, so, even
12 though, in the ordinary course, there wouldn't be
13 a lot of argumentation about what you may or what
14 we may or what anybody might consider or not
15 consider in determining what the reasonable rate
16 case expenses are, here, I mean, all the
17 Commission's usual rules that applies to
18 contested hearings apply. And, you know, stuff
19 is either in the record or not in the record.
20 And, just because somebody filed something in the
21 docket record, doesn't mean that it is evidence
22 that you may consider in determining whether the
23 Company met its burden of proof in documenting
24 it's recoverable rate case expenses to you.

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1 And I would also --

2 CHAIRWOMAN MARTIN: But I don't think
3 that's the question right now before the
4 Commission. The question is whether or not we
5 should admit those additional documents.

6 And I just want to clarify with
7 Attorney Brown, whether you were seeking to admit
8 those because of the line of questioning I had,
9 and whether -- because I'm satisfied, if I get
10 the report that I asked for as a record request.

11 And, so, whether this is a motion that
12 you want to proceed with? And, if so, I need to
13 speak with the other Commissioners.

14 MS. BROWN: How do I -- how do I talk
15 to my folks?

16 CHAIRWOMAN MARTIN: Well, I think we're
17 going to take a brief recess right now, five
18 minutes, I'd say. And we'll return at 3:30.

19 MS. BROWN: All right. That gives me
20 enough time. Thank you.

21 *[Recess taken at 3:25 p.m. and the*
22 *hearing resumed at 3:49 p.m.]*

23 *[Brief off-the-record discussion ensued*
24 *prior to going on the record regarding*

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1 *scheduling, etc.]*

2 CHAIRWOMAN MARTIN: And, Mr. Getz, is
3 your point related to Ms. Brown's motion or
4 something else?

5 MR. GETZ: No.

6 CHAIRWOMAN MARTIN: Okay. Is it all
7 right if we hear from Ms. Brown with regard to
8 her conversations, before we go to another issue.

9 MR. GETZ: Yes.

10 CHAIRWOMAN MARTIN: Thank you.

11 MS. BROWN: Okay. Now that I see Nick.
12 Okay.

13 Okay. After talking with my client, we
14 are going to withdraw our motion to recognize
15 those tabs as exhibits.

16 CHAIRWOMAN MARTIN: Okay. Thank you.
17 Mr. Getz.

18 MR. GETZ: Yes, Madam Chair. This is
19 in response to the suggestion about how the
20 remainder of the day would be conducted. I take
21 it that the prospect for finishing the case and
22 getting onto the Step II issue, that that's not
23 going to happen today.

24 So, the thought crossed my mind whether

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1 it would be better, in lieu of oral closing
2 statements, to have the opportunity to file
3 something short in writing. It has been kind of
4 a long, disjointed day. And I think you might
5 get better summations if we could do it in
6 writing. And it would be due certainly in
7 advance of whenever the next hearing date is.

8 CHAIRWOMAN MARTIN: How do the other
9 parties feel? I was certainly looking forward to
10 the oral argument. But I could be convinced
11 otherwise, depends how the other Commissioners
12 feel as well. How do the other parties feel?

13 MS. BROWN: This is Marcia Brown. I
14 would be amenable to a written closing, in lieu
15 of a oral closing. Although, I can do my oral
16 closing as well. But I think it might be helpful
17 with the written one to be reciting exhibits more
18 specifically. I think that would be helpful, if
19 we did a written closing.

20 CHAIRWOMAN MARTIN: Mr. Kreis.

21 MR. KREIS: I'm happy to do whatever
22 the Commission's pleasure is. But I would just
23 like to remind everybody that, as far as I know,
24 we are arguing here about \$26,000. And I don't

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1 know what Mr. Getz's hourly rate is, I don't know
2 what Ms. Brown's hourly rate is. But we are
3 spending a lot of time and money fighting over
4 \$26,000.

5 CHAIRWOMAN MARTIN: Mr. Mueller.

6 MR. MUELLER: I would prefer to do
7 written closing arguments as well.

8 CHAIRWOMAN MARTIN: Commissioners, do
9 you want to speak off the record or do you have
10 an opinion that you would share?

11 CMSR. BAILEY: I thought that what we
12 planned and what you announced was that we were
13 going to get through what we needed to do for the
14 rate case expense portion of the case today, and
15 put Step II off for another day. Maybe I
16 misunderstood?

17 CHAIRWOMAN MARTIN: No, you're right.
18 I think Mr. Getz is proposing an alternative.

19 Mr. Getz, were you suggesting that we
20 do the Step II portion today instead, though,
21 that we would do that?

22 MR. GETZ: No, I wasn't suggesting
23 that. Though, you know, I would be prepared to,
24 you know, take an entirely different course, and

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1 say, you know, "let's finish it all today."

2 So, you know, whether you want to hear
3 oral arguments today and get this over, or give
4 us the opportunity to put something in writing, I
5 can do either.

6 CHAIRWOMAN MARTIN: Commissioner
7 Giaimo, do you want to weigh in or perhaps we
8 should just drop off just for a minute and have a
9 quick chat?

10 CMSR. GIAIMO: Either way is fine. It
11 seems like the general consensus is, and I didn't
12 hear Mr. Kreis specifically say he was against
13 it, but it seems like the general consensus was
14 to put it on the papers. So, I'd be fine with
15 that.

16 CHAIRWOMAN MARTIN: Commissioner
17 Bailey?

18 CMSR. BAILEY: I'm fine.

19 CHAIRWOMAN MARTIN: Okay. I think
20 there's a desire to hear at least a brief
21 argument from you. And, to the extent you have
22 additional things to say, you can file it in
23 writing. How about that?

24 MR. GETZ: That sounds fine for Omni.

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1 Thank you, Madam Chair.

2 CHAIRWOMAN MARTIN: Any objection to
3 that approach?

4 MS. BROWN: So that I'm clear -- can
5 you hear me?

6 CHAIRWOMAN MARTIN: I can.

7 MS. BROWN: So that I'm clear, we are
8 doing oral. But, if there's something we wanted
9 to add, we're doing written?

10 CHAIRWOMAN MARTIN: Well, we're asking
11 you to do a truncated version of what you planned
12 to do for an oral argument. If you want to add
13 something that you leave out, because you're
14 trying to cut it short, you can file something.

15 MS. BROWN: I'm sorry. I'm still not
16 following. This is for the written, a written
17 part or oral part?

18 CHAIRWOMAN MARTIN: So, we had expected
19 oral argument. I think there's a feeling that
20 people are getting tired. And, so, we'd like to
21 hear oral argument. But, to the extent you can
22 keep it short, that's great. If you can get
23 everything you want to say in in a short period
24 of time, that's even better.

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1 But, if you leave something out that
2 you planned to say, and you want to file it, we
3 will accept it, if you file it in the next five
4 days.

5 MS. BROWN: Thank you.

6 CHAIRWOMAN MARTIN: All right. And I
7 am going to apologize to Mr. Kreis, because given
8 that this is an unusual proceeding, and we're
9 doing things a little bit differently, I'm not
10 going to start with you today. And I apologize
11 for that. I'm going to start with Ms. Brown.

12 MS. BROWN: For redirect?

13 CHAIRWOMAN MARTIN: No, for oral
14 argument. Do you still have redirect you would
15 like to do?

16 MS. BROWN: Right. Because we just
17 finished with the Commissioners' questions,
18 right?

19 CHAIRWOMAN MARTIN: I apologize. I
20 thought that we had asked that and we moved past
21 that.

22 MS. BROWN: Okay.

23 CHAIRWOMAN MARTIN: We have to go back.

24 MS. BROWN: I don't have much, really.

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1 CHAIRWOMAN MARTIN: Okay.

2 **REDIRECT EXAMINATION**

3 BY MS. BROWN:

4 Q I just want to clarify for the record --
5 Mr. LaChance, are you still there?

6 A (LaChance) Yes, I'm here.

7 Q Okay. On cross-examination by Mr. Mueller, there
8 was a discussion about a "\$7 million in revenues"
9 attributed to Abenaki Water. I just want to have
10 you clarify, which entity does that 7 million go
11 to?

12 A (LaChance) That's the consolidated New England
13 Service Company's total revenue amounts of its
14 unregulated and regulated entities.

15 MS. BROWN: Okay. Thank you. That was
16 the only question, because your clarifications
17 have already come out on Commissioner
18 questioning. Thank you.

19 WITNESS LaCHANCE: Yes.

20 CHAIRWOMAN MARTIN: Okay. Well, that
21 was fast.

22 Mr. Tuomala, I'm sorry, I skipped you,
23 too, I think.

24 MR. TUOMALA: Not a problem, Madam

1 Chairwoman. I do not have any further
2 questioning for any of the witnesses.

3 CHAIRWOMAN MARTIN: Okay. Then, we
4 will move to oral argument now.

5 Ms. Brown.

6 MS. BROWN: I believe we were going
7 last, is my understanding.

8 CHAIRWOMAN MARTIN: Well, have you --
9 had the parties previously agreed to an order?

10 MS. BROWN: My understanding was, if we
11 had the ultimate burden, we were going last.

12 CHAIRWOMAN MARTIN: Any objection to
13 that? I have no real preference.

14 MR. GETZ: I have no objection.

15 CHAIRWOMAN MARTIN: And I apologize to
16 Mr. Kreis. Mr. Getz, were you speaking?

17 MR. GETZ: I said "I have no objection"
18 to the Company going last, or -- and I can go
19 first, if that's what you'd like to do?

20 CHAIRWOMAN MARTIN: Sure.

21 MR. GETZ: Okay. Thank you, Madam
22 Chair.

23 I'll begin with this fundamental point:
24 Rate case expenses are nonrecurring expenses, and

1 such expenses are not included in a utility's
2 revenue requirement.

3 For the recovery of rate case expenses,
4 there are two clear cases, as I understand the
5 1900 rules. First, in the case of a third party
6 service provider, who provides expert, legal, or
7 accounting services, such as were provided by Ms.
8 Brown and Mr. St. Cyr in this case, that, to the
9 extent those costs are reasonable, then they
10 would be recoverable.

11 The second clear case, as I see it, is
12 with the work done by a direct utility employee.
13 And by that, I mean a case similar to that
14 described by Commissioner Bailey, in her example
15 of a regulatory employee who worked directly for
16 the utility. In that case, the work done by that
17 employee, the services provided by that employee,
18 are not recoverable, because those services are
19 already included in the revenue requirement.

20 The question before the Commission
21 today is "how to treat the work done by an
22 employee of a service company?" You can -- you
23 can look at that as an indirect employee of
24 Rosebrook or you can consider it one step

1 removed. But the question is, "how do you treat
2 the work done by an employee of a service company
3 under the Commission's rules?"

4 Omni's position is that the work done
5 by the employees of New England Service Company
6 are included in the revenue requirement. And Ms.
7 Descoteau recognizes that, that the general
8 salaries of NESC are included in the revenue
9 requirement.

10 Omni does not see any basis in the
11 rules for treating the work done on a rate case
12 by an indirect, or service company employee one
13 step removed, than the Commission would treat and
14 disallow the recovery of work done by the direct
15 employee of a utility on a rate case.

16 I'd also like to respond to the Abenaki
17 objection to Omni's Motion for Hearing, that
18 objection was filed on January 23rd. And, at
19 Page 5 of that objection, Abenaki says that
20 "Omni's argument is contrary to precedent." That
21 "Omni's argument departs from the Commission's
22 long-standing recognition that some expenses are
23 recoverable as rate case expenses notwithstanding
24 that an affiliate agreement exists for

1 operational work."

2 The objection lays out three orders,
3 including Order Number 25,945, in Docket DW
4 15-199, that I raised in my questions to Ms.
5 Descoteau. And it says there that, in that
6 docket, in the order, "See Order Number 25,945...
7 pertaining to Abenaki's use of NESC employees for
8 recoverable rate case related work in the
9 Bow/Belmont rate case."

10 The objection also says "As these cases
11 illustrate, the Commission has a history of
12 determining which expenses qualify for recovery
13 as rate case expenses and which expenses are
14 affiliate agreement related."

15 I've read these three orders of the
16 Commission. And I've looked very closely, and I
17 cannot find any reference in the Commission's
18 order about why affiliate charges should be
19 recovered. All I can see, in Order Number
20 25,945, is a recitation of the -- of the filings
21 about rate case expenses, and a finding by the
22 Commission that it has consistently found that
23 prudently incurred rate case expenses are
24 legitimate costs of utility services that should

1 be included in rates.

2 I do not see anywhere in these three
3 decisions, two of which predated the Commission's
4 rules, for a principle that rate case expenses
5 should be recoverable when they are incurred by a
6 service company's employees.

7 I'd also like to turn to the
8 Commission's Rule 1905, with respect to
9 "estimated rate case expenses". It does not
10 appear that Omni filed -- that Abenaki, excuse
11 me, filed a detailed description of rate case
12 expenses actually incurred when it made its rate
13 case filing here. And it does not appear that it
14 asked for a waiver, it does not appear that one
15 was granted. And it did not provide the 90-day
16 update.

17 In Abenaki's objection, filed on
18 January 23rd that I just referenced, on Page 7,
19 it says that "Omni's argument regarding Puc 1905
20 is form over substance." And I would disagree
21 with that characterization. Failure to file the
22 detailed description of rate case expenses is not
23 a mere formality.

24 Section 1905 goes directly to the

1 second of the three purposes stated in the
2 Commission's rules, in 1901.01, that "The purpose
3 of this chapter", among other things, "is to
4 establish requirements for utilities to properly
5 document and control rate case expenses." And
6 that was not done by Abenaki in this case.

7 Now, in the objection, Abenaki says "To
8 argue now that the Commission should deny
9 recovery of expenses when it didn't deny others
10 based on the failure to [follow this rule]", that
11 "begs the Commission to apply its rules
12 differently to similarly filed rate case
13 expenses." And "Such a differing interpretation
14 would constitute an impermissible rule." Again,
15 I disagree with that characterization.

16 The Commission did not determine
17 earlier in this proceeding that rate case -- that
18 the rate case expenses should be allowed
19 irrespective of the failure to conform with the
20 Commission's rules. The matter was simply not
21 addressed. Omni is asking now that you address
22 this issue with respect to these rate case
23 expenses.

24 Abenaki is basically taking the

1 position that it would with, if you're stopped by
2 a state trooper on Tuesday, and say "you can't
3 stop me for speeding today, because I drove right
4 by you at the same speed yesterday." That's not
5 how this works. The Commission is entitled to
6 review whether it should apply the 1905 rule to
7 these rate case expenses.

8 Abenaki also cites for argument that
9 "Such a differing interpretation would constitute
10 an impermissible rule." The Supreme Court
11 decision in *Asmussen versus the Commissioner*,
12 it's a 2001 case -- or, a 2000 case, in which
13 the -- it's about the propriety of directives
14 given by the Assistant Commissioner of Safety to
15 hearings officers about how they were to conduct
16 administrative license suspension hearings. This
17 case is not about an agency applying its rules
18 differently. The argument here is about whether,
19 in a case where you did not address the
20 application of 1905 early in the case, whether
21 you are barred from doing it later in the case.
22 And it's not -- that's not an application of a --
23 an impermissible application of a rule.

24 So, interestingly, *Asmussen* may have

1 some relevance here. In discussion with Ms.
2 Descoteau, it appears that the Commission Staff,
3 in any event, is not applying 1905 to the -- to
4 water utilities. And, to the extent that that
5 is -- that application is being done on a
6 consistent basis or by some directive, or in what
7 other form, that may constitute an impermissible
8 rule.

9 And, with that, I have nothing else,
10 Madam Chair. Thank you.

11 CHAIRWOMAN MARTIN: Thank you, Mr.
12 Getz. We will go to Mr. Kreis now.

13 MR. KREIS: Thank you, Chairwoman
14 Martin, Commissioners. I am going to be as brief
15 as I possibly can.

16 Let me begin by saying, I agree with
17 everything that I just heard Mr. Getz say on
18 behalf of this utility's largest customer. And I
19 think all of his arguments apply with equal force
20 to the interests of the residential customers
21 that the Office of the Consumer Advocate
22 represents.

23 Beyond that, I would like to say that I
24 came to today's hearing with more of an open mind

1 than I usually do. I really wanted to see if
2 this utility, notwithstanding Mr. Getz's
3 excellent positions on behalf of Omni, I wanted
4 to see if this utility can really convince me
5 that it was entitled to recover rate case
6 expenses above and beyond the costs that
7 customers have already incurred in the Company's
8 regular test-year revenue requirements for the
9 Service Company employees who were working on
10 behalf of the customers of the utility. And the
11 reality is that the Company simply didn't meet
12 its burden of proof.

13 I asked Mr. LaChance about this, and he
14 essentially punted the question over to Ms.
15 Descoteau. And, when I asked Ms. Descoteau about
16 it, she basically said "Well, I looked at all the
17 records. And you're just going to have to
18 believe me that I reviewed them, and I concluded
19 that there isn't any double-recovery going on
20 here."

21 I have a longstanding relationship with
22 Ms. Descoteau, and lots of the other analysts
23 that she works alongside at the Commission, and
24 they are all honorable, excellent people, and I

1 find her to be a credible witness. But, even
2 though she is a credible witness, the reality is
3 that the Company has not met its burden of proof,
4 if this comes down to simply relying on a Staff
5 analyst at the PUC testifying that "Yeah, I don't
6 think there's any double-recovery here."

7 I think it really was incumbent on this
8 Company to demonstrate that it isn't recovering
9 twice from customers. And I am not convinced, I
10 have not seen evidence that convinces me that, in
11 fact, the customers of this Company have not
12 already paid for the time of these Service
13 Company employees who devoted themselves to
14 working on the rate case.

15 The only other point I would make has
16 to do with the costs that are reflected in
17 Exhibit 17. The Company came before you today.
18 And, on top of the \$26,000 of rate case expenses
19 that were in dispute and were noticed for hearing
20 today, the Company is also asking you to approve
21 recovery of almost 12,000 in addition -- \$12,000
22 in additional rate case expenses, and they
23 promise that they will furnish documentation at
24 some point in the future, that then the

1 Commission can just insert into the record.
2 That's not the way this is supposed to work.

3 These rate case expenses are all
4 supposed to be vetted. Usually, that happens by
5 agreement. It hasn't happened here. And, as to
6 any of these costs, I don't think the Company has
7 met its burden. And I think all of these rate
8 case expenses should be disallowed, because to do
9 otherwise would be to put all the utilities in
10 the state on notice that they can play fast and
11 lose with the Commission's rules, and just get
12 rate case expense recovery based on something
13 other than a firm evidentiary record.

14 That's all I have to say. And I thank
15 the Commissioners for their time and attention
16 today.

17 CHAIRWOMAN MARTIN: Thank you, Mr.
18 Kreis. Mr. Mueller.

19 MR. MUELLER: Thank you, Madam Chair.
20 I will also be brief.

21 And, just to make clear, my background
22 is as a CPA and controller and controller-type
23 activities of large and small companies, public
24 and private. And I have to say that I disagree

1 with the Staff's position that \$165,000 a year
2 for salary and benefits for a controller of a
3 small water company is the market. That would be
4 the market for a controller of a large billion
5 dollar publicly traded company in the City of
6 Boston. So, I can state, in my representation of
7 Bretton Woods Property Owners, that I disagree
8 with that.

9 And I also disagree that a 21 percent
10 increase in that rate in one month is
11 reasonable. Now, labor costs these days are only
12 going up about three percent, and that can be
13 objectively verified in CPI, Consumer Price
14 Index, labor costs, are only going up about three
15 percent no matter what time period you look at.

16 I also disagree that 91,000 a year for
17 a customer service representative is the market.
18 Because I've had a lot of customer service reps
19 in the companies that I worked for, and that is
20 way beyond anything I have ever seen in the City
21 of Boston. I also disagree that 17 percent is a
22 reasonable rate increase, again, for the same
23 reasons that I just cited for the controller rate
24 increase.

1 And that's all I have. Thank you.

2 CHAIRWOMAN MARTIN: Thank you, Mr.

3 Mueller. Mr. Tuomala.

4 MR. TUOMALA: Thank you, Madam

5 Chairwoman. I will also attempt to be brief.

6 And, first, by stating that I believe
7 Staff's position is that there is sufficient
8 evidence on the record for you to make a
9 determination now that the contested rate case
10 expenses of \$26,369 can be approved, based off of
11 Exhibit 13, which is Staff's Recommendation, as
12 the OCA had spoken before about.

13 In there, specifically, it talks about
14 what Staff did to vet the 600-page filing that
15 Abenaki made, the work had been completed by
16 Staff, and even included a disallowance of
17 \$10,000. So, Staff had done its job by vetting
18 what the Company provided. So, I would take
19 exception that the Company has met its burden,
20 that because, by submitted those 600 pages and
21 working in conjunction with Staff to form that
22 recommendation, that those -- that \$26,000 is
23 recoverable, and it should be approved as just
24 and reasonable rates for customers.

1 We've also heard plenty of testimony
2 today regarding the possibility of
3 double-recovery. But both Staff and the Company
4 have provided testimony stating that there is no
5 double-recovery. That that \$35,000 that's in the
6 revenue requirement isn't a general lump-sum
7 salary. Those are discrete charges that make up
8 that \$35,000, and they have nothing to do with
9 the amount that is being sought in recovery in
10 the \$26,000.

11 So, I would say that there is plenty in
12 the record that the Company has met its burden.
13 And the OCA is perfectly correct that usually
14 this is done informally by agreement, but here we
15 have a situation where there is disagreement.
16 But those records have been vetted. And there is
17 significant evidence that there is no
18 double-recovery, and that those are just and
19 reasonable charges that should be applied as a
20 surcharge.

21 To the point of the 1905 rules, I would
22 just argue, this is somewhat off-the-cuff, that
23 that argument might be waived by Omni, because
24 that argument was not brought up when the

1 majority of the rates, the \$77,000, approved in
2 Order 25,205 [26,205?], and Omni submitted a
3 Motion for Rehearing on that, it did not bring up
4 that argument at that time that any of the rate
5 case expenses should be barred because they had
6 not followed through on their filing requirements
7 pursuant to 1905.

8 So, in summation, I would say that the
9 Commission should approve those contested rate
10 case expenses. There's plenty of evidence on the
11 record in both the exhibits and the testimony.

12 Thank you, Madam Chairwoman.

13 CHAIRWOMAN MARTIN: Thank you. And,
14 Ms. Brown, I think we're back to you.

15 MS. BROWN: Yes. Thank you very much.
16 I have two general subject areas.

17 First concerns Omni's motion for this
18 hearing. My understanding is that the hearing
19 today was to offer -- allow Abenaki -- allow Omni
20 an opportunity to make its case, which is --
21 which it has attempted in September, October, and
22 January filings, and here today, to support its
23 arguments, which are -- which the crux of them
24 are 1907.01, and whether the expenses are for

1 matters handled by service providers that are
2 typically performed by utility management and
3 staff. And, second, whether New England Service
4 Company falls within the definition of a "service
5 provider"?

6 We haven't had any evidence provided
7 today to support those arguments from Omni. All
8 we've had are hypotheticals.

9 So, it is important to remember that
10 Abenaki has no employees. As Mr. LaChance
11 testified, New England Service Company employees,
12 when they work for the regulated utility, such as
13 Rosebrook, keep meticulous time sheets. And
14 those time sheets are put into either a deferred
15 account, if that is rate case -- rate case work,
16 or into an operational account for the
17 operational work.

18 Because there are no employees, it
19 undermines Omni's argument as to the
20 applicability of 1907.01. Because, if you don't
21 have employees, they can't be available.

22 Now, it is also important to remember
23 that these costs are at cost. There is no
24 mark-up, as you heard in the testimony today.

1 Staff testified also that these costs are lower
2 than comparable utilities, and that that saves
3 money.

4 With respect to Mr. Mueller's argument,
5 that there are large increases, that is a
6 misreading of the invoices. As Mr. LaChance
7 testified today, there are true-ups. These are
8 all-in numbers, that include changes in
9 healthcare, etcetera. So, to argue that these
10 are huge, unreasonable swings in salary, it's
11 not -- it's an apples-to-oranges comparison.
12 It's not the right argument for that data.

13 With respect to New England Service
14 Company being used in rate cases, Rosebrook has
15 not used New England Service Company employees
16 any differently than how it used the New England
17 Service Company employees in its White Rock and
18 Lakeland rate cases. So, there is a past
19 precedence for this structure. And, as we
20 testified -- as Mr. LaChance testified today,
21 that hasn't changed.

22 So, if the Commission has approved
23 these rate case expense work costs for recovery
24 in prior rate cases, it should do so with respect

1 to Rosebrook. And, as Staff testified, if
2 Abenaki does not recover these expenses, then
3 NESC was working for free, and that can't be.

4 Again, this is not a case of first
5 impression, as Omni has argued in its motions.
6 And I won't reiterate the arguments that I put in
7 the January 23rd objection, but I did note that
8 there are other instances that the Commission has
9 allowed a affiliate to have costs go into a
10 revenue requirement and also have costs go into
11 recoverable rate case expenses. So, this is not
12 unusual. And I pointed out those instances in
13 the Aquarion case and Hampstead Area Water
14 Company. Where, through efficiency, or due to
15 efficiencies, they have a similar situation as
16 New England Service Company, working on a hourly
17 basis to provide services cost-effectively to the
18 regulated utility.

19 Now, with respect to the documentation,
20 as I said before, New England -- or, as Mr.
21 LaChance testified, New England Service Company
22 keeps very detailed time records to make sure
23 that these go into the correct accounts.

24 Sorry, I'm skipping over stuff that

1 other attorneys have included in their closings
2 to be brief here.

3 I would also like to note that, when
4 Staff looked at these expenses, it had -- in
5 addition to today's testimony, you also have its
6 report in Exhibit 13, that they had been fully
7 audited and found no double-recovery. You have
8 Exhibit 15, which was the December letter, that
9 Staff reiterated and clarified that it found no
10 double-recovery, and that the New England Service
11 Company expenses for rate case work ought to be
12 recovered. And you also have Exhibit 18
13 documenting the work that New England Service
14 Company did in evaluating the rate case expenses.
15 There is plenty of documents and testimony
16 evidence in the record today demonstrating that
17 customers are not paying twice for these
18 expenses. There is no evidence or documentation
19 in the record to prove otherwise.

20 Now, with respect to Omni's critique of
21 the past order with rate case expenses for
22 Abenaki, and looking for express verbiage that
23 the expenses of an affiliate could be in rate
24 case expenses, it may not be there expressly, but

1 it is certainly in there impliedly, because you
2 have an affiliate performing work for revenue
3 requirement purposes and you have the affiliate
4 doing work for rate case expense purposes. So,
5 you know, I think looking for express verbiage is
6 good, but you can't discount that the Commission
7 has authorized an affiliate to work in both
8 zones.

9 Again, I just want to bring out that
10 Mr. LaChance had testified that the rate case
11 parts -- the rate case costs were tracked in a
12 deferred account, to make sure that they weren't
13 commingled with the other accounting.

14 And, so, with that, those are all the
15 points I wanted to raise. Oops. With the
16 exception of, sorry, the point about the rate
17 case expense reports. You can see from the
18 docketbook that this attorney is coming in at
19 certain times in this rate case, and also the
20 accountant has been making filings in this. So,
21 I don't have a response to why the rate case
22 expenses weren't filed, and I can follow up in
23 writing. But, for cost-effectiveness, it's not
24 something that at least I was responsible for,

1 but I don't -- I can't offer a excuse for why the
2 Company overlooked that, and I can file something
3 in writing on that issue.

4 In conclusion, because the evidence in
5 the record and hearing today, documents that
6 these expenses are not double-recovered, that
7 they have been audited, and that they are just
8 and reasonable, and at cost, Abenaki requests
9 that the Commission approve them and allow them
10 to be rolled into the existing methodology for
11 the rate case expense surcharge.

12 And, again, thank you for your time and
13 logistics today.

14 CHAIRWOMAN MARTIN: Well, thank you. I
15 think we struggled through it. It was certainly
16 not our best day, but we made it at least this
17 far.

18 I think we need to go through the
19 exhibits and the record requests, just to make
20 sure that we have everything right. I have
21 Exhibits 12 through 26 marked for ID. And I
22 heard no objection to those being admitted. Any
23 objection?

24 MR. GETZ: No objection.

1 MR. KREIS: I am not sure that I'm
2 ready to agree that all of the identification
3 should be lifted on all those exhibits. Some of
4 them I think relate to the Step II issues. And,
5 so, you know, we don't know how that's going to
6 go yet. And there might be some -- I'm guessing
7 that either all of them have been referred to
8 today, or as relate to the Step II issues that
9 remain to be addressed.

10 So, I guess -- I think it might be
11 premature to lift the IDs, I guess, is what I
12 would suggest to the Chairwoman.

13 CHAIRWOMAN MARTIN: That's a fair
14 point, because I certainly have not walked
15 through to make sure every one is this issue, and
16 that you're right, there may be some that apply
17 to the Step II.

18 So, we can hold and do that at the end
19 of the entire proceeding.

20 But I do want to make sure we have the
21 record requests clear. Exhibit 27 will be the
22 record requests from Commissioner Bailey. She
23 walked through that in pretty good detail. Do
24 you need more clarity on that or are you

1 comfortable?

2 MS. BROWN: I guess, is that a question
3 for Mr. LaChance?

4 CHAIRWOMAN MARTIN: Either you or
5 Mr. LaChance, yes.

6 MS. BROWN: Because I'm relying on
7 Mr. LaChance. I've got extensive notes.

8 MR. LaCHANCE: Yes. I'm pretty sure I
9 know what we should be looking for here.

10 MS. BROWN: Thank you.

11 CHAIRWOMAN MARTIN: Okay. And then,
12 the second record request will be Exhibit 28, and
13 that was my request. Do you have any questions
14 about that one?

15 MS. BROWN: Again, Mr. LaChance, do you
16 have any questions on the report, the data that
17 you're assembling?

18 MR. LaCHANCE: No.

19 CHAIRWOMAN MARTIN: Okay. Okay.
20 Anything else before we wrap up for this day?

21 MR. GETZ: Madam Chair?

22 CHAIRWOMAN MARTIN: Yes.

23 MR. GETZ: Can we confirm, you said
24 five days to follow up with anything in writing

1 relative to closings, is that correct?

2 CHAIRWOMAN MARTIN: Yes.

3 MR. GETZ: And does that mean "five
4 business days", so a week from today?

5 CHAIRWOMAN MARTIN: Yes.

6 MR. GETZ: Okay. Thank you.

7 CHAIRWOMAN MARTIN: And we will
8 continue this hearing to a later date, and the
9 Commission will send out a new order of notice
10 with that date.

11 So, anything else?

12 *[No indication given.]*

13 CHAIRWOMAN MARTIN: Okay. Then, we are
14 going to continue the hearing, take what we have
15 so far under -- oh, Commissioner Bailey?

16 CMSR. BAILEY: Sorry. I just wanted to
17 ask whether Mr. Gallo would be available to
18 testify at another time or if he's off the
19 witness list?

20 MS. BROWN: He was unavailable for
21 today, and Mr. Vaughan was going to cover his
22 issues. But we will strive to have him available
23 as well at the next hearing date.

24 CMSR. BAILEY: Okay. Thank you.

1 CHAIRWOMAN MARTIN: Okay. Thank you.
2 Then, we will adjourn for today.

3 *(Whereupon the hearing was adjourned at*
4 *4:31 p.m., and the hearing to be*
5 *resumed at a date and time to be*
6 *determined.)*

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