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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

June 17, 2020 - 2:01 p.m.

[AFTERNOON SESSION ONLY]

[Remote Hearing conducted via Webex]

RE: IR 20-089

**NEW HAMPSHIRE PUBLIC UTILITIES
COMMISSION: Investigation into
Effects of the COVID-19 Emergency
on Utilities and Utility Customers.
(Status conference)**

PRESENT: Chairwoman Dianne Martin, Presiding
Cmsr. Kathryn M. Bailey
Cmsr. Michael S. Giaimo

Jody Carmody, Clerk
Eric Wind, PUC Remote Hearing Host

APPEARANCES: Reptg. Aquarion Water Company:
Matthew J. Fossum Esq.

Reptg. Hampstead Area Water Company:
Charlie Lanza
John Sullivan

**Reptg. Bedford Waste Services,
Bodwell Waste Services & Lorden
Commons Sewer Company:**
Stephen P. St. Cyr

**Reptg. Pennichuck Water Works,
Pennichuck East Utility &
Pittsfield Aqueduct Company:**
Larry Goodhue, Chief Executive Officer
Donald Ware, Chief Operating Officer

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

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APPEARANCES: (C o n t i n u e d)

Reptg. Residential Ratepayers:
D. Maurice Kreis, Esq., Consumer Adv.
Christa Shute, Esq.

Reptg. PUC Staff:
Paul B. Dexter, Esq.
Christopher R. Tuomala, Esq.

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1 *(Afternoon Session commenced at 2:01 p.m.)*

2 **P R O C E E D I N G**

3 CHAIRWOMAN MARTIN: All right. Let's
4 go back on the record. We're back from taking a
5 recess, and proceeding with presentations.

6 I believe we are going to start with
7 Aquarion, which will be Mr. Fossum.

8 MR. FOSSUM: Yes. Good afternoon.
9 Taken off my PSNH hat, and this afternoon I am
10 here on behalf of Aquarion Water Company of New
11 Hampshire.

12 On behalf of Aquarion this afternoon, I
13 have Lucy Tiexeira, the Vice-President of
14 Administration; Debra Szabo, the Director of
15 Rates and Regulation; and Carl McMorran, the
16 Operations Manager. I'll turn it over to them in
17 just a moment.

18 One note I wanted to make is that, down
19 in the attendee group, we also have John Walsh,
20 the Vice President of Operations, who is
21 available if there are other questions, but, at
22 the moment, we don't anticipate on having him
23 speak. But he is available, if we need to do
24 that.

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 With that, I guess I will turn it over
2 to Mr. Patnaude, and then we'll move on to the
3 presentation.

4 CHAIRWOMAN MARTIN: All right.
5 Mr. Patnaude, would you swear in the witnesses
6 that Mr. Fossum just listed?

7 MR. PATNAUDE: Yes.

8 (Whereupon **Lucy Tiexeira, Carl**
9 **McMorran,** and **Debra Szabo** were duly
10 sworn by the Court Reporter.)

11 **LUCY TIEXEIRA, SWORN**

12 **CARL McMORRAN, SWORN**

13 **DEBRA SZABO, SWORN**

14 MR. FOSSUM: All right. Then, I will
15 turn it over to Ms. Tiexeira for the
16 presentation.

17 WITNESS TIEXEIRA: Thank you. Can you
18 all hear me?

19 CHAIRWOMAN MARTIN: Yes.

20 WITNESS TIEXEIRA: Thank you. Before I
21 start my presentation, I would just like to say
22 that, you know, Aquarion Water Company is fully
23 committed to continuing to provide our customers
24 in New Hampshire with reliable and high-quality

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 water service during this critical time. In
2 addition, we are ensuring that our service is
3 delivered in the safest manner possible, to
4 protect our customers and our employees. And I'm
5 happy to report that, as of today, we have had no
6 employee that has tested positive for COVID.

7 You know, we are committed to safety.
8 And we have discontinued nonessential work,
9 although we are gradually opening that up as
10 the -- as everything seems to be getting a little
11 bit better, and in coordination with the
12 government and CDC requirements. And 100 percent
13 of our administrative staff is working from home
14 and supporting the field service employees in
15 delivering the service that is so essential to
16 our community.

17 Our Call Center staff is working from
18 home, and continue to provide the service that is
19 needed for customers, to answer their questions,
20 pay their bill, and provide them with information
21 that they need each and every day.

22 I'd now like to turn it over to the
23 presentation. Can everybody see this?

24 CHAIRWOMAN MARTIN: Not yet. I can't

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 see it up on the screen.

2 WITNESS TIEXEIRA: I think someone
3 might need to give me permission to share.

4 MR. WIND: So, I have assigned you the
5 presenter role. So, you should be able to share.

6 MR. FOSSUM: Is that the "Share
7 content" button down at the bottom?

8 WITNESS TIEXEIRA: "Share content"?

9 MR. WIND: Correct. You would hit the
10 button, "Share content", yes.

11 CHAIRWOMAN MARTIN: We can see it now.

12 WITNESS TIEXEIRA: There we go. Great.
13 Awesome.

14 So, you know, as you may know, Aquarion
15 is a wholly owned subsidiary of Eversource
16 Energy. And we have aligned some of our response
17 accordingly, and in compliance with the different
18 rules and regulations that we have in each of the
19 states that we operate.

20 So, as part of this, we have suspended
21 shuts for nonpayment and eliminated all late fees
22 for all of our customers. And we have
23 implemented a flexible payment plan, with no down
24 payment, for past due amounts, for all customers,

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 including residential, industrial, and commercial
2 customers.

3 What we call our "COVID-19 Payment
4 Program" provides flexible payment -- payment
5 arrangements for any customer who requests it
6 during the pandemic for up to 24 months. And,
7 so, if -- when a customer calls, we're happy to
8 say, you know, "we understand your situation",
9 and we'll give them up to two years to make those
10 payment arrangements.

11 We are not asking any financial
12 questions. We recognize that people may have
13 been doing just fine before the pandemic, and are
14 now in a different situation. We are not
15 requiring any down payments. We just want to
16 speak with them to ensure that they are committed
17 to making a payment arrangement with us,
18 recognizing that their bill, you know, will be
19 due at some point in time in the future.

20 There are no fees or interest charged
21 from the time of the pandemic to the end of the
22 payment plan. So, if they have committed to
23 making that payment arrangement, and they make
24 those payments according to the term that they

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 have submitted to, we will charge them no fees or
2 interest during that time.

3 We waive any fees or interest in the
4 calculation of the monthly payment amount. And
5 we've allowed the deferral of the first payment
6 to begin July 1st for unemployed residences or
7 businesses.

8 And this program runs -- customers can
9 enroll through -- residential customers can
10 enroll through November 1st, and non-residentials
11 can enroll through August 1st.

12 In addition, we also offer a Customer
13 Assistance Program. This program is a voucher
14 program, and it's administered through
15 Wellspring. And it provides a benefit who may be
16 experiencing some financial difficulties and
17 unable to pay their bill. This voucher would
18 give them a credit of \$50, which equates to
19 approximately, on average, one and a half months
20 of water usage. And that will be applied
21 directly to the customer's bill, if approved.
22 And the eligibility requirements are handled
23 through Wellspring.

24 From a customer communications

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 perspective, we wanted to ensure that all of our
2 customers were aware of the programs that were
3 available to them. So, we communicated to them
4 in a variety of ways. We've sent e-mail
5 communications to the customers for which we had
6 an e-mail for on March 16th, March 31st, May 1st,
7 and June 5th. We included information on this in
8 their -- as a bill insert during the months of
9 March and April. We started that in the middle
10 of March, March 18th. Our website has been
11 updated with some questions and answers. And
12 we've done some social media posts. So, social
13 media posts, we actually -- it's a paid program,
14 so they come up on Facebook, you know, on a daily
15 basis pretty much, that talks about our COVID-19
16 response plan to help customers in need, and it
17 refers them to our website where they can get
18 more information.

19 We've also sent letters to -- from our
20 President to Town officials, updating them on
21 what we're doing to assist customers and the
22 cessation of nonessential work. And we would
23 hope that, if customers call the Town, that they
24 would understand the programs that are available

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 to them and refer them back to us. And those --
2 we've done three e-mails -- or, letters to the
3 Town officials during this time.

4 We've done social media posts. And we
5 did a public announcement, issuing notice to
6 building owners to remind them to flush the
7 building. If the building has not been used, the
8 water is stagnant and, you know, won't taste
9 good. And it's really in the best interest of
10 them to flush that building before they open up
11 for business.

12 In addition, we have updated our phone
13 system, our IVR. So that, when a customer calls,
14 the first thing that they'll hear is that, if
15 they are having trouble paying their bill, that
16 we do have flexible payment arrangements that we
17 can offer them.

18 So, again, we've used a variety of
19 channels, and have done our very best to reach
20 out to customers to promote our flexibility in
21 working with them to make very flexible payment
22 arrangements.

23 Over the next few charts, you will see
24 some financial data on our "Accounts/Receivables

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 Aging". And, while these amounts appear to be
2 small, especially in relation to some of the
3 electric and gas, you know, our bills are just a
4 little bit smaller, we have been impacted by this
5 pandemic.

6 As you can see, our A/R over 60 days
7 has been increasing pretty significantly since
8 this pandemic started. It's over 46 percent
9 higher since the end of March of this year, and
10 96 percent higher than the same period last year.

11 Our A/R over 90 is 57 percent higher
12 than March, and almost 140 percent higher than
13 the same time last year.

14 And I have to say, I'm surprised, but
15 not surprised, because I know this pandemic is
16 really affecting people in a very different way.
17 But our New Hampshire customers have historically
18 been very good payers. And we have not had a
19 problem with our bad debt expense as far back as
20 I can remember. So, that's, you know, again,
21 another reason why we're being very, very
22 flexible with customers. And we always have been
23 flexible with regards to payment arrangements, in
24 order to avoid shutting customers for nonpayment.

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 This chart illustrates the number of
2 new payment arrangements. And, again, the number
3 is very small, and very similar to the types of
4 arrangements that we've made in previous years.
5 And then, the number of defaulted payment
6 arrangements are, you know, we usually have about
7 50 percent of the people who default on the
8 payment arrangement. And it's, you know, the
9 current trend is similar to our historical trend.

10 And then, just some other information,
11 which is the number of customers that are
12 eligible for a disconnect notice. You know, it's
13 not a significant number of customers. We have
14 27 as of the last -- as of May. And it's in line
15 with, you know, previous months. January is
16 always a historically high month. I guess, right
17 around the Christmas timeframe, we always have a
18 higher number of customers that just don't pay
19 their bill, and then they end up paying it in the
20 first quarter of the following year. And we have
21 seen, you know, an increase in the number of
22 customers making no payment or a partial payment
23 over the last three months.

24 I guess, before I turn it over to Carl

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 to talk about, you know, the operational aspects
2 of what we're doing, I have to say that I'm a bit
3 surprised with regard to the number or the lack
4 of customers that are calling in to sign up for a
5 payment arrangement, considering the number of
6 times and the different ways that we are reaching
7 out to them. I think that customers may feel
8 pressure that they have to make a payment whether
9 they call or not, and they're just not calling.

10 But I'm hopeful, and I think that, once
11 things start to get a little bit better, and the
12 economy starts to open up, and we start to send
13 them notices that they may be shut, and, of
14 course, we will take the lead from the PUC as to
15 what time that might be, then customers will call
16 and start making payments. But, right now, we're
17 not seeing a lot of people call and take
18 advantage of the programs that we've offered
19 them.

20 Carl, I'll turn this over to you now.

21 WITNESS McMORRAN: Okay. Thank you.

22 Good afternoon. Can everybody hear me clearly?

23 Okay. Great.

24 Well, regarding customer safeguards, we

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 do have business continuity and pandemic plans
2 that are updated at least annually, and we're
3 currently operating under our emergency pandemic
4 plan. It really is just focused on ensuring we
5 continue to provide safe, reliable water service
6 to all of our customers. And, from a customer
7 perspective, that's pretty much "business as
8 usual", to not have any interruptions due to
9 COVID-19 or anything else.

10 And we have made a few adjustments. We
11 have curtailed what we call here "nonessential
12 work", it's maybe described as "less essential"
13 or "not essential" over the short time period
14 that we've been involved with COVID-19. But,
15 basically, we've postponed cross-connection
16 testing, all of our periodic meter replacements,
17 and activities like that that we can.

18 Really, in terms of ensuring that we
19 can respond to any service interruption, there's
20 been no changes in our processes for doing that,
21 with respect to either our own staff or the
22 contractors that we may call on to address those
23 situations.

24 We have implemented a number of work

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 safety plans, to focus on things like what
2 precautions we need to take if we have to go into
3 a customer building for some issue, how we handle
4 our staff in our own company buildings, as well
5 as construction sites. And they address the
6 procedures for PPE, which the next bullet
7 addresses, in terms of what's proper PPE, for
8 specific information, how to take care of it, how
9 to put it on/take it off. All those procedures
10 that are in the news on how to protect people.

11 And we recently implemented a contact
12 tracing protocol. In those cases where we do go
13 into buildings, we can record names and contact
14 information for people that our staff may
15 encounter, if anything comes up in the future to
16 do contact tracing.

17 We have made no changes to any of our
18 water treatment processes. We continue to
19 perform primary disinfection at all of our
20 sources, which are wells. And I would point out
21 that, really, the key metric for judging
22 disinfection is a virus inactivation metric. So,
23 we have all prepared ahead of time for this
24 particular event, and there's really no risk of

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 contacting COVID-19 or any other virus-borne
2 diseases from the water supply.

3 Lucy, if you go onto the next slide
4 please. So, I alluded to this a little bit
5 earlier, but we do have a number of measures put
6 in place to safeguard our employees. We
7 essentially postponed or canceled meetings,
8 business gatherings, all those opportunities
9 where employees would get together with other
10 people, in order to eliminate the transmission.

11 And we adjusted job responsibilities.
12 As Lucy indicated, everybody who can work from
13 home is working from home, in order to cut down
14 on interactions between employees. And we've
15 adjusted some of our procedures for those people
16 who do have to work in our buildings, we've got
17 sanitization procedures in place in order to
18 minimize the risk of any transmission, should it
19 exist.

20 And, Lucy, the next slide please. And
21 COVID-19 has had really minimal impact on our
22 capital project plan. There haven't been any
23 projects in either of these two categories of
24 reliability or asset replacement that have been

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 impacted. We really only had one project that
2 was even delayed, because we were in front of the
3 local Zoning Board for a variance, and because
4 they postponed their meetings, that permit
5 process also got postponed.

6 But, other than that, all the other
7 projects, which is mainly main replacement
8 projects, have been proceeding.

9 CHAIRWOMAN MARTIN: Mr. McMorran, I
10 think you're now on mute.

11 WITNESS McMORRAN: I'm sorry. I didn't
12 hear that.

13 Lucy, can you go to the next slide
14 please? There we go.

15 And there's really been minimal impact
16 to our normal operations. No changes to staffing
17 or their compensation or anything else. We have
18 shifted things around. We're trying to avoid
19 going into customer buildings, if we have to.
20 So, those staff hours that were spent doing those
21 types of things have just been shifted over to
22 other activities that we would normally get to
23 anyway. You know, we got ahead of our hydrant
24 maintenance, some of the maintenance in our

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 production facilities, and we particularly put a
2 little more time into leak detection this year.
3 And we really haven't had any disruptions in any
4 of our supply chains. Probably like a lot of
5 organizations, early on there was sort of a
6 scramble to get PPE and sanitizer and things like
7 that. But we really never came close to running
8 out of everything.

9 There has been a few things on the
10 material side that are just a little bit slower
11 to get here, just because of impacts on the
12 general transportation of materials. But nothing
13 that I would consider a significant disruption to
14 any of our operations.

15 And that's all I have.

16 CHAIRWOMAN MARTIN: Okay. Mr. Fossum,
17 anything further on this?

18 MR. FOSSUM: No. I believe that is
19 what we had for our presentation. And now, I
20 guess if there are any questions.

21 CHAIRWOMAN MARTIN: Commissioner
22 Bailey.

23 CMSR. BAILEY: Thank you. Good
24 afternoon.

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 Ms. Tiexeira, could you quantify, in
2 dollars, the amount of revenue that you have been
3 unable to collect due to nonpayment?

4 WITNESS TIEXEIRA: Well, our accounts
5 receivable over ninety days is, you know,
6 \$44,000. And then, there are other fees, like
7 shut fees and the interest on the uncollectibles.
8 So, I don't have an exact number for you, but I
9 can submit it to you.

10 CMSR. BAILEY: I don't need an exact
11 number. I guess what I'm wondering is, is it
12 significant enough to impact your ability to --
13 the Company's ability to pay its own bills or is
14 it okay?

15 WITNESS TIEXEIRA: Yes. No, we're
16 fine. It's not impacting our ability to pay our
17 bills.

18 CMSR. BAILEY: Great. Okay.

19 Mr. McMorran, when will your
20 curtailment of nonessential work resume? When
21 will you resume nonessential work?

22 WITNESS McMORRAN: It depends on the
23 particular activity. We basically postponed our
24 cross-connection testing for a couple of months.

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 We just resumed that this week, actually.
2 Periodic meter replacements, we're still putting
3 them off a couple of months. We'd probably
4 resume that, I'm thinking, maybe August, but a
5 lot depends on how things shape up with the
6 overall COVID-19 picture.

7 The other things, like the
8 disconnections, really depends upon, I think, the
9 State-dictated policies on whether we're going to
10 follow through on disconnections or not. So,
11 that's in abeyance until those policies change.

12 CMSR. BAILEY: What's the risk for
13 doing the meter testing?

14 WITNESS McMORRAN: Well, the reason we
15 would change out meters on a periodic schedule,
16 which is where that comes from, is, obviously, if
17 a meter stays in service for too long, it
18 actually starts to decline, and they almost
19 always under register. So, if it goes too long,
20 an individual customer may not be billed for the
21 entire volume of water that they use.

22 Most of them are changed out on a
23 ten-year cycle. So, even if it goes another
24 year, it may not have a significant impact.

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 CMSR. BAILEY: I meant --

2 WITNESS McMORRAN: A majority, we'll
3 have them done by the end of the year, which was
4 what our original schedule was anyway.

5 CMSR. BAILEY: Okay. So, by the end of
6 the year, you'll be caught up?

7 WITNESS McMORRAN: Well, that's our
8 hope. I think the real challenge with that is
9 there are probably lots of people, they're not
10 concerned about a technician coming into their
11 home for ten or fifteen minutes to change the
12 meter. There may be others who are very, very
13 hesitant to allow anybody to come into their
14 home. So, for those people, we'll certainly
15 probably delay it to some future date.

16 CMSR. BAILEY: Oh, I see. The meters
17 are in the house?

18 WITNESS McMORRAN: A very majority of
19 them are within the customer's home.

20 CMSR. BAILEY: Okay. All right. Thank
21 you.

22 And did the Company apply for any
23 federal funding? The Cares Act or PPP or
24 anything like that?

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 WITNESS TIEXEIRA: We have not.

2 CMSR. BAILEY: Okay. Thank you.

3 That's all I have.

4 CHAIRWOMAN MARTIN: Commissioner

5 Giaimo.

6 CMSR. GIAIMO: Good afternoon.

7 Following up on Commissioner Bailey's
8 last question, did the Company consider it, and
9 just decided not to? And did the Company think
10 it wouldn't qualify or --

11 WITNESS TIEXEIRA: We believe that,
12 since we're part of a large organization, that
13 that would likely preclude us from receiving, you
14 know, the federal funding.

15 CMSR. GIAIMO: Okay. It doesn't sound
16 like you got a definitive answer on that. You
17 just -- you assumed you wouldn't get the funding?

18 WITNESS TIEXEIRA: Correct.

19 CMSR. GIAIMO: So, who's the biggest
20 customer? Who is your biggest customer? Is it
21 the Town?

22 WITNESS McMORRAN: Collectively, I
23 don't know off the top of my head, but the Town
24 has a couple a dozen services. I do believe

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 they're the largest consumer by volume. We have
2 one large manufacturing plant in town, and
3 they're in the top two or three. There's also a
4 large customer, it's -- I can't recall the term,
5 I'm going to call a "trailer park".

6 CMSR. GIAIMO: Okay.

7 WITNESS McMORRAN: One of those two
8 there I believe are our largest customers, yes.

9 CMSR. GIAIMO: Okay. Is there any
10 reason to believe that you'll be losing any of
11 your large -- of your large customers, is there
12 any loss of business due to closures or anything
13 like that?

14 WITNESS McMORRAN: I'm sorry. You were
15 breaking up. I don't think -- I couldn't hear
16 what you clearly had said.

17 CMSR. GIAIMO: I apologize. I'll try
18 to repeat myself.

19 Is there any concern on the Company's
20 part that any of their larger -- your larger
21 customers, I'm thinking specifically businesses,
22 that they will -- they have closed or they will
23 close?

24 WITNESS McMORRAN: No. I have not seen

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 or heard anything that would suggest that might
2 happen.

3 CMSR. GIAIMO: Relative to the same
4 time last year, how is the total consumption? Is
5 it relatively the same? Has COVID actually
6 increased it? What are your thoughts?

7 WITNESS McMORRAN: Up through the
8 middle of May, our production was running quite a
9 bit below last year, because we've been trying to
10 become more efficient, in terms of finding leaks
11 and things like that.

12 CMSR. GIAIMO: Okay.

13 WITNESS McMORRAN: I think meter
14 consumption was a little bit under what we
15 typically see. But, then, it got really dry in
16 the second half of May. And, at this point, we
17 are running above average, I would say, for the
18 last month in our production numbers.

19 And our meter consumption lags, because
20 we only bill monthly. So, I don't have an
21 accurate feel about that part of it.

22 But I think the warm weather, a lot of
23 people are home, a lot of people are doing a lot
24 of landscaping work. The neighborhoods look as

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 good as they probably ever have. So, there's
2 some water demand added because of that, you
3 know. So, at this present time, we're seeing a
4 little bit higher-than-average demand.

5 CMSR. GIAIMO: Okay. But, on the
6 whole, it sounds like it's consistent with what
7 you think it would be, and that the pandemic
8 itself isn't having a significant effect on
9 usage?

10 WITNESS McMORRAN: Yes. I don't
11 think -- there doesn't seem to be any correlation
12 there.

13 CMSR. GIAIMO: Okay. That's great.
14 I want to make sure I heard about the
15 customer assistance and the voucher system -- the
16 voucher assistance. And I thought I heard it was
17 one and a half months of billing assistance. Did
18 I hear that right? And is it applicable or is it
19 available to all customers?

20 WITNESS TIEXEIRA: It is approximately,
21 based on the average bill, valued at one and a
22 half times the average customer. And it is
23 available to all customers that qualify, from an
24 eligibility perspective.

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 CMSR. GIAIMO: Great. And how has --
2 has the Company seen more requests than normal
3 for that?

4 WITNESS TIEXEIRA: We have seen a
5 higher number of people apply for it, yes.

6 CMSR. GIAIMO: Okay. Those are all the
7 questions I have. Thank you for the time. Both
8 of you?

9 WITNESS TIEXEIRA: You're welcome.

10 WITNESS McMORRAN: You're welcome.

11 CHAIRWOMAN MARTIN: Thank you.

12 You had mentioned a "contact tracing
13 protocol". Is that Aquarion's own protocol that
14 was implemented?

15 WITNESS TIEXEIRA: It was a program
16 that we put together in coordination with
17 Eversource.

18 CHAIRWOMAN MARTIN: Okay. We haven't
19 heard of anyone else providing that, so that was
20 an interesting statement.

21 Do you also do testing of employees
22 going out into homes?

23 WITNESS TIEXEIRA: We don't do testing,
24 but we do certifications that the employee is

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 feeling -- is feeling well, and voluntarily takes
2 their temperature before reporting to work. And,
3 because we're not entering customer homes, it
4 hasn't been an issue.

5 But, as we do enter customer homes, we
6 will be taking a more rigorous approach, actually
7 by having the employee take their temperature
8 before they go in.

9 CHAIRWOMAN MARTIN: Okay. You said
10 that you have 27 customers eligible for
11 disconnection. How many customers do you have
12 overall?

13 WITNESS TIEXEIRA: We have -- Deb, do
14 you know the actual number, approximately?

15 WITNESS SZABO: It's about 10,000.

16 WITNESS TIEXEIRA: About 10,000?

17 WITNESS SZABO: Yes.

18 WITNESS TIEXEIRA: Yes.

19 CHAIRWOMAN MARTIN: Just a very small
20 percentage.

21 And I want to make sure I understood
22 correctly at the beginning. You talked about
23 having a payment plan available for up to 24
24 months?

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 WITNESS TIEXEIRA: Yes.

2 CHAIRWOMAN MARTIN: And, essentially,
3 all a customer has to do is call. So, they don't
4 have to provide any information to establish that
5 it's related to the COVID pandemic?

6 WITNESS TIEXEIRA: No. Well, we're
7 taking their word for it. You know, so, they
8 don't have to provide -- you know, for example,
9 if they have -- if they say "I want to apply for
10 that voucher program", they have to go through
11 the administrator and they have to provide
12 financial information to that to qualify. As
13 long as they have committed to us that they're
14 having financial difficulties related to COVID,
15 we take their word for it. And we will make a
16 payment arrangement with that customer.

17 CHAIRWOMAN MARTIN: What were your
18 payment plan timeframes prior to this?

19 WITNESS TIEXEIRA: Our longest
20 timeframe was as high as 18 months, and we
21 extended it to 24.

22 CHAIRWOMAN MARTIN: Okay. All right.
23 Thank you. Those are all of my questions that I
24 had remaining.

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 I think Commissioner Giaimo has an
2 additional question. Commissioner Giaimo?

3 CMSR. GIAIMO: I did. And I apologize
4 for misspeaking and saying I was done. I just
5 had one more, one more line of questions.

6 The Company, I thought I heard someone
7 say that "capital projects/capital investments
8 are basically on schedule and going on as
9 planned." Did I hear that correctly?

10 WITNESS McMORRAN: Yes. There's been
11 no impacts due to COVID-19.

12 CMSR. GIAIMO: Okay. So, again, my
13 understanding is that those -- those type of
14 resources flow through your WICA?

15 WITNESS McMORRAN: No.

16 CMSR. GIAIMO: No?

17 WITNESS McMORRAN: We hit the WICA cap
18 last year. Deb can speak to it more
19 specifically. But that's capped, until we come
20 in for another rate case, whenever that is.

21 CMSR. GIAIMO: Okay. Thank you.
22 That's very helpful. Okay. Thank you.

23 CHAIRWOMAN MARTIN: Commissioner
24 Bailey, did you have any other questions?

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 *[No verbal response.]*

2 CHAIRWOMAN MARTIN: Okay. Well, thank
3 you very much, Mr. Fossum, and all of your
4 witnesses. We appreciate the presentation very
5 much.

6 MR. FOSSUM: Thank you.

7 CHAIRWOMAN MARTIN: All right. So, we
8 now have several presenters who have not yet
9 appeared. Mr. Fossum appeared this morning, as
10 part of the first appearances.

11 So, why don't we take appearances from
12 those who haven't yet appeared, starting with
13 Hampstead.

14 MR. SULLIVAN: Hi. This is John
15 Sullivan, from Hampstead. Can you hear me?

16 CHAIRWOMAN MARTIN: Yes. We can now.

17 MR. SULLIVAN: Okay. Charlie Lanza is
18 going to do the main presentation.

19 MR. LANZA: Yes. I'm Charlie Lanza,
20 here with Hampstead as well.

21 CHAIRWOMAN MARTIN: Okay. All right.
22 And Pennichuck?

23 MR. WARE: I don't know if Mr. Goodhue,
24 I don't see his information that he's on or not.

[WITNESS PANEL: Tiexeira|McMorran|Szabo]

1 I know he is.

2 MR. GOODHUE: I'm on. I'm sorry, I was
3 here.

4 CHAIRWOMAN MARTIN: Mr. Goodhue, are
5 you speaking, I'm sorry?

6 MR. GOODHUE: This is Larry Goodhue
7 right now.

8 CHAIRWOMAN MARTIN: And who was the
9 other person speaking?

10 MR. GOODHUE: That was Don.

11 MR. WARE: Don Ware.

12 CHAIRWOMAN MARTIN: Okay. Now I can
13 see you.

14 MR. GOODHUE: I'm sorry. I took my
15 headphones off for just a moment. I apologize.

16 CHAIRWOMAN MARTIN: That's okay. And
17 on the sewer side?

18 MR. ST. CYR: Yes. This is Steve St.
19 Cyr, representing Bedford Waste, Bodwell Waste,
20 and Lorden Commons Sewer Company.

21 CHAIRWOMAN MARTIN: Okay. So, the way
22 we've been doing it all day is, as we just
23 observed with Aquarion, we have someone identify
24 all of the witnesses for the presenters, and then

1 those witnesses are sworn in. And it sounds like
2 it may be time to present witnesses. And, if
3 that's the case, if you could get sworn in at the
4 same time, that would be great.

5 We will start with Hampstead. And if
6 we can let Mr. Patnaude know who the witnesses
7 are about to be sworn.

8 MR. SULLIVAN: I'm being joined by
9 Charlie Lanza, and John Sullivan.

10 CHAIRWOMAN MARTIN: Okay. Mr.
11 Patnaude, could you swear the witnesses.

12 (Whereupon **Charlie Lanza** and
13 **John Sullivan** were duly sworn by the
14 Court Reporter.)

15 CHAIRWOMAN MARTIN: Okay. You can
16 proceed with your presentation.

17 **CHARLIE LANZA, SWORN**

18 **JOHN SULLIVAN, SWORN**

19 WITNESS LANZA: All right. Good
20 afternoon. My name is Charlie Lanza. I am the
21 General Manager of Hampstead Area Water Company.

22 I want to take an opportunity to thank
23 the Commission for allowing us to participate in
24 this conference, and to comment on customer and

1 employee safeguards, and to be able to provide
2 feedback on navigating this time of uncertainty
3 during the COVID-19 pandemic.

4 To help safeguard employees and
5 customers, the Company has taken a number of
6 precautions, and implemented a whole array of new
7 policies and procedures. On March 16th, our
8 first formal correspondence was sent out to the
9 customers regarding COVID-19. This notice
10 provided customers notice that all nonessential
11 appointments were canceled until further notice.
12 I will note that that is still in effect today.
13 We have not changed that. You know, we are
14 currently talking about it, but that is currently
15 the status.

16 In that letter we sent to customers,
17 and also posted on our website, we also noticed
18 to customers that they utilize our on-location
19 bill drop, if they prefer to use paper checks via
20 payment, and only come in the office if
21 absolutely necessary. And, lastly, in that memo,
22 we took the opportunity to stress the ability for
23 customers to make payments electronically.

24 So, in addition to the notice we sent

1 to the customers, we also implemented new
2 protocols for all of our employees. We've
3 provided numerous memos and correspondence with
4 our staff to implement these new protocols, to
5 adhere to the latest CDC, New Hampshire, and
6 other pertinent guidelines. As other presenters
7 have noted, these are constantly evolving. And
8 we are staying up-to-date with these changes, and
9 pushing these changes out to the staff as quickly
10 as possible, so that we can constantly be
11 providing the latest information that's being
12 provided by these experts.

13 Some of the specifics of these
14 protocols that we've implemented include a daily
15 temperature check for each employee through a
16 Web-based questionnaire that we implemented. And
17 that's required prior to them starting their
18 workday each and every day. So, they wake up,
19 they take their temperature, they log in and they
20 answer a set of questions. If those questions
21 are answered in a certain way, that gets -- that
22 issues a red flag, that then gets followed up
23 with management, and then they are able to
24 determine whether or not that employee should

1 continue their workday.

2 We've also required employees to wear
3 masks when working within six feet of one
4 another. And, in the office, we have
5 transitioned to essentially everybody wearing a
6 mask, unless they're in their office, working by
7 themselves, preferably with the door shut.

8 As I said, we're monitoring current New
9 Hampshire and CDC guidelines, including the
10 "Safer at Home" universal guidelines. In
11 addition to that, we have allowed employees to
12 work remotely. Those that can have taken
13 advantage of that. We have a relatively small
14 workforce related to Hampstead Water in the
15 office. However, we have still been able to have
16 employees work remotely, myself included.

17 Regarding consumption, so, I'll
18 transition a little bit to some of our operation
19 aspects as to what we're seeing. Customer
20 consumption in March was slightly above average
21 compared to the previous four years. And
22 consumption in April was slightly below average.
23 But, overall, they were -- they were fairly well
24 in line to what we'd expect.

1 Consumption in May was significantly
2 higher than what we -- what we see, almost 30
3 percent higher. Typically, consumption for us
4 doesn't vary a lot in the winter. Sometimes, if
5 we have a real unseasonably warm April, we might
6 see a tick up. And then, usually, we'll see a
7 tick up later in May. However, this year we have
8 seen the usage in May increase drastically, to
9 the tune of 30 percent.

10 And, primarily, what we're attributing
11 that to is two things: One, the lack of
12 precipitation in southern New Hampshire has been
13 below average. I believe they're saying we're in
14 a moderate drought right now. And also, the
15 increase with people being home we feel is
16 partially attributing to that as well.

17 The May '20 numbers are similar to what
18 we see in July or August of a typical year. So,
19 we are anticipating that our June, July, and,
20 depending on what we get for precipitation,
21 possibly August, consumption forecasts are going
22 to be well above average, you know, especially if
23 that drought continues.

24 In summary, the Company has been able

1 to maintain its operations, while working to
2 safeguard its employees and customers.
3 Fortunately, we have not seen supply chain
4 issues. And sales projections are very similar
5 to what we've seen historically.

6 The initial onset of the pandemic had
7 us scrambling to make sure that we had proper PPE
8 and adequate amounts. Fortunately, we were able
9 to procure plenty of masks, gloves, disinfection
10 products, and the like. So, we're in a good
11 position there. The Company remains committed to
12 providing safe drinking water and, of course,
13 keeping our customers and employees safe while
14 doing that.

15 I'm here with John Sullivan, he is the
16 Controller. And we're both here and available
17 for questions, should you have any.

18 CHAIRWOMAN MARTIN: All right. Thank
19 you.

20 Commissioner Bailey, questions?

21 CMSR. BAILEY: Can Mr. Sullivan give us
22 an idea or an indication about loss of revenue
23 and whether that's impacting your ability to
24 operate?

1 WITNESS SULLIVAN: Well, as Charlie
2 said, the revenue is based on consumption. So,
3 it's look good. And it's strange, because our
4 receivables in March, April, and May are well
5 below, lower than last year. And last year was
6 kind of an outlier, and I'll get into that. But
7 the receivables now are, for the last three
8 months, are about the same as they were for the
9 previous three years prior to last year. So,
10 there's not a significant difference.

11 Last year was extremely high, and a
12 couple of reasons. In the Summer of 2018, we had
13 a rate case, which had a rate increase. And,
14 then, March, April, and May of '19, we were
15 collecting rate case recovery fees and temporary
16 rate recoupment. So, that added to the increase.
17 But, even if you backed all of those out, our
18 average receivables for the last three months are
19 about 25 percent lower this year to last year.

20 Now, I think it was said before, if
21 this continues, most of our revenue comes in the
22 summer. The cash flow is normally tight in the
23 winter anyway. So, as the consumption goes up
24 and the billings go up in the summer, if this

1 continues, if we do feel an impact from the
2 customers, that will hurt our cash flow.

3 But, up till now, no, there hasn't been
4 much.

5 CMSR. BAILEY: And, with the
6 significant increase in consumption, Mr. Lanza,
7 do you have any concern about your water supply
8 for the rest of the summer?

9 WITNESS LANZA: There is some concern.
10 We're starting to have those discussions
11 internally. We are in the middle of converting
12 our water treatment process as part of the
13 Southern New Hampshire Regional Water Project.
14 And, because we're involved with that, we have to
15 take sources off line for periods of time to be
16 able to make the necessary upgrades. And those
17 are happening as we speak. So, in the midst of
18 our production going up, we're also having to
19 take some of it off line. So, there is some
20 concern.

21 Though, the long-range forecast is
22 still fairly warm and dry. If this continues, we
23 may have to ask for additional curbing of
24 exterior using -- I'm sorry -- curbing exterior

1 usage.

2 CMSR. BAILEY: Did the Company apply
3 for any federal assistance or consider that?

4 WITNESS SULLIVAN: Yes. We applied for
5 the PPP loan and received it. It was
6 approximately \$90,000.

7 CMSR. BAILEY: Will you track that with
8 your expenses related to COVID?

9 WITNESS SULLIVAN: Yes. The government
10 and the banks require how we use it, very
11 detailed. So, that's all being tracked. And,
12 based on the rules, we're expecting that will all
13 be forgiven.

14 CMSR. BAILEY: Okay. Thank you very
15 much. That's all I have.

16 CHAIRWOMAN MARTIN: All right.
17 Commissioner Giaimo.

18 CMSR. GIAIMO: Thank you, gentlemen,
19 for the presentation, and for taking the time out
20 of your day.

21 Is the project that you referred to
22 that DES is running, is that on schedule and
23 nothing from COVID is delaying those, those
24 upgrades?

1 WITNESS LANZA: As far as the Hampstead
2 Water portions of the project, those portions are
3 on schedule. We have, really, two components
4 right now that are under construction, H-1 and
5 H-2. H-1 received its substantial and final
6 completion this week. And H-2 is the one I was
7 referring to a minute ago, which involves
8 converting nine of our intake stations from
9 chlorine disinfection to chlorines.

10 And, as of right now, both those
11 projects are on schedule.

12 CMSR. GIAIMO: Can you refresh my
13 memory as to -- there were some franchise
14 expansions that the Company recently took on. Do
15 you -- I'm thinking, was there a trailer park in
16 Salem maybe?

17 WITNESS LANZA: Correct.

18 CMSR. GIAIMO: Yes. And how does
19 that -- will that exacerbate the potential
20 drought issues that you're seeing potentially
21 coming up?

22 WITNESS LANZA: So, some of the
23 expansions you're referring to are located in our
24 satellite systems. So, just to backtrack, when I

1 said "I had some concerns about capacity", I
2 should have specified. I was talking about our
3 Atkinson and Hampstead core system, which makes
4 up approximately two-thirds of our customer base.

5 When it comes to our satellites,
6 there's an additional 20, 21 or so of those.
7 Those are on a case-by-case basis. At this time,
8 we don't have any major supply concerns with
9 those.

10 And, more specifically to your
11 question, Lancaster Farms, which involved the
12 mobile home park expansion, and the other one
13 that I can recall more recently was Kelly Green.
14 We expanded the Fairfield expansion in Sandwich.
15 Neither one of those have any capacity concerns
16 at this point.

17 CMSR. GIAIMO: Again, thank you very
18 much, Madam Chair. Those are the questions I
19 had.

20 CHAIRWOMAN MARTIN: All right. Thank
21 you.

22 We heard a lot today about customers
23 who aren't able to pay during the pandemic. And
24 I'm wondering whether you're seeing an increase

1 in the number of customers that are eligible for
2 disconnections?

3 WITNESS LANZA: We checked that on
4 Monday. I had the customer service people look
5 at that. To see, if we were allowed to send
6 disconnects, how would that compare to previous
7 months? And the numbers were right about the
8 same as they were previously. So, there's no --
9 there's no more people on a disconnect or would
10 be on a disconnect as there were last year.

11 CHAIRWOMAN MARTIN: Are your customer
12 service people doing more outreach? And, if so,
13 what are you hearing?

14 WITNESS LANZA: I'm sorry. Could you
15 repeat that?

16 CHAIRWOMAN MARTIN: Sure. I'm
17 wondering if your customer service people are
18 doing additional outreach related to the
19 pandemic? And, if so, what are they hearing?

20 WITNESS SULLIVAN: Maybe Charlie has a
21 better idea on that, but we haven't really had
22 that much. We have two customer service people.
23 And, you know, they're responsible for the
24 billing, and basically all the administrative

1 office type of things. So, they're not dedicated
2 customer service, just doing calls.

3 But, overall, no. There hasn't been a
4 lot of customer interaction one way or the other.

5 Initially, when it started, I was
6 talking with them, and they were getting a lot
7 of -- not a lot, but more than the usual number
8 of calls from customers that were paying old
9 bills. And we kind of attributed that to people
10 getting their stimulus checks and were paying
11 their bills. We don't know that for a fact. We
12 weren't asking that. We didn't feel that was
13 our, you know, right to do that. But that
14 happened during the first month or so of this.

15 WITNESS LANZA: Yes. I don't have
16 anything else to add, except that, you know, we
17 did send out the notification in March, which, to
18 my understanding, did not trigger a whole lot of
19 customer inquiries. Surprisingly, it's been
20 fairly quiet overall.

21 CHAIRWOMAN MARTIN: Okay. Thank you.
22 Those are all my questions.

23 Commissioners, do you have any other
24 questions?

1 *(Cmsr. Bailey and Cmsr. Giaimo*
2 *indicating in the negative.)*

3 CHAIRWOMAN MARTIN: All right. Well,
4 thank you very much for that presentation. We
5 appreciate you coming in and sharing what's going
6 on out there with us.

7 WITNESS LANZA: Thank you.

8 WITNESS SULLIVAN: Thank you.

9 CHAIRWOMAN MARTIN: All right. It
10 looks like we have Pennichuck up next. Mr.
11 Goodhue.

12 *[Court reporter interruption.]*

13 CHAIRWOMAN MARTIN: Let's take a
14 five-minute recess. We'll come back at three
15 o'clock.

16 *(Recess taken at 2:54 p.m. and the*
17 *status conference resumed at 3:06 p.m.)*

18 CHAIRWOMAN MARTIN: Okay. Mr. St. Cyr,
19 are you going to present as your witness?

20 MR. ST. CYR: Yes.

21 CHAIRWOMAN MARTIN: So, you're
22 representing yourself, essentially.

23 MR. ST. CYR: Yes.

24 CHAIRWOMAN MARTIN: Okay. Then, why

[WITNESS: St. Cyr]

1 don't we have you sworn in. Mr. Patnaude, can
2 you swear him in please?

3 (Whereupon **Stephen P. St. Cyr** was duly
4 sworn by the Court Reporter.)

5 CHAIRWOMAN MARTIN: All right. Go
6 ahead.

7 **STEPHEN P. ST. CYR, SWORN**

8 WITNESS ST. CYR: So, I was going to
9 start by saying that you were "saving the best
10 for last", but it looks like that's not going to
11 be the case.

12 CHAIRWOMAN MARTIN: I apologize.

13 WITNESS ST. CYR: It does seem only
14 appropriate that sewer does follow water.
15 Couldn't help but see the irony in that.

16 Yes. My name is Steve St. Cyr. I
17 manage three sewer companies regulated by the New
18 Hampshire PUC: Bedford Waste Services, in
19 Bedford, New Hampshire, with 78 customers;
20 Bodwell Waste Services, in Manchester and
21 Londonderry, New Hampshire, with 528 customers;
22 Lorden Commons Sewer Company, in Londonderry, New
23 Hampshire, with 47 customers.

24 I also do a lot of work for water

[WITNESS: St. Cyr]

1 companies regulated by the PUC. But, today, I'm
2 representing the three small sewer companies.

3 I appreciate the opportunity to
4 participate in the status conference, to comment
5 on the customer and employee safeguards,
6 *etcetera*, and to provide feedback on the monthly
7 reporting requirements.

8 As indicated in the PUC Order of
9 Notice, Governor Sununu issued an Emergency Order
10 Number 3, dated March 17, 2020, which temporarily
11 prohibited, and this is in quotes, "all providers
12 of electric, gas, water, telephone, cable, VOIP,
13 internet, and deliverable fuel services in New
14 Hampshire from discontinuing and disconnecting
15 service for nonpayment while the State of
16 Emergency remains in effect."

17 Please note that the Order does not,
18 and I repeat does not, address sewer service.
19 I'm not quite sure why sewer service was
20 excluded. Perhaps, it was because the providers
21 of sewer service do not have the ability to
22 disconnect or discontinue service for nonpayment.
23 We simply cannot shut off the sewer service.

24 Since the Order does not address

[WITNESS: St. Cyr]

1 providers of sewer service, then the sewer
2 companies do not need "assistance or guidance in
3 implementing the provisions of the order". As
4 such, Bedford, Bodwell, and Lorden respectfully
5 requests being excluded from the investigation
6 and being exempt from the reporting requirements.

7 Having made that request, the three
8 sewer companies have no employees. However, they
9 do have two contractors, primarily myself and AAA
10 Pump, or another pump service company. And the
11 two of us, you know, wear masks, practice social
12 distancing, wash hands, clean equipment,
13 *etcetera*. Contractors have very little contact
14 with customers. You know, the three companies
15 have fixed, quarterly rates. There's no change
16 in the forecast. You know, the rates are what
17 they are, the billings are what they are. The
18 companies continue to bill on a quarterly basis.
19 The last bill was April 1, 2020. The next bill
20 will be July 1, 2020. At this point, the cash
21 flow and receivables for all three companies are
22 holding steady.

23 I am somewhat pleased to report that
24 the cash is actually greater this year at this

[WITNESS: St. Cyr]

1 point in time than it was last year at this point
2 in time. And the receivables, Bedford and
3 Bodwell are up a little bit compared to a year
4 ago, and -- I'm sorry, Bedford and Lorden are up
5 a little bit compared to a year ago, and Bodwell
6 is actually down. And, in the case of Bedford,
7 the increase was roughly \$900, or about 5 percent
8 over the prior year, and really represents seven
9 customers, just to sort of emphasize the size as
10 small. With respect to Lorden, that's up about
11 10 percent, and represents five customers.

12 With respect to the monthly reporting
13 requirements, to the extent that the sewer
14 companies have to comply, Bedford, Bodwell, and
15 Lorden would prefer to do so on a quarterly
16 basis. Pretty much everything we do is
17 quarterly. I couldn't help but notice that the
18 reporting requirements appear to be more designed
19 for Eversource and larger utilities, and not
20 small companies, like the three companies that I
21 represent.

22 Perhaps, the smaller companies should
23 be asked to meet fewer requirements and/or report
24 less frequently, such as quarterly. Reporting

[WITNESS: St. Cyr]

1 Requirement Number 2, in particular, is very
2 onerous. As I stated earlier, the three sewer
3 companies have no employees, which would mean
4 that, in order for us to meet these requirements,
5 we would have to contract out that work. And the
6 last thing the three companies need right now is
7 more reporting requirements and more costs.

8 Getting back to the substance of our
9 request, you know, we specifically request that
10 Bedford, Bodwell, and Lorden be excluded from the
11 investigation and be exempt from the monthly
12 reporting requirements.

13 With that, I'm available for any
14 questions and comments.

15 CHAIRWOMAN MARTIN: All right. Thank
16 you. Commissioner Bailey.

17 CMSR. BAILEY: Thank you.

18 So, Mr. St. Cyr, basically what you're
19 saying is there has been no impact from the
20 pandemic on these three sewer companies. Is that
21 correct?

22 WITNESS ST. CYR: I wouldn't -- I don't
23 know as we can assess what the impact is. I
24 think, to some extent, it may be too early. You

[WITNESS: St. Cyr]

1 know, the April 1 billing, for example, went out
2 shortly after the economy got closed down. I
3 don't think we saw a great impact as the result
4 of that. The greater impact is more likely to be
5 felt after the July 1 billing, and, you know,
6 after people have been unemployed, and the
7 economy has been restarted. And, at least
8 initially, we have not had a great adverse
9 impact.

10 CMSR. BAILEY: Do customers have a
11 place to call, if there are no employees, if they
12 want to talk about bill payment?

13 WITNESS ST. CYR: They call me, yes.

14 CMSR. BAILEY: Have you had increased
15 calls?

16 WITNESS ST. CYR: I have not.

17 CMSR. BAILEY: Have you had any calls?

18 WITNESS ST. CYR: I have the usual
19 calls.

20 CMSR. BAILEY: Okay.

21 WITNESS ST. CYR: Meaning, I haven't --
22 for example, in the two smaller systems, Lorden,
23 with 47 customers, and Bedford, with 78
24 customers, I went back to the -- the outstanding

[WITNESS: St. Cyr]

1 receivables are five today, and it was five a
2 year ago. And they're, basically, the same
3 customers. The same customers I was having
4 trouble with a year ago, I'm still having trouble
5 with.

6 And then, with respect to Bedford,
7 which is 78 customers, there are seven customers,
8 which is two more than I had a year ago, and they
9 seem to be a quarter behind. So, whether that's
10 related to the pandemic or not, I'm not sure.
11 But I had five "problem" customers, if that's
12 what you want to call them, last year. I have
13 those same five this year. And I have a couple
14 others that, at this point, are one quarter
15 behind.

16 CMSR. BAILEY: Do you anticipate the
17 possibility that you may need to increase rates
18 to recover either increased expenses or lost
19 revenue?

20 WITNESS ST. CYR: I would hope, no.
21 I'm hopeful that I'm not going to lose the
22 revenue. And we're very good at managing our
23 expenses. We're trying not to incur additional
24 expenses, as it relates to the pandemic. You

[WITNESS: St. Cyr]

1 know, we have no workforce. So, we have no PPE
2 requirements, if you will.

3 You know, the 24/7 service provider for
4 the pump stations, they're taking the usual
5 precautions. It's possible that, with people
6 staying home, and using more water and sewer,
7 that could accelerate the wear and tear on some
8 of the equipment, potentially causing either
9 greater repairs or replacement sooner. You know,
10 that's probably not something we'd see in a
11 matter of months. It's more likely later in the
12 year or sometimes next year.

13 CMSR. BAILEY: How do you measure usage
14 for sewer?

15 WITNESS ST. CYR: We don't. We don't
16 measure it at all.

17 CMSR. BAILEY: So, then, you really
18 can't tell if the wear and tear was due to the
19 pandemic and people staying home, or just age or
20 coincidence, can you?

21 WITNESS ST. CYR: Not specifically, no.
22 We couldn't.

23 CMSR. BAILEY: Okay.

24 WITNESS ST. CYR: No. We can make

[WITNESS: St. Cyr]

1 assumptions about, obviously, greater water use
2 results in greater sewer use, and greater sewer
3 use would accelerate that process. But we
4 couldn't specifically say it's attributed to that
5 or something else.

6 CMSR. BAILEY: Okay. Did any of the
7 companies apply for any federal money?

8 WITNESS ST. CYR: So, we have no
9 employees. So, there's no PPP money available.

10 CMSR. BAILEY: Okay.

11 WITNESS ST. CYR: We actually did look
12 into -- there were some other SBA loans that
13 potentially had some forgiveness associated with
14 it. But, by the time we applied, it was only
15 applicable to agricultural. By the time we
16 considered to apply, it was only applicable to
17 agriculturals.

18 And, at one of our -- at one of our
19 systems, Bedford Waste, you know, we actually
20 have three common leach fields. We were thinking
21 about maybe buying a cow, so then qualify as an
22 agricultural business. But we didn't actually do
23 that. And we weren't sure whether that would be
24 considered a COVID expense or not.

[WITNESS: St. Cyr]

1 CMSR. BAILEY: Okay.

2 WITNESS ST. CYR: And I will say, we
3 have -- we have contacted our bank. Both Bedford
4 and Bodwell have loans with Merrimack County
5 Savings Bank. And we're in the process of
6 potentially lowering the interest costs from 4.75
7 percent, to 3.95 percent. Which isn't a big
8 decrease, but every dollar helps. And, if we can
9 do that, then that will help us short term as
10 well.

11 CMSR. BAILEY: Can you tell me how many
12 customers Bodwell has and how many past due
13 accounts that there are there?

14 WITNESS ST. CYR: It has 528. And I
15 don't know the number offhand, but it's more than
16 I would like it to be.

17 CMSR. BAILEY: Is it more than it was
18 last year?

19 WITNESS ST. CYR: I would -- no. It's
20 not more than it was last year. In fact, last
21 year, it was around this time of year that we
22 undertook a fairly significant effort to collect
23 some of that money. You know, we have some, a
24 handful, maybe twenty, that are persistent

[WITNESS: St. Cyr]

1 non-payers, with significant balances. And we
2 have very little ability to sort of collect. So,
3 those same ones exist.

4 But, for Bodwell, a year ago we had
5 receivables of about 148,000, and this year we're
6 at 133,000. But I think that has more to do with
7 the effort that we did last year than anything
8 that has happened recently. And we were -- we're
9 about to undertake the same kind of effort this
10 year. It's something we actually do every spring
11 and fall.

12 CMSR. BAILEY: Okay. Do you have the
13 ability to disconnect these customers for
14 nonpayment?

15 WITNESS ST. CYR: No, we do not.

16 CMSR. BAILEY: Why is that?

17 WITNESS ST. CYR: I think, by law.

18 CMSR. BAILEY: Okay.

19 WITNESS ST. CYR: Well, you can't --
20 first of all, there's no shut-off at the back end
21 of the water system.

22 CMSR. BAILEY: Yes.

23 WITNESS ST. CYR: And I think, by law,
24 we're not allowed to do that.

[WITNESS: St. Cyr]

1 CMSR. BAILEY: Okay.

2 WITNESS ST. CYR: Even if we could.

3 CMSR. BAILEY: Thank you very much.

4 Thanks for your presentation. I appreciate it.

5 WITNESS ST. CYR: You're welcome.

6 CHAIRWOMAN MARTIN: All right.

7 Commissioner Giaimo.

8 CMSR. GIAIMO: This will be remarkably
9 quick.

10 The Order of Notice said that any,
11 basically, utility under 3,000 customers,
12 basically, didn't need to come and make a
13 presentation. But the fact that you took the
14 time out of your day, representing three
15 relatively small utilities all under that
16 threshold, well, I think that resonates. So,
17 thank you for taking the time, and thank your
18 clients for making you available.

19 WITNESS ST. CYR: Before you ask, --

20 CMSR. GIAIMO: Yes.

21 WITNESS ST. CYR: -- I appreciate that.

22 And I was going to submit a written statement
23 anyway. But, given that we're asking to be
24 excluded from the investigation and exempt from

[WITNESS: St. Cyr]

1 the reporting requirements, I thought it was
2 important for us to make the presentation and
3 make ourselves available for questions, so that
4 any questions or concerns get addressed.

5 I couldn't help but think that, if we
6 just submitted something, it likely wouldn't
7 carry the same import. So, that's really the
8 motivation behind what the companies did.

9 CMSR. GIAIMO: Yes. And I certainly
10 think we get that, and, you know, you definitely
11 were heard.

12 And I just want to make sure I
13 understand. There would -- would you, basically,
14 each month, be sending us a report that says
15 "nothing's changed", "nothing's changed",
16 "nothing's changed", until the third month, and
17 then something changes or something potentially
18 that changes?

19 WITNESS ST. CYR: So, I think that's
20 probably half of the reporting requirements,
21 that's probably true. You know, things like
22 access to capital, or changes in operation, or
23 supply chain disruptions. You know, the answer
24 today would be the same as it will be three

[WITNESS: St. Cyr]

1 months from now or six months from now. So,
2 those kind of things would not change at all.

3 You know, the cash balance or the
4 receivable balance is something that, you know,
5 is going to go up shortly after we do the
6 billings, and it will come down as people pay
7 their bills.

8 CMSR. GIAIMO: Okay. But the bills get
9 sent out quarterly. So, again, your argument is
10 one snapshot in time each quarter is the easiest
11 and probably the most fairest representation of
12 change, rather than having it done monthly,
13 where, again, the change may be negligible and
14 not even worth reporting?

15 WITNESS ST. CYR: Yes. That is
16 correct.

17 CMSR. GIAIMO: Okay. Thank you, Mr.
18 St. Cyr. And, again, extend that same thanks to
19 your clients.

20 WITNESS ST. CYR: I will.

21 CMSR. GIAIMO: Madam Chair, that's all
22 I have.

23 CHAIRWOMAN MARTIN: All right. Thank
24 you.

[WITNESS: St. Cyr]

1 Mr. St. Cyr, I don't have any other
2 questions. So, we appreciate you coming.

3 And I assume, Commissioner Bailey, you
4 don't have any follow-up?

5 *(Cmsr. Bailey indicating in the*
6 *negative.)*

7 CHAIRWOMAN MARTIN: Then, you are free
8 to go. Thank you.

9 WITNESS ST. CYR: Thank you. And
10 thanks to everybody. We're actually going to bow
11 out.

12 CHAIRWOMAN MARTIN: Okay.

13 WITNESS ST. CYR: So, have a good rest
14 of the afternoon. Be safe.

15 CHAIRWOMAN MARTIN: All right. Thank
16 you. Okay. Moving back to Pennichuck, how are
17 we doing?

18 MR. GOODHUE: I am going to turn to my
19 phone.

20 CHAIRWOMAN MARTIN: Okay. Let's go off
21 the record for a second and give it a try.

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

24 CHAIRWOMAN MARTIN: And, Mr. Goodhue

[WITNESS PANEL: Goodhue|Ware]

1 and Mr. Ware, if you could put your right hand
2 up, Mr. Patnaude will swear you in.

3 (Whereupon **Larry Goodhue** and
4 **Donald Ware** were duly sworn by the
5 Court Reporter.)

6 CHAIRWOMAN MARTIN: All right. You can
7 proceed.

8 WITNESS GOODHUE: Okay. So, Larry
9 Goodhue, Chief Executive Officer of Pennichuck
10 Corporation, and the three subsidiaries
11 represented in this proceeding: Pennichuck Water
12 Works, Incorporated, Pennichuck East Utility,
13 Incorporated, and Pittsfield Aqueduct Company,
14 Incorporated. Also joining me as a presenter is
15 Mr. Donald Ware, the Chief Operating Officer of
16 all three companies.

17 As a rule, I will be making the formal
18 presentation. And Mr. Ware will be joining me to
19 respond to any questions or queries that come
20 from that.

21 Originally, we were going to just do a
22 verbal presentation. But, seeing what other
23 presenters had done, I took some time over the
24 last hour to put my outline into the form of a

[WITNESS PANEL: Goodhue|Ware]

1 presentation for ease of sharing that with
2 everyone. And I will seek to share that now,
3 given the ability to do so.

4 Okay. Am I all set to proceed?

5 MR. WIND: Yes.

6 WITNESS GOODHUE: Okay. And,
7 hopefully, everybody can see that on their screen
8 at this juncture?

9 CHAIRWOMAN MARTIN: We can.

10 WITNESS GOODHUE: Great. Again,
11 representing the three regulated water utilities
12 cited on this title page. Pennichuck Water Works
13 being the largest of the three regulated
14 utilities, and represents about, I think, 26,000
15 customers within the state. I can get you the
16 exact number. Pennichuck East Utility, which
17 represents about 8,200 customers, in 19 different
18 communities in the state. Pennichuck Water Works
19 is 11 communities. And then, Pittsfield
20 Aqueduct, which is just south of about 800
21 customers, in the Town of Pittsfield, New
22 Hampshire.

23 First, I'd like to speak to various
24 customer/employee safeguards that we put in place

[WITNESS PANEL: Goodhue|Ware]

1 relative to field appointments. And I kind of
2 broke this down into two components: One being,
3 I'm going to say, our "outward facing" department
4 that would be working in the field, versus our
5 staff that would be office-type staff.

6 So, what we did early on, we have
7 emergency action plans in place at the Company
8 and emergency response plans. And part of those
9 plans is we already had in place pandemic
10 response protocols that we earlier on, actually,
11 in early February, took those out, dusted those
12 off, and got prepared for what seemed to be
13 coming our way relative to COVID-19. Based on
14 those, we then started a phased-in approach that
15 adjusted as the pandemic progressed and as the
16 summer watering season approached.

17 Initially, we defined what are
18 essential versus non-essential customer
19 appointments. Our first thing was to basically
20 say that essential appointments included only
21 nighttime flushing activities in certain portions
22 of our core system that would require that
23 flushing for overall water quality and supply
24 requirements, as well as certain smaller

[WITNESS PANEL: Goodhue|Ware]

1 community systems that would necessitate that.
2 All other flushing activities got deferred to the
3 fall. We also defined essentially as being
4 emergency repairs: Hydrant repairs, curb box
5 repairs, certain responses to paving activities
6 that were occurring in the City of Nashua and at
7 some of the other communities that we serve, as
8 those activities remained as essential ongoing
9 activities, and we needed to be responsive to
10 those.

11 We also did defer all meter periodic
12 tests initially, for all sizes of meter. We are
13 now in the process of actually resuming PTs in
14 the next coming few weeks relative to meters at
15 one and a half inch in size or greater. Those
16 meters would not be residential meters. They
17 would be commercial or industrial meters. And
18 those meter PTs are being done in compliancy not
19 only with the regulations, but also with regard
20 to the reopening of certain concerns in our
21 customer base.

22 We did reschedule and defer of all
23 those meter PTs, as I mentioned, as well as all
24 backflow testing, and no read out repairs. "No

[WITNESS PANEL: Goodhue|Ware]

1 read out" means that you might have a meter that,
2 as we do our radio reads, based on our monthly
3 billing cycle, you're getting a "no read" from a
4 meter. And, you know, in normal times, we would
5 then schedule to have an appointment go out to
6 pull and test that meter, discover what the
7 problem is and/or replace that meter, and then
8 would maybe do an estimated billing for one or
9 two months while that process was being
10 completed. That has just been elongated, and
11 doing estimated reads for those meters, rather
12 than just in a one- or two-month period of time,
13 those have been in a delay or deferral.

14 One of the other things we did is we
15 identified PPE requirements for any customer
16 appointments that would need to be completed
17 inside a residence. That included face masks,
18 disposable gloves, sanitation supplies. Only
19 going into a home if we absolutely had to go in
20 for an emergency concern, as I mentioned. And,
21 if we did, then we had to maintain social
22 distancing from customers in their homes when we
23 did that. We made sure there was an expediency
24 of those appointments, getting in and out as

[WITNESS PANEL: Goodhue|Ware]

1 quickly as possible. And then, properly dispose
2 of those PPE consumed supplies, re-sanitize the
3 vehicle and equipment after the appointments.
4 All of these have yielded that we have had no
5 employees that have tested positive for COVID-19
6 as of this juncture.

7 We did complete all of our necessary
8 annual flushings in our core system and certain
9 necessary community water systems. All of that
10 flushing was done at night, or overnight, to
11 provide for proper social distancing and
12 isolation of our team from customers in our
13 franchise areas. And then, any non-core system
14 flushing activities, which we do on an annual
15 basis, were deferred from the Spring of 2020 to
16 the Fall of 2020.

17 With regard to -- and my screen, there
18 we go. With regard to Main Office and Physical
19 Facilities, we employed pandemic protocols in
20 advance of the Governor's stay-at-home orders.
21 We actually began having people work at home in
22 advance of those. We, again, did a phased-in
23 approach for each part of our operations, which
24 were ratcheted up and adjusted as the pandemic

[WITNESS PANEL: Goodhue|Ware]

1 progressed. One of the initial things we did was
2 we closed our customer service front desk. But
3 our payment drop box, which is located and
4 accessible outside of our headquarters facility
5 was still made available for customers, should
6 they have to or need to come and drop those
7 payments out.

8 Customer outreach was made to customers
9 outside about our pandemic response protocols via
10 a call out and a phone call distribution dial
11 out, which took some time. A website -- and
12 updated website notifications and messaging to
13 customers, as well as Facebook outreach, which
14 I'll speak to a little bit more later on in the
15 presentation.

16 PPE was provided to all employees.
17 With regard to personal hand sanitizers,
18 sanitizing wipe dispensers in the facility, paper
19 and cloth masks and bandanas, and the procurement
20 of thermal imaging thermometers, especially at
21 this point in time, as there is certain
22 additional requirements that have been, you know,
23 put forth by the Governor and others.

24 All employees that could work from home

[WITNESS PANEL: Goodhue|Ware]

1 have been doing so since March 10th. All
2 customer service representatives are fully
3 functioning from their home and handling all
4 customer inquiries, with little to no
5 interruptions. Some employees that must come
6 into the office occasionally, to do so in an
7 alternating daily basis and/or apply social
8 distancing protocols, and must complete a
9 COVID-19 survey, including taking a temperature
10 upon entering our facility.

11 Next, as far as -- continuing on those
12 safeguards, we have regular sanitization of all
13 common surfaces within our facility. Regular and
14 periodic updates are sent out to all of our
15 employees in a written form and/or in a joint
16 Microsoft teams meeting setup. We instituted
17 daily chat rooms that were established for
18 networking communication between our employees on
19 a daily basis, to the extent that they wanted to
20 do that. One of the key things that we had
21 learned was, in an environment such as this,
22 mental health is as important as physical health,
23 and part of that mental health is the ability for
24 our employees to be able to network and interact

[WITNESS PANEL: Goodhue|Ware]

1 with each other. And, so, we provided that
2 platform for them to do that.

3 We've been employing Microsoft Teams
4 for all of our meetings, both internally and with
5 outside vendors and stakeholders, to the extent
6 possible. If there is a situation where we must
7 meet face-to-face with a particular concern,
8 maybe it's a municipality or a vendor, it is done
9 with all PPE in place and with social distancing
10 requirements observed.

11 We withdrew any participation in
12 conferences, events, and large meetings. That
13 decision was made actually in late February. And
14 we've maintained a fully employed workforce
15 throughout this entire period of time.

16 With regard to our sales forecasts, we
17 have applied sensitivity analysis to our budgeted
18 revenues for the current year. We recently
19 completed a bond issuance in late April for our
20 Pennichuck Water Works subsidiary. Part of that
21 is getting our credit rating reviewed and
22 assessed by Standard & Poor's. And, in doing
23 that assessment, we did lower the revenue
24 forecast for 2020, relative to our budgeted

[WITNESS PANEL: Goodhue|Ware]

1 revenues, by a million and a half dollars for
2 PWW, just in an abundance of caution. We also
3 did some sensitivity analysis relative to our
4 sales forecast, as to how much could our revenues
5 fluctuate by and still be in compliancy with our
6 debt covenants. Though, it might be more
7 impactful on our income statement, would we still
8 be able to meet our debt covenants at least in
9 that, you know, in this year.

10 We have made no permanent adjustments
11 to our budgets or forecasts at this time, as an
12 overall source of our revenues is greatly
13 weather-dependent. And, as indicated by one of
14 the other parties to this hearing, you know, we
15 are entering into our summer watering season here
16 pretty abundantly. We have had fairly dry
17 weather. And, as a result, our pumpage numbers
18 have been fairly robust. And, so, with the
19 unknowns being greater than the knowns, we have
20 not seen the need or the desire to really adjust
21 budgets or forecasts at this juncture, but to
22 continue to monitor activities.

23 To give a sense of where we are
24 relative to this year's performance versus last

[WITNESS PANEL: Goodhue|Ware]

1 year's performance, the year-to-date results for
2 billed and accrued revenues are on par with the
3 prior year. PWW, on the whole, is up by one half
4 percent; Pennichuck East is up by 5.6 percent;
5 and Pittsfield Aqueduct is up by 3.1 percent.
6 Versus our budgeted revenues, PWW is down by 2.7
7 percent; PEU is up by 2.6; and Pittsfield up by
8 0.3.

9 Continuing along, when we look at
10 pumpage, which is a proxy for revenues, but not
11 identical, in that you've got a month lag between
12 when you pump water and you actually bill it on a
13 monthly billing cycle. And, you know, pumpage
14 can also have certain factors, including leakage
15 within a system, you know, and/or, if we were
16 doing flushing activities during this period of
17 time, then you actually are pumping some water to
18 waste.

19 Relative to our core system, which is
20 the customers that are served from our water
21 treatment plant at the very north end of Nashua,
22 just south of the Merrimack border, for PWW, our
23 pumpage numbers, for the month of April and May,
24 are up twelve and a half percent, as compared to

[WITNESS PANEL: Goodhue|Ware]

1 the same period in 2019. However, our
2 commercial/industrial are down by 14.4 percent;
3 municipal down by 54 percent, which would be
4 representative of certain activities in our
5 communities being shut down, i.e., schools and
6 other facilities; special contracts are down by
7 41 percent. We have several special contracts
8 for PWW. In the aggregate, our total daily
9 pumpage, for the months of April and May, are
10 down 2.8 percent, as compared to the same period
11 of time in 2019.

12 In the community water systems, as PWW
13 has several communities it serves outside of the
14 core system, those pumpage numbers are actually
15 up by 31 percent versus the same period of time
16 last year. That is probably representative, as
17 others have indicated, with the preponderance of
18 people being at home, and altering some of their
19 daily consumption habits versus what they would
20 have done at this time last year.

21 For PEU, the pumpage numbers are up in
22 the aggregate about 7 percent, and Pittsfield
23 Aqueduct, on the aggregate, up about 12 percent.
24 Again, very similar to the trend we were seeing

[WITNESS PANEL: Goodhue|Ware]

1 in the community systems for PWW's community
2 systems.

3 With regard to collection concerns and
4 trends, this is one of the things that we're
5 really focused on. If revenues and pumpage are
6 doing well, what is happening with the ability to
7 collect on those receivables that have been
8 billed? So, if we reflected back to our agings
9 as of May 31st of last year, our over 60-day aged
10 balance represents -- represented about 9 percent
11 of the total receivables, or approximately 193K.
12 And, actually, that's a misnomer. That's not
13 just PWW. That's for the entire set of the three
14 utilities. As of the end of December, that
15 number was 8.8 percent. So, very, very
16 synonymous, as far as a percentage of receivables
17 being aged out 60 days or more, and the dollar
18 value being, you know, remarkably similar,
19 228,000 versus 193.

20 Whereas, at the end of May this year,
21 our over 60 has climbed to be 13.2 percent, or
22 about \$435,000. And, in the chart that I show on
23 this schedule, shows the over 60 as a percentage
24 of total A/R by each of the three utilities for

[WITNESS PANEL: Goodhue|Ware]

1 those three periods of time. And you can see
2 that PWW has been in the 7 to 8 percent range
3 traditionally, and it's at about 12 percent as of
4 the end of May of this year. PEU has been in the
5 10 to 13 percent range, and is at about 16
6 percent at the end of May of this year. PAC,
7 coincidentally, has been well between 21 and 48
8 percent, so you could say in the mid to high 30s
9 as an average, and it's still at about 30
10 percent. So, that's pretty consistent.

11 With regard to financing concerns and
12 monitoring, as the Commissioners are aware,
13 Pennichuck is a debt-only financed organization,
14 not like a traditional IOU. So, financing
15 concerns are all related to debt, the ability to
16 issue debt, the ability to be in compliancy with
17 debt, and the ability access good rates for our
18 customers.

19 So, as a debt-only funded group of
20 utilities, subject to restrictive covenants on
21 its debt and a rate structure designed for
22 recovery of cash flow required to operate and
23 fund the entities, the Company has worked with
24 its lenders through this entire period as it

[WITNESS PANEL: Goodhue|Ware]

1 relates to those underlying debt instruments, and
2 has had very active and ongoing dialogue relative
3 to our debt instruments.

4 Access to debt financing, either long
5 term, or as a backstop to its short-term working
6 capital needs are essential in the Company's
7 overall operations and ability to serve its
8 customers.

9 And the Company has also looked at the
10 impact on its overall ability to remain
11 financially viable and its ability to remain in
12 compliance with all of its debt covenants. And,
13 as such, we did apply for and received a PPP
14 loan, as approved in Docket DW 20-064. Included
15 in that approval is a requirement to report on
16 the financial [final?] results of the usage of
17 that PPP loan, as to its forgiven amounts, and
18 the overall benefit to ratepayers, no later than
19 October 1st of 2020.

20 Continuing, access to the debt markets
21 was and continues to be something that the
22 Company is actively monitoring with its bond
23 underwriters. With our annual bond issuance in
24 April, it was delayed by approximately three

[WITNESS PANEL: Goodhue|Ware]

1 weeks, due to the impacts on the bond markets,
2 which caused the market to fully pause for a
3 period of several weeks. We were supposed to
4 price our bonds on April 2nd. Had to take a step
5 back, kind of defer, wait on the sidelines, and
6 did not actually price until late April, and
7 closed on those bonds an April 29th of that
8 period of time. When COVID-19 really created
9 disruptions in the equity markets, it also
10 created a disruption in the tax-exempt and
11 municipal bond markets. People ran right from
12 equities, past bonds, to cash. And, as such,
13 there was a great deal of disruption in the
14 market, not just on the rate, but on the ability
15 to even issue bonds.

16 The Company continues to monitor the
17 ability to issue bonds into the market and the
18 rates being required, as it anticipates future
19 bond issuances that are contemplated for both
20 September of this year and April of next year.
21 The indications, as of last night from our bond
22 underwriters, is that the market is responding
23 well at this point in time. I'm going to say,
24 the appetite for bonds has, you know, resumed,

[WITNESS PANEL: Goodhue|Ware]

1 and the rates for which bonds are being able to
2 be brought to market have returned to near normal
3 levels.

4 Interestingly enough, when we issued
5 the bond in April of this year, in spite of the
6 disruption in the markets, our all-in total
7 interest cost on our bonds issued April of this
8 year, versus April of last year, were only seven
9 basis points higher. So, 0.7 [0.07?] percent
10 higher, which was remarkably positive for our
11 customers.

12 With regard to capital projects, our
13 overall capital projects have not been materially
14 impacted. We did have one major project, which
15 is the replacement of the Kessler Farm tank, in
16 Nashua, that we had to defer from 2020 into 2021.
17 There is no problem with our ability to deliver
18 water from the deferment of that project. It is
19 a steel tank that is in need of either repainting
20 and/or replacement. And the overall cost of
21 replacing it for the life cycle of the tank is
22 much cheaper to customers than the repainting of
23 that tank. So, we have a tank that is fully
24 functional, but doesn't look very pretty at this

[WITNESS PANEL: Goodhue|Ware]

1 point in time.

2 That project needed to be started in
3 late February, in order to be completed and on
4 line by the end of this construction season. Due
5 to the disruption from COVID-19, that was not
6 able to be accomplished. And, as such, the
7 entire project had to be deferred for a full
8 cycle next year.

9 What we did to offset that was there
10 are several other key projects that had been
11 slated for 2021 that we were able to move forward
12 into 2020, to get a better balance of the project
13 workload between the two years, relative to our
14 capital projects.

15 What are some of the lessons that we
16 learned in this entire period of new normal? One
17 of our primary concerns were, and remain to be,
18 and these were as communicated to our employees
19 on an ongoing basis, and to our customers, is,
20 number one, providing essential services to our
21 customers; maintaining compliancy with all Safe
22 Water Drinking Act requirements for water
23 quality, testing, and supply; ensuring the
24 safety, health and well-being of our employees

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1 and customers; maintaining our essential
2 workforce throughout this period; effectively
3 communicating with all of our pertinent
4 stakeholders, including customers, employees,
5 lenders, and the regulators.

6 Fortunately, we had made several
7 current -- made the current, proper and prudent
8 investments into technology over the past several
9 years to be fully prepared to respond to this new
10 normal. And, as such, we have seen no disruption
11 for our ability to actually function in a very,
12 very full manner in a separated environment at
13 this time using technology.

14 We had to be resilient to an
15 ever-changing landscape as to State emergency
16 orders; changing regulations; disruption to the
17 economy and its impact on our ability to issue
18 bonds into the markets; the ability to
19 communicate and give comfort to our lenders
20 relating to our ability to continue to operate,
21 fund operations, and remain in compliancy with
22 loan requirements and covenants.

23 We also looked at alternate restocking
24 procedures for essential materials and chemicals

[WITNESS PANEL: Goodhue|Ware]

1 to avoid any problems with possible disruption to
2 supply chains. We have not seen any disruption
3 in our important supply chains at this point in
4 time. But we did proactively, all the way back
5 to February, look at making sure that we were
6 fully stocking our chemical tanks and other
7 necessary materials and supplies. Changing in
8 the EOQ and timing for which we increase and
9 refill those chemicals and necessary supplies.
10 Our goal was to always have a two to three month
11 advance supply of necessary materials and
12 supplies should there be a disruption, giving us
13 the runway to be able to continue to function
14 fully in response to that.

15 We looked at alternate means to deploy
16 our field staffs, including scheduling, home base
17 activities, and isolated activities versus small
18 group activities.

19 We also needed to accelerate the curve
20 in opening up certain social media portals that
21 were slated for 2020, but needed to be
22 fast-tracked in order to utilize them to
23 communicate to customers in this environment.
24 That included enhanced communications via our

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1 website; developing a Facebook presence to push
2 information to our customers; generating
3 automated calls to customers about our COVID-19
4 protocols; and increasing our requests for
5 enhancements to contact information for our
6 customers, some of which that had resisted giving
7 us their contact information in the past, and
8 responded favorably, such that we could reach out
9 to them in a more effective manner.

10 As far as preparations for a second
11 wave and the precautions being taken in resuming
12 full normal processes and operating procedures,
13 we led the curve into the pandemic protocols and
14 emergency responses based on our own internal
15 processes. Our plan is to lag that curve coming
16 out of the pandemic protocols and easing of
17 certain emergency orders, all in an abundance of
18 caution on behalf of our customers and our
19 employees.

20 And that concludes the formal part of
21 the presentation. And I'm not certain how to
22 stop sharing here, Moderator, because my screen
23 is doing some funky things. So, is there a way
24 that you can seize that back from me?

[WITNESS PANEL: Goodhue|Ware]

1 Thank you.

2 CHAIRWOMAN MARTIN: All right. Thank
3 you for that. Commissioner Bailey.

4 CMSR. BAILEY: Thank you. I just have
5 a few questions.

6 You said that some of your meters
7 didn't -- well, I forget the term you used, but
8 it was -- they didn't transmit the data to you,
9 and you postponed repairing those until later.
10 My question is, do those meters have a way of
11 recording the usage, so that you can accurately
12 bill after you physically look at them?

13 WITNESS GOODHUE: And I would ask Mr.
14 Ware, from an operational point of view, to
15 respond to how we normally have handled that,
16 Commissioner, relative to that situation.

17 WITNESS WARE: Yes. So, to explain,
18 the water meter is inside. And, in the past,
19 many, many years ago, you had to go into the
20 basement to read the meter. And then, they made
21 a device where you could read the meter outside
22 physically, and now we read the meter through a
23 radio.

24 But the actual meter is inside. It

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1 registers all the flow. And sometimes either the
2 head on the meter that's transmitting the
3 information to the radio, or the radio, or even
4 the wire between the two fails, and that's when
5 you lose the ability to read from the outside
6 with a radio, which necessitates us going into
7 the basement and physically correcting whatever
8 the problem is that stopped that.

9 But the inside meter, the physical
10 meter, is always reading. So, you always have a
11 current reading on the usage.

12 CMSR. BAILEY: Okay. That's great.
13 And, Mr. Ware, when do you plan to start
14 repairing those?

15 WITNESS WARE: You know, again, our
16 concern is, some of the things we started back up
17 is with commercial businesses, because they all
18 implement the COVID safety measures for their
19 employees. We have no idea, when we go into a
20 home, whether somebody there has been in contact
21 with somebody with COVID-19, whether, you know,
22 they have a temperature, a runny nose. So, the
23 employees are pretty uncomfortable going in,
24 unless it's an emergency.

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1 So, right now, we will continue to
2 estimate readings where there's been a failed
3 meter, because they're just the residential
4 meters.

5 Like I said, the commercial meters,
6 where now, with the opening of the state, and
7 businesses following protocols, social
8 distancing, and, you know, keeping services
9 clean, and wearing PPE, we'll go in and take care
10 of those.

11 But, you know, the residential, we're
12 going to watch as things open back up. And, when
13 we're comfortable that our employees can go in
14 and be protected, we'll go in and take care of
15 those.

16 CMSR. BAILEY: Okay. Mr. Goodhue,
17 if -- but for the PPP loan, would the level of
18 increasing your accounts receivable have impacted
19 your ability to satisfy your debt covenants?

20 WITNESS GOODHUE: Not currently. But
21 it was trending very close. One of the concerns
22 we had was we only have a limitation on our
23 working capital line of credit to backstop any
24 collection issues. And one of the things, if not

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1 for the PPP loan, we would have been at a point
2 where we would have been at nearly fully
3 utilizing that line of credit and not having
4 access to that as a backstop.

5 So, it wouldn't have affected the
6 covenants, because the covenants are about P&L
7 performance versus balance sheet performance,
8 Commissioner. So, to the extent that those
9 over -- overdue amounts are not written off,
10 there isn't a P&L impact, it's all on the balance
11 sheet, especially with regard to the emergency
12 orders, in that we can't shut people off, and we
13 have to arrange those payment arrangements going
14 forward.

15 So, the real benefit from the PPP loan
16 is we would actually have been starved for cash
17 to maintain our full workforce, to pay for
18 supplies, and to continue our operations relative
19 to the utility.

20 And, hopefully, that answered your
21 question.

22 CMSR. BAILEY: Yes. One clarification.
23 Tell me what "P&L" is?

24 WITNESS GOODHUE: I'm sorry. "Profit

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1 and loss statement" or "income statement".

2 CMSR. BAILEY: Oh.

3 WITNESS GOODHUE: So, income statement
4 versus balance sheet.

5 CMSR. BAILEY: Okay. Thank you.

6 WITNESS GOODHUE: Sorry about that.

7 CMSR. BAILEY: No problem. I think
8 that's all I have. You were very thorough.

9 Thank you.

10 WITNESS GOODHUE: Thank you.

11 CHAIRWOMAN MARTIN: Okay. Commissioner
12 Giaimo.

13 CMSR. GIAIMO: Good afternoon. So, I
14 guess some of my questions focus on potential
15 delays.

16 And you mentioned that the tank project
17 was delayed until next year.

18 WITNESS GOODHUE: Uh-huh.

19 CMSR. GIAIMO: Does that result in
20 additional costs next year as opposed to what the
21 costs would have been this year?

22 WITNESS GOODHUE: Not from what we're
23 seeing now. But, then again, I don't think we
24 have a real clear focus on what bid costs are

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1 going to look like next year, Commissioner
2 Giaimo.

3 One of the things that we are actually
4 looking to do is actually go out to bid for that
5 project this fall, and get the lowest bids at
6 that point in time, and really get into the queue
7 as a first placeholder relative to the
8 contractors in advance. And it's actually an
9 advantage to us, in that it will allow us to get
10 that project started just as soon as we can in
11 the spring next year.

12 CMSR. GIAIMO: Okay. Thank you. You
13 talked about the delayed bonding issuance and the
14 three-week delay. And it sounded like the bond
15 rating -- the bond number was what, what did you
16 say, seven basis points from the prior year?

17 WITNESS GOODHUE: Yes. Yes. Our
18 all-in TIC in 2019, for our bond that was issued
19 in 2019, was 4.22 percent, and for the bonds
20 issued this year was 4.29 percent in an all-in
21 total interest cost.

22 CMSR. GIAIMO: What was bond number at
23 three weeks prior, if it went off on time, do you
24 know?

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1 WITNESS GOODHUE: Actually, they
2 weren't even issuing rates at that point in time.

3 CMSR. GIAIMO: Okay.

4 WITNESS GOODHUE: So, when it
5 disrupted, it disrupted. I will tell you that
6 the rates, however, probably two or three weeks
7 prior to COVID-19, we were looking at rates right
8 about 4 percent. So, you might have had about a
9 30 basis point impact from COVID-19.

10 But the other part of it is is, when we
11 went to Standard & Poor's, we actually got
12 downgraded from an A+ credit to an A credit, and
13 one of the key concerns was liquidity and
14 financial risk related to COVID-19. So, when you
15 look at the 30 basis point slide, that could all
16 be attributed to the A to A+ movement in our
17 credit rating, as much as it could be applied to
18 the market disruption.

19 CMSR. GIAIMO: All right. That's good
20 to know.

21 Did you say the difference was "0.7
22 percent" or "0.07 percent"?

23 WITNESS GOODHUE: I'm sorry, 0.07.
24 Seven basis points.

[WITNESS PANEL: Goodhue|Ware]

1 CMSR. GIAIMO: That's what I thought it
2 was.

3 WITNESS GOODHUE: Yes.

4 CMSR. GIAIMO: It sounds like you
5 worked or you're planning to work more on
6 expanding your outreach in social media. Is that
7 something that is going to be done in-house or
8 that has been done in-house, or is that something
9 that's been bid out?

10 WITNESS GOODHUE: It was done in-house.
11 And Facebook is the platform that we decided was
12 going to be the preferential manner. Amazingly,
13 how quickly that came to together and how
14 smoothly that transition worked for us. And, so,
15 it really accelerated something that we were
16 treading lightly and very, very pragmatically on,
17 and said, you know, "we got to get this done
18 right now." And, you know, remarkably, members
19 of my team really rolled up their sleeves and got
20 that done and got it online.

21 CMSR. GIAIMO: Congratulations.

22 WITNESS GOODHUE: Thank you.

23 CMSR. GIAIMO: My last question is, one
24 of your peers, HAWC mentioned that there's a

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1 concern with potential drought issues coming up
2 this summer, and that they have some concerns.
3 As a fellow southern New Hampshire water system,
4 do you have similar concerns or -- well, I'll
5 stop there.

6 WITNESS GOODHUE: I will answer part of
7 the question, and I will have Mr. Ware weigh in.

8 One of the things to understand is is
9 we've got a fairly broad geographical footprint
10 within the state, representing thirty different
11 communities. We've got multiple surface water
12 supplies, as well as numerous groundwater
13 supplies.

14 So, our Pittsfield Aqueduct system is a
15 surface water supply, the Berry Pond Dam and
16 Berry Pond aquifer. Our core system, in Nashua,
17 is supplied primarily by the Merrimack River, and
18 secondarily by the Pennichuck Brook water system.
19 And, as such, those supplies, we're not seeing
20 any problems relative to capacity and supply.

21 But, then, we probably have 65 or 70,
22 you know, community well systems and booster
23 stations throughout the state. We regularly
24 deploy stewardship issues relative to outside

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1 watering restrictions on a partial or, you know,
2 a monitored basis, relative to monitoring each
3 one of those systems and their ability to meet
4 the requirements and consumptive needs of our
5 customers.

6 But I'll stop now and ask Mr. Ware to
7 embellish upon my response.

8 WITNESS WARE: So, a fairly short
9 answer. First of all, New Hampshire currently,
10 according to the DES, is "moderately dry". That
11 is the first step, you know, below "normal". If
12 weather continues as it is, we will go to "dry",
13 which is the next step, within sometime next
14 week.

15 During 2016, the height of the drought,
16 '16 into early '17, our surface water systems
17 never experienced a need to put in any
18 restrictions. Every one of our groundwater
19 systems, by the end of 2017, was in a total ban
20 on outside usage.

21 Right now, we have two of the 65
22 groundwater systems that are on total bans. We
23 have everybody else, typically, is on odd/even,
24 and we have two that are on twice-a-week

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1 watering. We're monitoring the systems that
2 typically are the most heavily used groundwater
3 level elevations. Right now, year over year, the
4 groundwater elevations in the wells are fairly
5 close to typical, maybe slightly lower. But,
6 again, those can change dramatically and in a
7 hurry. So, it's something you keep an eye on.

8 And, if the weather were to continue to
9 be dry, yes, I would fully expect that we would
10 see reductions or limitations to outside usage.

11 CMSR. GIAIMO: Thank you, both -- thank
12 you, gentlemen. Those are all the questions I
13 had, Madam Chair.

14 CHAIRWOMAN MARTIN: All right. Thank
15 you. I just have one question I think remaining.

16 You mentioned that you lowered the
17 revenue forecast out of an abundance of caution,
18 and that you did that in the amount of 1.5
19 million. How did you arrive at that number?

20 WITNESS GOODHUE: We looked at, based
21 on our budgeted numbers, and if we've had a delay
22 in either our current rate case being completed
23 because of COVID-19 and/or consumption patterns
24 relative to some sensitivity. That's how we came

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1 up with that number.

2 But I did also apply some sensitivity
3 analysis, Commissioner, to the overall forecast.
4 Specifically, with regard to "would we be able to
5 maintain compliancy with all of our debt
6 covenants?" And, interestingly enough, for
7 Pennichuck Water Works alone, our revenue
8 forecast could be missed by over eight and a half
9 million dollars and still be in compliancy with
10 our covenants.

11 Now, we would be in a world of hurt on
12 our income statements, you know, relative to
13 that, because, you know, you might meet covenant
14 compliance for this current year, but it would
15 set you up for a detrimental impact coming out of
16 this year on a going forward basis for financial
17 viability.

18 CHAIRWOMAN MARTIN: Okay. Thank you
19 for that. And thank you also for your
20 presentation. Do any of the other Commissioners
21 have any other questions?

22 *(Cmsr. Bailey and Cmsr. Giaimo*
23 *indicating in the negative.)*

24 CHAIRWOMAN MARTIN: Okay. Thank you.

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1 You're free to go.

2 WITNESS GOODHUE: Thank you. Should we
3 remain on the line, if there are other questions
4 from other parties, or should we just sign off?

5 CHAIRWOMAN MARTIN: Probably not
6 questions, but let me just check in with Staff.

7 Mr. Dexter, do you have comments that
8 you'd like to make as a follow-up to these?

9 MR. DEXTER: I don't. But I'd like to
10 defer to my co-counsel for questions or comments
11 on the water companies.

12 CHAIRWOMAN MARTIN: Okay. Mr. Tuomala.

13 MR. TUOMALA: Thank you, Madam
14 Chairwoman. I only had two quick points, and
15 they're just general statements.

16 And one is echoing what my co-counsel,
17 Attorney Dexter, had mentioned in the morning,
18 regarding reporting requirements for the
19 utilities for possible assistance in state and
20 federal assistance due to COVID-19. Commissioner
21 Bailey had already asked all the utilities, but I
22 wanted to echo that, and have the utilities hear
23 that, that I think it would be a good idea to
24 have that included in the formal reporting.

1 And also, that any of the presentations
2 that were made this afternoon be submitted as
3 well into the docket. I think that would be
4 extremely helpful.

5 That was all that I had. Thank you,
6 Madam Chairwoman.

7 MR. GOODHUE: As far as the
8 presentations, who should we send those to,
9 Attorney Tuomala?

10 MR. TUOMALA: I can defer to the
11 Chairwoman, but I believe you'd be submitting it
12 into the docket is what we had come to in the
13 morning. But I reserve that to be spoken to by
14 the Commissioner.

15 CHAIRWOMAN MARTIN: Yes. That was the
16 plan, was to have anyone who is submitting their
17 presentations or additional information submitted
18 into the docket. And we'll keep the record open
19 to receive all of that.

20 MR. GOODHUE: Will do so. Thank you.

21 CHAIRWOMAN MARTIN: All right. Thank
22 you.

23 Is there any public comment on this
24 portion, Mr. Wind?

1 MR. WIND: None that I am aware of.

2 CHAIRWOMAN MARTIN: All right. Thank
3 you.

4 Then, if there are no other
5 presentations to be had, I want to thank
6 everybody for their presentations today. It was
7 incredibly informative and helpful for us to hear
8 this information, and we really appreciate the
9 time that you took to come and share it with us.

10 Like I said, we will leave the record
11 open to receive the presentations and additional
12 information. And, other than that, we are
13 adjourned. Thank you, everyone.

14 ***(Whereupon the Status Conference was***
15 ***adjourned at 4:06 p.m.)***

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