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Hampstead Area Water Company

before the

New Hampshire Public Utilities Commission

DW 20-117

Testimony of Stephen P. St. Cyr

Rebuttal of Ms. Steele’s Direct Prefiled Testimony dated December 10, 2021

- Q. Please state your name and address.
- A. Stephen P. St. Cyr of Stephen P. St. Cyr & Associates, 17 Sky Oaks Drive, Biddeford, Me. 04005.
- Q. Please state your present employment position and summarize your professional and educational background.
- A. I am presently employed by St. Cyr & Associates (“SPS&A”), which primarily provides accounting, management, regulatory services. SPS&A devotes a significant portion of the practice to serving utilities. SPS&A has a number of regulated water and sewer utilities among its clientele. I have prepared and presented a number of rate case filings before the New Hampshire Public Utilities Commission (“PUC”). Prior to establishing SPS&A, I worked in the utility industry for 16 years, holding various managerial accounting and regulatory positions. I have a Business Administration degree with a concentration in accounting from Northeastern University in Boston, Ma. I obtained my CPA certificate in Maryland (but not certified in NH due to

1 different certificate requirements).

2 Q. Is SPS&A presently providing services to Hampstead Area Water
3 Company (“HAWC” or the “Company”)?

4 A. Yes. SPS&A assists HAWC in its year end closing, preparation of
5 financial statement and preparation of NHPUC Annual Report. SPS&A
6 assists HAWC in various regulatory filings including expansion of its
7 franchise, financing of construction projects and adjusting rates. SPS&A
8 has been engaged to prepare the various rate case exhibits, supporting
9 schedules and written testimony.

10 Q. What is the purpose of your testimony?

11 A. The purpose of my testimony is to rebut Ms. Steele’s Direct Prefiled
12 Testimony dated December 10, 2021.

13 Q. Is Ms. Steele a customer of HAWC.

14 A. No.

15 Q. If Ms. Steele is not a customer of HAWC, how is she impacted by the
16 increase in customer rates agreed to by the Settling Parties in the
17 Settlement Agreement for Permanent Rates?

18 A. She is a Town of Atkinson resident and taxpayer. Her property tax bill is
19 impacted by the increase in the Town of Atkinson fire protection rates.

20 Q. Is the Town of Atkinson one of the Settling Parties.

21 A. Yes.

22 Q. Do you know what the impact would be on her property tax bill?

23 A. No, but it would have to be minimal.

1 Q. Are the current fire protection rates supported by a Cost of Service Study?

2 A. No. None of the current rates are supported by a Cost of Service Study. It

3 is one of the reasons why HAWC hired a Cost of Service expert, Mr. Fox,

4 in this proceeding.

5 Q. Does Mr. Fox's Cost of Service Study support the recommended fire

6 protection rates recommended by the Settling Parties?

7 A. Yes.

8 Q. Did the NH Department of Energy also hire a Cost of Service expert?

9 A. Yes, it hired Mr. Solganick.

10 Q. Did Mr. Solganick review Mr. Fox's Cost of Service Study?

11 A. Yes, Mr. Solganick reviewed Mr. Fox's Cost of Service Study. After

12 some discussion, the two experts were able to agree on the cost of service

13 basis for all rates including public fire protection.

14 Q. Did the Settling Parties to the Settlement Agreement for Permanent Rates

15 agree to the fire protection rates for the Town of Atkinson?

16 A. Yes.

17 Q. Are there other matters in Ms. Steele's testimony that you would like to

18 address?

19 A. There are a few matters.

20 Q. Does HAWC have excess capacity?

21 A. No, in past years, HAWC has had to implement a water ban in the

22 summer. Also, in search for additional capacity, HAWC has drilled a

23 number of wells that have been unsuccessful.

1 Q. Is the infrastructure “used and useful” per RSA 378:28?

2 A.. All of the 2019, 2020 and 2021 plant is completed, in service and use and
3 useful.

4 Q. Do the recommended permanent rates cause rate shock?

5 A. The recommended permanent rates do result in a significant increase in
6 rates.

7 Q. What has the Company and the Settling Parties done to attempt to mitigate
8 the increase in rates?

9 A. The Settling Parties recommend that the Permanent Rates based on 2019
10 test year expenses and plant investment be effective the date of the PUC
11 order approving such rates. Please note that permanent rates will be
12 recouped back to the temporary rate date of June 30, 2021.

13 The Settling Parties also agree that the first day of possible effectiveness
14 be December 16, 2022 for Step Adjustment 1 based on non-revenue
15 producing plant additions through December 31, 2020, and one-time
16 MSDC capacity fee.

17 In addition, the Settling Parties also agree that the first day of possible
18 effectiveness be June 16, 2023 for Step Adjustment 2 based on non-
19 revenue producing plant additions through December 31, 2021.

20 Finally, the Company shareholder will make a contribution to the
21 Company representing one half of the increase for the first year public fire
22 protection, resulting in Town of Atkinson (and Hampstead) only paying
23 one of the increase in year one.

- 1 Q. Did the Company shareholder agree to any other provisions as part of this
2 settlement?
- 3 A. Yes, the Company shareholder will make an additional contribution to the
4 Company to make up for the revenue deficiency created by the Settling
5 Parties agreeing not to shift additional costs from public and private fire
6 protection to ratepayers.
- 7 Q. Has the Company shareholder made any past contributions to the
8 Company?
- 9 A. Yes, the Company shareholder has contributed over \$4,700,000.00 to the
10 Company since December 2003.
- 11 Q. Does this conclude your testimony?
- 12 A. Yes.