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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
3	Settlement Agreement, with Attachments	<i>premarked</i>
4	Testimony of Charlie Lanza	<i>premarked</i>
5	Testimony of Dave Fox	<i>premarked</i>
6	Testimony of Stephen P. St. Cyr	<i>premarked</i>
7	Rebuttal Testimony of Stephen P. St. Cyr	<i>premarked</i>
8	Revised Audit Report	<i>premarked</i>
9	Rebuttal Testimony of Douglas Brogan, with attachments	<i>premarked</i>
10	Rebuttal Testimony of Howard Solganick, with attachments	<i>premarked</i>
11	Testimony of Karen S. Steele, with Attachments	<i>premarked</i>
12	Karen Steele Responses to NH Dept of Energy Data Requests Set 1 and attachments	<i>premarked</i>
13	Karen Steele Responses to OCA Set 1 Data Requests	<i>premarked</i>
14	Transcript of September 30, 2021 Hearing and HAWC Rate Case Expense Filing dated November 23, 2021 in DW 20-071 (MARKED FOR IDENTIFICATION ONLY) <i>**NOT ADMITTED INTO EVIDENCE**</i>	<i>premarked</i>

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E X H I B I T S (continued)

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
15	HAWC Petition, Testimony, and Attachments filed in DW 05-177 (MARKED FOR IDENTIFICATION ONLY) <i>**NOT ADMITTED INTO EVIDENCE**</i>	<i>premarked</i>
16	Order No. 24,747 filed in DW 06-155 including prior Walnut Ridge Water Company, Inc. Agreement (April 20, 1994) and Revised Company Tariff (MARKED FOR IDENTIFICATION ONLY) <i>**NOT ADMITTED INTO EVIDENCE**</i>	<i>premarked</i>
17	Not Used	<i>premarked</i>
18	Karen S. Steele Summary of HAWC Revenue from Annual Reports 2008-2020 (MARKED FOR IDENTIFICATION ONLY) <i>**NOT ADMITTED INTO EVIDENCE**</i>	<i>premarked</i>
19	Not Use	<i>premarked</i>

P R O C E E D I N G

1
2 CHAIRMAN GOLDNER: Okay. Good morning,
3 everyone. I'm Chairman Goldner. I'm joined by
4 Commissioner Simpson this morning.

5 We're here in Docket 20-117 for a
6 hearing regarding the Hampstead Area Water
7 Company or HAWC's request for a change in rates.
8 Today's hearing will consider the Settlement
9 Agreement on proposed permanent rates reached by
10 HAWC, the Department of Energy, the Office of the
11 Consumer Advocate, the Town of Hampstead, and the
12 Town of Atkinson.

13 Let's take appearances, beginning with
14 Hampstead.

15 MR. AUGERI: Thank you, Chairman
16 Goldner. Attorney Tony Augeri representing --

17 CMSR. SIMPSON: Can you turn your
18 microphone on please?

19 MR. AUGERI: Oh. Sorry. Better?

20 CHAIRMAN GOLDNER: Yes, sir.

21 CMSR. SIMPSON: Thank you.

22 MR. AUGERI: Attorney Tony Augeri,
23 representing Hampstead Area Water Company.

24 Would you like me to introduce who all

1 else is here?

2 CHAIRMAN GOLDNER: Sure.

3 MR. AUGERI: Great. Controller John
4 Sullivan, from the Company; Christine Lewis
5 Morse, Vice President; and Harold Morse,
6 President. In the panel ahead of time, to save
7 some time, is Stephen P. St. Cyr, a retained
8 consultant; Charlie Lanza, General Manager of the
9 Company; and Dave Fox, a retained consultant.

10 Thank you.

11 CHAIRMAN GOLDNER: Thank you. We'll
12 move to the Town of Atkinson.

13 MR. PATCH: Good morning. Doug Patch,
14 with the law firm of Orr & Reno.

15 And with me at the table here this
16 morning, Beth Cacciotti, who is a member of the
17 Board of Selectmen; in addition, John Apple, who
18 is the Town Administrator.

19 CHAIRMAN GOLDNER: Thank you,
20 Mr. Patch. And let's move to -- is the Town of
21 Danville here today?

22 *[No indication given.]*

23 CHAIRMAN GOLDNER: No? Okay. We can
24 move to the Office of Consumer Advocate,

1 Ms. Desmet.

2 MS. DESMET: Yes. Good morning.

3 Julianne Desmet, on behalf of the Office of
4 Consumer Advocate. And also with me is Ms. Josie
5 Gage, up in the panel, our Director of Economics
6 & Finance.

7 CHAIRMAN GOLDNER: Thank you. And New
8 Hampshire Department of Energy?

9 MR. TUOMALA: Good morning,
10 Commissioners. Christopher Tuomala, representing
11 the New Hampshire Department of Energy.

12 With me, to my left, is Jayson
13 Laflamme, he is the Assistant Director of the
14 Water Group within the Regulatory Support
15 Division at the Department of Energy; to his left
16 is Witness Anthony Leone, he is an Analyst in the
17 Water Group at the Department of Energy; to
18 Anthony's left is another witness, Douglas
19 Brogan, he's an engineering consultant for the
20 Department of Energy; and joining us by Webex is
21 Howard Solganick, who is our cost of service
22 expert retained for this docket.

23 Thank you.

24 CHAIRMAN GOLDNER: Thank you. And

1 Karen Steele?

2 MS. STEELE: Good morning. I'm Karen
3 Steele, over here.

4 CHAIRMAN GOLDNER: Thank you. Is there
5 anyone else? Anyone that I've missed?

6 MS. WARNOCK: I'm Laurie Warnock. I'm
7 with Selectmen from the Town of Hampstead.

8 CHAIRMAN GOLDNER: Okay. Okay, very
9 good. Are there any members of the public here
10 that who would like to comment?

11 *[No verbal response.]*

12 CHAIRMAN GOLDNER: Seeing none.
13 Exhibits 3 through 19 have been prefiled and
14 premarked for identification. Is there anything
15 else that we need to cover regarding exhibits?

16 MR. AUGERI: Yes, Mr. Chairman, if I
17 may. Some housekeeping. First of all, we
18 indicated in our letter of filing that we were
19 going to make an oral motion for late filing
20 pursuant to Puc 203.20(f), and that we are now
21 making that motion here at the hearing, for the
22 Commission to accept those exhibits. Exhibit 3
23 being the Settlement Agreement, and the
24 respective parties' exhibits that have been filed

1 in this matter.

2 CHAIRMAN GOLDNER: Okay. Thank you.

3 MS. STEELE: Excuse me. I was
4 wondering if it might be possible for me to make
5 an opening statement?

6 CHAIRMAN GOLDNER: Oh, absolutely.
7 Absolutely. So, let's see here. If you could,
8 Ms. Steele, let me go through the protocol, and
9 we'll come back. But that's not a problem. Just
10 a moment.

11 MS. STEELE: Thank you.

12 *[Chairman Goldner and Commissioner*
13 *Simpson conferring.]*

14 MR. AUGERI: If I may, Mr. Chairman?

15 CHAIRMAN GOLDNER: Uh-huh.

16 MR. AUGERI: I just wanted to make a
17 note on the request for an opening statement.
18 Pursuant to the rules, technically, the Company
19 opens and closes the proceedings. And perhaps
20 when it's -- whenever the Commission so sees fit
21 to hear her testimony, maybe that would be the
22 appropriate time for any statement from Ms.
23 Steele?

24 CHAIRMAN GOLDNER: Yes. The current

1 plan, Ms. Steele, was, and I'll skip ahead a
2 little bit here, but was to have HAWC, Energy,
3 the OCA, and the Towns as a panel to start, as
4 the seating arrangement sort of indicates here,
5 and then move to you, as sort of your own panel.
6 And you can -- you can comment, you can have, as
7 a *pro se* litigant, you can have somebody ask you
8 questions, *etcetera*.

9 So, is there a preference, in terms of
10 how you'd like to proceed?

11 MS. STEELE: I don't have anybody here
12 to ask me questions. I was just planning to
13 present evidence, if that was okay? I was just
14 wondering if I might be able to have an opening
15 statement prior to all of the Settlement
16 discussion?

17 CHAIRMAN GOLDNER: Okay. Just a
18 moment.

19 MS. DESMET: This is Julianne Desmet.
20 If I may? I did have some discussion with Ms.
21 Steele about asking just the preliminary
22 questions to get her evidence in, to help matters
23 move along. I had informed parties. If she
24 still wants to proceed that way, I'm available

1 and happy to do that.

2 CHAIRMAN GOLDNER: Okay. Okay. Thank
3 you. Just a moment.

4 *[Chairman Goldner and Atty. Haley*
5 *conferring.]*

6 CHAIRMAN GOLDNER: Okay. So, we'll, as
7 Mr. Augeri suggested, we'll have the Company go
8 first, Ms. Steele. But we'll certainly allow
9 comment after the Company's turn.

10 MS. STEELE: Thank you.

11 CHAIRMAN GOLDNER: So, to get things
12 started, the Commissioners have reviewed the
13 Settlement, prefiled testimony, and have no need
14 of the witnesses summarizing or re-summarizing
15 their testimony, noting that the OCA's witness
16 does not have prefiled testimony. We do have a
17 number of clarifying questions about the
18 Settlement and the testimony. But, first, we'll
19 entertain direct and cross-examination from the
20 witnesses of the parties. Is everybody okay with
21 that plan?

22 MR. AUGERI: That's fine, Mr. Chairman.

23 CHAIRMAN GOLDNER: Thank you. Thank
24 you. So, as we were discussing before, I think

1 we have the panel set up for Panel 1, which
2 includes HAWC, Energy, the OCA, and the Towns, as
3 represented by the Settlement Agreement.

4 Are there any other preliminary matters
5 before we have the witnesses sworn in?

6 MR. AUGERI: Yes, Chairman, Mr.
7 Chairman. You covered one, which is we're going
8 to recite that we would proceed as a panel.

9 The second is just a general objection
10 for the record for the Commission's
11 consideration. There were a number of exhibits
12 that were submitted by Ms. Steele. Our objection
13 is somewhat of a broad objection, in that we
14 object to anything prior to the 2019 test year
15 being considered by the Commission, unless and
16 until Ms. Steele shows any relevance to the
17 proceedings of this rate case. It is based on a
18 2019 test year, including two steps, which
19 encompass 2020 and 2021.

20 Some of the exhibits stretch back to
21 the 1980s. And, simply, you know, so, on a
22 general relevance consideration, we would say
23 anything that predates 2019 really does have no
24 relevance to this matter, and we would object

1 generally.

2 To the extent the commission wants us
3 to go point-by-point on exhibits, we can at that
4 time. But I just wanted to make sure, as a
5 preliminary matter, that was before this
6 Commission.

7 Thank you.

8 CHAIRMAN GOLDNER: Thank you. Ms.
9 Steele or anyone else have a comment?

10 MS. STEELE: Yes. So, some of the
11 exhibits do just show the history of the planning
12 of the development that is planned at the
13 Atkinson Country Club. Those are the ones back
14 to the 1980s. And some of the ones from 2006
15 show the evolution of the payment and the
16 agreements with the Town to pay maintenance on
17 the fire hydrant, and how that has somehow
18 evolved into an annual charge that is now being
19 increased.

20 So, it is important and relevant, I
21 believe.

22 CHAIRMAN GOLDNER: Okay. Any other
23 comments? Mr. Tuomala.

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

1 A few comments. I join somewhat with the
2 Company's objections. I note that the first
3 three exhibits, Exhibits 11 through 13, pertain
4 to this docket specifically. So, the Department
5 would have no objection, considering they came
6 out of either discovery responses or Ms. Steele's
7 prefiled testimony, which are crucial.

8 For Exhibits 14 through 17, as Attorney
9 Augeri mentioned, those are from prior dockets.
10 And I guess I would consider this a "soft"
11 objection on grounds of relevance. And I would
12 request that the Commission reserve its judgment
13 until Ms. Steele presents her case, regarding her
14 testimony and the relevance of those prior
15 dockets.

16 But, for Exhibits 18 and 19, I would
17 object to, because I believe, the Department
18 believes, that both of those are new evidence
19 entered into the record, and they were submitted
20 last Wednesday, I believe. And the Department of
21 Energy hasn't had the ability to review either of
22 those pieces of evidence.

23 And, particularly, Exhibit Number 19
24 contains a reference to "DES data", with no

1 further explanation. And I note Puc Rule
2 203.23(h) states that "Excerpts of documents
3 shall include the proper citation to the complete
4 document."

5 So, on those grounds, I would object to
6 Exhibit Number 19.

7 CHAIRMAN GOLDNER: Okay. And, Ms.
8 Desmet, anybody else, with any concerns?

9 *[No verbal response.]*

10 CHAIRMAN GOLDNER: Okay. Just a
11 moment.

12 *[Chairman Goldner, Commissioner
13 Simpson, and Atty. Haley conferring.]*

14 CHAIRMAN GOLDNER: Okay. So, Ms.
15 Steele, when it's your turn, you can lay the
16 foundation for why you think it's relevant, and
17 we can take that up then. And we won't rule on
18 it here from the Bench at the moment.

19 MS. STEELE: Excellent. Thank you.
20 This is my first time as an intervenor. So, I
21 appreciate your patience and helping me
22 understand the process.

23 Will I be allowed to ask questions of
24 the panel?

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 CHAIRMAN GOLDNER: Yes.

2 MS. STEELE: Okay.

3 CHAIRMAN GOLDNER: Yes.

4 MS. STEELE: Thank you.

5 CHAIRMAN GOLDNER: Don't worry. After
6 you get past the Bates numbering, you're all set.
7 So, --

8 MS. STEELE: It took a while for me to
9 figure that out, but I got it now, I think.

10 CHAIRMAN GOLDNER: It's easy after you
11 get past that. Very good. Okay.

12 Okay. So, I think everyone is all set
13 to proceed with the witnesses. Mr. Patnaude, can
14 you please swear in the panel.

15 (Whereupon **Stephen St. Cyr,**
16 **Charlie Lanza, David Fox, Josie Gage,**
17 **Anthony Leone, Douglas Brogan,** and
18 **Howard Solganick** were duly sworn by the
19 Court Reporter.)

20 CHAIRMAN GOLDNER: Okay. Very good.
21 We'll start with direct, the qualification of
22 witnesses, adoption of prefiled testimony.

23 Mr. Augeri, would you like to go
24 first?

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 MR. AUGERI: Thank you. And just
2 because of the video, I presume it's easier to --
3 I believe it is, I was going to stay seated, just
4 so I don't block cameras and things like that.

5 CHAIRMAN GOLDNER: Sure. That would be
6 great. Thank you.

7 MR. AUGERI: Sure. Thank you. We're
8 going to start with Witness Mr. Stephen St. Cyr.

9 **STEPHEN ST. CYR, SWORN**

10 **CHARLIE LANZA, SWORN**

11 **DAVID FOX, SWORN**

12 **JOSIE GAGE, SWORN**

13 **ANTHONY LEONE, SWORN**

14 **DOUGLAS BROGAN, SWORN**

15 **HOWARD SOLGANICK, SWORN**

16 **DIRECT EXAMINATION**

17 BY MR. AUGERI:

18 Q Mr. St. Cyr, if you could please state your name
19 and business for the record?

20 A (St. Cyr) Good morning. My name is Stephen P
21 St. Cyr, with St. Cyr & Associates.

22 Q And what services do St. Cyr & Associates
23 provide?

24 A (St. Cyr) St. Cyr & Associates provides

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 accounting, management, and regulatory services,
2 mostly to utilities, and primarily water and
3 sewer companies.

4 Q And if you could please describe your involvement
5 with this particular docket?

6 A (St. Cyr) So, I prepared the original temporary
7 and permanent rate schedules and supporting
8 schedules. I prepared both temporary and
9 permanent rate testimony. I was involved in the
10 preparation and the review of data requests from
11 the various parties. And I also participated in
12 it seems like numerous technical
13 sessions/settlement conferences that ultimately
14 led to this Settlement Agreement.

15 Q And if we could just go to the rate filing
16 itself. Are you familiar with the original rate
17 case filing for this matter to implement the
18 general rate increase for this docket?

19 A (St. Cyr) I am. Yes.

20 Q And what did the Company originally propose in
21 its rate filing, Mr. St. Cyr?

22 A (St. Cyr) So, based on a 2019 test year, the
23 Company originally proposed to increase its
24 annual revenues on a permanent basis by

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 approximately \$1.5 million, or 65 percent. And
2 that would be an increase over the annual revenue
3 requirements of approximately \$3.8 million.

4 Q And that is related to what is now before the
5 Commission as "Exhibit 6"?

6 A (St. Cyr) That's correct.

7 Q Okay. Was there anything further with regard to
8 any pro forma adjustments for 2020 or 2021 plant
9 additions?

10 A (St. Cyr) So, I just wanted to note that the
11 Company initially pro formed the 2020/2021
12 additions to plant to its 2019 test year rate
13 base. And, over the course of the proceeding,
14 those particular additions ultimately evolved
15 into Step I and Step II increases.

16 Q And, when you say "Step I" and "Step II", that's
17 as presented in Exhibit 3, the Settlement
18 Agreement?

19 A (St. Cyr) That's correct.

20 Q Okay. Let's talk about the Settlement Agreement,
21 if you would. Did you prepare or are you
22 familiar with the Settlement Agreement and its
23 attachments filed with the Commission as "Exhibit
24 3", and it's Bates numbered Settlement 001

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 through 092?

2 A (St. Cyr) I am. I worked with the Company and
3 the parties in the development of the revenue
4 requirement schedules, and, ultimately, the
5 Settlement Agreement.

6 Q And, with that understanding, did the Company
7 compromise its position as set forth from the
8 original rate case filing in this docket?

9 A (St. Cyr) Yes. So, as part of any settlement,
10 there's always some give-and-take. And there
11 were some things that the Company originally
12 proposed that, over the course of time, either
13 changed or was eliminated. And there were
14 probably a few things where other parties offered
15 other solutions or alternatives. And, again,
16 over the course of time, those were negotiated,
17 and ultimately ended up with where we are in the
18 revenue requirement schedules and the Settlement
19 Agreement.

20 Q Okay. And if you could please provide an
21 overview of the Settlement Agreement?

22 A (St. Cyr) So, the Settlement Agreement requests
23 that the Commissioners approve both the permanent
24 rate increase and the step adjustments, namely

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 Step I and Step II. The step adjustments will be
2 subsequent filings made by the Company after
3 approval of the Settlement Agreement. The
4 Settling Parties agree and recommend that the
5 Company will file those adjustment requests no
6 sooner than June 20, 2022.

7 The Settling Parties recognize that
8 HAWC will have three distinct rate increases; one
9 for permanent rates, one for Step I and one for
10 Step II. The Parties are aware that these are
11 increases that could potentially cause rate
12 shock. And, as part of the proceeding, the
13 Company and the Parties agreed that those
14 increases would be spread out over time.

15 The Settling Parties agree that the
16 permanent rate would become effective upon the
17 date on which the Commission issues its order.
18 Upon making the Settlement adjustment filings,
19 the Parties agree that we would not make those
20 before June 20, 2022, but that the rates, as a
21 result of those, would not be implemented until
22 later dates. For Step I, the sooner that that
23 date could be implemented would be December 16,
24 2022. And, for Step II, that rate could not be

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 implemented any sooner than June 16, 2023.

2 Q And, Mr. St. Cyr, just a point of clarification
3 about the steps. Is there any Department of
4 Energy oversight with regard to that?

5 A (St. Cyr) So, yes. The filing, which should be
6 based on actual data at the time, will be subject
7 to the Department of Energy Audit Division
8 review. The Audit Division will issue an audit
9 report as it pertains to each of the steps, and
10 that that report would be made available to the
11 Parties, and, presumably, out of that discussion,
12 there will be a further settlement on the Step I
13 and Step II increases.

14 Q Concerning the permanent rate revenue
15 requirement, what was it that the Settling
16 Parties agreed to?

17 A (St. Cyr) So, the Settling Parties agreed to an
18 overall revenue requirement of \$2,540,482, which
19 represents an increase of \$298,319, or 13.3
20 percent over the pro forma 2019 test year revenue
21 requirement.

22 Q And, with respect to the Step I Adjustment
23 contemplated in the Settlement Agreement, what
24 did the Settling Parties agree to for that?

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 A (St. Cyr) So, the Settling Parties agreed to a
2 proposed Step I Adjustment, and, again, subject
3 to Audit Staff and Settling Parties' review.
4 That will result in an increase not to exceed
5 \$258,450, or 10.17 percent.

6 Q And, with respect to Step II Adjustment that's
7 being proposed in the Settlement Agreement, what
8 did the Settling Parties agree to for that?

9 A (St. Cyr) So, again, this would be subject to
10 Audit Division review and the Settling Parties'
11 participation. The Parties agreed that the
12 proposed Step II Adjustment would be \$220,023, or
13 8.65 percent.

14 Q And, generally, you're referring to Exhibit 3,
15 under Settlement Bates Number 008 for those, for
16 what you've just testified to as an overview of
17 those numbers?

18 A (St. Cyr) That's correct.

19 Q Concerning the effective date of the permanent
20 rate revenue requirement increase, can you talk
21 about that please?

22 A (St. Cyr) Yes. The Settling Parties agreed to
23 and recommended that the effective date for
24 permanent rates should be the earlier of June 17,

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 2022, or the date the Commission issues its order
2 approving the Settlement Agreement.

3 Q Regarding the recoupment between the temporary
4 and the permanent rates, what are the Settling
5 Parties recommending?

6 A (St. Cyr) The Settling Parties recommend the
7 Commission -- recognize that the Commission
8 authorized a temporary rate increase for
9 service-rendered as of June 30, 2021. The
10 Settling Parties furthermore agree and recommend
11 that the temporary rate -- the temporary to
12 permanent rate recoupment apply only to the time
13 period from the effective date of temporary rates
14 to the date on which the Commission issues its
15 order in permanent rates. The recoupment period
16 does not pertain to Step I or Step II.

17 Q And what do the Settling Parties agree to and
18 recommend for the recovery of rate case expenses?

19 A (St. Cyr) So, the Parties agree to and recommend
20 that the Commission approve recovery of
21 reasonable rate case expenditures incurred in
22 this process. It would be a specific surcharge
23 to customers' bill. And the rate case expenses
24 would include allowable expenses under New

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 Hampshire Administrative Rule 1906.01.

2 Q And are you familiar with the Settlement
3 Agreement and the attachments submitted by the
4 Settling Parties as "Exhibit 3"?

5 A (St. Cyr) I am.

6 Q And are you aware of any material changes or
7 corrections that need to be made to either the
8 Settlement Agreement or any of the attachments
9 appended to it, which comprises Exhibit 3, Bates
10 numbered Settlement 001 through Settlement 094?

11 A (St. Cyr) I'm not aware of any need to make any
12 changes.

13 Q Mr. St. Cyr, do you have an opinion as to whether
14 the permanent rates and Step I and Step II rates
15 recommended in the Settlement Agreement are just
16 and reasonable?

17 A (St. Cyr) I believe that they are just and
18 reasonable.

19 MR. AUGERI: Thank you very much. Just
20 as a point of procedure, Mr. St. Cyr filed
21 rebuttal testimony. So, he may be available
22 after Ms. Steele proceeds for further testimony.
23 We're now going to move to Dave Fox on the panel.

24 BY MR. AUGERI:

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 Q Mr. Fox, can you please --

2 CHAIRMAN GOLDNER: Excuse me,
3 Mr. Augeri. Did Mr. St. Cyr attest to his
4 Exhibit 7? Did I miss that?

5 MR. AUGERI: Thank you very much.

6 BY MR. AUGERI:

7 Q Mr. St. Cyr, the Company has filed what has been
8 marked as "Exhibit 7", which was your testimony
9 in the initial rate filing. Do you attest that
10 that is a true and accurate representation of the
11 filing made with the Commission?

12 A (St. Cyr) I do.

13 Q Thank you. And has there been any alterations to
14 that exhibit to your knowledge?

15 A (St. Cyr) Only to the extent that there were
16 changes made throughout the course of the
17 proceeding that ultimately led to the Settlement
18 Agreement.

19 MR. AUGERI: Very good. Thank you.
20 Now, if the Commission wishes, we'll proceed to
21 Mr. Fox?

22 CHAIRMAN GOLDNER: Thank you.

23 MR. AUGERI: Thank you.

24 BY MR. AUGERI:

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 Q Mr. Fox, if you could please state your name and
2 business for the record?

3 A (Fox) My name is David Fox. I am employed by
4 Raftelis Financial Consultants.

5 Q And what services do you provide?

6 A (Fox) We provide rate, financial, and management
7 consulting services, primarily for the utility
8 industry, and primarily for water and sewer
9 utilities.

10 Q And you were retained by the Company for this
11 particular rate case?

12 A (Fox) That's correct.

13 Q If you could please describe your involvement
14 with this docket please?

15 A (Fox) Sure. I was retained by the Company
16 initially to perform a cost of service and rate
17 design study to be utilized as the basis of the
18 rates and charges as filed initially by the
19 Company.

20 Since that point, I have prepared and
21 have responded to a number of data requests, as
22 well as prepared for and attended a number of
23 technical sessions and settlement discussions,
24 which ultimately led to the Settlement Agreement

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 we're discussing today.

2 Q And, regarding the rate filing, did you prepare
3 or are you familiar with the original rate case
4 filing to implement general rate increases in
5 this docket?

6 A (Fox) Yes.

7 Q And did you submit testimony as part of that
8 initial filing?

9 A (Fox) I did.

10 Q That testimony, which has been submitted as
11 Exhibit 7, I believe -- or, 6, 6, I believe, --

12 A (Fox) Five.

13 CHAIRMAN GOLDNER: Mr. Fox is "5", yes.

14 MR. AUGERI: Is he "5"?

15 CHAIRMAN GOLDNER: Yes.

16 MR. AUGERI: I'm sorry. Okay. Just
17 watched Spamalot, and I feel like I'm missing my
18 numbers.

19 BY MR. AUGERI:

20 Q As "Exhibit 5", is that a fair and accurate
21 representation of the statement made in the
22 initial filing?

23 A (Fox) Yes, it is.

24 Q And have there been any alterations, other than

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 those that you're about to testify about
2 regarding the Settlement Agreement, to that
3 statement?

4 A (Fox) Other than those changes, no.

5 Q Thank you. So, you did prepare an initial
6 filing -- testimony for the initial filing?

7 A (Fox) That's correct.

8 Q And what did the Company originally propose in
9 its filing, in terms of cost of service?

10 A (Fox) Okay. So, with regard to the initial
11 filing, I undertook a cost of service study and
12 rate design study utilizing the revenue
13 requirements as presented by Mr. St. Cyr
14 previously. Within that study, we
15 functionalized, allocated, and distributed all of
16 the revenue requirements, asking questions like
17 "why are these revenue requirements incurred for
18 pumping, transmission, distribution,
19 meter-related costs, customer service, etcetera?"
20 Went through that cost of service analysis, and
21 ultimately distributed those revenue requirements
22 to different rate components, volumetric rates,
23 fixed charges, fire protection charges, both
24 public and private.

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 Within the initial rate design of those
2 distribution of costs to different rate
3 components, the Company had initially proposed a
4 class-based volumetric rates, where single-family
5 residential homes would be assessed a two-tiered
6 inclining block rate, rather than a uniform rate.
7 And all nonsingle-family residential customers
8 would be assessed a uniform rate, that is
9 currently the case in the Company's existing
10 tariff.

11 The inclining block rate structure
12 would have a tier cutoff at 400 cubic feet per
13 month. So, for the first 400 cubic feet, a
14 single-family residential home would have paid a
15 lower volumetric rate, and for every 100 cubic
16 feet above that would have paid a higher
17 volumetric rate.

18 And, again, the nonsingle-family
19 residential customers would --

20 *[Court reporter interruption.]*

21 WITNESS FOX: Talking too fast?

22 MR. PATNAUDE: Yes.

23 WITNESS FOX: Sorry. Too much coffee
24 this morning. My apologies. "Please slow down."

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 **CONTINUED BY THE WITNESS:**

2 A (Fox) After the "400 cubic feet". So, for the
3 first 400 cubic feet, the customer would be
4 assessed a lower volumetric rate, single-family
5 residential homes, for all hundred cubic feet
6 above that would be assessed a higher volumetric
7 rate for single-family residential.

8 And, then, nonsingle-family residential
9 homes would just have a uniform rate, would pay
10 the exact same volumetric rate for all
11 consumption.

12 Within the -- there was also a fixed
13 charge by meter size that was proposed, which was
14 not a significant deviation from the Company's
15 existing tariff.

16 We also proposed private fire
17 protection charges based on the line size, and
18 public fire protection charges initially based on
19 the number of hydrants.

20 BY MR. AUGERI:

21 Q And before we get there, back to your
22 participation in this docket. Did you also
23 assist the Company with responding to data
24 requests?

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 A (Fox) Yes, I did.

2 Q Since the initial filing, the Parties have
3 reached a Settlement. Did you prepare and are
4 you familiar with the Settlement Agreement and
5 attachments to Exhibit 3, and specifically the
6 attachments regarding rate design?

7 A (Fox) Yes. That was Attachment D.

8 Q Okay. And that's what you prepared as part of
9 the Settlement?

10 A (Fox) I did prepare the numbers and analyses to
11 populate Exhibit -- or, Attachment D of Exhibit
12 Number 3.

13 Q And, as part of that Settlement and that
14 particular exhibit, did the Company compromise
15 its position as set forth in its initial rate
16 case filing?

17 A (Fox) Yes, it did.

18 Q And if you could please provide an overview as to
19 how the Settlement Agreement, as it pertains to
20 cost of service and rate design, that is
21 currently before the Commission as "Exhibit 3"?

22 A (Fox) Sure. So, the inclining block rates that I
23 just went through too quickly to describe, the
24 Settlement Agreement has reversed course on the

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1 proposal of those inclining block rate structure,
2 and is setting forth a uniform volumetric rate
3 for all customers, rather than having a
4 class-based or an inclining block rate structure.
5 So, all customers, no matter, you know, what
6 types of customer they are, how much water
7 they're using, they would pay the exact same per
8 unit rate.

9 In addition to the rate design,
10 something analogous to that is with regard to
11 public fire protection charges. When I produced
12 my cost of service schedules based on the revenue
13 requirements as just described by Mr. St. Cyr on
14 permanent, Step I, and Step II, it resulted,
15 because of differences in rate base and some
16 other inputs within the cost of service, it
17 resulted in fluctuations from permanent, Step I,
18 and Step II, in the fire protection,
19 predominantly in the public fire protection,
20 actually resulting in a lower public fire
21 protection charge in Step II. So, through
22 settlement discussions, to try to avoid that
23 fluctuation, to try to provide some stability to
24 the towns paying the public fire protection, and

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 to lower that a little bit to mitigate the
2 increase, it is proposed in the Settlement
3 Agreement to utilize the Step II charges for fire
4 protection, which are lower than permanent and
5 Step I for permanent rates.

6 There was then a discussion of, because
7 that is a lower public fire protection charge in
8 the permanent rates than needed to be, that
9 results in a revenue deficiency. There are two
10 ways to then handle that. You could then
11 reallocate those, that deficiency, to the retail
12 customer class, normal water customers. It was
13 agreed upon that was not the way to do it. And,
14 as such, a revenue deficiency was generated, and
15 the Company has agreed to contribute that capital
16 to cover and absorb that deficiency.

17 Q Beyond that, thank you, are you familiar with the
18 overall Settlement Agreement and the attachments,
19 including the one you just discussed in detail
20 submitted by the Settling Parties?

21 A (Fox) Yes, I am.

22 Q Sitting here today, are you aware of any material
23 changes or corrections that need to be made to
24 either the Settlement Agreement or any of the

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1 attachments appended to it, which comprises
2 Exhibit 3 before the Commission today, Bates
3 Number Settlement 001 through Settlement 094?

4 A (Fox) No.

5 Q Mr. Fox, do you have an opinion as to whether the
6 permanent rates, and specifically the cost of
7 service and rate design recommended by the
8 Settlement Agreement, in Exhibit 3, are just and
9 reasonable and serve the public interest?

10 A (Fox) Yes. I believe the recommended permanent
11 rates, the cost of service populating those
12 rates, and the ultimate rate design result in
13 just, reasonable rates that serve the public
14 interest.

15 Q Okay. Thank you.

16 A (Fox) Sure.

17 Q And now, we'll go onto the third member of the
18 Company on the panel, Charlie Lanza. Mr. Lanza,
19 if you could please state your name and business
20 for the record?

21 A (Lanza) Good morning. My name is Charlie Lanza.
22 And I'm the General Manager of Hampstead Area
23 Water Company.

24 Q And what does your position with the Company

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 entail?

2 A (Lanza) My position entails being responsible for
3 all operations and management of the Company.

4 Q If you could please describe generally your
5 involvement with this docket?

6 A (Lanza) So, I prepared testimony for the request
7 to increase rates. In addition, I was involved
8 in preparing and reviewing the Company responses
9 to Parties' data requests. Finally, I prepared
10 for and participated in a number of technical
11 sessions and settlement conferences, ultimately
12 leading to development of the Settlement
13 Agreement submitted to the Commission as "Exhibit
14 Number 3".

15 Q And, with regard to your written testimony filed
16 with the initial filing, are you aware today of
17 any -- are there any changes or revisions that
18 are needed for that testimony, other than, of
19 course, the Settlement that's being proposed in
20 Exhibit 3?

21 A (Lanza) No. I'm not aware of any other changes.

22 Q And what was submitted as "Exhibit 4", I believe,
23 for your prefiled testimony for the Company, is
24 that a fair and accurate representation of the

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 testimony submitted with the initial filing?

2 A (Lanza) Yes, it is.

3 Q Okay. With regard to the rate filing, are you
4 familiar with the original rate case filing to
5 implement the general rate increase in this
6 docket?

7 A (Lanza) Yes, in concert with the Company retained
8 consultants, Mr. St. Cyr and Mr. Fox.

9 Q And are you familiar with the Company originally
10 proposed, its rate filing, as summarized by
11 Mr. St. Cyr?

12 A (Lanza) Yes.

13 Q Fast-forwarding to the Settlement, did you
14 prepare or are you familiar with the Settlement
15 Agreement and attachments filed with the
16 Commission before now as "Exhibit 3"?

17 A (Lanza) Yes. I worked with the Company, its
18 consultants, and the parties involved in the
19 development of the Settlement Agreement.

20 Q And, as part of that Settlement, did the Company
21 compromise its position set forth in its original
22 rate case filing?

23 A (Lanza) Yes.

24 Q Mr. Lanza, in addition to what Mr. St. Cyr

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 provided as an overview of the Settlement
2 Agreement, if you could just please provide an
3 overview of the new fire hydrant use provisions
4 that the Settling Parties agreed to?

5 A (Lanza) The Settlement Agreement also contains
6 new provisions for fire hydrant use at the
7 Company, and the Settling Parties seek to add to
8 the Company's tariff.

9 Q And those are in the tariffs submitted as an
10 attachment to Exhibit 3?

11 A (Lanza) Correct.

12 Q Are you familiar with the Settlement Agreement
13 and attachments submitted by the Settling
14 Parties?

15 A (Lanza) Yes, I am.

16 Q And are you aware of any material changes or
17 corrections that need to be made either to the
18 Settlement Agreement or to its attachments
19 appended to it?

20 A (Lanza) No, I'm not.

21 Q And, Mr. Lanza, do you have an opinion as to
22 whether the permanent rates recommended in the
23 Settlement Agreement before the Commission as
24 "Exhibit 3" are just and reasonable and serve the

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1 public interest?

2 A (Lanza) Yes. I believe the recommended permanent
3 rates are just and reasonable to serve the
4 public.

5 MR. AUGERI: Thank you. That concludes
6 the initial presentation of the Company's panel.
7 Obviously, we reserve the right to redirect
8 and/or rebuttal, or to answer the questions of
9 the Commission.

10 CHAIRMAN GOLDNER: Okay. Thank you.
11 And I hate to perseverate on Mr. St. Cyr's
12 testimony, but did he attest to both Exhibit 6
13 and 7? I think I just mentioned "7" before.

14 MR. AUGERI: It might have only been 7.
15 So, I will do that for the record right now.

16 CHAIRMAN GOLDNER: Thank you.

17 BY MR. AUGERI:

18 Q Mr. St. Cyr, in addition to your rebuttal
19 testimony, which is Exhibit 7, you also submitted
20 testimony of the initial filing of this case,
21 correct?

22 A (St. Cyr) That's correct.

23 Q And are you aware of any material changes to
24 either of those exhibits that are now submitted

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1 to the Commission as you stand here today?

2 A (St. Cyr) I'm not aware of any material changes.

3 MR. AUGERI: Okay. Thank you very
4 much.

5 CHAIRMAN GOLDNER: Thank you. And we
6 can move to the New Hampshire Department of
7 Energy, Mr. Tuomala.

8 MR. TUOMALA: Thank you, Mr. Chair. If
9 I may, I have two preliminary questions for you,
10 regarding, one, your statement earlier about the
11 substance of the direct testimony, and I believe
12 you stated that you didn't want -- the Commission
13 would prefer not to walk through the Settlement
14 itself. Some of the witnesses do actually go
15 through the Settlement to a degree. Would you
16 prefer that we leave that out, to my
17 understanding, an actual walk-through certain
18 sections of the Settlement?

19 CHAIRMAN GOLDNER: Yes. The
20 Commissioners have read it, and I think
21 understand it. If there is something you would
22 like to pull out or highlight, that would
23 certainly be fine. But we've read it and
24 understand it, I think.

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1 MR. TUOMALA: Okay. I appreciate that.
2 The second question is if -- I would like to
3 proceed with the two consultant witnesses as well
4 and address their rebuttal testimony, in light of
5 Ms. Steele's testimony. And, in observation of
6 their time and the cost for these consultants, I
7 would like to group together the Settlement
8 discussion and their rebuttal, if that's
9 acceptable to the Commission?

10 CHAIRMAN GOLDNER: Yes. Thank you.

11 MR. TUOMALA: And my last question, may
12 I confer with my witness just for a second, and
13 then I can proceed on the other side of the
14 table, if you please, to conduct direct?

15 CHAIRMAN GOLDNER: Of course. Thank
16 you.

17 MR. TUOMALA: Thank you.

18 *(Atty. Tuomala conferring with Witness*
19 *Leone and Witness Brogan.)*

20 MR. TUOMALA: Thank you, Mr. Chair. I
21 appreciate the extra time.

22 I'd first like to call Anthony Leone as
23 a witness.

24 BY MR. TUOMALA:

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 Q Good morning, Mr. Leone. Could you please state
2 your full name for the record?

3 A (Leone) Good morning. My name is Anthony Leone.

4 Q And by whom are you employed?

5 A (Leone) I am employed by the New Hampshire
6 Department of Energy.

7 Q And what's your position at the DOE?

8 A (Leone) My position at the DOE is Utility Analyst
9 in the Water Group of the Regulatory Support
10 Division.

11 Q And prior to this, you worked at the New
12 Hampshire Public Utilities Commission. Could you
13 please state for the record your prior work
14 experience at both the Commission and now the
15 Department of Energy?

16 A (Leone) Yes. In 2014, I was hired as a Utility
17 Examiner in the Audit Division of the New
18 Hampshire Public Utilities Commission. In that
19 role, I examined the reports and filings
20 submitted to the Commission by regulated
21 utilities, performed rate return analyses,
22 participated in off-site and on-site audits of
23 the books and records of regulated utilities, and
24 authored audit reports when necessary.

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1 In 2018, I transferred to the role of
2 Utility Analyst in the Gas and Water Division of
3 the PUC. When the Department was created in July
4 of 2021, my position transitioned to the
5 Department's Regulatory Support Division.

6 Q And could you expand upon your responsibilities
7 as a Utility Analyst at the DOE?

8 A (Leone) As a Utility Analyst, my responsibilities
9 include the examination, the evaluation, and
10 analysis of various rate and company filings. I
11 also represent the Department in meetings with
12 company officials, attorneys, accountants,
13 intervenors, such as members of the general
14 public, and, when called for, before the
15 Commissioners of the PUC.

16 Q Have you previously testified here at the
17 Commission?

18 A (Leone) No.

19 Q Mr. Leone, could you please describe briefly your
20 involvement in this docket?

21 A (Leone) In this docket, I examined the Company's
22 rate filing, in conjunction with the books and
23 records previously on file with the Commission.
24 I participated in the discovery process, that is

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1 formulated data requests, reviewed data
2 responses, and participated in technical
3 sessions. I also participated in the drafting of
4 the Settlement Agreement and its various
5 attachments.

6 Q I would like you to look at the Settlement
7 Agreement, which is Exhibit Number 3. Do you
8 have that document in front of you, Mr. Leone?

9 A (Leone) Yes.

10 Q Could you please identify this document for the
11 record?

12 A (Leone) Yes. This is the Settlement Agreement
13 reached by the Company, the OCA, the Towns of
14 Atkinson and Hampstead, and the Department of
15 Energy.

16 Q And I believe you stated, but, for the record,
17 did you assist in the preparation of this
18 document?

19 A (Leone) Yes, I did.

20 Q Do you wish to make any corrections or revisions
21 to this document?

22 A (Leone) No, I do not.

23 Q And is the information contained in this document
24 true and accurate to the best of your knowledge?

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1 A (Leone) Yes.

2 Q With that in mind, the Settlement Agreement
3 contains sections on permanent rates and step
4 adjustments, as described by the Company's
5 witnesses. In your opinion, as a representative
6 of the Department of Energy, do you believe that
7 those terms contained within the Settlement
8 Agreement are just and reasonable and serve the
9 public interest?

10 A (Leone) Yes. The Department believes that the
11 Settlement Agreement presented today will produce
12 just and reasonable rates that result in a fair
13 balancing of the interest between the Company and
14 its customers. The not-to-exceed overall
15 increase in revenues, from the permanent rates
16 and the Step I and Step II, considers the
17 Company's capital improvements, including those
18 capital projects undertaken by the Company as
19 part of, and in concert with, the State of New
20 Hampshire Department of Environmental Services as
21 part of the Southern New Hampshire Regional Water
22 Project.

23 In comparing with the proposed rates,
24 the 34.64 percent proposed increase -- just one

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1 minute. The 34.64 percent total combined
2 proposed increase is significantly lower than the
3 65.51 percent increase in revenues requested at
4 the outset of the proceeding by the Company.

5 I would like to lastly point out that
6 the resulting rates also reflect that the Company
7 conducted its first formal cost of service study,
8 better aligning each rate with the cost to
9 produce that service, and minimizing the cost
10 subsidization of services by any other customer
11 groups.

12 Q So, in summary, Mr. Leone, do you recommend that
13 the Commission approve the Settlement Agreement
14 for Permanent Rates and the Step Adjustments, and
15 that approval will set just and reasonable rates
16 for its customers?

17 A (Leone) Yes.

18 Q Does the Department of Energy support approval of
19 the Settlement Agreement by the Commission as it
20 is just and reasonable and serves in the public
21 interest?

22 A (Leone) Yes.

23 Q Does that conclude your testimony, Mr. Leone?

24 A (Leone) Yes, it does.

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1 MR. TUOMALA: Thank you. Next, I would
2 like to call Douglas Brogan.

3 BY MR. TUOMALA:

4 Q Good morning, Mr. Brogan. Could you please state
5 your full name for the record?

6 A (Brogan) Good morning. My name is Douglas W.
7 Brogan.

8 Q And whom are you employed by, Mr. Brogan?

9 A (Brogan) I'm a self-employed engineering
10 consultant to the New Hampshire Department of
11 Energy.

12 Q And are you testifying on behalf of the
13 Department of Energy today?

14 A (Brogan) I am, yes.

15 Q Could you please briefly describe your prior work
16 experience for the Commission?

17 A (Brogan) The full description is in Exhibit DWB-1
18 attached to my testimony. But, following an
19 initial dozen or so years in various engineering
20 and other jobs, I worked for the Public Utilities
21 Commission of New Hampshire from 1989 until
22 retiring in 2012.

23 Subsequent to that, I worked as an
24 engineering consultant, and continue to do that,

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1 both to the Commission, now DOE, and also for one
2 other entity with cases before the Commission.

3 And, so, in the last 30 or so years,
4 both at the Commission and as a consultant have
5 generally involved a review of physical
6 facilities and operations, system improvements,
7 and quality of service issues relating to
8 regulated water and sewer systems.

9 Q Mr. Brogan, have you previously been a witness in
10 other regulatory proceedings before this
11 Commission?

12 A (Brogan) I have, yes, on many occasions.

13 Q Thank you, Mr. Brogan. Could you please briefly
14 describe your involvement with this particular
15 docket?

16 A (Brogan) I was engaged by the Department of
17 Energy to review the initial filing, specifically
18 the plant related to its rate increase request.
19 And I also participated in many technical
20 sessions, and drafted discovery requests, and
21 provided prefiled written rebuttal testimony, and
22 reviewed the proposed Settlement Agreement.

23 Q Mr. Brogan, I would like you to look at the
24 Settlement Agreement you just referred to, that's

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1 Exhibit Number 3 in this proceeding. Do you have
2 that document in front of you?

3 A (Brogan) Yes, I do.

4 Q And can you please briefly identify that document
5 for the record?

6 A (Brogan) It is Exhibit 3, the Settlement -- I'm
7 sorry -- the Settlement reached by the Company,
8 the OCA, and the Towns, and the Department in
9 this case.

10 Q Did you assist in the preparation, editing, or
11 review of this document, Mr. Brogan?

12 A (Brogan) Yes, I did.

13 Q Do you have any revisions you'd wish to make on
14 the record for Exhibit Number 3, the Settlement
15 Agreement?

16 A (Brogan) No.

17 Q And is the information contained in Exhibit
18 Number 3 true and accurate to the best of your
19 knowledge?

20 A (Brogan) Yes.

21 Q The Settlement Agreement contains, among other
22 things, a proposed permanent rate revenue
23 requirement. That permanent rate revenue
24 requirement involves plant additions from its

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1 prior case filed in 2017, which utilized a 2016
2 test year, through this test year of this case in
3 2019, is that correct?

4 A (Brogan) I believe that's correct, yes.

5 Q Did you happen to have an opportunity to review
6 those plant additions?

7 A (Brogan) Yes.

8 Q Would you briefly describe some of those plant
9 additions?

10 A (Brogan) The largest one since the last -- the
11 largest capital improvement since the last rate
12 case, and, in fact, the only one that exceeded
13 \$30,000, was the Page Farm well. That was a new
14 well that went through a large groundwater
15 withdrawal permitting process. It was then, in
16 turn, connected to the Company's core system in
17 2019.

18 And I believe the remainder of the
19 improvements were just a variety of smaller
20 additions and upgrades to the Company's various
21 systems.

22 Q And just as a clarifying question, Mr. Brogan,
23 that is only the capital improvements that you're
24 describing through the end of 2019, which is the

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1 Company's test year, correct?

2 A (Brogan) That is correct.

3 Q Do you have any concerns about the decisions the
4 Company made in your review of those plant
5 improvements that you just described and their
6 inclusion in the rate request?

7 A (Brogan) No, I do not.

8 Q In your professional opinion, do you consider the
9 plant additions included in the permanent rate
10 revenue requirement to be used and useful and
11 placed in service by the end of 2019?

12 A (Brogan) Yes.

13 Q I'd like to turn your attention to Exhibit Number
14 11, which is Ms. Steele's prefiled direct
15 testimony. Are you familiar with this docket and
16 have you had a chance to review it?

17 A (Brogan) Yes, to both.

18 Q Could you briefly summarize, in your opinion, her
19 main concerns regarding the plant investments by
20 the Company?

21 A (Brogan) I believe her concerns primarily relate
22 to investment in new plant that, in her view,
23 involve substantial excess capacity, is not used
24 and useful, was imprudent, and is intended

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1 primarily to serve future development efforts by
2 HAWC's parent and affiliated companies, and,
3 therefore, involves significant conflicts of
4 interest.

5 Q Thank you, Mr. Brogan. And, now, if you could
6 turn to Exhibit Number 9., which is your prefiled
7 rebuttal testimony. Do you have that document in
8 front of you?

9 A (Brogan) I do, yes.

10 Q Did you prepare this document, Mr. Brogan?

11 A (Brogan) Yes.

12 Q Do you wish to make any revisions or corrections
13 to Exhibit Number 9?

14 A (Brogan) I do not.

15 Q Is the information contained in Exhibit Number 9
16 true and accurate to the best of your knowledge?

17 A (Brogan) Yes.

18 Q You mentioned previously, in summarizing Ms.
19 Steele's concerns in her testimony, which
20 included allegations of self-dealing, excess
21 capacity, and imprudence in the Company's
22 decision to be a part of the Southern New
23 Hampshire Regional Water Project. Do you agree
24 with any of her concerns?

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1 A (Brogan) No. Basically, I do not share those
2 concerns.

3 Q Could you expand on that briefly for the
4 Commission as to why?

5 A (Brogan) Yes. First, if I could provide just a
6 background on what the -- sort of what the
7 project was, that Southern New Hampshire Regional
8 Water Project, because many of her concerns
9 relate to that Project. And the Project involved
10 bringing water from Manchester, to Derry,
11 Windham, Salem, and HAWC, and then, through HAWC,
12 to Plaistow. The impetus of the Project was to
13 address MtBE contamination, as well as supply
14 needs in the various towns and systems involved.
15 The Project was overseen by the New Hampshire
16 Department of Environmental Services, and was
17 largely state-funded.

18 In regard to HAWC, it involves
19 significant additions and upgrades to HAWC's
20 Atkinson-Hampstead core system. Those included
21 new pump stations at the Salem/Atkinson town
22 line, and at the Atkinson/Plaistow town line, a
23 new one million gallon tank in Atkinson, half of
24 the volume of which was allocated to HAWC and

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1 half to Plaistow, and various other facility and
2 water main additions and upgrades. And HAWC is
3 currently committed to and is receiving Phase I
4 flows of 250,000 gallons per day from the
5 Project.

6 Q Next, Mr. Brogan, could you please expand on your
7 answer regarding Ms. Steele's concern regarding
8 excess capacity?

9 A (Brogan) Yes. Again, without getting into all
10 the detail in my testimony, I believe her
11 concerns are largely, I guess I would say,
12 unfounded, and are based on shortcomings in her
13 underlying analysis.

14 For example, she compares future Phase
15 I, plus Phase II, Project flows to current
16 average consumption. However, the appropriate
17 design criteria involved consideration of future
18 demands, instead of current. They involve
19 consideration of maximum day demands, instead of
20 only average day. They involve consideration of
21 full production requirements, instead of only the
22 customer demand portion of those requirements.
23 They involve discounting future supply
24 availability by assuming the largest well was out

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1 of service. And also, the intent of HAWC's
2 involvement in the Project, I believe, has
3 clearly been to eliminate problematic wells, and,
4 therefore, some of its existing supply capacity,
5 rather than simply adding Project flows on top of
6 that existing capacity.

7 Two more points, I think. HAWC is
8 under no obligation, to my understanding,
9 whatsoever to receive any flow from the Project
10 beyond the Phase I flows it's currently
11 receiving. And the last point is that, you know,
12 I note in my testimony some details about the
13 actual extent of any physical oversizing concerns
14 related to the Project, which I believe are
15 minimal at best.

16 Q Also included in your testimony you address Ms.
17 Steele's concern regarding the construction of
18 the one million gallon tank you referenced, the
19 water tank located in Atkinson. Could you
20 briefly summarize your response to that concern?

21 A (Brogan) Yes. Again, while there's a fair amount
22 of detail in my testimony, I don't believe
23 concerns about the tank sizing or about it's
24 being oversized are supported by the evidence. I

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1 believe the tank was sized based on a number of
2 factors, including current HAWC and Plaistow
3 storage needs and fire flow requirements, and
4 other elements, such as turnover and water age
5 that were concerns of the larger project as a
6 whole.

7 Q You also addressed previously in this testimony
8 that Ms. Steele had a concern of conflicts of
9 interests with the utility's parent and
10 affiliated companies. Could you briefly describe
11 your response to that concern?

12 A (Brogan) Yes. Ms. Steele points to various
13 factors she believes indicate that, in the
14 context of those conflicts of interest, that she
15 believes indicates the greatest portion of the
16 Project water is intended for those various
17 development efforts in southwest Atkinson.

18 And, as noted in my testimony, I again
19 do not share those concerns. I think the
20 historic pace of Lewis Builders' development,
21 even developments that have been approved for
22 many years, does not support that concern. But,
23 more importantly, I think the underlying analysis
24 of where the water is going and what it's

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1 intended for is, again, flawed.

2 And, I guess the last point there is
3 that I would just note that the various company
4 interrelationships and interests and affiliates
5 and all of that are something the Commission has
6 long been aware of and has sought to
7 appropriately balance, I believe, as it does the
8 many other interests that come before it that may
9 be in tension to one degree or another of
10 customer versus shareholder and so forth.

11 Q You mentioned earlier the "Southern New Hampshire
12 Regional Water Project". In your professional
13 opinion, what is your view of that Project and
14 HAWC's undertaking as a participant in that
15 Project?

16 A (Brogan) The overall Project was complex. It
17 involved input from many different entities, and
18 in fact, many different engineers and engineering
19 firms. It was overseen and fully supported by
20 the Department of Environment Services.

21 It helps reduce HAWC's reliance on some
22 30 separate wells, a number of which have
23 declining yields and have their own significant
24 water quality issues. It alleviates concerns

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1 about trying to find yet more water between the
2 two towns. It helps alleviate concerns for --
3 or, I guess the need for future water use
4 restrictions or continuing restrictions.

5 It actually provided substantial
6 upgrades to a number of HAWC's pump stations and
7 other facilities beyond what I've gone into
8 briefly here. It improves system reliability and
9 it provides a number of other benefits as well.

10 Q In your professional opinion at this point,
11 subject to check with the Step I and Step II
12 proposed adjustments, would you say that HAWC's
13 participation in that Southern New Hampshire
14 Regional Water Project was prudent?

15 A (Brogan) I believe it was, yes.

16 Q And could you just briefly explain why you
17 believe that it is?

18 A (Brogan) For all the reasons I just stated,
19 concerning its impact on HAWC, and also the fact
20 that I do not believe that oversizing-related
21 concerns even begin to rise to the level of
22 imprudence.

23 Q Do you have anything further to add to the
24 record, Mr. Brogan?

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1 A (Brogan) No.

2 Q And does that conclude your testimony?

3 A (Brogan) It does.

4 MR. TUOMALA: Thank you, Mr. Brogan.

5 If I may, Mr. Chairman, switch positions here?

6 Mr. Solganick, good morning.

7 WITNESS SOLGANICK: Good morning.

8 MR. TUOMALA: Apologies for your view
9 of me craning my neck, but the screen is to my
10 right here, and I think it's easier for me to
11 address you this way.

12 BY MR. TUOMALA:

13 Q Could you please state your full name for the
14 record?

15 A (Solganick) Howard Solganick.

16 Q And, Mr. Solganick, who are you employed by?

17 A (Solganick) Energy Tactics & Services, as their
18 Principal and President.

19 Q And on whose behalf are you testifying for today?

20 A (Solganick) I'm testifying on behalf of the New
21 Hampshire Department of Energy as their cost of
22 service study consultant.

23 Q And could you please describe for the Commission
24 briefly your prior work experience?

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1 A (Solganick) I have over 45 years' experience in
2 the utility industry, including twelve years at
3 Atlantic City Electric Company, four years with
4 an independent power producer. And I have been,
5 since then, a consultant to utilities,
6 intervenors, public service commissions, attorney
7 generals, and public advocates in a number of
8 states, along with Quebec and the island of
9 Jamaica.

10 My work has covered ratemaking,
11 generation, both financial and system planning,
12 emergency management, and management audits. I
13 have reviewed cost of service studies for
14 electric, gas, water, sewer, and district heating
15 utilities. And my prefiled testimony includes
16 further examples.

17 Q Have you previously been a witness in other
18 regulatory proceedings?

19 A (Solganick) I've testified and presented
20 testimony or made presentations before regulatory
21 bodies in twelve states and the island of
22 Jamaica. And this includes electric, gas, water,
23 sewer, and district heating customers or issues.
24 And, again, my prefiled testimony has further

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1 details.

2 Q Have you previously testified here at the New
3 Hampshire Public Utilities Commission?

4 A (Solganick) No, I have not.

5 Q But you have previously performed work related to
6 other dockets here at the New Hampshire Public
7 Utilities Commission, correct?

8 A (Solganick) Yes, I have.

9 Q Could you briefly describe some of that work?

10 A (Solganick) I supported the Commission Staff as
11 they explored billing determinants, revenue
12 proofs, and other related issues in a Liberty
13 Utilities case, Docket Number DG 17-048.

14 Q Could you briefly describe your involvement with
15 this docket?

16 A (Solganick) I was engaged by the New Hampshire
17 DOE to review the cost of service study provided
18 by the Company in its addition -- initial filing,
19 and after multiple technical conferences and data
20 requests, and the resulting changes and updates
21 to the Company's cost of service study.

22 Q Mr. Solganick, if you could take the Settlement
23 Agreement and have that in front of you. It's
24 previously referred to as "Exhibit Number 3".

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1 Could you identify that document for the record
2 please?

3 A (Solganick) That is a Settlement Agreement
4 covering permanent rates. And I believe it's
5 92 pages.

6 Q Did you assist in the preparation, editing or
7 review of this document?

8 A (Solganick) Yes, I did.

9 Q Do you wish to make any corrections or revisions
10 to this document, Exhibit Number 3?

11 A (Solganick) No, I do not.

12 Q Is the information contained in Exhibit Number 3
13 true and accurate to the best of your knowledge?

14 A (Solganick) Yes.

15 Q The Settlement Agreement contains a section on
16 "Rate Design". Could you please provide your
17 opinion for the Commission regarding both the
18 cost of service and resulting rates as included
19 in the Settlement Agreement?

20 A (Solganick) Yes. The Company's results are in
21 general agreement with the AWWA, the American
22 Water Works Association, M1 Manual, which is a
23 reasonable guideline to be used. That includes
24 the cost of service assumptions of fire flows of

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1 2,000 gallons a minute for a period of three
2 hours.

3 In my opinion, based upon the cost of
4 service study, the rates shown in the Settlement
5 Agreement are in record -- excuse me -- in
6 accordance with that study, and are just and
7 reasonable.

8 Q Thank you for that, Mr. Solganick. If you could
9 turn your attention to Exhibit Number 11, that is
10 Ms. Steele's prefiled direct testimony.

11 A (Solganick) Yes.

12 Q Are you familiar with that document and have you
13 had a chance to review it?

14 A (Solganick) Yes, I have.

15 Q Could you please summarize, in your professional
16 opinion, her main concerns regarding the cost of
17 service study and resulting rates?

18 A (Solganick) On Page 9 of Ms. Steele's testimony,
19 she appears to suggest that the Company's class
20 cost of service study is inappropriate, because
21 the Company does not serve all of the towns of
22 Atkinson and Hampstead completely. And the AWWA
23 M1 Manual does not take into account a scenario
24 where the company does not service an entire

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1 town.

2 Q I'd like you to turn your attention to Exhibit
3 Number 10, which is your prefiled rebuttal
4 testimony. Do you have that document in front of
5 you?

6 A (Solganick) Yes, I do.

7 Q Did you prepare this document?

8 A (Solganick) Yes, I did.

9 Q Do you wish to make any revisions or corrections
10 to Exhibit Number 10?

11 A (Solganick) No, I do not.

12 Q Is the information contained in Exhibit Number 10
13 true and accurate to the best of your knowledge?

14 A (Solganick) Yes, it is.

15 Q You just briefly -- you just summarized Ms.
16 Steele's concerns in her testimony, which
17 included her suggestion that the concepts
18 embedded in the M1 Manual are inappropriate for a
19 utility that does not serve a town or a
20 municipality completely. Do you agree with the
21 summary of that concern?

22 A (Solganick) No, I do not.

23 Q Could you please expand on your answer for the
24 Commission, and provide any prior experience as

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1 an example?

2 A (Solganick) A class cost of service study focuses
3 on the utility as it exists within the
4 jurisdiction of the regulatory commission. The
5 study determines whether the classes of customers
6 are paying appropriate rates for the demands that
7 the customers place on the utility. As long as
8 those customers are within the geographical
9 location of the jurisdictional utility, the
10 principles of cost allocation can be
11 appropriately applied.

12 I personally prepared a cost of service
13 study for Atlantic City Electric Company, which
14 spanned eight counties, portions of towns,
15 portions of counties, and specifically the City
16 of Vineland, which was split between Atlantic
17 City Electric and the City of Vineland Electric
18 Utility. And there were many geographical
19 boundaries that were crossed, including
20 governmental boundaries. This did not impact the
21 development, the acceptance, or the use of the
22 cost of service study in developing rates. Once
23 the rates were approved, for service such as
24 street lighting, traffic signals, and other

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1 larger governmental usage, they could be billed
2 to the governmental bodies involved based on the
3 approved rates. How those governmental bodies
4 then charge their individual taxpayers and/or
5 users was up to the governmental body.

6 Q If once again I could turn your attention back to
7 Exhibit Number 10, your prefiled testimony, you
8 previously stated for the record that you have no
9 updates or corrections to that testimony, is that
10 correct?

11 A (Solganick) That is correct.

12 Q However, I note that your testimony was submitted
13 prior to the filing of the Settlement Agreement,
14 and based upon the Company's original Petition
15 and cost of service study, is that correct?

16 A (Solganick) That is correct.

17 Q Given that the resulting municipal fire
18 protection rate provided for in the Settlement
19 Agreement is lower than the rate originally
20 requested by the Company, do you have a comment
21 as the further -- to the further adjustments or
22 offsets to the proposed municipal fire protection
23 rate?

24 A (Solganick) Yes, I do. On I guess it's Bates 014

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1 of Exhibit 10, I go through the methodology that
2 I used to estimate the impact on the average
3 taxpayer of the Town of Atkinson, and I provide
4 my numbers there.

5 However, subsequent to the filing of
6 this testimony, the filing of the Settlement has
7 a lower cost, a fixed cost to the Town of
8 Atkinson. And I have recomputed the impact on a
9 typical or an average taxpayer, or "property
10 owner" is probably a better term, in the Town of
11 Atkinson. And, based upon the new numbers -- or,
12 excuse me, the numbers contained in the
13 Settlement Agreement, the impact on the average
14 property owner is about 50 cents per month.

15 Q Mr. Solganick, do you have anything further to
16 add to your testimony or to the record?

17 A (Solganick) No, I do not.

18 Q Does that conclude your testimony?

19 A (Solganick) Yes, it does.

20 MR. TUOMALA: Thank you very much. The
21 Department has no further witnesses, Mr.
22 Chairman.

23 CHAIRMAN GOLDNER: Thank you. Do any
24 of the -- any of the other Settling Parties have

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1 anything else for the witnesses?

2 MS. DESMET: Thank you. The OCA just
3 has all of maybe three to four minutes for Ms.
4 Gage, if the Commission will entertain a brief
5 questioning?

6 CHAIRMAN GOLDNER: Of course.

7 MS. DESMET: Thank you.

8 BY MS. DESMET:

9 Q Good morning, Ms. Gage. Can you please identify
10 yourself and what position you hold with the OCA?

11 A (Gage) Yes. My name is Josie Gage. And I am
12 Director of Economics and Finance.

13 Q And can you just briefly describe what that
14 position entails?

15 A (Gage) Yes. So, I have covered five,
16 approximately five rate cases in my time since
17 September with the Office of the Consumer
18 Advocate, also one acquisition, one merger, one
19 financing, and several other smaller cases. And,
20 in general, my background as a rate maker is what
21 I cover in those cases.

22 Q Thank you. And I was just going to ask if you
23 could please again briefly describe your
24 professional background in this area?

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1 A (Gage) Yes. So, prior to my time at the Office
2 of the Consumer Advocate, I provided research in
3 several ratemaking cases around the country with
4 Reno Energy Consulting Services. So, that
5 included research for testimony submitted in
6 Maryland, New Mexico, Oklahoma, and several other
7 jurisdictions.

8 I also, prior to that, spent seven and
9 a half years serving at the Massachusetts
10 Department of Public Utilities' Rates & Revenue
11 Requirements Division, where I participated
12 regularly in rate cases in electric, gas, water,
13 towing, and other regulated utility industries.
14 And, prior to that, I worked three years at the
15 Public Utilities Commission as a Utility Analyst
16 in the Telecommunications Division.

17 Q And that's the Public Utilities Commission here
18 in New Hampshire?

19 A (Gage) Yes. That's the New Hampshire PUC.

20 Q Thank you. And you mentioned that you've been
21 with the OCA "since September". Have you been
22 involved with this pending matter since that
23 time?

24 A (Gage) Since that time, yes.

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1 Q Thank you. And the OCA is a party to the
2 Settlement before the Commission today. Why did
3 the OCA join the Settlement?

4 A (Gage) The OCA believes that the revenue
5 requirement we're settling on represents a
6 compromise advantageous to ratepayers, and that
7 the rate base is prudent, used and useful. We
8 believe that the overall weighted average cost of
9 capital is just and reasonable. And the Consumer
10 Advocate Staff was adamant in this case that cost
11 shifting from municipalities to ratepayers did
12 not happen, and we believe that that was a
13 success.

14 Q And does that conclude your testimony this
15 morning?

16 A (Gage) It does.

17 MS. DESMET: Thank you.

18 CHAIRMAN GOLDNER: Any of the other
19 Settling Parties have anything?

20 MR. PATCH: Mr. Chairman, I just have
21 one question. It might be one or two of Mr.
22 Solganick, just to clarify something that he
23 said, if that would be okay?

24 CHAIRMAN GOLDNER: Yes, sir.

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1 MR. PATCH: Good morning, Mr.
2 Solganick. Doug Patch, I represent the Town of
3 Atkinson.

4 WITNESS SOLGANICK: Good morning again.

5 **CROSS-EXAMINATION**

6 BY MR. PATCH:

7 Q And I just wanted to clarify. You had indicated
8 the impact on taxpayers in Atkinson would be
9 approximately -- for a taxpayer, I think,
10 approximately "50 cents per month", is that
11 correct?

12 A (Solganick) That is correct.

13 Q Did that take into account, at least in the first
14 year, the capital contribution that was being
15 made by the Company?

16 A (Solganick) No, that did not. That would be the
17 long-term impact.

18 Q Okay. And, so, obviously, the impact on
19 taxpayers in the Town of Atkinson would be offset
20 by that contribution?

21 A (Solganick) That would be correct, yes.

22 MR. PATCH: Thank you. No further
23 questions.

24 CHAIRMAN GOLDNER: Okay. Just a

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1 moment.

2 [Chairman Goldner and Mr. Patnaude
3 conferring regarding a recess.]

4 CHAIRMAN GOLDNER: So, Ms. Steele,
5 we'll turn to you and make the witnesses
6 available. The stenographer needs to take, you
7 know, a break in about 20 minutes. But, if you
8 have more, that's no problem. We'll just come
9 back with you after the break.

10 MS. STEELE: Excellent. Thank you.
11 First, a couple of questions for Mr. St. Cyr.

12 [Court reporter interruption.]

13 MS. STEELE: Okay.

14 BY MS. STEELE:

15 Q Are you familiar with the federal bill that was
16 passed on November 15th, 2021 impacting the CIAC
17 tax?

18 A (St. Cyr) Generally, yes.

19 Q So, it's my understanding is this eliminated all
20 tax on CIAC for 2021 and moving forward, is that
21 correct?

22 A (St. Cyr) That's correct.

23 Q So, the CIAC tax that you paid in 2020, or the
24 CIAC that you received, you will only have to pay

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1 tax for what you received in 2020, is that
2 correct?

3 A (St. Cyr) Yes. And we've already made that
4 payment.

5 Q So, the original estimate was that you would have
6 to pay 1.4 million in CIAC tax, and that now is
7 reduced by almost a million dollars. Has that
8 been removed from the revenue requirement?

9 A (St. Cyr) The amounts reflected in the revenue
10 requirement are the amounts that were actual at
11 the time in which we made those payments.

12 MS. STEELE: Okay. Thank you. If I
13 may ask Mr. Lanza some questions please?

14 BY MS. STEELE:

15 Q I don't know, do you have my exhibits with you up
16 there?

17 A (Lanza) I don't have them in front of me.

18 Q Okay. There's an Exhibit 13, Bates 107. I will
19 read it to you. It is in response to OCA's
20 Question 1-12, and regarding the 10- and 20-year
21 plan for HAWC water needs. So, again, this is
22 Bates 107 on Exhibit 13. It says that "In HAWC,
23 there wasn't a particular development that
24 prompted the additional supply request. Per the

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1 December 22, 2017 memo by Underwood Engineers,
2 HAWC requested 0.5 million gallons per day
3 supplemental supply from the SNHRW project to
4 meet the 10-year estimated maximum [daily] demand
5 in HAWC. From that same memo, HAWC also
6 requested one million gallons per day
7 supplemental supply from the SNHRW project to
8 meet the 20-year estimated maximum day demand in
9 HAWC."

10 Then, in the next page, on Bates 108,
11 part of Steele Request Technical Session 5-2, I
12 asked to "please provide documentation and
13 details as to how you arrived at the 10-year
14 maximum." And you indicated that it "was a
15 preliminary estimate", and "there were no
16 documents or details."

17 The same response on the next page,
18 Bates 109 on Exhibit 13, indicating that "The
19 20-year maximum estimate was a preliminary
20 estimate", and "there were no documentation or
21 details."

22 So, how did HAWC, given that there's no
23 documentation or details, how did HAWC come to
24 the decision to commit to and purchase the

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1 250,000 gallons per day?

2 A (Lanza) So, --

3 MR. AUGERI: Mr. Chairman, if I could
4 just lodge an objection to the question. The
5 question relates to the Southern New Hampshire
6 project. And, to the extent it's not related to
7 this docket, I'd have to object. It was the
8 subject of a separate docket before this
9 Commission, in the first instance.

10 If there's a tie-in to what is before
11 the Commission now in this docket, then I'd allow
12 clarification. But, as it's been read, and
13 particularly with Bates 107, is a one-page
14 summary of a data request, which we have no
15 objection being in the record. But she just -- I
16 believe Ms. Steele talked about a "memo" that is
17 not reflective in Bates 107.

18 So, for those reasons, we would at
19 least object on that basis.

20 CHAIRMAN GOLDNER: Ms. Steele.

21 MS. STEELE: The memo, I believe it was
22 Mr. Brogan provided the entirety of that memo in
23 his rebuttal testimony to me.

24 MR. AUGERI: Which is fine. But

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1 that's -- she's asking a question about her
2 particular testimony and her direct testimony
3 into this matter. And there really isn't a
4 correlation to other parties' rebuttal or
5 otherwise into that question. So, we'd still
6 maintain our objection.

7 CHAIRMAN GOLDNER: Okay. Just a
8 moment.

9 *[Chairman Goldner, Commissioner*
10 *Simpson, and Atty. Haley conferring.]*

11 CHAIRMAN GOLDNER: So, it's our
12 understanding that the SNH project is -- there's
13 recovery being requested in this docket. Ms.
14 Steele, would you like to comment on that, and
15 then Mr. Augeri? It's our belief that there's
16 recovery being requested. So, maybe, Mr. Augeri,
17 you care to go first?

18 MR. AUGERI: I guess the question
19 about -- the question is about the basis for
20 participating in this Project as a whole. The
21 question related to the Phase I, 250,000 gallon.
22 There are specifics to that plant and to that
23 that are part of this rate case, but that was a
24 very broad question that goes well beyond the

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1 scope of the docket. So, I guess that would be
2 the finer point of the objection.

3 CHAIRMAN GOLDNER: Okay. Ms. Steele,
4 maybe proceed, and we'll just -- Mr. Augeri would
5 just request that we stay focused on things
6 impacting this docket. So, if we can just stay
7 between those rails, that would be helpful. I
8 don't know that you've left it yet, but that was
9 what Mr. Augeri is concerned about.

10 MS. STEELE: Fair enough. The point
11 was, I guess, the responses to TS 5-2 and 5-3
12 make the point that "there was no documentation
13 or details" as to how the estimates were made,
14 and thus that leads to "how was the decision made
15 to build up the infrastructure to handle the
16 additional volumes that has now been accepted,
17 and might be additionally accepted in Phase II
18 from the pipeline project?"

19 BY MS. STEELE:

20 Q When did the pipeline start pumping 250,000
21 gallons per day into Atkinson?

22 A (Lanza) The Southern New Hampshire Project came
23 on line I believe it was in August of 2020.

24 Q Okay. So, that's about 20 months. What type of

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1 disinfection did HAWC use before the pipeline
2 water entered the system?

3 A (Lanza) So, historically, the core system, I
4 imagine we're talking about the core system, has
5 primarily used chlorination as its primary
6 disinfectant.

7 Q And the primary disinfectant in the pipeline
8 water is?

9 A (Lanza) It is chloramination.

10 Q Are Atkinson and Hampstead still interconnected
11 or did HAWC shut the valve off to avoid the
12 mixing of this chlorinated water with the water
13 with chloramines?

14 A (Lanza) So, as water was introduced in August of
15 2020, the system was isolated, so that we could
16 take baby steps and introduce the water slowly,
17 get our feet under us, before we started running,
18 so to speak. And it ended up being that we did
19 not stick with the chloramines at that time.

20 Q So, help me understand, where all does the
21 pipeline water with the chloramines go and where
22 does it not go?

23 A (Lanza) Is that in reference to today or --

24 Q Correct.

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1 A (Lanza) So, today, it's an entirely wide open
2 system. The water that comes from Southern New
3 Hampshire, which -- to Atkinson, comes from
4 Salem, makes its way into Atkinson, and some also
5 makes its way to Hampstead, depending on the flow
6 conditions at the time.

7 Q So, some of the water does mix, pipeline water
8 with your well water?

9 A (Lanza) Absolutely. Yes.

10 Q And is your well water still using chlorine or
11 did you convert those over to chloramine?

12 A (Lanza) So, as Mr. Brogan did an excellent job of
13 summarizing the Project, there are nine stations
14 that were converted so that they're compatible
15 with chloramines. However, at present day, we
16 are on chlorine as the primary disinfectant.

17 Q And what happens when water with chlorine and
18 water with chloramines mix?

19 A (Lanza) So, my understanding, I don't have a lot
20 of real-world experience, but my understanding is
21 it's a major taste and odor concern.

22 Q And have you gotten many complaints about taste
23 and odor since the pipeline water has been
24 introduced into the system?

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1 A (Lanza) As expected, and advised by our
2 consultants, we did have some taste and odor
3 concerns in 2020 during the conversion. However,
4 2021 complaints were significantly lower than
5 2020.

6 Q What has been HAWC's guidance to these customers
7 who complain of poor water quality, the smell and
8 the taste?

9 A (Lanza) So, it's a case-by-case basis. It
10 depends on what the customer is noting. There's
11 a number of different scenarios. The most common
12 approach to taste and odor, if it's a single
13 location, and it's not five or ten people on the
14 same street, is to flush the line, and to observe
15 it. And, if the taste and odor dissipates, it's
16 likely an isolated -- isolated issue at that
17 location.

18 Q Rhonda Eastman lives in North Atkinson and has
19 HAWC water for the home because of the 1,4
20 dioxane contamination in the late '80s discovered
21 around 2012. The EPA gave HAWC \$4 million to
22 extend their pipeline to this area of
23 contamination and provide water to those
24 impacted.

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1 I've learned that these people on -- in
2 North Atkinson, Oak Ridge, Emery, Belknap,
3 Brookside Terrace, only have water for their
4 house, and not for outside water for providing
5 water to pets or watering their lawn or
6 irrigation. Why is that?

7 A (Lanza) My understanding is it is not an
8 absolute. Some houses do only use it for
9 domestic purposes. However, there are some
10 locations that I believe have irrigation. And my
11 understanding is that some of the customers were
12 fearful of their bills going up, related to
13 paying for the water. So, some customers did
14 retain their in wells to provide irrigation on
15 their lawns.

16 Q Rhonda indicated to me that she's not allowed to
17 use HAWC water for outside. So, she has a well
18 and system for irrigation. But she currently
19 does not have a filtration for the HAWC water.

20 Steve Fournier, one of your service
21 field managers, has gone to the home of Rhonda
22 Eastman on three times, March 30th, April 1st,
23 and April 8th, and told her that the septic smell
24 was due to the water being stagnant in HAWC

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1 sources, since HAWC is getting so much water from
2 the pipeline.

3 Steve also told Rhonda that she needed
4 a filtration system in her house for the water
5 coming in from HAWC. I have a private well, and
6 an extensive filtration system. But why should
7 someone who pays to have HAWC water piped to
8 their house have to have a filtration system?

9 A (Lanza) I can't speak to --

10 MR. AUGERI: Mr. Chairman, we'd lodge
11 an objection to that question. There's double
12 hearsay there. She's talking about a
13 representative of a homeowner, what that
14 homeowner told Ms. Steele, and they are not on
15 the witness list today.

16 Secondly, there's a second hearsay
17 issue about what was told to that homeowner by a
18 representative of HAWC allegedly, which is now
19 totem pole hearsay.

20 And, for those reasons, we would object
21 to that, this line of questioning.

22 CHAIRMAN GOLDNER: Just a moment.

23 *[Chairman Goldner, Commissioner Simpson*
24 *and Atty. Haley conferring.]*

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1 CHAIRMAN GOLDNER: So, the rules of
2 evidence don't apply at the PUC as they would in
3 a courtroom. What we do is give the evidence the
4 weight it deserves. So, we'll allow the
5 question, but we acknowledge, Mr. Augeri, that it
6 is -- it is distant from direct testimony.

7 So, we'll allow the question, but we'll
8 give it the weight it deserves.

9 MR. AUGERI: Thank you.

10 CHAIRMAN GOLDNER: Please proceed, Ms.
11 Steele.

12 MS. STEELE: Thank you.

13 BY MS. STEELE:

14 Q I'm familiar with the hydrants in Atkinson and
15 Hampstead, but Danville has also had two
16 hydrants. These were an agreement between Peter
17 Lewis and the Town of Danville for a Colby Pond
18 development, and was approved by the Planning
19 Board. Why did HAWC remove these two hydrants
20 from Danville?

21 MR. AUGERI: Mr. Commissioner, we'd
22 object to that line of questioning in a very
23 fundamental sense. Ms. Steele is an intervenor.
24 The intervention was -- stated she "shall

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1 participate with Atkinson", because she
2 represented, according to her testimony, that she
3 is an Atkinson resident and taxpayer, pursuant to
4 Bates 1 of her filed testimony.

5 She's now apparently representing the
6 Town of Danville, and asking questions about
7 Danville, who was allowed by this Commission to
8 participate and was allowed to be an intervenor.

9 So, for those reasons, we would object
10 to that line of questioning.

11 CHAIRMAN GOLDNER: Okay. Let's --
12 acknowledged, Mr. Augeri. Let's take a break,
13 fifteen minutes. Ms. Steele, we'll come back to
14 your continued questioning when we're done. And,
15 Mr. Augeri, when we return, we'll rule on your
16 objection.

17 MR. AUGERI: Thank you.

18 MS. STEELE: Thank you.

19 CHAIRMAN GOLDNER: Okay. Fifteen
20 minutes. So, let's return at ten till. Thank
21 you.

22 *[Recess taken at 10:35 a.m., and the*
23 *hearing resumed at 10:54 a.m.]*

24 CHAIRMAN GOLDNER: Okay. We'll start

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1 with Mr. Augeri's objection. And, so, Ms.
2 Steele, what I would sort of advise from the
3 Bench is that your intervention is an Atkinson
4 taxpayer. So, what I'd suggest is that you sort
5 of stay in that zone, and just stick on the
6 testimony and the Settlement, in terms of talking
7 to the witnesses.

8 You will have a chance later, after
9 this round, so, after redirect from the
10 Settlement attorneys, you will have a chance to
11 comment, so -- and bring your case, and bring the
12 relevant testimony at that time as well.

13 So, this is just an opportunity to talk
14 to, you know, to question the witnesses. But
15 you'll have your own opportunity later. Is that
16 helpful?

17 MS. STEELE: It is. I was just -- I
18 was trying to get to the fact that two hydrants
19 were removed in Danville for what is "free
20 service". I don't understand how that falls into
21 the whole -- of the PUC, and that, how that was
22 so critical.

23 But, also, I wanted to get to what
24 recourse does Atkinson -- the Town of Atkinson

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1 have, if HAWC were to remove any hydrants?

2 That's where I was getting to.

3 CHAIRMAN GOLDNER: Yes. Just a moment.

4 *[Chairman Goldner and Atty. Haley*
5 *conferring.]*

6 CHAIRMAN GOLDNER: Okay. So, with that
7 question specifically could be asked. That's no
8 problem. Just it's -- sometimes it's the way you
9 phrase it. So, please go ahead and ask that
10 question.

11 MS. STEELE: Thank you. I'm a
12 mechanical engineer, not an attorney.

13 CHAIRMAN GOLDNER: So am I. So, we'll
14 struggle together.

15 MS. STEELE: Thank you. So, can I ask
16 about the free service and that, and --or no?

17 CHAIRMAN GOLDNER: If you ask the
18 question the way you phrased it before, that was
19 fine.

20 MS. STEELE: Okay.

21 BY MS. STEELE:

22 Q So, Mr. Lanza, the comment kept coming back and
23 forth from Mr. Tuomala about "free service", as
24 to why the hydrants in Danville were removed.

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1 I'm wondering how the four hydrants in Epping
2 will be treated, if those will also be removed if
3 they'll fall under the tariff? And then, what
4 recourse will Atkinson have if HAWC decides to
5 remove any hydrants?

6 A (Lanza) So, there was a lot going on in that
7 question. What -- I guess, firstly, what were
8 you referring to in "Epping"?

9 Q Yes. Pleasant View Farm, in Epping, where
10 there's four hydrants added into a development of
11 166 condos, another Lewis Builders development.

12 A (Lanza) Okay. Yes. I can't speak to that. That
13 is not a Hampstead Area Water Company asset
14 or has -- it has nothing to do with HAWC.

15 Q Okay. Thank you.

16 A (Lanza) You're welcome.

17 Q And about the ability or recourse of the Town to
18 remove hydrants in Atkinson?

19 A (Lanza) So, we have no intention of removing
20 hydrants, or replacing, in Atkinson or Hampstead.
21 So, I couldn't begin to tell you what the
22 recourse would be. I think that question would
23 probably more appropriately be asked of the Town
24 of Atkinson.

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1 MS. STEELE: Okay. That's all for Mr.
2 Lanza. I do have a few questions for Mr. Fox, if
3 that's okay?

4 CHAIRMAN GOLDNER: Sure. Please
5 proceed.

6 MS. STEELE: Oh, there he is. Okay.

7 BY MS. STEELE:

8 Q When presented the data for the cost of service
9 study, you were given a revenue requirement,
10 right, or did you do the analysis to determine
11 the revenue requirement?

12 A (Fox) The revenue requirement was provided to me.

13 Q Okay. And, when all the data was presented in
14 the test year, did you know that less than 40
15 percent of Atkinson is serviced by HAWC?

16 A (Fox) Yes.

17 Q And that all of us would have to pay for the
18 municipal fire protection?

19 A (Fox) Yes.

20 Q Were you aware that the Town of Atkinson has only
21 approved the maintenance fee per hydrant, and not
22 the fire protection fee per hydrant?

23 A (Fox) Can you ask that question another way?

24 "Was I aware of the Town of Atkinson approved?"

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1 Q The Town of Atkinson, in 1994, approved a
2 maintenance fee per hydrant. And I've been
3 tracking down all the documents trying to find
4 out when the language changed, to be called "per
5 hydrant maintenance fee" to "annual hydrant
6 charge". But somehow that changed. And I'm --
7 the Town of Atkinson, to the best of my
8 understanding, still thought that they were only
9 paying a maintenance fee. And, clearly, a
10 maintenance fee of \$1,419, or 1,185, is
11 exorbitant, when we're currently paying for \$200
12 per hydrant for maintenance?

13 MR. AUGERI: Mr. Commissioner, I guess
14 I'd object to the question in that it's
15 predicated on a 1994 agreement on what is charged
16 or what the Company charges for public fire
17 protection. What the Company charges for public
18 fire protection has been approved in part of the
19 Company tariff and is in a public record since
20 well after that time period, and up to the
21 current day, including the Exhibit 3, which is
22 presented to you as part of the Settlement
23 Agreement, with the attachments, with the
24 proposed tariff changes.

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1 So, I guess we would object for those
2 reasons.

3 CHAIRMAN GOLDNER: Okay. Ms. Steele.

4 MS. STEELE: I'm still trying to
5 understand how, through the years, the language
6 evolved from "annual maintenance charge" to
7 "annual hydrant charge". It means two very
8 different things.

9 CHAIRMAN GOLDNER: Does anyone on the
10 panel have any knowledge of the language change?

11 WITNESS FOX: I do not.

12 CHAIRMAN GOLDNER: Okay. I don't
13 think -- I don't think anyone knows, Ms. Steele.
14 So, we can move to the next question maybe.

15 MS. STEELE: Excellent.

16 BY MS. STEELE:

17 Q Mr. Fox, did you know that one-third of the HAWC
18 customers were not benefiting from the pipeline
19 infrastructure? And how did that or did it
20 influence your cost of service study and the rate
21 design?

22 A (Fox) What do you mean by "not benefiting"?

23 Q One-third of HAWC customers are not attached to
24 the Atkinson-Hampstead core, and will not benefit

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1 in any way from the pipeline, the infrastructure,
2 in that sense.

3 A (Fox) Can you elaborate on that?

4 Q So, the justification for the increase in the
5 revenue requirement is based on this water
6 pipeline that is coming from Manchester, through
7 Derry, to Salem, and it connects to the
8 Atkinson-Hampstead core. So, originally, there
9 were community wells, and they started getting
10 connected. So, we had the Atkinson core and we
11 had Hampstead core. In 2009, Atkinson and
12 Hampstead connected. So, we have the
13 Atkinson-Hampstead core.

14 But there are many, about fifteen or
15 other communities that have HAWC water, and
16 they're not connected to the Atkinson-Hampstead
17 core, and thus will not benefit, but will be
18 paying for the spend for this infrastructure.

19 CHAIRMAN GOLDNER: So, Ms. Steele, I
20 know this is a bit legalistic, but you're
21 testifying now. You'll have an opportunity to
22 testify later.

23 So, if you have a specific question for
24 the witness, please proceed. But you'll have a

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1 chance to make your testimony later.

2 MS. STEELE: Sure.

3 BY MS. STEELE:

4 Q Did you know that one-third of the HAWC customers
5 were not attached to the core pipeline?

6 *[Chairman Goldner and Atty. Haley*
7 *conferring.]*

8 CHAIRMAN GOLDNER: Yes. It's not
9 relevant whether he knows that or not. You'll
10 have a chance to comment on your knowledge later.
11 But it's not relevant whether he knows that or
12 not.

13 MS. STEELE: Respectfully, I think it
14 goes into how the cost of service study and the
15 rate design rates were designed to understand the
16 customer base.

17 CHAIRMAN GOLDNER: Well, just a second,
18 we'll caucus.

19 *[Chairman Goldner, Commissioner*
20 *Simpson, and Atty. Haley conferring.]*

21 CHAIRMAN GOLDNER: So, Ms. Steele, the
22 Commission is interested in understanding if that
23 was factored into the study, but is not
24 interested in whether the witness was aware of

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1 it.

2 So, it's a bit of a legal fine point.
3 But perhaps you could rephrase your question
4 accordingly.

5 And maybe one more comment while you're
6 thinking, is we're -- we'll ask you to kind of
7 stick to the testimony and the Settlement, and
8 just ask the questions directly of the witness.
9 We know it's difficult, because this is a new
10 process. But it's really an opportunity for you
11 to ask questions of the witnesses relative to
12 their testimony.

13 BY MS. STEELE:

14 Q So, was the fact that 30 percent of the customers
15 not serviced, and that is included in your cost
16 of service study?

17 A (Fox) Did you say "not serviced and benefited"?

18 Q They're not benefiting from the pipeline spend,
19 the basis for the revenue requirement.

20 A (Fox) Again, I'd ask you to define "benefit"?

21 Q They're not connected in any way to where all
22 this infrastructure and plant is being installed
23 and deployed.

24 A (Fox) Okay. And the reason why I'm -- I'm not

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1 trying to be difficult. The reason I'm asking
2 about the definition of "benefit" is that, within
3 water systems that have a unified rate structure,
4 there could be customers who are in very
5 difficult-to-serve areas that might not be
6 connected to the core system that, if they were
7 on their own and trying to provide water service
8 to them, their rates would be astronomical and
9 the cost of service then would be astronomical.
10 And, so, there could be a benefit associated with
11 being part of a core system where those costs are
12 spread amongst them.

13 If you're talking about a very specific
14 benefit, again, I would need some sort of clarity
15 on that definition.

16 MS. STEELE: Okay. Thank you.

17 WITNESS FOX: Sure.

18 MS. STEELE: I think we've finished
19 that one.

20 If I might, just a few questions for
21 Mr. Brogan?

22 CHAIRMAN GOLDNER: Of course. Yes.

23 BY MS. STEELE:

24 Q Mr. Brogan, in the tech session on October 26th,

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1 2021, you said --

2 MR. TUOMALA: I would object. If these
3 are discussions related to settlement, those are
4 confidential.

5 MS. STEELE: I don't believe there was
6 any settlement discussions at that that I'm
7 referencing.

8 CHAIRMAN GOLDNER: So, Mr. Tuomala's
9 objection is sustained. Discovery is not -- is
10 not subject to questions. You can only ask
11 questions relative to the testimony and the
12 exhibits or the Settlement Agreement.

13 So, you can perhaps rephrase your
14 question differently, as before. But we're --
15 Mr. Tuomala's objection is correct.

16 MS. STEELE: So, I just can't say that
17 it happened in the tech session, what he said?
18 Because I want to ask a question about what he
19 said.

20 CHAIRMAN GOLDNER: I would -- you would
21 have to ask the question relative to the
22 testimony or the Settlement. So, you'd have to
23 reference one of the documents in our exhibits
24 that the Commissioners have access to and he can

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1 see along with you.

2 MS. STEELE: Okay.

3 BY MS. STEELE:

4 Q Mr. Brogan, do you believe that the flows
5 projected are to be five times today's flows?

6 (Short pause.)

7 BY MS. STEELE:

8 Q We can skip that part. How about, do you believe
9 that everything that was built was for the larger
10 future flows, as far as the pipeline project?

11 A (Brogan) Not -- depends how much detail we want
12 to get into. Not everything, no. I don't
13 believe so.

14 Q Do you believe that full benefits will not be
15 seen by the current customers?

16 A (Brogan) Well, I think, in any engineering
17 planning, when you're designing facilities, the
18 last many years you're looking, you have to look
19 at, you know, their ability to provide for future
20 demands, not just current.

21 MS. STEELE: Thank you. I'm finished
22 with questioning. Thank you -- I'm finished with
23 questioning. Thank you.

24 CHAIRMAN GOLDNER: Okay. Thank you,

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1 Ms. Steele.

2 We'll move to Commissioner questions
3 yet -- next, rather, beginning with Commissioner
4 Simpson.

5 CMSR. SIMPSON: Okay. Thank you, Mr.
6 Chairman.

7 BY CMSR. SIMPSON:

8 Q So, I'd start with just a general question for
9 Mr. Lanza. You know, certainly, this is a
10 sizable increase that has been petitioned before
11 us. So, I just want to understand generally, as
12 the General Manager of the Company, some of the
13 major projects and investment requirements that
14 have driven the Company over the last couple of
15 years, since the test year, leading to this
16 increase for a request?

17 A (Lanza) Absolutely. So, if I understand your
18 question correctly, you're looking for a more
19 detailed breakdown of the actual components?

20 Q Yes, sir.

21 A (Lanza) Okay. So, the Southern New Hampshire
22 Project is the primary focus as we sit here
23 today. There were a number of components. The
24 first of which was a tank in Atkinson, a one

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1 million gallon tank, that was completed and
2 brought on line, I believe, in late 2019, early
3 2020. The next component we refer to as
4 "H1-DES", ultimately adopted a naming system of
5 each town with the letter of the system or the
6 municipality. So, Derry, "D1", "D2", "D3". So,
7 each one consisted of what we call our "West Side
8 Drive Pumping and Treatment Station", and that
9 essentially is the station that allows us to get
10 the water from Salem, which ultimately is, you
11 know, coming from upstream, Londonderry, Derry,
12 Manchester, and treat the water, and then pump it
13 into our distribution system, to both be used by
14 our core system customers, and also to provide
15 water to Plaistow, as they're the end-user on the
16 line.

17 The next project, referred to as the
18 "H2 Project", consisted of converting nine
19 existing stations, we touched on it briefly.
20 But, essentially, we had nine stations, we worked
21 with DES and consultants to decide which nine we
22 would move forward with. And they were
23 ultimately upgraded significantly, with the
24 ability to treat with chloramines to be

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1 compatible with the upstream water.

2 There were two other components of the
3 Project that we were not directly involved with.
4 We were not the owner. However, at completion,
5 we were -- we were basically given the
6 infrastructure. So, for example, there's a
7 section of pipe in Salem, New Hampshire, that we
8 own, that allows us to get the water from the H1,
9 West Side Drive Station, into our system, and
10 then there's also, on the other side, going from
11 Atkinson to Plaistow, there's a small section of
12 water pipe that has also -- it has been given or
13 gifted to the Company as well.

14 So, those are the primary components
15 related to the Project.

16 Q So, in the Company's last rate case, there were
17 some concerns around excess capacity that were
18 raised. How did the Company determine what
19 capacity you built the Southern New Hampshire
20 Project to?

21 A (Lanza) So, we work closely with Weston & Sampson
22 to help us understand what our capacity was and
23 would be in the future related to this Project.
24 And we also, you know, reviewed it internally as

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1 well.

2 Q So, you have engineering consultants that help
3 inform your decisions?

4 A (Lanza) That's correct. Yes. We use the New
5 Hampshire DES's rules for large community water
6 systems, reference what's called "10 State
7 Standards". And, as Mr. Brogan alluded to, you
8 take your largest source off line. So, those
9 type of conversations and calculations were had
10 with, primarily, Weston & Sampson.

11 Q And what about development in the communities
12 that you provide service to? What have you seen,
13 in terms of additional load?

14 A (Lanza) Is that question specific to the core or
15 just all our systems as a whole?

16 Q In general.

17 A (Lanza) In general? So, if memory serves me
18 correctly, we average, over the last ten years,
19 approximately 90 to 100 connections per year.
20 So, it's relatively minimal. That's what I
21 recall is our growth.

22 Q And, generally, in terms of that growth, has that
23 growth resulted from development of affiliate
24 companies?

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1 A (Lanza) Some of that growth has been the result
2 of Lewis Builders development and some has not.

3 Q And do you have any sense of the scale of that
4 ratio?

5 A (Lanza) So, some years, I know I mentioned a
6 10-year window there, some years, let's say 2018,
7 there likely was a lot of the growth related to
8 two projects in Atkinson, one of which was Lewis
9 Builders, one of which wasn't. 2020, the growth
10 was primarily related to a few small projects,
11 really, about three or four projects, one of
12 which I believe was an affiliated company. And
13 then, fast forward to 2021 and present day, I
14 believe there are two projects related to Lewis
15 Builders, and there's a handful of either
16 commercial or residential projects in the works
17 that we're having discussions with that are not
18 related.

19 Q And, as you look towards the future, what are
20 your projections for growth? Do you have a
21 methodology for that? Do you continue to survey
22 real estate development in the areas?

23 A (Lanza) So, our primary way of forecasting future
24 growth has primarily been looking at the

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1 historical growth and projecting it. It has been
2 very difficult to really forecast beyond that,
3 due to market conditions and, as you know, with
4 everything going on with product availability and
5 labor. It's a very difficult number to get any
6 degree of accuracy on. But we do look at our
7 historical numbers and project them outward.

8 Q And what about with respect to lost and
9 unaccounted for water, water loss? Talk to me
10 about the measures that the Company takes in
11 order to monitor and mitigate water loss?

12 A (Lanza) Yes. So, water loss is something that I
13 take a lot of pride in, and where we were when I
14 started with the Company and where we are today.
15 When I started, we were in the 20 to 30 percent
16 range at times, and I'm going back, you know,
17 2006-07. At present day, we're in the teens, I
18 believe the low teens, 11, 12, 13 percent. And
19 to get there, we've done a number of different
20 things. We have a conservation plan that entails
21 changing residential meters, changing source
22 meters, performing leak detection out on the
23 ground, walking around, and we hire a consultant
24 who is an expert at this. He walks around in

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1 areas that we determine are "leak-prone", if you
2 will. And they'll go around and find leaks with
3 a very, very high success rate.

4 In addition, we do public outreach. We
5 are constantly reminding our customers about
6 conservation, about, even though we're not on a
7 watering ban, you should still be mindful of
8 water usage. We do implement a constant outdoor
9 even/odd watering policy, and we try to enforce
10 that as best to our abilities.

11 Make sure I'm not forgetting anything.
12 There may be a few other components of that
13 conservation plan, and then the efforts that
14 we've made to date.

15 But, yes. We're below 15 percent.
16 That was our goal years ago. And, I mean, we'd
17 love to be at zero percent. But, obviously,
18 there's real-world conditions that we're dealing
19 with. So, --

20 Q And from I believe it was your testimony, you
21 provided that the Company started providing
22 service to customers in the late 1970s, is that
23 correct?

24 A (Lanza) Yes. I don't recall the history as well

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1 as some others might. But, yes, that's my
2 understanding, sometime in the '70s.

3 Q And has the Company reached a point where the
4 vintage of infrastructure is requiring
5 replacement of either mains, services, valves,
6 and such?

7 A (Lanza) Yes. So, and I'm glad you asked that
8 question, because, in 2011, this wasn't
9 particularly -- it wasn't specifically related to
10 the conservation plan, but what we did, in 2011,
11 is we applied for an SRF loan, we were successful
12 in getting that loan. And that loan was -- was
13 obtained to go to the oldest part of the system,
14 the part of the system that you're referring to
15 from the '70s, and go and replace every single
16 service line, from the valve to the main. So, we
17 went around and hundreds, a couple hundred or so
18 services got completely replaced. And that was
19 significant, you know, in relationship to getting
20 our unaccounted water under control, because that
21 is an area that we do see leaks.

22 Q Okay. Thank you, Mr. Lanza.

23 A (Lanza) You're welcome.

24 Q I'd like to move on to Mr. St. Cyr's testimony,

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 with respect to, let's see, Exhibit 6, and
2 Page 3.

3 So, you mention the one million gallon
4 storage tank, the actual cost amounted to
5 1.5 million, and the State provided a grant of
6 62.5 percent, just under a million dollars. Is
7 that correct?

8 A (St. Cyr) That's correct.

9 Q And that there was a CIAC of 266,000
10 approximately, is that correct?

11 A (St. Cyr) A CIAC tax, yes.

12 Q Yes. And can you explain that for me, the "CIAC
13 tax"?

14 It says "resulting in a net cost to the
15 Company of \$590,201 plus the related taxes on the
16 CIAC of \$266,377."

17 A (St. Cyr) So, the specific calculation is shown a
18 few pages back. This is -- I'm looking at
19 Attachment B, Step I, Schedule 3a.

20 Q Just a moment.

21 CHAIRMAN GOLDNER: Do you have a Bates
22 page for that?

23 WITNESS ST. CYR: I don't have the
24 Bates page, I'm sorry. It would be

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 Schedule 3 [Exhibit 3?], Attachment B, Step I,
2 Schedule 3a.

3 MR. AUGERI: Commissioner Simpson, are
4 you referring to the Exhibit 3? Because I could
5 give him, if it will help your questioning, I am
6 happy to provide him a copy, so he can --

7 CMSR. SIMPSON: Sure. So, it's the
8 Settlement, if you're able to --

9 WITNESS ST. CYR: I'm sorry, Bates
10 Page 043.

11 *(Multiple parties speaking at the same*
12 *time.)*

13 CMSR. SIMPSON: Okay. The Settlement
14 Agreement, Bates Page 043.

15 **CONTINUED BY THE WITNESS:**

16 A (St. Cyr) So, I'll just kind of -- the
17 calculation is shown in this particular schedule.
18 But, to answer your question, this is a time
19 period in which any contributions made to the
20 Company for tax purposes were subject to federal
21 and state income taxes. So, the amount that was
22 contributed by the State got reflected as income
23 for state -- for federal and state tax purposes,
24 and was then subject to tax. The calculation, we

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 were using a rate of 27.08 percent, so we
2 factored up the tax on that, and then included
3 that amount in rate base to be recovered by
4 customers over the life of the additions.

5 BY CMSR. SIMPSON:

6 Q So, really what I'm trying to ensure I understand
7 is that grants that the Company receives, the
8 Company books as income, and then pays income
9 taxes on those dollars?

10 A (St. Cyr) So, books -- for book purposes, it's
11 actually reflected as an addition to the CIAC.
12 But, for tax purposes, it's reflected as income
13 that we pay tax on. So, how it flows through the
14 schedules, and it essentially gets added to rate
15 base, and then is recovered from customers over
16 the life of the asset. And then, we, you know,
17 we've already paid the tax on it, because it was
18 reflected in the tax return. So, we're
19 essentially recovering that tax over the life of
20 the assets.

21 Q Okay. Thank you. That's helpful. So, now, I
22 want to jump to your rebuttal, which is
23 Exhibit 7. At the end of Bates Page 004, you
24 provide that "the Company shareholder will make a

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 contribution to the Company representing one half
2 of the increase for the first year public fire
3 protection, resulting in Town of Atkinson (and
4 Hampstead) only paying one of the increase in
5 year one." Let me know when you're there?

6 A (St. Cyr) I'm there.

7 Q Can you help me understand what other capital
8 contributions the shareholders have made in the
9 past and are making in this instance please?

10 A (St. Cyr) So, in the past, the shareholders have
11 contributed I believe it was as much as 4.7
12 million over a long period of time. And I want
13 to say, in 2020, the shareholder contributed
14 300,000, and that's shown as a component to the
15 cost of capital. Yes. And it's specifically
16 identified as part of Attachment B, Step I,
17 Schedule 2. It's a \$300,000 addition to the
18 capital structure, which reflects the owner's
19 contribution during 2020.

20 Q Can you repeat the Bates page for me please? You
21 said "Attachment B"?

22 A (St. Cyr) Attachment B, Step I, Schedule 2.

23 Q Okay. I see that. And redirect me to the line
24 you were referencing there?

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 A (St. Cyr) So, about the fourth line item down, it
2 says "Additional Equity", "Adjustment Number 76",
3 "300,000", was the contribution in 2020 that was
4 reflected in this schedule. And, of course, any
5 prior contributions would be reflected in
6 Additional Paid-in Capital as part of the capital
7 structure. And I can point that out to you, if
8 you'd like?

9 Q Sure.

10 A (St. Cyr) So, I'm now looking at Attachment A for
11 permanent rates. This, too, would be Schedule 2.
12 So, on Bates Page 020, under the "Common Equity",
13 there's a line of "Additional Paid in Capital".
14 So, as of the end of the test year, there was
15 over \$4 million. You can see the 300,000 that
16 was added in 2020. The "Pro-forma Test Year"
17 reflects additional paid in capital of \$4.3
18 million that the owners would have contributed
19 over the course of any number of years.

20 Q And, in your view, how do these contributions
21 help to address the revenue deficiency as
22 described?

23 A (St. Cyr) So, that's a little different, in that
24 the revenue requirement for public fire hydrants

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 is a certain amount coming out of this particular
2 rate case. What the owner decided to do was
3 contribute half of the increase in order to
4 minimize the impact on the towns and the town
5 ratepayers.

6 Q Thank you. So, I'd like to ask some questions
7 about the Settlement, and the terms of the
8 Settlement specifically. So, I'd keep it open
9 for the panel.

10 So, I just want to confirm Bates Page
11 008, the last -- or, the top of the page, it
12 reads "That is an approximate 9.81 percent
13 increase over pro forma 2019 test year water
14 revenues of approximately 2.2 million, as set
15 forth in the schedules included in Attachment C."
16 And I just want to confirm that that total amount
17 is upon effect of both Steps I and II, is that
18 correct?

19 A (St. Cyr) So, that's specifically referencing
20 Step II.

21 Q So, Step I would have already taken effect, and
22 this is what would be the resulting revenue --
23 or, the resulting increase, I should say, over
24 the 2019 revenues, the 9.81 percent?

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1 A (St. Cyr) So, this is the specific amount of the
2 increase pertaining to Step II, which would then
3 be added to --

4 Q Uh-huh.

5 A (St. Cyr) -- the previously approved Step I and
6 the permanent rates.

7 Q Okay. Thank you. That makes sense. And then,
8 on Bates Page 010, continuing on from Bates
9 Page 009, with respect to the private fire
10 protection charge, "will decrease from its
11 currently approved rate as the customer group
12 will expand by approximately 1,000 customers, to
13 include residential ratepayers who have not been
14 previously charged the existing rate."

15 I'd appreciate any comments with
16 respect to how these customers' situations have
17 changed, where it's now warranted that they're
18 paying the fire charge?

19 A (Fox) Mr. Lanza is going to answer the last part
20 of your question, which is how their situation
21 has changed. From a cost of service standpoint,
22 this has been a trend we've been seeing in the
23 water industry, I think over the last ten years
24 or so, is reflecting the specific cost of

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 providing individual home fire protection outside
2 of public fire protection to individual
3 homeowners and their private residences. We've
4 been seeing more and more private costs being --
5 or, sorry, private fire protection charges being
6 implemented and assessed directly to homeowners,
7 rather than the broader public fire protection,
8 which assumes the entire community, to reflect
9 the individual homeowner.

10 Q Okay. Mr. Lanza, do you have anything to add?

11 A (Lanza) As far as the conditions go, relative to
12 the 1,000 some odd customers, there really is no
13 material change to the customers, obviously,
14 other than we're proposing that they will be
15 billed under this Agreement.

16 Q Okay. Thank you. Also, on Bates Page 010, with
17 respect to the "Estimated Step I Rates", and this
18 is reiterated on the next page, with respect to
19 the "Estimated Step II Rates", it says "The
20 Settling Parties reiterate that these rates
21 presented in the table below are merely
22 illustrative and intended to exhibit the maximum
23 rate allowed by the Settlement Agreement."

24 So, help me understand what is meant by

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1 the provision that these "are merely
2 illustrative", and if there is a perceived
3 variance by what customers will ultimately be
4 charged within these rate groups?

5 A (St. Cyr) So, the Parties have agreed to a
6 certain revenue requirement for both Step I and
7 Step II. And, based on that revenue requirement,
8 that data has been provided to Mr. Fox, in order
9 for him to determine how that revenue should be
10 distributed among the various customer groups.

11 Because the onus is on the Company to
12 subsequently make a filing for both Step I and
13 Step II, and that that filing be subject to audit
14 by the Audit Division, there is an expectation
15 that there could be some changes, we would expect
16 relatively minor, these are expenditures, for the
17 most part, that have already been made. But it's
18 possible that something got reclassified, for
19 example. So, the final numbers might actually
20 change. And, based on those changes, the overall
21 revenue requirement might be, we would expect,
22 slightly different. And then, we would give
23 those final agreed upon numbers to Mr. Fox for
24 him to sort of re-run the rates per customer

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1 group. And then, based on that, that final rates
2 be determined.

3 Q So, if the Commission were to approve the
4 Settlement Agreement as presented, then the
5 Company would return, as described in the
6 Settlement, for a Step I and Step II filings, and
7 we would be presented with more -- or, I should
8 say, we would be presented with figures that
9 would be directly attributable to customers at
10 that time?

11 A (St. Cyr) Yes. We would say "final actual costs,
12 subject to audit", in order to get the final
13 revenue requirement, and then, subsequently, the
14 final rates.

15 Q Okay. Thank you. Now, on Bates Page 012 of the
16 Settlement, Atkinson -- the Settlement reads
17 "Atkinson and Hampstead, instead, will be billed,
18 pursuant to an updated tariff, annually, for the
19 following amounts:"

20 What conversations did the Company and
21 the Settling Parties have with these
22 municipalities, with respect to the transition
23 and billing to an annual flat fee?

24 A (Fox) Somebody please fill in if I provide some

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1 gaps, because I was not involved with every
2 single discussion, only the ones that were
3 involving cost of service and rate design. But
4 the idea here was to provide the Towns with a
5 more predictable and stable cost structure that
6 they could plan for, for budgeting purposes. You
7 know, as you know, they're on a fiscal year
8 basis, much more difficult to align exactly when
9 they need to increase rates to be able to sustain
10 an increase in their charges. I think the
11 Company has done a great job of trying to
12 mitigate that increase in the first year by
13 contributing the capital to offset that.

14 But the idea with moving to just an
15 annual flat charge was, again, to just try to
16 mitigate any fluctuations for planning purposes
17 and budgeting purposes.

18 Q And, in your view, and perhaps Mr. Lanza's views,
19 were the Towns in favor of that approach? Did
20 they bring that approach to you?

21 A (Lanza) So, as I recall, that particular
22 component of the Settlement, I believe we floated
23 the idea. And Dave did an excellent job of
24 explaining why.

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1 The only other thing I'd add is, one
2 thing in my mind, I work directly with the fire
3 chiefs, when they request a hydrant. We didn't
4 want the current or the previously proposed
5 hydrant fee structure to provide a disincentive
6 for people to put in hydrants, when it makes
7 sense to do it, because they don't have the
8 ability to get the funds or what have you. So,
9 in my mind, that makes a lot of sense as well.

10 Q Okay. Thank you. So, now, I have a few
11 questions for Mr. Brogan, if I may.

12 So, I'm now looking at your testimony,
13 which is Exhibit Number 9. And beginning at
14 Line 11, you address some of the critiques raised
15 by intervenors with respect to the Southern New
16 Hampshire Project being over-designed, not taking
17 into account normal system growth or restrictions
18 in water usage. Do you see that here in your
19 testimony, sir?

20 A (Brogan) On Page 2, yes. On Bates Page 002?

21 Q Bates Page 002, you continue to address it, I
22 believe, and continuing down to Bates Page 004?

23 A (Brogan) Yes.

24 Q Okay. Can you help explain what rate of growth

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1 in an average daily demand that you would
2 perceive as "normal" or "ordinary"?

3 A (Brogan) I think it probably varies a lot from
4 company to company. But, in HAWC's case, I
5 looked at the actual data, and it's somewhere in
6 my testimony here. And I think it --

7 Q Yes. Bates Page 007, you suggest that a 2 to 3
8 percent annual growth rate is normal. And I'm
9 wondering, is that industry or for the Company?

10 A (Brogan) That was specifically from looking at
11 HAWC core system historic data.

12 Q And is that, in your experience, aligned
13 throughout the industry or is it considerably
14 varied, in terms of water company growth,
15 similarly situated?

16 A (Brogan) It's probably in the -- it seems
17 reasonable to me.

18 Q Okay.

19 A (Brogan) Uh-huh.

20 Q And are you aware of any work that either the
21 Department or the New Hampshire Department of
22 Environmental Services has done, regarding the
23 projected increases in restrictions and lessening
24 of existing conditions on water uses?

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1 We had some mention about "restrictions
2 for irrigation". And my understanding is that
3 there's some drought conditions as well from time
4 to time.

5 How does the Department or, in your
6 experience, the Department of Environmental
7 Services, work to inform those conditions?

8 A (Brogan) The Department of Environmental
9 Services, I'm not an expert on this, but they,
10 over many years, probably, they have their --
11 their rules have evolved, and with much more
12 emphasis, I think, currently than there used to
13 be, on all the different ways of, you know,
14 lessening consumer demand.

15 I don't know if that answers that. But
16 DES has a lot of rules in that regard.

17 Q Thank you for that. And then, continuing on,
18 with respect to lost or unaccounted for water, I
19 asked Mr. Lanza some questions about that. Can
20 you discuss, from the Department's perspective,
21 what causes water loss, and what the Department
22 views is an acceptable amount of water loss for
23 water utilities?

24 A (Brogan) I think there are, again, there are a

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1 number of possible contributing factors, leaks in
2 the system, inaccurate customer meters,
3 inaccurate production meters. There's kind of an
4 industry rule of thumb, I don't think it's a
5 standard, but a rule of thumb is to try to be
6 below 15 percent lost water.

7 Q I think, in your testimony, you provide that the
8 existing system has an average loss of 14 percent
9 per year?

10 A (Brogan) Correct.

11 Q And, in your view, that's reasonable?

12 A (Brogan) I think I'd -- yes.

13 Q And that isn't -- it sounds like that's not
14 necessarily known to be volumes of water lost,
15 but there are measurement elements as well that
16 are contributing factors?

17 A (Brogan) Definitely, yes.

18 Q Okay. Thank you. I'd like to ask Mr. Solganick
19 some questions. Can you hear me, Mr. Solganick?

20 A (Solganick) Yes, I can.

21 Q And am I pronouncing your last name correctly?

22 A (Solganick) Absolutely, Commissioner. Thank you.

23 Q Thank you. So, with respect to the fire
24 protection rates, in your professional opinion,

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1 what weight should be given to situations where
2 fire protection services are not universal, but
3 where all municipal taxpayers pay part of the
4 cost?

5 A (Solganick) First of all, I believe that the
6 underlying rates should reflect costs, as they do
7 in this case. Second, the consideration as to
8 "who should pay those costs" is really the
9 province of the municipality. And the
10 municipality has to look at its fire service in
11 total. And what I mean by that is, if you have a
12 municipality where there are some hydrants, and
13 there are also customer -- excuse me --
14 properties that do not have hydrant service, from
15 my experience on a zoning board in New Jersey,
16 where we have a similar situation, the fire
17 company there had to provide tankers, and the
18 fire company there had to provide carriage of
19 water within the pumpers. And therefore, when
20 you think about how a town might allocate the
21 cost of fire hydrants, I suggest maybe the town,
22 in its wisdom, would allocate the cost of fire
23 service, which would be hydrants, plus its fire
24 department, whether volunteer or partially paid,

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1 and all of the equipment that's needed to serve
2 all of the customers.

3 And we might find that serving
4 customers of a municipality could be more
5 expensive to provide fire service to those
6 customers who don't have hydrants in front of
7 their homes, because of the requirement to carry
8 and serve water for fire protection.

9 That's my experience in New Jersey. I
10 do not want to say that that is the experience
11 for these towns.

12 Q So, would you say that part of the "public good"
13 determination would take into account the
14 provision of such fire protection services?

15 A (Solganick) I would say yes. The town should
16 consider that.

17 Q Okay. Thank you. Just a moment please.

18 So, I'd ask you to pull up Exhibit 10,
19 Mr. Solganick, which is your testimony.

20 A (Solganick) I have it. I have it in front of me.

21 Q Okay. So, moving to Bates Page 014.

22 A (Solganick) Yes.

23 Q Line 13.

24 A (Solganick) Yes.

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1 Q You provide estimates for the increase at the
2 taxpayer level. And this provides an estimate of
3 average increase in property taxes of \$1.01 per
4 month?

5 A (Solganick) That's correct.

6 Q Is there a standard that you or the Department
7 follows in determining if a monthly bill impact
8 associated with this type of service is
9 reasonable or unreasonable?

10 A (Solganick) I don't --

11 Q And perhaps, if there isn't a standard, maybe you
12 might be able to explain some of the factors that
13 you might take into account?

14 A (Solganick) As this is an impact on a property
15 owner, as opposed to a customer of a utility, I
16 would put this -- or, put a particular increase
17 in comparison to the property taxes that the
18 property owner might pay, and, therefore, a
19 dollar would seem to be very, very small.

20 Q Okay. So, the Settlement removes the Southern
21 New Hampshire Project from the test year rate
22 base and the corresponding CIAC charges. How
23 does the Southern New Hampshire Project impact
24 the proposed rates, including the step

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1 adjustments, and the channels that this Project
2 will impact or could impact for future rate case
3 rate bases?

4 A (Solganick) I'm not a rate base witness, Your
5 Honor, and I believe someone else might be able
6 to address that. Once the revenue requirements
7 are developed, then I can address the comments.

8 Q Okay.

9 A (Solganick) Or, the situation.

10 Q Perhaps one of the other witnesses might want to
11 weigh in? Mr. Brogan or Mr. Fox?

12 A (St. Cyr) Can you repeat the question please?

13 Q So, we've removed, in this Settlement, the
14 Southern New Hampshire Project has been removed
15 from the test year rate base. So, how will we
16 impact -- how will that impact the proposed
17 rates, including the step adjustments?

18 A (St. Cyr) So, I don't have the specific "how it
19 would impact". But, if you look at Attachment A,
20 "Permanent Rates", I believe this is Bates Page
21 020 -- I'm sorry, 019, I guess, Bates Page 019.

22 The very first line identifies the rate
23 base. And it doesn't show what the components
24 are, but it does show what the ultimate revenue

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1 requirement is and the percent increase. And I
2 should say that the Company originally proposed
3 the 2020 and '21 additions as pro forma to the
4 test year. By removing them from the test year
5 into Step I and Step II didn't necessarily
6 change.

7 My recollection is that some of these
8 costs were estimated at the time in which we made
9 the pro formas. So, here we are, a year to a
10 year and a half later. So, certainly, the 2020
11 and probably the 2021 costs are now all final and
12 reflected on the books and reflected in the PUC's
13 Annual Reports.

14 But the increase in rate base is
15 specifically shown on Bates Page 019, in the
16 "Pro-forma Rate Base" line.

17 Q Okay. Thank you. And then, my final question
18 for the Department maybe -- did somebody want to
19 add something on the online feed? Anybody? I
20 thought I heard somebody.

21 *[No verbal response.]*

22 BY CMSR. SIMPSON:

23 Q Okay. Does the Department have any concerns with
24 respect to the relationship between the Company

[St. Cyr|Lanza|Fox|Gage|Leone|Brogan|Solganick]

1 and Lewis Builders? It's been raised a couple of
2 times. It's been outlined in the testimony that
3 they'd like to offer for the Commission in
4 consideration of the Settlement. A general
5 question for the Department.

6 MR. TUOMALA: Sure. We do not have
7 that concern at this time. We reviewed Ms.
8 Steele's testimony, which did include those
9 allegations. And I believe Mr. Brogan's
10 testimony, I don't have it in front of me, but
11 did address a question about self-dealing. And,
12 at this time, we do not share those concerns.

13 CMSR. SIMPSON: Thank you. I don't
14 have any further questions for the witnesses, Mr.
15 Chairman. Thank you.

16 CHAIRMAN GOLDNER: Okay. I think what
17 we'll do is I'll maybe get started with a few
18 questions, take us up to the noon hour or so, and
19 then we'll break. I'll come back with any
20 remaining questions, and then we'll move to
21 redirect. And, if that works for everyone, maybe
22 come back about one o'clock. I don't know if
23 that's acceptable to everyone?

24 *(Multiple parties indicating in the*

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1 *affirmative.)*

2 CHAIRMAN GOLDNER: Okay. Okay, great.

3 I'll just ask a couple of questions, and then
4 we'll take a break, and I'll come back with the
5 remainder.

6 BY CHAIRMAN GOLDNER:

7 Q First, just, you know, sort of an engineering
8 question. The source of water for the Atkinson
9 tank, I was sort of trying to trace that back.
10 Does that come from Massabesic or what's the
11 water source?

12 A (Lanza) So, the source of water, as it stands
13 today, is a mix of Southern New Hampshire water
14 and our sources, and that changes, that ratio
15 changes depending on demand. So, for example, in
16 the winter, we're using more of what we call
17 "Project water" or "Southern New Hampshire
18 water", and, in the summer, we're using less
19 percentagewise, as our demand increases.

20 Q And what's the source of the Southern New
21 Hampshire water?

22 A (Solganick) The main source is Lake Massabesic,
23 in Manchester. However, Salem also has its own
24 source. So, it does blend with Salem as it comes

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1 down. So, ultimately, we end up with a blend of
2 Salem and Manchester water.

3 Q And you're also using -- in addition to that,
4 then you're using your own well water?

5 A (Lanza) That's correct.

6 Q So, I'm just trying to understand how this works
7 and how you benefit from the tank? Because, if
8 you're pulling water out of the wells, maybe
9 you're pulling it out in the rainy season, and
10 then it refills the aquifers, or does it -- how
11 do you benefit from pulling water out of your own
12 wells with the tank?

13 A (Lanza) So, we meet demand with, for this
14 discussion, we meet demand with basically two
15 sources, the Southern New Hampshire water and our
16 wells, our sources, and that water is mixed, and
17 then it goes into our atmospheric storage,
18 elevated tanks. So, Hampstead has a half million
19 gallon tank, Atkinson has a one million gallon
20 tank that we're talking about, and then we have
21 boosted storage as well in Atkinson of almost a
22 half a million, I believe it's 400,000 gallons.
23 And, so, that tank is constantly fluctuating.

24 Basically, the way we operate our

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1 system is the wells are turned on to input water
2 into the system when the tank -- the Atkinson
3 tank specifically gets to a certain level. When
4 that tank gets to a level that we consider full,
5 the source is then shut off.

6 So, it's a bit of a balancing act, but
7 that tank is constantly in use. And we're using
8 it with its operating band of approximately
9 fifteen to twenty feet is what we consider a safe
10 band on that tank.

11 Q And how do you know how much to pull out of the
12 wells versus take from the SNH sources? How is
13 that determined?

14 A (Lanza) Yes. It's based primarily on demand.
15 And we will adjust sources on the fly as we need
16 to. So, the majority of our sources are
17 adjustable remotely. So, in the morning, the
18 operation staff can look at everything, and gauge
19 "okay, the tank is starting to drop faster than
20 typical", or faster than it was the previous week
21 or weeks, and they will adjust the run times on
22 those sources higher.

23 So, the Southern New Hampshire Project
24 is a fixed volume. We can only pump so much or

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1 pull so much water from there. So, we have to
2 make up the difference with our sources. So,
3 what happens is this time of year, as we see the
4 weekend coming, 85 degrees, we know that people
5 are going to start watering, they're going to
6 start, you know, gardening, filling pools, we're
7 going to see that demand increase, and we are
8 going to ramp up our sources to offset the
9 difference.

10 So, it's a balancing act, but, you
11 know, it's something that we've been doing for
12 now almost two years.

13 Q Okay. So, SNH, you're maxed out at what you can
14 pull. So you're pulling, if you need to, as much
15 as you can. The balance comes out of the wells.
16 Do you worry, do you have any analysis that shows
17 when those wells run out of water? Or, how do
18 you look at the well picture?

19 A (Lanza) So, we have what we consider sustainable
20 yields out of each source, and we monitor them
21 very closely. We know that we can only get so
22 much water out of a particular well safely. Once
23 we go beyond that, we'll do potentially
24 irreversible damage to that source. And, in some

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1 of the newer wells, actually, all the newer
2 wells, and even some of the older ones, through
3 the Southern New Hampshire Project, we took that
4 opportunity to outfit all of our wells with
5 permanent loggers that connect to our SCADA
6 system. So, we can see remotely now, you know,
7 "this well operates at this level", and you can
8 kind of see "okay, now it's starting to come
9 down." And, so, we're able to use that data to
10 say "well, you know, this well really is", you
11 know, "we can't get any more out of it." So,
12 we're going to have to look at our next available
13 source.

14 Q Okay. Because I was kind of surprised, you seem
15 to be doing the opposite of what I thought you
16 would do, which is to look at the well level, and
17 determine what you could pull out of each well,
18 as opposed to looking at the tank and figuring
19 how much you needed to fill. Can you comment on
20 the methodology?

21 A (Lanza) So, I think the way we operate our system
22 is fairly consistent with that of most
23 communities. And maybe Doug can elaborate on
24 this. Operating off of a tank level is pretty

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1 standard, in my experience.

2 Q I mean, you'd have to keep it within a band, for
3 sure. I was just trying to figure out how the
4 well calculus entered into your equation?

5 A (Lanza) Yes.

6 Q You're not -- so, it sounds like you're driving
7 on the tank, and then you're just making sure
8 that the well piece doesn't get too low, the
9 water level doesn't get too low?

10 A (Lanza) Yes. So, each individual well is going
11 to have its own circumstances to that well. And
12 if -- so, for example, we consider 16 hours of
13 run time on a well at a sustainable capacity
14 acceptable. And, when we start to see a well
15 running 24 hours a day at its top end, and the
16 water level declining, we know right away that
17 that's not sustainable. We're not going to get
18 through the summer. If that's October, maybe
19 it's not an issue, because we know demand is
20 going to drop right off. But, this time of year,
21 we have to be particularly sensitive to the
22 bedrock supplies and monitor them very closely.

23 Q Is this a daily process, weekly process, monthly
24 process?

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1 A (Lanza) It's certainly a weekly process. And,
2 when it needs to be, it's a daily process. So,
3 going into this weekend, where it's warm, and
4 this is where we expect the uptick to really
5 start this season, it will be a daily process.

6 Q Okay.

7 A (Lanza) And we'll adjust it accordingly.

8 Q And this is something you personally control from
9 your operation center, on your PC, probably?

10 A (Lanza) Yes. Yup. The Operations Manager and
11 our Head Operator, between the two of them, they
12 review it on a daily basis. And they make
13 decisions, "do we need to adjust this or adjust
14 that?"

15 Q Okay. So, those two people make the decisions.
16 Are you personally involved in the
17 decision-making or --

18 A (Lanza) I am to a point. If it's a minor
19 adjustment, I don't necessarily need to be aware.
20 But, if the tank is dropping and not gaining, you
21 know, if we drop below what we consider a safe
22 band, now that's not something that has happened
23 since the new tank has been on line, but, for
24 example, if it were to, yes, I would be involved

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1 in, you know, "What do we need to do?" "Do we
2 need to look at" -- for example, we had a bad
3 drought three or four years ago, and there were
4 restrictions put on the customers to make sure
5 that our sources weren't going to be
6 detrimentally impacted.

7 Q Okay. And the last question on this topic is how
8 has it been working? How would you -- would you
9 characterize that this, I'll call it "with the
10 new tank", how has that been working?

11 A (Lanza) So, for the most part, it's been working
12 really well. Like anything, when you make a lot
13 of changes, there's some, you know, there's some
14 learning curve. But, at this point in time, you
15 know, we're really comfortable with everything.
16 All the equipment was new to our staff. So, we
17 had to learn all of that. But, all in all, I'd
18 say, at this point, we are -- we're very well
19 versed in the new equipment, you know, the new
20 operations characteristics, if you will.

21 CHAIRMAN GOLDNER: Okay. Okay. Very
22 good. Let's take a break here.

23 We'll come back, I'll finish the Chair
24 questions, and then we'll go to redirect, at

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1 one o'clock. Thank you. Off the record.

2 **(Whereupon the lunch recess was taken**
3 **at 12:05 p.m., and which ends the**
4 **Morning Session of the hearing. Please**
5 **note that the Afternoon Session will be**
6 **provided under a separate transcript**
7 **noted as "Afternoon Session ONLY".)**

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{DW 20-117} [Morning Session ONLY] {05-11-22}