

TAB 6

Joint Temporary Rate Testimony of Larry Goodhue and Donald Ware

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DW 20 – 153

Pittsfield Aqueduct Company, Inc.
Permanent Rate Proceeding

DIRECT JOINT TESTIMONY OF
LARRY D. GOODHUE AND DONALD L. WARE
IN SUPPORT OF PETITION FOR TEMPORARY RATES

November 16, 2020

I. INTRODUCTION

Q. Mr. Goodhue, would you please state your name, address and position with the Pittsfield Aqueduct Company?

A. My name is Larry D. Goodhue. My business address is 25 Walnut Street, Nashua, New Hampshire. I am Chief Executive Officer and Chief Financial Officer of Pittsfield Aqueduct Company. (the “Company” or “PAC”). I have been employed with the Company since December, 2006. I am also Chief Executive Officer and Chief Financial Officer of Pennichuck Corporation (“Pennichuck”), which is the corporate parent of PAC.

Q. Please describe your educational background.

A. I have a Bachelor in Science Degree in Business Administration with a major in Accounting from Merrimack College in North Andover, Massachusetts. I am a licensed Certified Public Accountant in the State of New Hampshire. My license is currently inactive status.

Q. Please describe your professional background.

A. Prior to joining Pennichuck, I was the Vice President of Finance and Administration and previously the controller with METRObility Optical Systems, Inc. from September 2000 to June 2006. In my more recent role with METRObility, I was responsible for all financial, accounting, treasury and administration functions for a manufacturer of optical networking hardware and software. Prior to joining METRObility, I held various senior management and accounting positions with several private and publicly traded companies.

Q. What are your responsibilities as Chief Executive Officer of Pennichuck?

A. As Chief Executive Officer, I am responsible for the overall management of Pennichuck and its subsidiaries, including PAC. I report to the Board of Directors. I also work closely with the Chief Operating Officer, the Corporate Controller, Treasurer, Director of Water Supply, Chief Engineer, Distribution Manager, Assistant Treasurer, the Director of Human Resources and the Director of Information Technology to: (1) implement short and long-term financial and operating strategies, (2) insure the adequate funding of debt and expenses, and (3) to enable Pennichuck's utility subsidiaries to provide high quality water service at affordable rates, on a consistent basis.

Q. Mr. Ware, please state your name and position with Pittsfield Aqueduct Company.

A. My name is Donald L. Ware. I am the Chief Operating Officer of Pittsfield Aqueduct which is a subsidiary of Pennichuck Corporation. I am employed by and have worked for Pennichuck Water Works, Inc. since 1995. I am a licensed professional engineer in New Hampshire, Massachusetts and Maine.

Q. Please describe your educational background.

A. I have a Bachelor in Science in Civil Engineering from Bucknell University in Lewisburg, Pennsylvania and I completed all required courses, with the exception of my thesis, for a Master's degree in Civil Engineering from the same institution. I have a Master's in Business Administration from the Whittemore Business School at the University of New Hampshire.

Q. Please describe your professional background.

A. Prior to joining the Company, I served as General Manager of the Augusta Water District in Augusta, Maine from 1986 to 1995. I served as the District's engineer between 1982 and 1986. Prior to my engagement with the District, I served as design engineer for the State of Maine Department of Transportation for six months and before that as design engineer for Buchart-Horn Consulting Engineers from 1979 to 1982.

Q. What are your responsibilities as Chief Operating Officer of PAC?

A. As Chief Operating Officer, I am responsible for PAC's overall operations, including customer service, water supply, distribution and engineering. I work closely with PAC's Chief Engineer and other senior managers to help develop PAC's Annual and three-year Capital Improvement Plans.

II. REQUEST FOR TEMPORARY RATES

Q. What is the purpose of your joint testimony?

A. The joint testimony is offered for the purpose of supporting PAC's request for an overall rate increase of 11.18% which is an increase in revenues by \$86,783 for a total revenue requirement of \$862,927 as outlined in Schedule A Proposed filed in this docket. As demonstrated in its Schedule 1A, under a conventional ratemaking structure, PAC has demonstrated that for the twelve months ended December 2019, its overall rate of return for that period was 3.81%.

Q. Can you explain why the revenue deficiency is not readily apparent when reading a copy of PAC's 2019 Annual Report on file with the Commission?

A. Sure. As I explained before the Commission in DW 19-084, Pennichuck Water Works, Inc., (“PWW”) income and expense statements on file with the Commission don’t accurately reflect long-term debt owed to its parent. The Statements of Income and Expense submitted to the Commission are formulated around an investor owned utility that has a return on equity and depreciation expense in its revenue requirement and the statements PAC files don’t really reflect the Company’s cash position.

Q. On what date are you requesting that temporary rates be granted and why?

A. We are requesting that PAC be granted temporary rates, effective December 17, 2020, on a service rendered basis. This date is dependent on any difference between temporary rates and the permanent rates ultimately approved by the Commission in this docket being subject to full reconciliation back to December 17, 2020.

Q. Is there any benefit of temporary rates to customers?

A. Yes. The granting of temporary rates in this manner will mitigate the rate impact on customers by allowing customers to continue to budget for their current usage during this pandemic.

Q. Are you aware that N.H. Admin. Rules Puc 1203.05 provides that rate changes be implemented on a service rendered basis?

A. Yes. PAC plans to implement temporary rates such that they are effective on a service rendered basis.

Q. Will the temporary rates be spread uniformly across customer classes?

A. Yes. There will be no change in rate design if and until such time as the Commission approves a final order granting a permanent rate increase.

Q. What steps will PAC take to notify customers of the temporary rates?

A. PAC has posted its rate filing and request for temporary rates on its web site. PAC has also included in each customer bill a notice of the rate filing and the requested rates, both temporary and permanent. As the Commission is aware, PAC issues bills to its customers on a rotating basis throughout the month.

III. JUST AND REASONABLE FINDING AND CONCLUSION

Q. Do you believe that the temporary rates requested by PAC are just and reasonable and in the public interest?

A. Yes. As demonstrated by the analysis described above and in the rate case materials filed by PAC in this docket, PAC is now substantially under-earning since PAC's last rate case, Docket No. DW 13-128, due to an increase in costs, property taxes, and other expenses. The requested temporary rates will also serve to mitigate rate shock during this pandemic.

Q. Does that conclude your testimony on temporary rates?

A. Yes.